綽耀資本
REDSOLAR

12 June 2025

*To: The Independent Board Committee and the Independent Shareholders of Visen Pharmaceuticals*

Dear Sirs,

## CONTINUING CONNECTED TRANSACTION IN RELATION TO THE COMMERCIAL SUPPLY FRAMEWORK AGREEMENT

### INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Commercial Supply Framework Agreement and the transactions contemplated thereunder (the "**Transactions**"), details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the supplemental circular of the Company dated 12 June 2025 (the "**Circular**"), of which this letter of advice forms part. Unless the context requires otherwise, capitalised terms used in this letter of advice shall have the same meanings as defined in the Circular.

References are made to (i) the Prospectus in relation to, among others, the Existing Commercial Supply Agreement in relation to the purchase of, among others, the Drug Packages and auto-injectors from Ascendis Pharma Endocrinology Division; and (ii) the announcement of the Company dated 12 June, 2025 in relation to, among others, the Commercial Supply Framework Agreement entered into by VISEN HK and Ascendis Europe.

On 12 June, 2025, VISEN HK, a direct wholly owned subsidiary of the Company, entered into the Commercial Supply Framework Agreement with Ascendis Europe, pursuant to which VISEN HK agrees to purchase, by itself or its subsidiaries, and Ascendis Europe agrees to sell, by itself or its subsidiaries, the Drug Packages, auto-injectors, and applicable ancillary products.

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**Listing Rules implications**

Ascendis Europe is wholly owned by Ascendis Pharma A/S, a Controlling Shareholder of the Company, which is indirectly interested in an aggregate of approximately 36.11% of the Shares in the Company. Hence, Ascendis Europe is an associate of Ascendis Pharma A/S and a connected person of the Company.

As the highest applicable percentage ratio (other than profits ratio) as defined under Rule 14.07 of the Listing Rules in respect of the annual caps under the Commercial Supply Framework Agreement, on standalone basis, exceeds 5%, such transactions are subject to the reporting, announcement, annual review, circular (including advice from the Independent Financial Advisor), and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the transactions contemplated under the Commercial Supply Framework Agreement and the Existing Commercial Supply Agreement, are of similar nature and are entered into by the Group with parties who are connected with or associated with Ascendis Pharma A/S, a Controlling Shareholder of the Company, such transactions should be aggregated under Rules 14A.81 and 14A.82(1) of the Listing Rules.

As the highest applicable percentage ratio (other than the profits ratio) calculated for the purpose of Chapter 14A of the Listing Rules in respect of the annual caps of transactions contemplated under the Commercial Supply Framework Agreement and the Existing Commercial Supply Agreement, on aggregate basis, exceeds 5%, such transactions under the Commercial Supply Framework Agreement are subject to the reporting, announcement, annual review, circular (including advice from the Independent Financial Advisor), and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As of the Latest Practicable Date, (i) Ascendis Pharma Endocrinology Division directly held 20,568,182 Shares, representing approximately 18.05% of the total number of Shares, (ii) Ascendis Pharma Growth Disorders directly held 7,713,068 Shares, representing approximately 6.77% of the total number of Shares, and (iii) Ascendis Pharma Bone Diseases directly held 12,855,114 Shares, representing approximately 11.28% of the total number of Shares. Each of Ascendis Pharma Endocrinology Division, Ascendis Pharma Growth Disorders, and Ascendis Pharma Bone Diseases is a wholly owned subsidiary of Ascendis Pharma A/S. As such, under the SFO, Ascendis Pharma A/S is deemed to be interested in the total amount of Shares held by Ascendis Pharma Endocrinology Division, Ascendis Pharma Growth Disorders, and Ascendis Pharma Bone Diseases, namely 41,136,364 Shares, representing approximately 36.11% of the total number of Shares. In accordance with the Listing Rules, Ascendis Pharma A/S, Ascendis Pharma Endocrinology Division, Ascendis Pharma Growth Disorders, Ascendis Pharma Bone Diseases, their respective associates and parties acting in concert will abstain from voting on the ordinary resolutions to approve the Commercial Supply Framework Agreement, the transactions contemplated thereunder, and the proposed caps in relation thereto at the AGM.

## THE INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Company has established the Independent Board Committee, comprising all the independent non-executive Directors, to advise the Independent Shareholders on whether the terms of the Commercial Supply Framework Agreement (including the annual caps in relation thereto) are fair and reasonable so far as the Independent Shareholders are concerned. We, Red Solar Capital Limited, have been appointed by the Company as its Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard and as to voting at the AGM on the matter.

## OUR INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, save for this engagement of us as the Independent Financial Adviser, no other relationship has been formed and no direct engagement has been performed between the Group, the other party(ies) to the Transactions, or a close associate or core connected person of any of them and us. As at the Latest Practicable Date, we did not have any relationship with, or interest in, the Group, the other party(ies) to the Transactions, or a close associate or core connected person of any of them, or other parties that could reasonably be regarded as relevant to our independence. Apart from the normal advisory fee payable to us by the Company in connection with our engagement as the Independent Financial Adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Group, the other party(ies) to the Transactions, or a close associate or core connected person of any of them. Accordingly, we considered that we are independent to act as the Independent Financial Adviser in respect of the Transactions pursuant to Rule 13.84 of the Listing Rules.

## BASIS OF OUR OPINION

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on the information and facts supplied, opinions expressed, statements and representations made to us by the management of the Group (including but not limited to those contained or referred to in the Announcement and the Circular). We have reviewed documents including but not limited to (i) the Announcement; (ii) the Circular and the Letter from the Board contained therein; (iii) the Existing Commercial Supply Agreement; (iv) the Commercial Supply Framework Agreement; (v) the annual report of the Company for the year ended 31 December 2024 (the "**2024 Annual Report**"); (vi) the Prospectus; and (vii) the relevant supporting documents provided by the Company to formulate our opinion and recommendation. We have assumed that the information and facts supplied, opinions expressed, statements and representations made to us by the management of the Group were true, accurate and complete at the time they were made and continue to be true, accurate and complete in all material aspects until the date of the AGM. We have also assumed that all statements of belief, opinions, expectation and intention made by the management of the Company in the Circular were reasonably made after due enquiry and careful consideration. Where applicable, we have also conducted our own desktop search and we are not aware of

material deviation between our search results and the information and facts supplied, opinions expressed, statements and representations made to us by the management of the Group. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have no reason to suspect that any material fact or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its management and/or advisers, which have been provided to us.

We have not, however, conducted any independent in-depth investigation into the business and affairs or future prospects of the Group, or their respective shareholders, subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transactions. Our opinion is necessarily based on the market, financial, economic and other conditions in effect and the information made available to us up to the Latest Practicable Date, which could be subject to subsequent developments and changes from time to time. Where information in this letter of advice has been extracted from published or otherwise publicly available sources, we have ensured that such information has been carefully extracted. We have not, however, conducted any independent in-depth investigation nor verification of such information.

The Directors have collectively and individually accepted full responsibility for the Circular and have confirmed, having made all reasonable enquiries, that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

Nothing contained in this letter of advice should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

## PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion in respect of the Transactions, we have considered the following principal factors and reasons:

### 1. Background of and reasons for the Transactions

#### *(a) Background information of the Group*

The Company is a public limited liability company incorporated in the Cayman Islands as an exempted company and its Shares were listed on the Main Board of the Stock Exchange (stock code: 2561). The Company is an innovative biopharmaceutical company focused on endocrine diseases. VISEN HK is a company incorporated in Hong Kong with limited liability and a directly wholly owned subsidiary of the Company. It is principally engaged in investment holding.

The following is a summary of the key financial information of the Group for each of the two years ended 31 December 2024 (the "**FY2023**" and "**FY2024**", respectively) as extracted from the 2024 Annual Report:

| | **For the FY2024** | **For the FY2023** |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| | *(audited)* | *(audited)* |
| Revenue | – | – |
| Loss before income tax | 182,242 | 249,570 |
| Net loss for the year | 182,242 | 249,570 |

| | **As at 31 December 2024** | **As at 31 December 2023** |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| | *(audited)* | *(audited)* |
| Total assets | 293,823 | 443,796 |
| Total liabilities | 52,548 | 52,921 |
| Net assets | 241,275 | 390,875 |

*Comparison between FY2023 and FY2024*

As the Group is a late-stage, near-commercialization biopharmaceutical company and currently has no product approved for commercial sale, the Group has not generated any revenue from product sales and incurred operating losses during the FY2023 and FY2024. The loss before income tax and net loss of the Group decreased by approximately RMB67.3 million, or approximately 27.0% from approximately RMB249.6 million for the FY2023 to approximately RMB182.2 million for the FY2024. According to the 2024 Annual Report, the decrease in net loss was mainly due to the loss from a discontinued procurement contract recorded in the amount of approximately RMB109.0 million in relation to the Group's cancellation of the commitment to purchase the previously reserved drug substance under the commitment and pre-payment agreement in February 2023 but partially offset by the increase in research and development costs of approximately RMB32.8 million for FY2024, which was mainly due to (i) the reversal of certain share-based payment expenses of approximately RMB29.3 million in FY2023 and (ii) an increase of costs related to technology transfer of approximately RMB9.9 million in FY2024.

The Group's total assets decreased from approximately RMB443.8 million as at 31 December 2023 to approximately RMB293.8 million as at 31 December 2024, which was mainly due to the decrease in cash and cash equivalents of approximately 144.2 million resulting from the net cash flows used in operating activities of approximately RMB140.9 million during the FY2024.

*Prospects*

The Group's mission is to become a leading biopharmaceutical company in developing, manufacturing and commercializing endocrine therapies in China (including Hong Kong, Macau and Taiwan). In order to achieve the mission, the Group intends to pursue the following strategies

- rapidly advance the regulatory approval of the Group's Core Product and the clinical development and regulatory approval of other pipeline candidates;

- build commercialization capabilities backed by patient support and market access in anticipation of the commercial launch of the Group's Core Product and lay the foundation for commercialization of future drug candidates;

- establish localized manufacturing capabilities to secure the supply of the Group's Core Product and future potential drug candidates in China (including Hong Kong, Macau and Taiwan);

- expand the endocrine disease indications covered by the Group's Core Product, two key drug candidates, and new potential drugs based on transient conjugation technology (TransCon);

***(b) Reasons for and benefits of the Transactions***

As set out in the Letter from the Board, the Company is of the view that (i) the market demand for the Group's lonapegsomatropin products will remain strong after the Global Offering, and that it would be able to capture such market demand and to ensure the continuous access to the Group's patients and healthcare providers by acquiring more Drug Packages, auto-injectors, and applicable ancillary products with additional capital and resources following its Global Offering; and (ii) the entering into of the Commercial Supply Framework Agreement will enable the Group to leverage on Ascendis Pharma and its subsidiaries' familiarity with the Group's supply specifications and quality requirements from the previous transactions in relation to the Existing Commercial Supply Agreement since the Group's Listing and onwards. Furthermore, the Commercial Supply Framework Agreement will continue to allow the Group to procure the commercial supplies needed for its ordinary and usual course of business at market price and terms and with assured stable quality, contributing towards the Group's efforts in developing its business while managing costs and improving efficiency.

In this regard, we noted from the Prospectus that lonapegsomatropin is the Core Product (as defined under Chapter 18A of the Listing Rules) of the Company, and that the Company made the filing of biologics license application used to apply for regulatory approval to market and commercialize a biologic product ("**BLA**") with the National Medical Products Administration ("**NMPA**") on January 18, 2024 for its Core Product, namely lonapegsomatropin, for the treatment of pediatric growth hormone deficiency ("**PGHD**"),

which was subsequently accepted by the NMPA on March 7, 2024. We further noted from the Prospectus and 2024 Annual Report that the Company anticipates that its commercialization activities in relation to the Core Product will start in late 2025 after BLA approval, and in such anticipation, the Company considered that it will require a stable supply of the Drug Packages, auto-injectors, and applicable ancillary products to meet the market demand for the lonapegsomatropin products in the future. We also noted from the section headed "Future plans and use of proceeds" in the Prospectus that it has been the Company's plan to apply part of its net proceeds from the Listing for funding the payment for the commercial supply of lonapegsomatropin from Ascendis Pharma Endocrinology Division pursuant to the Existing Commercial Supply Agreement, and potential future commercial supply agreement for the Company's commercial sale of lonapegsomatropin in China under the biologics license application used to apply for regulatory approval to market and commercialize a biologic product manufactured and imported from overseas (the "**Import BLA**"), before the Company's collaborative local manufacturing capability is established. In light of the above, we considered that (i) lonapegsomatropin has been the Core Product of the Company, which represented that it has been the basis of the Company's Listing and one of the Company's research and development and commercialisation focuses; (ii) it is the Company's anticipation that the BLA approval in relation to lonapegsomatropin may be obtained in late 2025, and that the commercialisation activities of the same may start around the same time; (iii) it has been the Company's plan to purchase commercial supplies of lonapegsomatropin pursuant to the Existing Commercial Supply Agreement or potential future commercial supply agreement for the Company's commercial sale of lonapegsomatropin in China under the Import BLA before the Company's collaborative local manufacturing capability is established. Therefore, we considered the entering into of the Commercial Supply Framework Agreement to be in the usual and ordinary course of business of the Company and commercially reasonable.

We have further taken into account the needs of the Group to meet the market demand for the lonapegsomatropin products, and that the Commercial Supply Framework Agreement can ensure a consistent and reliable supply of lonapegsomatropin drug packages, which is crucial for meeting the market demand for the lonapegsomatropin products and guaranteeing continuous access to patients and healthcare providers before the Company's collaborative local manufacturing capability is established. With a stable supply chain, the Group can better secure the supplies needed for its Core Product, manage its inventory and plan more effectively for future growth and market expansion, paving the way for a collaborative local manufacturing with Local CDMO.

Based on all of the above, we considered that the entering into of the Commercial Supply Framework Agreement is in the usual and ordinary course of business of the Company, fair and reasonable, and in the interests of the Company and the Independent Shareholders as a whole. We have then reviewed the terms of the Commercial Supply Framework Agreement, which are further discussed in the following.

## 2. The Commercial Supply Framework Agreement

### *(a) Salient terms of the Commercial Supply Framework Agreement*

The salient terms of the Commercial Supply Framework Agreement are summarized below:

| | | |
|---|---|---|
| Date | : | 12 June, 2025 |
| Parties | : | (1) VISEN HK; and<br><br>(2) Ascendis Europe |
| Term | : | From 12 June, 2025 to December 31, 2027 (both dates inclusive) |
| Description of Transactions | : | Pursuant to the Commercial Supply Framework Agreement, members of the Ascendis Europe Group shall supply the Drug Packages, auto-injectors, and applicable ancillary products to VISEN HK or its subsidiaries.<br><br>From time to time, as required during the term of the Commercial Supply Framework Agreement, VISEN HK or its subsidiaries may enter into individual commercial supply agreements and purchase orders with members of the Ascendis Europe Group, which will set out specific terms and conditions such as the product specifications, quantities, prices, payment schedules, and delivery arrangements. |
| Pricing Policy | : | The individual agreements to be entered into between VISEN HK or its subsidiaries and members of Ascendis Europe Group under the Commercial Supply Framework Agreement shall be on normal commercial terms.<br><br>The price to be paid for the Drug Packages is expected to be the manufacturing costs that may be incurred by the Ascendis Europe Group plus a 20% mark up (such percentage not being part of the terms of the Commercial Supply Framework Agreement and therefore subject to change, based on the Company's best estimation with reference to the previous negotiations with Ascendis Pharma A/S and its subsidiaries in relation to the pricing terms of the transactions under the Existing Commercial Supply Agreement) and the purchase cost of an essential component with no applicable additional mark up upon the purchase cost, and shall be determined with reference to, among others, market research, pricing trend analysis, and comparable profit margins analysis. Compared with the Existing Commercial Supply Agreement, the purchase cost of an essential component was carved out from the manufacturing costs for the Drug Packages as disclosed in the Prospectus under the Existing Commercial Supply Agreement in the Commercial Supply Framework Agreement pursuant to latest commercial negotiations that aims at achieving structural transparency in pricing to preserve the Group's flexibility in potential procurement of the essential component on a standalone basis. The overall price to be paid for the Drug Packages under each individual agreement shall be determined in a fair and reasonable manner, on an arm's length basis, and on normal commercial terms or better. |

The price to be paid for the auto-injectors and applicable ancillary products is expected to be the manufacturing costs that may be incurred by the Ascendis Europe Group plus a 20% mark up (such percentage not being part of the terms of the Commercial Supply Framework Agreement and therefore subject to change, based on the Company's best estimation with reference to the previous negotiations with Ascendis Pharma A/S and its subsidiaries in relation to the pricing terms of the transactions under the Existing Commercial Supply Agreement), and shall be determined with reference to, among others, market research, pricing trend analysis, and comparable profit margins analysis.

The purchase price shall be determined in a fair and reasonable manner and the terms and conditions offered by the Ascendis Europe Group to VISEN HK or its subsidiaries shall be on an arm's length basis and on normal commercial terms, and shall not be less favorable than the terms of the same type of commercial supply offered to other customers independent from the Ascendis Europe Group.

The consideration under each individual commercial supply agreements and purchase orders under the Commercial Supply Framework Agreement will be determined after arm's length negotiations between VISEN HK or its subsidiaries and Ascendis Europe, taking into account various factors including but not limited to (i) the manufacturing costs and (ii) the reasonable profit margin, among others. The Company has performed the following to form the basis of determining the consideration: (i) conducted market research to analyse pricing trends, (ii) examined the pricing strategies employed by similar products in the industry, (iii) analysed the profit margins of at least two comparable products in the market, and (iv) considered the prevailing market conditions and economic factors. Having considered the above, the Company is of the view that the consideration is fair and reasonable.

| | | |
|---|---|---|
| Payment Term | : | The Company expects that, when VISEN HK or its subsidiaries enter into individual commercial supply agreements and purchase orders with members of the Ascendis Europe Group, the payment schedules for (i) Drug Packages would be, in general, in three installments, being (a) upon VISEN HK or its subsidiaries making commitments related to Drug Packages, around 50% to 70% of the purchase price shall be payable, the exact percentage to be stipulated in the individual agreements, and a higher percentage is expected to be paid if there is sufficient inventory of drug substance upon making the commitment; (b) upon VISEN HK or its subsidiaries notifying members of the Ascendis Europe Group and instructing them to manufacture the Drug Packages, around 3% to 5% of the purchase price shall be payable; and (c) prior to the final delivery of the Drug Packages, the remaining balance of the purchase price shall be payable, and (ii) auto-injectors and applicable ancillary products would be, in general, in two installments, being (a) upon VISEN HK or its subsidiaries notifying members of the Ascendis Europe Group and instructing them to manufacture the auto-injectors and/or the applicable ancillary products, around 50% of the purchase price shall be payable; and (b) prior to the expected delivery of the auto-injectors and/or the applicable ancillary products, around 50% of the purchase price shall be payable, based on the Company's best estimation. |
| Historical Transaction Amounts | : | No delivery was made by Ascendis Pharma Endocrinology Division under the Existing Commercial Supply Agreement in 2023, 2024, and until the Latest Practicable Date. A pre-payment of RMB39.2 million (equivalent to approximately €5.0 million) has been made by the Company in 2023 for the purchase of the Drug Packages. The Commercial Supply Framework Agreement shall go parallel with and will not supersede the Existing Commercial Supply Agreement. |
| Caps on Future Transaction Amounts | : | The annual caps for the Commercial Supply Framework Agreement for the years ending December 31, 2025, 2026, and 2027 amount to RMB177.8 million, RMB52.2 million, and RMB88.6 million, respectively, in addition to the annual caps for the Existing Commercial Supply Agreement. |

In arriving at the above annual caps, the Group has considered (i) the separate annual caps under the Existing Commercial Supply Agreement, (ii) the estimated demand for Drug Packages and auto-injectors that has been identified and expected to be fulfilled by the Group, (iii) the expected delivery schedule under the individual agreements to be entered into pursuant to the Commercial Supply Framework Agreement, and (iv) the price to be paid for the Drug Packages (which is expected to be the manufacturing costs that may be incurred by the Ascendis Europe Group plus a 20% mark up and the purchase cost of an essential component with no applicable additional mark up upon the purchase cost) and for auto-injectors and applicable ancillary products (which is expected to be the manufacturing costs that may be incurred by the Ascendis Europe Group plus a 20% mark up), which shall be determined with reference to, among others, market research, pricing trend analysis and comparable profit margins analysis. The purchase price shall also be determined in a fair and reasonable manner and the terms and conditions offered by the Ascendis Europe Group to VISEN HK or its subsidiaries shall be on an arm's length basis and on normal commercial terms, and shall not be less favorable than the terms of the same type of commercial supply offered to other customers independent from the Ascendis Europe Group.

The Group has also included an additional buffer, which constitutes approximately 12.85% of the aggregate proposed annual caps for the Commercial Supply Framework Agreement, to provide operational flexibility, allowing the Group to adapt to changing market conditions and operational needs, and accommodate possible increases in manufacturing costs in the future, as well as to account for fluctuations in the exchange rate between Renminbi and Euros to mitigate the impact of exchange rate movements.

Moreover, the purchase of additional commercial supply is consistent with the future plans and use of proceeds of the Company as disclosed in the Prospectus, namely, the Company has planned to procure the commercial supply of lonapegsomatropin from Ascendis Pharma pursuant to the Existing Commercial Supply Agreement, and potential future commercial supply agreement for the Company's commercial sale of lonapegsomatropin in China, before the Company's collaborative local manufacturing capability is established. There is no change in the intended use of proceeds as disclosed in the Prospectus.

In light of the above, the Company is of the view that the proposed annual caps are fair and reasonable.

Others : The Commercial Supply Framework Agreement and the transactions contemplated thereunder are conditional upon the approval by the Independent Shareholders of the Commercial Supply Framework Agreement and the caps in relation thereto at the AGM.

*(b) Discussion on the pricing policy of the Commercial Supply Framework Agreement*

As set out in the Circular, (i) from time to time, as required during the term of the Commercial Supply Framework Agreement, VISEN HK or its subsidiaries may enter into individual commercial supply agreements and purchase orders with members of the Ascendis Europe Group, which will set out specific terms and conditions such as the product specifications, quantities, prices, payment schedules, and delivery arrangements; (ii) the individual agreements to be entered into between VISEN HK or its subsidiaries and members of Ascendis Europe Group under the Commercial Supply Framework Agreement shall be on normal commercial terms; and (iii) in particular, the price to be paid for (a) the Drug Packages is expected to be the manufacturing costs that may be incurred by the Ascendis Europe Group plus a 20% mark up and the purchase cost of an essential component with no applicable additional mark up upon the purchase cost; and (b) the auto-injectors and applicable ancillary products is expected to be the manufacturing costs that may be incurred by the Ascendis Europe Group plus a 20% mark up in percentage. The 20% mark up percentages in both (a) and (b) above are not being part of the terms of the Commercial Supply Framework Agreement and therefore subject to change, based on the Company's best estimation with reference to the previous negotiations with Ascendis Pharma A/S and its subsidiaries in relation to the pricing terms of the transactions under the Existing Commercial Supply Agreement, and shall be determined with reference to, among others, market research, pricing trend analysis, and comparable profit margins analysis. Compared with the Existing Commercial Supply Agreement, the purchase cost of an essential component was carved out from the manufacturing costs for the Drug Packages as disclosed in the Prospectus under the Existing Commercial Supply Agreement in the Commercial Supply Framework Agreement pursuant to latest commercial negotiations that aims at achieving structural transparency in pricing to preserve the Group's flexibility in potential procurement of the essential component on a standalone basis. The overall price to be paid for the Drug Packages under each individual agreement shall be determined in a fair and reasonable manner, on an arm's length basis, and on normal commercial terms or better.

In assessing the fairness and reasonableness of the pricing policy of the Commercial Supply Framework Agreement and whether it is on normal commercial terms or better, we have the following observations and analyses.

We noted that the Commercial Supply Framework Agreement shall go parallel with and will not supersede the Existing Commercial Supply Agreement. We also noted that both of them involved the purchase of Drug Packages, auto-injectors and applicable ancillary products by the Company. We have therefore reviewed the Existing Commercial Supply Agreement first.

According to the Existing Commercial Supply Agreement and the relevant disclosures in the section headed "Connected Transactions" in the Prospectus, the price to be paid for the Drug Packages, auto-injectors and applicable ancillary products under the Existing Commercial Supply Agreement will be the manufacturing costs that may be incurred by Ascendis Pharma Endocrinology Division plus an additional 20% mark up. Similarly, the prices to be paid for the Drug Packages, auto-injectors and applicable ancillary products under the Commercial Supply Framework Agreement are also expected to be the manufacturing costs that may be incurred by the Ascendis Europe Group plus a 20% mark up, except that when

compared with the Existing Commercial Supply Agreement, the purchase cost of an essential component was carved out from the manufacturing costs for the Drug Packages as disclosed in the Prospectus under the Existing Commercial Supply Agreement in the Commercial Supply Framework Agreement pursuant to latest commercial negotiations that aims at achieving structural transparency in pricing to preserve the Group's flexibility in potential procurement of the essential component on a standalone basis. The overall price to be paid for the Drug Packages under each individual agreement shall be determined in a fair and reasonable manner, on an arm's length basis, and on normal commercial terms or better.

We have enquired with the Company and understood that such mark up pricing structure adheres to industry standards, and noted that it is also disclosed in the section headed "Connected Transactions" in the Prospectus that the pricing structure of the Drug Packages and the applicable ancillary products adheres to industry standards. We further understood that the Company has made reference to a market research (the "**Market Research**") provided by Frost & Sullivan International Limited ("**F&S**"), the industry consultant named in the Prospectus. We have therefore enquired with F&S and obtained the following understandings on F&S and the Market Research.

We have obtained from the Company and reviewed the terms of engagement of F&S for preparing the Market Research, including its scope of work as an industry consultant, and considered that its scope of work is appropriate to form the data, presentation and opinion in the Market Research and there is no limitation on its scope of work which might adversely affect the degree of assurance given by the Market Research. Moreover, based on the profile provided by F&S and our desktop search, we understood that F&S has over 60 years of global consulting experience and has served the PRC market for over two decades. We also noted that F&S served as the industry consultant in a number of initial public offerings in Hong Kong of which the issuers are in the fields of biopharmaceuticals, medical devices, healthcare services, and digital health. We further understood that the person in charge of preparing and issuing the Market Research is a partner and managing director of the life sciences team at F&S, has rich experience in the areas of enzyme and protein therapeutics, synthetic biology and drug delivery systems, and provided consultant services to a number of biosciences, biopharmaceuticals and pharmaceuticals listed companies. Based on the above, we had no doubt on the experience and capability of F&S and the person in charge in preparing the Market Research. In addition, F&S also confirmed that it and its team responsible for preparing the Market Research are independent third parties of the Group throughout their entire term of engagement in relation to the Market Research. We are also not aware of any formal or informal representations made by the Company to F&S in respect of the engagement of F&S for their work on the Market Research and the content of the Market Research after due enquiry.

We have then reviewed the Market Research. We noted that (i) the Market Research initially attempted to study 118 drug/medicine deals identified globally during January 2018 to September 2022; (ii) however, due to the general confidentiality and commercial secrecy in number of these drug/medicine deals, and that some of the relevant industry veteran refused the request of F&S for an interview and further understanding of the detailed data, the Market Research eventually contained 15 drug/medicine deals with meaningful data (the "**Reference Deals**"). We also noted that the data and insights in the Market Research have been based on a combination of publicly available sources, industry databases, primary interviews, and other verifiable materials, and that the companies involved are well-known pharmaceuticals enterprises.

We then noted that (i) for all the Reference Deals, the underlying transaction prices included royalty payment as a percentage ranging from 8% to 18%; and (ii) for four (4) out of the Reference Deals, the underlying transaction prices included mark up payment as a percentage ranging from 10% to a maximum of 20%, while one (1) out of the Reference Deals contained nil mark up payment and the remaining 10 out of the Reference Deals' mark up payment information is unknown. Although the commercial rationale behind royalty and mark up payment could be different, we considered that they both constituted a percentage to the relevant transaction costs or prices and are similar in this nature. As all the Reference Deals contained royalty and mark up payment (where applicable), which are similar in nature, we considered that a mark up pricing structure is common in the Company's industry.

We have then also compared the mark up percentage, being 20% (except for the purchase cost of an essential component for the Drug Packages), under the Commercial Supply Framework Agreement with the percentages of royalty and mark up payment (where applicable) of the Reference Deals, and for this purpose, as we considered royalty and mark up payments to be both percentage prices and similar in nature, we viewed the royalty and mark up payment (where applicable) of the Reference Deals as an aggregate percentage. Based on this, we noted that the aggregate percentage of the royalty and mark up payment (where applicable) of the Reference Deals ranged from 8% to a maximum of 38%. As the mark up payment under a significant part of the Reference Deals is unknown, we considered it inappropriate to make reference to the average and median of the royalty and mark up payment (where applicable) of the Reference Deals. Nonetheless, the 20% (except for the purchase cost of an essential component for the Drug Packages) mark up under the Commercial Supply Framework Agreement falls within the range of the aggregate royalty and mark up payment (where applicable) of the Reference Deals.

Although we are not industry experts, we have also attempted to conduct research on drug/medicine deals around the globe and comparable transactions published by other listed biotech companies on the Stock Exchange, and assess the pricing structures and mark up percentages under these drug/medicine deals or comparable transactions. Nonetheless, due to the general confidentiality and commercial secrecy in such drug/medicine deals, and the lack of connections with industry veterans and industry data or insight like those possessed by F&S, we were unable to identify drug/medicine deals with meaningful quantitative data for assessment purpose by ourselves. We were also unable to identify comparable transactions published by other listed biotech companies on the Stock Exchange during the one year period immediately prior to the date of this letter with meaningful quantitative data for assessment purpose. Despite the above, during our attempt to conduct the aforesaid research, we were not aware of any information which makes us believe that a mark up pricing policy is uncommon for drug/medicine deals similar to those contemplated under the Commercial Supply Framework Agreement. In addition, although the Reference Deals are not an exhaustive list of all global drug/medicine deals during the period covered, (i) the reason for that is merely the general confidentiality and commercial secrecy in such drug/medicine deals, which is a difficulty we also experienced during our own desktop search; (ii) F&S, being an industry consultant with rich experience and capacity as discussed above, has prepared the Market Research based on a combination of publicly available sources, industry databases, primary interviews, and other verifiable materials, and (iii) the companies of the deals studied in the Reference Deals are well-known pharmaceuticals enterprises. As such, we considered that the Reference Deals are fair and reasonable references when assessing the pricing policy of the Commercial Supply Framework Agreement.

Furthermore, we noted that the Company has also estimated the hypothetical costs of comparable products, on a best effort basis, based on public information about the retail prices of comparable products in the US market, for assessing the estimated costs of the Company's lonapegsomatropin products under the Commercial Supply Framework Agreement. We have further enquired with the Company and noted that the Company (i) obtained the retail prices of Skytrofa, the commercial name of lonapegsomatropin, from US drug/medicine online shopping platforms and drug prices information websites; (ii) estimated the hypothetical costs of goods sold of Skytrofa in these markets by applying a gross profit margin, which is the maximum of the range of gross profit margins that the Company currently estimated itself to achieve when selling lonapegsomatropin products itself in the future, to the retail prices of Skytrofa and derive an estimated hypothetical costs of goods sold of Skytrofa in these markets based on the principle that the retail prices of Skytrofa should be the sum of its costs of goods sold plus a gross profit; and (iii) compared the total estimated cost of lonapegsomatropin products of the Company pursuant to the terms and conditions of the Commercial Supply Framework Agreement with the aforementioned estimated hypothetical costs of goods sold of Skytrofa in the markets, and thereby noted that the total estimated cost of lonapegsomatropin products of the Company pursuant to the terms and conditions of the Commercial Supply Framework Agreement is lower than the aforementioned estimated hypothetical costs of goods sold of Skytrofa in the markets, implying that the terms and conditions of the Commercial Supply Framework Agreement is not less favourable than those hypothetical terms and conditions that an independent third party may receive from Ascendis Group in respect of Skytrofa in the markets.

In this relation, we have (i) conducted our own desktop search and found retail prices of Skytrofa from various online sources, including but not limited to the online sources that the Company has referred to, and noted that the retail prices of Skytrofa adopted by the Company in the aforementioned estimation are already the lowest among the retail prices of Skytrofa we can find, and thus considered that it is a conservative basis and fair and reasonable; (ii) attempted to conduct our own desktop search for references of the costs of goods sold or gross profit margin of Skytrofa in the markets, but we were unable to find any information in this respect, primarily because (a) Skytrofa is a specific drug whose license is owned by Ascendis Group, and based on our desktop search on a best effort basis, there is a very limited number of market participants who obtained license from the Ascendis Group in relation to Skytrofa like the way Company does; and (b) in addition to (a) above, based on our desktop search on a best effort basis, we were unable to identify any such market participant who is listed on any stock exchange such that information on their financial performance in relation to their sales of Skytrofa, e.g. costs of goods sold or gross profit margin, may be publicly available for our reference, and therefore we considered that it is already the best available option that the Company may have to estimate the hypothetical costs of goods sold of Skytrofa in the markets based on the retail prices of Skytrofa and the Company's own estimation of gross profit margin of the same for the purpose of assessing whether the terms and conditions of the Commercial Supply Framework Agreement are not less favourable to the Group than those hypothetical terms and conditions that an independent third party may receive from Ascendis Group in respect of Skytrofa in the markets; and (iii) attempted to conduct our own desktop search for references of the retail prices, costs of goods sold and/or gross profit margin of auto-injectors and applicable ancillary products in the markets, but we were unable to find any information

in this respect, primarily because (a) such auto-injectors and applicable ancillary products are used specifically with Skytrofa and not commonly seen products; and (b) the auto-injectors can be reused many times, and therefore the expected purchase frequency of the auto-injectors is much less than that of the Skytrofa. Nevertheless, because of the same reasons, the estimated purchase costs of auto-injectors and applicable ancillary products are insignificant when compared with that of the Drug Packages under the Commercial Supply Framework Agreement, and therefore we considered that the Company's estimation on the hypothetical costs of goods sold of Skytrofa is still significantly relevant for assessing the terms and conditions of the Commercial Supply Framework Agreement despite not being able to include similar estimations for the auto-injectors and applicable ancillary products; and (iv) considered that despite the aforementioned process is only an estimation of the Company based on best available option and best effort, the Company can still stay alert of changes in the retail prices of Skytrofa in the market from time to time, and can assess whether the market conditions of Skytrofa, including the underlying terms and conditions faced by market participants, has changed and determine if the terms and conditions of the Commercial Supply Framework Agreement remain not less favourable to the Group than those hypothetical terms and conditions that an independent third party may receive from Ascendis Group in respect of Skytrofa in the markets from time to time. Based on all of the above, we considered that such estimation and assessment procedure of the Company is already the best available option to the Company and is a fair and reasonable procedure for assessing whether the terms and conditions of the Commercial Supply Framework Agreement are not less favourable to the Group than those hypothetical terms and conditions that an independent third party may receive from Ascendis Group in respect of Skytrofa in the markets from time to time.

We also noted that the 20% (except that the purchase cost of an essential component was carved out from the manufacturing costs for the Drug Packages as disclosed in the Prospectus under the Existing Commercial Supply Agreement) mark up under the Commercial Supply Framework Agreement is the same as the additional 20% mark up over the manufacturing costs that may be incurred by Ascendis Pharma Endocrinology Division for the Drug Packages, auto-injectors and applicable ancillary products under the Existing Commercial Supply Agreement. Considering that both of the Commercial Supply Framework Agreement and Existing Commercial Supply Agreement are similar in the sense that both of them involved the purchase of Drug Packages, auto-injectors and applicable ancillary products by the Company, we considered it fair and reasonable for the Commercial Supply Framework Agreement to have the same mark up percentage (except that the purchase cost of an essential component was carved out from the manufacturing costs for the Drug Packages as disclosed in the Prospectus under the Existing Commercial Supply Agreement), being 20%, with that under the Existing Commercial Supply Agreement.

We have also considered the fairness and reasonableness of carving out the purchase cost of an essential component for the Drug Packages and including it into the pricing policy of the Commercial Supply Framework Agreement. Considering that (i) we have enquired with the Company and understood that such essential component is necessary for the manufacture of the Drug Packages, and thus considered that the purchase cost of such essential component is a necessary component of the cost of the Drug Packages and it is fair and reasonable to include the purchase cost of such essential component as a part of the pricing policy of the Commercial

Supply Framework Agreement; (ii) the Drug Packages are important products for the Company's businesses and future development and therefore it is important for the Company to purchase such essential component necessary for the manufacture of the Drug Packages; (iii) the Company has used its best effort and best available option to assess and note that the terms and conditions of the Commercial Supply Framework Agreement are not less favourable to the Group than those estimated terms and conditions behind Skytrofa in the market as explained above; and (iv) we understood that the purchase cost of an essential component was carved out from the manufacturing costs for the Drug Packages as disclosed in the Prospectus under the Existing Commercial Supply Agreement in the Commercial Supply Framework Agreement primarily due to latest commercial negotiations that aims at achieving structural transparency in pricing to preserve the Group's flexibility in potential procurement of the essential component on a standalone basis, we were of the view that it is fair and reasonable to carve out the purchase cost of an essential component for the Drug Packages and include it into the pricing policy under the Commercial Supply Framework Agreement.

Considering that (i) the Commercial Supply Framework Agreement is similar to the Existing Commercial Supply Agreement, and the latter also contemplated a mark up pricing structure; (ii) the Company considered, and it is disclosed in the section headed "Connected Transactions" in the Prospectus, that a mark up pricing structure adheres to industry standards; (iii) we have reviewed the experience and capacity of F&S and its person in charge of preparing and issuing the Market Research to the Company and we had no doubt in this relation; (iv) we have reviewed the Market Research, its bases, sources of data and limitations, conducted our own desktop search and were not aware of any information which contradicts the observations in the Market Research, and considered that the Market Research is a fair and reasonable reference for assessing the pricing policy of the Commercial Supply Framework Agreement; (v) all the Reference Deals have a royalty and mark up payment (where applicable), which we considered similar in nature, and thus we considered that a mark up pricing structure is common in the Company's industry; (vi) the 20% (except for the purchase cost of an essential component for the Drug Packages) mark up under the Commercial Supply Framework Agreement falls within the range of the aggregate royalty and mark up payment (where applicable) of the Reference Deals; (vii) the Company has used its best effort and best available option to estimate the hypothetical costs of goods sold of Skytrofa, the commercial name of lonapegsomatropin, and assess and note that the terms and conditions of the Commercial Supply Framework Agreement are not less favourable to the Group than those hypothetical terms and conditions that an independent third party may receive from Ascendis Group in respect of Skytrofa in the markets; (viii) we considered that such estimation and assessment procedure of the Company, based on its best effort and best available option, enables the Group to stay alert of whether the terms and conditions of the Commercial Supply Framework Agreement are not less favourable to the Group than those hypothetical terms and conditions that an independent third party may receive from Ascendis Group in respect of Skytrofa in the markets from time to time and is a fair and reasonable procedure and already the best available option that the Company may have in this regard; (ix) the 20% (except for the purchase cost of an essential component for the Drug Packages) mark up under the Commercial Supply Framework Agreement is the same as the additional 20% mark up over the manufacturing costs that may be incurred by Ascendis Pharma Endocrinology Division for the Drug Packages, auto-injectors and applicable ancillary products under the Existing

Commercial Supply Agreement, which is similar to the former in terms of transaction nature; and (x) we were of the view that it is fair and reasonable to carve out the purchase cost of an essential component for the Drug Packages and include it into the pricing policy under the Commercial Supply Framework Agreement, we were of the view that the pricing policy under the Commercial Supply Framework Agreement is on normal commercial terms, fair and reasonable.

We also noted from the Commercial Supply Framework Agreement and the Letter from the Board that the purchase price of the Drug Packages, auto-injectors and applicable ancillary products shall be determined in a fair and reasonable manner and the terms and conditions offered by the Ascendis Europe Group to VISEN HK or its subsidiaries shall be on an arm's length basis and on normal commercial terms, and shall not be less favorable than the terms of the same type of commercial supply offered to other independent customers of the Ascendis Europe Group. The consideration under each individual commercial supply agreements and purchase orders under the Commercial Supply Framework Agreement will be determined after arm's length negotiations between the Group and Ascendis Europe, taking into account various factors including but not limited to (i) the manufacturing costs and (ii) the reasonable profit margin, among others. As explained previously, the Company has made reference to the Market Research and examined information on the pricing structure of similar drug/medicine deals in the industry, and we have obtained, reviewed and considered such Market Research to be a fair and reasonable reference for assessing the pricing policy of the Commercial Supply Framework Agreement. We have further enquired with the Company and understood that the Company will examine and compare the proposed pricing terms for each individual agreement entered into pursuant to and during the term of the Commercial Supply Framework Agreement with the terms offered to other independent customers of the Ascendis Europe Group based on available public information or its latest available records of such information, in order to ensure that such pricing terms are determined based on arm's length negotiations between the parties and are fair and reasonable, on normal commercial terms, and on terms that are no less favorable to the Group than terms to independent customers of the Ascendis Europe Group. We also noted that the Company has estimated, based on its best effort and best available option, the hypothetical costs of goods sold of Skytrofa, the commercial name of lonapegsomatropin, and assessed and noted that the terms and conditions of the Commercial Supply Framework Agreement are not less favourable to the Group than those hypothetical terms and conditions that an independent third party may receive from Ascendis Group in respect of Skytrofa in the markets. We have also conducted our own desktop search and assessment on such estimation and assessment procedure and confirmed that it is already the best available option that the Company may have in this regard and is a fair and reasonable process. Based on the above, and our observation that the Company has indeed taken into account the Market Research, its own research on available market information and the Existing Commercial Supply Agreement when contemplating the pricing policy of the Commercial Supply Framework Agreement, we considered that sufficient procedure is in place to ensure that the purchase price of the Drug Packages, auto-injectors and applicable ancillary products under the Commercial Supply Framework Agreement will be determined in a fair and reasonable manner and the terms and conditions offered by the Ascendis Europe Group to VISEN HK or its subsidiaries shall be on an arm's length basis, on normal commercial terms, and not be less favorable than the terms of the same type of commercial supply offered to other independent customers of the Ascendis Europe Group.

We have also reviewed other terms and conditions of the Commercial Supply Framework Agreement, including transaction principles, term, compliance, variation and other general provisions. We considered that the salient terms of the Commercial Supply Framework Agreement have been disclosed and we were not aware of any term and condition in the Commercial Supply Framework Agreement which is not on normal commercial terms.

Considering all of the above and our other assessments to the background and terms of the Commercial Supply Framework Agreement in this letter, we were of the view that the terms and conditions of the Commercial Supply Framework Agreement, including but not limited to the pricing policy thereunder, are on normal commercial terms, fair and reasonable and in the interest of the Company and the Independent Shareholders.

***(c) Discussion on the payment schedules of the Commercial Supply Framework Agreement***

The Commercial Supply Framework Agreement is a framework agreement which only contains the general principles, mechanisms and terms and conditions upon which the parties thereto are to carry out the transactions contemplated thereunder. As set out in the Letter from the Board, from time to time, as required during the term of the Commercial Supply Framework Agreement, VISEN HK or its subsidiaries may enter into individual commercial supply agreements and purchase orders with members of the Ascendis Europe Group, which will set out specific terms and conditions such as the product specifications, quantities, prices, payment schedules, and delivery arrangements.

Nonetheless, the Company expects that, when VISEN HK or its subsidiaries enter into individual commercial supply agreements and purchase orders with members of the Ascendis Europe Group, the payment schedules for (i) Drug Packages would be, in general, in three installments, being (a) upon VISEN HK or its subsidiaries making commitments related to Drug Packages, around 50% to 70% of the purchase price shall be payable, the exact percentage to be stipulated in the individual agreements, and a higher percentage is expected to be paid if there is sufficient inventory of drug substance upon making the commitment; (b) upon VISEN HK or its subsidiaries notifying members of the Ascendis Europe Group and instructing them to manufacture the Drug Packages, around 3% to 5% of the purchase price shall be payable; and (c) prior to the final delivery of the Drug Packages, the remaining balance of the purchase price shall be payable; and (ii) auto-injectors and applicable ancillary products would be, in general, in two installments, being (a) upon VISEN HK or its subsidiaries notifying members of the Ascendis Europe Group and instructing them to manufacture the auto-injectors and/or the applicable ancillary products, around 50% of the purchase price shall be payable; and (b) prior to the expected delivery of the auto-injectors and/or the applicable ancillary products, around 50% of the purchase price shall be payable, based on the Company's best estimation.

Regarding the payment schedules of the Drug Packages, we have further enquired with the Company and understood that upon VISEN HK or its subsidiaries making commitments related to Drug Packages, being the condition for the first installment in general, the drug substance essential to the manufacturing of the Drug Packages would either be (i) delivered with its title and ownership transferred to VISEN HK or its subsidiaries if there is sufficient

inventory in the members of the Ascendis Europe Group; or (ii) committed by the members of the Ascendis Europe Group for manufacture of the Drug Packages if there is insufficient inventory in the members of the Ascendis Europe Group. As (i) the essential drug substance is a very important component of the Drug Packages; (ii) the cost of the essential drug substance constituted a significant part of the cost of the Drug Packages; (iii) either VISEN HK or its subsidiaries would gain title and ownership of the drug substance of such importance and cost, or members of the Ascendis Europe Group would commit to the manufacture of the Drug Packages involving the use of the drug substance of such importance and cost, upon VISEN HK or its subsidiaries making commitments related to Drug Packages, being the condition for the first installment in general, we considered it commercially justifiable that around 50% to 70% of the purchase price shall be payable as members of the Ascendis Europe Group would commit to the manufacture of the Drug Packages involving the use of the drug substance of such importance and cost, or that a higher percentage is expected to be paid if there is sufficient inventory of drug substance upon making the commitment as either VISEN HK or its subsidiaries would directly gain title and ownership of the drug substance of such importance and cost in such case. We also considered that the conditions and amount payables for the second and third installments, being VISEN HK or its subsidiaries instructing members of the Ascendis Europe Group to manufacture the Drug Packages where around 3% to 5% of the purchase price shall be payable, and upon final delivery of the Drug Packages where the remaining balance of the purchase price shall be payable, are commercially justifiable as members of the Ascendis Europe Group would have incurred costs for manufacturing the Drug Packages and it is fair and reasonable to pay the remaining balance upon final delivery.

We also noted that the payment schedules of the Drug Packages under the Commercial Supply Framework Agreement is similar to that under the Existing Commercial Supply Agreement. Based on the above, we considered the payment schedules of the Drug Packages to be on normal commercial terms and fair and reasonable.

Regarding the payment schedules of the auto-injectors and applicable ancillary products, we have similar observations that the conditions and amounts for the first and second installments, respectively, would be VISEN HK or its subsidiaries instructing members of the Ascendis Europe Group to manufacture the auto-injectors and/or the applicable ancillary products where around 50% of the purchase price shall be payable, and upon expected delivery of the auto-injectors and/or the applicable ancillary products where the remaining purchase price shall be payable. We considered them commercially justifiable as members of the Ascendis Europe Group would have also incurred costs for manufacturing the auto-injectors and/or the applicable ancillary products. We also noted that the payment schedules of the auto-injectors and/or the applicable ancillary products under the Commercial Supply Framework Agreement are similar to those under the Existing Commercial Supply Agreement. Based on the above, we considered the payment schedules of the auto-injectors and/or the applicable ancillary products to be on normal commercial terms and fair and reasonable.

Taking into account all of the aforementioned, we considered the payment schedules of the Commercial Supply Framework Agreement as a whole to be on normal commercial terms and fair and reasonable.

***(d) Discussion on the proposed annual caps of the Commercial Supply Framework Agreement***

*Historical transaction amounts*

As set out in the Letter from the Board, no delivery was made by Ascendis Pharma Endocrinology Division under the Existing Commercial Supply Agreement in 2023, 2024, and until the Latest Practicable Date. A pre-payment of RMB39.2 million (equivalent to approximately €5.0 million) has been made by the Company in 2023 for the purchase of the Drug Packages.

*Proposed annual caps of the Commercial Supply Framework Agreement and basis of determination*

Pursuant to the Commercial Supply Framework Agreement, the annual caps for the Commercial Supply Framework Agreement for the years ending December 31, 2025, 2026, and 2027 amount to RMB177.8 million, RMB52.2 million, and RMB88.6 million, respectively (the "**Proposed Annual Caps**"), in addition to the annual caps for the Existing Commercial Supply Agreement. The Proposed Annual Caps are illustrated in the chart below:

| | **For the year ending December 31, 2025** *(RMB million)* | **For the year ending December 31, 2026** *(RMB million)* | **For the year ending December 31, 2027** *(RMB million)* |
|---|---|---|---|
| **Proposed Annual Caps** | 177.8 | 52.2 | 88.6 |

As set out in the Letter from the Board, in arriving at the above annual caps, the Group has considered (i) the separate annual caps under the Existing Commercial Supply Agreement, (ii) the estimated demand for Drug Packages and auto-injectors that has been identified and expected to be fulfilled by the Group, (iii) the expected delivery schedule under the individual agreements to be entered into pursuant to the Commercial Supply Framework Agreement, and (iv) the price to be paid for the Drug Packages which is expected to be the manufacturing costs that may be incurred by the Ascendis Europe Group plus a 20% mark up (such percentage not being part of the terms of the Commercial Supply Framework Agreement and therefore subject to change, based on the Company's best estimation with reference to the previous negotiations with Ascendis Pharma A/S and its subsidiaries in relation to the pricing terms of the transactions under the Existing Commercial Supply Agreement) and the purchase cost of an essential component with no applicable additional mark up upon the purchase cost, and for auto-injectors and applicable ancillary products which is expected to be the manufacturing costs that may be incurred by the Ascendis Europe Group plus a 20% mark up (such percentage not being part of the terms of the Commercial Supply Framework Agreement and therefore subject to change, based on the Company's best estimation with reference to the previous negotiations with Ascendis Pharma A/S and its subsidiaries in relation to the pricing terms of the transactions under the Existing Commercial Supply

Agreement), and both shall be determined with reference to, among others, market research, pricing trend analysis, and comparable profit margins analysis. The purchase price shall also be determined in a fair and reasonable manner and the terms and conditions offered by the Ascendis Europe Group to VISEN HK or its subsidiaries shall be on an arm's length basis and on normal commercial terms, and shall not be less favorable than the terms of the same type of commercial supply offered to other independent customers of the Ascendis Europe Group.

The Group has also included an additional buffer, which constitutes approximately 12.85% of the aggregate proposed annual caps for the Commercial Supply Framework Agreement, to provide operational flexibility, allowing the Group to adapt to changing market conditions and operational needs, and accommodate possible increases in manufacturing costs in the future, as well as to account for fluctuations in the exchange rate between Renminbi and Euros to mitigate the impact of exchange rate movements.

*Our discussion on the Proposed Annual Caps*

To assess the basis of determining the Proposed Annual Caps and the factors considered by the Board, we have the following analysis.

We noted that no delivery was made by Ascendis Pharma Endocrinology Division under the Existing Commercial Supply Agreement in 2023, 2024, and until the Latest Practicable Date. A pre-payment of RMB39.2 million (equivalent to approximately €5.0 million) has been made by the Company in 2023 for the purchase of the Drug Packages. We understood that it was because the underlying Core Product, lonapegsomatropin, for the treatment of PGHD, is in the stage of acceptance of biologics license application used to apply for regulatory approval to market and commercialize a biologic product ("**BLA**"), and that no actual delivery of the Drug Packages and auto-injectors has taken place in 2023, 2024, and until the Latest Practicable Date.

Nonetheless, we noted that the Company is of the view that the market demand for the Company's lonapegsomatropin products will remain strong after the Global Offering and that it would be able to capture such market demand and to ensure the continuous access to the drugs for the Company's patients and healthcare providers by acquiring more Drug Packages, auto-injectors, and applicable ancillary products with additional capital and resources following its Global Offering. We understood that the Company has taken into account the industry report of F&S as set out in the section headed "Industry Overview" of the prospectus and the Company's own industry experience in coming to such view. In particular, as disclosed in the Prospectus, according to Frost & Sullivan, the hGH market in China almost tripled from 2018 to 2023 and was estimated to continue to grow to RMB28.6 billion by 2030, at a CAGR of 13.7% from 2023. From 2018 to 2023, the hGH market in China achieved a higher CAGR than the hGH market in the United States. China accounted for the largest share of the global hGH market in 2023, surpassing the United States and representing 34% of the global market. We have also conducted our own desktop search and, while we were unable to obtain any governmental or official data about the hGH market in China, noted from various online sources such as websites of market research and major news institutes that similar descriptions about the growth of the hGH market in China can be found. Therefore, we casted no doubt on

the industry report of F&S as set out in the Prospectus and the Company's view on the market demand for its lonapegsomatropin products. We then noted that the Company already has an estimation of the market demand and commercialization plan for its lonapegsomatropin products at the time of the Global Offering, based on the aforesaid industry development trend and the market demand that has been identified and expected to be fulfilled by the Group, which included the target number of batches of lonapegsomatropin products to be imported and commercialized during the fourth quarter of 2025 to the end of 2028. We further noted that the Company estimated its demand for Drug Packages, auto-injectors and applicable ancillary products under the Commercial Supply Framework Agreement within the scope covered by the aforesaid estimated demand for the Company's lonapegsomatropin products, i.e. the number of batches of lonapegsomatropin products that could be produced from the number of Drug Packages, auto-injectors and applicable ancillary products being purchased under the Commercial Supply Framework Agreement is within the Company's target number of batches of lonapegsomatropin products to be imported and commercialized during the fourth quarter of 2025 to the end of 2028. In addition, we have also enquired with the Company and obtained the expected delivery schedule under the individual agreements to be entered into pursuant to the Commercial Supply Framework Agreement. We have reviewed and confirmed that the Drug Packages, auto-injectors, and applicable ancillary products will be delivered across the three years ending 31 December 2025, 2026 and 2027, respectively. We have also taken into account that it has been the Company's plan to purchase commercial supplies of lonapegsomatropin pursuant to the Existing Commercial Supply Agreement or potential future commercial supply agreement for the Company's commercial sale of lonapegsomatropin in China under the Import BLA before the Company's collaborative local manufacturing capability is established, as discussed in the section headed "(b) Reasons for and benefits of the Transactions" in this letter, and that it is commercially justifiable and fair and reasonable for the Company to purchase Drug Packages, auto-injectors, and applicable ancillary products.

We have also enquired with the Company that the Proposed Annual Caps have been determined largely based on such expected delivery schedule and volume, which in turn has been based on the estimated demand for Drug Packages, auto-injectors and applicable ancillary products driven by the expected market demand for the Company's lonapegsomatropin products as explained in details above, and the respective estimated prices. We have then reviewed the Company's calculation in relation to the Proposed Annual Caps and noted that the total estimated prices of the Drug Packages, auto-injectors, and applicable ancillary products under the Commercial Supply Framework Agreement, distributed across the three years ending 31 December 2025, 2026 and 2027, respectively, according to their expected delivery schedule, constituted approximately 87.15% of the aggregate Proposed Annual Caps. Considering that (i) the pricing policy of the Commercial Supply Framework Agreement is considered fair and reasonable as discussed in the section headed "(b) Discussion on the pricing policy of the Commercial Supply Framework Agreement" in this letter; and (ii) we have reviewed and confirmed the estimated demand for Drug Packages, auto-injectors and applicable ancillary products for the three years ending 31 December 2025, 2026 and 2027 made pursuant to the market demands and commercialization plan for the Company's lonapegsomatropin products that has been identified and expected to be fulfilled by the Group, as well as the expected delivery schedule, we were of the view that such total estimated prices of the Drug

Packages, auto-injectors, and applicable ancillary products under the Commercial Supply Framework Agreement were fair and reasonable estimations made by the Company, and that it is appropriate for such total estimated prices to constitute approximately 87.15%, being a substantial portion, of the aggregate Proposed Annual Caps.

We also noted that the Group included an additional buffer, calculated as a certain percentage increase, to provide operational flexibility, allowing the Group to adapt to changing market conditions and operational needs, and accommodate possible increases in manufacturing costs in the future, as well as to account for fluctuations in the exchange rate between Renminbi and Euros to mitigate the impact of exchange rate movements. We noted that such additional buffer constituted approximately 12.85% of the aggregate Proposed Annual Caps. In this relation, we have obtained and reviewed data from the European Central Bank[1] on the exchange rates between RMB and EUR from 12 June 2024 to 11 June 2025, being the one year period immediately preceding the date of the Commercial Supply Framework Agreement, and noted that they ranged from a minimum (from RMB perspective) of RMB1:EUR0.1191 to a maximum (from RMB perspective) of RMB1:EUR0.1342, representing a difference of approximately 12.68%. We further noted from eurostat, an official website of the European Union, that the euro area annual inflation rate was 2.2% in March 2025[2]. Considering the aforesaid significant uncertainty in the exchange rate between Renminbi and Euros and price factors such as the annual inflation rate in the euro area, we agreed that it is fair and reasonable to include an additional buffer in determining the Proposed Annual Caps.

Considering (i) although no delivery was made by Ascendis Pharma Endocrinology Division under the Existing Commercial Supply Agreement in 2023, 2024, and until the Latest Practicable Date, it was because the underlying Core Product, lonapegsomatropin, for the treatment of PGHD, is in the stage of acceptance of BLA, and that no actual delivery of the Drug Packages and auto-injectors has taken place during the same years and period; (ii) the Proposed Annual Caps have been determined substantially based on the estimated prices, expected demand for Drug Packages and auto-injectors and expected delivery schedule under the individual agreements to be entered into pursuant to the Commercial Supply Framework Agreement, which were in turn driven by the expected market demand for the Company's lonapegsomatropin products; (iii) we have reviewed the expected delivery schedule of the Drug Packages, auto-injectors, and applicable ancillary products under the individual agreements to be entered into pursuant to the Commercial Supply Framework Agreement and confirmed the above; and (iv) we agreed that it is fair and reasonable to include an additional buffer in determining the Proposed Annual Caps to account for significant uncertainty in the exchange rate between Renminbi and Euros and price factors such as the annual inflation rate in the euro area in the future, we considered the Proposed Annual Caps fair and reasonable.

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1 https://www.ecb.europa.eu/stats/policy_and_exchange_rates/euro_reference_exchange_rates/html/eurofxref-graph-cny.en.html

2 https://ec.europa.eu/eurostat/web/products-euro-indicators/w/2-16042025-ap

**3. Internal control measures in respect of the Commercial Supply Framework Agreement**

We have also reviewed the internal control measures of the Group as follows, and we considered that such internal control measures are sufficient to ensure that the Commercial Supply Framework Agreement and the transactions contemplated thereunder will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Independent Shareholders in accordance with the pricing policies and the principles set out in the Commercial Supply Framework Agreement and in compliance with the Listing Rules.

(i) preparing a continuing connected transaction report once every six months on continuing connected transaction and maintaining a continuing connected transaction log, which will be submitted internally to such dedicated team within the Group for consideration, and whose contents will include (a) the aggregate amount of transactions and (b) the status of compliance with the annual caps;

(ii) before entering into each individual agreement, the Company will examine and compare the proposed pricing terms for each individual agreement entered into pursuant to and during the term of the Commercial Supply Framework Agreement with the terms of the same type of commercial supply offered to other customers independent from the Ascendis Europe Group based on available public information or its latest available records of such information, such as third-party online resources showing the prices to end-customers independent from the Ascendis Europe Group, in order to ensure that such pricing terms are determined based on arm's length negotiations between the parties and are fair and reasonable, on normal commercial terms, and on terms that are no less favorable to the Group than the terms of the same type of commercial supply offered to other customers independent from the Ascendis Europe Group;

(iii) before entering into each individual agreement, the Company will (i) review whether the continuing connected transaction has been conducted in accordance with the terms of the Commercial Supply Framework Agreement, and (ii) monitor the amounts under the continuing connected transaction contemplated under the Commercial Supply Framework Agreement to ensure that the annual caps are not exceeded, while the Company will engage external accounting firms to audit the purchase price and the Company's payment for the products under the Commercial Supply Framework Agreement upon the completion of the performance of any individual agreement entered into pursuant to the Commercial Supply Framework Agreement; and

(iv) if it is expected that the transaction amount of any continuing connected transaction under the Commercial Supply Framework Agreement that is or will be incurred in the financial year will reach or exceed the relevant annual cap, or when such transaction amount is expected to reach 75% of the relevant annual cap, whichever the earlier, a dedicated team of the Group shall report to the management of the Company and implement the measures to be taken to ensure that the requirements under the Listing Rules are complied with, including obtaining the approval of Independent Shareholders (if required), and consult its Hong Kong legal advisers when needed.

The Company will also adopt adequate internal control measures to comply with the Listing Rules requirements with respect to the supervision and monitoring of the annual caps of the transactions contemplated under the Commercial Supply Framework Agreement.

The Company's external auditor will review the continuing connected transaction under the Commercial Supply Framework Agreement annually to check and confirm (among others) whether the pricing terms have been adhered to and whether the annual caps have been exceeded. The independent non-executive Directors will also review the continuing connected transaction under the Commercial Supply Framework Agreement annually to check and confirm whether such continuing connected transaction have been conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, on terms that are fair and reasonable, and in the interests of the Group and the Shareholders as a whole, and whether the internal control procedures put in place by the Company are adequate and effective to ensure that such continuing connected transaction are conducted in accordance with the pricing policies.

In light of the internal control measures adopted by the Group and the reporting requirements attached to the Commercial Supply Framework Agreement, in particular, (i) the Company will prepare a continuing connected transaction report once every six months on continuing connected transaction and maintain a continuing connected transaction log; (ii) before entering into each individual agreement, the Company will examine and compare the proposed pricing terms for each individual agreement entered into pursuant to and during the term of the Commercial Supply Framework Agreement and review whether the continuing connected transaction has been conducted in accordance with the terms therein; (iii) we have reviewed and considered that the Company indeed made reference to the Market Research and the Existing Commercial Supply Agreement when contemplating the Commercial Supply Framework Agreement, and we had no doubt that the Company will continue to examine and compare the terms under the Commercial Supply Framework Agreement with available source in the future; (iv) the Company will continuously monitor the transaction amount under the Commercial Supply Framework Agreement and a dedicated team of the Group shall report to the management of the Company if it is expected that the transaction amount of any continuing connected transaction under the Commercial Supply Framework Agreement that is or will be incurred in the financial year will reach or exceed the relevant annual cap, or when such transaction amount is expected to reach 75% of the relevant annual cap, whichever the earlier, and implement the measures to be taken to ensure that the requirements under the Listing Rules are complied with; and (v) the ongoing review by the independent non-executive Directors and auditors of the Company of the terms of the Commercial Supply Framework Agreement and the Proposed Annual Caps not being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of the Commercial Supply Framework Agreement and assist in safeguarding the interests of the Company and the independent Shareholders as a whole.

**4. Reporting requirements and conditions of the continuing connected transactions contemplated under the Commercial Supply Framework Agreement**

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the continuing connected transactions contemplated under the Commercial Supply Framework Agreement are subject to the following annual review requirements:

(a) The Company's independent non-executive Directors must review the continuing connected transactions every year and confirm in the annual report whether the transactions have been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;

(b) The Company must engage its auditors to report on the continuing connected transaction every year. The auditors must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the continuing connected transactions:

(i) have not been approved by the Board;

(ii) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group;

(iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and

(iv) have exceeded the cap;

(c) The Company must allow, and ensure that the counterparties to the continuing connected transactions allow, the auditors sufficient access to their records for the purpose of reporting on the transactions; and

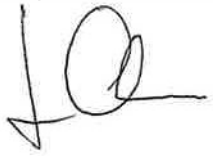
(d) The Company must promptly notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or the auditors cannot confirm the matters as required. The Stock Exchange may require the Company to re-comply with the announcement and shareholders' approval requirements and may impose additional conditions.

In light of the reporting requirements attached to the continuing connected transactions and the Group's internal control measures as discussed in the paragraphs headed "3. Internal control measures in respect of the Commercial Supply Framework Agreement" above in this letter, we are of the view that appropriate measures will be in place to effectively monitor the conduct of the continuing connected transactions and assist to safeguard the interests of the Independent Shareholders.

**RECOMMENDATION**

Having considered the principal factors and reasons discussed above, we are of the opinion that the Commercial Supply Framework Agreement and the transactions contemplated thereunder are (i) in the ordinary and usual course of business of the Group; (ii) in the interests of the Company and the Independent Shareholders as a whole; and (iii) the terms of the Commercial Supply Framework Agreement are on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the AGM to approve the Commercial Supply Framework Agreement and the transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
**RED SOLAR CAPITAL LIMITED**



**Leo Chan**
*Managing Director*

*Mr. Leo Chan is a licensed person and responsible officer of Red Solar Capital Limited registered with the SFC to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and has over 12 years of experience in corporate finance industry.*