
LETTER FROM THE BOARD



GENOR BIOPHARMA HOLDINGS LIMITED

嘉和生物藥業(開曼)控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6998)

Executive Director:

Mr. Weng Chengyi (*Chief Financial Officer*)

Non-executive Directors:

Mr. Yu Tieming

Mr. Liu Yi

Independent non-executive Directors:

Mr. Fung Edwin

Mr. Chen Wen

Ms. Cui Bai

Registered office:

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in the PRC:*

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Principal place of business in Hong Kong:

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5 December 2025

To the Shareholders

Dear Sir or Madam,

- (1) **VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION –
PROPOSED MERGER BETWEEN THE MERGER SUB AND
THE TARGET INVOLVING ISSUE OF
CONSIDERATION SHARES UNDER SPECIFIC MANDATE;**
- (2) **REVERSE TAKEOVER INVOLVING THE NEW LISTING APPLICATION;**
- (3) **APPLICATION FOR WHITEWASH WAIVER;**
- (4) **SPECIAL DEAL IN RELATION TO THE RETENTION PLAN OF
THE SHAREHOLDER PERSONNEL;**
- (5) **PROPOSED CHANGE OF COMPANY NAME;**
- (6) **PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL OF THE COMPANY;**
- (7) **PROPOSED ADOPTION OF THE ONE-OFF SHARE OPTION PLAN;**
- AND**
- (8) **NOTICE OF EGM**

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Reference is made to (i) the Announcement dated 7 October 2024 in relation to, among other things, the Proposed Merger, the New Listing Application, the Whitewash Waiver, the Retention Plan of the Shareholder Personnel, the Proposed Change of Company Name, the proposed increase in authorised share capital of the Company and the proposed adoption of the One-off Share Option Plan; and (ii) the announcement of the Company dated 24 January 2025 in relation to, among other things, the extension of the New Listing Application Deadline and the Long Stop Date pursuant to the Amendment Agreement.

The purpose of this circular is to provide the Shareholders with, among other things, (i) further information on the Shareholders' Approval Matters of the Company and other information as required to be disclosed under the Listing Rules and the Takeovers Code; (ii) details of the Whitewash Waiver; (iii) the recommendation of the Listing Rules IBC to the Independent Shareholders in relation to the Retention Plan of Mr. Weng; (iv) the recommendation of the Takeovers Code IBC to the Independent Shareholders in relation to the Proposed Merger, the Whitewash Waiver and the Retention Plan of the Shareholder Personnel; (v) a letter of advice from the Independent Financial Adviser to the Listing Rules IBC, the Takeovers Code IBC and the Independent Shareholders in relation to the Proposed Merger, the Whitewash Waiver and the Retention Plan of the Shareholder Personnel (including the Retention Plan of Mr. Weng); (vi) a notice of the EGM; and (vii) a form of proxy.

(1) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION – PROPOSED MERGER BETWEEN THE MERGER SUB AND THE TARGET INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE

The Merger Agreement

On 13 September 2024 (before trading hours), the Company, the Target and the Merger Sub (a wholly-owned subsidiary of the Company) entered into the Merger Agreement. Subject to the terms and conditions in the Merger Agreement and in accordance with the Cayman Companies Act, the Company will acquire the Target by way of merger whereby, at the Merger Effective Time, the Merger Sub will be merged with and into the Target, with the Target as the surviving entity and becoming a wholly-owned subsidiary of the Company, and in consideration therefor, the Company will allot and issue Consideration Shares to the Target Shareholders.

THE PROPOSED MERGER

The Proposed Merger will be implemented as follows:

- (1) subject to the terms and conditions in the Merger Agreement, upon the Unconditional Date (or on such later date as agreed by the Company and the Target in writing), the Company shall procure the Merger Sub, and the Merger Sub and the Target shall execute and file with the Cayman Registrar the Plan of Merger and such other documents as required to give effect to the Proposed Merger under the Cayman Companies Act and other applicable laws;

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- (2) subject to the terms and conditions in the Merger Agreement, at the Merger Effective Time, (i) the Merger Sub will be merged with and into the Target, following which separate existence of the Merger Sub will cease and the Target will continue as the surviving company and become a wholly-owned subsidiary of the Company, and (ii) all the assets, rights, powers, privileges, immunities, obligations, liabilities, duties and undertakings of the Merger Sub will be vested in or assumed by the Target;
- (3) pursuant to the Merger Agreement, at the Merger Effective Time, all Directors in office immediately before the Merger Effective Time (except for the Remaining Director) will resign (which shall take effect no later than the Merger Effective Time), and the Board, upon appointment of the new Directors to be designated by the Target (details of which are set out in the section headed “Proposed Changes to the Board upon the Merger Closing” in this letter) at the Merger Effective Time, will comprise seven (7) Directors; and
- (4) immediately following the Merger Effective Time, each issued and outstanding ordinary share of the Merger Sub immediately prior to the Merger Effective Time shall be automatically converted into one validly issued and fully paid ordinary share of the Target (such ordinary share of the Target shall constitute the only issued and outstanding share in the share capital of the Target) and be held by the Company.

Merger consideration

At the Merger Effective Time, the Merger consideration received by each Target Shareholder is as follows:

- (a) ***Target Shareholders other than (i) the Taxable Target Shareholders and (ii) the Target Controlling Shareholders.*** Each issued and outstanding Target Share held by the Target Shareholders (other than the Taxable Target Shareholders and the Target Controlling Shareholders) immediately prior to the Merger Effective Time will be automatically cancelled and cease to exist in exchange for the right to receive such number of newly issued and fully paid Consideration Shares calculated based on the Share Exchange Ratio.
- (b) ***Taxable Target Shareholders.*** With respect to the Taxable Target Shareholders, their receipt of the Consideration Shares may trigger certain taxes payable under Tax Circular 7 in the PRC. To fully comply with the requirements under the PRC law, under the Merger Agreement, the Company shall withhold and pay or arrange for payment of such taxes payable by the Taxable Target Shareholders to the relevant PRC tax authority after the Merger Closing. Accordingly, each issued and outstanding Target Share held by the Taxable Target Shareholders immediately prior to the Merger Effective Time will be automatically cancelled and cease to exist in exchange for the right to receive such number of newly issued and fully paid Consideration Shares equal to (i) the product of the total number of Target Shares held by the Taxable Target Shareholders immediately prior to the Merger Effective

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Time *multiplied* by the Share Exchange Ratio *minus* (ii) the Tax Circular 7 Withholding Shares. With respect to any Taxable Target Shareholder, if the number of Tax Circular 7 Withholding Shares exceeds the number of Tax Circular 7 Deductible Shares (such difference being the “**Tax Circular 7 Surfeit Shares**”), the Company shall, within ten (10) Business Days following provision of the tax payment certificate (which will be issued by the relevant PRC tax authority after full payment of the taxes payable by the relevant Taxable Target Shareholder) by the Company to such Taxable Target Shareholder, issue such number of newly issued and fully paid Shares equal to the number of the Tax Circular 7 Surfeit Shares to such Taxable Target Shareholder.

- (c) **Target Controlling Shareholders.** Each issued and outstanding Target Share held by the Target Controlling Shareholders immediately prior to the Merger Effective Time will be automatically cancelled and cease to exist in exchange for the right to receive such number of newly issued and fully paid Consideration Shares equal to (i) the product of the total number of Target Shares held by the Target Controlling Shareholders immediately prior to the Merger Effective Time *multiplied* by the Share Exchange Ratio *minus* (ii) the quotient of the total outstanding principal amount of the Loans and all unpaid interest accrued thereon (if any) as at the date immediately preceding the Merger Closing Date divided by the Price Per Company Share.

The Loans in an aggregate outstanding principal amount of US\$30,444,876.09 or its HKD equivalent were made by the Target Group to Mr. Ni in 2023 (the “**Loans**”). As at the Latest Practicable Date, the total outstanding principal amount of the Loans and all unpaid interest accrued thereon amounted to US\$34,130,009.87.

No fraction of a Share will be issued. Any Target Shareholder who would otherwise be entitled to a fraction of a Share shall instead receive the number of Shares rounded up to the nearest whole Share.

Any Target Share held by the Target or its direct or indirect subsidiaries immediately prior to the Merger Effective Time shall be automatically cancelled and cease to exist, and shall not be converted into any Consideration Share nor any form of consideration.

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Share Exchange Ratio

The Share Exchange Ratio shall be calculated in accordance with the following formula:

$$\frac{\text{Price Per Target Share}}{\text{Price Per Company Share}}$$

The Price Per Target Share shall be the quotient of the Target Equity Value (being US\$677,000,000) divided by the Target Fully-Diluted Shares. The Target Equity Value was determined through arm's length negotiations between the Company and the Target, with consideration of the financial multiples of closely comparable listed companies (the “**Close Comparables**”) in the pharmaceutical industry covering research, development, and commercialisation of promising therapeutics (the “**pharmaceutical business**”) and whose shares were listed on major exchanges, such as the Shanghai Stock Exchange, the Shenzhen Stock Exchange and the Hong Kong Exchanges and Clearing Limited, with EV/EBITDA and P/E ratios available at the time of valuation.

In order to enhance the comparability, the list of comparables was further filtered based on the following factors: (A) included only companies that (i) had the ability to continue as a going concern; (ii) had more than 50% of its revenue generated from pharmaceutical business; and (iii) possessed a business model, focus and capability closest to that of the Target Group, and (B) excluded companies with long-term trading suspensions and significant financial issues. Based on the foregoing selection criteria and filters, the Company determined Hansoh Pharmaceutical Group Company Limited (SEHK:3692), China Medical System Holdings Limited (SEHK:867) and CSPC Pharmaceutical Group Limited (SEHK:1093) to be the Close Comparables. The Company and the Target considered the Close Comparables represented the exhaustive list based on the said selection criteria as they have the following attributes which coincide with those of the Target:

- (a) Hansoh Pharmaceutical Group Company Limited (SEHK:3692) is a leading innovative pharmaceutical company with a comprehensive business model that includes integrated R&D, manufacturing, and sales where the Target shares a similar business approach. It focuses mainly on the fields of oncology, anti-infectives, CNS diseases, metabolic diseases, as well as autoimmune diseases, in which the Target shares the same focus in anti-infectives.
- (b) China Medical System Holdings Limited (SEHK:867) is a platform company linking pharmaceutical innovation and commercialisation with strong product lifecycle management capability, in which it has collaborated extensively with global innovation forces, similar to the Target's evolution into an integrated biopharmaceutical company through years of collaboration with MNCs and biotechnology companies. CMS focuses on several therapeutic fields, including cardio-cerebrovascular, gastrointestinal, central nervous system, dermatology, ophthalmology and pediatrics etc., in which the Target shares the same focus in cardiovascular. Further, it shares similarities with the Target with its mature

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commercialisation platform, thus sharing similar market environments, operational challenges, and competitiveness in the market, making its financial performance and metrics more directly comparable.

- (c) CSPC Pharmaceutical Group Limited (SEHK:1093) is comparable from a business model perspective as an innovative-driven pharmaceutical enterprise with integrated R&D, manufacturing and sales capabilities. Further, in terms of therapeutics areas, it involves in the sales of finished drugs in nervous system, oncology, anti-infectives, cardiovascular, respiratory system, digestion and metabolism, and others, of which the three therapeutic areas that the Target focuses on are covered.

Financial multiples of Close Comparables

Set out below are the EV/EBITDA Ratios and P/E Ratios of the Close Comparables with reference to their respective financial information for the 12 months from 1 July 2023 to 30 June 2024 retrieved from publicly available information:

Close Comparables (stock code ⁶)	Business Description	% of Revenue Contribution in the Pharmaceutical Businesses ²	Market Capitalisation ⁴ (USD million)	EV/ EBITDA ^{3 and 5}	P/E ^{3 and 4}
China Medical System Holdings Limited (SEHK:867)	China Medical System Holdings Limited, an investment holding company, manufactures, sells, markets, and promotes pharmaceutical products in the PRC.	100.00%	2,206	5.92	11.53
Hansoh Pharmaceutical Group Company Limited (SEHK:3692)	Hansoh Pharmaceutical Group Company Limited, an investment holding company, engages in the research, development, manufacture, and sale of pharmaceutical products in the PRC.	100.00%	15,161	19.08	23.37

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Close Comparables (stock code ⁶)	Business Description	% of Revenue Contribution in the Pharmaceutical Businesses ²	Market Capitalisation ⁴ (USD million)	EV/ EBITDA ^{3 and 5}	P/E ^{3 and 4}
CSPC Pharmaceutical Group Limited (SEHK:1093)	CSPC Pharmaceutical Group Limited, an investment holding company, engages in the research and development, manufacture, and sale of pharmaceutical products in the PRC, other Asian regions, North America, Europe, and internationally.	94%	7,265	5.40	8.91

Notes:

1. The Close Comparables were sourced from Capital IQ and their respective financial reports.
2. Percentage of revenue contribution is based on data for the past 12 months prior to 30 June 2024 from financial reports of the Close Comparables.
3. EBITDA and net income are based on data for the past 12 months prior to 30 June 2024 from financial reports of the Close Comparables.
4. The market values are based on the closing price of the Close Comparables as at 31 August 2024 (the “**Benchmark Date**”) in USD as retrieved from Capital IQ.
5. Enterprise Value (“**EV**”) is calculated as the sum of market capitalisation, net debt (total debt minus excess cash and short-term investments), preferred shares, and minority interest.
6. SEHK: Hong Kong Stock Exchange.

To summarise, the EV/EBITDA Ratio and P/E Ratio of the Close Comparables were as follows:

	EV/EBITDA Ratio	P/E Ratio
Highest	19.08	23.37
Lowest	5.40	8.91
Mean	10.13	14.60
Median	5.92	11.53

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The EV/EBITDA and P/E ratios were jointly used for comparison for the following reasons: (i) pharmaceutical industry is capital intensive, the EV/EBITDA ratio eliminates the difference in capital structure and related risk features by including the debt component in valuation analysis; and (ii) the P/E ratio reflects the profitability of a company and how much the market is willing to pay for the company's earnings; and (iii) the earnings before interest, taxes, depreciation and amortization (EBITDA) and earnings of the Target are available for historical period and assumed to be sustainable in the future.

In determining the Target Equity Value, the following factors were considered:

- (i) the Target's historical financial performance, including its revenue and profit. The Target Group's revenue was RMB2,073.8 million and RMB2,303.8 million for the years ended 31 December 2022 and 2023, respectively. The Target Group recorded net profit of RMB306.3 million and RMB308.0 million for the year ended 31 December 2022 and 2023, respectively;
- (ii) the Target's product portfolio, which comprises six major products, including three commercialised originator-branded products (namely, Vancocin, Ceclor and FPN) and three key patented drug products (Vascepa, Mulpleta and Entinostat). For instance, Vancocin, as the originator-branded product of vancomycin, is a dominant player in the treatment of methicillin-resistant *Staphylococcus aureus* infections. The Target Group's sales of Vancocin amounted to RMB1,007.1 million in 2022 and RMB1,068.8 million in 2023, respectively. Meanwhile, the Target Group's sales of Ceclor amounted to RMB759.3 million in 2022 and RMB835.7 million in 2023, respectively;
- (iii) the Target's complete product supply chain quality management platform and drug commercialisation platform, its prospects and growth potential. As advised by the Target, the Target Group (as the marketing authorisation holder) manufactures Ceclor and FPN in-house and oversees and manages the entire supply chain for Vancocin and Mulpleta. In January 2024, the Target Group obtained manufacturing approval for FPN at its nebulizer manufacturing facility in Suzhou, pursuant to a four-year technology transfer from GSK's manufacturing facility in Australia. Through this successful technology transfer, the Target Group not only lowered cost of manufacturing FPN by nearly 40%, but also gained a comprehensive global-standard technology platform for complex nebulization formulation production;
- (iv) the factors set out in the section headed "Reasons for and Benefits of the Proposed Merger" in this letter. One product example is the Target Group's Jing Zhu Da, which is an HDAC inhibitor indicated for the treatment of HR+/HER2- locally advanced or metastatic breast cancer and is expected to create strong synergies from a commercialisation perspective with GB491, one of the Group's key assets, also for the treatment of HR+/HER2- locally advanced or metastatic breast cancer. Hence, with the Target Group's established sales and distribution network, and an advanced and comprehensive manufacturing system, the Board is of the view that the Proposed Merger, if materialized, will significantly enhance the commercialisation success of existing and future commercialized drugs;

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- (v) the implied EV/EBITDA Ratio and P/E Ratio of the Target of 5.14 times and 10.97 times (based on the net profit of the Target Group for the trailing twelve months period prior to 30 June 2024), respectively, as reflected by the Target Equity Value. The aforesaid implied ratios are comparable to the values of the Close Comparables set out above; and
- (vi) the Series D+ Financing and the Series E Financing of the Target Company (details of which are set out in the paragraphs headed “Series D+ Financing” and “Series E Financing” in the section headed “History, Development and Corporate Structure of the Target Group” of this circular), including (a) the then post-investment valuation of the Target after the Series D+ Financing, which was estimated by the Target to be approximately US\$520 million, and (b) the Series E Financing of the Target, during which 24,647,325 series E ordinary shares of Eddingpharm Cayman (representing 123,236,625 Target Shares as adjusted after the Target Reorganisation and the Target Share Subdivision) was subscribed for at a total consideration of US\$140 million, reflecting the then post-investment valuation of the Target of approximately US\$660 million. Given that, as confirmed by the Target Company, (i) the Series D+ Financing and the Series E Financing were the latest rounds of equity investment by external institutional investors into the Target Group, (ii) the Series D+ investor and the majority of the Series E investors remained the shareholders of the Target Company; (iii) the financial performance of the Target Group, in terms of its revenue and gross profit, has demonstrated improvement in the years ended 31 December 2022 to the year ended 31 December 2023, thus forming a legitimate basis for the abovementioned post-investment valuation of the Target Group; and (iv) the Target Company required approval by its shareholders to conduct the Proposed Merger and such valuation, reflecting latest rounds of equity investment by external institutional investors, was important for their support, the Company considered that it is fair and reasonable to take into account the valuation of the Series D+ Financing and the Series E Financing of the Target Company as one of the factors when determining the Target Equity Value.

The Price Per Company Share shall be the quotient of the Company Equity Value (being US\$197,330,401.57) divided by the Company Fully-Diluted Shares. The Company Equity Value was determined based on the market capitalisation of the Company on the Last Trading Day, the final Net Cash Balance of the Company and the Company’s current portfolio of drug candidates and the development stage thereof.

On the Last Trading Day (being the last trading day immediately before the signing of the Merger Agreement), the market capitalisation of the Company was approximately HK\$858 million, equivalent to approximately US\$110 million. As the Company is required to submit the New Listing Application, the Company and the Target expected a long Transitional Period ahead, in order to better reflect the value of the Company and considering the capital-intensive nature of the Company’s business, the Company and the Target further agreed to take into account the final Net Cash Balance and the Company’s drug products and their development stages when determining the Company Equity Value.

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At or around the signing of the Merger Agreement, the Company had submitted or was in the process of submitting new drug applications for multiple drug products. For instance, in March 2023 and March 2024, the Company submitted, and the China National Medical Products Administration officially accepted, the new drug application of GB491 in combination with Fulvestrant and in combination with Letrozole, respectively, which were expected to be commercialised soon and shall be reflected in the equity value of the Group.

Further, based on the annual results of the Company for the year ended 31 December 2023, the Company also held cash and bank balances of approximately RMB1,165.5 million. Given the Group would continue to conduct its business in its ordinary and usual course during the Transitional Period and considering the Pre-Merger Closing undertakings in respect of the Group, the Company expected that the Net Cash Balance would be no less RMB712.5 million (equivalent to approximately US\$100 million). Pursuant to the Merger Agreement, it is agreed that the Net Cash Balance would be no less RMB712.5 million (equivalent to approximately US\$100 million). In light of the above, the parties agreed to set the Company Equity Value to US\$197.3 million. The Net Cash Balance, calculated based on the relevant figures of the Group as at 31 December 2024 pursuant to formula under the Merger Agreement, was RMB781.5 million.

Neither the Target Equity Value nor the Company Equity Value will be adjusted at the Merger Closing.

Presumed Maximum Share Exchange Ratio

For the purposes of this circular, assuming that, (A) the Loans (including the principal and all accrued interest) have been fully repaid by cash immediately preceding the Merger Closing Date; and (B) from the Latest Practicable Date up to and until the Merger Closing Date, (i) under the Company New Grant, the Company grants 1,000,000 share options and/or RSUs under the Pre-Existing Company Share Schemes which will remain outstanding immediately prior to the Merger Effective Time; (ii) there is no other change in the number of the outstanding share options and RSUs under the Pre-Existing Company Share Schemes and the Proposed Termination of 2023 Share Schemes takes effect immediately prior to the Merger Effective Time; (iii) there are 64,160,180 Target Share Options granted under the Target Share Option Scheme, among which 30,675,180 Target Share Options granted to Mr. Ni have been exercised and the other Target Share Options remain outstanding; and (iv) there is no other change in the issued Shares of the Company and the issued share capital of the Target, the Company Fully-Diluted Shares and the Target Fully-Diluted Shares are 548,872,215 and 569,175,859, respectively, and the Share Exchange Ratio is approximately 3.31 (the “**Presumed Maximum Share Exchange Ratio**”).

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For the purposes of the Presumed Maximum Share Exchange Ratio, the number of Company Fully-Diluted Shares of 548,872,215 comprises (i) 528,291,792 Shares in issue; (ii) 15,114,957 outstanding share options and 3,045,010 unvested RSUs under the Pre-Existing Company Share Schemes; (iii) 1,000,000 share options and/or RSUs assumed as having been granted pursuant to the Company New Grant; and (iv) 1,420,456 Shares that are issuable pursuant to the ABT Subscription and Stock Purchase Agreement. For the purposes of the Presumed Maximum Share Exchange Ratio, the number of Target Fully-Diluted Shares of 569,175,859 comprises (i) 505,015,679 Target Shares issued and outstanding immediately prior to the Merger Effective Time; and (ii) 64,160,180 Target Share Options granted under the Target Share Option Scheme, with no Target Shares held in treasury.

The Presumed Maximum Share Exchange Ratio represents a reasonable estimate by the Company and the Target based on the assumptions set out above. The final Share Exchange Ratio will be determined with reference to the number of Company Fully-Diluted Shares and the number of Target Fully-Diluted Shares immediately prior to the Merger Effective Time, which is not expected to exceed the Presumed Maximum Share Exchange Ratio. No adjustment will be made after the final Share Exchange Ratio is determined pursuant to the terms and conditions of the Merger Agreement. The Company will make further announcement on the final Share Exchange Ratio on the Merger Closing Date upon the Merger Closing.

Consideration Shares and theoretical issue price

Assuming that (i) the number of issued Target Shares immediately prior to the Merger Effective Time will be 535,690,859 (comprising (a) 505,015,679 Target Shares in issue as at the Latest Practicable Date and (b) 30,675,180 Target Shares to be issued under the Target Share Options held by Mr. Ni which are assumed to have been exercised prior to the Merger Effective Time) which is then multiplied by the Presumed Maximum Share Exchange Ratio of 3.31 (after rounding down) pursuant to the formulae set out in the section headed “The Proposed Merger – Merger consideration” in this letter; (ii) there is no Taxable Target Shareholder; and (iii) none of the Converted Options under the One-off Share Option Plan has been exercised, the Company will, for the purposes of the Proposed Merger, allot and issue a maximum of 1,773,136,744 Consideration Shares at the Merger Effective Time. The number of Consideration Shares to be allotted and issued represents:

- (a) approximately 335.64% of the issued Shares of the Company as at the Latest Practicable Date;
- (b) approximately 77.05% of the issued Shares of the Company as enlarged by the allotment and issue of the Consideration Shares immediately after the Merger Closing (assuming that (i) none of the outstanding share options and the unvested RSUs under the Pre-Existing Company Share Schemes has been exercised or vested, (ii) none of the Converted Options under the One-off Share Option Plan has been exercised, and (iii) there is no other change in the issued Shares of the Company and the issued share capital of the Target from the Latest Practicable Date up to and until the Merger Closing Date); and

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- (c) approximately 72.88% of the issued Shares of the Company as enlarged by the allotment and issue of (i) the Consideration Shares, (ii) the Shares upon exercise and/or vesting of all outstanding share options and all RSUs under the Pre-Existing Company Share Schemes, (iii) the Shares upon exercise of all Converted Options under the One-off Share Option Plan, and (iv) the Shares that are issuable pursuant to the ABT Subscription and Stock Purchase Agreement (assuming that there is no other change in the issued Shares of the Company and the issued share capital of the Target from the Latest Practicable Date up to and until the Merger Closing Date).

Based on the Target Equity Value and 1,773,136,744 Consideration Shares, the theoretical issue price per Consideration Share is HK\$2.974, which represents:

- (a) a discount of approximately 10.69% to the closing price of HK\$3.33 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 80.24% over the closing price of HK\$1.650 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a premium of approximately 101.49% over HK\$1.476 per Share, being the average closing prices of the Shares as quoted on the Stock Exchange for the last five (5) trading days up to and including the Last Trading Day;
- (d) a premium of approximately 115.98% over HK\$1.377 per Share, being the average closing prices of the Shares as quoted on the Stock Exchange for the last thirty (30) trading days up to and including the Last Trading Day;
- (e) a premium of approximately 24.02% over the Group's audited consolidated net asset value attributable to the Shareholders of approximately HK\$2.398 per Share as at 31 December 2024 and based on 528,291,792 Shares in issue as at the Latest Practicable Date; and
- (f) a premium of approximately 29.98% over the Group's unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$2.288 per Share as at 30 June 2025 and based on 528,291,792 Shares in issue as at the Latest Practicable Date.

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Shareholding structure before and after the allotment and issue of Consideration Shares

Assuming there is no Taxable Target Shareholder

The table below illustrates the number of Consideration Shares to be issued to the Target Shareholders at the Merger Closing based on the Presumed Maximum Share Exchange Ratio and assuming (i) there is no Taxable Target Shareholder, (ii) there is no other change in the number of Target Shares held by each Target Shareholder from the Latest Practicable Date up to and until the Merger Closing Date, and (iii) none of the Converted Options under the One-off Share Option Plan has been exercised:

Name of Target Shareholders	As at the Latest Practicable Date and immediately prior to the allotment and issue of Consideration Shares		Number of Consideration Shares to be issued to the Target Shareholders at the Merger Closing ⁽³⁾	Approximate percentage of shareholding in the Company immediately after the allotment and issue of the Consideration Shares
	<i>Approximate</i>	<i>percentage of</i>		
	<i>Number of</i>	<i>shareholding</i>		
	<i>Target Shares</i>	<i>in the Target</i>		
Target Controlling Shareholders				
Mr. Ni ⁽¹⁾⁽²⁾	222,486,981	44.06%	837,966,754 ⁽⁴⁾	36.41%
Talent Creation	2,900,000	0.57%	9,599,000	0.42%
Chinapharm Group	2,850,000	0.56%	9,433,500	0.41%
Other minority Target Shareholders				
	7,113,865	1.41%	23,546,887	1.02%
Pre-RTO Investors				
HongShan Capital Growth Fund I, L.P.	27,125,840	5.37%	89,786,531	3.90%
HongShan Capital Growth Partners Fund I, L.P.	646,890	0.13%	2,141,206	0.09%
HongShan Capital GF Principals Fund I, L.P.	3,327,750	0.66%	11,014,853	0.48%
HongShan Capital I, L.P.	9,035,545	1.79%	29,907,654	1.30%
HongShan Capital Partners Fund I, L.P.	1,038,240	0.21%	3,436,575	0.15%
HongShan Capital Principals Fund I, L.P.	1,398,465	0.28%	4,628,920	0.20%

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Name of Target Shareholders	As at the Latest Practicable Date and immediately prior to the allotment and issue of Consideration Shares		Number of Consideration Shares to be issued to the Target Shareholders at the Merger Closing ⁽³⁾	Approximate percentage of shareholding in the Company immediately after the allotment and issue of the Consideration Shares
	Number of Target Shares	Approximate percentage of shareholding in the Target		
HSG Growth V Holdco Q, Ltd.	12,304,741	2.44%	40,728,693	1.77%
OrbiMed Asia Partners, L.P.	37,715,912	7.47%	124,839,669	5.42%
OrbiMed Asia Partners III, L.P.	35,132,263	6.96%	116,287,791	5.05%
Domain Partners VIII, L.P.	29,025,390	5.75%	96,074,041	4.17%
DP VIII Associates, L.P.	215,375	0.04%	712,892	0.03%
Ms. Bao Wei	8,631,415	1.71%	28,569,984	1.24%
Pink Crystal China Fund, L.P.	45,731,029	9.06%	151,369,706	6.58%
Novel Insight Investments Limited	28,402,405	5.62%	94,011,961	4.08%
Novel Sky Global Limited	16,729,648	3.31%	55,375,135	2.41%
SPDBI Eagle Limited	13,203,925	2.61%	43,704,992	1.90%
Total	505,015,679	100%	1,773,136,744	77.05%

Notes:

- As at the Latest Practicable Date, Mr. Ni owned approximately 45.33% and 46.32% of the issued share capital of Talent Creation and Chinapharm Group, respectively, and also acted as the sole director of each of Talent Creation and Chinapharm Group. Accordingly, each of Talent Creation and Chinapharm Group was presumed to be a party acting in concert with Mr. Ni under Class (8) of the definition of “acting in concert” under the Takeovers Code. For completeness, all the other shareholders of Talent Creation and Chinapharm Group were current or former employees of the Target Group. In addition to Mr. Ni, Talent Creation had six shareholders and Chinapharm Group had nine shareholders.
- As at the Latest Practicable Date, each of Ms. Ni Yuan (倪苑), the sister of Mr. Ni, and Mr. Zhu Ronghai (朱容海), the spouse of Ms. Ni Yuan (倪苑), held 500,000 and 200,000 Target Share Options, respectively, which were granted to each of them on 10 June 2023. Each of Ms. Ni Yuan (倪苑) and Mr. Zhu Ronghai (朱容海) is presumed to be a party acting in concert with Mr. Ni under Class (8) of the definition of “acting in concert” under the Takeovers Code. Pursuant to the terms and conditions of the respective grant letters regarding these Target Share Options, these Target Share Options will vest and become exercisable in four instalments, with the first instalment vesting at any time during the period commencing from the first anniversary and ending on the second anniversary of the Merger Closing Date. Accordingly, no Consideration Shares will be allotted or issued to any of Ms. Ni Yuan (倪苑) and Mr. Zhu Ronghai (朱容海) at the Merger Effective Time. Details of the One-off Share Option Plan are set out in the section headed “9. Share Schemes – 9.3 One-off Share Option Plan” in Appendix VI to this circular.

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3. Please refer to shareholding table set out in the section headed “Effect of the Proposed Merger on the Shareholding Structure of the Company” in this letter for the relevant percentages of shareholding in the Company immediately after the allotment and issue of the Consideration Shares.
4. As at the Latest Practicable Date, Mr. Ni held 30,675,180 Target Share Options granted to him under the Target Share Option Scheme. For the purposes of the Presumed Maximum Share Exchange Ratio, it was assumed that such Target Share Options to be having been exercised prior to the Merger Effective Time.

Assuming the number of each Taxable Target Shareholder’s Tax Circular 7 Deductible Shares equals the number of its Tax Circular 7 Withholding Shares

The table below illustrates the number of Consideration Shares to be issued to the Target Shareholders at the Merger Closing based on the Presumed Maximum Share Exchange Ratio, taking into account the Taxable Target Shareholders and assuming (i) with respect to each Taxable Target Shareholder, the number of its Tax Circular 7 Deductible Shares equals the number of its Tax Circular 7 Withholding Shares, (ii) there is no other change in the number of Target Shares held by each Target Shareholder from the Latest Practicable Date up to and until the Merger Closing Date, and (iii) none of the Converted Options under the One-off Share Option Plan has been exercised:

Name of Target Shareholders	As at the Latest Practicable Date and immediately prior to the allotment and issue of Consideration Shares		Number of Consideration Shares to be issued to the Target Shareholders at the Merger Closing ⁽³⁾	Approximate percentage of shareholding in the Company immediately after the allotment and issue of the Consideration Shares
	Approximate percentage of			
	Number of shareholding in			
	Target Shares	the Target		
<i>Target Controlling Shareholders</i>				
Mr. Ni ⁽¹⁾⁽²⁾	222,486,981	44.06%	837,966,754 ⁽⁴⁾	37.89%
Talent Creation	2,900,000	0.57%	8,639,100	0.39%
Chinapharm Group	2,850,000	0.56%	8,490,150	0.38%
<i>Other minority Target Shareholders</i>	7,113,865	1.41%	21,837,645	0.99%
<i>Pre-RTO Investors</i>				
HongShan Capital Growth Fund I, L.P.	27,125,840	5.37%	80,807,878	3.65%
HongShan Capital Growth Partners Fund I, L.P.	646,890	0.13%	1,927,086	0.09%
HongShan Capital GF Principals Fund I, L.P.	3,327,750	0.66%	9,913,368	0.45%
HongShan Capital I, L.P.	9,035,545	1.79%	26,916,889	1.22%
HongShan Capital Partners Fund I, L.P.	1,038,240	0.21%	3,092,917	0.14%

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Name of Target Shareholders	As at the Latest Practicable Date and immediately prior to the allotment and issue of Consideration Shares	Approximate percentage of Number of shareholding in Target Shares the Target	Number of Consideration Shares to be issued to the Target Shareholders at the Merger Closing ⁽³⁾	Approximate percentage of shareholding in the Company immediately after the allotment and issue of the Consideration Shares
HongShan Capital Principals				
Fund I, L.P.	1,398,465	0.28%	4,166,028	0.19%
HSG Growth V Holdco Q, Ltd.	12,304,741	2.44%	36,655,824	1.66%
OrbiMed Asia Partners, L.P.	37,715,912	7.47%	112,355,702	5.08%
OrbiMed Asia Partners III, L.P.	35,132,263	6.96%	104,659,012	4.73%
Domain Partners VIII, L.P.	29,025,390	5.75%	86,466,637	3.91%
DP VIII Associates, L.P.	215,375	0.04%	641,603	0.03%
Ms. Bao Wei	8,631,415	1.71%	28,569,984	1.29%
Pink Crystal China Fund, L.P.	45,731,029	9.06%	136,232,736	6.16%
Novel Insight Investments Limited	28,402,405	5.62%	84,610,765	3.83%
Novel Sky Global Limited	16,729,648	3.31%	49,837,622	2.25%
SPDBI Eagle Limited	13,203,925	2.61%	39,334,493	1.78%
Total	505,015,679	100%	1,683,122,193	76.11%

Notes:

- As at the Latest Practicable Date, Mr. Ni owned approximately 45.33% and 46.32% of the issued share capital of Talent Creation and Chinapharm Group, respectively, and also acted as the sole director of each of Talent Creation and Chinapharm Group. Accordingly, each of Talent Creation and Chinapharm Group was presumed to be a party acting in concert with Mr. Ni under Class (8) of the definition of “acting in concert” under the Takeovers Code. For completeness, all the other shareholders of Talent Creation and Chinapharm Group were current or former employees of the Target Group. In addition to Mr. Ni, Talent Creation had six shareholders and Chinapharm Group had nine shareholders.
- As at the Latest Practicable Date, each of Ms. Ni Yuan (倪苑), the sister of Mr. Ni, and Mr. Zhu Ronghai (朱容海), the spouse of Ms. Ni Yuan (倪苑), held 500,000 and 200,000 Target Share Options, respectively, which were granted to each of them on 10 June 2023. Each of Ms. Ni Yuan (倪苑) and Mr. Zhu Ronghai (朱容海) is presumed to be a party acting in concert with Mr. Ni under Class (8) of the definition of “acting in concert” under the Takeovers Code. Pursuant to the terms and conditions of the respective grant letters regarding these Target Share Options, these Target Share Options will vest and become exercisable in four instalments, with the first instalment vesting at any time during the period commencing from the first anniversary and ending on the second anniversary of the Merger Closing Date. Accordingly, no Consideration Shares will be allotted or issued to any of Ms. Ni Yuan (倪苑) and Mr. Zhu Ronghai (朱容海) at the Merger Effective Time. Details of the One-off Share Option Plan are set out in the section headed “9. Share Schemes – 9.3 One-off Share Option Plan” in Appendix VI to this circular.

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3. Please refer to shareholding table set out in the section headed “Effect of the Proposed Merger on the Shareholding Structure of the Company” in this letter for the relevant percentages of shareholding in the Company immediately after the allotment and issue of the Consideration Shares.
4. As at the Latest Practicable Date, Mr. Ni held 30,675,180 Target Share Options granted to him under the Target Share Option Scheme. For the purposes of the Presumed Maximum Share Exchange Ratio, it was assumed that such Target Share Options to be having been exercised prior to the Merger Effective Time.

The Consideration Shares will be allotted and issued under the Specific Mandate to be granted by the Shareholders at the EGM. The Consideration Shares, when allotted and issued, shall rank equally in all respects among themselves and with all the other Shares in issue as at the date of allotment and issue of the Consideration Shares including, in particular, as to dividends and other distributions, voting rights and return of capital.

Lock-up Period

Pursuant to the Target Controlling Shareholders Undertaking, the Target Controlling Shareholders have undertaken to the Company that, they shall not, and shall procure that the relevant registered Shareholder(s) not to, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of the Consideration Shares held by the Target Controlling Shareholders in the period commencing from the Merger Effective Time and ending on the date which is twelve (12) months after the Merger Closing Date (the “**Lock-up Period**”) (save for (i) using no more than 25% of the Consideration Shares beneficially owned by the Target Controlling Shareholders as security (including a charge or a pledge) in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, and (ii) the deemed disposal of Shares by the Target Controlling Shareholders caused by the issuance of any Shares or securities by the Company during the Lock-up Period. Save for the foregoing, the Company is not aware of any restriction which applies to the subsequent sale of the Consideration Shares.

Share options under the Target Share Option Scheme

As at the Latest Practicable Date, the Target had adopted the Target Share Option Scheme, under which 64,160,180 Target Share Options had been granted and remained outstanding. Each Target Share Option issued and outstanding immediately prior to the Merger Effective Time shall, at the Merger Effective Time, be assumed by the Company and be automatically converted into share option entitling the holder thereof to subscribe for Shares pursuant to the One-off Share Option Plan (each Target Share Option so assumed and converted is a “**Converted Option**”), such that the Converted Option, upon exercise, shall entitle the holder to subscribe for such number of Shares equal to the product of (a) the number of Target Shares issuable pursuant to the outstanding Target Share Options held by such holder immediately prior to the Merger Effective Time *multiplied* by (b) the Share Exchange Ratio (such number of Shares shall be rounded up to the nearest whole Share). The exercise price for each Converted Option shall be equal to the quotient obtained by *dividing* (x) the exercise price of each Target Share Option by (y) the Share Exchange Ratio (such exercise price shall be rounded up to the nearest whole cent).

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Subject to the passing of the resolution(s) relating to the Proposed Merger and adoption of the One-off Share Option Plan at the EGM, each issued and outstanding share option under the Target Share Option Scheme shall, at the Merger Effective Time, be automatically cancelled and lapse in exchange for such number of Converted Option under the One-off Share Option Plan.

Details of the One-off Share Option Plan are set out in the section headed “9. Share Schemes – 9.3 One-off Share Option Plan” in Appendix VI to this circular.

Merger Conditions Precedent

Merger Conditions Precedent in relation to the Company and the Target

The obligations of the Company and the Target to consummate, or cause to be consummated, the Proposed Merger are each subject to the satisfaction of the following Merger Conditions Precedent:

- (a) the Company having obtained approval(s) from the Shareholders in respect of the Shareholders’ Approval Matters of the Company (with the respective resolutions relating to the Whitewash Waiver and the Proposed Merger having been approved by at least 75% and more than 50% of the votes cast by the Independent Shareholders at the EGM, respectively), and such approval(s) remaining effective on the Merger Closing Date;
- (b) the Whitewash Waiver having been granted by the SFC, and the Whitewash Waiver remaining effective and not having been withdrawn or revoked on the Merger Closing Date, and all conditions attached to such Whitewash Waiver (if any) having been satisfied;
- (c) the Company having obtained (i) the “approval in principle” granted by the Listing Committee in relation to the New Listing Application, and (ii) the Rule 18A.10 Consent, such approval and consent not having been withdrawn or revoked, and all other consents or procedures required under the Listing Rules and the Takeovers Code (or waivers from the Stock Exchange and/or the SFC thereof) having been obtained or completed;
- (d) the Company having obtained the written approval from the Listing Committee, permitting the listing of and trading in the Consideration Shares on the Main Board of the Stock Exchange;
- (e) the Target Group having obtained the filing notice issued by the CSRC confirming that the Proposed Merger has been filed with the CSRC and such confirmation remaining effective on the Merger Closing Date; and
- (f) no government authority having promulgated, issued, implemented, promoted or enacted any laws or orders (whether temporary, preparatory or permanent in nature) that would declare the Proposed Merger or Merger Closing illegal, or that would have the effect of obstructing or prohibiting the Merger Closing from taking place.

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None of the above Merger Conditions Precedent to the obligations of the Company and the Target is waivable by the Company or the Target. In relation to the Merger Condition Precedent (f) above, as at the Latest Practicable Date, no government authority had promulgated, issued, implemented, promoted or enacted any laws or orders (whether temporary, preparatory or permanent in nature) that would declare the Proposed Merger or Merger Closing illegal, or that would have the effect of obstructing or prohibiting the Merger Closing from taking place.

The Company has applied for the Rule 18A.10 Consent. Based on the reply from the Stock Exchange, the Merger Condition Precedent (c)(ii) above to obtain the Rule 18A.10 Consent was considered satisfied.

Additional Merger Conditions Precedent in relation to the Company

The obligations of the Target to consummate, or cause to be consummated, the Proposed Merger are subject to the satisfaction of, or waiver by the Target in writing of, the following additional Merger Conditions Precedent:

- (a) the representations and warranties made by the Company and the Merger Sub under the Merger Agreement remaining true and accurate in all aspects, except for immaterial errors or omissions with respect to certain representations and warranties (or remaining true and accurate in all material aspects with respect to the fundamental representations and warranties) on and as at the Merger Closing Date;
- (b) the final Net Cash Balance of the Company being not lower than RMB712,500,000;
- (c) the Board resolutions in respect of the Board Approval Matters of the Company remaining effective and not having been revoked or altered;
- (d) the Company having provided the Target with evidence to its reasonable satisfaction that (i) the resignation of each Director who is in office immediately preceding the Merger Effective Time (other than the Remaining Director) shall take effect no later than the Merger Effective Time, and (ii) the appointments of new Directors designated by the Target pursuant to the Merger Agreement shall take effect at the Merger Effective time;
- (e) during the Transitional Period, except for the temporary suspension of trading of Shares required for the consummation of the transactions contemplated under the Merger Agreement, (i) the Shares having been continuously listed and traded on the Main Board of the Stock Exchange, and (ii) there having been no government authority promulgating, issuing, implementing, promoting or enacting any government orders with the effects of (whether temporary, preparatory or permanent in nature) (1) terminating the listing of and trading in the Shares on the Main Board of the Stock Exchange or (2) suspending the trading of Shares on the Stock Exchange for five consecutive trading days or more;

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- (f) the Group not having been subject to any actual or threatened litigation filed by any third party which may have a material adverse effect;
- (g) no material matter having occurred or been discovered which, if occurred or been discovered immediately prior to the date of this circular, would render any information contained in this circular (including any supplement or amendment thereto) untrue, inaccurate, incomplete and/or omission of which would render any statements or information contained in this circular misleading; and
- (h) the Company having fulfilled all its undertakings and obligations under the Merger Agreement in all material aspects on or before the Merger Closing Date.

Additional Merger Conditions Precedent in relation to the Target

The obligations of the Company to consummate, or cause to be consummated, the Proposed Merger are subject to the satisfaction of, or waiver by the Company in writing of, the following additional Merger Conditions Precedent:

- (a) the representations and warranties made by the Target under the Merger Agreement remaining true and accurate in all aspects, except for immaterial errors or omissions with respect to certain representations and warranties, (or remaining true and accurate in all material aspects with respect to the fundamental representations and warranties) on and as at the Merger Closing Date;
- (b) the Target Group not having been subject to any actual or threatened litigation filed by any third party which may have a material adverse effect;
- (c) approvals from the Target's board of directors and the Target Shareholders in connection with the Proposed Merger remaining effective on the Merger Closing Date and not having been revoked or altered;
- (d) the Target having fulfilled all its undertakings and obligations under the Merger Agreement in all material aspects on or before the Merger Closing Date; and
- (e) no material matter having occurred or been discovered which, if occurred or been discovered immediately prior to the date of this circular, would render any information contained in this circular (including any supplement or amendment thereto) untrue, inaccurate, incomplete and/or omission of which would render any statements or information contained in this circular misleading.

As at the Latest Practicable Date, save as disclosed in this section, none of the above Merger Conditions Precedent had been satisfied or waived (if applicable).

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Pre-Merger Closing undertakings

During the Transitional Period, unless otherwise required by the Stock Exchange, the SFC and/or any applicable law, (i) the Company shall (and shall procure its subsidiaries to) operate its businesses strictly in accordance with the terms of reference of the Joint Steering Committee, and the business and operation plan to be prepared by the Company in accordance with the Merger Agreement; (ii) each of the Company and the Target shall (and shall procure its subsidiaries to) strictly comply with, and perform the obligations under, the CDK4/6i Outsourcing Management Agreement, (iii) each of the Company and the Target shall (and shall procure its subsidiaries to) use its commercially reasonable efforts to preserve in all material aspects the business and operational relationships between the Group or the Target Group (as the case may be) on the one hand and its suppliers, customers and other third parties that have business relationships with and are of great significance to the Group or the Target Group (as the case may be) taken as a whole on the other hand, and (iv) each of the Company and the Target shall (and shall procure its subsidiaries to) preserve intact its business organisations and goodwill in all material aspects.

Additional pre-Merger Closing undertakings of the Company

During the Transitional Period, the Company shall not (and shall procure each Group Company not to) without the Target's prior written consent, among other things, do any of the following:

- (a) (i) issue any equity securities by the Company or sell any Company's equity securities by the Company (save for any grant of share options and/or RSUs under the Pre-Existing Company Share Schemes during the Transitional Period which would result in the issue of no more than 1,000,000 Shares upon vesting and/or exercise of such share options and/or RSUs) (the "**Company New Grant**"); (ii) transfer, issue, sell, grant, pledge or otherwise dispose of any Group Company's equity securities by any Group Company; or (iii) issue, deliver or sell any options, warrants, conversion rights, or other rights, agreements, arrangements or commitment obligations that are linked to its equity securities, except for the issue of new Shares upon the vesting or exercise of share options or RSUs granted prior to the date of the Merger Agreement pursuant to the Pre-Existing Company Share Schemes;
- (b) (i) take any of the following actions relating to any intellectual properties with respect to CDK4/6i or any other material intellectual properties owned by the Group: (A) sell, transfer, or otherwise dispose of its ownership; (B) license or sublicense; or (C) impose any encumbrances on the intellectual properties (unless otherwise agreed in the Merger Agreement); or (ii) enter into any contract that restricts any Group Company (including the Target Group with effect from the Merger Effective Date) from conducting any activities relating to CDK4/6i or any intellectual property with respect to CDK4/6i;
- (c) sell, lease, sublease, authorise, transfer, abandon, allow to lapse or otherwise dispose of any assets exceeding RMB1,000,000 in any single transaction or series of related transactions;

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- (d) effect or initiate any liquidation, dissolution, winding-up, debt restructuring, merger by absorption, merger, consolidation, restructuring, reorganisation, change of control or any similar transactions or arrangements involving any Group Company;
- (e) authorise, make any provision for or incur any capital expenditures or obligations or liabilities exceeding RMB1,000,000 in connection therewith, and any other form of management of any Group Company's working capital outside the ordinary course of business (including settlement arrangements of any amounts due);
- (f) incur, assume, guarantee, repurchase or otherwise assume any liabilities or obligations exceeding RMB1,000,000 (except for the Company Transaction Fee), or issue or sell any debt securities, or any options, warrants or any other rights allowing the holder thereof to subscribe for any debt securities of any Group Company;
- (g) make any loans or capital contributions to, or make any investment in (including by way of merger by absorption, merger or acquisition of equity securities or assets), any person exceeding RMB1,000,000; and
- (h) declare or reserve any dividend or other distribution payable in cash, shares, property or otherwise with respect to any equity security of the Company or any of its subsidiaries, or set a record date for such dividend or distribution.

Additional pre-Merger Closing undertakings of the Target

During the Transitional Period, the Target shall not (and shall procure each Target Group Company not to) without the Company's prior written consent, among other things, do any of the following:

- (a) (i) transfer, issue, sell, grant, pledge or otherwise dispose of any equity securities representing more than 5% of the share capital of any Target Group Company (for the avoidance of doubt, except for the pledge of ordinary Target Shares directly or indirectly held by Target Controlling Shareholders); or (ii) issue, deliver or sell any options, warrants, conversion rights, or other rights, agreements, arrangements or commitment obligations by any Target Group Company that are linked to its equity securities, except for the grant of additional share options under the Target Share Option Scheme or the issue of new ordinary shares of the Target upon the vesting or exercise of share options granted prior to the date of the Merger Agreement pursuant to the Target Share Option Scheme;
- (b) sell, lease, sublease, authorise, transfer, waive, allow to lapse or otherwise dispose of any assets related to the core products of the Target Group (including relevant intellectual property and properties owned by the Target Group) to any person other than any Target Group Company;
- (c) effect or initiate any liquidation, dissolution, winding-up, merger by absorption, consolidation, restructuring, change of control or any similar transactions or arrangements involving any Target Group Company;

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- (d) incur, assume, guarantee, repurchase or otherwise assume any liabilities or obligations exceeding RMB100,000,000 (except for the Target Transaction Fee), or issue or sell any debt securities exceeding RMB100,000,000, or issue or sell any option, warrant or any other right allowing the holder thereof to subscribe for any debt securities of any Target Group Company that exceeds RMB100,000,000, except for any substitution of creditors within the debt financing scale of the Target Group as at 30 June 2024; and
- (e) make any loans or capital contributions to, or make any investment in (including by way of merger by absorption, merger or acquisition of equity securities or assets), any other person exceeding RMB30,000,000.

Establishment of the Joint Steering Committee

Pursuant to the Merger Agreement, the Company shall establish the Joint Steering Committee to facilitate the implementation of the Proposed Merger and improvement of the Company's governance structure. The Joint Steering Committee was established on 4 October 2024.

A summary of the terms of reference of the Joint Steering Committee is set out below:

- (a) **Composition.** The Joint Steering Committee shall comprise four (4) members, two (2) of whom shall be nominated by the Company (the “**Company’s JSC Representatives**”) and two (2) of whom shall be nominated by the Target (the “**Target’s JSC Representatives**”).
- (b) **Duties and responsibilities.** The duties and responsibilities of the Joint Steering Committee include:
 - (i) reviewing the strategic development plan of the Group, including reviewing and approving the Company's business and operation plan (and any revisions, changes or exemptions thereof) prepared by the Company in accordance with the Merger Agreement;
 - (ii) reviewing and approving the reserved matters set out in paragraph (f) below;
 - (iii) reviewing and approving the appointment and removal of any senior executive of any Group Company, and the formulation of and adjustment to any of their remuneration packages (save for the remuneration packages of the Shareholder Personnel, which shall remain unchanged during the Transitional Period);
 - (iv) reviewing the progress of the Proposed Merger and the implementations of relevant matters; and
 - (v) any other matters as authorised by the Board.

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- (c) **Meetings.** Members of the Joint Steering Committee shall hold a meeting at least once in every two weeks. Members can attend the meetings by himself/herself or, upon giving prior notifications to all other members, by his/her authorised representative.
- (d) **Quorum.** Save as disclosed below, the quorum for meetings of the Joint Steering Committee shall be four (4) members, of whom at least two (2) shall be the Company's JSC Representatives and at least two (2) shall be the Target's JSC Representatives.

If notice of a meeting has been duly served on the members in accordance with the terms of reference of the Joint Steering Committee, but a quorum is not present for holding such meeting because either all of the Company's JSC Representatives or all of the Target's JSC Representatives are absent from the meeting (in either case, the "**Absent Representatives**"), such meeting shall stand adjourned to (i) another date and time agreed upon by all members of the Joint Steering Committee, or (ii) if no such consensus can be reached, the third (3rd) Business Day following the original meeting date. If all Absent Representatives are absent from the adjourned meeting, and all representatives appointed by the other party (being either all of the Company's JSC Representatives or all of the Target's JSC Representatives (as the case may be)) are present at both the original meeting and the adjourned meeting, the members present at the adjourned meeting shall be a quorum (the "**Adjourned Meeting Quorum**") and can consider and vote in respect of the matters for which the meeting was called in accordance with the terms of reference of the Joint Steering Committee.

- (e) **Voting.** Each member shall have one (1) vote. Subject to the reserved matters set out in paragraph (f) below, all matters tabled at the meeting of the Joint Steering Committee shall be approved by a majority of members present and voting at the relevant meeting.
- (f) **Reserved matters.** The following matters shall be approved by all members of the Joint Steering Committee present and voting at the relevant meeting:
 - (i) any liabilities or expenditures (including capital expenditures) incurred by the Group exceeding RMB1,000,000 (or its equivalent in foreign currency) for a single transaction that are not set out in the Company's operation plan or that exceed the budget set out therein; and
 - (ii) the entering into of, amendment to, or termination of (other than expiration in accordance with the terms thereof), any material contract of the Company, or waiver of any rights or interests thereunder with a value exceeding RMB1,000,000 (or its equivalent foreign currency).
- (g) **Deadlock.** In the event that no resolution is reached in respect of any matter tabled at two consecutive Joint Steering Committee meetings, such matter shall be referred to the Board for consideration and approval.

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- (h) **Exceptions.** Matter falling under certain exceptions expressly set out in the Merger Agreement or with respect to which the Company has obtained the Target's prior written consent in accordance with the Merger Agreement do not have to be approved by the Joint Steering Committee.
- (i) **Confidentiality.** Each Target's JSC Representative owes a duty of confidentiality for all information and materials (whether oral or written) obtained. In the absence of the Board's written approval, the Target's JSC Representatives shall not disclose or make public any confidential information to third parties, save for disclosure made in accordance with applicable regulatory requirements, or to the Target's directors, officers, employees, agents, financial advisors, legal advisors, auditors, and other advisors for the purpose of implementing Merger Agreement provided that the aforementioned parties have signed customary confidentiality agreements or are bound by fiduciary or other obligations to keep such information and materials confidential.
- (j) **Dissolution.** The Joint Steering Committee shall automatically dissolve immediately upon effective termination of the Merger Agreement in accordance with the terms thereof and its terms of reference shall cease to be effective and binding on its members thereafter.

The power of the Joint Steering Committee is delegated by the Board, and as set out above in paragraph (g) above, in the case where no resolution is reached in respect of any matter tabled at two consecutive Joint Steering Committee meetings, such matter shall be referred to the Board for consideration and approval. Further, in addition to the duty of confidentiality of the Target's JSC Representative set out in paragraph (i) above, the Target's JSC Representatives who have access to the inside information of the Company are also subject to statutory insider dealing provisions under the SFO. As such, it is expected that the establishment and operation of the Joint Steering Committee will not cause uneven dissemination of information in a manner materially different from other listed companies conducting similar transactions, and that the secrecy of inside information of the Company shall be preserved during the Transitional Period.

Given that the terms of reference of the Joint Steering Committee have provided various means for the members to attend the meetings, and have permitted a member to authorise his/her representative to attend the relevant meeting on his/her behalf, the Company believes the likelihood for both Company's JSC Representatives to be absent for two consecutive meetings of the Joint Steering Committee is low, and the applicability of the Adjourned Meeting Quorum is limited. The Company has used and will continue to use its commercially best effort to procure that the Company's JSC Representatives to attend all meetings of the Joint Steering Committee by himself/herself or by his/her authorised representative.

LETTER FROM THE BOARD

Undertakings

Each of the Company, the Merger Sub and the Target undertakes to each other that it shall, in good faith, use its commercially best effort to cooperate with all relevant government authorities and to take all necessary actions to obtain the Rule 18A.10 Consent, the Whitewash Waiver, the “approval in principle” with respect to the New Listing Application and any other necessary regulatory approvals, consents, confirmations and waivers as soon as practicable so to give effect to the Proposed Merger and other transactions in connection therewith.

Merger Closing

Subject to the satisfaction or waiver (if applicable) of all Merger Conditions Precedent, the Merger Closing shall take place at the Merger Effective Time.

Upon the Merger Closing, the Merger Sub will be merged with and into the Target with the Target surviving the Proposed Merger and becoming a wholly-owned subsidiary of the Company, and the Company will allot and issue the Consideration Shares pursuant to the Merger Agreement.

Termination

The Merger Agreement may be terminated prior to the Merger Effective Time upon occurrence of any of the termination events set out in the Merger Agreement (each a “**Termination Event**”), the salient terms include the followings:

- (a) by mutual written consent of the Company and the Target;
- (b) by written notice from either the Company or the Target to the other upon any government authority promulgating, issuing, implementing, promoting or enacting any final and non-appealable government order with the effect of declaring the Proposed Merger or the Merger Closing illegal, or otherwise preventing or prohibiting the Merger Closing from taking place;
- (c) by written notice from either the Company or the Target to the other within five (5) Business Days after the Long Stop Date, if the Merger Closing does not take place at or before 6:00 p.m. (Hong Kong time) on the Long Stop Date, unless the Long Stop Date is extended pursuant to the provisions of the Merger Agreement;
- (d) by written notice from either the Company or the Target to the other, if the Company fails to submit the New Listing Application to the Stock Exchange by the New Listing Application Deadline;

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- (e) by written notice from the Target to the Company, if the Company or the Merger Sub has, in any material respect, breached any of its representations, warranties, undertakings (including the pre-Merger Closing undertakings of the Company as set out in the section headed “The Proposed Merger – Pre-Merger Closing undertakings” of this letter) or obligations under the Merger Agreement, or any representations or warranties made by the Company or the Merger Sub under the Merger Agreement is untrue in any material respect, resulting in the Company’s failure to fulfil the Merger Conditions Precedent set out in the sub-section headed “*Additional Merger Conditions Precedent in relation to the Company*” above, which are not remedied within the prescribed timeframe set out in the Merger Agreement; or
- (f) by written notice from the Company to the Target, if the Target has, in any material respect, breached any of its representations, warranties, undertakings (including the pre-Merger Closing undertakings of the Target as set out in the section headed “The Proposed Merger – Pre-Merger Closing undertakings” of this letter) or obligations under the Merger Agreement, or any representations or warranties made by the Target under the Merger Agreement is untrue in any material respect, resulting in the Target’s failure to fulfil the Merger Conditions Precedent set out in the sub-section headed “*Additional Merger Conditions Precedent in relation to the Target*” above, which are not remedied within the prescribed timeframe set out in the Merger Agreement.

Upon termination, (i) the Merger Agreement shall immediately become void and of no further effect (save for the surviving provisions specified in the Merger Agreement) and the Proposed Merger will not proceed; and (ii) the Joint Steering Committee shall be automatically dissolved with immediate effect, and its terms of reference shall immediately become void, of no further effect, and cease to be binding on its members.

Break fees

If (i) the Target terminates the Merger Agreement pursuant to Termination Event (c) above, and the Company or the Merger Sub has breached any of their respective representations, warranties, undertakings or obligations under the Merger Agreement in any material respect, and such breach is the primary cause of the Merger Closing not taking place at or before 6:00 p.m. (Hong Kong time) on the Long Stop Date, or (ii) the Target terminates the Merger Agreement pursuant to Termination Event (e) above, the Company shall pay, or procure the payment of, RMB75,000,000, together with all Target Transaction Fees, to the Target within two (2) Business Days after termination thereof (the “**Company’s Break Fee**”).

If (i) the Company terminates the Merger Agreement pursuant to Termination Event (c) above, and the Target has breached any of its representations, warranties, undertakings or obligations under the Merger Agreement in any material respect, or (ii) the Company effectively terminates the Merger Agreement pursuant to Termination Event (f) above, the Target shall pay, or procure the payment of, RMB75,000,000, together with all Company Transaction Fees, to the Company within two (2) Business Days after termination thereof (the “**Target’s Break Fee**”).

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If the Company or the Target fails to timely pay the Company's Break Fee or the Target's Break Fee (as the case may be), such defaulting party shall pay the non-defaulting party, in addition to the Company's Break Fee or the Target's Break Fee (as the case may be), (i) all reasonable and recorded costs and expenses incurred by the non-defaulting party in connection with the collection and enforcement of the Company's Break Fee or the Target's Break Fee (as the case may be) (including reasonable and recorded legal fees and any reasonable and recorded costs and expenses incurred by the non-defaulting party for hiring any experts or consultants for collection of such payments), together with (ii) the interests accrued on the entire unpaid amount at the one-month interest rate published by the People's Bank of China calculated from the date on which such payment was required to be paid up to and until the date on which the defaulting party satisfies such payment in full.

Dissenting Target Shares

Pursuant to the Merger Agreement, each Dissenting Target Share issued and outstanding immediately prior to the Merger Effective Time held by a Dissenting Target Shareholder shall automatically be cancelled and cease to exist and will thereafter represent only the right to be paid the fair value of such Dissenting Target Shares and such other rights as are granted by the Cayman Companies Act, or (unless and until such Dissenting Target Shareholder fails to effect or withdraws or otherwise loses his, her or its Appraisal Right under the Cayman Companies Act) the right to receive such number of Consideration Shares in accordance with the Merger Agreement (without interest), details of which are set out in the section headed "The Proposed Merger – Merger consideration" in this letter.

The Proposed Merger and the Merger Agreement were approved by the Target Shareholders at an extraordinary general meeting of the Target held on 9 September 2024. As none of the Target Shareholders exercised its Appraisal Right by issuing a written objection to dissent from the Proposed Merger before the vote at such extraordinary general meeting of the Target, there was no Dissenting Target Share or Dissenting Target Shareholder in respect of the Proposed Merger.

THE AMENDMENT AGREEMENT

On 24 January 2025, the Target, the Company and the Merger Sub entered into the Amendment Agreement to extend the New Listing Application Deadline from 6:00 p.m. (Hong Kong time) on 31 January 2025 to 6:00 p.m. (Hong Kong time) on 30 June 2025, and the Long Stop Date for the Merger Closing from 6:00 p.m. (Hong Kong time) on 30 May 2025 to 6:00 p.m. (Hong Kong time) on 31 December 2025 (as may be further extended pursuant to the terms and conditions of the Merger Agreement). Save for the foregoing, all the other terms and conditions of the Merger Agreement remain unchanged and shall continue in full force and effect.

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CDK4/6i OUTSOURCING MANAGEMENT AGREEMENT

On 13 September 2024, the Company and the Target entered into the CDK4/6i Outsourcing Management Agreement pursuant to which the Company agreed to entrust the Target with, and the Target agreed to provide services for, the management of all matters relating to CDK4/6i, including the submission of new drug application(s), manufacturing, supply chain management and any other relevant matters (the “**Services**”) during the Transitional Period unless terminated in accordance with the terms thereof.

The Target shall seek the Company’s prior written consent if any costs and fees relating to or incurred in relation to the Services are to be borne by the Company.

The CDK4/6i Outsourcing Management Agreement shall be terminated upon: (i) mutual agreement of the Company and the Target; or (ii) termination of the Merger Agreement in accordance with the terms thereof.

SPECIAL DEAL IN RELATION TO THE RETENTION PLAN OF THE SHAREHOLDER PERSONNEL

On 13 September 2024, the Company and the Target entered into conditional Retention Agreements in relation to the retention of the Shareholder Personnel of the Group upon the Merger Closing on the following terms and conditions:

- (a) if any Shareholder Personnel wishes to continue his/her employment with the Enlarged Group upon the Merger Closing, the Enlarged Group agrees, and will make all necessary arrangements, to maintain such Shareholder Personnel’s employment with the Enlarged Group for at least one (1) year following the Merger Closing (the “**Retained Period**”), during which the responsibilities (for Shareholder Personnel other than Dr. Guo only), remuneration packages and benefits of such Shareholder Personnel shall remain substantially the same as those entitled by such Shareholder Personnel prior to the Merger Closing;
- (b) if during the Retained Period, the Enlarged Group terminates any Shareholder Personnel’s employment without proper cause, the Enlarged Group shall, at the time of employment termination (the “**Employment Termination Time**”), pay such Shareholder Personnel a severance payment in an amount equal to (i) six (6) times of his/her average monthly salary for the twelve (12) calendar months immediately preceding the Merger Closing Date, or (ii) the Statutory Compensation Amount (2N), whichever is the higher;
- (c) (for Dr. Guo only) conditional upon (i) the Merger Closing having taken place, and (ii) Dr. Guo having served in the Enlarged Group for sixty (60) days immediately following the Merger Closing Date (the “**Dr. Guo’s Qualifying Acceleration Period**”), or the Enlarged Group terminates the employment of Dr. Guo during the Retained Period, 50% of the then unvested share options and/or RSUs held by Dr.

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Guo under the Pre-Existing Company Share Schemes shall be automatically accelerated and vested in Dr. Guo on the expiration of the Dr. Guo's Qualifying Acceleration Period or immediately prior to the time of his employment termination (as the case may be). On the basis of the foregoing, conditional upon the final Net Cash Balance being not less than RMB712,500,000, the remaining 50% of the then unvested share options and/or RSUs held by Dr. Guo under the Pre-Existing Company Share Schemes shall be automatically accelerated and vested in Dr. Guo on the expiration of the Dr. Guo's Qualifying Acceleration Period or immediately prior to the Employment Termination Time (as the case may be);

- (d) (for Shareholder Personnel other than Dr. Guo) conditional upon the relevant Shareholder Personnel having served in the Enlarged Group for sixty (60) days immediately following the Merger Closing Date (the “**Other Shareholder Personnel's Qualifying Acceleration Period**”), or the Enlarged Group terminates the employment of such Shareholder Personnel during the Retained Period, all the then unvested share options and/or RSUs held by such Shareholder Personnel under the Pre-Existing Company Share Schemes shall be automatically accelerated and vested in such Shareholder Personnel on the expiration of the Other Shareholder Personnel's Qualifying Acceleration Period or immediately prior to the time of his/her employment termination (as the case may be). Notwithstanding the foregoing, if Dr. Guo (as the chief executive officer of the Company) imposes any additional conditions on the acceleration and vesting of any unvested share option and/or RSU held by the relevant Shareholder Personnel under the Pre-Existing Company Share Schemes, such unvested share options and/or RSU shall only be accelerated and vested in such relevant Shareholder Personnel upon satisfaction of all such conditions;
- (e) if any Shareholder Personnel's share options and/or RSUs are accelerated and vested pursuant to paragraph (c) or (d) above (as the case may be), and such Shareholder Personnel resigns after expiration of the Dr. Guo's Qualifying Acceleration Period or the Other Shareholder Personnel's Qualifying Acceleration Period (as the case may be), the Enlarged Group shall, on the date of his/her employment termination, pay such Shareholder Personnel a severance payment in an amount equal to three (3) times of his/her monthly salary for the calendar month immediately preceding the Merger Closing Date; and
- (f) in respect of the share options and RSUs held by the Shareholder Personnel, save for the acceleration arrangements set out in paragraphs (c) or (d) above (as the case may be), all other terms and procedures (including the exercise price) set out in the rules of the then effective relevant Pre-Existing Company Share Scheme(s) and/or grant agreement(s) shall remain unchanged.

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As the Retention Plan constitutes an arrangement between the Company and each of the Shareholder Personnel, each being a Shareholder, and such arrangement has favourable conditions which are not extended to all other Shareholders, the Retention Plan constitutes a special deal under Rule 25 of the Takeovers Code. Accordingly, the implementation of the Retention Agreement and the Retention Plan will require consent of the Executive. The Company has made an application to the Executive for the consent to implement the Retention Agreement and the Retention Plan pursuant to Rule 25 of the Takeovers Code. Such consent, if granted, is expected to be subject to (a) the Independent Financial Adviser publicly stating that in its opinion the terms of the Retention Agreement and the Retention Plan are fair and reasonable; and (b) the Retention Agreement and the Retention Plan are approved by the Independent Shareholders at the EGM.

Pursuant to the rules of the Post-IPO Share Option Plan, any change to the terms of share options granted shall be conditional upon approval of the Shareholders. As the Retention Plan involves the acceleration of the share options held by each of the Shareholder Personnel, the Retention Plan shall be subject to the approval by the Shareholders at the EGM.

Pursuant to the 2023 RSU Plan and the 2023 Share Option Plan, any amendment to the terms of the RSU or share option (as the case may be) granted to a grantee shall be approved by the Board, the compensation committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant was approved by the Board, the compensation committee, the independent non-executive Directors and/or the Shareholders (as the case may be). As the grant of RSU and share option to Dr. Guo under the 2023 RSU Plan and the 2023 Share Option Plan were approved by the Shareholders on 27 October 2023, the implementation of the Retention Agreement and the Retention Plan in respect of Dr. Guo shall be subject to the approval of the Shareholders at the EGM.

As Mr. Weng, an executive Director, is a connected person of the Company, any amendment to terms of the RSU granted to him under the 2021 RSU Plan, which was not subject to then applicable Chapter 17 of the Listing Rules, pursuant to the Retention Plan of Mr. Weng, shall be subject to the approval of the Independent Shareholders at the EGM pursuant to Chapter 14A of the Listing Rules.

Further, as the Retention Plan constitutes an agreement between the Company and Mr. Weng which expressly requires the Company to pay compensation or make other payments equivalent to more than one year's emoluments, the implementation of the Retention Agreement and the Retention Plan in respect of Mr. Weng shall be subject to the approval of the Shareholders at the EGM pursuant to Rule 13.68 of the Listing Rules.

As Mr. Weng has a material interest as one of the Shareholder Personnel in the Retention Plan, therefore he had abstained from voting on the Board resolution approving the Retention Agreement and the Retention Plan. Save as disclosed above, none of the Directors has a material interest in the Retention Plan and was required to abstain from voting on the Board resolution approving the Retention Agreement and the Retention Plan.

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PROPOSED TERMINATION OF THE 2023 SHARE SCHEMES

The 2023 Share Option Plan and the 2023 RSU Plan were adopted by the Company on 27 October 2023 and shall be valid for a period of ten (10) years commencing from their respective effective dates, both being 27 October 2023, subject to early termination as determined by the Board pursuant to the rules governing the 2023 Share Option Plan and the 2023 RSU Plan.

As at the Latest Practicable Date, there were (i) 2,008,461 outstanding share options that had been granted (to the extent not already exercised) under the 2023 Share Option Plan, and (ii) 1,736,625 unvested RSUs that had been granted under the 2023 RSU Plan.

It is expected that the Company will not grant new share options and RSUs under the 2023 Share Option Plan and the 2023 RSU Plan, respectively, following the Merger Closing. In order to reduce administrative cost for maintaining and operating the 2023 Share Option Plan and the 2023 RSU Plan, the Board has approved to terminate the 2023 Share Option Plan and the 2023 RSU Plan immediately prior to Merger Effective Time to the effect that no further share options and RSUs may be granted under the 2023 Share Option Plan and the 2023 RSU Plan, but all other terms of the 2023 Share Option Plan and the 2023 RSU Plan shall remain in full force and effect (the “**Proposed Termination of the 2023 Share Schemes**”). Upon the Proposed Termination of the 2023 Share Schemes taking effect, all unvested and/or unexercised share options and RSUs granted thereunder shall continue to be valid and shall vest and be exercisable in accordance with the terms of the 2023 Share Option Plan and the 2023 RSU Plan, respectively, and the relevant grant agreements.

EFFECT OF THE PROPOSED MERGER ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Company had 528,291,792 Shares in issue, and ~~15,299,957~~15,114,957 outstanding share options and 3,045,010 unvested RSUs under the Pre-Existing Company Share Schemes. Save for the foregoing and the Shares that are issuable pursuant to the ABT Subscription and Stock Purchase Agreement, there were no outstanding share options, warrants, derivatives or securities that carry a right to subscribe for or that were convertible into Shares as at the Latest Practicable Date.

As at the Latest Practicable Date, the Company did not hold any shares in the Target, and none of the Directors held shares in the Target.

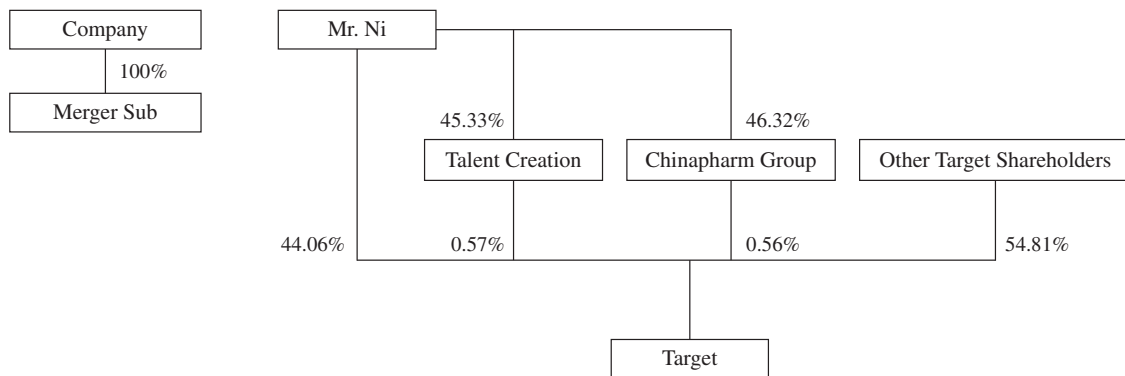
As set out above in this letter, at the Merger Effective Time, by virtue of the Proposed Merger, each Target Share issued and outstanding immediately prior to the Merger Effective Time will be automatically cancelled and cease to exist in exchange for the right to receive such number of newly issued and fully paid Consideration Shares based on the Share Exchange Ratio subject to adjustments applicable to the Taxable Target Shareholders and the Target Controlling Shareholders as set out in the section headed “The Proposed Merger – Merger consideration” in this letter. Accordingly, all Target Shareholders will become Shareholders of the Company upon the Merger Closing.

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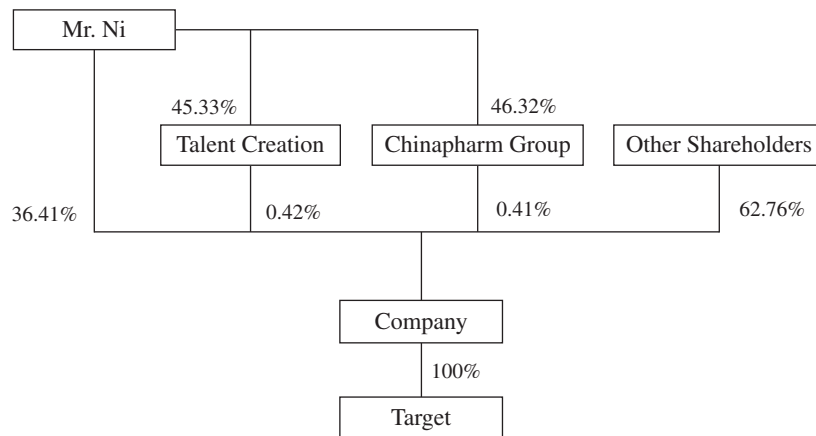
Shareholding Structure of the Company assuming no Taxable Target Shareholder

Set out below are (i) the simplified corporate structure chart of the Group and the Target Group immediately prior to the Merger Closing, and (ii) the simplified corporate structure chart of the Enlarged Group immediately upon the Merger Closing and the allotment and issue of Consideration Shares based on the Presumed Maximum Share Exchange Ratio, assuming that (a) there is no Taxable Target Shareholder, (b) none of the outstanding share options and the unvested RSUs under the Pre-Existing Company Share Schemes has been exercised or vested, and (c) none of the Converted Options under the One-off Share Option Plan has been exercised:

Immediately prior to the Merger Closing



Immediately upon the Merger Closing and the allotment and issue of the Consideration Shares



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The following shareholding table shows the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after the allotment and issue of the Consideration Shares, based on assumptions set out below:

Name of Shareholders	(i) As at the Latest Practicable Date				(ii) Immediately after the allotment and issue of the Consideration Shares based on the Presumed Maximum Share Exchange Ratio assuming that there is no other change in the number of Shares and Target Shares held by each Shareholder and Target Shareholder, respectively, from the Latest Practicable Date up to and until the Merger Closing Date, and			
	Number of Shares	Approximate percentage of shareholding	Number of Shares	Approximate percentage of shareholding	Number of Shares	Approximate percentage of shareholding	Number of Shares	Approximate percentage of shareholding
Mr. Ni and parties acting in concert with him (being the Target Controlling Shareholders)⁽¹⁾								
Mr. Ni ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	-	-	837,966,754	36.41%	837,966,754	34.44%	837,966,754	34.44%
Talent Creation*	-	-	9,599,000	0.42%	9,599,000	0.39%	9,599,000	0.39%
Chinapharm Group*	-	-	9,433,500	0.41%	9,433,500	0.39%	9,433,500	0.39%
Sub-total	-	-	856,999,254	37.24%	856,999,254	35.22%	856,999,254	35.22%
Other Target Shareholders⁽⁵⁾⁽⁶⁾⁽⁷⁾								
HongShan Capital Growth Fund I, L.P.	-	-	89,786,531	3.90%	89,786,531	3.69%	89,786,531	3.69%
HongShan Capital Growth Partners Fund I, L.P.	-	-	2,141,206	0.09%	2,141,206	0.09%	2,141,206	0.09%
HongShan Capital GF Principals Fund I, L.P.	-	-	11,014,853	0.48%	11,014,853	0.45%	11,014,853	0.45%
HongShan Capital I, L.P.	-	-	29,907,654	1.30%	29,907,654	1.23%	29,907,654	1.23%
HongShan Capital Partners Fund I, L.P.	-	-	3,436,575	0.15%	3,436,575	0.14%	3,436,575	0.14%
HongShan Capital Principals Fund I, L.P.	-	-	4,628,920	0.20%	4,628,920	0.19%	4,628,920	0.19%
HSC Growth V Holdco Q, Ltd	-	-	40,728,693	1.77%	40,728,693	1.67%	40,728,693	1.67%
Sub-total⁽⁷⁾	-	-	181,644,432	7.89%	181,644,432	7.47%	181,644,432	7.47%
OrbiMed Asia Partners, L.P.*	-	-	124,839,669	5.42%	124,839,669	5.13%	124,839,669	5.13%
OrbiMed Asia Partners III, L.P.*	-	-	116,287,791	5.05%	116,287,791	4.78%	116,287,791	4.78%
Sub-total⁽⁸⁾	-	-	241,127,460	10.48%	241,127,460	9.91%	241,127,460	9.91%
Domain Partners VIII, L.P.	-	-	96,074,041	4.17%	96,074,041	3.95%	96,074,041	3.95%
DP VIII Associates, L.P.	-	-	712,892	0.03%	712,892	0.03%	712,892	0.03%
Sub-total⁽⁹⁾	-	-	96,786,933	4.21%	96,786,933	3.98%	96,786,933	3.98%

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Name of Shareholders	(i) As at the Latest Practicable Date				(ii) Immediately after the allotment and issue of the Consideration Shares based on the Presumed Maximum Share Exchange Ratio assuming that there is no other change in the number of Shares and Target Shares held by each Shareholder and Target Shareholder, respectively, from the Latest Practicable Date up to and until the Merger Closing Date, and			
	Number of Shares	Approximate percentage of shareholding	Number of Shares	Approximate percentage of shareholding	Number of Shares	Approximate percentage of shareholding	Number of Shares	Approximate percentage of shareholding
Ms. Bao Wei Pink Crystal China Fund, L.P.	-	-	28,569,984	1.24%	28,569,984	1.17%	28,569,984	1.17%
	-	-	151,369,706	6.58%	151,369,706	6.22%	151,369,706	6.22%
Novel Insight Investments Limited	-	-	94,011,961	4.08%	94,011,961	3.86%	94,011,961	3.86%
Novel Sky Global Limited	-	-	55,375,135	2.41%	55,375,135	2.28%	55,375,135	2.28%
Sub-total⁽⁷⁾	-	-	149,387,096	6.49%	149,387,096	6.14%	149,387,096	6.14%
SPDBI Eagle Limited	-	-	43,704,992	1.90%	43,704,992	1.80%	43,704,992	1.80%
Other minority Target Shareholders	-	-	23,546,887	1.02%	134,382,237	5.52%	134,382,237	5.52%
Sub-total of Target Shareholders	-	-	1,773,136,744	77.05%	1,883,972,094	77.43%	1,883,972,094	77.43%
Director Mr. Weng ⁽⁸⁾	372,500	0.07%	372,500	0.02%	1,522,500	0.06%	1,522,500	0.06%
Substantial Shareholder of the Company⁽¹²⁾ Hillhouse Investment Management, Ltd. ⁽⁹⁾⁽¹³⁾	127,989,103	24.23%	127,989,103	5.56%	127,989,103	5.26%	127,989,103	5.26%
Kanghe Medical Technology Limited ⁽¹⁵⁾	44,311,060	8.39%	44,311,060	1.93%	44,311,060	1.82%	44,311,060	1.82%
Kang Jia Medical Technology Limited ⁽¹²⁾	13,491,962	2.55%	13,491,962	0.59%	13,491,962	0.55%	13,491,962	0.55%

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Name of Shareholders	(i) As at the Latest Practicable Date				(ii) Immediately after the allotment and issue of the Consideration Shares based on the Presumed Maximum Share Exchange Ratio assuming that there is no other change in the number of Shares and Target Shares held by each Shareholder and Target Shareholder, respectively, from the Latest Practicable Date up to and until the Merger Closing Date, and			
	Number of Shares	Approximate percentage of shareholding	Converted Options under the One-off Share Option Plan have been exercised		(a) there is no Taxable Target Shareholder; (b) all outstanding share options and the unvested RSUs under the Pre-Existing Company Share Schemes (including 1,000,000 share options and/or RSUs assumed as having been granted under the Company New Grant) have been exercised or vested (as the case may be); (c) all of the Converted Options under the One-off Share Option Plan have been exercised; and (d) all Shares issuable pursuant to the ABT Subscription and Stock Purchase Agreement have been issued		Number of Shares	Approximate percentage of shareholding
Public Shareholders								
Walga Biotechnology Limited ⁽¹⁰⁾⁽¹³⁾	37,560,998	7.11%	37,560,998	1.63%			37,560,998	1.54%
Temasek Holdings (Private) Limited ⁽¹¹⁾⁽¹³⁾	31,157,348	5.90%	31,157,348	1.35%			31,157,348	1.28%
Other Shareholders ⁽¹⁴⁾	273,408,821	51.75%	273,408,821	11.88%			292,839,244	12.04%
Total	528,291,792	100%	2,301,428,536	100%			2,432,844,309	100%

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Notes:

1. For information on the Target Controlling Shareholders, please refer to the section headed “Information on the Target Controlling Shareholders” in this letter.
2. As at the Latest Practicable Date, Mr. Ni held 30,675,180 Target Share Options granted to him under the Target Share Option Scheme, which pursuant to the Merger Agreement and the One-off Share Option Plan, would be converted into 101,534,846 Converted Options. For the purposes of the Presumed Maximum Share Exchange Ratio, it is assumed that such Target Share Options to be having been exercised prior to the Merger Effective Time.
3. As at the Latest Practicable Date, Mr. Ni owned approximately 45.33% and 46.32% of the issued share capital of Talent Creation and Chinapharm Group, respectively, and also acted as the sole director of each of the Talent Creation and Chinapharm Group. Accordingly, each of Talent Creation and Chinapharm Group was presumed to be a party acting in concert with Mr. Ni under Class (8) of the definition of “acting in concert” under the Takeovers Code. For completeness, all the other shareholders of Talent Creation and Chinapharm Group were current or former employees of the Target Group. In addition to Mr. Ni, Talent Creation had six shareholders and Chinapharm Group had nine shareholders.
4. As at the Latest Practicable Date, each of Ms. Ni Yuan (倪苑), the sister of Mr. Ni, and Mr. Zhu Ronghai (朱容海), the spouse of Ms. Ni Yuan (倪苑), held 500,000 and 200,000 Target Share Options, respectively, which were granted to each of them on 10 June 2023. Each of Ms. Ni Yuan (倪苑) and Mr. Zhu Ronghai (朱容海) is presumed to be a party acting in concert with Mr. Ni under Class (8) of the definition of “acting in concert” under the Takeovers Code. Pursuant to the terms and conditions of the respective grant letters regarding these Target Share Options, these Target Share Options will vest and become exercisable in four instalments, with the first instalment vesting at any time during the period commencing from the first anniversary and ending on the second anniversary of the Merger Closing Date. Accordingly, no Consideration Shares will be allotted or issued to any of Ms. Ni Yuan (倪苑) and Mr. Zhu Ronghai (朱容海) at the Merger Effective Time. Details of the One-off Share Option Plan are set out in the section headed “9. Share Schemes – 9.3 One-off Share Option Plan” in Appendix VI to this circular.
5. Save for Talent Creation and Chinapharm Group, none of the remaining Target Shareholders was acting in concert with Mr. Ni.
6. Assuming all the grantees of Converted Options do not hold Shares as at the Merger Closing.
7. Save for that (i) Talent Creation, Chinapharm Group and Mr. Ni were acting in concert with each other, (ii) HongShan Capital Growth Fund I, L.P., HongShan Capital Growth Partners Fund I, L.P., HongShan Capital GF Principals Fund I, L.P., HongShan Capital I, L.P., HongShan Capital Partners Fund I, L.P., HongShan Capital Principals Fund I, L.P. and HSG Growth V Holdco Q, Ltd were acting in concert with each other, (iii) OrbiMed Asia Partners, L.P. and OrbiMed Asia Partners III, L.P. were acting in concert with each other, (iv) Domain Partners VIII, L.P. and DP VIII Associates, L.P. were acting in concert with each other, and (v) Novel Insight Investments Limited and Novel Sky Global Limited were acting in concert with each other, none of the remaining Target Shareholders was acting in concert with each other.
8. Mr. Weng is entitled to further receive, subject to fulfilment of the relevant vesting and exercise conditions, up to 1,150,000 Shares upon vesting and/or exercise of all outstanding share options and RSUs held by him.
9. HHJH Holdings Limited (“**HHJH**”) is an exempted company incorporated in the Cayman Islands with limited liability. HHJH is wholly owned by HH BIO Investment Fund, L.P. (“**HH BIO**”), an exempted limited partnership established in the Cayman Islands. The sole limited partner of HH BIO is Hillhouse Fund IV, L.P., which is managed and controlled by Hillhouse Investment Management, Ltd. (“**Hillhouse**”), an exempted company incorporated under the laws of the Cayman Islands. The sole general partner of HH BIO is HH BIO Holdings GP, Ltd.
10. Walga Biotechnology Limited was wholly-owned by Shanghai Walga Biotechnology Co., Ltd. (上海沃嘉生物技术股份有限公司), which was in turn wholly owned by Walvax, a company listed on the Shenzhen Stock Exchange (stock code: 300142). As such, under the SFO, Shanghai Walga Biotechnology Co., Ltd. and Walvax were deemed to be interested in the 37,560,998 Shares held by Walga Biotechnology Limited. Walga Biotechnology Limited was an indirect wholly-owned subsidiary of Yunnan Walvax Biotechnology Co., Ltd. (云南沃森生物技术股份有限公司).

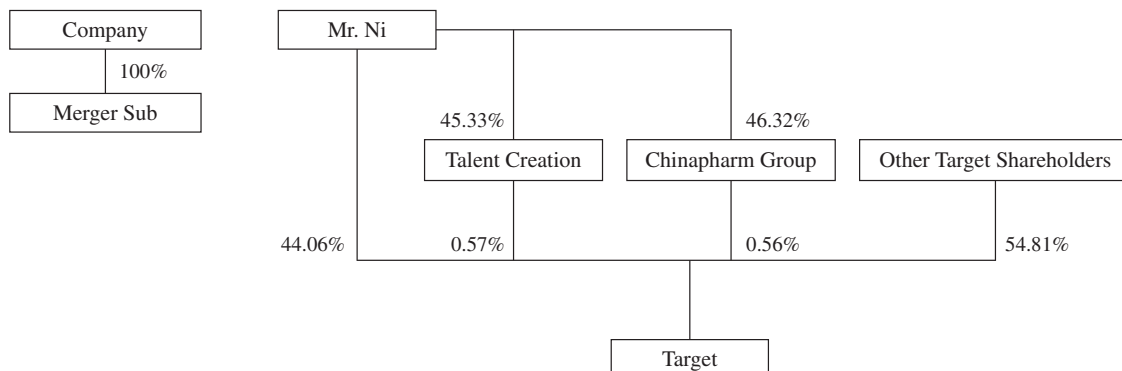
LETTER FROM THE BOARD

11. Aranda Investments Pte. Ltd. (“**Aranda Investments**”) was a company incorporated in Singapore and its principal activity was investment trading and investment holding. Aranda Investments was wholly-owned by Seletar Investments Pte Ltd, which in turn was wholly-owned by Temasek Capital (Private) Limited. Temasek Capital (Private) Limited was a wholly-owned subsidiary of Temasek Holdings (Private) Limited. Besides, Temasek Holdings (Private) Limited also held about 0.38% of the Shares in issue indirectly through other entities.
 12. Each of Kanghe Medical and Kang Jia Medical was a subsidiary of Zhejiang CONBA Pharmaceutical Co., Ltd (浙江康恩貝製藥股份有限公司) as at the Latest Practicable Date.
 13. Based on the disclosure of interests made by the relevant Shareholders and as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.
 14. Pursuant to the ABT Subscription and Stock Purchase Agreement, the Company shall allot and issue 4,090,910 Shares and 454,546 Shares (as adjusted) to Ab Studio Inc. (“**ABS**”) and Dr. Yue Liu, respectively, subject to the terms and conditions set out therein. As at the Latest Practicable Date, the Company has issued 2,812,500 Shares and 312,500 Shares to ABS and Dr. Yue Liu, respectively. Assuming all Shares issuable pursuant to the ABT Subscription and Stock Purchase Agreement have been issued, ABS and Dr. Yue Liu will hold 4,090,910 Shares and 454,546 Shares, respectively, each representing less than 5% of the issued shares of the Company (before and after the allotment of the Consideration Shares).
- * Pursuant to Rule 8.24 of the Listing Rules, Shares held by “core connected persons” of the Enlarged Group shall not be regarded as Shares “in public hands” upon the Merger Closing. Accordingly, immediately upon the Merger Closing, the Shares held by (i) Mr. Ni, Talent Creation and Chinapharm Group (being the Target Controlling Shareholders); and (ii) OrbiMed Asia Partners and OrbiMed III (being substantial Shareholders) will not be regarded as Shares “in public hands”. Accordingly, the public float of the Company is approximately 52.13%.

Shareholding Structure of the Company taking into account Taxable Target Shareholders

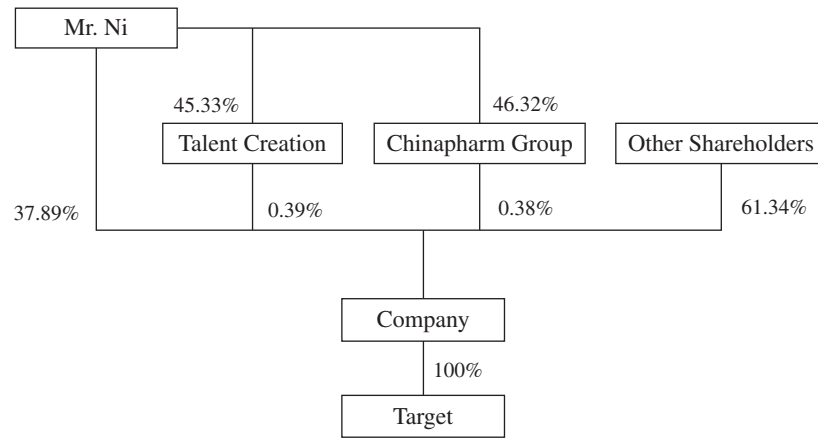
Set out below are (i) the simplified corporate structure chart of the Group and the Target Group immediately prior to the Merger Closing, and (ii) the simplified corporate structure chart of the Enlarged Group immediately upon the Merger Closing and the allotment and issue of Consideration Shares based on the Presumed Maximum Share Exchange Ratio, assuming that (a) with respect to each Taxable Target Shareholder, the number of its Tax Circular 7 Deductible Shares equals the number of its Tax Circular 7 Withholding Shares, (b) none of the outstanding share options and the unvested RSUs under the Pre-Existing Company Share Schemes has been exercised or vested, and (c) none of the Converted Options under the One-off Share Option Plan has been exercised:

Immediately prior to the Merger Closing



LETTER FROM THE BOARD

Immediately upon the Merger Closing and the allotment and issue of the Consideration Shares



LETTER FROM THE BOARD

The following shareholding table shows the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after the allotment and issue of the Consideration Shares, based on assumptions set out below:

(ii) Immediately after the allotment and issue of the Consideration Shares based on the Presumed Maximum Share Exchange Ratio assuming that there is no other change in the number of Shares and Target Shares held by each Shareholder and Target Shareholder, respectively, from the Latest Practicable Date up to and until the Merger Closing Date, and

(a) with respect to each Taxable Target Shareholder, the number of its Tax Circular 7 Deductible Shares equals the number of its Tax Circular 7 Withholding Shares; (b) all outstanding share options and the unvested RSUs under the Pre-Existing Company Share Schemes (including 1,000,000 share options and/or RSUs assumed as having been granted under the Company New Grant) have been exercised or vested (as the case may be); (c) all of the Converted Options under the One-off Share Option Plan have been exercised; and (d) all Shares issuable pursuant to the ABT Subscription and Stock Purchase Agreement have been issued

Name of Shareholders	(i) As at the Practicable Date		Share Option Plan have been exercised		ABT Subscription and Stock Purchase Agreement have been issued	
	Number of Shares	Approximate percentage of shareholding	Number of Shares	Approximate percentage of shareholding	Number of Shares	Approximate percentage of shareholding
Mr. Ni and parties acting in concert with him (being the Target Controlling Shareholders)⁽¹⁾						
Mr. Ni ⁽²⁾⁽³⁾⁽⁴⁾	-	-	837,966,754	37.89%	837,966,754	35.76%
Talent Creation	-	-	8,639,100	0.39%	8,639,100	0.37%
Chinapharm Group	-	-	8,490,150	0.38%	8,490,150	0.36%
Sub-total	-	-	855,096,004	38.66%	855,096,004	36.50%

LETTER FROM THE BOARD

(ii) Immediately after the allotment and issue of the Consideration Shares based on the Presumed Maximum Share Exchange Ratio assuming that there is no other change in the number of Shares and Target Shares held by each Shareholder and Target Shareholder, respectively, from the Latest Practicable Date up to and until the Merger Closing Date, and

(a) with respect to each Taxable Target Shareholder, the number of its Tax Circular 7 Deductible Shares equals the number of its Tax Circular 7 Withholding Shares; (b) all outstanding share options and the unvested RSUs under the Pre-Existing Company Share Schemes (including 1,000,000 share options and/or RSUs assumed as having been granted under the Company New Grant) have been exercised or vested (as the case may be); (c) all of the Converted Options under the One-off Share Option Plan have been exercised; and (d) all Shares issuable pursuant to the ABT Subscription and Stock Purchase Agreement have been issued

Name of Shareholders	(i) As at the Practicable Date		Share Option Plan have been exercised		Share Option Plan have been exercised		Share Option Plan have been exercised	
	Number of Shares	Approximate percentage of shareholding	Number of Shares	Approximate percentage of shareholding	Number of Shares	Approximate percentage of shareholding	Number of Shares	Approximate percentage of shareholding
Other Target Shareholders⁽⁵⁾⁽⁶⁾⁽⁷⁾								
HongShan Capital Growth Fund I, L.P.	-	-	80,807,878	3.65%	80,807,878	3.45%	80,807,878	3.45%
HongShan Capital Growth Partners Fund I, L.P.	-	-	1,927,086	0.09%	1,927,086	0.08%	1,927,086	0.08%
HongShan Capital GF Principals Fund I, L.P.	-	-	9,913,368	0.45%	9,913,368	0.42%	9,913,368	0.42%
HongShan Capital I, L.P.	-	-	26,916,889	1.22%	26,916,889	1.15%	26,916,889	1.15%
HongShan Capital Partners Fund I, L.P.	-	-	3,092,917	0.14%	3,092,917	0.13%	3,092,917	0.13%
HongShan Capital Principals Fund I, L.P.	-	-	4,166,028	0.19%	4,166,028	0.18%	4,166,028	0.18%

LETTER FROM THE BOARD

(ii) Immediately after the allotment and issue of the Consideration Shares based on the Presumed Maximum Share Exchange Ratio assuming that there is no other change in the number of Shares and Target Shares held by each Shareholder and Target Shareholder, respectively, from the Latest Practicable Date up to and until the

Merger Closing Date, and

(a) with respect to each Taxable Target Shareholder, the number of its Tax Circular 7 Deductible Shares equals the number of its Tax Circular 7 Withholding Shares; (b) all outstanding share options and the unvested RSUs under the Pre-Existing Company Share Schemes (including 1,000,000 share options and/or RSUs assumed as having been granted under the Company New Grant) have been exercised or vested (as the case may be); (c) all of the Converted Options under the One-off Share Option Plan have been exercised; and (d) all Shares issuable pursuant to the ABT Subscription and Stock Purchase Agreement have been issued

(a) with respect to each Taxable Target Shareholder, the number of its Tax Circular 7 Deductible Shares equals the number of its Tax Circular 7 Withholding Shares; (b) none of the outstanding share options and the unvested RSUs under the Pre-Existing Company Share Schemes has been exercised or vested; and (c) none of the Converted Options under the One-off Share Option Plan have been exercised

Name of Shareholders	(i) As at the Practicable Date		Share Option Plan have been exercised		Share Option Plan have been exercised		Share Option Plan have been exercised	
	Number of Shares	Approximate percentage of shareholding	Number of Shares	Approximate percentage of shareholding	Number of Shares	Approximate percentage of shareholding	Number of Shares	Approximate percentage of shareholding
HSG Growth V Holdco Q, Ltd	-	-	36,655,824	1.66%	36,655,824	1.56%	36,655,824	1.56%
Sub-total ⁽⁷⁾	-	-	163,479,990	7.39%	163,479,990	6.98%	163,479,990	6.98%
OrbiMed Asia Partners, L.P.	-	-	112,355,702	5.08%	112,355,702	4.80%	112,355,702	4.80%
OrbiMed Asia Partners III, L.P.	-	-	104,659,012	4.73%	104,659,012	4.47%	104,659,012	4.47%
Sub-total ⁽⁷⁾	-	-	217,014,714	9.81%	217,014,714	9.26%	217,014,714	9.26%

LETTER FROM THE BOARD

(ii) Immediately after the allotment and issue of the Consideration Shares based on the Presumed Maximum Share Exchange Ratio assuming that there is no other change in the number of Shares and Target Shares held by each Shareholder and Target Shareholder, respectively, from the Latest Practicable Date up to and until the

Merger Closing Date, and

(a) with respect to each Taxable Target Shareholder, the number of its Tax Circular 7 Deductible Shares equals the number of its Tax Circular 7 Withholding Shares; (b) all outstanding share options and the unvested RSUs under the Pre-Existing Company Share Schemes (including 1,000,000 share options and/or RSUs assumed as having been granted under the Company New Grant) have been exercised or vested (as the case may be); (c) all of the Converted Options under the One-off Share Option Plan have been exercised; and (d) all Shares issuable pursuant to the ABT Subscription and Stock Purchase Agreement have been issued

(a) with respect to each Taxable Target Shareholder, the number of its Tax Circular 7 Deductible Shares equals the number of its Tax Circular 7 Withholding Shares; (b) none of the outstanding share options and the unvested RSUs under the Pre-Existing Company Share Schemes has been exercised or vested; and (c) none of the Converted Options under the One-off Share Option Plan have been exercised

Name of Shareholders

(i) As at the Practicable Date

	<i>Number of Shares</i>	<i>Approximate percentage of shareholding</i>	<i>Number of Shares</i>	<i>Approximate percentage of shareholding</i>	<i>Number of Shares</i>	<i>Approximate percentage of shareholding</i>
Domain Partners VIII, L.P.	-	-	86,466,637	3.91%	86,466,637	3.69%
DP VIII Associates, L.P.	-	-	641,603	0.03%	641,603	0.03%
<i>Sub-total⁽⁷⁾</i>	-	-	<i>87,108,240</i>	<i>3.94%</i>	<i>87,108,240</i>	<i>3.72%</i>

LETTER FROM THE BOARD

(ii) Immediately after the allotment and issue of the Consideration Shares based on the Presumed Maximum Share Exchange Ratio assuming that there is no other change in the number of Shares and Target Shares held by each Shareholder and Target Shareholder, respectively, from the Latest Practicable Date up to and until the

Merger Closing Date, and

(a) with respect to each Taxable Target Shareholder, the number of its Tax Circular 7 Deductible Shares equals the number of its Tax Circular 7 Withholding Shares; (b) all outstanding share options and the unvested RSUs under the Pre-Existing Company Share Schemes (including 1,000,000 share options and/or RSUs assumed as having been granted under the Company New Grant) have been exercised or vested (as the case may be); (c) all of the Converted Options under the One-off Share Option Plan have been exercised; and (d) all Shares issuable pursuant to the ABT Subscription and Stock Purchase Agreement have

Name of Shareholders

(i) As at the Practicable Date

	<i>Number of Shares</i>	<i>Approximate percentage of shareholding</i>	<i>Share Option Plan have been exercised</i>	<i>Approximate percentage of shareholding</i>	<i>Number of Shares</i>	<i>Approximate percentage of shareholding</i>	<i>Number of Shares</i>	<i>Approximate percentage of shareholding</i>
Ms. Bao Wei	-	-			28,569,984	1.29%	28,569,984	1.22%
Pink Crystal China Fund, L.P.	-	-			136,232,736	6.16%	136,232,736	5.81%
Novel Insight Investments Limited	-	-			84,610,765	3.83%	84,610,765	3.61%
Novel Sky Global Limited	-	-			49,837,622	2.25%	49,837,622	2.13%
Sub-total⁽⁷⁾	-	-			134,448,387	6.08%	134,448,387	5.74%

LETTER FROM THE BOARD

(ii) Immediately after the allotment and issue of the Consideration Shares based on the Presumed Maximum Share Exchange Ratio assuming that there is no other change in the number of Shares and Target Shares held by each Shareholder and Target Shareholder, respectively, from the Latest Practicable Date up to and until the Merger Closing Date, and

(a) with respect to each Taxable Target Shareholder, the number of its Tax Circular 7 Deductible Shares equals the number of its Tax Circular 7 Withholding Shares; (b) all outstanding share options and the unvested RSUs under the Pre-Existing Company Share Schemes (including 1,000,000 share options and/or RSUs assumed as having been granted under the Company New Grant) have been exercised or vested (as the case may be); (c) all of the Converted Options under the One-off Share Option Plan have been exercised; and (d) all Shares issuable pursuant to the ABT Subscription and Stock Purchase Agreement have been issued

(a) with respect to each Taxable Target Shareholder, the number of its Tax Circular 7 Deductible Shares equals the number of its Tax Circular 7 Withholding Shares; (b) none of the outstanding share options and the unvested RSUs under the Pre-Existing Company Share Schemes has been exercised or vested; and (c) none of the Converted Options under the One-off Share Option Plan have been exercised

Name of Shareholders	(i) As at the Practicable Date		Share Option Plan have been exercised		ABT Subscription and Stock Purchase Agreement have been issued	
	Number of Shares	Approximate percentage of shareholding	Number of Shares	Approximate percentage of shareholding	Number of Shares	Approximate percentage of shareholding
SPDBI Eagle Limited	-	-	39,334,493	1.78%	39,334,493	1.68%
Other minority Target Shareholders	-	-	21,837,645	0.99%	132,672,995	5.66%
Sub-total of Target Shareholders	-	-	1,683,122,193	76.11%	1,793,957,543	76.57%
Director						
Mr. Weng ⁽⁸⁾	372,500	0.07%	372,500	0.02%	1,522,500	0.06%

LETTER FROM THE BOARD

(ii) Immediately after the allotment and issue of the Consideration Shares based on the Presumed Maximum Share Exchange Ratio assuming that there is no other change in the number of Shares and Target Shares held by each Shareholder and Target Shareholder, respectively, from the Latest Practicable Date up to and until the Merger Closing Date, and

(a) with respect to each Taxable Target Shareholder, the number of its Tax Circular 7 Deductible Shares equals the number of its Tax Circular 7 Withholding Shares; (b) all outstanding share options and the unvested RSUs under the Pre-Existing Company Share Schemes (including 1,000,000 share options and/or RSUs assumed as having been granted under the Company New Grant) have been exercised or vested (as the case may be); (c) all of the Converted Options under the One-off Share Option Plan have been exercised; and (d) all Shares issuable pursuant to the ABT Subscription and Stock Purchase Agreement have been issued

(a) with respect to each Taxable Target Shareholder, the number of its Tax Circular 7 Deductible Shares equals the number of its Tax Circular 7 Withholding Shares; (b) none of the outstanding share options and the unvested RSUs under the Pre-Existing Company Share Schemes has been exercised or vested; and (c) none of the Converted Options under the One-off Share Option Plan have been exercised

Name of Shareholders	(i) As at the Practicable Date		Share Option Plan have been exercised		been issued	
	<i>Number of Shares</i>	<i>Approximate percentage of shareholding</i>	<i>Number of Shares</i>	<i>Approximate percentage of shareholding</i>	<i>Number of Shares</i>	<i>Approximate percentage of shareholding</i>
Substantial Shareholder of the Company⁽¹²⁾						
Hillhouse Investment Management, Ltd. ⁽⁹⁾⁽¹³⁾	127,989,103	24.23%	127,989,103	5.79%	127,989,103	5.46%
Kanghe Medical Technology Limited ⁽¹²⁾	44,311,060	8.39%	44,311,060	2.00%	44,311,060	1.89%
Kang Jia Medical Technology Limited ⁽¹²⁾	13,491,962	2.55%	13,491,962	0.61%	13,491,962	0.58%

LETTER FROM THE BOARD

(ii) Immediately after the allotment and issue of the Consideration Shares based on the Presumed Maximum Share Exchange Ratio assuming that there is no other change in the number of Shares and Target Shares held by each Shareholder and Target Shareholder, respectively, from the Latest Practicable Date up to and until the

Merger Closing Date, and

(a) with respect to each Taxable Target Shareholder, the number of its Tax Circular 7 Deductible Shares equals the number of its Tax Circular 7 Withholding Shares; (b) all outstanding share options and the unvested RSUs under the Pre-Existing Company Share Schemes (including 1,000,000 share options and/or RSUs assumed as having been granted under the Company New Grant) have been exercised or vested (as the case may be); (c) all of the Converted Options under the One-off Share Option Plan have been exercised; and (d) all Shares issuable pursuant to the ABT Subscription and Stock Purchase Agreement have been issued

(a) with respect to each Taxable Target Shareholder, the number of its Tax Circular 7 Deductible Shares equals the number of its Tax Circular 7 Withholding Shares; (b) none of the outstanding share options and the unvested RSUs under the Pre-Existing Company Share Schemes has been exercised or vested; and (c) none of the Converted Options under the One-off Share Option Plan have been exercised

Name of Shareholders	(i) As at the Practicable Date		Share Option Plan have been exercised		Share Option Plan have been exercised		Share Option Plan have been issued	
	Number of Shares	Approximate percentage of shareholding	Number of Shares	Approximate percentage of shareholding	Number of Shares	Approximate percentage of shareholding	Number of Shares	Approximate percentage of shareholding
Public Shareholders								
Walga Biotechnology Limited ⁽¹⁰⁾⁽¹³⁾	37,560,998	7.11%	37,560,998	1.70%	37,560,998	1.60%	37,560,998	1.60%
Temasek Holdings (Private) Limited ⁽¹¹⁾⁽¹³⁾	31,157,348	5.90%	31,157,348	1.41%	31,157,348	1.33%	31,157,348	1.33%
Other Shareholders	273,408,821	51.75%	273,408,821	12.36%	292,839,244	12.51%	292,839,244	12.51%
Total	528,291,792	100%	2,211,413,985	100%	2,342,829,758	100%	2,342,829,758	100%

LETTER FROM THE BOARD

Notes:

1. For information on the Target Controlling Shareholders, please refer to the section headed “Information on the Target Controlling Shareholders” in this letter.
2. As at the Latest Practicable Date, Mr. Ni held 30,675,180 Target Share Options granted to him under the Target Share Option Scheme, which pursuant to the Merger Agreement and the One-off Share Option Plan, would be converted into 101,534,846 Converted Options. For the purposes of the Presumed Maximum Share Exchange Ratio, it is assumed that such Target Share Options to be having been exercised prior to the Merger Effective Time.
3. As at the Latest Practicable Date, Mr. Ni owned approximately 45.33% and 46.32% of the issued share capital of Talent Creation and Chinapharm Group, respectively, and also acted as the sole director of each of the Talent Creation and Chinapharm Group. Accordingly, each of Talent Creation and Chinapharm Group was presumed to be a party acting in concert with Mr. Ni under Class (8) of the definition of “acting in concert” under the Takeovers Code. For completeness, all the other shareholders of Talent Creation and Chinapharm Group were current or former employees of the Target Group. In addition to Mr. Ni, Talent Creation had six shareholders and Chinapharm Group had nine shareholders.
4. As at the Latest Practicable Date, each of Ms. Ni Yuan (倪苑), the sister of Mr. Ni, and Mr. Zhu Ronghai (朱容海), the spouse of Ms. Ni Yuan (倪苑), held 500,000 and 200,000 Target Share Options, respectively, which were granted to each of them on 10 June 2023. Each of Ms. Ni Yuan (倪苑) and Mr. Zhu Ronghai (朱容海) is presumed to be a party acting in concert with Mr. Ni under Class (8) of the definition of “acting in concert” under the Takeovers Code. Pursuant to the terms and conditions of the respective grant letters regarding these Target Share Options, these Target Share Options will vest and become exercisable in four instalments, with the first instalment vesting at any time during the period commencing from the first anniversary and ending on the second anniversary of the Merger Closing Date. Accordingly, no Consideration Shares will be allotted or issued to any of Ms. Ni Yuan (倪苑) and Mr. Zhu Ronghai (朱容海) at the Merger Effective Time. Details of the One-off Share Option Plan are set out in the section headed “9. Share Schemes – 9.3 One-off Share Option Plan” in Appendix VI to this circular.
5. Save for Talent Creation and Chinapharm Group, none of the remaining Target Shareholders was acting in concert with Mr. Ni.
6. Assuming all the grantees of Converted Options do not hold Shares as at the Merger Closing.
7. Save for that (i) Talent Creation, Chinapharm Group and Mr. Ni were acting in concert with each other, (ii) HongShan Capital Growth Fund I, L.P., HongShan Capital Growth Partners Fund I, L.P., HongShan Capital GF Principals Fund I, L.P., HongShan Capital I, L.P., HongShan Capital Partners Fund I, L.P., HongShan Capital Principals Fund I, L.P. and HSG Growth V Holdco Q, Ltd were acting in concert with each other, (iii) OrbiMed Asia Partners, L.P. and OrbiMed Asia Partners III, L.P. were acting in concert with each other, (iv) Domain Partners VIII, L.P. and DP VIII Associates, L.P. were acting in concert with each other, and (v) Novel Insight Investments Limited and Novel Sky Global Limited were acting in concert with each other, none of the remaining Target Shareholders was acting in concert with each other.
8. Mr. Weng is entitled to further receive, subject to fulfilment of the relevant vesting and exercise conditions, up to 1,150,000 Shares upon vesting and/or exercise of all outstanding share options and RSUs held by him.
9. HHJH is an exempted company incorporated in the Cayman Islands with limited liability. HHJH is wholly owned by HH BIO, an exempted limited partnership established in the Cayman Islands. The sole limited partner of HH BIO is Hillhouse Fund IV, L.P., which is managed and controlled by Hillhouse, an exempted company incorporated under the laws of the Cayman Islands. The sole general partner of HH BIO is HH BIO Holdings GP, Ltd.
10. Walga Biotechnology Limited was wholly-owned by Shanghai Walga Biotechnology Co., Ltd. (上海沃嘉生物技术股份有限公司), which was in turn wholly owned by Walvax, a company listed on the Shenzhen Stock Exchange (stock code: 300142). As such, under the SFO, Shanghai Walga Biotechnology Co., Ltd. and Walvax were deemed to be interested in the 37,560,998 Shares held by Walga Biotechnology Limited. Walga Biotechnology Limited was an indirect wholly-owned subsidiary of Yunnan Walvax Biotechnology Co., Ltd. (云南沃森生物技术股份有限公司).

LETTER FROM THE BOARD

11. Aranda Investments was a company incorporated in Singapore and its principal activity was investment trading and investment holding. Aranda Investments was wholly-owned by Seletar Investments Pte Ltd, which in turn was wholly-owned by Temasek Capital (Private) Limited. Temasek Capital (Private) Limited was a wholly-owned subsidiary of Temasek Holdings (Private) Limited. Besides, Temasek Holdings (Private) Limited also held about 0.38% of the Shares in issue indirectly through other entities.
12. Each of Kanghe Medical and Kang Jia Medical was a subsidiary of Zhejiang CONBA Pharmaceutical Co., Ltd (浙江康恩貝製藥股份有限公司) as at the Latest Practicable Date.
13. Based on the disclosure of interests made by the relevant Shareholders and as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

As at the Latest Practicable Date, neither Mr. Ni nor parties acting in concert with him held Shares.

Immediately upon the Merger Closing, based on the Presumed Maximum Share Exchange Ratio:

- (a) assuming that (i) there is no Taxable Target Shareholder, (ii) none of the outstanding share options and the unvested RSUs under the Pre-Existing Company Share Schemes has been exercised or vested, and (iii) none of the Converted Options under the One-off Share Option Plan has been exercised, (1) Mr. Ni will be interested in 837,966,754 Shares, representing approximately 36.41% of the issued Shares of the Company as enlarged by the allotment and issue of Consideration Shares; and (2) Mr. Ni and parties acting in concert with him will be interested in 856,999,254 Shares, representing approximately 37.24% of the issued Shares of the Company as enlarged by the allotment and issue of Consideration Shares; or
- (b) assuming that (i) with respect to each Taxable Target Shareholder, the number of its Tax Circular 7 Deductible Shares equals the number of its Tax Circular 7 Withholding Shares, (ii) none of the outstanding share options and the unvested RSUs under the Pre-Existing Company Share Schemes has been exercised or vested, and (iii) none of the Converted Options under the One-off Share Option Plan has been exercised, (1) Mr. Ni will be interested in 837,966,754 Shares, representing approximately 37.89% of the issued Shares of the Company as enlarged by the allotment and issue of Consideration Shares; and (2) Mr. Ni and parties acting in concert with him will be interested in 855,096,004 Shares, representing approximately 38.66% of the issued Shares of the Company as enlarged by the allotment and issue of Consideration Shares.

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Accordingly, pursuant to Rule 26.1 of the Takeovers Code, upon the Merger Closing, Mr. Ni will be required to make a conditional mandatory general offer for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by Mr. Ni and parties acting in concert with him, unless the Whitewash Waiver is granted by the Executive. An application to the Executive for the Whitewash Waiver has been made by Mr. Ni pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. For further details of the Whitewash Waiver, please refer to the section headed “Implications under the Takeovers Code” in this letter.

INFORMATION ON THE GROUP

The Company is a company incorporated in the Cayman Islands with limited liability and is principally engaged in investment holding. The Group is principally engaged in the development and commercialisation of oncology and autoimmune drugs in the PRC.

INFORMATION ON THE MERGER SUB

The Merger Sub is a company incorporated in the Cayman Islands with limited liability and was a wholly-owned subsidiary of the Company as at the Latest Practicable Date. It was formed by the Company solely for the purpose of merging with and into the Target pursuant to the Merger Agreement in order to effect the Proposed Merger.

INFORMATION OF THE TARGET GROUP

The Target is a company incorporated in the Cayman Islands with limited liability and is an integrated biopharmaceutical company focusing on research, development, and commercialisation of promising therapeutics in therapeutic areas with considerable demand in the PRC.

Each of the Target and its ultimate beneficial owners is a third party independent of the Company and connected persons of the Company. For the corporate structure of the Target Group as of the Latest Practicable Date, please refer to the section headed “History, Development and Corporate Structure of the Target Group – The Corporate and Shareholding Structure of the Target Group” in this circular.

Product portfolio of the Target

The Target Group is an integrated specialty biopharmaceutical company. Through acquisition of branded drug assets from MNCs and licensing in development and commercialisation rights of innovative patented drugs from global biopharmaceutical companies, the Target Group has established a competitive portfolio of originator-branded drugs and innovative drugs with vast market potential. The Target Group’s portfolio addresses medical needs in a large or fast-growing therapeutic area, including anti-infectives, CVD, respiratory system diseases and oncology. For details of the said drug products, please refer to the section headed “Business of the Target Group” in this circular.

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Financial information of the Target Group

For the financial information of the Target Group, please refer to Appendix I to this circular.

Previous listing application in relation to the Target Group

The Target submitted listing applications to the Stock Exchange on 23 September 2020, 29 March 2021, 15 December 2021 and 23 June 2023 (the “**Previous Listing Applications**”) which have already lapsed. After a thorough analysis of the prevailing capital market conditions and other relevant factors, the Target decided not to pursue the Previous Listing Applications. The Target Directors are not aware of any material matters that would materially adversely affect the Target’s suitability for listing or any other matters that need to be brought to the attention of the Stock Exchange and the SFC with respect to the Previous Listing Applications. The Target Directors also confirm that there were no disagreements between the Target Company and the then professional parties involved in the Previous Listing Application. Having taken into account the factors above and the independent due diligence work conducted by the Joint Sponsors, nothing has come to the Joint Sponsors’ attention that would reasonably cause them to disagree in any material aspect with the Target Directors’ view above.

INFORMATION ON THE TARGET CONTROLLING SHAREHOLDERS

Mr. Ni is the founder, chairman, executive director and chief executive officer of the Target. The Target Controlling Shareholders are Mr. Ni, Talent Creation and Chinapharm Group. As at the Latest Practicable Date, Mr. Ni owned approximately 45.33% and 46.32% of the issued share capital of Talent Creation and Chinapharm Group, respectively, and also acted as the sole director of each of Talent Creation and Chinapharm Group. Accordingly, each of Talent Creation and Chinapharm Group was presumed to be a party acting in concert with Mr. Ni under Class (8) of the definition of “acting in concert” under the Takeovers Code. For completeness, all the other shareholders of Talent Creation and Chinapharm Group were current or former employees of the Target Group.

As at the Latest Practicable Date, the Target Controlling Shareholders collectively owned and controlled, directly and indirectly, an aggregate of 228,236,981 Target Shares, representing approximately 45.19% of the issued share capital of the Target.

As at the Latest Practicable Date, Mr. Ni held 30,675,180 Target Share Options granted to him under the Target Share Option Scheme. Upon fulfilment of the relevant vesting and exercise conditions (if any), Mr. Ni would be interested in a further 30,675,180 Target Shares.

REASONS FOR AND BENEFITS OF THE PROPOSED MERGER

The Group is principally engaged in the development and commercialisation of oncology and autoimmune drugs and has been striving to provide innovative therapeutics initially for patients in China and gradually for patients globally through building rich and innovative drug candidates and pipelines.

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Since its listing, the Group has made significant progress in advancing its drug candidates towards commercialisation. To date, the Group has obtained (i) NDA approval for GB242, an infliximab (Remicade) biosimilar, from the NMPA and (ii) NDA approval for GB491, a differentiated CDK4/6i, (a) in combination with fulvestrant for the treatment of HR+/HER2- locally advanced or metastatic breast cancer adult patients with disease progression following endocrine therapy and (b) in combination with an aromatase inhibitor for the treatment of HR+/HER2- locally advanced or metastatic breast cancer adult patients as initial endocrine-based therapy, from the NMPA. The Group is also actively advancing the research and development of key pipeline assets, including GB261, a novel CD3/CD20 bispecific T-cell engager, GB263T, an EGFR/cMET/cMET tri-specific antibody drug, and GB268, an innovative tri-specific antibody targeting PD-1, CTLA-4 and VEGF.

With two commercial or near-commercial assets, the Company has reached a critical development stage which requires strong commercialisation capabilities to maximise and capture market opportunities. At the same time, the Company's key pipeline products are being developed at full speed and approaching critical development stages, which require abundant and continuous cash flow to support the relevant R&D work. The Group also endeavors to continue to optimise its multi-specific antibody innovative drug discovery technology platform, which has been proven through numerous clinical-stage drug candidates and a significant out-licensing deal entered into with TRC 2004, Inc. (whose rights thereunder were subsequently assigned to Candid Therapeutics, Inc. following the merger between Candid Therapeutics, Inc. and TRC 2004, Inc. in August 2024) with deal value of a double-digit U.S. million dollar upfront payment and up to US\$443 million in milestone payments, in addition to royalty payments and equity in the licensee. With these historical accomplishments and future goals in mind, the Group is actively assessing and building the resources and capabilities needed to support the next stage of the Group's development as an integrated biopharmaceutical company.

Having evaluated a number of potential target companies, the Board considers the Target Group satisfies the above criteria and that it will be in the interest of the Company and the Shareholders as a whole to effect a merger with the Target Group for the following reasons:

- (a) **A diversified portfolio of innovative leading patented drugs and originator-branded drugs:** Based on information provided by the management of the Target to the Company, the Target Group has established a diversified product portfolio focusing on the largest and fastest-growing therapeutic areas in China comprising six major commercialized products, including three originator-branded products (Vancocin, Ceclor and FPN) and three commercialized innovative leading patented drug products (Vascepa, Mulpleta and Jing Zhu Da).

These drug products are well-established and clinically proven with significant market demand, and represent the Target Group's deep understanding of market needs and ability to select high value and de-risked assets with sharp business acumen. Moreover, the Target Group's portfolio is a testament to its ability to manage drug products throughout its lifecycle, from development to manufacturing

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and commercialisation. The Board believes that these capabilities complement the Group's strong drug discovery and development platforms and would together form a complete and highly competitive biopharmaceutical company in China and on the global stage. Details of the Target Group's innovative patented drugs are as follows:

- (i) Vascepa, the only originator drug approved by the FDA and NMPA as an adjunct to maximally tolerated statin therapy for reducing persistent cardiovascular risk in targeted high risk patients: As advised by the management of the Target, Vascepa is to be used in combination with statins for adult patients with established cardiovascular disease or diabetes mellitus with ≥ 2 other risk factors for cardiovascular disease, combined with hypertriglyceridemia (≥ 150 mg/dL), to reduce the risk of cardiovascular disease. Based on cross trial comparisons, Vascepa demonstrated significant efficacy advantages over evolocumab (a PCSK-9 inhibitor) and ezetimibe (a cholesterol absorption inhibitor) on top of statin therapy for reducing the risk of cardiovascular events. It significantly reduces the risk of cardiovascular death by up to 20% as indicated in its REDUCE-IT trials. Vascepa has been recommended as a secondary and primary prevention medication for cardiovascular disease by more than 80 domestic and foreign guidelines/consensus statements, including the "2023 ESC Guidelines for the Management of Acute Coronary Syndromes", "2019 ESC/EAS Guidelines for the Management of Dyslipidemias: Lipid Modification to Reduce Cardiovascular Risk", and the "Chinese Guidelines for Lipid Management (2023)", and the "Chinese Guidelines for the Diagnosis and Management of Patients with Chronic Coronary Syndrome (2024)". There were more than 11.4 million cases of coronary heart disease patients and more than 13 million cases of cerebral stroke patients in 2024 in China, denoting a huge market potential.
- (ii) Mulpleta, an innovative drug with the potential to disrupt the treatment of thrombocytopenia ("TCP"), which occurs in a variety of conditions such as CLD and chemotherapy: As advised by the management of the Target, Mulpleta is for the adult patients with chronic liver disease with thrombocytopenia who are planning to undergo a surgery (including diagnostic procedure). It has been recommended as platelet-enhancing drugs by more than ten domestic and foreign guidelines/consensus statements, including the "Guidelines of CSCO Cancer Therapy Induce Thrombocytopenia (2023, 2024)" and the "Standard for Diagnosis and Treatment of Primary Liver Cancer (2024)". There are at least 3.3 million moderate-to-severe liver disease patients with thrombocytopenia in urgent need of upgraded treatment in China, denoting a huge market potential.

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- (iii) **Jing Zhu Da**, a novel, oral, selective HDAC inhibitor: As advised by the management of the Target, Jing Zhu Da combined with aromatase inhibitor is used for the treatment of patients with HR+/HER2- locally advanced or metastatic breast cancer that has recurred or progressed on endocrine therapy. The unique mechanism of action of Jing Zhu Da reverses endocrine resistance, reducing the risk of disease progression by 24% and prolonging overall patient survival by more than nine months compared to traditional treatments. It is currently the only approved advanced breast cancer treatment option with the three advantages: pure oral administration, covering the entire pre- and post-menopausal population, and filling the gap of CDK4/6i drug-resistant treatment. One tablet a week is safe and convenient. There were more than 372,700 new cases of breast cancer patients in China in 2024, denoting a huge market potential.
- (b) **Strong sales and marketing network to support pipeline commercialisation:** As advised by the management of the Target, the Target Group has a well-established sales and marketing system with an over twenty-year proven track record in terms of marketing efficiency and output per capita. As at 30 June 2025, the Target Group had around 1,000 sales representatives, with coverage across 31 provinces in China, and approximately 17,000 hospitals, 19,000 pharmacies and 188 business corporations. The Target Group's mature sales network is highly valuable to the Group as it seeks to advance and commercialise its drug assets. In particular, years of business development, brand promotion and product management experience of the Target Group, as well as its long-standing relationships with hospitals, industry associations, PIs and KOLs, are expected to be instrumental for such drugs to successfully enter a competitive market landscape.
- Moreover, the Target Group's Jing Zhu Da, an HDAC inhibitor indicated for the treatment of HR+/HER2- locally advanced or metastatic breast cancer, is expected to create strong synergies from a commercialisation perspective with GB491, one of the Group's key assets, also for the treatment of HR+/HER2- advanced breast cancer. Hence, with the Target Group's established sales and distribution network, and an advanced and comprehensive manufacturing system, the Board is of the view that the Proposed Merger, if materialized, will significantly enhance the commercialisation success of existing and future commercialized drugs.
- (c) **Robust financial performance supporting future R&D endeavors:** The Group has a robust pipeline of innovative drug candidates under development and continues to hone its technology platforms to remain at the forefront of the biopharmaceutical industry. Recognising the competitive nature and significant market potential of this industry and the key therapeutic areas of the Group, the Group believes it is instrumental to advance its pipeline development at a rapid speed to capture market share and maintain its competitiveness. Moreover, it is crucial to continue to discover new innovative targets and drugs to further supplement its pipeline. These endeavors require significant financial resources.

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According to the financial information provided by the Target's management to the Directors, the Target Group achieved strong EBITDA growth from RMB768.3 million in 2022 to RMB931.3 million in 2024. The robust and continuous cash flow of the Target Group is expected to provide support to the R&D of the Group's pipeline products, including ongoing and planned clinical trials, indication expansion and preparation for registration filings. Further details of the historical financial information of the Target Group, please refer to Appendix 1 to this circular.

- (d) **Advanced manufacturing platforms and global supply chain system:** As advised by the management of the Target, the Target Group has, through a series of transactions, acquired manufacturing platforms, global supply chain systems and drug production technology from the multinational corporations. To date, the Target has established its own localised manufacturing platform with techniques and know-how meeting international standards for drug manufacturing with unmatched quality, with a deep pool of seasoned management personnel, forming a key competitive moat against its peers. The Target Group also leverages its cross-regional supply chain management and coordination capabilities to manage an end-to-end global supply chain, and its long-term relationships with suppliers to ensure efficiency and stability of its supply chain. The Board expects that these in-house core manufacturing capabilities would be crucial to the commercialisation, production and supply of GB491 as well as the Group's other assets and serve as the cornerstone for the future success of the Enlarged Group.

Further, the consideration of the Proposed Merger is to be wholly settled by way of issuing Consideration Shares and there would be no cash outlay by the Group, and together with an approximate RMB669.9 million of Remaining IPO Proceeds as at 31 December 2024 as set out in the section headed "Proposed Use of the Remaining IPO Proceeds upon the Merger Closing" in this letter, the Enlarged Group will have sufficient cash resources to develop and expand its business following the Merger Closing.

The Proposed Merger is a key step for the Company to transform into a developed and fully integrated biopharmaceutical company. The production operations, international supply chain management, MAH management capabilities and commercialisation capabilities possessed by the Target are crucial to the commercialisation and launch of originator-branded drug products. The strong financial performance and continuous positive cash flow of the Target is also a core pillar for the Target to maintain its leading position in researching and developing innovative drug products. The Proposed Merger is expected to bring complementary and synergetic effects to both the Group and the Target Group and lay an important foundation for the sustainable development of the Enlarged Group post-Merger Closing.

Based on the above reasons and benefits, the Directors (including the independent non-executive Directors after taking into account the advice and recommendation of the Independent Financial Adviser) considered that the Proposed Merger is fair and reasonable and is in the interests of the Shareholders as a whole.

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REASONS FOR AND BENEFITS OF THE RETENTION PLAN OF THE SHAREHOLDER PERSONNEL

As set out in the section headed “Reasons for and Benefits of the Proposed Merger” in this letter, various drug candidates of the Group are currently under clinical development or under the review of the NMPA for the grant of NDA approval and CDK4/6i is also expected to be commercialised soon. It is also the current intention of the Company and the Target to continue to finance the research, development, commercialisation of the Group’s existing drug candidates and drug products, as well as the expansion of the Group’s drug pipeline with the Remaining IPO Proceeds (which was approximately RMB669.9 million as at 31 December 2024). In order to continue to invest in, research, develop and ultimately launch the Group’s drug candidates and products, the Company and the Target believe that it is in the interest of the Enlarged Group and the Shareholders to retain experienced key personnel who (i) is familiar with the business, drug portfolio and operation of the Group, (ii) has close relationship with the suppliers, customers and other service providers of the Group, and (iii) has made immense contribution to the remarkable growth and development of the Group to continue his/her employment with the Enlarged Group following the Merger Closing. Having considered the profiles, experience and contributions of the existing senior management team of the Group, the Company and the Target identified a total of ten Shareholder Personnel from various divisions of the Group, including R&D, operation, finance and human resources, and each of them satisfies all the foregoing criteria, which the Company considers beneficial to the Enlarged Group to have them remain involved in the business of the Enlarged Group post-Merger Closing.

Further, the Company and the Target believe that the retention of the Shareholder Personnel who had been deeply involved in the business and operation of the Group could assist the new Directors to understand and implement the business strategies and plan following the Merger Closing and minimise disruptions to the day-to-day operation of the Enlarged Group as a result of the change in the composition of the Board and the management team following the Proposed Merger.

In view of the above, the Company and the Target entered into the Retention Agreements simultaneously with the Merger Agreement so to maintain the Shareholder Personnel’s employment with the Enlarged Group for at least one (1) year following the Merger Closing. The Enlarged Group may evaluate the continued employment of the remaining employees of the Group depending on the business strategy and focus of the Enlarged Group after completion of the Merger Closing.

In addition, as set out in paragraphs 2.1(c) and 2.1(d) of the section headed “Special Deal in relation to the Retention Plan of the Shareholder Personnel” in this letter, the Enlarged Group will reward Shareholder Personnel who has served the Enlarged Group for at least sixty days immediately following the Merger Closing Date pursuant to the terms of the Retention Agreements. This is because the Company and the Target expect that there will be substantial amount of transitional work to be handled by personnel of both the Group and the Target Group, which is essential for the smooth merger between the Group and the Target Group,

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during the first sixty days immediately after the Merger Closing. Hence, the Retention Agreements provide for the acceleration and vesting of unvested share options and/or RSUs in the relevant Shareholder Personnel upon such Shareholder Personnel serving the Enlarged Group during such sixty-day period and fulfilling such other conditions applicable to him/her as set out in the relevant Retention Agreement (if any). Both the Company and the Target believe the continuous service of the Shareholder Personnel in the Enlarged Group post-Merger Closing will facilitate the smooth business merger between the Group and the Target Group and minimise disruptions to the day-to-day operation of the Enlarged Group. The Company and the Target therefore believe that the Retention Plan is in the interest of the Enlarged Group and the Shareholders.

PROPOSED USE OF THE REMAINING IPO PROCEEDS UPON THE MERGER CLOSING

As disclosed in the 2024 Annual Results Announcement, as at 31 December 2024, the unutilised net proceeds raised during the global offering of the Shares were approximately RMB669.9 million (the “**Remaining IPO Proceeds**”). Each of the Company and the Target confirms that there is no current plan to change the use of the Remaining IPO Proceeds. It is also the current intention the Company and the Target to continue with the Company’s existing plan on the R&D and commercialisation of the Company’s existing product pipelines following the Merger Closing. For details of the Company’s development plan, please refer to the 2024 Annual Results Announcement. The current plan for utilising the Remaining IPO Proceeds is based on the Company’s and the Target’s best estimation and assumption of the future market conditions and is subject to changes according to the Enlarged Group’s actual business operations and markets conditions.

PROPOSED CHANGES TO THE BOARD UPON THE MERGER CLOSING

As at the Latest Practicable Date, the Board comprised Mr. Weng as an executive Director; Mr. Yu Tieming and Mr. Liu Yi as non-executive Directors; and Ms. Cui Bai, Mr. Fung Edwin and Mr. Chen Wen as independent non-executive Directors.

Pursuant to the Merger Agreement, all Directors in office immediately before the Merger Effective Time (save for Mr. Yu Tieming, being an existing non-executive Director and the Remaining Director) shall resign with effect no later than the Merger Effective Time. Mr. Chen Wen, being an existing independent non-executive Director and designated by the Target to serve as a proposed independent non-executive Director following the Merger Closing, will be re-appointed as an independent non-executive Director. The Board, upon such resignation and the appointment or re-appointment of the new Directors at the Merger Effective Time, will comprise seven (7) Directors, of which the Target shall be entitled to designate three (3) Directors as executive Directors or non-executive Directors and three (3) Directors as independent non-executive Directors who satisfy the independence requirements under the Listing Rules, and the Remaining Director shall serve as a non-executive Director.

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Pursuant to the Target Controlling Shareholders Undertaking, the Target Controlling Shareholders have undertaken to the Company, among other things, that they shall exercise or procure the exercise of their voting rights and/or control at the Board meetings and the general meetings of the Company to (i) vote in favour of all resolutions necessary for the Remaining Director to serve as a non-executive Director from the Merger Closing Date up to and until the date falling twelve (12) months after the Merger Closing Date, and (ii) vote against all resolutions that could in any material respect obstruct or be reasonably expected to obstruct the Remaining Director from serving as a non-executive Director from the Merger Closing Date up to and until the date falling twelve (12) months after the Merger Closing Date.

The Target proposes to appoint or re-appoint Mr. Ni and Ms. Zhai Jing as executive Directors, Dr. David Guowei Wang as non-executive Director, and Dr. Xu Qing, Mr. Chen Wen and Ms. Zheng Jingjing as independent non-executive Directors with effect from the Merger Effective Time. Biographical details of the said proposed new Directors are set out in the section headed “Proposed Directors and Senior Management of the Enlarged Group” in this circular.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) calculated in accordance with the Listing Rules in respect of the Proposed Merger exceed 100%, the Proposed Merger constitutes a very substantial acquisition of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and Shareholders’ approval requirements under Chapter 14 of the Listing Rules.

Further, as Mr. Ni, the controlling shareholder of the Target, will upon the Merger Closing become a controlling Shareholder of the Company and thus a “controller” of the Company within the meaning of Rule 14A.28 of the Listing Rules, the Proposed Merger constitutes a connected transaction of the Company pursuant to Rule 14A.28 of the Listing Rules. As one or more of the applicable percentage ratio(s) calculated in accordance with the Listing Rules in respect of the Proposed Merger is more than 5%, the Proposed Merger is subject to the reporting, announcement, circular, independent financial advice and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 18A.10 of the Listing Rules, without the prior consent of the Stock Exchange, a biotech company listed under Chapter 18A of the Listing Rules must not effect any acquisition, disposal or other transaction or arrangement or a series of acquisitions, disposals or other transactions or arrangements, which would result in a fundamental change in the principal business activities of the relevant issuer as described in the listing document issued at the time of its application for listing.

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The Proposed Merger also constitutes a reverse takeover for the Company under Rule 14.06B of the Listing Rules on the basis that the Proposed Merger (i) constitutes a very substantial acquisition and connected transaction for the Company under Chapters 14 and 14A of the Listing Rules and (ii) involves an acquisition of assets from the Target which will result in a change in control (as defined under the Takeovers Code) of the Company immediately after the allotment and issue of the Consideration Shares. In addition, the Company will be treated as if it were a new listing applicant under Rule 14.54 of the Listing Rules and has complied with Rule 14.54 of the Listing Rules. The Enlarged Group must be able to meet the basic listing eligibility requirements of the Listing Rules. The Company must also comply with the procedures and requirements for new listing applicants as set out in Chapter 9 of the Listing Rules. Accordingly, the Proposed Merger is also subject to the approval by the Listing Committee. The New Listing Application has been submitted to the Stock Exchange. The Listing Committee may or may not grant its approval to the New Listing Application. If such approval is not granted by the Listing Committee, the Merger Agreement will not become unconditional and the Proposed Merger will not proceed.

As set out in the section headed “Special Deal in relation to the Retention Plan of the Shareholder Personnel” in this letter, the Retention Plan of Mr. Weng is subject to approval of the Independent Shareholders at the EGM pursuant to Chapter 14A of the Listing Rules and approval of the Shareholders at the EGM pursuant to Rule 13.68 of the Listing Rules.

IMPLICATIONS UNDER THE TAKEOVERS CODE

As at the Latest Practicable Date, neither Mr. Ni nor parties acting in concert with him (being Talent Creation and Chinapharm Group) owned, controlled or directed any Shares. Immediately upon the Merger Closing, based on the Presumed Maximum Share Exchange Ratio, assuming that (a) none of the outstanding share options and the unvested RSUs under the Pre-Existing Company Share Schemes has been exercised or vested, (b) there is no Taxable Target Shareholder, and (c) none of the Converted Options under the One-off Share Option Plan has been exercised, Mr. Ni and parties acting in concert with him will be interested in 856,999,254 Shares, representing approximately 37.24% of the issued Shares of the Company as enlarged by the allotment and issue of Consideration Shares upon the Merger Closing. Accordingly, pursuant to Rule 26.1 of the Takeovers Code, upon the Merger Closing, Mr. Ni will be required to make a conditional mandatory general offer for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by Mr. Ni and parties acting in concert with him, unless the Whitewash Waiver is granted by the Executive. An application to the Executive for the Whitewash Waiver has been made by Mr. Ni pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code.

According to the Takeovers Code, the Whitewash Waiver, if granted by the Executive, will be subject to, among other things, (i) respective resolutions relating to the Whitewash Waiver and the Proposed Merger being approved by at least 75% and more than 50%, respectively, of the votes cast by the Independent Shareholders at the EGM by way of poll; and (ii) Mr. Ni and parties acting in concert with him not having made any acquisitions or disposals of voting rights of the Company between the date of the Announcement and completion of the allotment and issue of the Consideration Shares unless with the prior consent of the Executive.

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The Merger Closing is conditional on, among other things, the grant of the Whitewash Waiver by the Executive and the approval of the Whitewash Waiver by the Independent Shareholder at the EGM.

If the Whitewash Waiver is not granted or is withdrawn or revoked by the Executive or is not approved by the Independent Shareholders at the EGM, the Proposed Merger will not become unconditional and will not proceed.

As set out in the section headed “Special Deal in relation to the Retention Plan of the Shareholder Personnel” in this letter, the Retention Plan constitutes an arrangement between the Company and each of the Shareholder Personnel, each being a Shareholder, and such arrangement has favourable conditions which are not extended to all other Shareholders, the Retention Plan constitutes a special deal under Rule 25 of the Takeovers Code. Accordingly, the implementation of the Retention Agreements and the Retention Plan will require consent of the Executive. Such consent, if granted, is expected to be subject to (a) the Independent Financial Adviser publicly stating that in its opinion the terms of the Retention Agreements and the Retention Plan are fair and reasonable; and (b) the Retention Agreements and the Retention Plan are approved by the Independent Shareholders at the EGM.

PROPOSED CHANGE OF COMPANY NAME

The Board proposes to change the English name of the Company from “Genor Biopharma Holdings Limited” to “Edging Genor Group Holdings Limited” and change the dual foreign name of the Company in Chinese from “嘉和生物藥業(開曼)控股有限公司” to “億騰嘉和醫藥集團有限公司” (collectively, the “**Proposed Change of Company Name**”) upon Merger Effective Time subject to satisfaction of all conditions set out in this section below.

Reasons for the Proposed Change of Company Name

Immediately upon the Merger Closing, the Target Controlling Shareholders will become the Controlling Shareholders of the Enlarged Group and the Target will become a wholly-owned subsidiary of the Company. The Board believes that the new English name and Chinese name of the Company will not only provide the Company with a fresh corporate identity, but also better reflect the business of the Enlarged Group as well as relationship between the Company and the Controlling Shareholders of the Enlarged Group.

Conditions to the Proposed Change of Company Name

The Proposed Change of Company Name is subject to the passing of a special resolution by the Shareholders at the EGM approving the Proposed Change of Company Name.

Subject to the satisfaction of the conditions set out above, the Proposed Change of Company Name will take effect from the Merger Effective Time. The Company will carry out all necessary filing procedures with the Registrar of Companies in the Cayman Islands and the Registrar of Companies in Hong Kong.

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Effects of the Proposed Change of Company Name

The Proposed Change of Company Name will not affect any rights of the Shareholders or the daily operations and the financial position of the Group. All existing share certificates of the Company in issue bearing the existing name of the Company will, after the Proposed Change of Company Name becoming effective, continue to be effective and as documents of title to the Shares and will continue to be valid for trading, settlement, registration and delivery purposes. Accordingly, there will not be any arrangement for free exchange of existing Share certificates for new Share certificates bearing the new name of the Company. Once the Proposed Change of Company Name becomes effective, any new issue of Share certificates thereafter will only be in the new name of the Company. In addition, subject to the confirmation from the Stock Exchange, the English and Chinese stock short names of the Company for trading of the Shares on the Stock Exchange will also be changed to “Edding Genor” and “亿腾嘉和” after the Proposed Change of Company Name becomes effective.

The Proposed Change of Company Name is subject to the passing of the relevant special resolution(s) by the Shareholders at the EGM.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital of the Company was US\$20,000 divided into 1,000,000,000 Shares, of which 528,291,792 Shares were in issue.

In order to give effect to the Proposed Merger, the Board proposed to increase the authorised share capital of the Company from US\$20,000 divided into 1,000,000,000 Shares to US\$60,000 divided into 3,000,000,000 Shares by creation of an additional 2,000,000,000 Shares.

The proposed increase in authorised share capital is subject to the passing of the relevant ordinary resolution(s) by the Shareholders at the EGM.

PROPOSED ADOPTION OF THE ONE-OFF SHARE OPTION PLAN

The Target adopted the Target Share Option Scheme to enable the Target to grant options to eligible participants as incentives or rewards for their contribution or potential contribution to the Target Group. At the Merger Effective Time, all outstanding Target Share Options will be automatically cancelled and lapse in accordance with the Merger Agreement. In order to provide a fair treatment to the Target Share Option Scheme Grantees and to continue to recognise their contribution to the Target Group or provide incentives for potential contribution to the Enlarged Group following the Merger Closing, the Company proposes to adopt the One-off Share Option Plan. Pursuant to the rules governing the Target Share Option Scheme, except as provided otherwise in any other written agreement between the Target and a Target Share Option Grantee, at the Merger Effective Time, each Target Share Option can be assumed by and replaced with a comparable option of the Company which preserves the compensation element of such Target Share Option existing immediately prior to the Merger Effective Time in accordance with the same exercise schedule to such Target Share Option. None of the Target Share Option Grantees held any Shares in the Company as of the Latest Practicable Date.

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The adoption of the One-off Share Option Plan is conditional upon:

- (a) the passing of all necessary resolution(s) by the Shareholders at the EGM; and
- (b) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Shares which may fall to be allotted and issued upon exercise of the share options that may be granted under the One-off Share Option Plan.

The One-off Share Option Plan forms part of the arrangements under the Merger Agreement and aims to provide a fair treatment to the Target Share Option Scheme Grantees to convert the Target Share Options into Converted Options upon the Merger Closing. As such, the rules of the One-off Share Option Plan do not contain all the provisions as required under Chapter 17 of the Listing Rules. The Company has applied to the Stock Exchange for, and the Stock Exchange has granted a waiver from strict compliance with Chapter 17 of the Listing Rules. Please refer to “Waivers from Strict Compliance with the Listing Rules – The One-off Share Option Plan” for details of the waiver application.

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares which may fall to be allotted and issued upon exercise of the share options that may be granted under the One-off Share Option Plan.

For further details of the rules of the One-off Share Option Plan, please refer to “9. Share Schemes – 9.3 One-off Share Option Plan” in Appendix VI to this circular.

IRREVOCABLE UNDERTAKINGS

As at the Latest Practicable Date, the Company and the Target received irrevocable undertakings (each an “**Irrevocable Undertaking**”) from each of HHJH Holdings Limited, Kanghe Medical Technology Limited (康和醫療科技有限公司) (“**Kanghe Medical**”), Walga Biotechnology Limited, Shanghai Changnuo Enterprise Management Partnership (Limited Partnership) (上海昶諾企業管理合夥企業(有限合夥)) (“**Shanghai Changnuo**”), Kang Jia Medical Technology Limited (康嘉醫療科技有限公司) (“**Kang Jia Medical**”), HHLR Fund, L.P. and HM Healthcare Management Services, Ltd. (each an “**IU Shareholder**”). None of the

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IU Shareholders owned or controlled any securities, shares, options, warrants, derivatives or convertible securities of the Target. Details of the Irrevocable Undertakings is as follows:

Name of IU Shareholder	Date of the Irrevocable Undertaking	<i>Number of Shares held as at the Latest Practicable Date</i>	<i>Approximate percentage of shareholding in the Company as at the Latest Practicable Date</i>
HHJH Holdings Limited	13 September 2024	126,239,103	23.90%
Kanghe Medical ^(Note)	26 September 2024	44,311,060	8.39%
Walga Biotechnology Limited	26 September 2024	37,560,998	7.11%
Shanghai Changnuo	26 September 2024	25,000,000	4.73%
Kang Jia Medical ^(Note)	26 September 2024	13,491,962	2.55%
HHLR Fund, L.P.	25 September 2024	10,792,000	2.04%
HM Healthcare Management Services, Ltd.	25 September 2024	1,750,000	0.33%
Total		259,145,123	49.05%

Note: Each of Kanghe Medical and Kang Jia Medical was a subsidiary of Zhejiang CONBA Pharmaceutical Co., Ltd (浙江康恩貝製藥股份有限公司) as at the Latest Practicable Date.

Pursuant to the Irrevocable Undertakings, each IU Shareholder has irrevocably undertaken to the Company and the Target, among other things, that it shall: (a) vote in favour of the Proposed Merger and any other transactions contemplated in connection therewith in respect of all the Shares held by it, (b) attend the EGM in person or by proxy such that it could be count towards the quorum for the EGM, (c) vote against any proposals that could in any material respect obstruct or be reasonably expected to obstruct the Proposed Merger and any other transactions contemplated in connection therewith in respect of all the Shares held by it, and (d) not transfer or in any way deal with any Share held by it from the date of its Irrevocable Undertaking up to and until the date on which all Merger Conditions Precedent have been satisfied or waived (as the case may be).

The Irrevocable Undertakings shall terminate immediately upon the earlier of (a) the date of termination of the Proposed Merger pursuant to the Merger Agreement; or (b) the Merger Closing Date.

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APPRAISAL RIGHT OF DISSENTING TARGET SHAREHOLDERS

Section 238 of the Cayman Companies Act provides for the Appraisal Right of the Dissenting Target Shareholders to be paid the fair value of their Target Shares, subject to limitations under Section 239 of the Cayman Companies Act. Target Shareholders have the Appraisal Right in connection with the Proposed Merger under the Cayman Companies Act.

As mentioned in the section headed “The Proposed Merger – Dissenting Target Shares” above, none of the Target Shareholder has exercised its Appraisal Right in connection with the Proposed Merger, and there was no Dissenting Target Share or Dissenting Target Shareholder in respect of the Proposed Merger.

THE JOINT SPONSORS, THE LISTING RULES IBC, THE TAKEOVERS CODE IBC AND APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER

Morgan Stanley Asia Limited and SPDB International Capital Limited have been appointed as the Joint Sponsors to the New Listing Application.

The Listing Rules IBC, comprising Ms. Cui Bai, Mr. Fung Edwin and Mr. Chen Wen (each an independent non-executive Director) has been formed in accordance with the Listing Rules for the purposes of advising the Independent Shareholders in respect of the Retention Plan of Mr. Weng, and as to voting therefor, pursuant to Rule 14A.39 of the Listing Rules.

The Takeovers Code IBC, comprising Mr. Yu Tieming and Mr. Liu Yi (each a non-executive Director), and Ms. Cui Bai, Mr. Fung Edwin and Mr. Chen Wen (each an independent non-executive Director) who have no direct or indirect interest in the Proposed Merger, the Whitewash Waiver and the Retention Plan of the Shareholder Personnel and the transactions contemplated thereunder, has been formed for the purpose of advising the Independent Shareholders in respect of the Proposed Merger, the Whitewash Waiver and the Retention Plan of the Shareholder Personnel and the transactions contemplated thereunder, and as to voting therefor, pursuant to Rule 2.8 of the Takeovers Code. Given that, as set out above, the Retention Plan of the Shareholder Personnel (including the Retention Plan of Mr. Weng) constitutes a special deal under Rule 25 of the Takeovers Code, whereas the Retention Plan of Mr. Weng is subject to the requirements under Chapter 14A of the Listing Rules, the Takeovers Code IBC will advise on the Retention Plan of the Shareholder Personnel and the Listing Rules IBC will advise on the Retention Plan of Mr. Weng.

Somerley has been appointed to advise (i) the Listing Rules IBC and the Independent Shareholders in respect of the Retention Plan of Mr. Weng, and as to voting therefor, and (ii) the Takeovers Code IBC and the Independent Shareholders in respect of the Proposed Merger, the Whitewash Waiver and the Retention Plan of the Shareholder Personnel, and as to voting therefor.

LETTER FROM THE BOARD

EGM

A notice of the EGM to be held at Room 501-02, 5/F, Building 6, 690 Bibo Road, Pudong New District, Shanghai, China on Monday, 22 December 2025 at 10:00 a.m. is set out on pages EGM-1 to EGM-5 of this circular for the purpose of considering and, if thought fit, approving the Proposed Merger, the Whitewash Waiver, the Specific Mandate, the Proposed Change of Company Name, the proposed increase in authorised share capital of the Company, the Retention Plan and the proposed adoption of the One-off Share Option Plan.

Pursuant to Rule 14.55 of the Listing Rules, the Stock Exchange will require any Shareholder and his close associates to abstain from voting at the EGM on the relevant resolution(s) if such shareholder has a material interest in the transaction. Further, as the Proposed Merger, if materialises, will result in a change in control of the Company as referred to in Rule 14.06B of the Listing Rules, any person or group of persons that will cease to be a controlling Shareholder (the “**outgoing controlling shareholder**”) by virtue of a disposal of his shares to the person or group of persons gaining control (the “**incoming controlling shareholder**”), any of the incoming controlling shareholder’s close associates or an independent third party, then the outgoing controlling shareholder and his close associates may not vote in favour of any resolution approving an injection of assets by the incoming controlling shareholder or his close associates at the time of the change in control. As at the Latest Practicable Date, the Company does not have any outgoing controlling Shareholder for the purposes of Rule 14.55 of the Listing Rules.

Each of the Shareholder Personnel (who remained employees of the Group) was a Shareholder of the Company as at the Latest Practicable Date. Accordingly, each Shareholder Personnel (who remained employees of the Group) and his/her respective associates and concert parties will abstain from voting on the relevant resolution(s) relating to the Retention Agreement and the Retention Plan, the Proposed Merger and the Whitewash Waiver.

Save as disclosed above, no other Shareholders or any of their associates or parties acting in concert with any of them is interested or involved in or has any material interest in the Proposed Merger, the Whitewash Waiver, the Specific Mandate, the Proposed Change of Company Name, the proposed increase in authorised share capital of the Company, the Retention Plan of the Shareholder Personnel and the proposed adoption of the One-off Share Option Plan. Accordingly, no other Shareholder will be required to abstain from voting on the relevant(s) resolutions approving the Proposed Merger, the Whitewash Waiver, the Specific Mandate, the Proposed Change of Company Name, the proposed increase in authorised share capital of the Company, the Retention Plan of the Shareholder Personnel and the proposed adoption of the One-off Share Option Plan.

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A proxy form for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM or any adjourned meeting in person, please complete, sign and return the enclosed proxy form in accordance with the instructions printed thereon to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Ltd., at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as practicable and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and, in such event, the proxy form shall be deemed to be revoked.

RECOMMENDATION

Your attention is drawn to the following documents in this circular:

- (i) the letter from the Listing Rules IBC set out on pages 111 to 112 of this circular, containing its recommendation to the Independent Shareholders in respect of the Retention Plan of Mr. Weng, and as to voting therefor;
- (ii) the letter from the Takeovers Code IBC set out on pages 113 to 114 of this circular, containing its recommendation to the Independent Shareholders in respect of the Proposed Merger, the Whitewash Waiver and the Retention Plan of the Shareholder Personnel and the transactions contemplated thereunder, and as to voting therefor; and
- (iii) and the letter from the Independent Financial Adviser set out on pages 115 to 151 of this circular, containing its advice to (i) the Listing Rules IBC and the Independent Shareholders in respect of the Retention Plan of Mr. Weng, and as to voting therefor, and (ii) the Takeovers Code IBC and the Independent Shareholders in respect of the Proposed Merger, the Whitewash Waiver and the Retention Plan of the Shareholder Personnel, and as to voting therefor.

GENERAL

Shareholders and potential investors should note that the Merger Closing is subject to the fulfilment or waiver (as the case may be) of the Merger Conditions Precedent. In addition, the Listing Committee of the Stock Exchange may or may not approve the New Listing Application to be made by the Company. In the event that approval of the New Listing Application is not granted, the Merger Agreement will not become unconditional and the Proposed Merger will not proceed.

The Executive may or may not grant the Whitewash Waiver. It is one of the Merger Conditions Precedent that the Whitewash Waiver has been granted. In the event that the Whitewash Waiver is not granted by the Executive or the Whitewash Waiver and the Proposed Merger are not approved by the Independent Shareholders at the EGM, the Merger Agreement will not become unconditional and the Proposed Merger will not proceed.

As the Merger Closing may or may not take place, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

LETTER FROM THE BOARD

FURTHER INFORMATION

Your attention is drawn to other sections of and appendices to this circular, which contain further information on the Group, the Target Group and other information required to be disclosed under the Listing Rules and the Takeovers Code.

By order of the Board
Genor Biopharma Holdings Limited

A handwritten signature in black ink, consisting of stylized Chinese characters, likely representing 'Weng Chengyi'.

Mr. Weng Chengyi

Executive Director and Chief Financial Officer