
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Golden Meditech Holdings Limited, you should at once hand this Scheme Document and the accompanying forms of proxy to the purchaser or transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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GOLDEN MEDITECH HOLDINGS LIMITED

金衛醫療集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00801)

Meditech Global Group Limited
(Incorporated in the British Virgin Islands with limited liability)

(1) PROPOSAL FOR THE PRIVATISATION OF GOLDEN MEDITECH HOLDINGS LIMITED BY THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT (UNDER SECTION 86 OF THE COMPANIES LAW) (2) PROPOSED WITHDRAWAL OF LISTING AND (3) SPECIAL DEAL RELATING TO THE UNDERTAKING

Financial Adviser to the Offeror

AMASSE CAPITAL
資 積 資 本

**Independent Financial Adviser to the
Independent Board Committee of the Company**

 **SOMERLEY CAPITAL LIMITED**

Unless the context requires otherwise, capitalized terms used in this Scheme Document (including this cover page) shall have the same meaning as those defined in the section headed "Definitions" in Part I. of this Scheme Document.

A letter from the Board is set out in Part IV. of this Scheme Document. A letter from the Independent Board Committee, containing its advice to the Disinterested Shareholders in connection with the Proposal, the Scheme and the Undertaking is set out in Part V. of this Scheme Document. A letter from the Independent Financial Adviser to the Independent Board Committee, containing its advice to the Independent Board Committee in connection with the Proposal, the Scheme and the Undertaking is set out in Part VI. of this Scheme Document. An Explanatory Memorandum regarding the Scheme is set out in Part VII. of this Scheme Document.

The actions to be taken by the Shareholders are set out in Part II. of this Scheme Document.

Notices convening the Court Meeting to be held at 2:00 p.m. on Wednesday, 16 September 2020 and the General Meeting to be held at 2:30 p.m. on Wednesday, 16 September 2020 (or in the case of the General Meeting immediately after the conclusion or the adjournment of the Court Meeting) are set out in Appendix V. and Appendix VI. to this Scheme Document respectively. Whether or not you are able to attend the Court Meeting and/or the General Meeting or any adjournment thereof, you are strongly urged to complete and sign the enclosed **pink** form of proxy in respect of the Court Meeting and the enclosed **white** form of proxy in respect of the General Meeting, in accordance with the instructions printed thereon, and to lodge them at the office of the Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not later than the respective times and dates as stated under "Part II. — Actions to be Taken" of this Scheme Document. If the **pink** form of proxy is not so lodged, it may also be handed to the Chairman of the Court Meeting at the Court Meeting who shall have absolute discretion as to whether or not to accept it.

PRECAUTIONARY MEASURES FOR THE COURT MEETING AND GENERAL MEETING

Please refer to "Part II. Actions To be Taken — Precautionary Measures for the Court Meeting and the General Meeting" of this Scheme Document for precautionary measures being implemented by the Company in order to prevent and control the spread of the novel coronavirus (COVID-19) and to ensure the health and safety of all attendees at the Court Meeting and General Meeting, including (i) compulsory body temperature checks; (ii) compulsory wearing of surgical face masks for each attendee; and (iii) limiting attendance at the Court Meeting and the General Meeting. Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into and/or may be required to leave the venue of the Court Meeting and/or the General Meeting.

Shareholders are encouraged to consider appointing the chairman of the Court Meeting and/or the General Meeting as his/her/its proxy to vote on the relevant resolution(s) at the Court Meeting and/or the General Meeting as an alternative to attending the Court Meeting and/or the General Meeting in person.

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

The English language texts of this Scheme Document and the accompanying forms of proxy shall prevail over their respective Chinese texts for the purpose of interpretation.

21 August 2020

NOTICE TO US INVESTORS

The Proposal is being made to cancel the securities of a Cayman Islands company by means of a scheme of arrangement provided for under the Companies Law. The financial information included in this Scheme Document (if any) has been prepared in accordance with Hong Kong Financial Reporting Standards and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

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

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

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

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In this Scheme Document, the following expressions have the meanings set out below unless the context requires otherwise:

“1st Tranche Subscription”	the subscription by the Subscribers for and the allotment and issue by the Offeror of an aggregate of initially 54 new shares of the Offeror with an aggregate consideration of HK\$54 pursuant to the Subscription Agreement
“2nd Tranche Subscription”	the subscription by the Subscribers for and the allotment and issue by the Offeror of an aggregate of 9,945 new shares of the Offeror with an aggregate consideration of US\$55,000,000 (equivalent to approximately HK\$426,250,000 at the exchange rate of US\$1.00 to HK\$7.75 (for illustration purposes only)) following the approval of the relevant resolutions in relation to the Proposal at the General Meeting pursuant to the Subscription Agreement
“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“Adjusted NAV of the Group”	the adjusted unaudited NAV of the Group as at 31 March 2020 as set out in the section headed “4. Property Interests and Adjusted NAV of the Group” in Appendix I. to this Scheme Document
“Amasse Capital”	Amasse Capital Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to the Offeror in relation to the Proposal
“Announcement”	the announcement dated 17 June 2020, issued jointly by the Offeror and the Company in relation to the Proposal
“associate(s)”	has the meaning ascribed to it in the Takeovers Code
“Atlantis”	Atlantis Investment Management Limited, a limited liability company incorporated in Hong Kong, which is indirectly wholly-owned by Ms. Liu Yang, and held the Atlantis Shares as at the Latest Practicable Date
“Atlantis Shares”	317,166,529 Shares held by Atlantis, representing approximately 10.87% of the issued share capital of the Company as at the Latest Practicable Date
“Beneficial Owner”	any beneficial owner of the Shares
“Board”	the board of Directors

“Business Day”	a day, except a Saturday, Sunday or public holiday, on which banks in Hong Kong are generally open for business
“Cancellation Price”	the cancellation price of HK\$0.88 per Disinterested Scheme Share payable in cash by the Offeror to the Scheme Shareholders pursuant to the Scheme
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Participant”	a person admitted to participate in CCASS as a participant, including an Investor Participant
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961), as consolidated and revised, of the Cayman Islands
“Company”	Golden Meditech Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 00801)
“Condition(s)”	the conditions to the implementation of the Proposal and the Scheme as described in the section headed “3. Conditions of the Proposal and the Scheme” in Part VII. — Explanatory Memorandum of this Scheme Document
“Court Meeting”	the meeting of the Scheme Shareholders to be convened at the direction of the Grand Court at Nathan Room, Lower Lobby, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong at 2:00 p.m. on Wednesday, 16 September 2020 or any adjournment thereof, at which the Scheme (with or without modification) will be voted upon, notice of which is set out in Appendix V. to this Scheme Document
“Delisting”	the delisting of the Shares from the Main Board of the Stock Exchange
“Delisting Date”	the date on which the Company is delisted from the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company from time to time
“Disinterested Scheme Share(s)”	Share(s) other than those held by the Offeror and the Offeror Concert Parties
“Disinterested Shareholder(s)”	Shareholder(s) other than the Offeror and the Offeror Concert Parties

“Effective Date”	the date on which the Scheme, if approved at the Court Meeting(s) and sanctioned by the Grand Court, becomes effective in accordance with its terms and the Companies Law, being the date on which a copy of the order of the Grand Court sanctioning the Scheme and confirming the reduction of the issued share capital of the Company resulting from the cancellation of the Disinterested Scheme Shares is delivered to the Registrar of Companies in the Cayman Islands for registration pursuant to section 86(3) of the Companies Law, and which is expected to be Wednesday, 14 October 2020 (Cayman Islands time)
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“General Meeting”	the extraordinary general meeting of the Company to be held at Nathan Room, Lower Lobby, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong at 2:30 p.m. on Wednesday, 16 September 2020 (or immediately after the Court Meeting convened on the same day and place shall have been concluded or adjourned), notice of which is set out in Appendix VI. to this Scheme Document, or any adjournment thereof
“Grand Court”	the Grand Court of the Cayman Islands
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, namely Mr. Gao Yue, Mr. Poon Tsz Hang and Mr. Daniel Foa, established for the purpose of advising and giving a recommendation to the Disinterested Shareholders in respect of the Proposal, the Scheme and the Undertaking
“Independent Financial Adviser”	Somerley Capital Limited, a licensed corporation permitted under SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, being the independent financial adviser in respect of the Proposal, the Scheme and the Undertaking
“Investor Participant”	a person admitted to participate in CCASS as an investor participant

“Last Trading Day”	8 June 2020, being the last full trading day of the Shares before the publication of the Announcement
“Latest Practicable Date”	18 August 2020, being the latest practicable date prior to the printing of this Scheme Document for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2020 or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Executive may consent and the Grand Court may direct
“Meeting Record Date”	Wednesday, 16 September 2020, or such other time and date as shall have been announced to the Shareholders, being the record date for the purpose of determining the entitlement of the holders of Disinterested Scheme Shares to attend and vote at the Court Meeting and the entitlement of the Shareholders to attend and vote at the General Meeting
“Mr. Kam”	Mr. Kam Yuen
“NAV”	the consolidated net asset value attributable to shareholders of a group of companies, as stated in its relevant latest published financial statements
“Offeror”	Meditech Global Group Limited, a company incorporated under the laws of the British Virgin Islands with limited liability
“Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with any of the Offeror under the definition of “acting in concert” under the Takeovers Code, including (i) Bio Garden Inc. and Mr. Kam; (ii) China In Shine Investment Limited and Ms. Fung Chit; (iii) Asia Pacific MedTech (BVI) Limited and Ms. Gu Nana; (iv) Famous Sino Limited and Mr. Wu Guangze; (v) Atlantis and Ms. Liu Yang; (vi) China Huarong Asset Management Co., Ltd. (Hong Kong stock code: 2799) and its subsidiaries (including Qin Wall Investment Holdings Limited); (vii) Magnum Opus 3 International Holdings Limited; and (viii) any parties acting in concert with each of the aforementioned parties
“Offer Period”	means the period from 17 June 2020 (being the date of the Announcement) to the Effective Date or the date on which the Scheme lapses or is withdrawn (whichever is later), both dates inclusive

“PRC”	the People’s Republic of China which, for the purpose of this Scheme Document, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of the Scheme, the restoration of the share capital of the Company to the amount immediately before the cancellation of the Disinterested Scheme Shares and the withdrawal of the listing of the Shares on the Stock Exchange, on the terms and subject to the conditions set out in this Scheme Document
“Record Date”	Wednesday, 14 October 2020, or such other date as shall have been announced to the Scheme Shareholders, being the record date for the purpose of determining the entitlements of the Scheme Shareholders to the Cancellation Price under the Scheme
“Registered Owners”	any owner of Shares (including without limitation a nominee, trustee, depositary or any other authorized custodian or third party) entered in the register of members of the Company
“Relevant Authorities”	appropriate governments and/or governmental bodies, regulatory bodies, courts or institutions
“Relevant Period”	the period commencing on 17 December 2019, being the date falling six months prior to 17 June 2020, being the commencement date of the Offer Period, up to and including the Latest Practicable Date
“RMB”	Renminbi, the lawful currency of the PRC
“Scheme”	a scheme of arrangement under Section 86 of the Companies Law involving, among other matters, the cancellation of all of the Disinterested Scheme Shares and the restoration of the issued share capital of the Company to the amount immediately before the cancellation of the Disinterested Scheme Shares
“Scheme Document”	this composite scheme document dated 21 August 2020 issued jointly by the Offeror and the Company to the Shareholders, containing among other things, each of the letters, statements, appendices and notices in it
“Scheme Shareholder(s)”	holder(s) of Disinterested Scheme Shares as at the Record Date
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Share(s)”	ordinary share(s) of HK\$0.20 each in the share capital of the Company
“Share Registrar”	Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, being the share registrar of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber(s)”	collectively, Bio Garden Inc., China In Shine Investment Limited, Asia Pacific MedTech (BVI) Limited and Famous Sino Limited
“Subscription Agreement”	has the meaning as set out in the section headed “4. The Subscription Agreement” in Part VII. — Explanatory Memorandum of this Scheme Document
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Undertaking”	the letter of undertaking dated 17 June 2020 (which superseded a letter of undertaking dated 9 June 2020 issued by Atlantis) issued by Atlantis to the Offeror and the Company, details of which are set out in the section headed “5. The Undertaking” in Part VII. — Explanatory Memorandum of this Scheme Document
“US” or “United States”	the United States of America
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

All references in this Scheme Document to times and dates are references to Hong Kong times and dates, except as otherwise specified and other than references to the expected date of the Grand Court hearing of the petitions to sanction the Scheme and to confirm the capital reduction and the Effective Date, which are the relevant dates in the Cayman Islands. For reference only, Cayman Islands time is 13 hours behind Hong Kong time as at the date of this Scheme Document.

ACTIONS TO BE TAKEN BY SHAREHOLDERS

For the purposes of determining the entitlements of holders of the Disinterested Scheme Shares to attend and vote at the Court Meeting and Shareholders to attend and vote at the General Meeting, the register of members of the Company will be closed from Monday, 14 September 2020 to Wednesday, 16 September 2020 (both days inclusive) and during such period, no transfer of Shares will be effected. In order to qualify to vote at the Court Meeting and the General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Share Registrar at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong before 4:30 p.m. (Hong Kong time) on Friday, 11 September 2020.

A **pink** form of proxy for use at the Court Meeting and a **white** form of proxy for use at the General Meeting are enclosed with copies of this Scheme Document sent to Registered Owners. Subsequent purchasers of the Disinterested Scheme Shares will need to obtain the proxy forms from the transferor if he or she wishes to attend or vote at the Court Meeting and/or the General Meeting.

The register of members of the Company will be closed during such period for the purpose of determining the entitlements of the holders of Disinterested Scheme Shares to attend and vote at the Court Meeting and of the Shareholders to attend and vote at the General Meeting. This book closure period is not for determining entitlements under the Scheme.

Whether or not you are able to attend the Court Meeting and/or the General Meeting, if you are a holder of the Disinterested Scheme Shares, we strongly urge you to complete and sign the enclosed **pink** form of proxy in respect of the Court Meeting, and if you are a Shareholder, we strongly urge you to complete and sign the enclosed **white** form of proxy in respect of the General Meeting, in accordance with the instructions printed thereon, and to lodge them at the office of the Share Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. In order to be valid, the **pink** form of proxy for use at the Court Meeting must be lodged not later than 2:00 p.m. (Hong Kong time) on Monday, 14 September 2020 or be handed to the Chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion as to whether or not to accept it), and the **white** form of proxy for use at the General Meeting must be lodged not later than 2:30 p.m. (Hong Kong time) on Monday, 14 September 2020. The completion and return of a form of proxy for the Court Meeting and/or the General Meeting will not preclude you from attending and voting in person at the relevant meeting. In such event, the returned form of proxy will be deemed to have been revoked.

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

Voting at the Court Meeting and the General Meeting will be taken by poll.

The Company and the Offeror will make an announcement in relation to the results of the Court Meeting and the General Meeting no later than 7:00 p.m. on Wednesday, 16 September 2020. If all the resolutions are passed at those meetings, the Company will make further announcement(s) of the results of the hearing of the petitions to, among other things, sanction the Scheme by the Grand Court and, if the Scheme is sanctioned, the Record Date, the Effective Date and the date of withdrawal of the listing of the Shares on the Stock Exchange.

ACTIONS TO BE TAKEN BY HOLDERS THROUGH TRUST OR CCASS

The Company will not recognise any person as holding any Shares through any trust. If you are a Beneficial Owner whose Shares are held upon trust by, and registered in the name of, a Registered Owner (other than HKSCC Nominees Limited), you should contact the Registered Owner and provide the Registered Owner with instructions or make arrangements with the Registered Owner in relation to the manner in which your Shares should be voted at the Court Meeting and/or the General Meeting. Such instructions and/or arrangements should be given or made in advance of the deadline in respect of the Court Meeting and the General Meeting set by the Registered Owner in order to provide the Registered Owner with sufficient time to accurately complete his, her or its proxy and to submit it by the latest time for the lodgement of forms of proxy in respect of the Court Meeting and the General Meeting. To the extent that any Registered Owner requires instructions from or arrangements to be made with any Beneficial Owner at a particular date or time in advance of the latest time for the lodgment of forms of proxy in respect of the Court Meeting and the General Meeting, then any such Beneficial Owner should comply with the requirements of the Registered Owner.

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees Limited, you must, unless you are an Investor Participant, contact your broker, custodian, nominee or other relevant person who is, or has, in turn, deposited such Shares with, another CCASS Participant regarding voting instructions to be given to such persons if you wish to vote at the Court Meeting and/or at the General Meeting. You should contact your broker, custodian, nominee or other relevant person in advance of the deadline in respect of the Court Meeting and the General Meeting set by them, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to provide HKSCC Nominees Limited with instructions or make arrangements with HKSCC Nominees Limited in relation to the manner in which the Shares of the Beneficial Owner should be voted at the Court Meeting and/or the General Meeting. The procedure for voting in respect of the Scheme by HKSCC Nominees Limited with respect to the Shares registered under the name of HKSCC Nominees Limited shall be in accordance with the “General Rules of CCASS” and the “CCASS Operational Procedures” in effect from time to time. In accordance with the directions from the Grand Court, HKSCC Nominees Limited is permitted to vote once for and once against the Scheme in accordance with the instructions from the CCASS Participants for the purposes of ascertaining whether or not the requirement that a majority in number of the Scheme Shareholders approve the Scheme under section 86(2) of the Companies Law has been satisfied. The number of votes cast in favour of the Scheme and the number of CCASS Participants on whose instructions they are cast and the number of votes cast against the Scheme and the number of CCASS

Participants on whose instructions they are cast will be disclosed to the Grand Court and may be taken into account by the Grand Court in deciding whether or not it should exercise its discretion to sanction the Scheme.

If you are a Beneficial Owner whose Shares are deposited in CCASS, you may also elect to become a Shareholder of record, and thereby have the right to attend and vote at the Court Meeting (if you are a holder of the Disinterested Scheme Shares) and the General Meeting (as a Shareholder). You can become a Shareholder of record by withdrawing all or any of your Shares from CCASS and becoming a Registered Owner of such Shares. For withdrawal of Shares from CCASS and registration thereof, you will be required to pay to CCASS a withdrawal fee per board lot withdrawn, a registration fee for each share certificate issued, stamp duty on each transfer instrument and, if your Shares are held through a financial intermediary, any other relevant fees charged by your financial intermediary. You should contact your broker, custodian, nominee or other relevant person in advance of the latest time for lodging transfers of the Shares into your name so as to qualify to attend and vote at the Court Meeting and the General Meeting, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to withdraw the Shares from CCASS and register them in your name.

PRECAUTIONARY MEASURES FOR THE COURT MEETING AND GENERAL MEETING

In view of the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (Chapter 599G of the Laws of Hong Kong) (the “**Regulation**”) and in order to prevent and control the spread of the novel coronavirus (COVID-19) and to ensure the health and safety of all attendees, the Company will firmly implement precautionary measures at the Court Meeting and/or the General Meeting, including:

1. the Shareholders attending in person at the venue of the Court Meeting and/or the General Meeting in excess of the 20 persons limit (or such other prevailing limit from time to time) under the Regulation will be accommodated in separate room(s) and/or partitioned area(s) in the same room at the venue of the Court Meeting and/or the General Meeting, with not more than 20 persons (or such other number of persons allowed under the Regulation) (including supporting staff for the Court Meeting and/or the General Meeting) in each such room and/or partitioned area. This arrangement is to take into consideration the current COVID-19 situation and the requirements under the Regulation to keep appropriate social distancing for the health and safety of the Shareholders;
2. compulsory body temperature checks will be conducted for each attendee at the entrance of the venue of the Court Meeting and/or the General Meeting. Any person with a body temperature of over 37.3 degrees Celsius may be denied entry into the venue and may be required to leave the venue;
3. each attendee will be required to wear a surgical face mask at all times within the venue;

4. no food or drinks will be served at the Court Meeting and/or the General Meeting; and
5. any person who (a) has contracted COVID-19, has been tested preliminary positive of COVID-19 or is suspected of contracting COVID-19; (b) has travelled outside Hong Kong within 14 days immediately before the Court Meeting and/or the General Meeting; (c) is subject to Hong Kong Government prescribed compulsory quarantine in relation to COVID-19; (d) has been in close contact with any person subject to (a), (b) or (c) above; or (d) has any flu-like symptoms shall not attend the Court Meeting and/or the General Meeting.

Any person who does not comply with the precautionary measures taken by the Company or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the venue and/or may be required to leave the venue.

The Company would like to further remind the Shareholders that physical attendance in person at the Court Meeting and/or the General Meeting is not necessary for the purpose of exercising voting rights. Shareholders are encouraged to consider appointing the Chairman of the Court Meeting and/or the General Meeting as his/her/its proxy to vote on the relevant resolution(s) at the Court Meeting and/or the General Meeting as an alternative to attending the Court Meeting and/or the General Meeting in person. To be valid, the relevant form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding of the Court Meeting (i.e. not later than 14 September 2020 at 2:00 p.m. (Hong Kong time)) and/or the General Meeting (i.e. not later than 14 September 2020 at 2:30 p.m. (Hong Kong time)), as the case may be. If the form of proxy with respect to the Court Meeting is not so lodged, it may also be handed to the Chairman of the Court Meeting who shall have absolute discretion as to whether or not to accept it.

Subject to the development of the COVID-19 situation and any directive(s) that may be further issued by the Hong Kong Government, the Company may implement and/or adjust precautionary measures for the Court Meeting and/or the General Meeting at short notice as the public health situation changes, and may issue further announcement(s) on such measures as and when appropriate. In any event, the Shareholders will not be deprived of their right of voting on the resolution(s) to be proposed at the Court Meeting and/or the General Meeting.

EXERCISE YOUR RIGHT TO VOTE

IF YOU ARE A SHAREHOLDER OR A BENEFICIAL OWNER, THE COMPANY AND THE OFFEROR STRONGLY ENCOURAGE YOU TO EXERCISE YOUR RIGHT TO VOTE OR GIVE INSTRUCTIONS TO THE RELEVANT REGISTERED OWNER TO VOTE IN PERSON OR BY PROXY AT THE COURT MEETING AND/OR AT THE GENERAL MEETING. IF YOU KEEP ANY SHARES IN A SHARE LENDING

PROGRAM, WE STRONGLY URGE YOU TO RECALL ANY OUTSTANDING SHARES ON LOAN TO AVOID MARKET PARTICIPANTS USING BORROWED STOCK TO VOTE.

IF YOU ARE A BENEFICIAL OWNER WHOSE SHARES ARE DEPOSITED IN CCASS, WE ENCOURAGE YOU TO PROVIDE HKSCC NOMINEES LIMITED WITH INSTRUCTIONS OR MAKE ARRANGEMENTS WITH HKSCC NOMINEES LIMITED IN RELATION TO THE MANNER IN WHICH THOSE SHARES SHOULD BE VOTED AT THE COURT MEETING AND/OR AT THE GENERAL MEETING WITHOUT DELAY AND/OR WITHDRAWN FROM CCASS AND TRANSFERRED INTO YOUR NAME (AS DETAILED IN THE SECTION “PART II. ACTIONS TO BE TAKEN — ACTIONS TO BE TAKEN BY HOLDERS THROUGH TRUST OR CCASS” ABOVE).

IF YOU ARE A REGISTERED OWNER HOLDING SHARES ON BEHALF OF BENEFICIAL OWNERS, YOU SHOULD INFORM THE RELEVANT BENEFICIAL OWNERS ABOUT THE IMPORTANCE OF EXERCISING THEIR RIGHT TO VOTE.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU ARE ENCOURAGED TO CONSULT YOUR LICENSED SECURITIES DEALER, BANK MANAGER, SOLICITOR, PROFESSIONAL ACCOUNTANT OR OTHER PROFESSIONAL ADVISER.

Hong Kong Time

Date of despatch of this Scheme Document Friday, 21 August 2020

Latest time for lodging transfers of Shares in order to
qualify for entitlement to attend and vote at the
Court Meeting and the General Meeting 4:30p.m. on Friday, 11 September 2020

Register of members of the Company closed for
determination of entitlements of holders of
Disinterested Scheme Shares to attend and vote at
the Court Meeting and of Shareholders to attend and
vote at the General Meeting ^(Note 1) From Monday, 14 September 2020 to
Wednesday, 16 September 2020
(both days inclusive)

Latest time for lodging forms of proxy in respect of ^(Note 2)

- Court Meeting 2:00 p.m. on Monday, 14 September 2020

- General Meeting 2:30 p.m. on Monday, 14 September 2020

Meeting Record Date Wednesday, 16 September 2020

Court Meeting ^(Notes 3 and 4) 2:00 p.m. on Wednesday, 16 September 2020

General Meeting ^(Notes 3 and 4) 2:30 p.m. on Wednesday, 16 September 2020
(or immediately after the
conclusion or adjournment of
the Court Meeting)

Announcement of the results of the Court Meeting and
the General Meeting posted on the website of the
Stock Exchange no later than 7:00 p.m. on Wednesday, 16 September 2020

Expected latest time for trading in the Shares on the
Stock Exchange. 4:10 p.m. on Wednesday, 23 September 2020

Latest time for lodging transfers of Shares in order to
qualify for entitlements under the Scheme 4:30 p.m. on Monday, 5 October 2020

Register of members of the Company closed for
determining entitlements to qualify under the
Scheme ^(Note 5) From Tuesday, 6 October 2020
onwards

Grand Court hearing of the petitions to sanction the
Scheme and to confirm the capital reduction Friday, 9 October 2020
(Cayman Islands time)

Announcement of the results of the Grand Court
hearing of the petitions to sanction the Scheme and
to confirm the capital reduction, the expected
Effective Date and the expected date of withdrawal
of listing of Shares on the Stock Exchange. Wednesday, 14 October 2020

Record Date Wednesday, 14 October 2020

Effective Date ^(Note 6) Wednesday, 14 October 2020
(Cayman Islands time)

Announcement of the Effective Date and the
withdrawal of the listing of the Shares on
the Stock Exchange Thursday, 15 October 2020

Withdrawal of the listing of Shares on the Stock
Exchange becomes effective ^(Note 7) 4:00 p.m. on Friday, 16 October 2020

Latest time to despatch cheques for cash payment
under the Scheme ^(Note 8) on or before Friday, 23 October 2020

**Shareholders should note that the above timetable is subject to change. Further
announcement(s) will be made in the event that there is any change.**

Notes:

- (1) The register of members of the Company will be closed during such period for the purpose of determining the entitlements of the holders of Disinterested Scheme Shares to attend and vote at the Court Meeting and of the Shareholders to attend and vote at the General Meeting. This book closure period is not for determining entitlements under the Scheme.
- (2) The **pink** form of proxy in respect of the Court Meeting and the **white** form of proxy in respect of the General Meeting should be completed and signed in accordance with the instructions respectively printed on them and should be lodged with the office of the Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event no later than the times and date(s) stated above. In order to be valid, the **pink** form of proxy for the Court Meeting and the **white** form of proxy for the General Meeting must be lodged no later than the latest times and date(s) stated above. Completion and return of a form of proxy for the Court Meeting or the General Meeting will not preclude a holder of the Disinterested Scheme Shares and a Shareholder, respectively, from attending the relevant meeting and voting in person. In such event, the returned form of proxy will be deemed to have been revoked. If the **pink** form of proxy is not so lodged, it may also be handed to the Chairman of the Court Meeting at the Court Meeting who shall have absolute discretion as to whether or not to accept it.
- (3) The Court Meeting and the General Meeting will be held at Nathan Room, Lower Lobby, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong at the times and date specified above. Please see the notice of Court Meeting set out in Appendix V. to this Scheme Document and the notice of General Meeting set out in Appendix VI. to this Scheme Document for details.
- (4) In the event that a tropical cyclone warning signal no. 8 or above is hoisted or a black rainstorm warning signal is in force at 8:00 a.m. on Wednesday, 16 September 2020, the Court Meeting and the General Meeting will be adjourned to Friday, 18 September 2020 at 2:00 p.m. and 2:30 p.m. (or immediately after the Court Meeting shall have been concluded or adjourned) respectively, or at a time on an alternative day to be announced that falls within fourteen days of the original date scheduled for the Court Meeting and the General Meeting. You may call the hotline at +852 3605 8180 during business hours from 9:00 a.m. to 5:00 p.m. on Monday to Friday, excluding public holidays or visit the website of the Company at www.goldenmeditech.com for details of alternative meeting arrangements. The Court Meeting and the General Meeting will be held as scheduled even when a tropical cyclone warning signal no. 3 or below is hoisted or an amber or red rainstorm warning signal is in force.

You should make your own decision as to whether you would attend the Court Meeting and the General Meeting under bad weather conditions bearing in mind your own situation and if you should choose to do so, you are advised to exercise care and caution.

- (5) The register of members of the Company will be closed as from such time and on such date for the purpose of determining Scheme Shareholders who are qualified for entitlements under the Scheme.
- (6) The Scheme shall become effective upon all the Conditions set out in the paragraph headed "3. Conditions of the Proposal and the Scheme" in Part VII. — Explanatory Memorandum of this Scheme Document having been fulfilled or (to the extent permitted) waived (as the case may be).
- (7) If the Proposal becomes unconditional and the Scheme becomes effective, it is expected that the listing of the Shares on the Stock Exchange will be withdrawn at 4:00 p.m. on Friday, 16 October 2020.
- (8) Cheques for cash payment under the Scheme will be despatched by ordinary post at the risk of the recipients to their registered addresses shown in the register of members of the Company at the Record Date within seven (7) business days (as defined under the Takeovers Code) from the Effective Date.



GOLDEN MEDITECH HOLDINGS LIMITED

金衛醫療集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00801)

Executive Directors:

Mr. Feng Wen (*Chairman*)

Mr. Leong Kim Chuan (*Chief Executive*)

Independent non-executive Directors:

Mr. Gao Yue

Mr. Poon Tsz Hang

Mr. Daniel Foa

Registered office:

Ocorian Trust (Cayman) Limited

P.O. Box 1350

Clifton House

75 Fort Street Grand Cayman

KY1-1108 Cayman Islands

*Head office and principal place
of business in the PRC:*

No. 11 Wan Yuan Street

Beijing Economic Technological

Development Area

Beijing, 100176 China

*Principal place of business
in Hong Kong:*

48/F, Bank of China Tower

1 Garden Road

Central Hong Kong

21 August 2020

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSAL FOR THE PRIVATISATION OF
GOLDEN MEDITECH HOLDINGS LIMITED BY THE OFFEROR
BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 86 OF THE COMPANIES LAW)
(2) PROPOSED WITHDRAWAL OF LISTING
AND
(3) SPECIAL DEAL RELATING TO THE UNDERTAKING**

INTRODUCTION

On 9 June 2020, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under Section 86 of the Companies Law involving the cancellation of the

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

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

TERMS OF THE PROPOSAL

Cancellation Price

Under the Scheme, the Scheme Shareholders will receive from the Offeror the Cancellation Price of HK\$0.88 in cash for each Disinterested Scheme Share as consideration for the cancellation of the Disinterested Scheme Shares held as at the Effective Date.

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

Comparison of value

The Cancellation Price of HK\$0.88 per Disinterested Scheme Share represents:

- a premium of approximately 41.94% over the closing price of HK\$0.62 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 54.39% over the average closing price of approximately HK\$0.57 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- a premium of approximately 60.00% over the average closing price of approximately HK\$0.55 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 54.39% over the average closing price of approximately HK\$0.57 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;

- a premium of approximately 39.68% over the average closing price of approximately HK\$0.63 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 29.41% over the average closing price of approximately HK\$0.68 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day;
- a premium of approximately 22.22% over the average closing price of approximately HK\$0.72 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- a discount of approximately 37.41% to the unaudited NAV of the Group per Share of approximately HK\$1.406 as at 30 September 2019, calculated based on the unaudited consolidated net assets attributable to shareholders of the Company of HK\$4,102,464,000 as at 30 September 2019 and 2,916,932,138 Shares in issue as at the Latest Practicable Date;
- a discount of approximately 33.23% to the audited consolidated net assets attributable to shareholders of the Company per Share of approximately HK\$1.318 as at 31 March 2020, calculated based on the audited consolidated net assets attributable to shareholders of the Company of HK\$3,844,716,000 as at 31 March 2020 and 2,916,932,138 Shares in issue as at the Latest Practicable Date;
- a discount of approximately 40.74% to the Adjusted NAV of the Group per Share of approximately HK\$1.485 as at 31 March 2020, based on the 2,916,932,138 Shares in issue as at the Latest Practicable Date; and
- a premium of approximately 10.00% over the closing price of HK\$0.80 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Cancellation Price has been determined on a commercial basis after taking into account, among others, the prices of the Shares traded on the Stock Exchange.

Conditions of the Proposal and the Scheme

Your attention is drawn to the section headed “3. Conditions of the Proposal and the Scheme” in Part VII. — Explanatory Memorandum of this Scheme Document.

THE SUBSCRIPTION AGREEMENT

On 17 June 2020, the Offeror entered into a share subscription agreement (the “**Subscription Agreement**”) with the Subscribers in relation to the 1st Tranche Subscription and the 2nd Tranche Subscription. The cash proceeds received from the subscriptions will be used to finance the Proposal.

1st Tranche Subscription

Pursuant to the Subscription Agreement, each of the Subscribers has agreed to subscribe for and the Offeror has agreed to allot and issue an aggregate of 54 new shares of the Offeror with an aggregate cash consideration of HK\$54 (the “**1st Tranche Subscription Consideration**”) on the 1st Tranche Completion Date (as defined below). Details of the 1st Tranche Subscription are as follows:

Name of Subscriber	No. of new shares of the Offeror to be subscribed	Amount of consideration
Bio Garden Inc.	36	HK\$36
China In Shine Investment Limited	7	HK\$7
Asia Pacific MedTech (BVI) Limited	6	HK\$6
Famous Sino Limited	5	HK\$5
Total	54	HK\$54

As at the Latest Practicable Date, the Offeror had established a bank account with a licensed bank in Hong Kong (the “**Offeror Bank Account**”).

Pursuant to the Subscription Agreement, once the Offeror Bank Account has been duly established, the Offeror shall promptly notify each Subscriber in writing of details of the Offeror Bank Account. Completion of the 1st Tranche Subscription shall take place on the second (2nd) Business Day following the date of the aforesaid notice (the “**1st Tranche Completion Date**”).

As at the Latest Practicable Date, the 1st Tranche Subscription Consideration has already been deposited into the Offeror Bank Account. The 1st Tranche Subscription is expected to be completed on 20 August 2020, as time is required for go through the administrative procedure for issuing new shares of the Offeror, pursuant to the terms of the Subscription Agreement.

2nd Tranche Subscription

Pursuant to the Subscription Agreement, each of the Subscribers has agreed to subscribe for and the Offeror has agreed to allot and issue an aggregate of 9,945 new shares of the Offeror with an aggregate cash consideration of US\$55,000,000 (equivalent to approximately HK\$426,250,000 at the exchange rate of US\$1.00 to HK\$7.75 (for illustration purposes only)) (the “**2nd Tranche Subscription Consideration**”) on the 2nd Tranche Completion Date (as defined below). Details of the 2nd Tranche Subscription are as follows:

Name of Subscriber	No. of new shares of the Offeror to be subscribed	Amount of consideration
Bio Garden Inc.	6,690	US\$37,000,000
China In Shine Investment Limited	1,266	US\$7,000,000
Asia Pacific MedTech (BVI) Limited	1,085	US\$6,000,000
Famous Sino Limited	904	US\$5,000,000
Total	9,945	US\$55,000,000

The Offeror shall, on the date of the General Meeting, notify each Subscriber in writing once the relevant resolutions in relation to the Proposal are approved by the Shareholders and/or the Disinterested Shareholders at the General Meeting. The Subscribers shall deposit the 2nd Tranche Subscription Consideration into the Offeror Bank Account on the second (2nd) Business Day following the date of aforesaid notice (the “**2nd Tranche Completion Date**”), and completion of the 2nd Tranche Subscription shall take place on the 2nd Tranche Completion Date.

As at the Latest Practicable Date, Bio Garden Inc. holds 1 share of the Offeror, representing all the issued shares of the Offeror.

Immediately following completion of the 1st Tranche Subscription, the Offeror will be owned as to approximately 67.27% by Bio Garden Inc., 12.73% by China In Shine Investment Limited, 10.91% by Asia Pacific MedTech (BVI) Limited and 9.09% by Famous Sino Limited.

Immediately following completion of the 2nd Tranche Subscription, the shareholding percentage owned by each of the Subscribers in the Offeror shall remain unchanged.

The table below sets out the shareholding structure of the Offeror (i) as at the Latest Practicable Date; (ii) immediately following the 1st Tranche Completion Date; and (iii) immediately following the 1st Tranche Completion Date and the 2nd Tranche Completion Date:

Shareholders	As at the Latest Practicable Date		Immediately following the 1st Tranche Completion Date		Immediately following the 1st Tranche Completion Date and the 2nd Tranche Completion Date	
	<i>Number of shares</i>	<i>%</i>	<i>Number of shares</i>	<i>%</i>	<i>Number of shares</i>	<i>%</i>
Bio Garden Inc.	1	100.00	37	67.27	6,727	67.27
China In Shine Investment Limited	—	—	7	12.73	1,273	12.73
Asia Pacific MedTech (BVI) Limited	—	—	6	10.91	1,091	10.91
Famous Sino Limited	—	—	5	9.09	909	9.09
Total	1	100.00	55	100.00	10,000	100.00

Your attention is drawn to the section headed “4. The Subscription Agreement” in Part VII. — Explanatory Memorandum of this Scheme Document.

THE UNDERTAKING

As at the Latest Practicable Date, Atlantis held the Atlantis Shares, being 317,166,529 Shares, representing approximately 10.87% of the issued share capital of the Company. On 17 June 2020, the Offeror and the Company received the Undertaking from Atlantis, pursuant to which Atlantis has irrevocably and unconditionally undertaken that:

1. from (and including) the date of the Undertaking to (and including) the earlier of (i) the date on which the Proposal and the Scheme become effective; or (ii) the lapse or withdrawal of the Proposal and the Scheme (as the case may be):
 - (a) Atlantis will not participate in the Proposal and the Scheme in respect of any of the Atlantis Shares, and none of the Atlantis Shares shall constitute the Disinterested Scheme Shares, and therefore the Atlantis Shares will not be cancelled if the Scheme becomes effective, and Atlantis will not receive any consideration under the Scheme; and
 - (b) Atlantis will not (i) sell or otherwise dispose of any of the Atlantis Shares; or (ii) exercise any warrants, options or any other rights in whatever form to acquire any additional interest in any of the Shares; and
2. immediately after the Scheme becomes effective, the Atlantis Shares registered under its name and/or in the name of its nominee(s) will remain so registered.

Prior to entering into the Undertaking, Atlantis did not have any relationship with the Offeror and was not a party acting in concert with the Offeror. As a result of the Undertaking, Atlantis is a party acting in concert with the Offeror as Atlantis will remain as a Shareholder after the completion of the Proposal and the Scheme. The Undertaking constitutes a special deal and is therefore conditional on (i) the Disinterested Shareholders' approval at the General Meeting; and (ii) the consent from the Executive pursuant to Rule 25 of the Takeovers Code. No consideration, compensation or benefit in whatever form is or will be provided by the Offeror or the Offeror Concert Parties (other than Atlantis) to Atlantis or parties acting in concert with it in connection with the Undertaking.

Your attention is drawn to the section headed "5. The Undertaking" in Part VII. — Explanatory Memorandum of this Scheme Document.

FINANCIAL RESOURCES

On the assumption that no further Shares are to be issued before the Record Date, the Disinterested Scheme Shares comprise 482,754,049 Shares which represent approximately 16.55% of the issued share capital of the Company as at the Latest Practicable Date and the amount of cash required for cancelling the Disinterested Scheme Shares under the Proposal is approximately HK\$424,824,000 based on the Cancellation Price.

The cash required for the Proposal is financed by the cash proceeds received from the subscriptions pursuant to the Subscription Agreement. Pursuant to the Subscription Agreement, each of the Subscribers has agreed to subscribe for and the Offeror has agreed to allot and issue (i) an aggregate of 54 new shares of the Offeror with an aggregate cash consideration of HK\$54 (i.e. 1st Tranche Subscription); and (ii) an aggregate of 9,945 new shares of the Offeror with an aggregate cash consideration of US\$55,000,000 (i.e. 2nd Tranche Subscription). Upon completion of the 1st Tranche Subscription, each of the Subscribers will become a shareholder of the Offeror.

As at the Latest Practicable Date, the Offeror Bank Account had been established. The aggregate cash consideration of HK\$54 (being the 1st Tranche Subscription Consideration) has already been deposited into the Offeror Bank Account. The 1st Tranche Subscription is expected to be completed on 20 August 2020, as time is required for go through the administrative procedure for issuing new shares of the Offeror, pursuant to the terms of the Subscription Agreement. The aggregate cash consideration of approximately US\$55,000,000 (being the 2nd Tranche Subscription Consideration) has already been made available and deposited in the respective accounts of each of the Subscribers and earmarked for the sole purpose of the payment of Cancellation Price. Pursuant to the terms of the Subscription Agreement, the 2nd Tranche Subscription shall take place on the 2nd Tranche Completion Date, being effectively the second (2nd) Business Day following the date of the General Meeting.

Details of the Subscription Agreement are set out in the section headed “4. The Subscription Agreement” in Part VII. — Explanatory Memorandum of this Scheme Document.

Amasse Capital, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for discharging its obligations in respect of the full implementation of the Proposal.

REASONS FOR, AND BENEFITS OF, THE PROPOSAL

You are urged to read carefully the section headed “12. Reasons for, and Benefits of, the Proposal” in Part VII. — Explanatory Memorandum of this Scheme Document.

INTENTIONS OF THE OFFEROR IN RELATION TO THE GROUP

You are urged to read carefully the section headed “13. Intention of the Offeror regarding the Group” in Part VII. — Explanatory Memorandum of this Scheme Document.

The Board is pleased to note that the Offeror has no plan to introduce any material changes to the business and/or assets of the Group, or to redeploy its major fixed assets or discontinue the employment of employees of the Group as a result of the Proposal. The Board is also pleased to note that after successful privatisation of the Company, the Offeror will review the businesses of the Group, including among others, the Group’s relationships with its distributors and suppliers, portfolio of products, assets, corporate and organisational structure, capitalisation, operations, policies, management and personnel to consider and determine what changes, if any, would be necessary, appropriate or desirable, long term and short term, in order to best organise and optimise the businesses and operations of the Group.

INFORMATION ON THE GROUP

The Company is an investment holding company and the Group is principally engaged in (i) the manufacture and sale of medical devices and related medical device accessories; (ii) the provision of hospital management service and hospital operation; (iii) the provision of medical insurance administration service; (iv) the research and development, manufacture and sale of Chinese herbal medicines; and (v) the provision of cells and tissues storage and genetic testing services.

INFORMATION ON THE OFFEROR AND THE SUBSCRIBERS

The Offeror is an investment holding company incorporated in the British Virgin Islands with limited liability. As at the Latest Practicable Date, the sole director of the Offeror is Mr. Kam.

Bio Garden Inc. is an investment holding company incorporated in the British Virgin Islands. It is wholly-owned by certain discretionary trusts of which Mr. Kam is the founder. Mr. Kam, aged 57, being the founder of the Group, was an executive Director of the Company from April 2005 to May 2019. He was also a director of several subsidiaries of the Company. Mr. Kam graduated from the Beijing Second Foreign Languages Institute, the PRC (北京第二外國語學院) in 1985 and has over 20 years of management experience in international business. Mr. Kam is the sole director of Bio Garden Inc. and a director of Magnum Opus 3 International Holdings Limited, both companies have an interest in the share capital of the Company under the provisions of Part XV of the SFO as set out in the section headed “9. Shareholding Structure of the Company” in Part VII. — Explanatory Memorandum of this Scheme Document.

China In Shine Investment Limited is an investment holding company incorporated in the British Virgin Islands with limited liability and is ultimately wholly-owned by Ms. Fung Chit. The sole director of China In Shine Investment Limited is Ms. Fung Chit. Ms. Fung Chit is an experienced investor and had, through China In Shine Investment Limited, invested in listed securities in the United States of America.

Asia Pacific MedTech (BVI) Limited is an investment holding company incorporated in the British Virgin Islands with limited liability and is ultimately wholly-owned by Ms. Gu Nana. The sole director of Asia Pacific MedTech (BVI) Limited is Ms. Gu Nana. Ms. Gu Nana is an experienced investor and had, through Asia Pacific MedTech (BVI) Limited, invested in overseas bio-technology listed company.

Famous Sino Limited is an investment holding company incorporated in the British Virgin Islands with limited liability and is ultimately wholly-owned by Mr. Wu Guangze. The sole director of Famous Sino Limited is Mr. Wu Guangze. Mr. Wu Guangze is an experienced investor and had, through Famous Sino Limited, invested in listed companies in Hong Kong and overseas.

WITHDRAWAL OF LISTING OF SHARES

On the Effective Date, all Disinterested Scheme Shares will be cancelled and the share certificates for the Disinterested Scheme Shares will thereafter cease to have effect as documents or evidence of title.

The Company will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange in accordance with Rule 6.15 of the Listing Rules immediately following the Effective Date.

Dealings in the Shares on the Stock Exchange are expected to cease after 4:10 p.m. on Wednesday, 23 September 2020, and the listing of the Shares on the Stock Exchange is expected to be withdrawn at 4:00 p.m. on Friday, 16 October 2020. The Scheme Shareholders will be notified by way of an announcement of the exact dates of the last day for dealing in the Shares on the Stock Exchange and the day on which the Scheme and the withdrawal of the listing of Shares on the Stock Exchange will become effective.

The Company will be privatised by way of a scheme of arrangement under Section 86 of the Companies Law, and it is the Company's intention not to retain its listing on the Stock Exchange after implementation of the Proposal.

IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

The Scheme will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective or the Proposal otherwise lapses.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert it) may within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses announce an offer or possible offer for the Company, except with the consent of the Executive.

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

Shareholders and potential investors should exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

COURT MEETING AND GENERAL MEETING

In accordance with the directions of the Grand Court, the Court Meeting will be held for the purposes of considering and, if thought fit, passing a resolution to approve the Scheme (with or without modifications). All holders of the Disinterested Scheme Shares whose names appear on the register of members of the Company as at the Meeting Record Date shall be entitled to attend and vote, in person or by proxy, at the Court Meeting.

The General Meeting will be held immediately following the adjournment or conclusion of the Court Meeting. All Shareholders (including the Offeror Concert Parties) whose names appear in the register of members of the Company as at the Meeting Record Date will be entitled to attend the General Meeting and vote, in person or by proxy, on (i) the special resolution to approve and give effect to the reduction of the share capital of the Company by cancelling and extinguishing the Disinterested Scheme Shares; and (ii) the ordinary resolution to, immediately after the capital reduction, increase the issued share capital of the Company to the amount prior to the cancellation of the Disinterested Scheme Shares by the allotment and issue at par to the Offeror of such aggregate number of new Shares as is equal to the number of Disinterested Scheme Shares cancelled and apply the reserve created as a result of the such capital reduction to pay up in full at par such number of new Shares to be allotted and issued, credited as fully paid, to the Offeror. Each of the Offeror Concert Parties has undertaken that, if the Scheme is approved at the Court Meeting, they will cast the votes attaching to the Shares held by them in favour of the aforesaid resolutions to be proposed at the General Meeting. As far as the ordinary resolution in connection with the special deal relating to the Undertaking is concerned, only the Disinterested Shareholders can vote thereon.

As regards the voting requirements on the Scheme Shareholders and Shareholders/ Disinterested Shareholders at the Court Meeting and the General Meeting respectively, please see the section headed “22. Court Meeting and General Meeting” in Part VII. — Explanatory Memorandum of this Scheme Document.

Notices of the Court Meeting and the General Meeting are set out in Appendix V. and Appendix VI. to this Scheme Document. The Court Meeting and the General Meeting will be held on Wednesday, 16 September 2020 at the times specified in those notices at Nathan Room, Lower Lobby, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong.

As at the Latest Practicable Date, neither the Offeror nor any of the Offeror Concert Parties has received any irrevocable commitment to vote for or against the Proposal.

OVERSEAS SHAREHOLDERS

Your attention is drawn to the section headed “17. Overseas Shareholders” in Part VII. — Explanatory Memorandum of this Scheme Document.

ACTIONS TO BE TAKEN

Your attention is drawn to “Part II. — Actions to be Taken” of this Scheme Document and the section headed “24. Summary of Actions to be Taken” in Part VII. — Explanatory Memorandum of this Scheme Document.

RECOMMENDATION

Your attention is drawn to “Part V. — Letter from the Independent Board Committee” of this Scheme Document which sets out the advice from the Independent Board Committee to the Disinterested Shareholders in connection with the Proposal, the Scheme and the Undertaking. Your attention is also drawn to “Part VI. — Letter from the Independent Financial Adviser” of this Scheme Document which sets out the advice from the Independent Financial Adviser to the Independent Board Committee in connection with the Proposal, the Scheme and the Undertaking, and the principal factors taken into consideration in arriving at its recommendations.

REGISTRATION AND PAYMENT

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

TAXATION AND INDEPENDENT ADVICE

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

It is emphasised that none of the Offeror, the Offeror Concert Parties, the Company, Amasse Capital, the Independent Financial Adviser and the Share Registrar and their agents or any of their respective directors, employees, officers or associates and affiliates or any other person involved in the Scheme and the Proposal accepts responsibility or has any liability for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection, or implementation, of the Proposal and the Scheme. All holders of the Disinterested Scheme Shares and/or Beneficial Owners shall be solely responsible for their liabilities (including tax liabilities) in relation to the Proposal, and are recommended to consult their professional advisers if in any doubt as to the taxation implications of the Proposal.

FURTHER INFORMATION

You are urged to read carefully (i) the letters from the Independent Board Committee and the Independent Financial Adviser as set out in Part V. and Part VI. of this Scheme Document, respectively; (ii) the Explanatory Memorandum as set out in Part VII. of this Scheme Document; (iii) the appendices to this Scheme Document; (iv) the terms of the Scheme as set out in Appendix IV. to this Scheme Document; (v) the notice of Court Meeting as set out in Appendix V. to this Scheme Document; and (vi) the notice of General Meeting as set out in Appendix VI. to this Scheme Document. In addition, a **pink** form of proxy for the Court Meeting and a **white** form of proxy for the General Meeting are enclosed with copies of this Scheme Document sent to Registered Owners.

Yours faithfully
By order of the board of
Golden Meditech Holdings Limited
Feng Wen
Chairman



GOLDEN MEDITECH HOLDINGS LIMITED

金衛醫療集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00801)

*Members of the
Independent Board Committee:*

Mr. Gao Yue
Mr. Poon Tsz Hang
Mr. Daniel Foa

Registered office:
Ocorian Trust (Cayman) Limited
P.O. Box 1350
Clifton House
75 Fort Street Grand Cayman
KY1-1108 Cayman Islands

*Head office and principal place
of business in the PRC:*
No. 11 Wan Yuan Street
Beijing Economic Technological
Development Area
Beijing, 100176 China

*Principal place of business
in Hong Kong:*
48/F, Bank of China Tower
1 Garden Road
Central Hong Kong

21 August 2020

To the Disinterested Shareholders

Dear Sir or Madam,

**(1) PROPOSAL FOR THE PRIVATISATION OF
GOLDEN MEDITECH HOLDINGS LIMITED BY THE OFFEROR
BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 86 OF THE COMPANIES LAW)
(2) PROPOSED WITHDRAWAL OF LISTING
AND
(3) SPECIAL DEAL RELATING TO THE UNDERTAKING**

We refer to the document dated 21 August 2020 jointly issued by the Offeror and the Company in relation to the Proposal (the “**Scheme Document**”), of which this letter forms part. Capitalised terms defined in the Scheme Document shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to make a recommendation to the Disinterested Shareholders in respect of the Proposal, the Scheme and the Undertaking, details of which are set out in “Part IV. — Letter from the Board” and “Part VII. — Explanatory Memorandum” of the Scheme Document.

The Independent Financial Adviser, has been appointed with our approval, to advise us in connection with the Proposal, the Scheme and the Undertaking. The details of its advice and the principal factors taken into consideration in arriving at its recommendations are set out in “Part VI. — Letter from the Independent Financial Adviser” of the Scheme Document.

In the letter from the Independent Financial Adviser set out in Part VI. of the Scheme Document, the Independent Financial Adviser states that it considers the terms of the Proposal (including the Cancellation Price), the Scheme and the Undertaking are fair and reasonable as far as the Disinterested Shareholders are concerned, and advises the Independent Board Committee to recommend the Disinterested Shareholders to vote in favour of the relevant resolutions to be proposed at the Court Meeting and the General Meeting to approve and implement the Proposal, the Scheme and the Undertaking.

The Independent Board Committee, having considered the terms of the Proposal, the Scheme and the Undertaking, and having taken into account the opinion of the Independent Financial Adviser, and in particular the factors, reasons and recommendations set out in its letter, considers that the terms of the Proposal (including the Cancellation Price), the Scheme and the Undertaking are fair and reasonable as far as the Disinterested Shareholders are concerned.

Accordingly, the Independent Board Committee recommends:

- (a) at the Court Meeting, the Scheme Shareholders to vote in favour of the Scheme;
- (b) at the General Meeting, the Disinterested Shareholders to vote in favour of the special resolution to approve and give effect to the reduction of the share capital of the Company by cancelling and extinguishing the Disinterested Scheme Shares;
- (c) at the General Meeting, the Disinterested Shareholders to vote in favour of the ordinary resolution to approve, immediately after the capital reduction, the increase the issued share capital of the Company to the amount prior to the cancellation of the Disinterested Scheme Shares by the allotment and issue at par to the Offeror of such aggregate number of new Shares as is equal to the number of Disinterested Scheme Shares cancelled and apply the reserve created as a result of such capital reduction to pay up in full at par such number of new Shares to be allotted and issued, credited as fully paid, to the Offeror; and
- (d) at the General Meeting, the Disinterested Shareholders to vote in favour of the ordinary resolution to approve the Undertaking.

PART V. LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee draws the attention of the Disinterested Shareholders to (i) the letter from the Board set out in Part IV. of the Scheme Document; (ii) the letter from the Independent Financial Adviser, which sets out the factors and reasons taken into account in arriving at its recommendation to the Independent Board Committee, set out in Part VI. of the Scheme Document; and (iii) the Explanatory Memorandum set out in Part VII. of the Scheme Document.

Yours faithfully

The Independent Board Committee

Mr. Gao Yue

*Independent Non-executive
Director*

Mr. Poon Tsz Hang

*Independent Non-executive
Director*

Mr. Daniel Foa

*Independent Non-executive
Director*

Set out below is the letter of advice from Somerley Capital Limited, the Independent Financial Adviser to the Independent Board Committee regarding the Proposal and the Scheme and the Undertaking prepared for the purpose of incorporation in this Scheme Document.



SOMERLEY CAPITAL LIMITED
20th Floor China Building
29 Queen's Road Central
Hong Kong

21 August 2020

To: the Independent Board Committee

Dear Sirs,

**(1) PROPOSAL FOR THE PRIVATISATION OF
GOLDEN MEDITECH HOLDINGS LIMITED BY THE OFFEROR
BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 86 OF THE COMPANIES LAW)
(2) PROPOSED WITHDRAWAL OF LISTING
AND
(3) SPECIAL DEAL RELATING TO THE UNDERTAKING**

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee in connection with the Proposal and the Scheme. Details of the Proposal and the Scheme are set out in the Scheme Document dated 21 August 2020, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Scheme Document unless the context otherwise requires.

On 17 June 2020, the Company and the Offeror jointly announced that on 9 June 2020, the Offeror requested the Board to put forward a proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under Section 86 of the Companies Law involving the cancellation of the Disinterested Scheme Shares and, in consideration thereof, the payment to the Scheme Shareholders of the Cancellation Price of HK\$0.88 in cash for each Scheme Share so cancelled, and the withdrawal of the listing of the Shares on the Stock Exchange.

On 17 June 2020, the Offeror and the Company received the Undertaking from Atlantis, pursuant to which Atlantis has irrevocably and unconditionally undertaken that, amongst other things, Atlantis will not participate in the Proposal and the Scheme in respect of any of the Atlantis Shares and none of the Atlantis Shares shall constitute the Disinterested Scheme Shares, and that Atlantis will not sell or otherwise dispose of any of

the Atlantis Shares or acquire any additional interest in any of the Shares. Detailed terms of the Undertaking are set out in the section headed “Principal terms of the Proposal and the Scheme — The Undertaking” below.

As a result of the Undertaking, Atlantis is a party acting in concert with the Offeror as Atlantis will remain as a Shareholder after the completion of the Proposal and the Scheme. The Undertaking constitutes a special deal and is therefore conditional on (i) the Disinterested Shareholders’ approval at the General Meeting; and (ii) the consent from the Executive pursuant to Rule 25 of the Takeovers Code.

The Independent Board Committee comprising the following independent non-executive Directors, namely Mr. Gao Yue, Mr. Poon Tsz Hang and Mr. Daniel Foa, has been established to make a recommendation to the Disinterested Shareholders as to (i) whether the terms of the Proposal and the Scheme and the Undertaking are, or are not, fair and reasonable; and (ii) whether to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the General Meeting to approve and implement the Proposal and the Undertaking. The Independent Board Committee has approved our appointment as the Independent Financial Adviser to advise the Independent Board Committee in these regards.

We are not associated with the Company, the Offeror, Atlantis, or any party acting, or presumed to be acting, in concert with any of them and, accordingly, are considered eligible to give independent advice on the Proposal and the Scheme and the Undertaking. Apart from normal professional fees paid or payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, the Offeror or any party acting, or presumed to be acting, in concert with any of them.

In formulating our opinion, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Group, which we have assumed to be true, accurate and complete. We have reviewed, among other things, the annual reports of the Company for each of the three years ended 31 March 2020, the property valuation report prepared by Roma Appraisals Limited (the “**Valuer**”), the trading performance of the Shares on the Stock Exchange, and information set out in the Scheme Document. We have sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We consider that the information we have received is sufficient for us to reach our opinion and give the advice and recommendation set out in this letter. We have no reason to believe that any material information has been omitted or withheld, or to doubt the truth or accuracy of the information provided. We have, however, not conducted any independent investigation into the business and affairs of the Group, the Offeror or any of their respective associates or any party acting, or presumed to be acting, in concert with any of them, nor have we carried out any independent verification of the information supplied. We have also assumed that all representations contained or referred to in the Scheme Document were true at the time they were made and at the date of the Scheme Document and will continue to be true up to the time of the Court Meeting and the General Meeting, and Disinterested Shareholders will be informed of any material change as soon as possible according to the requirements of Rule 9.1 of the Takeovers Code.

We have not considered the tax and regulatory implications on the Disinterested Shareholders of acceptance or non-acceptance of the Proposal, as the case may be, since these are particular to their individual circumstances. In particular, the Disinterested Shareholders who are overseas residents or subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax position and, if in any doubt, should consult their own professional advisers.

PRINCIPAL TERMS OF THE PROPOSAL AND THE SCHEME

The Proposal and the Scheme and the Cancellation Price

On 9 June 2020, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under Section 86 of the Companies Law involving the cancellation of the Disinterested Scheme Shares and, in consideration thereof, the payment to the Scheme Shareholders of the Cancellation Price in cash for each Disinterested Scheme Share, and the withdrawal of the listing of the Shares on the Stock Exchange.

If the Proposal is approved and implemented, under the Scheme, the issued share capital of the Company will, on the Effective Date of the Scheme, be reduced by the cancellation of the Disinterested Scheme Shares. Upon such reduction, the issued share capital of the Company will be increased to its former amount by the issuance at par to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Disinterested Scheme Shares cancelled. The credit arising in the Company's books of account as a result of the issued capital reduction will be applied in paying up in full at par the new Shares so issued, credited as fully paid, to the Offeror.

Cancellation Price

Under the Scheme, the Scheme Shareholders will receive from the Offeror the Cancellation Price of HK\$0.88 in cash for each Disinterested Scheme Share as consideration for the cancellation of the Disinterested Scheme Shares held as at the Effective Date.

As disclosed in the Explanatory Memorandum of the Scheme Document, the Company did not declare any dividend for the six months ended 30 September 2019 and the financial year ended 31 March 2020, and as at the Latest Practicable Date, the Company had no intention to make, declare or pay any future dividends/distribution until after completion of the Proposal and the Scheme.

As disclosed in the Explanatory Memorandum of the Scheme Document, **the Cancellation Price will not be increased, and the Offeror does not reserve the right to do so.**

The Cancellation Price has been determined on a commercial basis after taking into account, among others, the prices of the Shares traded on the Stock Exchange.

During the six-month period preceding and including the 17 June 2020, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.85 on 19, 23 and 31 December 2019 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.48 on 22 May 2020.

Total consideration and financial resources

On the assumption that no further Shares are to be issued before the Record Date, the Disinterested Scheme Shares comprise 482,754,049 Shares which represent approximately 16.55% of the issued share capital of the Company as at the Latest Practicable Date and the amount of cash required for cancelling the Disinterested Scheme Shares under the Proposal is approximately HK\$424,824,000 based on the Cancellation Price.

The cash required for the Proposal is financed by the cash proceeds received from the subscriptions pursuant to the Subscription Agreement. Pursuant to the Subscription Agreement, each of the Subscribers has agreed to subscribe for and the Offeror has agreed to allot and issue (i) an aggregate of 54 new shares of the Offeror with an aggregate cash consideration of HK\$54 (i.e. 1st Tranche Subscription); and (ii) an aggregate of 9,945 new shares of the Offeror with an aggregate cash consideration of US\$55,000,000 (i.e. 2nd Tranche Subscription). Upon completion of the 1st Tranche Subscription, each of the Subscribers will become a shareholder of the Offeror.

As stated in the Explanatory Memorandum in the Scheme Document, as at the Latest Practicable Date, the Offeror Bank Account had been established. The aggregate cash consideration of HK\$54 (being the 1st Tranche Subscription Consideration) has already been deposited into the Offeror Bank Account. The 1st Tranche Subscription is expected to be completed on 20 August 2020, as time is required to go through the administrative procedure for issuing new shares of the Offeror, pursuant to the terms of the Subscription Agreement. The aggregate cash consideration of approximately US\$55,000,000 (being the 2nd Tranche Subscription Consideration) has already been made available and deposited in the respective accounts of each of the Subscribers and earmarked for the sole purpose of the payment of Cancellation Price. Pursuant to the terms of the Subscription Agreement, the 2nd Tranche Subscription shall take place on the 2nd Tranche Completion Date, being effectively the second (2nd) Business Day following the date of the General Meeting.

Details of the Subscription Agreement are set out in the section headed “4. The Subscription Agreement” in “Part VII. — Explanatory Memorandum” of the Scheme Document. Amasse Capital, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for discharging its obligations in respect of the full implementation of the Proposal.

Conditions of the Proposal and the Scheme

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

- (a) the approval of the Scheme (by way of poll) by a majority in number of the Scheme Shareholders holding not less than 75% of the votes attaching to the Disinterested Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting;

- (b) the approval of the Scheme (by way of poll) by the Disinterested Shareholders holding at least 75% of the votes attaching to the Disinterested Scheme Shares held by the Disinterested Shareholders present and voting either in person or by proxy at the Court Meeting, provided that the number of votes cast (by way of poll) by the Disinterested Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Disinterested Scheme Shares held by all the Disinterested Shareholders;
- (c) (i) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting in person or by proxy at the General Meeting to approve and give effect to the reduction of the share capital of the Company by cancelling and extinguishing the Disinterested Scheme Shares; and (ii) the passing of an ordinary resolution by a simple majority of the votes cast by the Shareholders present and voting either in person or by proxy at the General Meeting to, immediately after the capital reduction, increase the issued share capital of the Company to the amount prior to the cancellation of the Disinterested Scheme Shares by the allotment and issue at par to the Offeror of such aggregate number of new Shares as is equal to the number of Disinterested Scheme Shares cancelled and apply the reserve created as a result of such capital reduction to pay up in full at par such number of new Shares to be allotted and issued, credited as fully paid, to the Offeror;
- (d) in relation to the Undertaking, (i) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee, confirming that the Undertaking is fair and reasonable; (ii) the passing of an ordinary resolution by the Disinterested Shareholders at the General Meeting to approve the Undertaking; and (iii) the consent of the Executive for the Undertaking obtained pursuant to Rule 25 of the Takeovers Code;
- (e) the Grand Court's sanction of the Scheme (with or without modifications) and its confirmation of the reduction of the share capital of the Company, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court for registration;
- (f) compliance, to the extent necessary, with the procedural requirements and conditions, if any, under sections 15 to 17 of the Companies Law in relation to the reduction of the share capital of the Company;
- (g) (i) all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with; and (ii) no requirement having been imposed by any Relevant Authorities which is not expressly provided for, or is in addition to requirements expressly provided for, under any relevant laws, rules, regulations or codes, in connection with the Proposal or the Scheme, or any matters, documents (including circulars) or things relating to the Proposal or the Scheme, in each aforesaid case up to and at the time when the Scheme becomes effective;

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

The Offeror reserves the right to waive Conditions (h) to (j) either in whole or in part, either generally or in respect of any particular matter. Conditions (a) to (g) cannot be waived in any event. The Company has no right to waive any of the Conditions.

In respect of Conditions (g) and (h) above, the Company and/or the Offeror were not aware of any such statutory or regulatory obligations, requirements or consents required as at the Latest Practicable Date.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Scheme if the circumstances which give rise to the right to invoke any such Condition are of material significance to the Offeror in the context of the Proposal. As at the Latest Practicable Date, the Offeror was not aware of any such circumstances. All of the above Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Proposal and the Scheme will lapse.

As at the Latest Practicable Date, none of the Conditions have been fulfilled or waived.

Assuming that the above Conditions are fulfilled (or, as applicable, waived in whole or in part), it is expected that the Scheme will become effective on or about Wednesday, 14 October 2020 (Cayman Islands time). Further announcements will be made including in particular in relation to (i) the results of the Court Meeting and the General Meeting and, if all the resolutions are passed at those meetings, (ii) the result of the Grand Court hearing of the petitions to sanction the Scheme and to confirm the capital reduction, (iii) the Record

Date, (iv) the Effective Date and (v) the date of withdrawal of the listing of the Shares on the Stock Exchange as further set out in “Part III. — Expected Timetable” of the Scheme Document.

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

The Undertaking

On 17 June 2020, the Offeror and the Company received the Undertaking from Atlantis, pursuant to which Atlantis has irrevocably and unconditionally undertaken that:

1. from (and including) the date of the Undertaking to (and including) the earlier of (i) the date on which the Proposal and the Scheme become effective; or (ii) the lapse or withdrawal of the Proposal and the Scheme (as the case may be):
 - (a) Atlantis will not participate in the Proposal and the Scheme in respect of any of the Atlantis Shares, and none of the Atlantis Shares shall constitute the Disinterested Scheme Shares, and therefore the Atlantis Shares will not be cancelled if the Scheme becomes effective, and Atlantis will not receive any consideration under the Scheme; and
 - (b) Atlantis will not (i) sell or otherwise dispose of any of the Atlantis Shares; or (ii) exercise any warrants, options or any other rights in whatever form to acquire any additional interest in any of the Shares; and
2. immediately after the Scheme becomes effective, the Atlantis Shares registered under its name and/or in the name of its nominee(s) will remain so registered.

As at the Latest Practicable Date, Atlantis holds the Atlantis Shares, being 317,166,529 Shares, representing approximately 10.87% of the issued share capital of the Company. As a result of the Undertaking, Atlantis is a party acting in concert with the Offeror as Atlantis will remain as a Shareholder after the completion of the Proposal and the Scheme. The Undertaking constitutes a special deal and is therefore conditional on (i) the Disinterested Shareholders’ approval at the General Meeting; and (ii) the consent from the Executive pursuant to Rule 25 of the Takeovers Code. No consideration, compensation or benefit in whatever form is or will be provided by the Offeror or the Offeror Concert Parties (other than Atlantis) to Atlantis or parties acting in concert with it in connection with the Undertaking.

Scheme of Arrangement under Section 86 of the Companies Law and the Court Meeting

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

It is expressly provided in Section 86 of the Companies Law that if a majority in number representing 75% in value of the members or class of members, as the case may be, present and voting either in person or by proxy at the meeting held as directed by the Grand Court as aforesaid, agree to any compromise or arrangement, the compromise or arrangement shall, if sanctioned by the Grand Court, be binding on all members or class of members, as the case may be, and also on the company. Upon the Scheme becoming effective it will be binding on the Company and all Scheme Shareholders, regardless of how they voted (or whether they voted) at the Court Meeting and the General Meeting.

Following the Effective Date and the withdrawal of listing of the Shares on the Stock Exchange, the Offeror and the Offeror Concert Parties will hold 100% of the issued share capital of the Company, on the assumption that there is no other change in shareholding in the Company before completion of the Proposal.

Warnings:

Shareholders and potential investors should be aware that the implementation of the Proposal and the Scheme are subject to Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented, the Scheme may or may not become effective. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Information of the Group

1.1. Background information of the Group

The Company is a limited liability company incorporated in the Cayman Islands. The Shares have been listed on the Stock Exchange since 28 December 2001. The Group operates in five main operating segments from continuing operations, including (i) the development, manufacture and sale of medical devices and related medical device accessories (“**Medical Devices Business**”); (ii) the provision of hospital management service and hospital operation (“**Hospital Business**”); (iii) the provision of medical insurance administration service; (iv) the research and development, manufacture and sale of Chinese herbal medicines; and (v) the provision of cells and tissues storage and genetic testing services.

1.2. Financial information of the Group

(i) Financial performance

Set out below is a summary of the Group's consolidated financial performance for the three years ended 31 March 2018, 2019 and 2020 ("FY2018", "FY2019" and "FY2020" respectively) (collectively, the "Period") as extracted from the Company's annual reports for each of FY2019 (the "2019 Annual Report") and FY2020 (the "2020 Annual Report"):

	For the financial year ended 31 March		
	2020	2019	2018
		<i>(Note 1)</i>	<i>(Note 2)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Continuing operations			
Revenue			
— Medical Devices Business	147,168	142,564	131,897
— Hospital Business	145,043	147,014	107,118
— Medical insurance administration service	5,036	7,046	5,486
— Sale of Chinese herbal medicines	8,373	5,352	5,274
— Cells and tissues storage and genetic testing services	1,521	13,692	944
	307,141	315,668	250,719
Cost of sales	(188,623)	(181,243)	(140,791)
Gross profit	118,518	134,425	109,928
Other net income	117,494	138,076	99,953
Selling and marketing expenses	(54,677)	(53,775)	(40,623)
Administrative expenses	(326,121)	(389,746)	(417,729)
Impairment loss on other receivables	(18,642)	(378,843)	—
Impairment loss on available-for-sale securities	—	—	(49,603)
Loss from operations	(163,428)	(549,863)	(298,074)
Finance costs	(51,656)	(74,271)	(377,055)
Changes in fair value of financial instruments at fair value through profit or loss	(37,057)	(13,971)	(47,485)
Share of losses of associates	(12,069)	(18,892)	(7,897)
Share of losses of joint ventures	(16,797)	(4,777)	(5,976)

PART VI. LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	For the financial year ended 31 March		
	2020	2019	2018
		<i>(Note 1)</i>	<i>(Note 2)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss before taxation	(281,007)	(661,774)	(736,487)
Income tax expense	<u>(4,515)</u>	<u>(41,101)</u>	<u>(8,519)</u>
Loss for the year from continuing operations	(285,522)	(702,875)	(745,006)
Discontinued operation			
Profit for the year from discontinued operation	<u>—</u>	<u>—</u>	<u>4,108,092</u>
(Loss)/profit for the year	<u><u>(285,522)</u></u>	<u><u>(702,875)</u></u>	<u><u>3,363,086</u></u>
(Loss)/profit attributable to: Equity shareholders of the Company			
— continuing operations	(261,364)	(675,444)	(707,605)
— discontinued operation	<u>—</u>	<u>—</u>	<u>4,106,754</u>
	<u><u>(261,364)</u></u>	<u><u>(675,444)</u></u>	<u><u>3,399,149</u></u>
Non-controlling interests			
— continuing operations	(24,158)	(27,431)	(37,401)
— discontinued operation	<u>—</u>	<u>—</u>	<u>1,338</u>
	<u><u>(24,158)</u></u>	<u><u>(27,431)</u></u>	<u><u>(36,063)</u></u>
(Loss)/profit for the year	<u><u>(285,522)</u></u>	<u><u>(702,875)</u></u>	<u><u>3,363,086</u></u>

Note 1: The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. As confirmed by the Company and as reflected in the note 2(c) of the 2020 Annual Report, the financial effect regarding the non-restated figures are immaterial and therefore, no material impact on the comparability of figures for FY2018 and FY2019.

Note 2: The Group has initially applied HKFRS 9 and HKFRS 15 at 1 April 2018. Under the transition methods chosen, comparative information is not restated.

Revenue

Revenue from continuing operations of the Group increased by around 25.9% from approximately HK\$250.7 million in FY2018 to approximately HK\$315.7 million in FY2019 and remained relatively steady with a slight drop of around 2.7% to approximately HK\$307.1 million in FY2020. We note that the increase in revenue in FY2019 was mainly driven by the increase in revenue contributed by the Hospital Business and the cells and tissues storage and genetic testing services segment. In January 2018, the Group completed the disposal of its subsidiary namely Global Cord Blood Corporation and since then, the Group had ceased to conduct cord blood storage business. Since FY2019, the largest contributors to total revenue have been the Medical Devices Business and the Hospital Business, each of which represented over 40% of the total revenue of each of FY2018, FY2019 and FY2020.

Revenue generated from the Medical Devices Business increased by around 8.1% in FY2019 mainly due to the improved sales volume resulting from the continuing reinforcement of the Group's marketing efforts. Revenue from the Hospital Business increased by around 37.2% in FY2019 mainly because of the organic growth at existing obstetrics and gynecology department of Beijing Sunbow Obstetrics & Gynecology Hospital and growth in rental income from Beijing Qinghe Hospital. Revenue generated from the medical insurance administration service increased by around 28.4% in FY2019 mainly due to expansion of customer base. During FY2019, the revenue from sale of Chinese herbal medicines remained steady with a slight increment of around 1.5%. The cells and tissues storage and genetic testing services segment has achieved a dynamic growth of around 1,350.4% in FY2019 mainly because of the first-mover advantage enjoyed by the Group from its early involvement in the pioneering cells and tissues storage and genetic testing services businesses.

Revenue generated from the Medical Devices Business increased slightly by around 3.2% in FY2020 mainly due to increased sales volume as a result of the downward adjustment to the prices of the medical devices by the Group, and the increased selling prices of the third parties medical device and consumables. However, revenue from the Hospital Business dropped slightly by around 1.3% in FY2020 mainly because of the decline in rental income from Beijing Qinghe Hospital owing to the drop of its utility income and the relocation of Shanghai East International Medical Center Limited after the completion of expansion work in the second half of 2019. Revenue generated from the medical insurance administration service declined by around 28.5% in FY2020 mainly due to the general decline in contracts from its existing customers. During FY2020, revenue from sale of Chinese herbal medicines increased by around 56.5% mainly attributable to the improved sales volume in certain regions. The revenue of cells and tissues storage and genetic testing services segment has dropped significantly of around 88.9% in FY2020 as a result of laboratory modification work which had an impact on the testing services provided during the year.

Gross profit

Gross profit from continuing operations increased by approximately 22.3% in FY2019 from approximately HK\$109.9 million in FY2018 to approximately HK\$134.4 million in FY2019 which was in line with the improvements in revenue despite the higher costs associated with the cost of sales of medical device consumables which had partly netted off the increased revenue. Whereas for FY2020, the Group's gross profit from continuing operations had reported a drop of approximately 11.8% and this was mainly due to the increased operational costs incurred by Beijing Qinghe Hospital and increased production cost of medical device consumables for the year.

Net loss/profit attributable to equity shareholders of the Company

The Group reported total net loss attributable to equity shareholders of the Company of approximately HK\$675.4 million in FY2019 as compared to net profit from both continuing and discontinued operations attributable to equity shareholders of the Company of approximately HK\$3,399.1 million in FY2018 mainly as a result of, among other things, the gain on disposal of Global Cord Blood Corporation of approximately HK\$3,789.7 million (net of tax) recorded in January 2018.

Net loss from continuing operations attributable to equity shareholders of the Company narrowed from approximately HK\$675.4 million in FY2019 to approximately HK\$261.4 million in FY2020. Such drop was mainly attributable to (i) the decrease in impairment loss on other receivables to approximately HK\$18.6 million resulting from less impairment provision made on the other receivables due from Sanpower Group Limited in FY2020; along with (ii) a further drop in finance costs of around 30.5% to approximately HK\$51.7 million in FY2020 due to lower level of leverage of the Group and lower interest rates on new interest-bearing borrowings; netted off by (iii) the enlarged loss in fair value of financial instruments at fair value through profit or loss of around 165.2% to approximately HK\$37.1 million in FY2020 mainly attributable to the unfavourable fair value changes of the fund investments held by the Group.

(ii) Financial position

Set out below is a summary of the consolidated financial position of the Group as at 31 March 2019 and 31 March 2020, as extracted from the 2020 Annual Report:

	31 March	
	2020	2019
		<i>(Note 1)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets		
Property, plant and equipment	2,459,218	1,145,884
Interests in leasehold land held for own use	—	1,445,512
Goodwill	164,420	173,119
Interests in associates	49,085	49,230
Interests in joint ventures	200,683	199,498
Other receivables	382,151	371,959
Other non-current assets	<u>43,660</u>	<u>51,899</u>
	<u>3,299,217</u>	<u>3,437,101</u>
Current assets		
Inventories	31,154	23,927
Trade and other receivables	2,645,790	158,348
Pledged and time deposits	956,091	672,515
Cash and cash equivalents	<u>160,762</u>	<u>3,068,456</u>
	<u>3,793,797</u>	<u>3,923,246</u>
TOTAL ASSETS	<u>7,093,014</u>	<u>7,360,347</u>
Current liabilities		
Trade and other payables	2,090,361	1,791,992
Contract liabilities	32,856	22,263
Interest-bearing borrowings	328,084	894,889
Lease liabilities	21,371	2,924
Income tax payables	<u>60,738</u>	<u>62,267</u>
	<u>2,533,410</u>	<u>2,774,335</u>

	31 March	
	2020	2019
		<i>(Note 1)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities		
Interest-bearing borrowings	524,934	—
Leases liabilities	34,864	17,612
Deferred tax liabilities	123,494	135,495
Other non-current liabilities	<u>366</u>	<u>390</u>
	<u>683,658</u>	<u>153,497</u>
TOTAL LIABILITIES	<u>3,217,068</u>	<u>2,927,832</u>
NET ASSETS	<u>3,875,946</u>	<u>4,432,515</u>
Capital and Reserves		
Share capital	583,386	583,386
Reserves	<u>3,261,330</u>	<u>3,798,111</u>
Total equity attributable to equity shareholders of the Company	3,844,716	4,381,497
Non-controlling interests	<u>31,230</u>	<u>51,018</u>
TOTAL EQUITY	<u>3,875,946</u>	<u>4,432,515</u>

Note 1: The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. As confirmed by the Company and as reflected in the note 2(c) of the 2020 Annual Report, the financial effect regarding the non-restated figures are immaterial and therefore, no material impact on the comparability of figures for FY2018 and FY2019.

Non-current assets of the Group as at 31 March 2019 and 31 March 2020 mainly comprised of, among others, property plant and equipment and interests in leasehold land held for own use (which was reclassified to under property, plant and equipment in FY2020 due to the change in accounting standard). Balance of total non-current assets slightly dropped by around 4.0% from approximately HK\$3,437.1 million as at 31 March 2019 to approximately HK\$3,299.2 million as at 31 March 2020, which was mainly due to the decrease of around 5.1% in property, plant and equipment and interest in leasehold land held for own use in aggregate from approximately HK\$2,591.4 million as at 31 March 2019 to approximately HK\$2,459.2 million as at 31 March 2020 as a result of the depreciation charges during FY2020.

As at 31 March 2019 and 31 March 2020 respectively, current assets of the Group comprised of mainly trade and other receivables, pledged and time deposits and cash and cash equivalents. Balance for total current assets slightly dropped by around 3.3% mainly due to the significant drop of cash and cash equivalents of around 94.8% from approximately HK\$3,068.5 million as at 31 March 2019 to approximately HK\$160.8 million as at 31 March 2020, which was partially netted off by the increment of around 1,570.9% of trade and other receivables to approximately HK\$2,645.8 million as at 31 March 2020 resulting from the offshore remittance procedures in accordance with relevant clauses of the disposal agreement of Global Cord Blood Corporation.

Current liabilities of the Group as at 31 March 2019 and 31 March 2020 mainly comprised of, among other things, trade and other payables and interest-bearing borrowings (current portion). The balance of current liabilities decreased by around 8.7% from approximately HK\$2,774.3 million as at 31 March 2019 to approximately HK\$2,533.4 million as at 31 March 2020, such decrease was mainly a result of a drop in interest-bearing borrowings (current portion) by around 63.3% from approximately HK\$894.9 million as at 31 March 2019 to approximately HK\$328.1 million as at 31 March 2020 due to the extension of majority of borrowings repayable from within one year to after one year, netted off by the increase in trade and other payables of around 16.7% from approximately HK\$1,792.0 million as at 31 March 2019 to approximately HK\$2,090.4 million as at 31 March 2020, resulting from the increase in investment deposits received from a third party for participating in potential acquisitions.

Non-current liabilities of the Group as at 31 March 2020 and 31 March 2019 mainly comprised of interest-bearing borrowings (non-current portion) and deferred tax liabilities. The balance for total non-current liabilities of the Group as at 31 March 2020 increased from approximately HK\$153.5 million as at 31 March 2019 to approximately HK\$683.7 million as at 31 March 2020, mainly as a result of the increase in the non-current interest-bearing borrowings due to the extension of majority of borrowings repayable from within one year to after one year.

As disclosed in the 2020 Annual Report and as advised by the Company, the debt ratio (as represented by total interest-bearing borrowings (including total lease liabilities) divided by total equity) was approximately 23.5% as at 31 March 2020, as compared to 20.7% as at 31 March 2019. Such increase was mainly due to the drop in total equity of around 12.6% from approximately HK\$4,432.5 million as at 31 March 2019 to approximately HK\$3,875.9 million as at 31 March 2020.

Total equity attributable to equity shareholders of the Company (“NAV”) decreased by approximately 12.3% from approximately HK\$4,381.5 million as at 31 March 2019 to approximately HK\$3,844.7 million as at 31 March 2020. NAV per Share, based on the total number of issued Shares of 2,916,932,138 as at the Latest Practicable Date, was approximately HK\$1.318 as at 31 March 2020.

Except for the special dividend of HK\$0.30 per Share paid to Shareholders in March 2018, no other interim or final dividend has been declared and paid by the Company to its Shareholders during the entire Period.

1.3. Valuation on property interests of the Group

The property interests of the Group (including the property interests held by the Company and its subsidiaries, collectively, the “**Properties**”) have been valued by the Valuer. The full text of the valuation report and certificate of the Properties for their respective market value in existing state as at 31 May 2020 (the “**Valuation Report**”) is set out in Appendix II to the Scheme Document. According to the Valuation Report, the market values in existing state of the Properties in Beijing and Shanghai are approximately RMB2,611.6 million as at 31 May 2020. Pursuant to the Valuation Report and as stated in the section headed “4. Property interests and adjusted NAV of the Group” in Appendix I to the Scheme Document, the total market value of the Properties in existing state attributable to the Shareholders as at 31 May 2020 was approximately RMB2,366.6 million (equivalent to approximately HK\$2,588.2 million) (the “**Valuation**”). We understand from the Management that all of the Properties since their acquisition have been and are currently occupied by the Group as its own production and operation bases as well as office uses.

We have reviewed the Valuation Report and discussed with the Valuer the methodology of and bases and assumptions adopted for the valuations and the adjustments made to arrive at the valuation. We noted that the Valuer has valued the Properties in Beijing, being the two properties referred to as Nos. 1 and 2 as set out under the Valuation Report, using the depreciated replacement costs approach (the “**DRC Method**”) which is due to the specific purpose for which most of the buildings and structures of the properties have been constructed with no readily identifiable market comparable as disclosed in the Valuation Report. As further disclosed in the Valuation Report, such approach is based on an estimate of the market value for the existing use of the land by referencing with the available land sale transactions in the locality, plus the current cost of replacement of the existing structures less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.

For the remaining Properties in Shanghai referred to as No. 3 as set out under the Valuation Report, we noted that the Valuer adopted the direct comparison approach, and such approach involves the analysis of recent market evidence of similar properties to compare with the subject under valuation with the assumption that the Shanghai property will be redeveloped and completed in accordance with the latest planning policy and relevant regulations of development proposal. Such approach has also taken into account the expended development costs and the costs including estimated land premium that will be expended to complete the development.

The above valuation methodologies are, in our opinion, commonly used and reasonable approaches in establishing the market values of the Properties. Furthermore, we have performed works as required under note (1)(d) to Rule 13.80 of the Listing Rules in relation to the Valuer and its work as regards the valuation.

1.4. Adjusted NAV

In evaluating the Proposal and the Scheme, we have taken into account the adjusted consolidated net assets attributable to the Shareholders (the “**Adjusted NAV**”), which is provided by the Company and calculated based on the audited consolidated net assets attributable to the Shareholders as at 31 March 2020, adjusted with reference to the Valuation as at 31 May 2020. Details of the adjustment are set out in the table below.

	<i>HK\$ 'million</i>
Consolidated NAV as at 31 March 2020	3,844.7
<i>Add:</i>	
Revaluation surplus arising from the Valuation net of relevant deferred tax (<i>Note 1</i>)	<u>485.7</u>
Adjusted NAV	<u><u>4,330.4</u></u>
Adjusted NAV per Share (HK\$) (<i>Note 2</i>)	1.485
Cancellation Price (HK\$)	0.88
Discount represented by the Cancellation Price to Adjusted NAV per Share	40.7%

Notes:

1. This represents a revaluation surplus calculated by reference to the Valuation as at 31 May 2020 of approximately RMB2,366.6 million (equivalent to approximately HK\$2,588.2 million, net of the book value of such property interests as of 31 March 2020 of approximately HK\$1,920.0 million and relevant deferred tax associated in the respective jurisdictions of approximately HK\$182.6 million.
2. Based on 2,916,932,138 Shares in issue as at the Latest Practicable Date.

As set out in the above table, the Cancellation Price of HK\$0.88 per Share represents a discount of approximately 40.7% to the Adjusted NAV per Share of approximately HK\$1.485.

The appreciation in value of the Properties of approximately HK\$668.2 million (before deferred tax adjustment) represented by the Valuation was mainly attributable to the fact that most of the Properties have been stated at cost in the consolidated financial statements of the Group since their construction or acquisition in accordance with the accounting policy adopted by the Group. We also note that all of the Properties since the completion of their constructions or acquisitions have been and are currently occupied by the Group as its bases for its own operations, as hospital, industrial and office buildings. According to the Directors, the Group has no intention to dispose of or transfer its interests in the Properties. In particular, as regard the

redevelopment potential of the Property No. 3, each of the Offeror and the Company has confirmed that they have no current intention to peruse any redevelopment plan of such property in the near future. Accordingly, such appreciation amount is unlikely to be realised. As also set out in the Explanatory Memorandum in the Scheme Document, it is the intention of the Offeror for the Group to maintain its existing business, which principally comprises (i) the Medical Devices Business; (ii) the Hospital Business; (iii) the provision of medical insurance administration service; (iv) the research and development, manufacture and sale of Chinese herbal medicines; and (v) the provision of cells and tissues storage and genetic testing services, and the Offeror has no plan to introduce any material changes to the business and/or assets of the Group, to redeploy its major fixed assets or to discontinue the employment of employees of the Group as a result of the Proposal. Having considered the aforesaid, we consider that the appreciation in value of the Properties is not of material relevance in considering the underlying value of the Group and accordingly, we have assigned less weight to the Adjusted NAV in our overall analyses.

2. Prospects of the Group

As discussed in detail in section headed “1.2 Financial information of the Group” above, the Group is principally engaged in five main operating segments from continuing operations including (i) the Medical Devices Business; (ii) the Hospital Business; (iii) the provision of medical insurance administration service; (iv) the research and development, manufacture and sale of Chinese herbal medicines; and (v) the provision of cells and tissues storage and genetic testing services. Based on the revenue breakdown outlined under the same section, we noted that the key revenue contributors of the Group are the Medical Devices Business and the Hospital Business. The aggregated revenue from the two segments accounted for 95.3%, 91.7% and 95.1% of total revenue from continuing operations for each of the FY2018, FY2019 and FY2020 respectively.

Based on the national data published by the National Bureau of Statistics of China, growth rate of per capita expenditure nationwide spent on healthcare and medical services in the PRC remained steady at between approximately 11% and 16% between 2014 and 2019. We further noted from the 2020 Annual Report, the National Health Commission of the PRC has also published the Opinions on Promoting the Sustainable and Regulated Development of Private Medical Institutions (《關於促進社會辦醫持續健康規範發展的意見》) which welcomed a new round of policies including the proposal to increase support for private healthcare enterprises and encouraged the establishment and operation of high quality general practice clinics by private capital. With the introduction of such policies, additional competition in the industry is likely to be encountered. We note from the national data published by the National Bureau of Statistics of China, the number of hospitals in the PRC has grown from approximately 20,918 in 2010 to as much as 34,354 in 2019, representing a compounded annual growth rate of approximately 5.7%. In addition to competition, the General Office of the State Council published the Notices on Key Objectives of Strengthening the Reform of the Medical and Healthcare System 2017* 《深化醫藥衛生體制(改革2017年重點工作任務的通知)》 which provided the measures in the reform of healthcare system in the PRC including, among other things, limitations on the markup selling price of pharmaceutical drugs by public hospitals in the PRC. In November

2018, the Joint Procurement Office led by the State Administration for Medical Insurance published the Papers on Centralised Drug Procurement in “4+7” Cities (the “**Procurement Guidelines**”), which launched the national pilot scheme for tendering with minimum procurement quantities. The Procurement Guidelines listed 31 drugs for this pilot scheme together with an intended quantity commitment for each drug. The manufacturers and importers of the drugs are invited to bid to supply the drugs to public medical institutions in the “4+7” Cities. This move is aimed at reducing drug prices and may potentially impact how generic drugs are priced and procured in China. In this respect, and in view of the above recent regulatory changes, the Group’s key revenue contributors, namely the Medical Devices Business and the Hospital Business may face pressure.

We further noted from the national data published by the National Bureau of Statistics of China, gross domestic product (“**GDP**”) of China have recorded a drop of around 6.8% in the first quarter of 2020 as compared to the corresponding period last year. On 22 May 2020, China government further announced in 中國第十三屆全國人民代表大會第三次會議 中國總理李克強作政府工作報告 that no GDP target will be set for the year 2020, which is the first time since 1990.

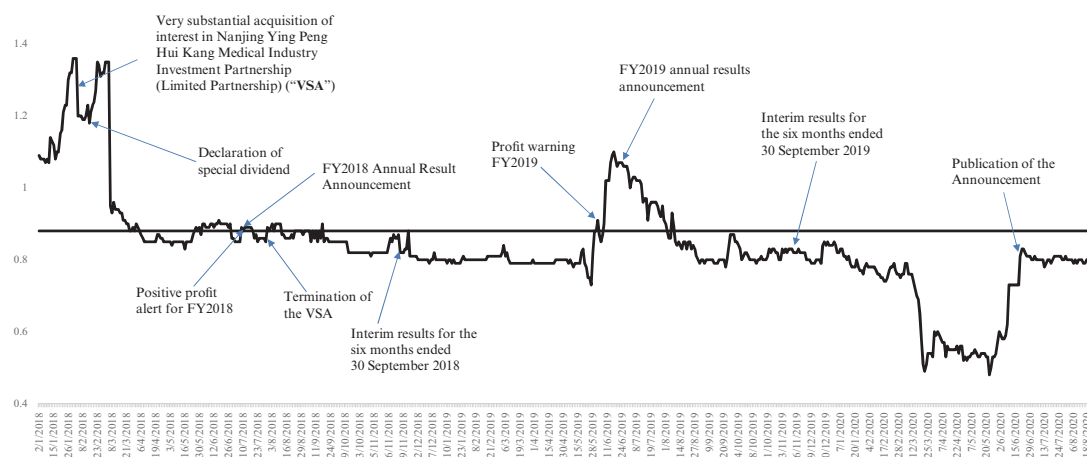
We further noted from the 2020 Annual Report that the Group’s annual results for FY2020 reported a decrease in revenue on a year-on-year basis because the impact from the 2019 novel coronavirus (“**Covid-19**”) has only started to show in early 2020. We have discussed and understand from the Management that Covid-19 is likely to cause uncertainties to the overall prospect of the Group due to lock-down and/or other cautionary actions from time to time taken by local governments in the PRC, patient visits to the Group’s hospitals has been impacted and as disclosed in the 2020 Annual Report, the Group’s Hospital Business, in particular, Shanghai East International Medical Center, has to offer medical consultation services via WeChat to certain patients to allow them to continue to receive medical attention without having to leave their homes. Further, the Medical Devices Business has also experienced uncertainties as a result of Covid-19 due to the decrease in demand from the customers (which are mainly hospitals and health institutions) and lesser marketing activities as a result of various lock-down measures taken by the governments. To ascertain the trend in health-related industry, in particular, during the first quarter of 2020, we have reviewed and noted from the national data published by the National Bureau of Statistics of China, per capita health care expenditure nationwide (accumulated in Yuan) for the first quarter ended 31 March 2020 declined by approximately 14.6% as compared to the fourth quarter ended 31 December 2019.

In light of the above facts, we consider that whether the Group will be able to maintain its business performance and further its product development, and/or react and adapt in a timely manner in response to the ever-changing global economy, would be uncertain. Given the above circumstances and the historical net loss from continuing operations attributable to Shareholders recorded during the Period, business prospects of the Company could be subject to challenges and there is no guarantee that financial performance of the Group would be able to turnaround in the near future.

3. Analysis on price performance and trading liquidity of the Shares

3.1. Historical price performance of the Shares

Set out below is the movement of the closing prices of the Shares during the period from 2 January 2018 to the Latest Practicable Date (the “**Review Period**”), and the announcements of the Company relating to certain corporate events that took place during the Review Period. The Review Period, which covers a period of more than 24 months, is considered to represent a sufficient period of time to provide a general overview on the recent market performance of the Shares for the purpose of this analysis:



Source: Bloomberg

The closing prices of the Share ranged from HK\$0.48 to HK\$1.36 during the period between 2 January 2018 and the Last Trading Day (both dates inclusive, the “**Pre-announcement Period**”), with an average closing price of around HK\$0.84.

The Company’s Share closing price increased remarkably in January 2018 from approximately HK\$1.09 on 2 January 2018 to its peak in the Pre-announcement Period of HK\$1.36 on 31 January, 1 and 2 February 2018. Trading in the Shares then fluctuated and closed between just under HK\$1.20 and approximately HK\$1.35 between February 2018 until 6 March 2018 before declining to a then low of HK\$0.95 per Share on 7 March 2018. Subsequent to the decline in March 2018, trading in the Shares then fluctuated within a range of approximately \$0.83 and approximately HK\$0.96 between 8 March 2018 and 25 June 2018. The Share closing price remained around the same at approximately HK\$0.89 on 26 June 2018 after the publication of the Company’s positive profit alert of the FY2018 annual results on 25 June 2018 after trading hours. Following the positive profit alert announcement, the Share closing price demonstrated a gradual decline from approximately HK\$0.9 on 27 June 2018 to approximately HK\$0.87 on 26 November 2018. Upon the announcement of the interim results for the six months period ended 30 September 2018 after the trading hours on 26 November 2018, the Share closing price further dropped by around 5.8% to

approximately HK\$0.82 on 27 November 2018. After that, the Share closing price fluctuated within a range between approximately HK\$0.79 and approximately HK\$0.88 and closed at approximately HK\$0.8 on 31 December 2018.

The Share closing price fluctuated within a tight range between 2 January 2019 and 20 May 2019 of approximately HK\$0.78 and approximately HK\$0.84 before losing approximately 12.1% from approximately HK\$0.83 on 20 May 2019 to approximately HK\$0.73 on 27 May 2019. The Share closing price on 4 June 2019 remained steady at approximately HK\$0.85 on 4 June 2019 following the Company's profit warning announcement for the FY2019 on 3 June 2019 after trading hours. Since then, the Share closing price traded in a significant uptrend, increasing from approximately HK\$0.87 each on 5 June 2019 to a then high of approximately HK\$1.1 each on 17 June 2019. The Share closing price then showed a gradual downward trend in the second half of 2019 up to and including March 2020, hitting a then low of approximately HK\$0.49 each on 23 March 2020. We are advised by the Company that the Company is not aware of any reasons for the significant decrease in Share price and liquidity during the period. Trading in the Shares recovered to approximately HK\$0.59 each on 1 April 2020 before resuming its downward trend, hitting the all-time low during the Pre-announcement Period of approximately HK\$0.48 each on 22 May 2020. Since then the Share closing price increased from approximately HK\$0.5 on 25 May 2020 to approximately HK\$0.62 on 8 June 2020, being the Last Trading Date before the suspension of trading in the Shares on 9 June 2020 pending the publication of the Announcement.

Following the publication of the Announcement in relation to the Proposal after trading hours on 17 June 2020 and the resumption of trading on 18 June 2020, the Share closing price increased by around 11.1% to HK\$0.81 each on 18 June 2020. Since then the Share closing price fluctuated in a narrow range between HK\$0.78 and HK\$0.83 each, and the Share closing price as at Latest Practicable Date was HK\$0.80.

In summary, the Cancellation Price of HK\$0.88 per Disinterested Scheme Share represents:

- (i) a premium of approximately 41.94% over the closing price of HK\$0.62 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 54.39% over the average closing price of approximately HK\$0.57 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 60.00% over the average closing price of approximately HK\$0.55 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;

- (iv) a premium of approximately 54.39% over the average closing price of approximately HK\$0.57 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- (v) a premium of approximately 39.68% over the average closing price of approximately HK\$0.63 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- (vi) a premium of approximately 29.41% over the average closing price of approximately HK\$0.68 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day;
- (vii) a premium of approximately 22.22% over the average closing price of approximately HK\$0.72 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day; and
- (viii) a premium of approximately 10.00% over the closing price of HK\$0.80 per Share as at the Latest Practicable Date.

The Share price movement following the publication of the Announcement are likely to be driven by the Proposal and the Scheme. As such, we consider that there are no assurance that the Share price will remain at the current levels if the Proposal and the Scheme do not take place.

3.2. Trading liquidity of the Shares

Set out below in the table are the average daily trading volume of the Shares and the percentages of the average daily trading volume to the total issued Shares and public float of respectively during the Review Period:

	Average daily trading volume of the Shares	Approximate % of average daily trading volume to the total issued Shares <i>(Note 1)</i>	Approximate % of average daily trading volume to the public float of the Company <i>(Note 2)</i>
2018			
January	4,485,025	0.15%	0.93%
February	9,038,092	0.31%	1.87%
March	7,489,392	0.26%	1.55%
April	727,795	0.02%	0.15%
May	610,825	0.02%	0.13%
June	636,123	0.02%	0.13%
July	552,978	0.02%	0.11%
August	1,819,526	0.06%	0.38%
September	668,751	0.02%	0.14%
October	445,914	0.02%	0.09%
November	690,111	0.02%	0.14%
December	483,769	0.02%	0.10%
2019			
January	517,074	0.02%	0.11%
February	275,039	0.01%	0.06%
March	434,291	0.01%	0.09%
April	366,738	0.01%	0.08%
May	1,410,985	0.05%	0.29%
June	3,693,080	0.13%	0.77%
July	769,327	0.03%	0.16%
August	248,744	0.01%	0.05%
September	785,706	0.03%	0.16%
October	558,667	0.02%	0.12%
November	535,955	0.02%	0.11%
December	1,139,042	0.04%	0.24%

	Average daily trading volume of the Shares	Approximate % of average daily trading volume to the total issued Shares <i>(Note 1)</i>	Approximate % of average daily trading volume to the public float of the Company <i>(Note 2)</i>
2020			
January	602,128	0.02%	0.12%
February	1,156,488	0.04%	0.24%
March	626,550	0.02%	0.13%
April	453,806	0.02%	0.09%
May	394,980	0.01%	0.08%
From 1 June to 8 June 2020 (being the Last Trading Day)	2,074,560	0.07%	0.43%
Average during the Pre-announcement period	1,393,332	0.05%	0.29%
From 18 June 2020 to the Latest Practicable Date <i>(Note 3)</i>	2,384,088	0.08%	0.49%

Source: Website of the Stock Exchange and Bloomberg

Notes:

1. The calculation is based on the average daily trading volumes of the Shares divided by the total issued share capital at the end of each month or as at the Latest Practicable Date, as applicable.
2. The total number of Shares held by the public is calculated based on the total number of issued Shares excluding those held by the Offeror and the Offeror Concert Parties, at the end of each month or as at the Latest Practicable Date, as applicable.
3. 18 June 2020 being the first trade date immediately following the publication of the Announcement.

From the table above, which outlines the average daily trading volume as a percentage of the total issued Share capital and as a percentage of the public float respectively, save for the relatively higher liquidity in first 3 months of 2018 and June 2019, we note that the average daily trading volume of the Shares has been generally thin. The average daily trading volume of the Shares during the Pre-announcement Period was 1,393,332 Shares, representing around 0.05% of the total issued share capital of the Company and around 0.29% of the public float. The publication of the Announcement heightened the trading activity, with the average daily trading volume

of the Shares increasing to approximately 2,384,088 Shares (representing around 0.08% and 0.49% of the total issued Share capital and of the Shares held by the public respectively) in the period from 18 June 2020, being the first trade date immediately following the publication of the Announcement, to the Latest Practicable Date. The increased trading volume of the Shares was still relatively thin. Disinterested Shareholders should note that the improvement in liquidity of the Shares subsequent to the publication of the Announcement may not be sustainable if the Proposal and the Scheme do not take place or lapse.

Given the historical thin trading volume of the Shares, it is uncertain whether there would be sufficient liquidity in the Shares for the Disinterested Shareholders to dispose of a significant number of Shares in the open market without causing an adverse impact on the market price of the Shares. The Proposal and the Scheme, therefore, represent an opportunity for the Disinterested Shareholders, particularly for those who hold a large volume of Shares, to dispose of their entire holdings at the Cancellation Price if they so wish.

4. Historical discount of market price of the Shares to NAV per Share

In assessing the reasonableness of the discount to NAV as at 31 March 2020 as represented by the Cancellation Price, we have reviewed the performance of the Share price against the NAV per Share since 28 June 2018 (being the first trading day immediately after the Group released its annual results for the financial year ended 31 March 2018).

Period	Published NAV per Share	Closing price per Share			Premium/(Discount) to NAV per Share		Average ("Average Discount") Approx. %
		Highest	Lowest	Average	Highest	Lowest	
		HK\$			Approx. %	Approx. %	
28 Jun 2018 ⁽¹⁾ to 26 Nov 2018	1.88 ⁽²⁾	0.90	0.81	0.86	(52.13)	(56.91)	(54.26)
27 Nov 2018 ⁽¹⁾ to 28 Jun 2019	1.64 ⁽²⁾	1.10	0.73	0.83	(32.93)	(55.49)	(49.39)
2 Jul 2019 ⁽¹⁾ to 27 Nov 2019	1.50 ⁽²⁾	1.03	0.78	0.85	(31.33)	(48.00)	(43.33)
28 Nov 2019 ⁽¹⁾ to 30 Jun 2020 ⁽³⁾	1.41 ⁽²⁾	0.85	0.48	0.70	(39.72)	(65.96)	(50.35)
Simple average							(49.33)

Notes:

1. The first trading day immediately after the Company released its full year or interim results announcements.
2. Based on equity attributable to the Shareholders as extracted from the Company's respective annual reports or interim reports, divided by the total number of Shares in issue as at the respective period-end date.
3. Being the date for the publication of the audited annual results announcement for FY2020.

Based on the analysis set out above, we note that, recent closing price of the Shares has always been at a discount to the Group's respective NAVs since 28 June 2018, being the immediate trading date after the Company published its annual results announcement for FY2018 up to 30 June 2020. As shown above, the Average Discounts ranged from approximately 43.33% to approximately 54.26%, with an average of approximately 49.33%.

In this respect, the Cancellation Price of HK\$0.88 represents a discount of approximately 33.23% to the audited NAV per Share of approximately HK\$1.318 as at 31 March 2020, and such discount is below the average and even lower than the entire range of the Average Discounts as shown above. Furthermore, in view of the Group having been reporting continuous net losses from continuing operations attributable to owners of the equity shareholders of the Company over the past few years as discussed under the section headed "1.2 Financial information of the Group" and the uncertainties associated with the prospect of the Group as discussed under the section headed "2. Prospects of the Group" above, business prospects of the Company could be subject to challenges and there is no guarantee that financial performance and/or financial position of the Group would be able to improve in the near future. Meanwhile, as also discussed under the section headed "3.1 Historical price performance of the Shares" above, the recent upsurge of Share price following the publication of the Announcement are likely to be driven by the Proposal and the Scheme and therefore, whether the Share price will remain at the current levels is also uncertain if the Proposal and the Scheme eventually do not go ahead. Based on all the above, there is no imminent sign of improvement on the aforesaid trend of discounts represented by Share price over NAV as at 31 March 2020 and therefore, on balance, we consider the discount represented by the Cancellation Price as compared to NAV as at 31 March 2020 not unacceptable to the Scheme Shareholders given the fact that the Proposal and the Scheme, if approved, represent a guaranteed exit for the Scheme Shareholders to realise their investment value at a premium to recent Share price.

5. Peer companies

As discussed under the section "1.1. Background information of the Group" above, in FY2020, around 95.2% of the total revenue of the Group were contributed by its Medical Devices Business as to around 47.9% and the Hospital Business as to around 47.2%. In conducting our analysis, we have conducted a comparable analysis identifying companies listed on the Main Board of the Stock Exchange which are principally engaged in both the manufacturing and sale of medical devices and hospital operation/management business with total revenue in their respective latest financial year contributed by the aforesaid businesses. In this respect, we have identified two comparable entities, namely Harmonicare Medical Holdings Limited (stock code: 1509) ("**Harmonicare**") and China Resources Medical Holdings Company Limited (stock code: 1515) ("**CR Medical**"), with criteria as stated above. As disclosed in the website of the Stock Exchange, Harmonicare is principally engaged in the provision of specialised hospital service in obstetrics and gynecology and the supply of pharmaceutical and medical devices. However, trading in shares of Harmonicare on the Stock Exchange has been suspended since 1 April 2019 and remained suspended as of the Latest Practicable Date. As such, we have excluded Harmonicare in our analysis.

CR Medical principally engaged in, among others, the provision of general hospital services, hospital management services and the group purchasing organisation business which involves the sales of pharmaceuticals, medical devices and medical consumables to its hospitals and external customers, in the PRC.

Given the net loss from continuing operations attributable to Shareholders and negative earnings before interest, tax, depreciation and amortisation (“**EBITDA**”) recorded by the Group for FY2020, comparison based on price to earnings ratio and enterprise value to EBITDA ratio are not applicable. Against such backdrop, we compared the price to sales ratio (“**PSR**”) and price to book ratio (“**PBR**”) implied by the Cancellation Price for the Group with those of CR Medical based on its publicly available latest financial results/reports and its latest market capitalisation as at the Latest Practicable Date, which we consider meaningful comparisons given both CR Medical and the Company carries on similar revenue generating businesses. Nevertheless, having stated the above, given that only one comparable is available, we have placed less weight on this factor in our overall analysis.

	Market Capitalisation as at the Latest Practicable Date (approx. HK\$' million) (Note 1)	PSR as at the Latest Practicable Date (times) (Note 2)	PBR as at the Latest Practicable Date (times) (Note 3)
China Resources Medical Holdings Company Limited (Stock code: 1515)	7,507.8	3.25	1.16
The Company (based on the Cancellation Price)	2,566.9	8.36	0.67

Source: Website of the Stock Exchange

Notes:

- 1) The market capitalisation of CR Medical is calculated based on its closing price per share and number of issued shares as at the Latest Practicable Date.
- 2) P/S Ratio of CR Medical is calculated based on the revenue of CR Medical as published in its annual report for the financial year ended 31 December 2019 and its market capitalisation as at the Latest Practicable Date.
- 3) P/B Ratio of CR Medical is calculated based on the net asset value attributable to owners of CR Medical as published in its annual report for the financial year ended 31 December 2019 and its market capitalisation as at the Latest Practicable Date.

With reference to the table above, the PSR of the Company of around 8.36 times is higher than that of CR Medical of around 3.25 times, which is considered favourable. However, the PBR of the Company implied by the Cancellation Price of around 0.67 times

is lower than the PBR of CR Medical of around 1.16 times. We note that CR Medical has been profit-making for each of the past three financial years whilst the Group has recorded continuous net loss for the recent years, which may have possibly contributed to the relatively lower PBR of the Group as compared to that of CR Medical.

6. Privatisation precedents

We have compared the Proposal and the Scheme to privatisation proposals of other companies listed on the Main Board of the Stock Exchange announced since 1 January 2019, approximately eighteen months before the date of the Announcement, and up to the Latest Practicable Date, excluding privatisation proposals which were not/yet to be approved (the “**Privatisation Precedents**”), which represents an exhaustive list of privatisation proposals we were able to identify from the Stock Exchange’s website satisfying the above selection criteria.

Despite the subject companies constituting the Privatisation Precedents may have different principal activities, market capitalisation, profitability and financial position as compared with those of the Company, and different reasons for their respective privatisation decisions and choice of privatisation proposals (i.e. by way of general offer or scheme of arrangement) and different reasons in coming up with their respective cancellation prices, we would still consider, in light of our selection criteria, capturing recent privatisation exercises of Main Board listed companies can provide us with a general reference on the recent market trend of this type of transaction in Hong Kong equity capital market. Based on the aforesaid, we regard the Privatisation Precedents meaningful and significant to our analysis for assessing the fairness and reasonableness of the Cancellation Price considering the precedents reflect the latest position of the market.

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The table below illustrates the premiums represented by the offer/cancellation price over the respective last trading day and respective 10 days, 30 days, 60 days, 90 days, 120 days and 180 days average share prices in respect of such privatisation proposals:

Date of the announcement	Company and stock code	Principal Business(es)	Premium/(discount) of the cancellation price over/(to) the (average) closing share price up to and including the									Net asset	Remarks
			Cancellation price <i>HK (\$)</i>	Last trading day <i>(%)</i>	Last 10 trading days <i>(%)</i>	Last 30 trading days <i>(%)</i>	Last 60 trading days <i>(%)</i>	Last 90 trading days <i>(%)</i>	Last 120 trading days <i>(%)</i>	Last 180 trading days <i>(%)</i>	attributable to		
											the owners of		
											the company		
											per share <i>(Note 8)</i> <i>(%)</i>		
20-Apr-20	Allied Properties (H.K.) Limited (56.HK)	Property investment, property development, hospitality related activities and financial services	1.92	34.30	40.15	39.10	33.30	29.73	28.00	23.10	-66.30	Note 1	
3-Apr-20	Elec & Eltek International Company Limited (1151.HK and E16.SI)	Fabrication and distribution of double-sided, multi-layer and high density interconnect printed circuit boards	18.07	70.47	46.79	41.50	41.17	45.02	47.39	54.44	3.07		
20-Mar-20	Li & Fung Limited (494.HK)	Consumer goods design, development, sourcing and logistics	1.25	150.00	135.85	95.20	72.70	62.10	57.00	43.80	8.20		
27-Feb-20	Wheelock and Company Limited (20.HK)	Property development and investment businesses in Hong Kong, the PRC and Singapore, hotel operations and container terminal operations	71.9	52.20	49.20	45.20	43.90	45.08	48.13	45.20	(45.00)	Note 2, 3	
20-Jan-20	BBI Life Sciences Corporation (1035.HK)	Life sciences research products and services, and DNA synthesis products in the PRC	3.5	16.28	31.43	42.45	46.10	47.92	55.65	56.68	98.86		
12-Dec-19	Joyce Boutique Group Limited (647.HK)	Retail and wholesale distribution of leading international fashion, accessory and beauty product brands	0.28	91.78	100.00	82.17	62.70	47.37	40.00	32.20	19.91		
27-Nov-19	China Agri-Industries Holdings Limited (606.HK)	Oilseeds processing, rice processing and trading, wheat processing and brewing materials	4.25	34.07	40.92	53.17	64.73	72.49	72.62	70.00	(22.83)		
1-Nov-19	Springland International Holdings Limited (1700.HK)	Operation of department stores and supermarkets in the PRC	2.3	63.10	64.40	56.80	55.40	53.20	51.30	48.60	(18.10)		
20-Oct-19	Dah Chong Hong Holdings Limited (1828.HK)	Integrated motor and consumer products distribution in Asia	3.7	37.55	42.31	54.81	56.12	54.17	49.80	41.22	(28.16)		

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Premium/(discount) of the cancellation price over/(to) the (average) closing share price up to and including the												Net asset attributable to the owners of the company per share (Note 8)	Remarks
Date of the announcement	Company and stock code	Principal Business(es)	Cancellation price HK (\$)	Last trading day (%)	Last 10 trading days (%)	Last 30 trading days (%)	Last 60 trading days (%)	Last 90 trading days (%)	Last 120 trading days (%)	Last 180 trading days (%)			
3-Oct-19	Huaneng Renewables Corporation Limited (958.HK)	Wind power and solar power generation	3.17	18.73	18.28	29.92	40.27	43.44	44.09	41.52		(1.86)	Note 4
2-Oct-19	AVIC International Holdings Limited (161.HK)	High-tech electronic products, retails and consumer products business and international engineering, trading and logistics	9	29.12	58.09	81.31	88.63	100.00	96.08	92.08		18.35	Note 5
12-Aug-19	TPV Technology Limited (903.HK)	Monitor and television manufacturer	3.86	41.39	50.78	54.50	74.66	87.38	104.23	138.79		(23.94)	Note 6
27-Jun-19	Asia Satellite Telecommunications Holdings Limited (1135.HK)	Satellite transmission services and transponder capacity in the Asia Pacific region	10.22	23.43	33.42	44.44	50.44	56.52	63.52	70.96		10.01	
18-Jun-19	C.P. Lotus Corporation (121.HK)	Operation of large scale supermarket stores located in the northern, southern and eastern parts of China	0.11	10.00	12.00	29.40	30.30	26.50	28.10	21.90		57.10	
14-Jun-19	China Automation Group Limited (569.HK)	Safety and critical control system and control valves specialised for petrochemical industries, and hospital business	1.5	23.97	36.86	47.78	47.49	46.63	45.49	42.45		16.01	
4-Apr-19	China Hengshi Foundation Company Limited (1197.HK)	Research and development, production and sales of various fiberglass fabrics	2.5	10.62	16.82	17.37	19.05	24.38	25.63	27.55		42.05	
28-Mar-19	China Power Clean Energy Development Company Ltd (735.HK)	Development, construction, owning and management of clean energy power plants in China	5.45	41.90	60.80	78.10	94.00	101.90	105.70	88.58		(35.10)	Note 7
			<i>Maximum</i>	150.00	135.85	95.20	94.00	101.90	105.70	138.79		98.86	
			<i>Minimum</i>	10.00	12.00	17.37	19.05	24.38	25.63	21.90		(66.30)	
			<i>Median</i>	36.88	46.00	49.11	49.18	48.97	48.37	45.20		3.07	
			<i>Average</i>	44.05	49.30	52.54	54.17	55.52	56.63	55.24		1.90	
17 June 2020	The Company		0.88	41.94	54.39	60.00	54.39	39.68	29.41	22.22		(33.23)	

Source: Bloomberg and the website of the Hong Kong Stock Exchange

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- Note 1:* The cancellation price of \$1.92 represents the scheme cash consideration of \$0.42 per scheme share and the scheme cash dividend of HK\$1.50 per ordinary share of the company.
- Note 2:* The cancellation price of \$71.90 represents the scheme cash consideration of \$12.00 per scheme share and the value (based on their closing prices on the last trading day) of the Wharf Real Estate Investment Company Limited (1997.HK) share and The Wharf (Holdings) Limited (4.HK) share to be distributed per scheme share.
- Note 3:* The effect of the distribution (a special dividend by way of a distribution in-specie to shareholders of one Wharf Real Estate Investment Company Limited share and one The Wharf (Holdings) Limited share in respect of each share of Wheelock and Company Limited held at the record date) was not reflected in the calculation of the discount to the net asset attributable to the owners of the company per share to its cancellation price.
- Note 4:* Calculation is independently made based on the unaudited consolidated total equity attributable to owners of the company as at 30 June 2019 as the disclosure on the composite document has shown the calculation based on the total equity as at 30 June 2019.
- Note 5:* Calculation is based on the assumption that all the perpetual subordinated convertible securities of the company are fully converted into domestic shares of the company at the initial conversion price of RMB3.47.
- Note 6:* The cancellation price of \$3.86 represents the cash consideration for scheme share listed on The Stock Exchange of Hong Kong Limited. The scheme shareholder who holds scheme shares listed on the Singapore Exchange Securities Trading Limited is entitled to the equivalent of HK\$3.86 in Singapore dollar.
- Note 7:* The cash alternative of HK\$5.45 for each scheme share had been used for the purpose of this comparison. Whereas the share alternative represents 6 new shares in the capital of the offeror China Power New Energy Limited, being a non-listed company, for each scheme share.
- Note 8:* The net asset attributable to the owners of the companies per share are calculated based on the latest available net asset attributable to the owners of the companies as disclosed based on the respective privatisation documents. For the avoidance of doubt, the respective NAV per share did not take into account the potential adjustment from the revaluation of properties, if any, held by the respective companies.
- Note 9:* Premiums/(discounts) shown above for certain trading periods were independently calculated as they were not published in the respective scheme/composite documents. The premiums/(discounts) (rounded to the nearest two decimal places) were derived by comparing the average closing share price (rounded to two decimal places) and the respective cancellation price.

Based on the table above, the average premiums of the Privatisation Precedents over the last trading day share price, 10 days, 30 days, 60 days, 90 days, 120 days and 180 days share price averages were approximately 44.05%, 49.30%, 52.54%, 54.17%, 55.52%, 56.63% and 55.24% respectively. The respective premiums represented by the Cancellation Price over the respective average closing prices of the Shares are all within the range of the premiums under the Privatisation Precedents for the respective periods. It is observed that the premiums represented by the Cancellation Price over the average closing prices of the Shares for a longer time such as periods for the last 120 days and 180 days were close to the low end of the corresponding range of premiums of the Privatisation Precedents. However, we note that the premiums represented by the Cancellation Price over the Share prices

during the more recent periods including that on the last trading day and for the last 10 days, 30 days and 60 days, were considered above or close to the median premiums of the Privatisation Precedents and therefore, is considered in line with the market.

The Cancellation Price represents a discount of approximately 33.23% to the NAV as at 31 March 2020. With reference to the table above, we observed a wide range of premiums/discounts as represented by the cancellation price as compared to the respective net asset value attributable to owners under the respective Privatisation Precedents. The premiums/discounts as derived by the Privatisation Precedents ranged from a discount of around 66.30% to a premium of around 98.86% with an average premium of around 1.90%. The discount represented by the Cancellation Price to the NAV is within the aforesaid range of premiums/discounts under the Privatisation Precedents. Out of the Privatisation Precedents, we noted 9 precedents represented premiums ranging from around 3.07% to 98.86% over the respective net asset value attributable to owners per share and 8 precedents represented discounts ranging from around 1.86% to around 66.30% over the respective net asset value attributable to owners per share. The significant variation of premiums over and discounts to the net asset value attributable to owners per share as represented by the cancellation consideration in the Privatisation Precedents, in our view, tends to suggest that no concrete conclusion can be drawn from such comparison. Furthermore, none of the Privatisation Precedents engaged in the same business as those of the Group. Thus, the comparison of cancellation consideration to the NAV in the Privatisation Precedents may not be of immediate relevance to our analysis.

SPECIAL DEAL RELATING TO THE UNDERTAKING

As at the date of the Announcement and the Latest Practicable Date, Atlantis holds the Atlantis Shares, being 317,166,529 Shares, representing approximately 10.87% of the issued share capital of the Company. Atlantis has become a Shareholder since November 2008. As disclosed in the Explanatory Memorandum in the Scheme Document, prior to entering into the Undertaking, Atlantis did not have any relationship with the Offeror and was not a party acting in concert with the Offeror. It is further disclosed that as a result of the Undertaking, Atlantis is a party acting in concert with the Offeror as Atlantis will remain as a Shareholder after the completion of the Proposal and the Scheme. The favourable term available to Atlantis that is otherwise not offered to the Disinterested Shareholders is the opportunity to stay on as a Shareholder after the completion of the Proposal and the Scheme and such Undertaking would therefore constitute a special deal pursuant to Rule 25 of the Takeovers Code.

In order to ascertain our understanding of the Undertaking for the purpose of satisfying the requirements set out under Rule 25 of the Takeovers Code, we have discussed with the Directors and obtained confirmation from the Company and Offeror that no consideration, compensation or benefit in whatever form is or will be provided by the Offeror or the Offeror Concert Parties (other than Atlantis) to Atlantis or parties acting in concert with it in connection with the Undertaking.

Disinterested Shareholders should note that, upon the Proposal becoming effective, the Company would become an unlisted company with less than 50 members (based on the information on the shareholding structure of the Company as disclosed in the Scheme Document) and accordingly, would not be governed by the Listing Rules and the Takeovers Code and there would be no liquid market for its Shares. The Company would not be subject to the same degree of, including but not limited to, corporate governance and minority protection requirements as set out in the Listing Rules or market misconduct provisions under the SFO. As such, interests of minority Shareholder(s) could be safeguarded to a lesser extent following the Company becoming an unlisted private company after Scheme becoming effective, though they will remain protected by the constitutional documents of the Company and various provisions regarding minority shareholders' interest protection under the Companies Law.

In addition, the Proposal is conditional on, among other things, the passing of an ordinary resolution by the Disinterested Shareholders at the General Meeting to approve the Undertaking, and such condition is non-waivable. Hence, if the Undertaking is not approved, the Proposal and the Scheme will not proceed.

Having considered all the above, in particular, (i) the Undertaking imposes restrictions on dealings in the Shares by Atlantis before the Scheme becoming effective or lapse, and more importantly, it is confirmed by the Offeror that no consideration, compensation or benefit in whatever form is or will be provided by the Offeror or the Offeror Concert Parties (other than Atlantis) to Atlantis or parties acting in concert with it in connection with the Undertaking; (ii) to stay on as minority Shareholders following the Scheme becoming effective could be subject to risks in view of, among others, the illiquidity of the Shares and less safeguard and protection available following the Company becoming an unlisted private company after Scheme becoming effective, as discussed in details above; and (iii) the terms of the Proposal, including the Cancellation Price, is considered fair and reasonable based on factors discussed in various sections above and the passing of the resolution by the Disinterested Shareholders at the General Meeting to approve the Undertaking is one of the non-waivable conditions to the Proposal, we consider the terms of the Undertaking is fair and reasonable so far as the Company and the Disinterested Shareholders are concerned.

DISCUSSION OF PRINCIPAL REASONS AND FACTORS

We consider the terms of the Proposal and the Scheme, including the Cancellation Price and the Undertaking, to be fair and reasonable so far as the Disinterested Shareholders are concerned after taking into account all of the above principal factors and reasons, in particular:

- (1) the Group has been reporting continuous net losses from continuing operations attributable to owners of the Company over the past few years. With the impacts of the introduction of new regulatory measures by the PRC government on the medical and healthcare industry and the uncertainties as a result of the Covid-19, which may in turn impact the Group's two key business segments, namely the Medical Devices Business and the Hospital Business, the business prospects of the

Company is subject to challenges as discussed in detail in the section headed “2. Prospects of the Group” above and there is no guarantee that the financial performance of the Group could turnaround;

- (2) the Cancellation Price represents premiums over the prevailing market prices of the Shares and in particular, is also higher than the average Share closing price of around HK\$0.84 during the Pre-announcement Period;
- (3) given the generally thin trading volume of the Shares as discussed in the section headed “3.2 Trading liquidity of the Shares” above, it is uncertain as to whether there would be sufficient liquidity in the Shares for the Disinterested Shareholders to dispose of a significant number of Shares in the open market without causing an adverse impact on the market price of the Shares and accordingly, the market trading price of the Shares may not necessarily reflect the proceeds that the Disinterested Shareholders can receive by the disposal of their Shares in the open market. The Proposal and the Scheme, therefore, represent an opportunity and a viable alternative exit for the Disinterested Shareholders, particularly, for those who held a large quantity of Shares, to dispose of their entire holdings at a price that represents a premium over the prevailing market prices of the Shares, if they so wish;
- (4) Disinterested Shareholders should note that, as illustrated in the section headed “4. Historical discount of market price of the Shares to NAV per Share” above, closing prices of the Shares have always been at a discount to the Group’s then NAVs since 28 June 2018, and the discount of approximately 33.23% represented by the Cancellation Price to the audited NAV per Share of approximately HK\$1.318 as at 31 March 2020 is below the average and even lower than the entire range of the Average Discounts. Meanwhile, attention is also drawn to the facts that (i) the Group having been reporting continuous net losses from continuing operations attributable to owners of the equity shareholders of the Company over the past few years as discussed under the section headed “1.2 Financial information of the Group” and the uncertainties associated with the prospect of the Group as discussed under the section headed “2. Prospects of the Group” above, business prospects of the Company could be subject to challenges and there is no guarantee that financial performance and/or financial position of the Group would be able to improve in the near future; and (ii) as also discussed under the section headed “3.1 Historical price performance of the Shares” above, the recent upsurge of Share price following the publication of the Announcement are likely to be driven by the Proposal and the Scheme and therefore, whether the Share price will remain at the current levels is also uncertain if the Proposal and the Scheme eventually do not go ahead. As such, there is no imminent sign of improvement on the aforesaid trend of discounts represented by Share price over the NAV and therefore, on balance, we consider the discount represented by the Cancellation Price to NAV as at 31 March 2020 not unacceptable to the Disinterested Shareholders given the fact that the Proposal and the Scheme, if approved, represent a guaranteed exit for the Disinterested Shareholders to realise their investment value at a premium to recent Share price;

- (5) as discussed in the section headed “6. Privatisation precedents” above, the premiums represented by the Cancellation Price under the Proposal and the Scheme is within the range of the premiums offered under the Privatisation Precedents for all the respective reference periods and above or close to the median premiums for the recent periods under the Privatisation Precedents, which are considered in line with the market; and
- (6) as discussed in details in section headed “Special deal relating to the Undertaking” above, amongst other factors, the risks for staying on as minority Shareholders following the Scheme becoming effective in view of, among others, the illiquidity of the Shares and less safeguard and protection available following the Company becoming an unlisted private company after Scheme becoming effective and that the passing of the resolution by the Disinterested Shareholders at the General Meeting to approve the Undertaking is one of the non-waivable conditions to the Proposal.

OPINION AND RECOMMENDATIONS

Based on the above principal factors and reasons, we consider the terms of the Proposal and the Scheme, including the Cancellation Price and the Undertaking, are fair and reasonable so far as the Disinterested Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Disinterested Shareholders to vote in favour of the relevant resolutions to be proposed at the Court Meeting and the General Meeting to approve and implement the Proposal and the Scheme and the Undertaking.

The Shares have traded in the market below the Cancellation Price since 18 June 2020 (being the first trade date immediately following the publication of the Announcement) up to the Latest Practicable Date on which they closed at HK\$0.80 per Share. However, there is still a possibility that the Share price may exceed the Cancellation Price in the period up to 23 September 2020, being the expected last day for trading in the Shares on the Stock Exchange. Accordingly, Disinterested Shareholders are reminded to monitor the trading price and liquidity of the Shares during this period and, having regard to their own circumstances, consider selling their Shares in the open market, if the net proceeds obtained from such disposal of the Shares (after deducting all transaction costs) would be higher than HK\$0.88 per Share. Scheme Shareholders should also keep in mind that, if applicable, dealings in the Shares will be suspended from 24 September 2020, being the day immediately following the expected last day for dealing in the Shares on the Stock Exchange, and up to the withdrawal of listing of the Shares from the Stock Exchange.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
Lyan Tam
Director

Ms. Lyan Tam is a licensed person registered with the Securities and Futures Commission and as a responsible officer of Somerley to carry out Type 6 (advising on corporate finance) regulated activities under the SFO and has over 17 years of experience in corporate finance industry.

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

**SCHEME OF ARRANGEMENT
TO CANCEL ALL THE DISINTERESTED SCHEME SHARES
IN EXCHANGE FOR THE CANCELLATION PRICE FOR
EACH DISINTERESTED SCHEME SHARE**

1. INTRODUCTION

On 17 June 2020, the Offeror and the Company jointly announced that on 9 June 2020, the Offeror had requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under Section 86 of the Companies Law involving the cancellation of the Disinterested Scheme Shares and, in consideration thereof, the payment to the Scheme Shareholders of the Cancellation Price in cash for each Disinterested Scheme Share, and the withdrawal of the listing of the Shares on the Stock Exchange.

If the Proposal is approved and implemented, under the Scheme, the issued share capital of the Company will, on the Effective Date of the Scheme, be reduced by the cancellation of the Disinterested Scheme Shares. Upon such reduction, the issued share capital of the Company will be increased to its former amount by the issuance at par to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Disinterested Scheme Shares cancelled. The credit arising in the Company's books of account as a result of the issued capital reduction will be applied in paying up in full at par the new Shares so issued, credited as fully paid, to the Offeror.

The purpose of this Explanatory Memorandum is to explain the terms and effects of the Proposal, which is to be implemented by the Scheme, and to provide the Scheme Shareholders with other relevant information in relation to the Scheme, in particular, to provide the intention of the Offeror with regard to the Group and the shareholding structure of the Company before and after the Scheme and the Proposal.

Particular attention of the Scheme Shareholders is drawn to the following sections of this Scheme Document: (a) a letter from the Board set out in Part IV. of this Scheme Document; (b) a letter from the Independent Board Committee set out in Part V. of this Scheme Document; (c) a letter from the Independent Financial Adviser set out in Part VI. of this Scheme Document; and (d) the terms of the Scheme set out in Appendix IV. to this Scheme Document.

2. TERMS OF THE PROPOSAL

The Proposal is to be implemented by way of the Scheme under Section 86 of the Companies Law.

Cancellation Price

Under the Scheme, the Scheme Shareholders will receive from the Offeror the Cancellation Price of HK\$0.88 in cash for each Disinterested Scheme Share as consideration for the cancellation of the Disinterested Scheme Shares held as at the Effective Date.

Scheme Shareholders whose names appear in the register of members of the Company as at the record date for entitlement to a dividend (if any) declared by the Company on or before the Effective Date will be entitled to receive such dividend (if any).

The Company did not declare any dividend for the six months ended 30 September 2019 and the financial year ended 31 March 2020. As at the Latest Practicable Date, the Company had no intention to make, declare or pay any future dividend/distribution until after completion of the Proposal and the Scheme.

As at the Latest Practicable Date, (i) the authorised share capital of the Company was HK\$1,000,000,000 divided into 5,000,000,000 Shares, and the Company has 2,916,932,138 Shares in issue; and (ii) the Disinterested Scheme Shares, comprising 482,754,049 Shares, represent approximately 16.55% of the issued share capital of the Company.

As at the Latest Practicable Date, save for the 2,916,932,138 Shares in issue, the Company did not have any outstanding options, warrants, derivatives or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company that carry a right to subscribe for or which are convertible into Shares.

After the Scheme becomes effective, the listing of the Shares on the Stock Exchange will be withdrawn. The Proposal is conditional upon the fulfilment or waiver, as applicable, of the Conditions as described in the section headed “3. Conditions of the Proposal and the Scheme” in this Explanatory Memorandum. All of the Conditions must be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Proposal and the Scheme will lapse. The Company has no right to waive any of the Conditions. Further announcement(s) on any changes regarding the timetable of the Scheme will be made as and when necessary.

If the Proposal does not become unconditional, the Company has no intention to seek the immediate withdrawal of the listing of the Shares on the Stock Exchange.

Settlement of the Cancellation Price to which any Scheme Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme without regard to any lien, right of set-off, counterclaim or other analogous right that the Offeror may be, or otherwise claim to be, entitled against any such Scheme Shareholder.

3. CONDITIONS OF THE PROPOSAL AND THE SCHEME

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

- (a) the approval of the Scheme (by way of poll) by a majority in number of the Scheme Shareholders holding not less than 75% of the votes attaching to the Disinterested Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting;
- (b) the approval of the Scheme (by way of poll) by the Disinterested Shareholders holding at least 75% of the votes attaching to the Disinterested Scheme Shares held by the Disinterested Shareholders present and voting either in person or by proxy at the Court Meeting, provided that the number of votes cast (by way of poll) by the Disinterested Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Disinterested Scheme Shares held by all the Disinterested Shareholders;
- (c) (i) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting in person or by proxy at the General Meeting to approve and give effect to the reduction of the share capital of the Company by cancelling and extinguishing the Disinterested Scheme Shares; and (ii) the passing of an ordinary resolution by a simple majority of the votes cast by the Shareholders present and voting either in person or by proxy at the General Meeting to, immediately after the capital reduction, increase the issued share capital of the Company to the amount prior to the cancellation of the Disinterested Scheme Shares by the allotment and issue at par to the Offeror of such aggregate number of new Shares as is equal to the number of Disinterested Scheme Shares cancelled and apply the reserve created as a result of such capital reduction to pay up in full at par such number of new Shares to be allotted and issued, credited as fully paid, to the Offeror;
- (d) in relation to the Undertaking, (i) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee, confirming that the Undertaking is fair and reasonable; (ii) the passing of an ordinary resolution by the Disinterested Shareholders at the General Meeting to approve the Undertaking; and (iii) the consent of the Executive for the Undertaking obtained pursuant to Rule 25 of the Takeovers Code;

- (e) the Grand Court's sanction of the Scheme (with or without modifications) and its confirmation of the reduction of the share capital of the Company, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court for registration;
- (f) compliance, to the extent necessary, with the procedural requirements and conditions, if any, under sections 15 to 17 of the Companies Law in relation to the reduction of the share capital of the Company;
- (g) (i) all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with; and (ii) no requirement having been imposed by any Relevant Authorities which is not expressly provided for, or is in addition to requirements expressly provided for, under any relevant laws, rules, regulations or codes, in connection with the Proposal or the Scheme, or any matters, documents (including circulars) or things relating to the Proposal or the Scheme, in each aforesaid case up to and at the time when the Scheme becomes effective;
- (h) all necessary consents which may be required for the implementation of the Proposal and the Scheme under any existing contractual obligations of the Company being obtained or waived by the relevant party(ies), where any failure to obtain such consent or waiver would have a material adverse effect on the business of the Group;
- (i) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order that would make the Proposal or the Scheme or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal or the Scheme or its implementation in accordance with its terms), other than such actions, proceedings, suits, investigations or enquiries as would not have a material adverse effect on the legal ability of the Offeror to proceed with the Proposal or the Scheme; and
- (j) since the date of the Announcement, there having been no adverse change in the business, assets, financial or trading position, profits or prospects of the Group (to an extent which is material in the context of the Group taken as a whole or in the context of the Proposal or the Scheme).

The Offeror reserves the right to waive Conditions (h) to (j) either in whole or in part, either generally or in respect of any particular matter. Conditions (a) to (g) cannot be waived in any event. The Company has no right to waive any of the Conditions.

As at the Latest Practicable Date, none of the Conditions have been fulfilled or waived.

In respect of Conditions (g) and (h) above, the Company and/or the Offeror were not aware of any such statutory or regulatory obligations, requirements or consents required as at the Latest Practicable Date.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Scheme if the circumstances which give rise to the right to invoke any such Condition are of material significance to the Offeror in the context of the Proposal. As at the Latest Practicable Date, the Offeror was not aware of any such circumstances. All of the above Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Proposal and the Scheme will lapse.

Assuming that the above Conditions are fulfilled (or, as applicable, waived in whole or in part), it is expected that the Scheme will become effective on or about Wednesday, 14 October 2020 (Cayman Islands time). Further announcements will be made including in particular in relation to (i) the results of the Court Meeting and the General Meeting and, if all the resolutions are passed at those meetings, (ii) the results of the Grand Court hearing of the petitions to sanction the Scheme and to confirm the capital reduction, (iii) the Record Date, (iv) the Effective Date and (v) the date of withdrawal of the listing of the Shares on the Stock Exchange as further set out in “Part III. — Expected Timetable” of this Scheme Document.

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

Shareholders and potential investors should be aware that the implementation of the Proposal and the Scheme are subject to the Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented, the Scheme may or may not become effective. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

4. THE SUBSCRIPTION AGREEMENT

On 17 June 2020, the Offeror entered into a share subscription agreement (the “**Subscription Agreement**”) with the Subscribers in relation to the 1st Tranche Subscription and the 2nd Tranche Subscription. The cash proceeds received from the subscriptions will be used to finance the Proposal.

1st Tranche Subscription

Pursuant to the Subscription Agreement, each of the Subscribers has agreed to subscribe for and the Offeror has agreed to allot and issue an aggregate of 54 new shares of the Offeror with an aggregate cash consideration of HK\$54 (the “**1st Tranche Subscription Consideration**”) on the 1st Tranche Completion Date (as defined below). Details of the 1st Tranche Subscription are as follows:

Name of Subscriber	No. of new shares of the Offeror to be subscribed	Amount of consideration
Bio Garden Inc.	36	HK\$36
China In Shine Investment Limited	7	HK\$7
Asia Pacific MedTech (BVI) Limited	6	HK\$6
Famous Sino Limited	5	HK\$5
Total	54	HK\$54

As at the Latest Practicable Date, the Offeror had established a bank account with a licensed bank in Hong Kong (the “**Offeror Bank Account**”).

Pursuant to the Subscription Agreement, once the Offeror Bank Account has been duly established, the Offeror shall promptly notify each Subscriber in writing of details of the Offeror Bank Account. Completion of the 1st Tranche Subscription shall take place on the second (2nd) Business Day following the date of the aforesaid notice (the “**1st Tranche Completion Date**”).

As at the Latest Practicable Date, the 1st Tranche Subscription Consideration has already been deposited into the Offeror Bank Account. The 1st Tranche Subscription is expected to be completed on 20 August 2020, as time is required for go through the administrative procedure for issuing new shares of the Offeror, pursuant to the terms of the Subscription Agreement.

2nd Tranche Subscription

Pursuant to the Subscription Agreement, each of the Subscribers has agreed to subscribe for and the Offeror has agreed to allot and issue an aggregate of 9,945 new shares of the Offeror with an aggregate cash consideration of US\$55,000,000 (equivalent to approximately HK\$426,250,000 at the exchange rate of US\$1.00 to HK\$7.75 (for illustration purposes only)) (the “**2nd Tranche Subscription Consideration**”) on the 2nd Tranche Completion Date (as defined below). Details of the 2nd Tranche Subscription are as follows:

Name of Subscriber	No. of new shares of the Offeror to be subscribed	Amount of consideration
Bio Garden Inc.	6,690	US\$37,000,000
China In Shine Investment Limited	1,266	US\$7,000,000
Asia Pacific MedTech (BVI) Limited	1,085	US\$6,000,000
Famous Sino Limited	904	US\$5,000,000
Total	9,945	US\$55,000,000

The Offeror shall, on the date of the General Meeting, notify each Subscriber in writing once the relevant resolutions in relation to the Proposal are approved by the Shareholders and/or the Disinterested Shareholders at the General Meeting. The Subscribers shall deposit the 2nd Tranche Subscription Consideration into the Offeror Bank Account on the second (2nd) Business Day following the date of aforesaid notice (the “**2nd Tranche Completion Date**”), and completion of the 2nd Tranche Subscription shall take place on the 2nd Tranche Completion Date.

As at the Latest Practicable Date, Bio Garden Inc. holds 1 share of the Offeror, representing all the issued shares of the Offeror.

Immediately following completion of the 1st Tranche Subscription, the Offeror will be owned as to approximately 67.27% by Bio Garden Inc., 12.73% by China In Shine Investment Limited, 10.91% by Asia Pacific MedTech (BVI) Limited and 9.09% by Famous Sino Limited.

Immediately following completion of the 2nd Tranche Subscription, the shareholding percentage owned by each of the Subscribers in the Offeror shall remain unchanged.

The table below sets out the shareholding structure of the Offeror (i) as at the Latest Practicable Date; (ii) immediately following the 1st Tranche Completion Date; and (iii) immediately following the 1st Tranche Completion Date and the 2nd Tranche Completion Date:

Shareholders	As at the Latest Practicable Date		Immediately following the 1st Tranche Completion Date		Immediately following the 1st Tranche Completion Date and the 2nd Tranche Completion Date	
	<i>Number of shares</i>	<i>%</i>	<i>Number of shares</i>	<i>%</i>	<i>Number of shares</i>	<i>%</i>
Bio Garden Inc.	1	100.00	37	67.27	6,727	67.27
China In Shine Investment Limited	—	—	7	12.73	1,273	12.73
Asia Pacific MedTech (BVI) Limited	—	—	6	10.91	1,091	10.91
Famous Sino Limited	—	—	5	9.09	909	9.09
Total	1	100.00	55	100.00	10,000	100.00

5. THE UNDERTAKING

As at the Latest Practicable Date, Atlantis held the Atlantis Shares, being 317,166,529 Shares, representing approximately 10.87% of the issued share capital of the Company. On 17 June 2020, the Offeror and the Company received the Undertaking from Atlantis, pursuant to which Atlantis has irrevocably and unconditionally undertaken that:

1. from (and including) the date of the Undertaking to (and including) the earlier of (i) the date on which the Proposal and the Scheme become effective; or (ii) the lapse or withdrawal of the Proposal and the Scheme (as the case may be):
 - (a) Atlantis will not participate in the Proposal and the Scheme in respect of any of the Atlantis Shares, and none of the Atlantis Shares shall constitute the Disinterested Scheme Shares, and therefore the Atlantis Shares will not be cancelled if the Scheme becomes effective, and Atlantis will not receive any consideration under the Scheme; and
 - (b) Atlantis will not (i) sell or otherwise dispose of any of the Atlantis Shares; or (ii) exercise any warrants, options or any other rights in whatever form to acquire any additional interest in any of the Shares; and
2. immediately after the Scheme becomes effective, the Atlantis Shares registered under its name and/or in the name of its nominee(s) will remain so registered.

Prior to entering into the Undertaking, Atlantis did not have any relationship with the Offeror and was not a party acting in concert with the Offeror. As a result of the Undertaking, Atlantis is a party acting in concert with the Offeror as Atlantis will remain as a Shareholder after the completion of the Proposal and the Scheme. The Undertaking

constitutes a special deal and is therefore conditional on (i) the Disinterested Shareholders' approval at the General Meeting; and (ii) the consent from the Executive pursuant to Rule 25 of the Takeovers Code. No consideration, compensation or benefit in whatever form is or will be provided by the Offeror or the Offeror Concert Parties (other than Atlantis) to Atlantis or parties acting in concert with it in connection with the Undertaking.

6. THE SCHEME AND THE COURT MEETING

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

It is expressly provided in Section 86 of the Companies Law that if a majority in number representing 75% in value of the members or class of members, as the case may be, present and voting either in person or by proxy at the meeting held as directed by the Grand Court as aforesaid, agree to any compromise or arrangement, the compromise or arrangement shall, if sanctioned by the Grand Court, be binding on all members or class of members, as the case may be, and also on the Company.

7. ADDITIONAL REQUIREMENTS AS IMPOSED BY RULE 2.10 OF THE TAKEOVERS CODE

In addition to satisfying any requirements imposed by law as summarised above, other than with the consent of the Executive to dispense with compliance or strict compliance therewith, Rule 2.10 of the Takeovers Code requires that the Scheme may only be implemented if:

- (a) the Scheme is approved (by way of poll) by at least 75% of the votes attaching to the Disinterested Scheme Shares held by the Disinterested Shareholders that are cast either in person or by proxy at the Court Meeting; and
- (b) the number of votes cast (by way of poll) by the Disinterested Shareholders present and voting either in person or by way of proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Disinterested Scheme Shares held by all the Disinterested Shareholders.

For the purpose of counting the votes for (a) and (b) above, Disinterested Shareholders comprise all Shareholders as at the Meeting Record Date other than the Offeror and the Offeror Concert Parties. Shareholders that are not Disinterested Shareholders will be required to abstain from voting at the Court Meeting in accordance with the Takeovers Code.

As at the Latest Practicable Date, the Disinterested Shareholders held in aggregate 482,754,049 Disinterested Scheme Shares. On that basis, 10% of the votes attached to Disinterested Scheme Shares held by all the Disinterested Shareholders referred to in (b) above therefore represent approximately 48,275,404 Shares as at the Latest Practicable Date.

8. BINDING EFFECT OF THE SCHEME AND THE PROPOSAL

Upon the Scheme becoming effective it will be binding on the Company and all Scheme Shareholders, regardless of how they voted (or whether they voted) at the Court Meeting and the General Meeting.

9. SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, (i) the authorised share capital of the Company was HK\$1,000,000,000 divided into 5,000,000,000 Shares, and the Company had 2,916,932,138 Shares in issue; and (ii) the Disinterested Scheme Shares, comprising 482,754,049 Shares, represent approximately 16.55% of the issued share capital of the Company.

As at the Latest Practicable Date, (i) the Offeror did not hold any Shares in the Company; and (ii) the Offeror Concert Parties held in aggregate 2,434,178,089 Shares, representing approximately 83.45% of the issued share capital of the Company. All such Shares will not form part of the Disinterested Scheme Shares and will not be cancelled upon the Effective Date. All such Shares will not be voted on the Scheme at the Court Meeting.

On the assumption that there is no other change in shareholding of the Company before completion of the Proposal, the table below sets out the shareholding structure of the Company as at the Latest Practicable Date and immediately upon completion of the Proposal:

Shareholders	As at the Latest Practicable Date		Immediately upon completion of the Proposal	
	Number of Shares	%	Number of Shares	%
Offeror				
Meditech Global Group Limited	—	—	482,754,049	16.55
Offeror Concert Parties				
— Bio Garden Inc. (notes 1 & 3)	1,148,237,526	39.37	1,148,237,526	39.37
— Magnum Opus 3 International Holdings Limited (notes 2 & 3)	968,774,034	33.21	968,774,034	33.21
— Atlantis (note 5)	317,166,529	10.87	317,166,529	10.87
Total number of Shares of the Offeror and the Offeror Concert Parties	<u>2,434,178,089</u>	<u>83.45</u>	<u>2,916,932,138</u>	<u>100.00</u>
Disinterested Shareholders	<u>482,754,049</u>	<u>16.55</u>	<u>—</u>	<u>—</u>
Total	<u>2,916,932,138</u>	<u>100.00</u>	<u>2,916,932,138</u>	<u>100.00</u>
Total number of Disinterested Scheme Shares	482,754,049	16.55		

Notes:

1. Bio Garden Inc. is an investment holding company incorporated in the British Virgin Islands. It is wholly-owned by certain discretionary trusts of which Mr. Kam is the founder. Mr. Kam is also the sole director of Bio Garden Inc.
2. Magnum Opus 3 International Holdings Limited ("**Magnum Opus 3**") is an investment holding company incorporated in the British Virgin Islands, which is 100% owned as to its voting ordinary shares by Mr. Kam; and has issued (a) non-voting non-convertible preferred shares (the "**Class A Preferred Share(s)**"); and (b) non-voting convertible preferred shares (the "**Class B Preferred Share(s)**") to Qin Wall Investment Holdings Limited ("**Qin Wall**") pursuant to an investment agreement dated 16 November 2016 and entered into between Qin Wall, Mr. Kam and Magnum Opus 3 (as supplemented by a supplemental deed dated 18 July 2018 and entered into between Qin Wall, Mr. Kam, Magnum Opus 3 and Bio Garden Inc.) (the "**Investment Agreement**").

Pursuant to the Investment Agreement, the Class A Preferred Shares held by Qin Wall (i) were issued on 25 November 2016; (ii) are redeemable; (iii) have no par value in the share capital of Magnum Opus 3; and (iv) do not confer any voting right at general meetings of holders of the ordinary shares of Magnum Opus 3.

Pursuant to the Investment Agreement, the Class B Preferred Shares held by Qin Wall (i) were issued on 25 November 2016; (ii) are redeemable; (iii) have no par value in the share capital of Magnum Opus 3; (iv) do not confer any voting right at general meetings of holders of the ordinary shares of Magnum Opus 3; and (v) can be converted into ordinary shares of Magnum Opus 3 at the conversion price of HK\$1.00 per ordinary share of Magnum Opus 3 (subject to adjustments) at the option of the holder thereof at any time after the date of issuance of the Class B Preferred Shares. Assuming full conversion of the Class B Preferred Shares at the initial conversion price of HK\$1.00 per ordinary share of Magnum Opus 3, the ordinary shares in the entire issued share capital of Magnum Opus 3 will be owned as to 60% by Mr. Kam and 40% by Qin Wall.

The obligations of each of Mr. Kam, Bio Garden Inc. and Magnum Opus 3 to Qin Wall under the Investment Agreement (including the obligation of Magnum Opus 3 to redeem the Class A Preferred Shares and Class B Preferred Shares) are (a) secured by (i) an account charge dated 16 November 2016 entered into between Mr. Kam and Qin Wall in respect of all of Mr. Kam's right, title and interest in and to a certain bank account held in the name of Mr. Kam; (ii) a share charge dated 16 November 2016 entered into between Mr. Kam and Qin Wall with respect to the entire issued share capital of Magnum Opus 3; (iii) a share charge dated 10 May 2018 entered into between Magnum Opus 3 and Qin Wall with respect to 968,774,034 Shares owned by Magnum Opus 3 (the "**MO3 Share Charge**"); and (iv) a share charge dated 18 July 2018 entered into between Bio Garden Inc. and Qin Wall with respect to 110,000,000 Shares owned by Bio Garden Inc. (the "**Bio Garden Share Charge**"); and (b) guaranteed by the guarantee granted by Mr. Kam in favour of Qin Wall with respect to the Investment Agreement.

Mr. Kam and Mr. Liu Fujia are the directors of Magnum Opus 3.

3. 968,774,034 Shares (representing approximately 33.21% of the issued share capital of the Company) and 110,000,000 Shares (representing approximately 3.77% of the issued share capital of the Company) owned by Magnum Opus 3 and Bio Garden Inc. (as chargors) respectively have been charged to Qin Wall under the MO3 Share Charge and Bio Garden Share Charge, respectively, to secure the performance of the obligations of each of Mr. Kam, Bio Garden Inc. and Magnum Opus 3 under the Investment Agreement.

4. Qin Wall is a limited liability company incorporated in the British Virgin Islands, which is wholly-owned by China Huarong International Holdings Limited. China Huarong International Holdings Limited is owned as to 88.10% and 11.90% by Huarong Industrial Investment & Management Co. Ltd. (formerly known as Huarong Real Estate Co. Ltd.) and Huarong Zhiyuan Investment & Management Co. Ltd. Both Huarong Industrial Investment & Management Co. Ltd. and Huarong Zhiyuan Investment & Management Co. Ltd. are wholly-owned by China Huarong Asset Management Co., Ltd., the shares of which are listed on the Stock Exchange (stock code: 2799). China Huarong Asset Management Co., Ltd. is ultimately owned as to approximately 61.41% by Ministry of Finance of the People's Republic of China as at the Latest Practicable Date.

As at the Latest Practicable Date, save for Qin Wall's interest under the Investment Agreement, the MO3 Share Charge and the Bio Garden Share Charge as described in paragraphs 2 and 3 above, China Huarong Asset Management Co., Ltd. (Hong Kong stock code: 2799) and its subsidiaries are not interested in any Shares.

5. Atlantis is a limited liability company incorporated in Hong Kong, which is wholly-owned by Atlantis Capital Group Holdings Limited. Ms. Liu Yang has 100% indirect interest in Atlantis Capital Group Holdings Limited.
6. Save for Bio Garden Inc., Magnum Opus 3 and Atlantis, none of the members of the Offeror and the Offeror Concert Parties holds any Shares as at the Latest Practicable Date.
7. Parties acting in concert with the Offeror include (i) Bio Garden Inc. and Mr. Kam; (ii) China In Shine Investment Limited and Ms. Fung Chit; (iii) Asia Pacific MedTech (BVI) Limited and Ms. Gu Nana; (iv) Famous Sino Limited and Mr. Wu Guangze; (v) Atlantis and Ms. Liu Yang; (vi) China Huarong Asset Management Co., Ltd. (Hong Kong stock code: 2799) and its subsidiaries (including Qin Wall); (vii) Magnum Opus 3; and (viii) any parties acting in concert with each of the aforementioned parties.

By reason of it being the financial adviser to the Offeror in connection with the Proposal, Amasse Capital and relevant members of the Amasse Capital's group are presumed to be acting in concert with the Offeror in accordance with class (5) of the definition of "acting in concert" in the Takeovers Code. As at the Latest Practicable Date, members of the Amasse Capital's group did not beneficially own, control or have direction over any Shares.

Immediately following the Effective Date and the withdrawal of listing of the Shares on the Stock Exchange, the Offeror and the Offeror Concert Parties will hold 100% of the issued share capital of the Company, on the assumption that there is no other change in shareholding in the Company before completion of the Proposal.

As at the Latest Practicable Date, save for the 2,916,932,138 Shares in issue, the Company did not have any outstanding options, warrants, derivatives or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company that carry a right to subscribe for or which are convertible into Shares.

10. TOTAL CONSIDERATION AND FINANCIAL RESOURCES

On the assumption that no further Shares are to be issued before the Record Date, the Disinterested Scheme Shares comprise 482,754,049 Shares which represent approximately 16.55% of the issued share capital of the Company as at the Latest Practicable Date and the amount of cash required for cancelling the Disinterested Scheme Shares under the Proposal is approximately HK\$424,824,000 based on the Cancellation Price.

The cash required for the Proposal is financed by the cash proceeds received from the subscriptions pursuant to the Subscription Agreement. Pursuant to the Subscription Agreement, each of the Subscribers has agreed to subscribe for and the Offeror has agreed to allot and issue (i) an aggregate of 54 new shares of the Offeror with an aggregate cash consideration of HK\$54 (i.e. 1st Tranche Subscription); and (ii) an aggregate of 9,945 new shares of the Offeror with an aggregate cash consideration of US\$55,000,000 (i.e. 2nd Tranche Subscription). Upon completion of the 1st Tranche Subscription, each of the Subscribers will become a shareholder of the Offeror.

As at the Latest Practicable Date, the Offeror Bank Account had been established. The aggregate cash consideration of HK\$54 (being the 1st Tranche Subscription Consideration) has already been deposited into the Offeror Bank Account. The 1st Tranche Subscription is expected to be completed on 20 August 2020, as time is required for go through the administrative procedure for issuing new shares of the Offeror, pursuant to the terms of the Subscription Agreement. The aggregate cash consideration of approximately US\$55,000,000 (being the 2nd Tranche Subscription Consideration) has already been made available and deposited in the respective accounts of each of the Subscribers and earmarked for the sole purpose of the payment of Cancellation Price. Pursuant to the terms of the Subscription Agreement, the 2nd Tranche Subscription shall take place on the 2nd Tranche Completion Date, being effectively the second (2nd) Business Day following the date of the General Meeting.

Details of the Subscription Agreement are set out in the section headed “4. The Subscription Agreement” above.

Amasse Capital, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for discharging its obligations in respect of the full implementation of the Proposal.

11. COMPARISON OF VALUE

The Cancellation Price of HK0.88 per Scheme Share represents:

- a premium of approximately 41.94% over the closing price of HK\$0.62 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 54.39% over the average closing price of approximately HK\$0.57 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;

- a premium of approximately 60.00% over the average closing price of approximately HK\$0.55 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 54.39% over the average closing price of approximately HK\$0.57 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 39.68% over the average closing price of approximately HK\$0.63 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 29.41% over the average closing price of approximately HK\$0.68 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day;
- a premium of approximately 22.22% over the average closing price of approximately HK\$0.72 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- a discount of approximately 37.41% to the unaudited NAV of the Group per Share of approximately HK\$1.406 as at 30 September 2019, calculated based on the unaudited consolidated net assets attributable to shareholders of the Company of HK\$4,102,464,000 as at 30 September 2019 and 2,916,932,138 Shares in issue as at the Latest Practicable Date;
- a discount of approximately 33.23% to the audited consolidated net assets attributable to shareholders of the Company per Share of approximately HK\$1.318 as at 31 March 2020, calculated based on the audited consolidated net assets attributable to shareholders of the Company of HK\$3,844,716,000 as at 31 March 2020 and 2,916,932,138 Shares in issue as at the Latest Practicable Date;
- a discount of approximately 40.74% to the Adjusted NAV of the Group per Share of approximately HK\$1.485 as at 31 March 2020, based on the 2,916,932,138 Shares in issue as at the Latest Practicable Date; and
- a premium of approximately 10.00% over the closing price of HK\$0.80 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Cancellation Price has been determined on a commercial basis after taking into account, among others, the prices of the Shares traded on the Stock Exchange.

12. REASONS FOR, AND BENEFITS OF, THE PROPOSAL**(a) The Proposal will allow the Company more freedom for implementing its long-term growth strategies**

The Offeror may implement a series of long-term transformation and growth strategies. However, such transformation strategies may affect the Company's short-term growth profile and result in the divergence between the Offeror's and the Company's view on the Company's long-term value on one hand, and investors' views on the Company's share price on the other hand. Following the implementation of the Proposal, the Offeror and the Company can make strategic decisions focused on long-term benefits, free from the regulatory constraints and pressure of market expectations on share price associated with being a publicly listed company.

(b) Low liquidity of Shares may continue to cause abnormal share price fluctuation and difficulty for the Company to raise funds

The average daily trading volume of the Shares for the 24 months up to and including the Last Trading Day was approximately 794,000 Shares per day, representing only approximately 0.03% of the issued Shares as at the Latest Practicable Date.

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

Due to the relatively low liquidity in the trading of the Shares, the Offeror considers that the Company's current listing platform may no longer be able to serve as an effective fund-raising platform for the Company's business and future growth.

(c) Non-compliance of public float requirement as prescribed by Rule 8.08 of the Listing Rules

Reference is made to the announcements of the Company dated 29 June 2018 and 15 November 2018 in relation to the public float of the Company. As at the Latest Practicable Date, the Offeror Concert Parties held in aggregate 2,434,178,089 Shares, representing approximately 83.45% of the issued share capital of the Company. As such, the public float of the Company was approximately 16.55% as at the Latest Practicable Date, which remained below 25% of the issued share capital of the Company held by the public as prescribed by Rule 8.08 of the Listing Rules.

If the Company continues to fail to comply with the public float requirement under Rule 8.08 of the Listing Rules, the Stock Exchange may suspend trading in the Shares until appropriate steps have been taken to restore the minimum percentage of securities in public hands. In view of the foregoing, the Offeror considers that the continuous listing of the Company is subject to uncertainties.

(d) A good opportunity for the Scheme Shareholders to realise their investment for a premium

During the one-year period ended on and including the Last Trading Day, the lowest and highest closing prices per Share on the Stock Exchange were HK\$0.48 and HK\$1.10, respectively, with a simple average closing price of approximately HK\$0.78. The Offeror believes that the Cancellation Price of HK\$0.88 per Share represents a premium to the prices at which the market had valued the Company, and therefore, the Proposal provides the Scheme Shareholders an attractive exit premium and opportunity to realise their investment in return for cash, and redeploy into other investment opportunities that they may consider more attractive.

(e) Cost reduction from the saving of cost of listing and cost of investor relations

The delisting of the Company would reduce the costs and management resources associated with the maintenance of the Company's listing status on the Stock Exchange, therefore the delisting of the Company is expected to result in a more efficient and cost-effective group structure and create more flexibility for the Group to manage its business in an efficient and sustainable manner.

13. INTENTION OF THE OFFEROR REGARDING THE GROUP

The Offeror has no plan to introduce any material changes to the business and/or assets of the Group, or to redeploy its major fixed assets or discontinue the employment of employees of the Group as a result of the Proposal. After successful privatisation of the Company, the Offeror will review the businesses of the Group, including among others, the Group's relationships with its distributors and suppliers, portfolio of products, assets, corporate and organisational structure, capitalisation, operations, policies, management and personnel to consider and determine what changes, if any, would be necessary, appropriate or desirable, long term and short term, in order to best organise and optimise the businesses and operations of the Group.

14. INFORMATION OF THE GROUP, THE OFFEROR AND THE SUBSCRIBERS

Information on the Group

The Company is an investment holding company and the Group is principally engaged in (i) the manufacture and sale of medical devices and related medical device accessories; (ii) the provision of hospital management service and hospital operation; (iii) the provision of medical insurance administration service; (iv) the research and development, manufacture and sale of Chinese herbal medicines; and (v) the provision of cells and tissues storage and genetic testing services.

Information on the Offeror and the Subscribers

The Offeror is an investment holding company incorporated in the British Virgin Islands with limited liability. As at the Latest Practicable Date, the sole director of the Offeror is Mr. Kam.

Bio Garden Inc. is an investment holding company incorporated in the British Virgin Islands. It is wholly-owned by certain discretionary trusts of which Mr. Kam is the founder. Mr. Kam, aged 57, being the founder of the Group, was an executive Director of the Company from April 2005 to May 2019. He was also a director of several subsidiaries of the Company. Mr. Kam graduated from the Beijing Second Foreign Languages Institute, the PRC (北京第二外國語學院) in 1985 and has over 20 years of management experience in international business. Mr. Kam is the sole director of Bio Garden Inc. and a director of Magnum Opus 3 International Holdings Limited, both companies have an interest in the share capital of the Company under the provisions of Part XV of the SFO as set out in the section headed “9. Shareholding Structure of the Company” in Part VII. — Explanatory Memorandum of this Scheme Document.

China In Shine Investment Limited is an investment holding company incorporated in the British Virgin Islands with limited liability and is ultimately wholly-owned by Ms. Fung Chit. The sole director of China In Shine Investment Limited is Ms. Fung Chit. Ms. Fung Chit is an experienced investor and had, through China In Shine Investment Limited, invested in listed securities in the United States of America.

Asia Pacific MedTech (BVI) Limited is an investment holding company incorporated in the British Virgin Islands with limited liability and is ultimately wholly-owned by Ms. Gu Nana. The sole director of Asia Pacific MedTech (BVI) Limited is Ms. Gu Nana. Ms. Gu Nana is an experienced investor and had, through Asia Pacific MedTech (BVI) Limited, invested in overseas bio-technology listed company.

Famous Sino Limited is an investment holding company incorporated in the British Virgin Islands with limited liability and is ultimately wholly-owned by Mr. Wu Guangze. The sole director of Famous Sino Limited is Mr. Wu Guangze. Mr. Wu Guangze is an experienced investor and had, through Famous Sino Limited, invested in listed companies in Hong Kong and overseas.

15. WITHDRAWAL OF LISTING OF SHARES

On the Effective Date, all Disinterested Scheme Shares will be cancelled and the share certificates for the Disinterested Scheme Shares will thereafter cease to have effect as documents or evidence of title.

The Company will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange in accordance with Rule 6.15 of the Listing Rules immediately following the Effective Date.

A detailed timetable of the Proposal and the Scheme has been included in Part III. of this Scheme Document, which also contains, among other things, further details of the Scheme. Dealings in the Shares on the Stock Exchange are expected to cease after 4:10 p.m. on Wednesday, 23 September 2020, and the listing of the Shares on the Stock Exchange is expected to be withdrawn at 4:00 p.m. on Friday, 16 October 2020. An announcement of

the exact dates of the last day for dealing in the Shares on the Stock Exchange and the day on which the Scheme and the withdrawal of the listing of Shares on the Stock Exchange will become effective will be made by the Company.

The Company will be privatised by way of a scheme of arrangement under Section 86 of the Companies Law, and it is the Company's intention not to retain its listing on the Stock Exchange after implementation of the Proposal.

16. IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

The Scheme will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective or the Proposal otherwise lapses.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with it) may within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses announce an offer or possible offer for the Company, except with the consent of the Executive.

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

17. OVERSEAS SHAREHOLDERS

The making and implementation of the Proposal to the Scheme Shareholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Scheme Shareholders are located.

Such overseas Scheme Shareholders should inform themselves about and observe any applicable legal, tax or regulatory requirements. It is the responsibility of any overseas Scheme Shareholders, wishing to take an action in relation to the Proposal, respectively, to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with any other necessary formalities and the payment of any issue, transfer or other taxes in such jurisdiction.

Any acceptance by such overseas Scheme Shareholders will be deemed to constitute a representation and warranty from such persons to the Company, the Offeror and their respective advisers, that those laws and regulatory requirements have been complied with. If such overseas Scheme Shareholders are in doubt as to their position, they should consult their professional advisers.

As at the Latest Practicable Date, based on the record in the Company's register of members, there were 9 Scheme Shareholder(s) whose registered address was in the United States and held 5,001,290 Disinterested Scheme Shares, representing approximately 0.17% of the total issued share capital of the Company.

The Company has been advised by the local counsel in the aforementioned jurisdiction that there is no restriction under the respective laws or regulations of those jurisdiction against extending the Scheme or despatching this Scheme Document together with the proxy forms to those overseas Scheme Shareholders. The Scheme will apply to and this Scheme Document together with the proxy forms will be despatched to those overseas Scheme Shareholders.

18. GENERAL

The Offeror has appointed Amasse Capital as their financial adviser in connection with the Proposal.

The Directors (excluding members of the Independent Board Committee whose view is contained in the letter from the Independent Board Committee set out in Part V. of this Scheme Document) believe that the terms of the Proposal are fair and reasonable and in the interests of the Shareholders as a whole.

The Offeror confirms that, as at the Latest Practicable Date:

- (i) the Offeror or the Offeror Concert Parties had not received any irrevocable commitment to vote for or against the Scheme;
- (ii) there was no outstanding derivative in respect of securities in the Company which had been entered into by the Offeror or the Offeror Concert Parties;
- (iii) save for the Undertaking and the Subscription Agreement, there was no arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares between the Offeror or any of the Offeror Concert Parties and any other person which may be material to the Proposal (as referred to in Note 8 to Rule 22 of the Takeovers Code);

- (iv) save for a total of 2,434,178,089 Shares, none of the Offeror or the Offeror Concert Parties owned or had control or direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;
- (v) save for the acquisition of 1,592,000 Shares by Atlantis as disclosed in the section headed “19. Dealing in the Company’s Securities” in Part VII. — Explanatory Memorandum of this Scheme Document, none of the Offeror and the Offeror Concert Parties has dealt in any Shares, options, derivatives, warrants or other securities convertible into Shares during the Relevant Period;
- (vi) save for the Undertaking and the Subscription Agreement, there was no agreement or arrangement to which the Offeror or any of the Offeror Concert Parties was a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Proposal;
- (vii) there were no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or the Offeror Concert Parties had borrowed or lent;
- (viii) save for the Undertaking and the Subscription Agreement, there was no understanding, arrangement or special deal between any Shareholder and the Offeror and/or the Offeror Concert Parties; and
- (ix) save for the Cancellation Price, no consideration, compensation or benefit in whatever form was or will be provided by the Offeror or the Offeror Concert Parties to the Shareholders.

The Board confirms that, as at the Latest Practicable Date, there was no understanding, arrangement or special deal between any Shareholder and the Company, its subsidiaries or associated companies.

The Board and the Offeror confirm that, as at the Latest Practicable Date, there was no understanding, arrangement or special deal between any the Company, its subsidiaries or associated companies and the Offeror and/or the Offeror Concert Parties.

19. DEALING IN THE COMPANY'S SECURITIES

Save for the acquisition of 1,592,000 Shares by Atlantis as set out below, none of the Offeror and the Offeror Concert Parties has dealt in any Shares, options, derivatives, warrants or other securities convertible into Shares during the Relevant Period:

Name	Number of Shares acquired	Dealing date	Actual sale price per Share
Atlantis	4,000	18 February 2020	HK\$0.70 per Share
	276,000	19 February 2020	HK\$0.75 per Share
	88,000	19 February 2020	HK\$0.76 per Share
	16,000	21 February 2020	HK\$0.76 per Share
	152,000	21 February 2020	HK\$0.77 per Share
	68,000	24 February 2020	HK\$0.76 per Share
	312,000	24 February 2020	HK\$0.77 per Share
	84,000	24 February 2020	HK\$0.78 per Share
	40,000	31 March 2020	HK\$0.57 per Share
	240,000	31 March 2020	HK\$0.58 per Share
	92,000	31 March 2020	HK\$0.59 per Share
	<u>220,000</u>	31 March 2020	HK\$0.60 per Share
Total	<u><u>1,592,000</u></u>		

Associates of the Offeror and the Company (as defined in the Takeovers Code, including Shareholders holding 5% or more of the relevant securities (as defined in paragraphs (a) to (d) in Note 4 to Rule 22 of the Takeovers Code) of any of the Offeror and the Company) are hereby reminded to disclose their dealings in any securities of the Company under Rule 22 of the Takeovers Code during the Offer Period.

20. REGISTRATION AND PAYMENT

Assuming that the Record Date falls on Wednesday, 14 October 2020, it is proposed that the register of members of the Company will be closed from Tuesday, 6 October 2020 (or such other date as Shareholders may be notified by an announcement) onwards in order to determine entitlements under the Scheme. In order to qualify for entitlements under the Scheme, the Scheme Shareholders should ensure that the transfer of Shares to them are lodged with the Share Registrar at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration in their names or in the names of their nominees before 4:30 p.m. (Hong Kong time) on Monday, 5 October 2020.

Payment of Cancellation Price to Scheme Shareholders

Upon the Scheme becoming effective, payment of the Cancellation Price for the Disinterested Scheme Shares will be made to the Scheme Shareholders whose names appear on the register of members of the Company as at the Record Date. Assuming that the Scheme becomes effective on Wednesday, 14 October 2020 (Cayman Islands time), cheques for payment of the Cancellation Price under the Scheme will be paid for by the Offeror as soon as possible but in any event within 7 business days (as defined in the Takeovers Code) following the Scheme having become effective and accordingly, the cheques are expected to be despatched on or before Friday, 23 October 2020.

In the absence of any specific instructions to the contrary received in writing by the Share Registrar, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, cheques will be sent by ordinary post addressed to the persons entitled thereto at their respective registered addresses or, in the case of joint holders, to the registered address of that joint holder whose name stands first in the register of members of the Company in respect of the joint holding. All such cheques will be sent at the risk of the person(s) entitled thereto and none of the Offeror, the Company, Amasse Capital, the Independent Financial Adviser and the Share Registrar will be responsible for any loss or delay in dispatch.

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

The Offeror shall hold such monies until the expiry of six years from the Effective Date and shall, prior to such date, make payments therefrom of the sums to persons who satisfy the Offeror that they are respectively entitled thereto. On the expiry of six years from the Effective Date, the Offeror shall be released from any further obligation to make any payments under the Scheme.

Assuming that the Scheme becomes effective, the register of members of the Company will be updated accordingly to reflect the cancellation of all the Disinterested Scheme Shares and all existing certificates representing the Disinterested Scheme Shares will cease to have effect as documents or evidence of title as from the Effective Date, which is expected to be on or about Wednesday, 14 October 2020 (Cayman Islands time).

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

21. TAXATION AND INDEPENDENT ADVICE

Hong Kong stamp duty and tax consequences

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

Holders of Disinterested Scheme Shares, whether in Hong Kong or in other jurisdictions, are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting the Proposal and, in particular, whether the receipt of the Cancellation Price would make such Scheme Shareholder liable to taxation in Hong Kong or in other jurisdictions.

It is emphasized that none of the Offeror, the Offeror Concert Parties, the Company, Amasse Capital, the Independent Financial Adviser and the Share Registrar and their agents or any of their respective directors, officers, associates or affiliates or any other person involved in the Scheme and the Proposal accepts responsibility or has any liability for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection, or implementation, of the Proposal and the Scheme. All Scheme Shareholders and/or Beneficial Owners shall be solely responsible for their liabilities (including tax liabilities) in relation to the Proposal, and are recommended to consult their professional advisers if in any doubt as to the taxation implications of the Proposal.

22. COURT MEETING AND GENERAL MEETING

In accordance with the directions of the Grand Court, the Court Meeting will be held for the purpose of considering and, if thought fit, passing a resolution to approve the Scheme (with or without modifications).

Scheme Shareholders whose names appear on the register of members of the Company as at the Meeting Record Date shall be entitled to attend and vote, in person or by proxy, at the Court Meeting for the purpose of the requirements of Cayman Islands law, provided that only votes of Disinterested Shareholders will be counted for the purpose of determining whether the requirements set out in the section headed “7. Additional requirements as imposed by Rule 2.10 of the Takeovers Code” in this Explanatory Memorandum are satisfied in accordance with the Takeovers Code. The Scheme will be subject to the approval by the Scheme Shareholders at the Court Meeting in the manner referred to in the subsection headed “Court Meeting” below.

The General Meeting will be held immediately following the adjournment or conclusion of the Court Meeting. All Shareholders (including the Offeror Concert Parties) whose names appear in the register of members of the Company as at the Meeting Record Date will be entitled to attend the General Meeting and vote, in person or by proxy, on (i) the special resolution to approve and give effect to the reduction of the share capital of the Company by cancelling and extinguishing the Disinterested Scheme Shares; and (ii) the ordinary resolution to, immediately after the capital reduction, increase the issued share capital of the Company to the amount prior to the cancellation of the Disinterested Scheme Shares by the allotment and issue at par to the Offeror of such aggregate number of new Shares as is equal to the number of Disinterested Scheme Shares cancelled and apply the reserve created as a result of the such capital reduction to pay up in full at par such number of new Shares to be allotted and issued, credited as fully paid, to the Offeror. Each of the Offeror Concert Parties has undertaken that, if the Scheme is approved at the Court Meeting, they will cast the votes attaching to the Shares held by them in favour of the aforesaid resolutions to be proposed at the General Meeting. As far as the ordinary resolution in connection with the special deal relating to the Undertaking is concerned, only the Disinterested Shareholders can vote thereon.

Court Meeting

The implementation of the Proposal is, and the Scheme will become effective and binding on the Company and all Scheme Shareholders subject to the fulfilment of, among other things, the following Conditions:

- (a) the approval of the Scheme (by way of poll) by a majority in number of the Scheme Shareholders holding not less than 75% of the votes attaching to the Disinterested Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting; and

- (b) the number of votes cast (by way of poll) by the Disinterested Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Disinterested Scheme Shares held by all the Disinterested Shareholders.

Scheme Shareholders whose names appear in the register of members of the Company as at the Meeting Record Date shall be entitled to attend and vote, in person or by proxy, at the Court Meeting for the purposes of Cayman Islands law, provided that, for the purpose of satisfying the voting requirements described in (a) and (b) above (which are contained in and imposed by the Takeovers Code), only the votes in respect of the Disinterested Scheme Shares of the Disinterested Shareholders present and voting either in person or by proxy, will be counted.

In accordance with the Companies Law, the “75% in value” requirement, as described above, will be met if the total value of the Disinterested Scheme Shares being voted in favour of the Scheme is at least 75% of the total value of the Disinterested Scheme Shares voted at the Court Meeting. In accordance with the Companies Law, the “majority in number” requirement, as described above, will be met if the number of Scheme Shareholders voting in favour of the Scheme exceeds the number of Scheme Shareholders voting against the Scheme at the Court Meeting.

In accordance with the directions from the Grand Court, HKSCC Nominees Limited is permitted to vote once for and once against the Scheme in accordance with the instructions from the CCASS Participants for the purposes of ascertaining whether or not the requirement that a majority in number of the Scheme Shareholders approve the Scheme under section 86(2) of the Companies Law has been satisfied. The number of votes cast in favour of the Scheme and the number of CCASS Participants on whose instructions they are cast and the number of votes cast against the Scheme and the number of CCASS Participants on whose instructions they are cast will be disclosed to the Grand Court and may be taken into account by the Grand Court in deciding whether or not it should exercise its discretion to sanction the Scheme.

Notice of the Court Meeting is set out in Appendix V. to this Scheme Document. The Court Meeting will be held at 2:00 p.m. (Hong Kong time) on Wednesday, 16 September 2020 at Nathan Room, Lower Lobby, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong.

General Meeting

All Shareholders (including the Offeror Concert Parties) whose names appear in the register of members of the Company as at the Meeting Record Date will be entitled to attend the General Meeting and vote, in person or by proxy, on (i) the special resolution to approve and give effect to the reduction of the share capital of the Company by cancelling and extinguishing the Disinterested Scheme Shares; and (ii) the ordinary resolution to, immediately after the capital reduction, increase the issued share capital of the Company to the amount prior to the cancellation of the Disinterested Scheme Shares by the allotment and issue at par to the Offeror of such aggregate number of new Shares as is equal to the number of Disinterested Scheme Shares cancelled and apply the reserve created as a result of the such capital reduction to pay up in full at par such number of new Shares to be allotted and issued, credited as fully paid, to the Offeror. Each of the Offeror Concert Parties has undertaken that, if the Scheme is approved at the Court Meeting, they will cast the votes attaching to the Shares held by them in favour of the aforesaid resolutions to be proposed at the General Meeting. As far as the ordinary resolution in connection with the special deal relating to the Undertaking is concerned, only the Disinterested Shareholders can vote thereon.

The special resolution described above will be passed if not less than three-fourths of the votes cast by the Shareholders, present and voting in person or by proxy or by duly authorized representative at the General Meeting, are in favour of the special resolution. The ordinary resolution described under (ii) in the paragraph above will be passed if more votes are cast in favour of the ordinary resolution than against it by the Shareholders, present and voting either in person or by proxy, at the General Meeting. The ordinary resolution in connection with the special deal relating to the Undertaking will be passed if more votes are cast in favour of the ordinary resolution than against it by the Disinterested Shareholders, present and voting either in person or by proxy, at the General Meeting.

At the General Meeting, a poll will be taken and each Shareholder/Disinterested Shareholder present and voting, either in person or by proxy, will be entitled to vote all of his/her/its Shares in favour of (or against) the special/ordinary resolutions described above. Alternatively, such Shareholder/Disinterested Shareholder may vote some of his/her/its Shares in favour of the special/ordinary resolutions and any or all of the balance of their Shares against the special/ordinary resolutions (and vice versa).

Notice of General Meeting is set out in Appendix VI. to this Scheme Document. The General Meeting will be held at 2:30 p.m. (Hong Kong time) (or immediately after the Court Meeting convened on the same day and place shall have been concluded or adjourned) on Wednesday, 16 September 2020 at Nathan Room, Lower Lobby, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong.

Please refer to “Part II. Actions To be Taken — Precautionary Measures for the Court Meeting and the General Meeting” of this Scheme Document for precautionary measures being implemented by the Company in order to prevent and control the spread of the novel coronavirus (COVID-19) and to ensure the health and safety of all attendees at the Court Meeting and General Meeting, including (i) compulsory body temperature checks; (ii) compulsory wearing of surgical face masks for each attendee; and (iii) limiting attendance at the Court Meeting and the General Meeting. Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into and/or may be required to leave the venue of the Court Meeting and/or the General Meeting.

Assuming that the Conditions are fulfilled (or, as applicable, waived in whole or in part), it is expected that the Scheme will become effective on or about Wednesday, 14 October 2020 (Cayman Islands time). Further announcements will be made to give details of (i) the results of the Court Meeting and the General Meeting and, if all the resolutions are passed at those meetings, (ii) the results of the hearing of the petitions for the sanction of the Scheme and the confirmation of the capital reduction by the Grand Court, (iii) the Record Date, (iv) the Effective Date, and (v) the date of withdrawal of the listing of the Shares on the Stock Exchange.

Announcement of the results of the Court Meeting and the General Meeting

1. An announcement will be made by the Offeror and the Company in accordance with the Takeovers Code on the Stock Exchange’s website by 7:00 p.m. on the date of the Court Meeting and the General Meeting in accordance with Rule 19.1 of the Takeovers Code to the extent applicable. The announcement will state the total number of Shares and rights over Shares:
 - (a) held, controlled or directed by the Offeror or Offeror Concert Parties before the Offer Period; and
 - (b) acquired or agreed to be acquired during the Offer Period by the Offeror or Offeror Concert Parties.

The announcement will include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror and Offeror Concert Parties have borrowed or lent, save for any borrowed Shares which have been either on-lent or sold.

The announcement will specify the percentages of the relevant classes of share capital, and the percentages of voting rights, represented by these numbers.

2. In accordance with Rule 2.9 of the Takeovers Code, the said announcement will set out the identity of the scrutineer and the results of the Court Meeting and the General Meeting, including:
 - (a) the number of Shares of each class voted for and against the resolution(s) and the percentage of the relevant class of share capital which those numbers represent; and
 - (b) the number of Scheme Shareholders voting for and against the resolution and the percentage of the Scheme Shareholders voting which that number represents and, among them, the number of CCASS Participants instructing HKSCC Nominees Limited to vote for and against the resolution(s) and the number of Shares voted by such CCASS Participants.

23. BENEFICIAL OWNERS

Beneficial Owners are urged to have their names entered in the register of members of the Company as soon as possible for, among other things, the following reasons:

- (a) to enable the Beneficial Owners to become registered holders of the Disinterested Scheme Shares so that they can attend the Court Meeting in the capacity as members of the Company or to be represented by proxies to be appointed by them and to be included for the purpose of calculating the majority in number of Shareholders as required under Section 86 of the Companies Law in their capacity as members of the Company;
- (b) provided that the Beneficial Owners have become registered holders of the Disinterested Scheme Shares, to enable the Company to properly classify members of the Company for the purposes of the headcount test under Section 86 of the Companies Law; and
- (c) to enable the Company and the Offeror to make arrangements to effect payments by way of the delivery of cheques to the most appropriate person when the Scheme becomes effective.

No person shall be recognised by the Company as holding any Shares upon any trust. In the case of any Beneficial Owner whose Shares are held upon trust by, and registered in the name of, a Registered Owner (other than HKSCC Nominees Limited), such Beneficial Owner should contact the Registered Owner and provide the Registered Owner with instructions or make arrangements with the Registered Owner in relation to the manner in which the Shares of the Beneficial Owner should be voted at the Court Meeting and/or the General Meeting. Such instructions and/or arrangements should be given or made in advance of the deadline in respect of the Court Meeting and the General Meeting set by the Registered Owner in order to provide the Registered Owner with sufficient time to accurately complete his, her or its proxy and to submit it by the latest time for the lodgment of forms of proxy in respect of the Court Meeting and the General Meeting. To the extent that any Registered Owner requires instructions from or arrangements to be made with any

Beneficial Owner at a particular date or time in advance of the latest time for the lodgment of forms of proxy in respect of the Court Meeting and the General Meeting, then any such Beneficial Owner should comply with the requirements of the Registered Owner.

Any Beneficial Owner whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees Limited must, unless such Beneficial Owner is a person admitted to participate in CCASS as an Investor Participant, contact their broker, custodian, nominee or other relevant person who is, or has in turn deposited such Shares with, another CCASS Participant regarding voting instructions to be given to such persons if they wish to vote at the Court Meeting and/or General Meeting. Beneficial Owners should contact their broker, custodian, nominee or other relevant person in advance of the deadline in respect of the Court Meeting and the General Meeting set by them, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to provide HKSCC Nominees Limited with instructions or make arrangements with HKSCC Nominees Limited in relation to the manner in which the Shares of the Beneficial Owner should be voted at the Court Meeting and/or the General Meeting. The procedure for voting in respect of the Scheme by HKSCC Nominees Limited with respect to the Shares registered under the name of HKSCC Nominees Limited shall be in accordance with the “General Rules of CCASS” and the “CCASS Operational Procedures” in effect from time to time.

24. SUMMARY OF ACTIONS TO BE TAKEN

Shareholders

A **pink** form of proxy for use at the Court Meeting and a **white** form of proxy for use at the General Meeting are enclosed with copies of this Scheme Document sent to Registered Owners by ordinary post to their registered addresses. Subsequent purchasers of Disinterested Scheme Shares will need to obtain the proxy forms from the transferor if he or she wishes to attend or vote at the Court Meeting and/or the General Meeting.

Whether or not you are able to attend the Court Meeting and/or the General Meeting, Scheme Shareholders are strongly urged to complete and sign the enclosed **pink** form of proxy in respect of the Court Meeting, and Shareholders are strongly urged to complete and sign the enclosed **white** form of proxy in respect of the General Meeting, in accordance with the instructions printed thereon, and to lodge them at the office of the Share Registrar, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.

In order to be valid, the **pink** form of proxy for use at the Court Meeting must be lodged not later than 2:00 p.m. (Hong Kong time) on Monday, 14 September 2020 or be handed to the chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion as to whether or not to accept it), and the **white** form of proxy for use at the General Meeting must be lodged not later than 2:30 p.m. (Hong Kong time) on Monday, 14 September 2020. The completion and return of a form of proxy for the

Court Meeting or the General Meeting will not preclude you from attending and voting in person at the relevant meeting. In such event, the returned form of proxy will be deemed to have been revoked.

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

Voting at the Court Meeting and the General Meeting will be taken by poll.

For the purpose of determining the entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and Shareholders to attend and vote at the General Meeting, the register of members of the Company will be closed from Monday, 14 September 2020 to Wednesday, 16 September 2020 (both days inclusive) and during such period, no transfer of Shares will be effected. In order to qualify to vote at the Court Meeting and the General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Share Registrar at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong before 4:30 p.m. (Hong Kong time) on Friday, 11 September 2020.

An announcement will be made by the Company and the Offeror in relation to the results of the Court Meeting and the General Meeting no later than 7:00 p.m. on Wednesday, 16 September 2020. If all the resolutions are passed at those meetings, further announcement(s) will be made of the results of the Grand Court hearing of the petitions to sanction the Scheme and to confirm the capital reduction and, if the Scheme is sanctioned, the Record Date, the Effective Date and the date of withdrawal of the listing of the Shares on the Stock Exchange.

Actions to be taken by holders through Trust or CCASS

The Company will not recognise any person as holding any Shares upon any trust. If you are a Beneficial Owner whose Shares are held upon trust by, and registered in the name of, a Registered Owner (other than HKSCC Nominees Limited), you should contact the Registered Owner and provide the Registered Owner with instructions or make arrangements with the Registered Owner in relation to the manner in which your Shares should be voted at the Court Meeting and/or the General Meeting. Such instructions and/or arrangements should be given or made in advance of the deadline in respect of the Court Meeting and the General Meeting set by the Registered Owner in order to provide the Registered Owner with sufficient time to accurately complete his, her or its proxy and to submit it by the latest time for lodgment of forms of proxy in respect of the Court Meeting and the General Meeting. To the extent that any Registered Owner requires instructions from or arrangements to be made with any Beneficial Owner at a particular date or time in advance of the latest time for the

lodgment of forms of proxy in respect of the Court Meeting and the General Meeting, any such Beneficial Owner should comply with the requirements of the Registered Owner.

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees Limited, you must, unless you are an Investor Participant, contact your broker, custodian, nominee, or other relevant person who is, or has, in turn, deposited such Shares with, another CCASS Participant regarding voting instructions to be given to such persons if you wish to vote at the Court Meeting and/or at the General Meeting. You should contact your broker, custodian, nominee or other relevant person in advance of the deadline in respect of the Court Meeting and the General Meeting set by them, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to provide HKSCC Nominees Limited with instructions or make arrangements with HKSCC Nominees Limited in relation to the manner in which the Shares of the Beneficial Owner should be voted at the Court Meeting and/or the General Meeting. The procedure for voting in respect of the Scheme by HKSCC Nominees Limited with respect to the Shares registered under the name of HKSCC Nominees Limited shall be in accordance with the “General Rules of CCASS” and the “CCASS Operational Procedures” in effect from time to time. In accordance with the directions from the Grand Court, HKSCC Nominees Limited is permitted to vote once for and once against the Scheme in accordance with the instructions from the CCASS Participants for the purposes of ascertaining whether or not the requirement that a majority in number of the Scheme Shareholders approve the Scheme under section 86(2) of the Companies Law has been satisfied. The number of votes cast in favour of the Scheme and the number of CCASS Participants on whose instructions they are cast and the number of votes cast against the Scheme and the number of CCASS Participants on whose instructions they are cast will be disclosed to the Grand Court and may be taken into account by the Grand Court in deciding whether or not it should exercise its discretion to sanction the Scheme.

If you are a Beneficial Owner whose Shares are deposited in CCASS, you may also elect to become a Shareholder of record, and thereby have the right to attend and vote at the Court Meeting (if you are a holder of the Disinterested Scheme Shares) and the General Meeting (as a Shareholder). You can become a Shareholder of record by withdrawing all or any of your Shares from CCASS and becoming a Registered Owner of such Shares. For withdrawal of Shares from CCASS and registration thereof, you will be required to pay to CCASS a withdrawal fee per board lot withdrawn, a registration fee for each share certificate issued, stamp duty on each transfer instrument and, if your Shares are held through a financial intermediary, any other relevant fees charged by your financial intermediary. You should contact your broker, custodian, nominee or other relevant person in advance of the latest time for lodging transfers of the Shares into your name so as to qualify to attend and vote at the Court Meeting and the General Meeting, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to withdraw the Shares from CCASS and register them in your name.

Petition Hearing in the Grand Court

The Company has obtained directions from the Grand Court for the convening of the Court Meeting to consider the Scheme and other procedural matters regarding the Court Meeting.

In accordance with Sections 14, 15 and 86 of the Companies Law, if the resolutions are approved at the Court Meeting and the General Meeting, the Company will seek a further hearing before the Grand Court to sanction the Scheme and confirm the capital reduction. The Company and the Offeror cannot complete the Scheme and the Proposal without obtaining these approvals. The Company expects that the hearing will take place in or around October 2020. At the hearing of the Scheme petition, the Grand Court will determine whether to exercise its discretion to sanction the Scheme. In doing so, the Grand Court will consider, among other things, whether all relevant notice periods were complied with and whether the Scheme was such that a reasonable member would have approved it. At the hearing of the petition, the Grand Court may impose such conditions as it deems appropriate in relation to the Scheme.

If the Grand Court sanctions the Scheme and if all of the other conditions to the Scheme are satisfied or (to the extent allowed by law) waived, the Company intends to file the court order sanctioning the Scheme with the Registrar of Companies in the Cayman Islands on Wednesday, 14 October 2020 (Cayman Islands time) or as otherwise directed by the Grand Court, at which time the Scheme will become effective.

SHAREHOLDERS (INCLUDING ANY BENEFICIAL OWNERS OF SUCH SHARES THAT GAVE VOTING INSTRUCTIONS TO A CUSTODIAN OR CLEARING HOUSE THAT SUBSEQUENTLY VOTED AT THE COURT MEETING) SHOULD NOTE THAT THEY ARE ENTITLED TO APPEAR AT THE GRAND COURT HEARING EXPECTED TO BE HELD ON FRIDAY, 9 OCTOBER 2020 AT WHICH THE COMPANY WILL SEEK, AMONG OTHER THINGS, THE SANCTION OF THE SCHEME.

25. RECOMMENDATION

Your attention is drawn to the following:

- (i) the letter from the Board set out in Part IV. of this Scheme Document;
- (ii) the letter from the Independent Board Committee set out in Part V. of this Scheme Document; and
- (iii) the letter from the Independent Financial Adviser set out in Part VI. of this Scheme Document.

26. FURTHER INFORMATION

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

Shareholders should rely only on the information contained in this Scheme Document. None of the Company, the Offeror, Amasse Capital, the Independent Financial Adviser and the Share Registrar or any of their respective affiliates has authorised anyone to provide you with information that is different from what is contained in this Scheme Document.

27. LANGUAGE

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

1. FINANCIAL SUMMARY

Set out below is a summary of the consolidated financial information of the Group for each of the three years ended 31 March 2018, 31 March 2019 and 31 March 2020, the figures of which are extracted from the consolidated financial statements in the annual reports of the Company for the years ended 31 March 2018, 31 March 2019 and 31 March 2020.

The auditors' reports issued by the auditors of the Company, KPMG, in respect of the audited consolidated financial statements of the Group for each of the three years ended 31 March 2018, 31 March 2019 and 31 March 2020 did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern.

	For the year ended 31 March		
	2020	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(audited)
Continuing operations			
Revenue	307,141	315,668	250,719
Cost of Sales	<u>(188,623)</u>	<u>(181,243)</u>	<u>(140,791)</u>
Gross profit	118,518	134,425	109,928
Other net income	117,494	138,076	99,953
Selling and marketing expenses	(54,677)	(53,775)	(40,623)
Administrative expenses	(326,121)	(389,746)	(417,729)
Impairment loss on other receivables	(18,642)	(378,843)	—
Impairment loss on available-for-sale securities	<u>—</u>	<u>—</u>	<u>(49,603)</u>
Loss from operations	(163,428)	(549,863)	(298,074)
Finance costs	(51,656)	(74,271)	(377,055)
Changes in fair value of financial instruments at fair value through profit or loss	(37,057)	(13,971)	(47,485)
Share of losses of associates	(12,069)	(18,892)	(7,897)
Share of losses of joint ventures	<u>(16,797)</u>	<u>(4,777)</u>	<u>(5,976)</u>
Loss before taxation	(281,007)	(661,774)	(736,487)
Income tax expense	<u>(4,515)</u>	<u>(41,101)</u>	<u>(8,519)</u>
Loss for the year from continuing operations	(285,522)	(702,875)	(745,006)

	For the year ended 31 March		
	2020	2019	2018
	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(audited)
Discontinued operation			
Profit for the year from discontinued operation	—	—	4,108,092
(Loss)/profit for the year	<u>(285,522)</u>	<u>(702,875)</u>	<u>3,363,086</u>
Attributable to:			
Equity shareholders of the Company			
— continuing operations	(261,364)	(675,444)	(707,605)
— discontinued operation	—	—	4,106,754
Non-controlling interests			
— continuing operations	(24,158)	(27,431)	(37,401)
— discontinued operation	—	—	1,338
Total comprehensive income for the year	(556,569)	(1,038,525)	3,820,266
Attributable to:			
Equity shareholders of the Company			
— continuing operations	(536,781)	(1,013,668)	(479,616)
— discontinuing operations	—	—	4,264,269
Non-controlling interests			
— continuing operations	(19,788)	(24,857)	(39,422)
— discontinuing operations	—	—	75,035
Basic and diluted (loss)/earnings per share (in cents)			
— continuing operations	(9.0)	(23.2)	(23.9)
— discontinued operation	—	—	138.8
Dividends per Share (in cents)	—	—	30.0

2. CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

The Company is required to set out or refer to in this Scheme Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in the audited consolidated financial statements of the Group for the year ended 31 March 2020 (the “**2020 Financial Statements**”), together with the notes to the published financial statements which are of major relevance to the appreciation of the above financial information.

The 2020 Financial Statements are set out on pages 99 to 200 of the annual report of the Company for the year ended 31 March 2020 (the “**2020 Annual Report**”), which was published on 30 June 2020. The 2020 Annual Report is posted on the Company’s website at <http://www.goldenmeditech.com> and the website of the Stock Exchange at <http://www.hkexnews.hk>. Please also see below a direct link to the 2020 Annual Report:

- <https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0630/2020063002326.pdf>

The 2020 Financial Statements (but not any other part of the 2020 Annual Report in which it appears) are incorporated by reference into this Scheme Document and form part of this Scheme Document.

3. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 May 2020, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Scheme Document, the Group had total outstanding indebtedness as summarised below:

(i) Borrowings

As at 31 May 2020, the Group had outstanding borrowings of approximately HK\$847,089,000, which were secured by pledge deposits of approximately HK\$938,586,000.

(ii) Lease liabilities

The Group has adopted HKFRS 16, *Leases*, for the accounting period beginning on 1 April 2019. The lease liabilities as at 31 May 2020 were approximately HK\$52,989,000.

(iii) Disclaimer

Save as disclosed in (i) to (ii) above and apart from intra-group liabilities and normal trade payables, the Group did not have any mortgages, charges, debentures, loan capital, bank loans and overdrafts, debt securities or other similar indebtedness, lease liabilities, liabilities under acceptances or acceptance credit, or any guarantees or other contingent liabilities outstanding at the close of business on 31 May 2020.

4. PROPERTY INTERESTS AND ADJUSTED NAV OF THE GROUP

The valuation of the Group's property interests as at 31 May 2020 was conducted by Roma Appraisals Limited, the independent professional valuer appointed by the Company. The total market value of the property interests in existing state attributable to the Shareholders as at 31 May 2020 was approximately RMB2,366,611,000, as set out below:

	Market Value of the property interest in existing state attributable to the Shareholders RMB'000	Proportion of total property interests
Buildings	708,609	29.9%
Prepaid lease payments	<u>1,658,002</u>	<u>70.1%</u>
Total property interests	<u>2,366,611</u>	<u>100.0%</u>

Further details of the aforementioned property interests and their corresponding valuation report prepared by Roma Appraisals Limited are set out in Appendix II to this Scheme Document.

Based on the audited consolidated financial statements of the Company as at 31 March 2020, the audited NAV of the Group were approximately HK\$3,844,716,000 (or approximately HK\$1.318 per Share).

The Adjusted NAV of the Group on a per Share basis was approximately HK\$1.485 as at 31 March 2020, detail of which are set out below.

Some of the property interests of the Group were stated at cost basis in accordance with Hong Kong Financial Reporting Standards. Set out below is the Adjusted NAV of the Group, based on the audited consolidated financial statements of the Company as at 31 March 2020 and the adjustments, which include the revaluation surplus arising from property valuation, net of estimated deferred tax:

Audited NAV of the Group as at 31 March 2020	HK\$3,844,716,000
Adjustments:	
— Revaluation surplus arising from the valuation of property interests attributable to the Shareholders as at 31 May 2020 <i>(Note 1)</i>	HK\$668,198,000
— Deferred tax on attributable revaluation surplus <i>(Note 2)</i>	(HK\$182,550,000)
Adjusted NAV of the Group	HK\$4,330,364,000
Adjusted NAV of the Group per Share <i>(Note 3)</i>	HK\$1.485

Notes:

1. Represented the revaluation surplus arising from the excess of the market value of the property interests held by the Group in existing state attributable to the Shareholders of approximately RMB2,366,611,000 (equivalent to approximately HK\$2,588,158,000) as at 31 May 2020, as appraised by Roma Appraisals Limited, over their corresponding book values attributable to the Shareholders of approximately HK\$1,919,960,000 as at 31 March 2020, after adjusting for relevant interests not attributable to the Group.
2. Represents deferred tax (the “**Deferred Tax**”) on temporary differences between the market values of the property interests and the corresponding tax base used in computation of taxable profit. Deferred tax is calculated at tax rates of 25% for PRC corporate income tax.
3. Based on 2,916,932,138 Shares in issue as at the Latest Practicable Date.

5. MATERIAL CHANGE

Save as (i) set out in the Scheme Document as regards the Proposal and the Scheme; and (ii) that as disclosed in the 2020 Annual Report, the outbreak of the COVID-19 started in early 2020, the subsequent lockdown and quarantine measures and travel restrictions have further caused certain impact on the Group's businesses, but as at the Latest Practicable Date, the Board is not aware of any material adverse impact on the Group's overall businesses as a whole. Nevertheless, it is considered by the Board that no reasonable estimation can be made on financial effects on and outlook of the businesses of the Group as at the Latest Practicable Date due to uncertainties on the COVID-19 pandemic, the Directors confirm that there had been no other material change in the financial or trading position or outlook of the Group since 31 March 2020 (the date to which the latest audited consolidated financial statements of the Group were made up) and up to and including the Latest Practicable Date.

The following is the text of a letter, and valuation certificate, prepared for the purpose of incorporation in this Scheme Document received from Roma Appraisals Limited, an independent valuer, in connection with its valuation as at 31 May 2020 of all properties interests of the Group.



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139 Hennessy Road,
Wan Chai, Hong Kong
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<http://www.romagroup.com>

21 August 2020

Golden Meditech Holdings Limited

48/F, Bank of China Tower,
1 Garden Road,
Central,
Hong Kong

Dear Sir/Madam,

Re: Property Valuations of all Properties held by the Group located in the People's Republic of China

In accordance with your instructions for us to value the properties held and occupied by Golden Meditech Holdings Limited (the “**Company**”) and/or its subsidiaries (together with the Company referred to as the “**Group**”) in the People's Republic of China (the “**PRC**”), we confirm that we made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of all properties as at 31 May 2020 (the “**Date of Valuation**”) for the purpose of incorporation in the composite scheme document of the Company and Meditech Global Group Limited dated 21 August 2020.

1. BASIS OF VALUATION

Our valuations of the properties are our opinion of the market values of the concerned properties which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

2. VALUATION METHODOLOGY

For the property Nos. 1 and 2, which are held by the Group for owner occupation in the PRC, due to the specific purpose for which most of the buildings and structures of the properties have been constructed, there are no readily identifiable market comparables. Thus the buildings and structures have been valued on the basis of their depreciated replacement costs instead of direct comparison method. The depreciated replacement cost approach (the “DRC”) is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement of the existing structures less deductions for physical deterioration and all relevant forms of obsolescence and optimization. In practice, the DRC approach may be used as a substitute for the market value of specialized property, due to the lack of market comparables available. Our valuation does not necessarily represent the amount that might be realized from the disposition of the property and the DRC is subject to adequate profitability of the concerned business.

For the property No. 3 which has redevelopment potential, we have assumed that it will be redeveloped and completed in accordance with the latest planning policy and relevant regulations of development proposal provided to us. In arriving at our opinion of value, we have adopted the direct comparison approach by making reference to comparable sales evidence as available in the relevant market and have taken into account the expended development costs and the costs including estimated land premium that will be expended to complete the development.

3. TITLE INVESTIGATION

For the properties in the PRC, we have been provided with copies of extracts of title documents relating to the properties in the PRC. However, we have not searched the original documents to ascertain the existence of any amendments which do not appear on the copies handed to us. We have relied to a very considerable extent on information given by the Group and the Group’s PRC legal advisor, GuangDong Shiwen Law Firm, regarding the titles of the properties in the PRC. All documents have been used for reference only.

We have relied on the advice given by the Group and its PRC legal advisor that the Group has valid and enforceable titles to the properties which are freely transferable, and has free and uninterrupted right to use the same, for the whole of the unexpired term granted subject to the payment of annual government rent/land use fees and all requisite land premium/purchase consideration payable have been fully settled.

4. VALUATION ASSUMPTIONS

Our valuations have been made on the assumption that the owners sell the properties in the market in their existing states without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the values of such properties. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the properties and no allowance has been made for the properties to be sold in one lot or to a single purchaser.

5. SOURCE OF INFORMATION

In the course of our valuations, we have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of properties, particulars of occupation, site/floor areas, ages of buildings and all other relevant matters which can affect the values of the properties. All documents have been used for reference only.

We have no reason to doubt the truth and accuracy of the information provided to us. We have also been advised that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

6. VALUATION CONSIDERATION

As agreed prior to the commencement of our valuation, we are not able to conduct inspection of the property due to the prevailing Novel Coronavirus (COVID-19) outbreak in China and the relevant provisions of the Frontier Health and Quarantine Law of the People's Republic of China (《中華人民共和國國境衛生檢疫法》), Emergency Response Law of the People's Republic of China (《中華人民共和國突發事件應對法》). No structural survey has been made in respect of the property. We are not, however, able to report that the property is free from rot, infestation or any other structural defects. No tests were carried out on any of the building services.

We have not carried out on-site measurement to verify the site/floor areas of the property under consideration but we have assumed that the site/floor areas shown on the documents handed to us are correct. Except as otherwise stated, all dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us by the Group and are therefore approximations. No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoing of an onerous nature which could affect their values.

The outbreak of the COVID-19, declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuation is therefore reported on the basis of ‘material valuation uncertainty’ as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty — and a higher degree of caution — should be attached to our valuation than would normally be the case.

Our valuations are prepared in compliance with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, Rule 11 on Asset Valuations of the Code on Takeovers and Mergers issued by the Securities and Futures Commission Hong Kong and in accordance with the RICS Valuation — Global Standards published by the Royal Institution of Chartered Surveyors, the HKIS Valuation Standards (2017 Edition) published by The Hong Kong Institute of Surveyors and the International Valuation Standards published by the International Valuation Standards Council.

For the purpose of compliance with Rule 11.3 of the Code on Takeovers and Mergers and advised by the Group, the potential tax liabilities which would arise on the disposal of the property interests held by the Group in the PRC, for the amount of market value minus the cost of purchase, comprise PRC business tax (equivalent to 5% of sales revenue), Chinese land appreciation tax (ranging from 30% to 60% of the appreciated amount), Chinese corporate income tax and Chinese stamp duty (0.05% of the consideration stated in sales contract). The exact amount of the tax payable upon realization of the relevant properties will be subject to the formal tax advice issued by the relevant tax authorities at the time of disposal by presenting the relevant transaction documents. Further, as advised by the Company, the likelihood of the potential tax liability being crystallized is remote as the Company has no intention to dispose of them.

Our valuation opinion as stated in this report only based on the information as available as at the Date of Valuation and the Latest Practicable Date such as economic and market environment or any other matters which might affect our valuation opinion.

7. REMARKS

Unless otherwise stated, all monetary amounts stated in our valuations are in Renminbi (RMB).

Our Summary of Values and Valuation Certificates are attached.

Yours faithfully,
For and on behalf of
Roma Appraisals Limited

Frank F Wong

BA (Business Admin in Acct/Econ) MSc (Real Est)

MRICS Registered Valuer MAusIMM ACIPHE

Director

Note: Mr. Frank F Wong is a Chartered Surveyor, Registered Valuer, Member of the Australasian Institute of Mining & Metallurgy and Associate of Chartered Institute of Plumbing and Heating Engineering who has 21 years' valuation, transaction advisory and project consultancy of properties experience in Hong Kong and 13 years' experience in valuation of properties in the PRC as well as relevant experience in the Asia-Pacific region, Australia and Oceania-Papua New Guinea, France, Germany, Poland, United Kingdom, United States, Abu Dhabi (UAE) and Jordan.

SUMMARY OF VALUES**Property located in the PRC**

No.	Property	Market Value in Existing State as at 31 May 2020
1.	No.36 South Changping Road, Haidian District, Beijing, The PRC 中國北京市海澱區昌平路南段36號	RMB1,418,000,000
2.	No.11 Wanyuan Street, Beijing Economic Technological Development Area, Beijing, The PRC 中國北京市北京經濟技術開發區萬源街11號	RMB136,600,000
3.	No.5800 Waiqingsong Highway, Qingpu District, Shanghai, The PRC 中國上海市青浦區外青松公路5800號	RMB1,056,960,000
		<hr/> Total: <u><u>RMB2,611,560,000</u></u>

VALUATION CERTIFICATE

Property held and occupied by the Group in the PRC

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 May 2020
1.	No. 36 South Changping Road, Haidian District, Beijing, The PRC 中國北京市海澱區昌平路南段36號	<p>The property comprises a hospital development, known as Peking University People's Hospital — Haidian Campus (the “Development”) erected on a parcel of land with a site area of approximately 18,692.7 sq.m., completed in about 2016.</p> <p>The total gross floor area of the Development is approximately 74,035.6 sq.m.. The Development comprises two building structures, the main building and the ancillary building, with a total gross floor area of approximately 45,009.6 sq.m., and 29,026 sq.m., respectively.</p> <p>The property is held under a land use rights for a term expiring on 15 June 2056 for medical uses.</p>	As advised by the Group, the property is occupied by the Group for hospital and medical uses.	RMB1,418,000,000

Notes:

- Pursuant to a State-owned Land Use Rights Certificate, Jing Hai Guo Yong (2007 Chu) No. 3986 (京海國用(2007出)第3986號) issued by Haidian District People's Government of Beijing Municipality (北京市海澱區人民政府), the land use rights of the property with a site area of 18,692.7 sq.m. have been granted to Beijing Qinghe Hospital Company Limited (北京清河醫院有限公司) (“**Qinghe Hospital**”), is a 82.73% owned subsidiary of the Company, for a term expiring on 15 June 2056 for medical uses.
- Pursuant to a Construction Works Planning Permit, 2007 Gui (Hai) Jian Zi No. 0073 (2007規(海)建字0073號) issued by Beijing Municipal Commission of Urban Planning (北京市規劃委員會) dated 4 April 2007, the planning permit with a total gross floor area of approximately 74,035.6 sq.m. is granted to Qinghe Hospital.
- Pursuant to a Construction Works Commencement Permit, 2007 Gui (Hai) Jian Zi No. 0073 (2007規(海)建字0073號) issued by Beijing Municipal Commission of Urban Planning (北京市規劃委員會) dated 4 April 2007, the commencement permit with a total gross floor area of approximately 74,035.6 sq.m. is granted to Qinghe Hospital.
- The status of the title and grant of major approvals and licenses in accordance with the information provided to us are as follows:

Stated-owned Land Use Rights Certificate	Yes
Construction Works Planning Permit	Yes
Construction Works Commencement Permit	Yes

5. We have been provided with a legal opinion on the title to the property issued by the Group's legal advisers, GuangDong Shiwen Law Firm, as to PRC laws, which contains, *inter alia*, the following information:
- a. Qinghe Hospital is the legal owner of the property and has right to occupy, use, lease, transfer and mortgage or otherwise dispose of the property with legal protection under the PRC law;
 - b. Qinghe Hospital has submitted Real Estate Title Certificate application properly. There is no legal impediment in application of the title certificate;
 - c. all land premium and other costs of ancillary utility services have been settled in full; and
 - d. the existing use of the property is in compliance with the local planning regulations and has been approved by the relevant authorities.

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 May 2020
2.	No.11 Wanyuan Street, Beijing Economic Technological Development Area, Beijing, The PRC 中國北京市 北京經濟技術開發區 萬源街11號	<p>The property comprises an industrial building erected on a parcel of land with a site area of approximately 9,356.9 sq.m., where a building completed in about 2003.</p> <p>The total gross floor area of the property is approximately 23,937.22 sq.m..</p> <p>The property is held under a land use rights for a term expiring on 18 December 2050 for industrial uses.</p>	As advised by the Group, the property is occupied by the Group for and Medical Device & Equipment, production, Research Centre and Ancillary Office uses.	RMB136,600,000

Notes:

- Pursuant to a State-owned Land Use Rights Certificate, Kai Gang Ao Tai Guo Yong (2005) No. 46 (開港澳台國用(2005)第46號) issued by People's Government of Beijing Municipality (北京市人民政府) dated 19 December 2000, the land use rights of the property with a site area of 9,356.9 sq.m. have been granted to Beijing Jingjing Medical Equipment Co., Ltd. (北京京精醫療設備有限公司) ("**Jingjing Medical**"), a wholly-owned subsidiary of the Company, for a term expiring on 18 December 2050 for industrial uses.
- Pursuant to a Real Estate Title Certificate, Jing Fang Quan Zheng Kai Gang Ao Tai Zi No. 32 (京房權證開港澳台字第32號) issued by People's Government of Beijing Municipality (北京市人民政府) dated 19 April 2006, the property with a total gross floor area of approximately 23,937.22 sq.m. is held by Jingjing Medical for industrial use.
- The status of the title and grant of major approvals and licenses in accordance with the information provided to us are as follows:

Stated-owned Land Use Rights Certificate	Yes
Real Estate Title Certificate	Yes
- We have been provided with a legal opinion on the title to the property issued by the Group's legal advisers, GuangDong Shiwen Law Firm, as to PRC laws, which contains, *inter alia*, the following information:
 - Jingjing Medical is in possession of a proper legal title to the property and is entitled to transfer the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;
 - all land premium and other costs of ancillary utility services have been settled in full;
 - except for the aforesaid mortgage, the property is not subject to mortgage or any other material encumbrances; and
 - the existing use of the property is in compliance with the local planning regulations and has been approved by the relevant authorities.

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 May 2020
3.	No. 5800 Waiqingsong Highway, Qingpu District, Shanghai, The PRC 中國上海市青浦 區外青松公路 5800號	<p>The property comprises a parcel of land with a total site area of about 58,100 sq.m. where buildings and structures erected thereon in approximately various stages between 1993 to 2007.</p> <p>The buildings mainly include an office building, various industrial buildings and a staff quarters buildings. The total gross floor area of the property is approximately 29,319 sq.m. with title certificate.</p> <p>The pump room building has a gross floor area of approximately 14 sq.m. without title certificate.</p> <p>The structures mainly include boundary fences, roads, gates and pounds etc. The property is held under a land use rights for a term expiring on 26 July 2059 for industrial uses.</p>	As advised by the Group, the property is occupied by the Group for Chinese Herbs Medicine Production and Research Centre uses.	RMB1,056,960,000

Notes:

- Pursuant to a Real Estate Title Certificate, Hu Fang Di Qing Zi (2009) No. 012728 (滬房地青字(2009)第012728號) issued by Shanghai Municipal Administration of Planning and Land Resources (上海市規劃和國土資源管理局) and Shanghai Municipal of Housing, Land and Resource Administration (上海市住房保障和房屋管理局) dated 2 November 2009, the land use rights of the property with a site area of 58,100 sq.m. and a total gross floor area of the property of approximately 29,319 sq.m. have been granted to Shanghai Baisuihang Pharmaceutical Co., Ltd. (上海百歲行藥業有限公司) (“**Shanghai Baisuihang**”), a wholly-owned subsidiary of the Company, for a term expiring on 26 July 2059 for industrial use.
- The status of the title and grant of major approvals and licenses in accordance with the information provided to us are as follows:

Real Estate Title Certificate	Yes
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- In the valuation of this property, we have attributed no commercial value to the building with a gross floor area of approximately 14 sq.m. which has not obtained any proper title certificate. However, for reference purpose, we are of the opinion that the estimated value by depreciated cost of the building as at the Date of Valuation would be RMB30,000 assuming all relevant title certificate has been obtained and the building could be freely transferred.
- Our valuation has taken into account the existing state of the property after considering highest and best use (composite development of residential and commercial) of immediate development potential. The expected development cost of RMB2,214,530,000 including estimated land premium, relevant renewal policies and planning regulations as advised by the Group’s PRC legal adviser which is stipulated in Note

No. 5. In case the development plan is changed, the potential impact of the estimated land premium has to be re-estimated accordingly. As advised by the Group, there is no material changes on the development plan prior to proceed with the application on the development of the property. Hence, no significant change on the valuation.

5. We have been provided with a legal opinion on the title to the property issued by the Group's legal advisers, GuangDong Shiwen Law Firm, as to PRC laws, which contains, *inter alia*, the following information:
- a. Shanghai Baisuihang is in possession of a proper legal title to the property and is entitled to transfer the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;
 - b. all land premium and other costs of ancillary utility services have been settled in full. Although the pump room building with approximately 14 sq.m. does not have the title certificate, in our opinion, there is no legal impediment to process the post-registration of the title certificate because it was designed and constructed as ancillary facilities to the main buildings. The building will not ordered to demolish or a risk of being fined is remote due to absence of the title certificate;
 - c. pursuant to the notice from the office of Shanghai Qingpu District People's Government (上海市青浦區人民政府辦公室抄告單) QingFu Ban Gao (2009) No. 123 (青府辦告(2009)123號) dated 18 March 2009 the approval in principle of change the usage of the land has been granted, subject to land premium assessment and comply with relevant regulations, as advised by the Group's Feasibility Consultant, the property could be redeveloped into a residential and retail composite development with total planned gross floor area of approximately 116,200 sq.m. (residential of approximately 104,580 sq.m., and retail podium aboveground development (which is for shops) of approximately 11,620 sq.m.). In our opinion, the development potential is in accordance with the measures of the Shanghai Qingpu New City Master Planning Ordinance 《上海市青浦新城總體規劃》, Shanghai Qingpu New City (Dianshan Lake New City) Urban Master Plan (2009–2020) 《上海市青浦新城(淀山湖新城)總體規劃修改(2009–2020年)》, Shanghai Land Use Master Plan (2009–2020) 《上海市土地利用總體規劃(2009–2020年)》, Regional Plan Qingpu District (2004–2020) 《青浦區區域規劃綱要(2004–2020年)》, Economic and Social Development of Qingpu District Eleventh Five-Year Plan 《青浦區國民經濟和社會發展第十一個五年計劃》, Shanghai Qingpu District Master Plan (2002–2020) 《上海市青浦新城城區總體規劃(2002–2020年)》, the Demolition and Redevelopment of Urban Renewal (拆除重建類城市更新), Shanghai City Renewal Implementation Measures (上海市城市更新實施辦法) and other relevant regulations. Shanghai Municipal People's Government (上海市人民政府) encourages the renewal project such as redevelopment which is in line with the relevant policy and regulations. There is no legal impediment in redevelopment project;
 - d. the estimated land premium for change the usage on upgrading Industrial zone into the commercial and residential development (工業區升級改造商住用地應補地價) would be approximately RMB1,434,600,000 in compliance with Shanghai Municipal People's Government Order (Hu Fu Fa) No.2015–20 (滬府發)(第2015–20號)) Shanghai City Renewal Implementation Measures 《上海市城市更新實施辦法》 Chapter 18, Article No. 3 (第18章第3條). The estimated value of the property after the development has been completed, is the sum of RMB4,706,100,000; and
 - e. the existing use of the property is in compliance with the local planning regulations and has been approved by the relevant authorities.

1. RESPONSIBILITY STATEMENTS

As at the Latest Practicable Date, the Directors comprises Mr. Feng Wen (Chairman) and Mr. Leong Kim Chuan (Chief executive) as executive Directors; and Mr. Gao Yue, Mr. Poon Tsz Hang and Mr. Daniel Foa as independent non-executive Directors. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Scheme Document (other than those relating to the Offeror and the Offeror Concert Parties (excluding the Group)) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Scheme Document (other than those expressed by the Offeror and the Offeror Concert Parties (excluding the Group)) have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document (other than those relating to the Offeror and the Offeror Concert Parties (excluding the Group)) the omission of which would make any statement in this Scheme Document misleading.

As at the Latest Practicable Date, (i) the sole director of the Offeror is Mr. Kam; (ii) the sole director of Bio Garden Inc. is Mr. Kam; (iii) the sole director of China In Shine Investment Limited is Ms. Fung Chit; (iv) the sole director of Asia Pacific MedTech (BVI) Limited is Ms. Gu Nana; and (v) the sole director of Famous Sino Limited is Mr. Wu Guangze.

Mr. Kam (in his capacity as the sole director of the Offeror) accepts full responsibility for the accuracy of the information contained in this Scheme Document (other than information relating to the Group) and confirm, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this Scheme Document (other than opinions expressed by the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document the omission of which would make any statement in this Scheme Document misleading.

Mr. Kam (in his capacity as the sole director of Bio Garden Inc.), Ms. Fung Chit (in her capacity as the sole director of China In Shine Investment Limited), Ms. Gu Nana (in her capacity as the sole director of Asia Pacific MedTech (BVI) Limited) and Mr. Wu Guangze (in his capacity as the sole director of Famous Sino Limited) jointly and severally accepts full responsibility for the accuracy of the information contained in this Scheme Document (other than information relating to the Group) and confirm, having made all reasonable inquiries, that to the best of her/his knowledge, opinions expressed in this Scheme Document (other than opinions expressed by the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document the omission of which would make any statement in this Scheme Document misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date:

- (a) the authorised share capital of the Company is HK\$1,000,000,000 divided into 5,000,000,000 Shares;

- (b) the Company had 2,916,932,138 Shares in issue;
- (c) the Company had not issued any new Shares since 31 March 2020, being the date to which the latest audited financial statements of the Company were made up, up to the Latest Practicable Date;
- (d) all of the issued Shares rank *pari passu* in all respects as regards rights to capital, dividends and voting; and
- (e) there were no outstanding options, warrants or conversion rights affecting the Shares.

3. MARKET PRICE

The table below sets out the closing price of the Shares on the Stock Exchange on (i) the Last Trading Day; (ii) the last trading day of each of the calendar months during the Relevant Period; and (iii) the Latest Practicable Date:

	Closing price for each Share (HK\$)
31 December 2019	0.85
31 January 2020	0.79
28 February 2020	0.76
31 March 2020	0.60
29 April 2020	0.53
29 May 2020	0.57
8 June 2020 (Last Trading Day)	0.62
30 June 2020	0.80
31 July 2020	0.80
18 August 2020 (Latest Practicable Date)	0.80

During the Relevant Period, the lowest and highest closing prices of Shares as quoted on the Stock Exchange were HK\$0.48 per Share on 22 May 2020 and HK\$0.85 per Share on 19 December 2019, 23 December 2019 and 31 December 2019, respectively.

The Cancellation Price of HK\$0.88 per Disinterested Scheme Share represents a premium of approximately 41.94% over the closing price of HK\$0.62 per Share as quoted on the Stock Exchange on 8 June 2020, (being the Last Trading Day).

4. DISCLOSURE OF INTERESTS IN THE SHARES

For the purpose of this paragraph, “interested” and “interests” have the same meanings as given to them in Part XV of the SFO.

(a) Interests and dealings in the Shares

- (i) As at the Latest Practicable Date, the Offeror and the Offeror Concert Parties are interested in the following Shares:

Shareholder	Number of Shares interested	Approximate percentage of total issued share capital of the Company (%)
Offeror		
Meditech Global Group Limited	—	—
Offeror Concert Parties		
— Bio Garden Inc. (<i>Notes 1 & 3</i>)	1,148,237,526	39.37
— Magnum Opus 3 International Holdings Limited (<i>Notes 2 & 3</i>)	968,774,034	33.21
— Atlantis (<i>Note 5</i>)	317,166,529	10.87
Aggregate number of Shares held by the Offeror and the Offeror Concert Parties	2,434,178,089	83.45

Notes:

- Bio Garden Inc. is an investment holding company incorporated in the British Virgin Islands. It is wholly-owned by certain discretionary trusts of which Mr. Kam is the founder. Mr. Kam is also the sole director of Bio Garden Inc.
- Magnum Opus 3 International Holdings Limited (“**Magnum Opus 3**”) is an investment holding company incorporated in the British Virgin Islands, which is 100% owned as to its voting ordinary shares by Mr. Kam; and has issued (a) non-voting non-convertible preferred shares (the “**Class A Preferred Share(s)**”); and (b) non-voting convertible preferred shares (the “**Class B Preferred Share(s)**”) to Qin Wall Investment Holdings Limited (“**Qin Wall**”) pursuant to an investment agreement dated 16 November 2016 and entered into between Qin Wall, Mr. Kam and Magnum Opus 3 (as supplemented by a supplemental deed dated 18 July 2018 and entered into between Qin Wall, Mr. Kam, Magnum Opus 3 and Bio Garden Inc.) (the “**Investment Agreement**”).

Pursuant to the Investment Agreement, the Class A Preferred Shares held by Qin Wall (i) were issued on 25 November 2016; (ii) are redeemable; (iii) have no par value in the share capital of Magnum Opus 3; and (iv) do not confer any voting right at general meetings of holders of the ordinary shares of Magnum Opus 3.

Pursuant to the Investment Agreement, the Class B Preferred Shares held by Qin Wall (i) were issued on 25 November 2016; (ii) are redeemable; (iii) have no par value in the share capital of Magnum Opus 3; (iv) do not confer any voting right at general meetings of holders of the ordinary shares of Magnum Opus 3; and (v) can be converted into ordinary shares of Magnum Opus 3 at the conversion price of HK\$1.00 per ordinary

share of Magnum Opus 3 (subject to adjustments) at the option of the holder thereof at any time after the date of issuance of the Class B Preferred Shares. Assuming full conversion of the Class B Preferred Shares at the initial conversion price of HK\$1.00 per ordinary share of Magnum Opus 3, the ordinary shares in the entire issued share capital of Magnum Opus 3 will be owned as to 60% by Mr. Kam and 40% by Qin Wall.

The obligations of each of Mr. Kam, Bio Garden Inc. and Magnum Opus 3 to Qin Wall under the Investment Agreement (including the obligation of Magnum Opus 3 to redeem the Class A Preferred Shares and Class B Preferred Shares) are (a) secured by (i) an account charge dated 16 November 2016 entered into between Mr. Kam and Qin Wall in respect of all of Mr. Kam's right, title and interest in and to a certain bank account held in the name of Mr. Kam; (ii) a share charge dated 16 November 2016 entered into between Mr. Kam and Qin Wall with respect to the entire issued share capital of Magnum Opus 3; (iii) a share charge dated 10 May 2018 entered into between Magnum Opus 3 and Qin Wall with respect to 968,774,034 Shares owned by Magnum Opus 3 (the **"MO3 Share Charge"**); and (iv) a share charge dated 18 July 2018 entered into between Bio Garden Inc. and Qin Wall with respect to 110,000,000 Shares owned by Bio Garden Inc. (the **"Bio Garden Share Charge"**); and (b) guaranteed by the guarantee granted by Mr. Kam in favour of Qin Wall with respect to the Investment Agreement.

Mr. Kam and Mr. Liu Fujia are the directors of Magnum Opus 3.

3. 968,774,034 Shares (representing approximately 33.21% of the issued share capital of the Company) and 110,000,000 Shares (representing approximately 3.77% of the issued share capital of the Company) owned by Magnum Opus 3 and Bio Garden Inc. (as chargors) respectively have been charged to Qin Wall under the MO3 Share Charge and Bio Garden Share Charge, respectively, to secure the performance of the obligations of each of Mr. Kam, Bio Garden Inc. and Magnum Opus 3 under the Investment Agreement.
 4. Qin Wall is a limited liability company incorporated in the British Virgin Islands, which is wholly-owned by China Huarong International Holdings Limited. China Huarong International Holdings Limited is owned as to 88.10% and 11.90% by Huarong Industrial Investment & Management Co. Ltd. (formerly known as Huarong Real Estate Co. Ltd.) and Huarong Zhiyuan Investment & Management Co. Ltd. Both Huarong Industrial Investment & Management Co. Ltd. and Huarong Zhiyuan Investment & Management Co. Ltd. are wholly-owned by China Huarong Asset Management Co., Ltd., the shares of which are listed on the Stock Exchange (stock code: 2799). China Huarong Asset Management Co., Ltd is ultimately owned as to approximately 61.41% by Ministry of Finance of the People's Republic of China as at the Latest Practicable Date.
- As at the Latest Practicable Date, save for Qin Wall's interest under the Investment Agreement, the MO3 Share Charge and the Bio Garden Share Charge as described in paragraphs 2 and 3 above, China Huarong Asset Management Co., Ltd. (Hong Kong stock code: 2799) and its subsidiaries are not interested in any Shares.
5. Atlantis is a limited liability company incorporated in Hong Kong, which is wholly-owned by Atlantis Capital Group Holdings Limited. Ms. Liu Yang has 100% indirect interest in Atlantis Capital Group Holdings Limited.

6. Save for Bio Garden Inc., Magnum Opus 3 and Atlantis, none of the members of the Offeror and the Offeror Concert Parties holds any Shares as at the Latest Practicable Date.
 7. Parties acting in concert with the Offeror include (i) Bio Garden Inc. and Mr. Kam; (ii) China In Shine Investment Limited and Ms. Fung Chit; (iii) Asia Pacific MedTech (BVI) Limited and Ms. Gu Nana; (iv) Famous Sino Limited and Mr. Wu Guangze; (v) Atlantis and Ms. Liu Yang; (vi) China Huarong Asset Management Co., Ltd. (Hong Kong stock code: 2799) and its subsidiaries (including Qin Wall); (vii) Magnum Opus 3; and (viii) any parties acting in concert with each of the aforementioned parties.
- (ii) As at the Latest Practicable Date, save for a total of 2,434,178,089 Shares, none of the Offeror or the Offeror Concert Parties owns or has control or direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company. Save for the acquisition of 1,592,000 Shares by Atlantis as disclosed in the section headed “19. Dealing in the Company’s Securities” in Part VII. — Explanatory Memorandum of this Scheme Document, none of the Offeror or the Offeror Concert Parties had dealt for value in any Shares, or any convertible securities, warrants, options or derivatives in respect of Shares during the Relevant Period.
- (iii) As at the Latest Practicable Date, no subsidiary of the Company, no pension fund of the Company or of any subsidiary of the Company and no person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (but excluding any exempt principal traders and exempt fund managers) owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares. During the period from the commencement of the Offer Period up to the Latest Practicable Date, no such person had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.
- (iv) as at the Latest Practicable Date, save for the Undertaking and the Subscription Agreement, no person had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror, the Offeror Concert Parties or any associate of the Offeror.
- (v) As at Latest Practicable Date, no fund managers (other than exempt fund managers) connected with the Company managed any Shares or convertible securities, warrants, options or derivatives in respect of any Shares on a discretionary basis. During the period from the commencement of the Offer Period and up to the Latest Practicable Date, no such person had dealt for value in any Shares or convertible securities, warrants, options or derivatives in respect of any Shares.

- (vi) As at the Latest Practicable Date, save for the Offeror and any of the Offeror Concert Parties (as the case may be) being parties to the Proposal, the Scheme, the Undertaking and the Subscription Agreement, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code. During the period from the commencement of the Offer Period and up to the Latest Practicable Date, no such person had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.
- (vii) As at the Latest Practicable Date, save as disclosed below, none of the director of the Offeror or the Company is interested in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares:

Name of director	Capacity/Nature of interest	Number of the Shares	Approximate percentage interest in the Company
Mr. Kam (<i>Note 3</i>)	Founder of trusts	1,148,237,526 (<i>Note 1</i>)	39.37
	Interest of controlled corporation	968,774,034 (<i>Note 2</i>)	33.21

Notes:

- Mr. Kam was deemed under the SFO to have an interest in 1,148,237,526 Shares which Bio Garden Inc. was interested in as at the Latest Practicable Date by virtue of him being the founder of certain discretionary trusts which owned the entire issued share capital of Bio Garden Inc.
- Mr. Kam was deemed under the SFO to have an interest in 968,774,034 Shares which Magnum Opus 3 was interested in as at the Latest Practicable Date by virtue of him owning 100% voting ordinary shares of Magnum Opus 3.
- As at the Latest Practicable Date, the sole director of the Offeror is Mr. Kam.
- As at the Latest Practicable Date, none of the Directors was interested in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares. As such, no Directors were required to indicate their intention to vote for or against the Proposal.

- (viii) As at the Latest Practicable Date, neither the Offeror nor any of the Offeror Concert Parties had received any irrevocable commitment to vote for or against the Proposal.
- (ix) As at the Latest Practicable Date, none of the Offeror nor any of the Offeror Concert Parties, the Company or the Directors had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.
- (x) During the Relevant Period, none of the Directors had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

(b) Interests and dealings in the Offeror's shares

As at the Latest Practicable Date, the Company had no interest in the Offeror's shares or convertible securities, warrants, options or derivatives in respect of such shares.

As at the Latest Practicable Date, none of the Directors had any interests in each of the Offeror's shares or convertible securities, warrants, options or derivatives in respect of the Offeror's shares.

During the Relevant Period, none of the Directors nor the Company had dealt for value in any of the Offeror's shares or convertible securities, warrants, options or derivatives in respect of any one of the Offeror's shares.

(c) Arrangements with the Offeror and the Offer Concert Parties in respect of the Proposal

As at the Latest Practicable Date:

- (i) save for the Undertaking and the Subscription Agreement, there were no arrangements of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code between either of the Offeror, any of the Offeror Concert Parties or any of the Offeror's associates and any other person;
- (ii) save for the Undertaking and the Subscription Agreement, there was no agreement or arrangement to which the Offeror or any of the Offeror Concert Parties is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Proposal; and
- (iii) no securities in the Company acquired in pursuance of the Scheme will be transferred, charged, or pledged between the Offeror and any other person, and there had been no agreement, arrangement or understanding between the Offeror and any other person to do so.

(d) Other interest

As at the Latest Practicable Date:

- (i) no benefit (other than statutory compensation required under applicable laws) will be given to any Director as compensation for loss of office or otherwise in connection with the Scheme;
- (ii) save for the Undertaking, no agreement, arrangement or understanding (including any compensation arrangement) exists between the Offeror or any of the Offeror Concert Parties and any Directors, recent Directors, Shareholders or recent Shareholders, which has any connection with or dependence upon the Scheme;
- (iii) there was no agreement or arrangement between any Director and any other person, which is conditional on or dependent upon the outcome of the Scheme or otherwise in connection with the Scheme;
- (iv) there was no material contract entered into by the Offeror in which any Director has a material personal interest; and
- (v) As at the Latest Practicable Date, the following service contracts and/or appointment letters with the Directors were in force:
 - (a) Mr. GAO Yue, an independent non-executive Director, entered into a service contract with the Company for a term of one year commencing on 26 April 2020 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing. Pursuant to Mr. Gao's service contract, he is entitled to receive an annual remuneration HK\$60,000 and an annual discretionary bonus of such amount as determined at the sole discretion of the Board.
 - (b) Mr. POON Tsz Hang, an independent non-executive Director, entered into a service contract with the Company for a term of one year commencing on 24 May 2020 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing. Pursuant to Mr. Poon's service contract, he is entitled to receive an annual remuneration HK\$60,000 and an annual discretionary bonus of such amount as determined at the sole discretion of the Board.
 - (c) Mr. Daniel FOA, an independent non-executive Director, entered into a service contract with the Company for a term of one year commencing on 11 February 2020 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing. Pursuant to Mr. Foa's

service contract, he is entitled to receive an annual remuneration HK\$200,000 and an annual discretionary bonus of such amount as determined at the sole discretion of the Board.

Save for the above, as at the Latest Practicable Date, none of the Directors had any service contract with the Company or any of its subsidiaries or associated companies in force which (a) (including both continuous and fixed term contracts) had been entered into or amended within 6 months before the commencement of the Offer Period; or (b) is a continuous contract with a notice period of 12 months or more; or (c) is a fixed term contract with more than 12 months to run irrespective of the notice period.

5. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

6. MATERIAL CONTRACTS

Neither the Company nor any of its subsidiaries has entered into any material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) after the date which was two years before commencement of the Offer Period and up to and including the Latest Practicable Date.

7. EXPERTS

The following are the qualifications of the experts who have given opinions or advice which are contained in this Scheme Document:

Name	Qualifications
Amasse Capital Limited	a licensed corporation permitted under SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities
Somerley Capital Limited	a licensed corporation permitted under SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities
Roma Appraisals Limited	an independent professional valuer
Guangdong Shiwen Law Firm	PRC legal adviser

8. CONSENTS

Each of the experts mentioned above has given and has not withdrawn its written consent to the issue of this Scheme Document with the inclusion therein of the opinions, reports and/or letters and/or the references to its name and/or opinions, reports and/or letters in the form and context in which they respectively appear.

9. MISCELLANEOUS

- (a) The Directors are:

Executive Directors

Mr. Feng Wen (*Chairman*)

Mr. Leong Kim Chuan (*Chief executive*)

Independent non-executive Directors

Mr. Gao Yue

Mr. Poon Tsz Hang

Mr. Daniel Foa

- (b) The Company Secretary of the Company is Ms. Lam Cheuk Man, an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.
- (c) The registered office of the Company is situated at P.O. Box 1350, Clifton House, 75 Fort Street Grand Cayman, KY1-1108 Cayman Islands.
- (d) The principal place of business of the Company in Hong Kong is at 48/F, Bank of China Tower, 1 Garden Road, Central, Hong Kong.
- (e) The principal place of business and head office of the Company in the PRC is situated at No. 11 Wan Yuan Street, Beijing Economic Technological Development Area, Beijing, 100176 China.
- (f) The Company's share registrar and transfer office in Hong Kong is Computershare Hong Kong Investor Services Limited situated at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (g) The sole director of the Offeror is Mr. Kam.
- (h) The sole director of Bio Garden Inc. is Mr. Kam.
- (i) The sole director of China In Shine Investment Limited is Ms. Fung Chit.
- (j) The sole director of Asia Pacific MedTech (BVI) Limited is Ms. Gu Nana.
- (k) The sole director of Famous Sino Limited is Mr. Wu Guangze.

- (l) The directors of Magnum Opus 3 International Holdings Limited are Mr. Kam and Mr. Liu Fujia.
- (m) The directors of Atlantis are Ms. Liu Yang and Mr. Gerard Morrison.
- (n) The directors of Qin Wall Investment Holdings Limited are Mr. Liu Fujia, Mr. Leung Chit Yu and Ms. Wu Zhenfang.
- (o) The directors of China Huarong International Holdings Limited are Yu Meng, Xu Xiaowu, Zhu Weiqiang and Wang Junlai.
- (p) The directors of Huarong Industrial Investment & Management Co. Ltd. (formerly known as Huarong Real Estate Co. Ltd.) are Chen Peng, Fan Jiatao, Guo Jintong, Wang Kefeng and Wang Shouzhi.
- (q) The directors of Huarong Zhiyuan Investment & Management Co. Ltd. are Lai Ruihua, Lin Yishan, Fu Wei, Wu Yongjie and Zeng Xiaodan.
- (r) The directors of China Huarong Asset Management Co., Ltd. are Mr. Wang Zhanfeng, Ms. Li Xin, Ms. Zhao Jiangping, Mr. Zheng Jiangping, Mr. Zhou Langlang, Mr. Tse Hau Yin, Mr. Liu Junmin, Mr. Shao Jingchun and Mr. Zhu Ning.
- (s) The registered office of the Offeror is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The correspondence address of the Offeror is 48/F, Bank of China Tower, 1 Garden Road, Central, Hong Kong.
- (t) The registered office of Bio Garden Inc. is Portcullis Chambers, 4/F, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, VG1110, British Virgin Islands. The correspondence address of Bio Garden Inc. is 48/F, Bank of China Tower, 1 Garden Road, Central, Hong Kong.
- (u) The registered office of China In Shine Investment Limited is Vistra Corporate Service Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The correspondence address of China In Shine Investment Limited is Flat F, 12/F, Tower 5, Harbour Green, 8 Sham Mong Road, Kowloon, Hong Kong.
- (v) The registered office of Asia Pacific MedTech (BVI) Limited is Vistra Corporate Service Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The correspondence address of Asia Pacific MedTech (BVI) Limited is 39/F, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong.
- (w) The registered office of Famous Sino Limited is Vistra Corporate Service Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The correspondence address of Famous Sino Limited is Flat B, 1/F, Tower 1, Dynasty Court, No. 23 Old Peak Road, Hong Kong.

- (x) The registered office of Magnum Opus 3 International Holdings Limited is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The correspondence address of Magnum Opus 3 International Holdings Limited is 48/F, Bank of China Tower, 1 Garden Road, Central, Hong Kong.
- (y) The registered office of Atlantis is 35th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong. The correspondence address of Atlantis is 35th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong.
- (z) The registered office of Qin Wall Investment Holdings Limited is Craigmuir Chambers, Road Town, Tortola, VG 1110, British Virgin Islands. The correspondence address of Qin Wall Investment Holdings Limited is 18/F, China Huarong Tower, 60 Gloucester Road, Wan Chai, Hong Kong.
- (aa) The registered office of China Huarong International Holdings Limited is China Huarong Tower, 60 Gloucester Road, Wan Chai, Hong Kong. The correspondence address of China Huarong International Holdings Limited is China Huarong Tower, 60 Gloucester Road, Wan Chai, Hong Kong.
- (bb) The registered office of Huarong Industrial Investment & Management Co. Ltd. is No. 2462, Room 105, 6 Baohua Road, Hengqin New Area, Zhuhai, Guangdong, the PRC. The correspondence address of Huarong Industrial Investment & Management Co. Ltd. is No. 2462, Room 105, 6 Baohua Road, Hengqin New Area, Zhuhai, Guangdong, the PRC.
- (cc) The registered office of Huarong Zhiyuan Investment & Management Co. Ltd. is Room 601, 8 Jinrong Avenue, Xicheng District, Beijing, the PRC. The correspondence address of Huarong Zhiyuan Investment & Management Co. Ltd. is Room 601, 8 Jinrong Avenue, Xicheng District, Beijing, the PRC.
- (dd) The registered office of China Huarong Asset Management Co., Ltd. is No. 8 Financial Street, Xicheng District, Beijing, the PRC. The correspondence address of China Huarong Asset Management Co., Ltd. is No. 8 Financial Street, Xicheng District, Beijing, the PRC.
- (ee) The Offeror is a company incorporated in the British Virgin Islands with limited liability.
- (ff) Bio Garden Inc. is a company incorporated in the British Virgin Islands with limited liability.
- (gg) China In Shine Investment Limited is a company incorporated in the British Virgin Islands with limited liability.
- (hh) Asia Pacific MedTech (BVI) Limited is a company incorporated in the British Virgin Islands with limited liability.

- (ii) Famous Sino Limited is a company incorporated in the British Virgin Islands with limited liability.
- (jj) Magnum Opus 3 International Holdings Limited is a company incorporated in the British Virgin Islands with limited liability.
- (kk) Atlantis is a company incorporated in Hong Kong with limited liability.
- (ll) Qin Wall Investment Holdings Limited is a company incorporated in the British Virgin Islands with limited liability.
- (mm) China Huarong International Holdings Limited is a company incorporated in Hong Kong with limited liability.
- (nn) Huarong Industrial Investment & Management Co. Ltd. is a company established under the laws of the PRC with limited liability.
- (oo) Huarong Zhiyuan Investment & Management Co. Ltd. is a company established under the laws of the PRC with limited liability.
- (pp) China Huarong Asset Management Co., Ltd. is a company established under the laws of the PRC with limited liability.
- (qq) The principal place of business of Amasse Capital Limited in Hong Kong is at Room 1201, Prosperous Building, 48–52 Des Voeux Road Central, Hong Kong and the registered office of Amasse Capital Limited is Room 1201, Prosperous Building, 48–52 Des Voeux Road Central, Hong Kong.
- (rr) The principal place of business of Somerley Capital Limited in Hong Kong is at 20th Floor, China Building, 29 Queen's Road Central, Hong Kong and the registered office of Somerley Capital Limited is 20th Floor, China Building, 29 Queen's Road Central, Hong Kong.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection from the date of this Scheme Document until the Effective Date or the date on which the Scheme lapses or is withdrawn, whichever is earlier (i) during normal business hours from 9:00 a.m. to 5:30 p.m. (except Saturdays, Sundays and public holidays in Hong Kong) (Hong Kong time) at the principal place of business of the Company in Hong Kong at 48/F, Bank of China Tower, 1 Garden Road, Central, Hong Kong; (ii) on the website of the Company (www.goldenmeditech.com); and (iii) on the website of the SFC (www.sfc.hk):

- (a) the memorandum and articles of association of the Company;
- (b) the memorandum and articles of association of the Offeror;

- (c) the annual reports of the Company for the years ended 31 March 2018, 31 March 2019 and 31 March 2020;
- (d) the letter from the Board, the text of which is set out in Part IV. of this Scheme Document;
- (e) the letter from the Independent Board Committee, the text of which is set out in Part V. of this Scheme Document;
- (f) the letter from the Independent Financial Adviser, the text of which is set out in Part VI. of this Scheme Document;
- (g) the letter, summary of property valuations and property valuation report from Roma Appraisals Limited, the text of which is set out in Appendix II. to this Scheme Document;
- (h) the legal opinion as issued by Guangdong Shiwen Law Firm and referred to in the valuation report as set out in Appendix II. to this Scheme Document;
- (i) the Undertaking;
- (j) the Subscription Agreement;
- (k) the written consents referred to in the section headed “8. Consents” in “Appendix III. — General Information on the Company and the Offeror” to this Scheme Document;
- (l) the service contracts referred to in the section headed “4. Disclosure of Interests in the Shares — (d) Other interest” in “Appendix III. — General Information on the Company and the Offeror” to this Scheme Document; and
- (m) this Scheme Document.

IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO: FSD 167 OF 2020

IN THE MATTER OF
GOLDEN MEDITECH HOLDINGS LIMITED 金衛醫療集團有限公司
AND IN THE MATTER OF
SECTION 86 OF THE COMPANIES LAW (2020 REVISION)

SCHEME OF ARRANGEMENT

Between

GOLDEN MEDITECH HOLDINGS LIMITED 金衛醫療集團有限公司

and

THE SCHEME SHAREHOLDERS

(as hereinafter defined)

PRELIMINARY

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the meanings respectively set out opposite them:

“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“associate(s)”	has the meaning ascribed to it in the Takeovers Code
“Atlantis”	Atlantis Investment Management Limited, a limited liability company incorporated in Hong Kong, which is indirectly wholly-owned by Ms. Liu Yang, and holds the Atlantis Shares as at the Latest Practicable Date
“Atlantis Shares”	317,166,529 Shares held by Atlantis, representing approximately 10.87% of the issued share capital of the Company as at the Latest Practicable Date
“Board”	the board of directors of the Company
“Cancellation Price”	the cancellation price of HK\$0.88 per Disinterested Scheme Share payable in cash by the Offeror to the Scheme Shareholders pursuant to the Scheme

“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961), as consolidated and revised, of the Cayman Islands
“Company”	Golden Meditech Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 00801)
“Condition(s)”	the conditions to the implementation of the Proposal and the Scheme as described in the section headed “3. Conditions of the Proposal and the Scheme” in Part VII. — Explanatory Memorandum of the Scheme Document
“Court Meeting”	the meeting of the Scheme Shareholders to be convened at the direction of the Grand Court at 2:00 p.m. on Wednesday, 16 September 2020 or any adjournment thereof, at which the Scheme (with or without modification) will be voted upon, notice of which is set out in Appendix V. to the Scheme Document
“Disinterested Scheme Share(s)”	Share(s) other than those held by the Offeror and the Offeror Concert Parties
“Effective Date”	the date on which the Scheme, if approved at the Court Meeting(s) and sanctioned by the Grand Court, becomes effective in accordance with its terms and the Companies Law, being the date on which a copy of the order of the Grand Court sanctioning the Scheme and confirming the reduction of the issued share capital of the Company resulting from the cancellation of the Disinterested Scheme Shares is delivered to the Registrar of Companies in the Cayman Islands for registration pursuant to section 86(3) of the Companies Law, and which is expected to be Wednesday, 14 October 2020 (Cayman Islands time)
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Grand Court”	the Grand Court of the Cayman Islands
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Financial Adviser”	Somerley Capital Limited, a licensed corporation permitted under SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, being the independent financial adviser in respect of the Proposal, the Scheme and the Undertaking
“Latest Practicable Date”	18 August 2020, being the latest practicable date prior to the printing of the Scheme Document for ascertaining certain information contained therein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2020 or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Executive may consent and the Grand Court may direct
“Offeror”	Meditech Global Group Limited, a company incorporated under the laws of the British Virgin Islands with limited liability
“Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with any of the Offeror under the definition of “acting in concert” under the Takeovers Code, including (i) Bio Garden Inc. and Mr. Kam; (ii) China In Shine Investment Limited and Ms. Fung Chit; (iii) Asia Pacific MedTech (BVI) Limited and Ms. Gu Nana; (iv) Famous Sino Limited and Mr. Wu Guangze; (v) Atlantis and Ms. Liu Yang; (vi) China Huarong Asset Management Co., Ltd. (Hong Kong stock code: 2799) and its subsidiaries (including Qin Wall Investment Holdings Limited); (vii) Magnum Opus 3 International Holdings Limited; and (viii) any parties acting in concert with each of the aforementioned parties
“Offer Period”	means the period from 17 June 2020 (being the date of the Announcement (as defined in the Scheme Document)) to the Effective Date or the date on which the Scheme lapses or is withdrawn (whichever is later), both dates inclusive

“PRC”	the People’s Republic of China which, for the purpose of this Scheme Document, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of the Scheme, the restoration of the share capital of the Company to the amount immediately before the cancellation of the Disinterested Scheme Shares and the withdrawal of the listing of the Shares on the Stock Exchange, on the terms and subject to the conditions set out in the Scheme Document
“Record Date”	Wednesday, 14 October 2020, or such other date as shall have been announced to the Shareholders, being the record date for the purpose of determining the entitlements of the Scheme Shareholders to the Cancellation Price under the Scheme
“Register”	the register of members of the Company
“Scheme”	a scheme of arrangement under Section 86 of the Companies Law involving, among other matters, the cancellation of all of the Disinterested Scheme Shares and the restoration of the issued share capital of the Company to the amount immediately before the cancellation of the Disinterested Scheme Shares
“Scheme Document”	this composite scheme document dated 21 August 2020 issued jointly by the Offeror and the Company to the Shareholders, containing among other things, each of the letters, statements, appendices and notices in it
“Scheme Shareholder(s)”	holder(s) of Disinterested Scheme Shares as at the Record Date
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.20 each in the share capital of the Company

“Share Registrar”	Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, being the share registrar of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Undertaking”	has the same meaning ascribed to it in the Scheme Document

- (B) The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 3 September 2001.
- (C) As at the Latest Practicable Date, the authorised share capital of the Company was HK\$1,000,000,000 divided into 5,000,000,000 Shares, and the Company had 2,916,932,138 Shares in issue. Since 28 December 2001, the issued shares of the Company have been listed and traded on the GEM of the Stock Exchange and transferred to the Main Board of the Stock Exchange starting from 16 June 2009.
- (D) The Offeror has proposed the privatisation of the Company by way of this Scheme.
- (E) The primary purpose of this Scheme is to privatise the Company by the cancellation of the Disinterested Scheme Shares in consideration of the Cancellation Price so that thereafter the Offeror and the Offeror Concert Parties will own the Company. Subject to and forthwith upon the cancellation of the Disinterested Scheme Shares, the issued share capital of the Company will be restored to its former amount by the issue to the Offeror at par credited as fully paid such number of Shares as is equal to the number of the Disinterested Scheme Shares cancelled and extinguished.

- (F) As at the Latest Practicable Date, 2,434,178,089 Shares were legally owned or controlled by the Offeror and the Offeror Concert Parties as follows:

Name	Number of Shares
Offeror	
Meditech Global Group Limited	0
Offeror Concert Parties	
— Bio Garden Inc.	1,148,237,526
— Magnum Opus 3 International Holdings Limited	968,774,034
— Atlantis	317,166,529

- (G) Each of the Offeror Concert Parties, being presumed to be acting in concert or in fact acting in concert with the Offeror under the Takeovers Code, will procure that any Shares in respect of which they are legally or beneficially interested will not be represented or voted at the meeting convened at the direction of the Grand Court for the purpose of considering and, if thought fit, approving this Scheme.
- (H) The Offeror has undertaken to the Grand Court to be bound by this Scheme, and will execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by each of them for the purpose of giving effect to this Scheme.

THE SCHEME

PART I

Cancellation of the Disinterested Scheme Shares

1. On the Effective Date:
 - (a) the issued share capital of the Company shall be reduced by cancelling and extinguishing the Disinterested Scheme Shares and the Scheme Shareholders shall cease to have any rights with respect to the Disinterested Scheme Shares except the right to receive the Cancellation Price;
 - (b) subject to and forthwith upon such reduction of capital taking effect, the issued share capital of the Company will be increased to its former amount by issuing to the Offeror the same number of new Shares as is equal to the number of Disinterested Scheme Shares cancelled and extinguished; and

- (c) the Company shall apply the credit arising in its books of account as a result of the capital reduction referred to in paragraph 1(a) above in paying up in full at par such number of new Shares as is equal to the number of Disinterested Scheme Shares cancelled, which shall be allotted and issued to the Offeror, credited as fully paid as mentioned in paragraph 1(b) above.

PART II

Consideration for the cancellation and extinguishment of the Disinterested Scheme Shares

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

PART III

General

- 3. (a) As soon as possible and not later than seven (7) business days (as defined under the Takeovers Code) after the Effective Date, the Offeror shall send or cause to be sent to Scheme Shareholders cheques in respect of the Cancellation Price payable to such Scheme Shareholders pursuant to Clause 2 of this Scheme.
- (b) Unless otherwise indicated in writing to the branch share registrar of the Company in Hong Kong, being Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, all such cheques shall be sent by ordinary post addressed to such Scheme Shareholders at their respective addresses as appearing on the Register on the Record Date or, in the case of joint holders, at the address as appearing on the Register on the Record Date of the joint holder whose name then stands first in the Register in respect of the relevant joint holding.
- (c) Cheques shall be posted at the risk of the addressees and none of the Offeror, the Company, Amasse Capital Limited, the Independent Financial Adviser or the Share Registrar shall be responsible for any loss or delay in the dispatch of the same.
- (d) Each cheque shall be payable to the order of the person to whom, in accordance with the provisions of paragraph (b) of this Clause 3, the envelope containing the same is addressed and the encashment of any such cheque shall be a good discharge to the Offeror for the monies represented thereby.
- (e) On or after the day being six calendar months after the posting of the cheques pursuant to paragraph (b) of this Clause 3, the Offeror which issues those cheques shall have the right to cancel or countermand any cheque which has not been cashed or that has been returned uncashed and shall place all monies represented thereby in a deposit or custodian account in such Offeror's name with a licensed bank in Hong Kong selected by such Offeror. Such Offeror shall hold such monies

on trust for those entitled to it under the terms of this Scheme until the expiration of six years from the Effective Date and shall, prior to such date, make payments therefrom of the sums payable pursuant to Clause 2 of this Scheme to persons who satisfy such Offeror that they are respectively entitled thereto and the cheques referred to in paragraph (b) of this Clause 3 of which they are payees have not been cashed. Any payments made by such Offeror shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to this Scheme. Such Offeror shall exercise its absolute discretion in determining whether or not it is satisfied that any person is so entitled and a certificate of such Offeror to the effect that any particular person is so entitled or not so entitled, as the case may be, shall be conclusive and binding upon all persons claiming an interest in the relevant monies.

- (f) On the expiration of six years from the Effective Date, such Offeror shall be released from any further obligation to make any payments under this Scheme and such Offeror shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit or custodian account in its name, including accrued interest subject to any deduction required by law and expenses incurred.
 - (g) Paragraph (f) of this Clause 3 shall take effect subject to any prohibition or condition imposed by law.
- 4. Each instrument of transfer and certificate existing on the Record Date in respect of a holding of any number of Disinterested Scheme Shares shall on the Effective Date cease to be valid for any purpose as an instrument of transfer or a certificate for such Disinterested Scheme Shares and every holder of such certificate shall be bound at the request of the Offeror to deliver up the same to the Offeror for the cancellation thereof.
- 5. All mandates or relevant instructions to the Company in force on the Record Date relating to any of the Disinterested Scheme Shares shall cease to be valid as effective mandates or instructions on the Effective Date.
- 6. Subject to the Conditions having been satisfied in full or waived by the Offeror in the manner set out under the heading “3. Conditions of the Proposal and the Scheme” under Part VII. — Explanatory Memorandum in the Scheme Document, this Scheme shall become effective as soon as a copy of the order of the Grand Court sanctioning this Scheme under Section 86 of the Companies Law has been delivered to the Registrar of Companies in the Cayman Islands for registration pursuant to section 86 (3) of the Companies Law.
- 7. Unless this Scheme shall have become effective on or before the Long Stop Date, this Scheme shall lapse.
- 8. The Company and the Offeror may consent jointly for and on behalf of all concerned to any modification of or addition to this Scheme or to any condition which the Grand Court may think fit to approve or impose.

9. All costs, charges and expenses of the advisers and counsels appointed by the Company will be borne by the Company whereas all costs, charges and expenses of the advisers and counsels appointed by Offeror will be borne by the Offeror, and other costs, charges and expenses of the scheme of arrangement will be shared between the Offeror and the Company equally.

21 August 2020

IN THE GRAND COURT OF THE CAYMAN ISLANDS

FINANCIAL SERVICES DIVISION

CAUSE NO. FSD 167 OF 2020

IN THE MATTER OF SECTIONS

15 AND 86 OF THE COMPANIES LAW (2020 REVISION)

AND IN THE MATTER OF ORDER 102 OF

THE GRAND COURT RULES 1995 AND IN THE MATTER OF
GOLDEN MEDITECH HOLDINGS LIMITED 金衛醫療集團有限公司

NOTICE OF COURT MEETING

NOTICE IS HEREBY GIVEN that, by an order dated 13 August 2020 (the “**Order**”) made in the above matter, the Grand Court of the Cayman Islands (the “**Court**”) has directed a meeting (the “**Court Meeting**”) to be convened of holders of ordinary shares of par value HK\$0.20 each in the capital of Golden Meditech Holdings Limited 金衛醫療集團有限公司 (the “**Company**”) other than the Offeror and the Offeror Concert Parties, all of which are defined in the composite scheme document, of which this Notice forms part (the “**Holders**”), for the purpose of considering and, if thought fit, approving, with or without modifications, a scheme of arrangement (the “**Scheme**”) proposed to be made between the Company and the Scheme Shareholders (as defined in the Scheme) and that the Court Meeting will be held at Nathan Room, Lower Lobby, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Wednesday, 16 September 2020 at 2:00 p.m. (Hong Kong time) (see Note) at which place and time all such Holders are requested to attend. A copy of the Scheme and a copy of an explanatory memorandum explaining the effect of the Scheme are incorporated in the composite scheme document of which this Notice forms part.

A copy of the composite scheme document can also be obtained by the Holders from the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.

Such Holders may vote in person at the Court Meeting or they may appoint one or more other persons (who each must be an individual), whether a member of the Company or not, to attend and vote in their stead. A **pink** form of proxy for use at the Court Meeting is enclosed with the composite scheme document dated Friday, 21 August 2020 despatched to members of the Company on Friday, 21 August 2020.

In the case of joint holders of a share, any one of such persons may vote at the Court Meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto. However, if more than one of such joint holders be present at the Court Meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding. For this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register of members of the Company in respect of such joint holding, the first named shareholder being the senior.

It is requested that the duly completed **pink** form of proxy be deposited at the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (the "**Registration Office**"), not later than 2:00 p.m. (Hong Kong time) on Monday, 14 September 2020 or alternatively, be handed to the Chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion as to whether or not to accept it). Completion and return of the proxy form will not preclude any member from attending and voting in person at the Court Meeting. In the event that a member of the Company attends the meeting and vote in person after having lodged his **pink** form of proxy, the **pink** form of proxy will be deemed to have been revoked. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument of proxy or of the authority under which it was executed, provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Registration Office at least two (2) hours before the commencement of the Court Meeting or any adjourned meeting at which the proxy is used.

Please refer to the "Part II. Actions To be Taken — Precautionary Measures for the Court Meeting and the General Meeting" of the composite scheme document for precautionary measures being implemented by the Company in order to prevent and control the spread of the novel coronavirus (COVID-19) and to ensure the health and safety of all attendees at the Court Meeting, including (i) compulsory body temperature checks; (ii) compulsory wearing of surgical face masks for each attendee; and (iii) limiting attendance at the Court Meeting. Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into and/or may be required to leave the venue of the Court Meeting.

Shareholders are encouraged to consider appointing the chairman of the Court Meeting as his/her/its proxy to vote on the relevant resolution(s) at the Court Meeting as an alternative to attending the Court Meeting in person.

By the Order, the Court has appointed Mr. Feng Wen, director, or failing him, Mr. Leong Kim Chuan, director, or failing him, any other director of the Company, to act as the Chairman of the Court Meeting and has directed the Chairman of the Court Meeting to report the results of the Court Meeting to the Court.

The Scheme will be subject to a subsequent application seeking the sanction of the Court.

By Order of the Court
Golden Meditech Holdings Limited
金衛醫療集團有限公司

Note: In the event that a tropical cyclone warning signal no. 8 or above is hoisted or a black rainstorm warning signal is in force at 8:00 a.m. on Wednesday, 16 September 2020, the Court Meeting will be adjourned to Friday, 18 September 2020 at 2:00 p.m. or at a time on an alternative day to be announced that falls within fourteen days of the original date scheduled for the Court Meeting. You may call the hotline at +852 3605 8180 during business hours from 9:00 a.m. to 5:00 p.m. on Monday to Friday, excluding public holidays or visit the website of the Company at www.goldenmeditech.com for details of alternative meeting arrangements. The Court Meeting will be held as scheduled even when a tropical cyclone warning signal no. 3 or below is hoisted or an amber or red rainstorm warning signal is in force.

You should make your own decision as to whether you would attend the Court Meeting under bad weather conditions bearing in mind your own situation and if you should choose to do so, you are advised to exercise care and caution.

Dated 21 August 2020

Registered office:

P.O. Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

Principal place of business

in Hong Kong:
48th Floor, Bank of China Tower
1 Garden Road
Central
Hong Kong

**GOLDEN MEDITECH HOLDINGS LIMITED****金衛醫療集團有限公司***(Incorporated in the Cayman Islands with limited liability)***(Stock Code: 00801)****NOTICE OF GENERAL MEETING**

NOTICE IS HEREBY GIVEN that a general meeting (the “**General Meeting**”) of Golden Meditech Holdings Limited 金衛醫療集團有限公司 (the “**Company**”) will be held at Nathan Room, Lower Lobby, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong, Wednesday, 16 September 2020 at 2:30 p.m. (Hong Kong time) (or immediately after the conclusion or adjournment of the meeting of the holders of Disinterested Scheme Shares (as defined in the Scheme of Arrangement hereinafter mentioned) convened at the direction of the Grand Court of the Cayman Islands for the same day and place), for the purposes of considering and, if thought fit, passing (with or without modifications) the following resolutions:

SPECIAL RESOLUTION**1. THAT:**

- (a) Pursuant to the scheme of arrangement dated 21 August 2020 (the “**Scheme of Arrangement**”) between the Company and the holders of the Disinterested Scheme Shares (as defined in the Scheme of Arrangement) in the form of the print thereof, which has been produced to this meeting and for the purposes of identification signed by the chairman of this meeting, or in such other form and on such terms and conditions as may be approved or imposed by the Grand Court of the Cayman Islands, on the Effective Date (as defined in the Scheme of Arrangement), the issued share capital of the Company shall be reduced by the cancellation and extinguishment of the Disinterested Scheme Shares (as defined in the Scheme of Arrangement); and
- (b) the directors of the Company be and are hereby authorised to do all acts and things considered by them to be necessary or desirable in connection with the implementation of the Scheme of Arrangement and the reduction of capital pursuant to the Scheme of Arrangement, including (without limitation) giving consent to any modification of, or addition to, the Scheme of Arrangement or the reduction of capital which the Grand Court of the Cayman Islands may see fit to impose.

ORDINARY RESOLUTIONS

2. THAT:

- (a) subject to and forthwith upon the cancellation and extinguishment of the Disinterested Scheme Shares referred to in resolution 1(a) taking effect, the share capital of the Company shall be restored to its former amount by allotting and issuing to the Offeror (as defined in the Scheme of Arrangement), credited as fully paid at par, the same number of ordinary shares of HK\$0.20 each in the share capital of the Company as the number of the Disinterested Scheme Shares referred to in resolution 1(a) cancelled and extinguished; and (b) the credit arising in the books of account of the Company consequent upon the reduction of its issued share capital resulting from the cancellation and extinguishment of the Disinterested Scheme Shares referred to in resolution 1(a) shall be applied in paying up in full at par the shares allotted and issued to the Offeror, pursuant to this resolution.

3. THAT:

- (a) the Undertaking (as defined in the Scheme of Arrangement) is hereby approved.

By Order of the Board
Golden Meditech Holdings Limited
FENG Wen
Chairman

Dated 21 August 2020

Registered office:

P.O. Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

*Principal place of business
in Hong Kong:*

48th Floor, Bank of China Tower
1 Garden Road
Central
Hong Kong

Notes:

1. The register of members of the Company will be closed from Monday, 14 September 2020 to Wednesday, 16 September 2020, both days inclusive, during which period no transfer of Shares can be registered. In order to qualify for attending and voting at the general meeting convened by the above notice, all transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 11 September 2020.
2. A member entitled to attend and vote at the general meeting convened by the above notice is entitled to appoint one or, if he holds two or more shares of the Company, more proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

3. To be valid, a **white** form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding of the general meeting (i.e. not later than 14 September 2020 at 2:30 p.m. (Hong Kong time)) or any adjournment thereof. Completion and return of the **white** form of proxy will not preclude a member from attending and voting in person.
4. If two or more persons are joint holders of a share of the Company, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the other joint holder(s). For this purpose, seniority shall be determined by the order in which the names stand in the principal or branch register of members of the Company in respect of the joint holding of a share of the Company.
5. Please refer to "Part II. Actions To be Taken — Precautionary Measures for the Court Meeting and the General Meeting" of the composite scheme document dated 21 August 2020 issued jointly by the Offeror and the Company for precautionary measures being implemented by the Company in order to prevent and control the spread of the novel coronavirus (COVID-19) and to ensure the health and safety of all attendees at the General Meeting, including (i) compulsory body temperature checks; (ii) compulsory wearing of surgical face masks for each attendee; and (iii) limiting attendance at the General Meeting. Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into and/or may be required to leave the venue of the General Meeting.

Shareholders are encouraged to consider appointing the chairman of the General Meeting as his/her/its proxy to vote on the relevant resolution(s) at the General Meeting as an alternative to attending the General Meeting in person.

6. The translation into Chinese language of the above notice is for reference only. In case of any inconsistency, the English version shall prevail.