Genor Biopharma Holdings Limited
嘉和生物藥業(開曼)控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6998)

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

Sole Sponsor to the New Listing Application

Morgan Stanley

Financial Advisor to the Target

浦銀國際 SPDB INTERNATIONAL

THE MERGER AGREEMENT

The Board is pleased to announce that on 13 September 2024 (before trading hours), the Company, the Target and the Merger Sub (a wholly-owned subsidiary of the Company) entered into the Merger Agreement.

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

At the Merger Effective Time, each Target Share issued and outstanding immediately prior to the Merger Effective Time will be automatically cancelled and cease to exist in exchange for the right to receive such number of newly issued and fully paid Consideration Shares based on the Share Exchange Ratio subject to adjustments applicable to the Taxable Target Shareholders and the Target Controlling Shareholders as set out in the section headed "THE PROPOSED MERGER – Merger consideration" in this announcement. Accordingly, all Target Shareholders will become Shareholders of the Company upon the Merger Closing. Based on the Presumed Maximum Share Exchange Ratio and assuming (i) there is no Taxable Target Shareholders, and (ii) none of the Converted Options under the One-off Share Option Plan has been exercised, the Company will, for the purposes of the Proposed Merger, allot and issue an aggregate of 1,821,348,921 Consideration Shares at the Merger Effective Time.

The Consideration Shares will be allotted and issued under the Specific Mandate to be granted by the Shareholders at the EGM. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Subject to the satisfaction or waiver (if applicable) of all Merger Conditions Precedent set out in the section headed "THE PROPOSED MERGER – Merger Conditions Precedent" in this announcement, the Merger Closing shall take place at the Merger Effective Time.

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

Establishment of the Joint Steering Committee

Pursuant to the Merger Agreement, the Company shall establish the Joint Steering Committee to facilitate the implementation of the Proposed Merger and improvement of the Company's governance structure. The Joint Steering Committee was established on 4 October 2024. A summary of the terms of reference of the Joint Steering Committee is set out in the section headed "THE PROPOSED MERGER – Establishment of the Joint Steering Committee" in this announcement.

CDK4/6i OUTSOURCING MANAGEMENT AGREEMENT

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

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

On 13 September 2024, the Company and the Target entered into conditional Retention Agreements in relation to the retention of the Shareholder Personnel of the Group upon the Merger Closing, pursuant to which, among other things, and subject to the satisfaction of certain conditions, the unvested share options and/or RSUs held by the Shareholder Personnel under the Existing Company Share Schemes shall be automatically accelerated and vested in the relevant Shareholder Personnel.

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

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

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

REASONS FOR AND BENEFITS OF THE PROPOSED MERGER

The Group is principally engaged in the development and commercialisation of oncology and autoimmune drugs and has been striving to "provide innovative therapeutics initially for patients in China and gradually for patients globally" through building rich and innovative drug candidates and pipelines. The Directors expects that CDK4/6i will soon be commercialised and the Company has reached a critical development stage which requires strong commercial power to seize all possible market opportunities.

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

(a) The Target Group has a diversified portfolio of innovative leading patented drugs of immense market potential and originator-branded drugs with competitive market advantages;

(b) the Target Group has a well-developed commercialisation platform supporting robust financial performance;

(c) the Target Group possesses an industry-leading sales and marketing network in supporting the future commercialisation of synergized pipelines; and

(d) the Target Group has advanced manufacturing platforms and global supply chain system.

Further, the consideration of the Proposed Merger is to be wholly settled by way of issuing Consideration Shares and there would be no cash outlay by the Group. The Proposed Merger is a key step for the Company to transform into a developed and fully integrated biopharmaceutical company, and is expected to bring complementary and synergetic effects to both the Group and the Target Group and lay an important foundation for the sustainable development of the Enlarged Group post-Merger Closing.

LISTING RULES IMPLICATIONS

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

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

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

As set out in the section headed "SPECIAL DEAL IN RELATION TO THE RETENTION PLAN OF THE SHAREHOLDER PERSONNEL" in this announcement, the Retention Plan of Mr. Weng is subject to approval of the Independent Shareholders at the EGM pursuant to Chapter 14A of the Listing Rules and approval of the Shareholders at the EGM pursuant to Rule 13.68 of the Listing Rules.

IMPLICATIONS UNDER THE TAKEOVERS CODE

As at the date of this announcement, neither Mr. Ni nor parties acting in concert with him holds Shares. Immediately upon the Merger Closing, based on the Presumed Maximum Share Exchange Ratio, assuming that (a) none of the outstanding share options and the unvested RSUs under the Existing Company Share Schemes has been exercised or vested, (b) there is no Taxable Target Shareholders, and (c) none of the Converted Options under the One-off Share Option Plan has been exercised, Mr. Ni and parties acting in concert with him will be interested in 880,301,348 Shares, representing approximately 37.60% of the issued Shares of the Company as enlarged by the allotment and issue of Consideration Shares. Accordingly, pursuant to Rule 26.1 of the Takeovers Code, upon the Merger Closing, Mr. Ni will be required to make a conditional mandatory general offer for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by Mr. Ni and parties acting in concert with him, unless the Whitewash Waiver is granted by the Executive. An application to the Executive for the Whitewash Waiver will be made by Mr. Ni pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code.

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

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

As at the date of this announcement, neither the Company nor the Target believes that the Proposed Merger gives rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this announcement, the Company and the Target will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the Circular. The Company and the Target note that the Executive may not grant the Whitewash Waiver if the Proposed Merger does not comply with other applicable rules and regulations.

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

As set out in the section headed "SPECIAL DEAL IN RELATION TO THE RETENTION PLAN OF THE SHAREHOLDER PERSONNEL" in this announcement, the Retention Plan constitutes an arrangement between the Company and each of the Shareholder Personnel, each being a Shareholder, and such arrangement has favourable conditions which are not extended to all other Shareholders, the Retention Plan constitutes a special deal under Rule 25 of the Takeovers Code. Accordingly, the implementation of the Retention Agreement and the Retention Plan will require consent of the Executive. Such consent, if granted, is expected to be subject to (a) the Independent Financial Adviser publicly stating that in its opinion the terms of the Retention Agreement and the Retention Plan are fair and reasonable; and (b) the Retention Agreement and the Retention Plan are approved by the Independent Shareholders at the EGM.

PROPOSED CHANGE OF COMPANY NAME

The Board proposes to change the English name of the Company from "Genor Biopharma Holdings Limited" to "Edding Genor Group Holdings Limited" and change the dual foreign name of the Company in Chinese from "嘉和生物藥業(開曼)控股有限公司" to "亿腾嘉和醫藥集團有限公司" (collectively, the "**Proposed Change of Company Name**") upon Merger Effective Time.

The Proposed Change of Company Name is subject to the passing of the relevant special resolution(s) by the Shareholders at the EGM, further details of which will be set out in the Circular.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

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

The proposed increase in authorised share capital is subject to the passing of the relevant ordinary resolution(s) by the Shareholders at the EGM, further details of which will be set out in the Circular.

PROPOSED ADOPTION OF THE ONE-OFF SHARE OPTION PLAN

At Merger Effective Time, all outstanding share options under the Target Share Option Scheme will be automatically cancelled and lapse in accordance with the Merger Agreement. In order to provide a fair treatment to the Target Share Option Scheme Grantees and to continue to recognise their contribution or potential contribution to the Enlarged Group following the Merger Closing, the Company proposes to adopt the One-off Share Option Plan. Pursuant to the rules governing the Target Share Option Scheme, except as provided otherwise in any other written agreement between the Target and a Target Share Option grantee, at the Merger Effective Time, each Target Share Option can be assumed by and replaced with a comparable option of the Company which preserves the compensation element of such Target Share Option existing immediately prior to the Merger Effective Time in accordance with the same (or more favourable) exercise schedule to such Target Share Option.

The One-off Share Option Plan forms part of the arrangements under the Merger Agreement and aims to provide a fair treatment to the Target Share Option Scheme Grantees to convert the Target Share Options into Converted Options upon the Merger Closing. As such, the rules of the One-off Share Option Plan do not contain all the provisions as required under Chapter 17 of the Listing Rules. The Company will apply to the Stock Exchange for a waiver from strict compliance with Chapter 17 of the Listing Rules, if applicable, at the time when the New Listing Application is submitted. Such waiver may or may not be granted by the Stock Exchange. If the waiver is not granted, it will not result in the termination of the Proposed Merger.

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

IRREVOCABLE UNDERTAKINGS

As at the date of this announcement, the Company and the Target received irrevocable undertakings from the IU Shareholders.

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

EGM

The Proposed Merger, the Whitewash Waiver, the Specific Mandate, the Proposed Change of Company Name, the proposed increase in authorised share capital of the Company, the Retention Plan and the proposed adoption of the One-off Share Option Plan are subject to the approval of the Shareholders at the EGM.

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

Each of the Shareholder Personnel is a Shareholder of the Company as at the date of this announcement. Accordingly, each Shareholder Personnel and their respective associates will abstain from voting on the relevant resolution(s) relating to the Retention Plan, the Proposed Merger and the Whitewash Waiver.

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

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

The Listing Rules IBC, comprising all the independent non-executive Directors, will be formed in accordance with the Listing Rules for the purposes of advising the Independent Shareholders in respect of the Retention Plan of Mr. Weng, and as to voting therefor, pursuant to Rule 14A.39 of the Listing Rules.

The Takeovers Code IBC, comprising all non-executive Directors who have no direct or indirect interest in the Proposed Merger, the Whitewash Waiver and the Retention Plan of the Shareholder Personnel and the transactions contemplated thereunder, will be formed for the purpose of advising the Independent Shareholders in respect of the Proposed Merger, the Whitewash Waiver and the Retention Plan of the Shareholder Personnel and the transactions contemplated thereunder, and as to voting therefor, pursuant to Rule 2.8 of the Takeovers Code.

The Independent Financial Adviser will be appointed to advise (i) the Listing Rules IBC and the Independent Shareholders in respect of the Retention Plan of Mr. Weng, and as to voting therefor, and (ii) the Takeovers Code IBC in respect of the Proposed Merger, the Whitewash Waiver and the Retention Plan of the Shareholder Personnel, and as to voting therefor. Further announcement will be made by the Company upon the appointment of the Independent Financial Adviser.

DESPATCH OF CIRCULAR

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

Pursuant to Rules 14.60(7) and 14A.68(11) of the Listing Rules, the Circular is required to be despatched to the Shareholders within 15 Business Days from the date of this announcement. Pursuant to Rule 8.2 of the Takeovers Code, the Circular is required to be despatched to the Shareholders within 21 days (or, in the case of a securities exchange offer, 35 days) from the date of this announcement. The Circular is subject to review and comments by the Stock Exchange and the SFC and will be despatched to the Shareholders as soon as practicable after the Company has obtained the approval in principle from the Listing Committee with respect to the New Listing Application. In view of the process required in connection with the New Listing Application by the Company, the Company expects that more time may be needed for the Stock Exchange to approve the Company's New Listing Application and for the preparation of the Circular. As such, the Company will apply to the Executive pursuant to Rule 8.2 of the Takeovers Code for its consent to extend the time limit for the despatch of the Circular.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on Friday, 13 September 2024 pending the publication of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on Monday, 7 October 2024.

WARNING

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

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

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

THE MERGER AGREEMENT

The Board is pleased to announce that on 13 September 2024 (before trading hours), the Company, the Target and the Merger Sub (a wholly-owned subsidiary of the Company) entered into the Merger Agreement.

Subject to the terms and conditions in the Merger Agreement and in accordance with the Cayman Companies Act, the Company will acquire the Target by way of merger whereby, at the Merger Effective Time, the Merger Sub will be merged with and into the Target, with the Target as the surviving entity and becoming a wholly-owned subsidiary of the Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Target and its ultimate beneficial owners is a third party independent of the Company and connected persons of the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, there is, and in the past twelve months, there has been, no material loan arrangement between (a) the Target or the Target Controlling Shareholders, any of their directors and legal representatives and/or ultimate beneficial owner(s) who can exert influence on the Proposed Merger; and (b) the Company, any connected person at the Company's level and/or any connected person of the Company's subsidiaries involved in the Proposed Merger.

As at the date of this announcement, neither the Company nor the Merger Sub holds any Target Share. Immediately following the Merger Closing, the Target will become a wholly-owned subsidiary of the Company.

THE PROPOSED MERGER

The Proposed Merger will be implemented by the Company, the Merger Sub and the Target pursuant to which, at the Merger Closing, the Target will become a wholly-owned subsidiary of the Company and in consideration therefor, the Company will allot and issue Consideration Shares to the Target Shareholders.

The Proposed Merger will be implemented as follows:

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

(2) subject to the terms and conditions in the Merger Agreement, at the Merger Effective Time, (i) the Merger Sub will be merged with and into the Target, following which separate existence of the Merger Sub will cease and the Target will continue as the surviving company and become a wholly-owned subsidiary of the Company, and (ii) all the assets, rights, powers, privileges, immunities, obligations, liabilities, duties and undertakings of the Merger Sub will be vested in or assumed by the Target;

(3) pursuant to the Merger Agreement, at the Merger Effective Time, all Directors in office immediately before the Merger Effective Time (except for the Remaining Director) will resign (which such resignations shall take effect no later than the Merger Effective Time), and the Board, upon appointment of the new Directors to be designated by the Target (details of which are set out under the section headed "PROPOSED CHANGES TO THE BOARD UPON THE MERGER CLOSING" in this announcement) at the Merger Effective Time, will comprise seven (7) Directors; and

(4) immediately following the Merger Effective Time, each issued and outstanding ordinary share of the Merger Sub immediately prior to the Merger Effective Time shall be automatically converted into one validly issued and fully paid ordinary share of the Target (such ordinary share of the Target shall constitute the only issued and outstanding share in the share capital of the Target) and be held by the Company.

Merger consideration

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

(a) ***Target Shareholders other than (i) the Taxable Target Shareholders and (ii) the Target Controlling Shareholders***. Each issued and outstanding Target Share held by the Target Shareholders (other than the Taxable Target Shareholders and the Target Controlling Shareholders) immediately prior to the Merger Effective Time will be automatically cancelled and cease to exist in exchange for the right to receive such number of newly issued and fully paid Consideration Shares calculated based on the Share Exchange Ratio.

(b) ***Taxable Target Shareholders.*** With respect to the Taxable Target Shareholders, their receipt of the Consideration Shares may trigger certain taxes payable under Tax Circular 7 in the PRC. To fully comply with the requirements under the PRC law, under the Merger Agreement, the Company shall withhold and pay or arrange for payment of such taxes payable by the Taxable Target Shareholders to the relevant PRC tax authority after the Merger Closing. Accordingly, each issued and outstanding Target Share held by the Taxable Target Shareholders immediately prior to the Merger Effective Time will be automatically cancelled and cease to exist in exchange for the right to receive such number of newly issued and fully paid Consideration Shares equal to (i) the product of the total number of Target Shares held by the Taxable Target Shareholders immediately prior to the Merger Effective Time *multiplied* by the Share Exchange Ratio *minus* (ii) the Tax Circular 7 Withholding Shares. With respect to any Taxable Target Shareholder, if the number of Tax Circular 7 Withholding Shares exceeds the number of Tax Circular 7 Deductible Shares (such difference being the "**Tax Circular 7 Surfeit Shares**"), the Company shall, within ten (10) Business Days, issue such number of newly issued and fully paid Shares equal to the number of the Tax Circular 7 Surfeit Shares to such Taxable Target Shareholder.

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

The Loans in an aggregate outstanding principal amount of US$30,444,876.09 were made by the Target Group to Mr. Ni in 2023 (the "**Loans**"). As at 31 August 2024, the total outstanding principal amount of the Loans and all unpaid interest accrued thereon amounted to US$32,471,714.46.

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

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

Share Exchange Ratio

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

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

The Price Per Target Share shall be the quotient of the Target Equity Value (being US$677,000,000) divided by the Target Fully-Diluted Shares. The Target Equity Value was determined through arm's length negotiations between the Company and the Target, with consideration of the financial multiples of closely comparable listed companies (the "**Close Comparables**") in the pharmaceutical industry covering research, development, and commercialisation of promising therapeutics (the "**pharmaceutical business**"), namely Hansoh Pharmaceutical Group Company Limited (SEHK: 3692), China Medical System Holdings Limited (SEHK: 867) and CSPC Pharmaceutical Group Limited (SEHK: 1093). The Company and the Target considered the Close Comparables have the following attributes which coincide with those of the Target:

(a) Hansoh Pharmaceutical Group Company Limited (SEHK: 3692) is a leading innovative pharmaceutical company with a comprehensive business model that includes integrated R&D, manufacturing, and sales where the Target shares a similar business approach. It focuses mainly on the fields of oncology, anti-infectives, CNS diseases, metabolic diseases, as well as autoimmune diseases, in which the Target shares the same focus in anti-infectives.

(b) China Medical System Holdings Limited (SEHK: 867) is a platform company linking pharmaceutical innovation and commercialisation with strong product lifecycle management capability, in which it has collaborated extensively with global innovation forces, similar to the Target's evolution into an integrated biopharmaceutical company through years of collaboration with MNCs and biotechnology companies. Further, it shares similarities with the Target with its mature commercialisation platform.

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

Financial multiples of Close Comparables

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

Close Comparables (stock code[6])	**Business Description**	**% of Revenue Contribution in the Pharmaceutical Businesses[2]**	**Market Capitalisation[4] (USD million)**	**EV[5]/ EBITDA[3]**	**P[4]/E[3]**
China Medical System Holdings Limited (SEHK: 867)	China Medical System Holdings Limited, an investment holding company, manufactures, sells, markets, and promotes pharmaceutical products in the PRC.	100.00%	2,206	5.92	11.53
Hansoh Pharmaceutical Group Company Limited (SEHK: 3692)	Hansoh Pharmaceutical Group Company Limited, an investment holding company, engages in the research, development, manufacture, and sale of pharmaceutical products in the PRC.	100.00%	15,161	19.08	23.37
CSPC Pharmaceutical Group Limited (SEHK: 1093)	CSPC Pharmaceutical Group Limited, an investment holding company, engages in the research and development, manufacture, and sale of pharmaceutical products in the PRC, other Asian regions, North America, Europe, and internationally.	100.00%	7,265	5.40	8.91

Notes:

1. The Close Comparables were sourced from Capital IQ and their respective financial reports.

2. Percentage of revenue contribution is based on data for the past 12 months prior to 30 June 2024 from financial reports of the Close Comparables.

3. EBITDA and net income are based on data for the past 12 months prior to 30 June 2024 from financial reports of the Close Comparables.

4. The market values are based on the closing price of the Close Comparables as at 31 August 2024 (the "**Benchmark Date**").

5. Enterprise Value ("**EV**") is calculated as the sum of market capitalisation, net debt (total debt minus excess cash and short-term investments), preferred shares, and minority interest.

6. SEHK: Hong Kong Stock Exchange.

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

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

In agreeing on the Target Equity Value, the Board considered (i) the Target's historical financial performance, including its revenue and profit; (ii) the Target's product portfolio, which comprises six key products, including three commercialised originator-branded products (namely, Vancocin, Ceclor and FPN) and three key patented drug products (Vascepa, Mulpleta and Entinostat); (iii) the Target's complete product supply chain quality management platform and drug commercialisation platform, its prospects and growth potential, and (iv) the factors set out in the section headed "REASONS FOR AND BENEFITS OF THE PROPOSED MERGER" in this announcement.

The Target Equity Value reflects an implied EV/EBITDA Ratio and P/E Ratio of the Target of 5.14 times and 10.97 times, respectively, and are comparable to the values of the Close Comparables set out above. Based on the foregoing, the Board is of the view that the Target Equity Value is fair and reasonable.

The Price Per Company Share shall be the quotient of the Company Equity Value (being US$197,330,401.57) divided by the Company Fully-Diluted Shares. The Company Equity Value was determined based on the current market capitalisation of the Company (approximately HK$858 million, equivalent to approximately US$110 million, based on the closing price of the Shares on 12 September 2024, being the Last Trading Day), the final Net Cash Balance of the Company not being lower than RMB712,500,000 (equivalent to approximately US$100 million) as set out in the Merger Agreement, and with consideration to the Company's current portfolio of drug candidates and the development stage thereof.

For the purposes of this announcement, assuming that, (A) the Loans (including the principal and all accrued interest) have been fully repaid by cash immediately preceding the Merger Closing Date; and (B) from the date of this announcement up to and until the Merger Closing Date, (i) under the Company New Grant, the Company grants 1,000,000 share options and/or RSUs under the Existing Company Share Schemes which will remain outstanding immediately prior to the Merger Effective Time; (ii) there is no other change in the number of the outstanding share options and RSUs under the Existing Company Share Schemes and the Proposed Termination of 2023 Share Schemes takes effect immediately prior to the Merger Effective Time; (iii) 30,675,180 Target Share Options granted to Mr. Ni under the Target Share Option Scheme have been exercised, and there is no other change in the number of the outstanding Target Share Options under the Target Share Option Scheme; and (iv) there is no other change in the issued Shares of the Company and the issued share capital of the Target, the Company Fully-Diluted Shares and the Target Fully-Diluted Shares are 552,948,731 and 557,830,859, respectively, and the Share Exchange Ratio is approximately 3.40 (the "**Presumed Maximum Share Exchange Ratio**").

For the purposes of the Presumed Maximum Share Exchange Ratio, the number of Company Fully-Diluted Shares of 552,948,731 comprises (i) 519,978,899 Shares in issue; (ii) 24,922,941 outstanding share options and 5,626,435 unvested RSUs under the Existing Company Share Schemes; (iii) 1,000,000 share options and/or RSUs assumed as having been granted pursuant to the Company New Grant; and (iv) 1,420,456 Shares that are issuable pursuant to the subscription and stock purchase agreement dated 26 September 2019 by and among the Company, ABT and other parties thereto.

The final Share Exchange Ratio will be determined with reference to the number of Company Fully-Diluted Shares and the number of Target Fully-Diluted Shares immediately prior to the Merger Effective Time.

Consideration Shares and theoretical issue price

Based on the Presumed Maximum Share Exchange Ratio and assuming (i) there is no Taxable Target Shareholders, and (ii) none of the Converted Options under the One-off Share Option Plan has been exercised, the Company will, for the purposes of the Proposed Merger, allot and issue an aggregate of 1,821,348,921 Consideration Shares at the Merger Effective Time. The number of Consideration Shares to be allotted and issued represents:

(a) approximately 350.27% of the issued Shares of the Company as at the date of this announcement (assuming that there is no change in the issued Shares of the Company and the issued share capital of the Target from the date of this announcement up to and until the Merger Closing Date);

(b) approximately 77.79% of the issued Shares of the Company as enlarged by the allotment and issue of the Consideration Shares immediately after the Merger Closing (assuming that (i) none of the outstanding share options and the unvested RSUs under the Existing Company Share Schemes has been exercised or vested, (ii) none of the Converted Options under the One-off Share Option Plan has been exercised, and (iii) there is no other change in the issued Shares of the Company and the issued share capital of the Target from the date of this announcement up to and until the Merger Closing Date); and

(c) approximately 77.43% of the issued Shares of the Company as enlarged by the allotment and issue of (i) the Consideration Shares, (ii) the Shares upon exercise and/or vesting of all outstanding share options and all RSUs under the Existing Company Share Schemes, and (iii) the Shares upon exercise of all Converted Options under the One-off Share Option Plan (assuming that there is no other change in the issued Shares of the Company and the issued share capital of the Target from the date of this announcement up to and until the Merger Closing Date).

Based on the Target Equity Value and 1,821,348,921 Consideration Shares, the theoretical issue price per Consideration Share is HK$2.899, which represents:

(a) a premium of approximately 75.71% over the closing price of HK$1.650 per Share as quoted on the Stock Exchange on the Last Trading Day;

(b) a premium of approximately 96.43% over HK$1.476 per Share, being the average closing prices of the Shares as quoted on the Stock Exchange for the last five (5) trading days up to and including the Last Trading Day;

(c) a premium of approximately 110.50% over HK$1.377 per Share, being the average closing prices of the Shares as quoted on the Stock Exchange for the last thirty (30) trading days up to and including the Last Trading Day;

(d) a premium of approximately 15.81% over the Group's audited consolidated net asset value attributable to the Shareholders of approximately HK$2.503 per Share as at 31 December 2023 and based on 519,978,899 Shares in issue as at the Last Trading Day; and

(e) a premium of approximately 29.63% over the Group's unaudited consolidated net asset value attributable to the Shareholders of approximately HK$2.237 per Share as at 30 June 2024 and based on 519,978,899 Shares in issue as at the Last Trading Day.

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

Name of Target Shareholder	As at the date of this announcement and immediately prior to the allotment and issue of Consideration Shares		Number of Consideration Shares to be issued to the Target Shareholders at the Merger Closing [2]
	Number of Target Shares	*Approximate percentage of shareholding in the Target*	
Target Controlling Shareholders			
Mr. Ni [1]	222,486,981	44.06%	860,751,348[3]
Talent Creation	2,900,000	0.57%	9,860,000
Chinapharm Group	2,850,000	0.56%	9,690,000
Other minority Target Shareholders	7,113,865	1.41%	24,187,138
Pre-IPO Investors			
HongShan Capital Growth Fund I, L.P.	27,125,840	5.37%	92,227,856
HongShan Capital Growth Partners Fund I, L.P.	646,890	0.13%	2,199,426
HongShan Capital GF Principals Fund I, L.P.	3,327,750	0.66%	11,314,350
HongShan Capital I, L.P.	9,035,545	1.79%	30,720,853
HongShan Capital Partners Fund I, L.P.	1,038,240	0.21%	3,530,016
HongShan Capital Principals Fund I, L.P.	1,398,465	0.28%	4,754,781
HSG Growth V Holdco Q, Ltd.	12,304,741	2.44%	41,836,120
OrbiMed Asia Partners, L.P.	37,715,912	7.47%	128,234,101
OrbiMed Asia Partners III, L.P.	35,132,263	6.96%	119,449,695
Domain Partners VIII, L.P.	29,025,390	5.75%	98,686,326
DP VIII Associates, L.P.	215,375	0.04%	732,275
Ms. Bao Wei	8,631,415	1.71%	29,346,811
Skycus China Fund, L.P.	45,731,029	9.06%	155,485,499
Novel Insight Investments Limited	28,402,405	5.62%	96,568,177
Novel Sky Global Limited	16,729,648	3.31%	56,880,804
SPDBI Eagle Limited	13,203,925	2.61%	44,893,345
Total	**505,015,679**	**100%**	**1,821,348,921**

Notes:

1. As at the date of this announcement, Mr. Ni owns approximately 45.33% and 46.32% of the issued share capital of Talent Creation and Chinapharm Group, respectively, and also acts as the sole director of each of Talent Creation and Chinapharm Group. Accordingly, each of Talent Creation and Chinapharm Group is presumed to be a party acting in concert with Mr. Ni under Class (8) of the definition of "acting in concert" under the Takeovers Code. For completeness, all the other shareholders of Talent Creation and Chinapharm Group are current or former employees of the Target Group. In addition to Mr. Ni, Talent Creation has six shareholders and Chinapharm Group has nine shareholders.

2. Please refer to shareholding table showing the shareholding structure of the Company immediately after allotment and issue of the Consideration Shares as set out in the section headed "EFFECT OF THE PROPOSED MERGER ON THE SHAREHOLDING STRUCTURE OF THE COMPANY" in this announcement for the relevant percentages of shareholding in the Company in such scenario.

3. As at the date of this announcement, Mr. Ni holds 30,675,180 Target Share Options granted to him under the Target Share Option Scheme. For the purposes of the Presumed Maximum Share Exchange Ratio, it is assumed that such Target Share Options to be having been exercised prior to the Merger Effective Time.

The Consideration Shares will be allotted and issued under the Specific Mandate to be granted by the Shareholders at the EGM. The Consideration Shares, when allotted and issued, shall rank *pari passu* in all respects *inter* se and with all the other Shares in issue as at the date of allotment and issue of the Consideration Shares.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares and the Shares which may fall to be allotted and issued upon exercise of the share options that may be granted under the One-off Share Option Plan. Further details of the terms on which the Specific Mandate is to be sought from the Shareholders will be set out in the Circular.

Pursuant to the Target Controlling Shareholders Undertaking, the Target Controlling Shareholders have undertaken to the Company that, they shall not, and shall procure that the relevant registered Shareholder(s) not to, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of the Consideration Shares held by the Target Controlling Shareholders in the period commencing from the Merger Effective Time and ending on the date which is twelve (12) months after the Merger Closing Date (the "**Lock-up Period**") (save for (i) using no more than 25% of the Consideration Shares beneficially owned by the Target Controlling Shareholders as security (including a charge or a pledge) in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, and (ii) the deemed disposal of Shares by the Target Controlling Shareholders caused by the issuance of any Shares or securities by the Company during the Lock-up Period, subject to the Stock Exchange granting a waiver from strict compliance with Rules 10.07(1)(a) and 10.08 of the Listing Rules). Such waiver may or may not be granted by the Stock Exchange. If the waiver is not granted, it will not result in the termination of the Proposed Merger nor the Target Controlling Shareholders Undertaking. Save for the foregoing and, to the extent not waived by the Stock Exchange, the applicable lock-up requirements under Rule 10.07 of the Listing Rules, the Company is not aware of any restriction which applies to the subsequent sale of the Consideration Shares.

Share options under the Target Share Option Scheme

As at the date of this announcement, the Target has adopted the Target Share Option Scheme, under which 52,815,180 share options have been granted and remain outstanding. Each Target Share Option issued and outstanding immediately prior to the Merger Effective Time shall, at Merger Effective Time, be assumed by the Company and be automatically converted into share option entitling the holder thereof to subscribe for Shares pursuant to the One-off Share Option Plan (each Target Share Option so assumed and converted is a "**Converted Option**"), such that each Converted Option, upon exercise, shall entitle the holder to subscribe for such number of Shares equal to the product of (a) the number of Target Shares issuable pursuant to the outstanding Target Share Option held by such holder immediately prior to the Merger Effective Time *multiplied* by (b) the Share Exchange Ratio (such number of Shares shall be rounded up to the nearest whole Share). The exercise price for each Converted Option shall be equal to the quotient obtained by *dividing* (x) the exercise price of each Target Share Option by (y) the Share Exchange Ratio (such exercise price shall be rounded up to the nearest whole cent).

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

Details of the One-off Share Option Plan are set out in the section headed "PROPOSED ADOPTION OF THE ONE-OFF SHARE OPTION PLAN" in this announcement.

Merger Conditions Precedent

Merger Conditions Precedent in relation to the Company and the Target

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

(a) the Company having obtained approval(s) from the Shareholders in respect of the Shareholders' Approval Matters of the Company (with the respective resolutions relating to the Whitewash Waiver and the Proposed Merger having been approved by at least 75% and more than 50% of the votes cast by the Independent Shareholders at the EGM), and such approval(s) remaining effective on the Merger Closing Date;

(b) the Whitewash Waiver having been granted by the SFC, and the Whitewash Waiver remaining effective and not having been withdrawn or revoked on the Merger Closing Date, and all conditions attached to such Whitewash Waiver (if any) having been satisfied;

(c) the Company having obtained (i) the "approval in principle" granted by the Listing Committee in relation to the New Listing Application, and (ii) the Rule 18A.10 Consent, such approval and consent not having been withdrawn or revoked, and all other consents or procedures required under the Listing Rules and the Takeovers Code (or waivers from the Stock Exchange and/or the SFC thereof) having been obtained or completed;

(d) the Company having obtained the written approval from the Listing Committee, permitting the listing of and trading in the Consideration Shares on the Main Board of the Stock Exchange;

(e) the Target Group having obtained the filing notice issued by the China Securities Regulatory Commission confirming that the Proposed Merger has been filed with the China Securities Regulatory Commission and such confirmation remaining effective on the Merger Closing Date; and

(f) no government authority having promulgated, issued, implemented, promoted or enacted any laws or orders (whether temporary, preparatory or permanent in nature) that would declare the Proposed Merger or Merger Closing illegal, or that would have the effect of obstructing or prohibiting the Merger Closing from taking place.

None of the above Merger Conditions Precedent to the obligations of the Company and the Target is waivable by the Company or the Target. In relation to the Merger Condition Precedent (f) above, as at the date of this announcement, to the best of the knowledge, information and belief of the Directors and the Target's directors, having made all reasonable enquiries, no government authority has promulgated, issued, implemented, promoted or enacted any laws or orders (whether temporary, preparatory or permanent in nature) that will declare the Proposed Merger or Merger Closing illegal, or that will have the effect of obstructing or prohibiting the Merger Closing from taking place.

Additional Merger Conditions Precedent in relation to the Company

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

(a) the representations and warranties made by the Company and the Merger Sub under the Merger Agreement remaining true and accurate in all aspects, except for immaterial errors or omissions with respect to certain representations and warranties (or remaining true and accurate in all material aspects with respect to the fundamental representations and warranties) on and as at the Merger Closing Date;

(b) the final Net Cash Balance of the Company being not lower than RMB712,500,000;

(c) the Board resolutions in respect of the Board Approval Matters of the Company remaining effective and not having been revoked or altered;

(d) the Company having provided the Target with evidence to its reasonable satisfaction that (i) the resignation of each Director who is in office immediately preceding the Merger Effective Time (other than the Remaining Director) shall take effect no later than the Merger Effective Time, and (ii) the appointments of new Directors designated by the Target pursuant to the Merger Agreement shall take effect at the Merger Effective time;

(e) during the Transitional Period, except for the temporary suspension of trading of Shares required for the consummation of the transactions contemplated under the Merger Agreement, (i) the Shares having been continuously listed and traded on the Main Board of the Stock Exchange, and (ii) there having been no government authority promulgating, issuing, implementing, promoting or enacting any government orders with the effects of (whether temporary, preparatory or permanent in nature) (1) terminating the listing of and trading in the Shares on the Main Board of the Stock Exchange or (2) suspending the trading of Shares on the Stock Exchange for five consecutive trading days or more;

(f) the Group not having been subject to any actual or threatened litigation filed by any third party which may have a material adverse effect;

(g) no material matter having occurred or been discovered which, if occurred or been discovered immediately prior to the date of the Circular, would render any information contained in the Circular (including any supplement or amendment thereto) untrue, inaccurate, incomplete and/or omission of which would render any statements or information contained in the Circular misleading; and

(h) the Company having fulfilled all its undertakings and obligations under the Merger Agreement in all material aspects on or before the Merger Closing Date.

Additional Merger Conditions Precedent in relation to the Target

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

(a) the representations and warranties made by the Target under the Merger Agreement remaining true and accurate in all aspects, except for immaterial errors or omissions with respect to certain representations and warranties, (or remaining true and accurate in all material aspects with respect to the fundamental representations and warranties) on and as at the Merger Closing Date;

(b) the Target Group not having been subject to any actual or threatened litigation filed by any third party which may have a material adverse effect;

(c) approvals from the Target's board of directors and the Target Shareholders in connection with the Proposed Merger remaining effective on the Merger Closing Date and not having been revoked or altered;

(d) the Target having fulfilled all its undertakings and obligations under the Merger Agreement in all material aspects on or before the Merger Closing Date; and

(e) no material matter having occurred or been discovered which, if occurred or been discovered immediately prior to the date of the Circular, would render any information contained in the Circular (including any supplement or amendment thereto) untrue, inaccurate, incomplete and/or omission of which would render any statements or information contained in the Circular misleading.

As at the date of this announcement, none of the above Merger Conditions Precedent has been satisfied or waived (if applicable).

Pre-Merger Closing undertakings

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

Additional pre-Merger Closing undertakings of the Company

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

(a) (i) issue any equity securities by the Company or sell any Company's equity securities by the Company (save for any grant of share options and/or RSUs under the Existing Company Share Schemes during the Transitional Period which would result in the issue of no more than 1,000,000 Shares upon vesting and/or exercise of such share options and/or RSUs) (the "**Company New Grant**"); (ii) transfer, issue, sell, grant, pledge or otherwise dispose of any Group Company's equity securities by any Group Company; or (iii) issue, deliver or sell any options, warrants, conversion rights, or other rights, agreements, arrangements or commitment obligations that are linked to its equity securities, except for the issue of new Shares upon the vesting or exercise of share options or RSUs granted prior to the date of the Merger Agreement pursuant to the Existing Company Share Schemes;

(b) (i) take any of the following actions relating to any intellectual properties with respect to CDK4/6i or any other material intellectual properties owned by the Group: (A) sell, transfer, or otherwise dispose of its ownership; (B) license or sublicense; or (C) impose any encumbrances on the intellectual properties (unless otherwise agreed in the Merger Agreement); or (ii) enter into any contract that restricts any Group Company (including the Target Group with effect from the Merger Effective Date) from conducting any activities relating to CDK4/6i or any intellectual property with respect to CDK4/6i;

(c) sell, lease, sublease, authorise, transfer, abandon, allow to lapse or otherwise dispose of any assets exceeding RMB1,000,000 in any single transaction or series of related transactions;

(d) effect or initiate any liquidation, dissolution, winding-up, debt restructuring, merger by absorption, merger, consolidation, restructuring, reorganisation, change of control or any similar transactions or arrangements involving any Group Company;

(e) authorise, make any provision for or incur any capital expenditures or obligations or liabilities exceeding RMB1,000,000 in connection therewith, and any other form of management of any Group Company's working capital outside the ordinary course of business (including settlement arrangements of any amounts due);

(f) incur, assume, guarantee, repurchase or otherwise assume any liabilities or obligations exceeding RMB1,000,000 (except for the Company Transaction Fee), or issue or sell any debt securities, or any options, warrants or any other rights allowing the holder thereof to subscribe for any debt securities of any Group Company; and

(g) make any loans or capital contributions to, or make any investment in (including by way of merger by absorption, merger or acquisition of equity securities or assets), any person exceeding RMB1,000,000.

Additional pre-Merger Closing undertakings of the Target

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

(a) (i) transfer, issue, sell, grant, pledge or otherwise dispose of any equity securities representing more than 5% of the share capital of any Target Group Company (for the avoidance of doubt, except for the pledge of ordinary Target Shares directly or indirectly held by Target Controlling Shareholders); or (ii) issue, deliver or sell any options, warrants, conversion rights, or other rights, agreements, arrangements or commitment obligations by any Target Group Company that are linked to its equity securities, except for the grant of additional share options under the Target Share Option Scheme or the issue of new ordinary shares of the Target upon the vesting or exercise of share options granted prior to the date of the Merger Agreement pursuant to the Target Share Option Scheme;

(b) sell, lease, sublease, authorise, transfer, waive, allow to lapse or otherwise dispose of any assets related to the core products of the Target Group (including relevant intellectual property and properties owned by the Target Group) to any person other than any Target Group Company;

(c) effect or initiate any liquidation, dissolution, winding-up, merger by absorption, consolidation, restructuring, change of control or any similar transactions or arrangements involving any Target Group Company;

(d) incur, assume, guarantee, repurchase or otherwise assume any liabilities or obligations exceeding RMB100,000,000 (except for the Target Transaction Fee), or issue or sell any debt securities exceeding RMB100,000,000, or issue or sell any option, warrant or any other right allowing the holder thereof to subscribe for any debt securities of any Target Group Company that exceeds RMB100,000,000, except for any substitution of creditors within the debt financing scale of the Target Group as at 30 June 2024; and

(e) make any loans or capital contributions to, or make any investment in (including by way of merger by absorption, merger or acquisition of equity securities or assets), any other person exceeding RMB30,000,000.

Establishment of the Joint Steering Committee

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

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

(a) ***Composition***. The Joint Steering Committee shall comprise four (4) members, two (2) of whom shall be nominated by the Company (the "**Company's JSC Representatives**") and two (2) of whom shall be nominated by the Target (the "**Target's JSC Representatives**").

(b) ***Duties and responsibilities***. The duties and responsibilities of the Joint Steering Committee include:

(i) reviewing the strategic development plan of the Group, including reviewing and approving the Company's business and operation plan (and any revisions, changes or exemptions thereof) prepared by the Company in accordance with the Merger Agreement;

(ii) reviewing and approving the reserved matters set out in paragraph (f) below;

(iii) reviewing and approving the appointment and removal of any senior executive of any Group Company, and the formulation of and adjustment to any of their remuneration packages (save for the remuneration packages of the Shareholder Personnel, which shall remain unchanged during the Transitional Period);

(iv) reviewing the progress of the Proposed Merger and the implementations of relevant matters; and

(v) any other matters as authorised by the Board.

(c) ***Meetings***. Members of the Joint Steering Committee shall hold a meeting at least once in every two weeks. Members can attend the meetings by himself/herself or, upon giving prior notifications to all other members, by his/her authorised representative.

(d) ***Quorum***. Save as disclosed below, the quorum for meetings of the Joint Steering Committee shall be four (4) members of whom at least two (2) shall be the members nominated by the Company and at least two (2) shall be the members nominated by the Target.

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

(e) ***Voting***. Each member shall have one (1) vote. Subject to the reserved matters set out in paragraph (f) below, all matters tabled at the meeting of the Joint Steering Committee shall be approved by a majority of members present and voting at the relevant meeting.

(f) ***Reserved matters***. The following matters shall be approved by all members of the Joint Steering Committee present and voting at the relevant meeting:

(i) any liabilities or expenditures (including capital expenditures) incurred by the Group exceeding RMB1,000,000 (or its equivalent in foreign currency) for a single transaction that are not set out in the Company's operation plan or that exceed the budget set out therein; and

(ii) the entering into of, amendment to, or termination of (other than expiration in accordance with the terms thereof), any material contract by the Company, or waiver of any rights or interests thereunder with a value exceeding RMB1,000,000 (or its equivalent foreign currency).

(g) ***Deadlock***. In the event that no resolution is reached in respect of any matter tabled at two consecutive Joint Steering Committee meetings, such matter shall be referred to the Board for consideration and approval.

(h) ***Exceptions***. Matter falling under certain exceptions expressly set out in the Merger Agreement or with respect to which the Company has obtained the Target's prior written consent in accordance with the Merger Agreement do not have to be approved by the Joint Steering Committee.

(i) ***Confidentiality***. Each Target's JSC Representative owes a duty of confidentiality for all information and materials (whether oral or written) obtained. In the absence of the Board's written approval, the Target's JSC Representatives shall not disclose or make public any confidential information to third parties, save for disclosure made in accordance with applicable regulatory requirements, or to the Target's directors, employees, and advisors for the purpose of implementing Merger Agreement provided that the aforementioned parties have signed customary confidentiality agreements or are bound by fiduciary or other obligations to keep such information and materials confidential.

(j) ***Dissolution***. The Joint Steering Committee shall automatically dissolve immediately upon effective termination of the Merger Agreement in accordance with the terms thereof and its terms of reference shall cease to be effective and binding on its members thereafter.

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

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

Undertakings

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

Merger Closing

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

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

Termination

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

(a) by mutual written consent of the Company and the Target;

(b) by written notice from either the Company or the Target to the other upon any government authority promulgating, issuing, implementing, promoting or enacting any final and non-appealable government order with the effect of declaring the Proposed Merger or the Merger Closing illegal, or otherwise preventing or prohibiting the Merger Closing from taking place;

(c) by written notice from either the Company or the Target to the other within five (5) Business Days after the Long Stop Date, if the Merger Closing does not take place at or before 6:00 p.m. (Hong Kong time) on the Long Stop Date, unless the Long Stop Date is extended pursuant to the provisions of the Merger Agreement;

(d) by written notice from either the Company or the Target to the other, if the Company fails to submit the New Listing Application to the Stock Exchange by the New Listing Application Deadline;

(e) by written notice from the Target to the Company, if the Company or the Merger Sub has, in any material respect, breached any of its representations, warranties, undertakings (including the pre-Merger Closing undertakings of the Company as set out in the section headed "THE PROPOSED MERGER – Pre-Merger Closing undertakings") or obligations under the Merger Agreement, or any representations or warranties made by the Company or the Merger Sub under the Merger Agreement is untrue in any material respect, resulting in the Company's failure to fulfill the Merger Conditions Precedent set out in the sub-section headed "*Additional Merger Conditions Precedent in relation to the Company*" above, which are not remedied within the prescribed timeframe set out in the Merger Agreement; or

(f) by written notice from the Company to the Target, if the Target has, in any material respect, breached any of its representations, warranties, undertakings (including the pre-Merger Closing undertakings of the Target as set out in the section headed "THE PROPOSED MERGER – Pre-Merger Closing undertakings") or obligations under the Merger Agreement, or any representations or warranties made by the Target under the Merger Agreement is untrue in any material respect, resulting in the Target's failure to fulfill the Merger Conditions Precedent set out in the sub-section headed "*Additional Merger Conditions Precedent in relation to the Target*" above, which are not remedied within the prescribed timeframe set out in the Merger Agreement.

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

Break fees

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

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

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

Dissenting Target Shares

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

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

CDK4/6i OUTSOURCING MANAGEMENT AGREEMENT

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

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

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

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

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

(a) if any Shareholder Personnel wishes to continue his/her employment with the Enlarged Group upon the Merger Closing, the Enlarged Group agrees, and will make all necessary arrangements, to maintain such Shareholder Personnel's employment with the Enlarged Group for at least one (1) year following the Merger Closing (the "**Retained Period**"), during which the responsibilities (for Shareholder Personnel other than Dr. Guo only), remuneration packages and benefits of such Shareholder Personnel shall remain substantially the same as those entitled by such Shareholder Personnel prior to the Merger Closing;

(b) if during the Retained Period, the Enlarged Group terminates any Shareholder Personnel's employment without proper cause, the Enlarged Group shall, at the time of employment termination (the "**Employment Termination Time**"), pay such Shareholder Personnel a severance payment in an amount equal to (i) six (6) times of his/her average monthly salary for the twelve (12) calendar months immediately preceding the Merger Closing Date, or (ii) the Statutory Compensation Amount (2N), whichever is the higher;

(c) (for Dr. Guo only) conditional upon (i) the Merger Closing having taken place, and (ii) Dr. Guo having served in the Enlarged Group for sixty (60) days immediately following the Merger Closing Date (the "**Dr. Guo's Qualifying Acceleration Period**"), or the Enlarged Group terminates the employment of Dr. Guo during the Retained Period, 50% of the then unvested share options and/or RSUs held by Dr. Guo under the Existing Company Share Schemes shall be automatically accelerated and vested in Dr. Guo on the expiration of the Dr. Guo's Qualifying Acceleration Period or immediately prior to the time of his employment termination (as the case may be). On the basis of the foregoing, conditional upon the final Net Cash Balance being not less than RMB712,500,000, the remaining 50% of the then unvested share options and/or RSUs held by Dr. Guo under the Existing Company Share Schemes shall be automatically accelerated and vested in Dr. Guo on the expiration of the Dr. Guo's Qualifying Acceleration Period or immediately prior to the Employment Termination Time (as the case may be);

(d) (for Shareholder Personnel other than Dr. Guo) conditional upon the relevant Shareholder Personnel having served in the Enlarged Group for sixty (60) days immediately following the Merger Closing Date (the "**Other Shareholder Personnel's Qualifying Acceleration Period**"), or the Enlarged Group terminates the employment of such Shareholder Personnel during the Retained Period, all the then unvested share options and/or RSUs held by such Shareholder Personnel under the Existing Company Share Schemes shall be automatically accelerated and vested in such Shareholder Personnel on the expiration of the Other Shareholder Personnel's Qualifying Acceleration Period or immediately prior to the time of his/her employment termination (as the case may be). Notwithstanding the foregoing, if Dr. Guo (as the chief executive officer of the Company) imposes any additional conditions on the acceleration and vesting of any unvested share option and/or RSU held by the relevant Shareholder Personnel under the Existing Company Share Schemes, such unvested share options and/or RSU shall only be accelerated and vested in such relevant Shareholder Personnel upon satisfaction of all such conditions;

(e) if any Shareholder Personnel's share options and/or RSUs are accelerated and vested pursuant to paragraph (c) or (d) above (as the case may be), and such Shareholder Personnel resigns after expiration of the Dr. Guo's Qualifying Acceleration Period or the Other Shareholder Personnel's Qualifying Acceleration Period (as the case may be), the Enlarged Group shall, on the date of his/her employment termination, pay such Shareholder Personnel a severance payment in an amount equal to three (3) times of his/her monthly salary for the calendar month immediately preceding the Merger Closing Date; and

(f) in respect of the share options and RSUs held by the Shareholder Personnel, save for the acceleration arrangements set out in paragraphs (c) or (d) above (as the case may be), all other terms and procedures (including the exercise price) set out in the rules of the then effective relevant Existing Company Share Scheme(s) and/or grant agreement(s) shall remain unchanged.

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

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

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

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

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

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

PROPOSED TERMINATION OF THE 2023 SHARE SCHEMES

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

As at the date of this announcement, there are (i) 5,579,054 outstanding share options that have been granted (to the extent not already exercised) under the 2023 Share Option Plan, and (ii) 3,157,500 unvested RSUs that have been granted under the 2023 RSU Plan.

It is expected that the Company will not grant new share options and RSUs under the 2023 Share Option Plan and the 2023 RSU Plan, respectively, following the Merger Closing. In order to reduce administrative cost for maintaining and operating the 2023 Share Option Plan and the 2023 RSU Plan, the Board has approved to terminate the 2023 Share Option Plan and the 2023 RSU Plan immediately prior to Merger Effective Time to the effect that no further share options and RSUs may be granted under the 2023 Share Option Plan and the 2023 RSU Plan, but all other terms of the 2023 Share Option Plan and the 2023 RSU Plan shall remain in full force and effect (the "**Proposed Termination of the 2023 Share Schemes**"). Upon the Proposed Termination of the 2023 Share Schemes taking effect, no further share options nor RSUs can be granted under the 2023 Share Option Plan and the 2023 RSU Plan, respectively, but all unvested and/or unexercised share options and RSUs granted thereunder shall continue to be valid and shall vest and be exercisable in accordance with the terms of the 2023 Share Option Plan and the 2023 RSU Plan, respectively, and the relevant grant agreements.

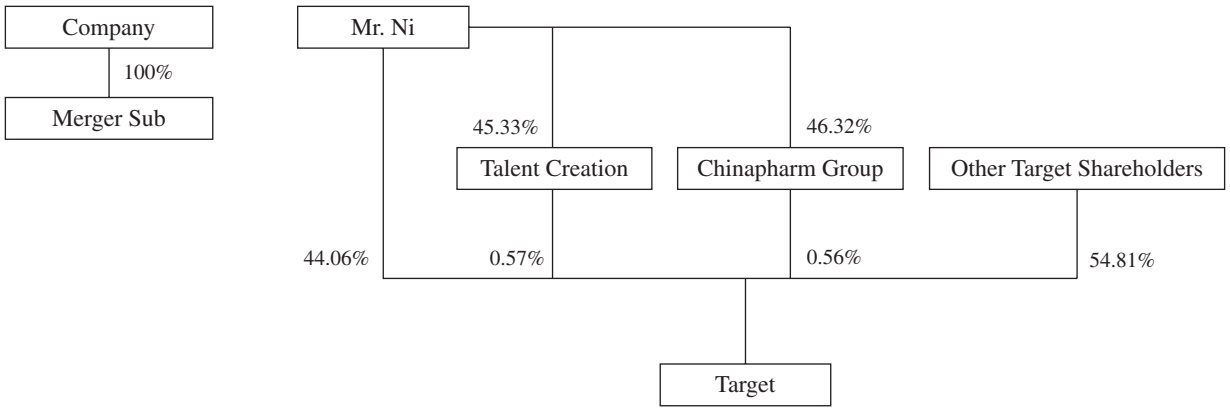
EFFECT OF THE PROPOSED MERGER ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 519,978,899 Shares in issue with 24,922,941 outstanding share options and 5,626,435 unvested RSUs under the Existing Company Share Schemes. Save for the foregoing, there is no outstanding share options, warrants, derivatives or securities that carry a right to subscribe for or that are convertible into Shares as at the date of this announcement.

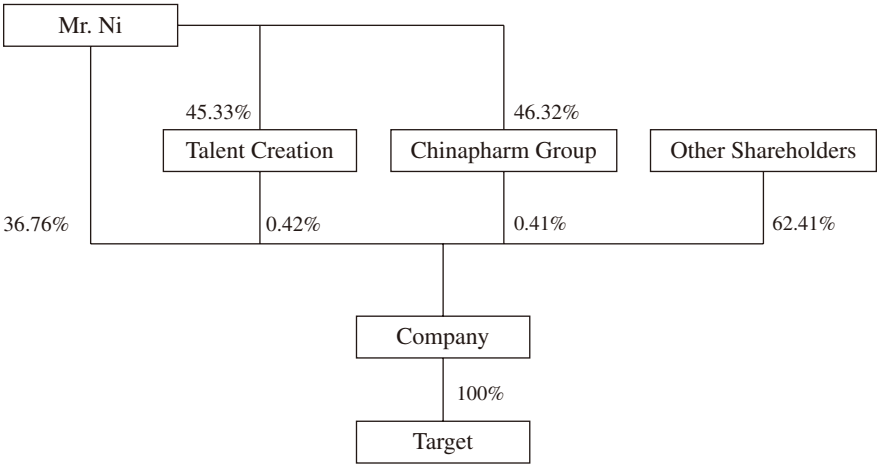
As set out above in this announcement, at the Merger Effective Time, by virtue of the Proposed Merger, each Target Share issued and outstanding immediately prior to the Merger Effective Time will be automatically cancelled and cease to exist in exchange for the right to receive such number of newly issued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

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

Immediately prior to the Merger Closing



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



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

	(i) As at the date of this announcement		(ii) Immediately after allotment and issue of the Consideration Shares based on the Presumed Maximum Share Exchange Ratio assuming that there is no other change in the number of Shares and Target Shares held by each Shareholder and Target Shareholder, respectively, from the date of this announcement up to and until the Merger Closing Date, and (a) none of the outstanding share options and the unvested RSUs under the Existing Company Share Schemes has been exercised or vested; (b) there is no Taxable Target Shareholders, and (c) none of the Converted Options under the One-off Share Option Plan has been exercised		(ii) Immediately after allotment and issue of the Consideration Shares based on the Presumed Maximum Share Exchange Ratio assuming that there is no other change in the number of Shares and Target Shares held by each Shareholder and Target Shareholder, respectively, from the date of this announcement up to and until the Merger Closing Date, and (a) all outstanding share options and the unvested RSUs under the Existing Company Share Schemes (including 1,000,000 share options and/or RSUs assumed as having been granted under the Company New Grant) have been exercised or vested (as the case may be), (b) there is no Taxable Target Shareholders, and (c) all of the Converted Options under the One-off Share Option Plan has been exercised	
Name of Shareholders	*Number of Shares*	*Approximate percentage of shareholding*	*Number of Shares*	*Approximate percentage of shareholding*	*Number of Shares*	*Approximate percentage of shareholding*
Mr. Ni and parties acting in concert with him (being the Target Controlling Shareholders) [1]						
Mr. Ni [2][3]	–	–	860,751,348	36.76%	860,751,348	35.14%
Talent Creation	–	–	9,860,000	0.42%	9,860,000	0.40%
Chinapharm Group	–	–	9,690,000	0.41%	9,690,000	0.40%
Sub-total	**–**	**–**	**880,301,348**	**37.60%**	**880,301,348**	**35.94%**
Other Target Shareholders [4][5][6]						
HongShan Capital Growth Fund I, L.P.	–	–	92,227,856	3.94%	92,227,856	3.77%
HongShan Capital Growth Partners Fund I, L.P.	–	–	2,199,426	0.09%	2,199,426	0.09%
HongShan Capital GF Principals Fund I, L.P.	–	–	11,314,350	0.48%	11,314,350	0.46%
HongShan Capital I, L.P.	–	–	30,720,853	1.31%	30,720,853	1.25%
HongShan Capital Partners Fund I, L.P.	–	–	3,530,016	0.15%	3,530,016	0.14%
HongShan Capital Principals Fund I, L.P.	–	–	4,754,781	0.20%	4,754,781	0.19%
HSG Growth V Holdco Q, Ltd	–	–	41,836,120	1.79%	41,836,120	1.71%
Sub-total [6]	**–**	**–**	**186,583,402**	**7.97%**	**186,583,402**	**7.62%**

Name of Shareholders	(i) As at the date of this announcement		(ii) Immediately after allotment and issue of the Consideration Shares based on the Presumed Maximum Share Exchange Ratio assuming that there is no other change in the number of Shares and Target Shares held by each Shareholder and Target Shareholder, respectively, from the date of this announcement up to and until the Merger Closing Date, and			
			(a) none of the outstanding share options and the unvested RSUs under the Existing Company Share Schemes has been exercised or vested; (b) there is no Taxable Target Shareholders, and (c) none of the Converted Options under the One-off Share Option Plan has been exercised		(a) all outstanding share options and the unvested RSUs under the Existing Company Share Schemes (including 1,000,000 share options and/or RSUs assumed as having been granted under the Company New Grant) have been exercised or vested (as the case may be), (b) there is no Taxable Target Shareholders, and (c) all of the Converted Options under the One-off Share Option Plan has been exercised	
	Number of Shares	*Approximate percentage of shareholding*	*Number of Shares*	*Approximate percentage of shareholding*	*Number of Shares*	*Approximate percentage of shareholding*
OrbiMed Asia Partners, L.P.	–	–	128,234,101	5.48%	128,234,101	5.23%
OrbiMed Asia Partners III, L.P.	–	–	119,449,695	5.10%	119,449,695	4.88%
Sub-total [6]	**–**	**–**	**247,683,796**	**10.58%**	**247,683,796**	**10.11%**
Domain Partners VIII, L.P.	–	–	98,686,326	4.21%	98,686,326	4.03%
DP VIII Associates, L.P.	–	–	732,275	0.03%	732,275	0.03%
Sub-total [6]	**–**	**–**	**99,418,601**	**4.25%**	**99,418,601**	**4.06%**
Ms. Bao Wei	–	–	29,346,811	1.25%	29,346,811	1.20%
Skycus China Fund, L.P.	–	–	155,485,499	6.64%	155,485,499	6.35%
Novel Insight Investments Limited	–	–	96,568,177	4.12%	96,568,177	3.94%
Novel Sky Global Limited	–	–	56,880,804	2.43%	56,880,804	2.32%
Sub-total [6]	**–**	**–**	**153,448,981**	**6.55%**	**153,448,981**	**6.26%**
SPDBI Eagle Limited	–	–	44,893,345	1.92%	44,893,345	1.83%
Other minority Target Shareholders [6]	–	–	24,187,138	1.03%	99,463,138	4.06%
Sub-total	**–**	**–**	**1,821,348,921**	**77.79%**	**1,896,624,921**	**77.43%**
Director						
Mr. Weng [7]	345,000	0.07%	345,000	0.01%	1,530,000	0.06%
Substantial Shareholder of the Company [11]						
Hillhouse Investment Management, Ltd. [8] [12]	127,989,103	24.61%	127,989,103	5.47%	127,989,103	5.22%

Name of Shareholders	(i) As at the date of this announcement		(ii) Immediately after allotment and issue of the Consideration Shares based on the Presumed Maximum Share Exchange Ratio assuming that there is no other change in the number of Shares and Target Shares held by each Shareholder and Target Shareholder, respectively, from the date of this announcement up to and until the Merger Closing Date, and			
			(a) none of the outstanding share options and the unvested RSUs under the Existing Company Share Schemes has been exercised or vested; (b) there is no Taxable Target Shareholders, and (c) none of the Converted Options under the One-off Share Option Plan has been exercised		(a) all outstanding share options and the unvested RSUs under the Existing Company Share Schemes (including 1,000,000 share options and/or RSUs assumed as having been granted under the Company New Grant) have been exercised or vested (as the case may be), (b) there is no Taxable Target Shareholders, and (c) all of the Converted Options under the One-off Share Option Plan has been exercised	
	Number of Shares	*Approximate percentage of shareholding*	*Number of Shares*	*Approximate percentage of shareholding*	*Number of Shares*	*Approximate percentage of shareholding*
Kanghe Medical Technology Limited [11]	44,311,060	8.52%	44,311,060	1.89%	44,311,060	1.81%
Kang Jia Medical Technology Limited [11]	13,491,962	2.59%	13,491,962	0.58%	13,491,962	0.55%
Public Shareholders						
Walga Biotechnology Limited [9] [12]	37,560,998	7.22%	37,560,998	1.60%	37,560,998	1.53%
Temasek Holdings (Private) Limited [10] [12]	31,157,348	5.99%	31,157,348	1.33%	31,157,348	1.27%
Other Shareholders	265,123,428	50.99%	265,123,428	11.32%	296,908,260	12.12%
Total	**519,978,899**	**100%**	**2,341,327,820**	**100%**	**2,449,573,652**	**100%**

Notes:

1. For information on the Target Controlling Shareholders, please refer to the section headed "INFORMATION ON THE TARGET CONTROLLING SHAREHOLDERS" in this announcement.

2. As at the date of this announcement, Mr. Ni holds 30,675,180 Target Share Options granted to him under the Target Share Option Scheme, which pursuant to the Merger Agreement and the One-off Share Option Plan, will be converted into 103,988,861 Converted Options. For the purposes of the Presumed Maximum Share Exchange Ratio, it is assumed that such Target Share Options to be having been exercised prior to the Merger Effective Time.

3. As at the date of this announcement, Mr. Ni owns approximately 45.33% and 46.32% of the issued share capital of Talent Creation and Chinapharm Group, respectively, and also acts as the sole director of each of the Talent Creation and Chinapharm Group. Accordingly, each of Talent Creation and Chinapharm Group is presumed to be a party acting in concert with Mr. Ni under Class (8) of the definition of "acting in concert" under the Takeovers Code. For completeness, all the other shareholders of Talent Creation and Chinapharm Group are current or former employees of the Target Group. In addition to Mr. Ni, Talent Creation has six shareholders and Chinapharm Group has nine shareholders.

4. Save for Talent Creation and Chinapharm Group, none of the remaining Target Shareholders is acting in concert with Mr. Ni.

5. Assuming all the grantees of Converted Options do not hold Shares as at the Merger Closing.

6. Save for that (i) Talent Creation, Chinapharm Group and Mr. Ni are acting in concert with each other, (ii) HongShan Capital Growth Fund I, L.P., HongShan Capital Growth Partners Fund I, L.P., HongShan Capital GF Principals Fund I, L.P., HongShan Capital I, L.P., HongShan Capital Partners Fund I, L.P., HongShan Capital Principals Fund I, L.P. and HSG Growth V Holdco Q, Ltd are acting in concert with each other, (iii) OrbiMed Asia Partners, L.P. and OrbiMed Asia Partners III, L.P. are acting in concert with each other, (iv) Domain Partners VIII, L.P. and DP VIII Associates, L.P. are acting in concert with each other, and (v) Novel Insight Investments Limited and Novel Sky Global Limited are acting in concert with each other, none of the remaining Target Shareholders is acting in concert with each other.

7. As at the date of this announcement, Mr. Weng is an executive Director and the chief financial officer of the Company. Mr. Weng holds 375,000 outstanding share options under the Pre-IPO Share Option Plan, 600,000 outstanding share options under the Post-IPO Share Option Plan, and is interested in 210,000 unvested RSUs under the 2021 RSU Plan. Upon fulfilment of the relevant vesting and exercise conditions (if applicable), Mr. Weng will be interested in a further 1,185,000 Shares.

8. HHJH Holdings Limited, the holder of approximately 24.28% of the Shares in issue, is wholly-owned by HH BIO Investment Fund, L.P. ("**HH BIO**"). While the general partner of HH BIO is HH BIO Holdings GP, Ltd., all investment related decisions of HH BIO, including but not limited to acquisition and disposition of the investments, requires prior approval of its sole limited partner, Hillhouse Fund IV, L.P. ("**Hillhouse Fund IV**"), pursuant to a limited partnership agreement governing HH BIO. Hillhouse Investment Management, Ltd. acts as the sole management company of Hillhouse Fund IV. Besides, Hillhouse Investment Management, Ltd. also holds about 0.34% of the Shares in issue indirectly through other entities.

9. Walga Biotechnology Limited is wholly-owned by Shanghai Walga Biotechnology Co., Ltd. (上海沃嘉生物技術有限公司), which is in turn wholly owned by Walvax, a company listed on the Shenzhen Stock Exchange (stock code: 300142). As such, under the SFO, Shanghai Walga Biotechnology Co., Ltd. and Walvax are deemed to be interested in the 37,560,998 Shares held by Walga Biotechnology Limited. Walga Biotechnology Limited is an indirect wholly-owned subsidiary of Yunnan Walvax Biotechnology Co., Ltd. (雲南沃森生物技術股份有限公司).

10. Aranda Investments Pte. Ltd. ("**Aranda Investments**") is a company incorporated in Singapore and its principal activity is investment trading and investment holding. Aranda Investments is wholly-owned by Seletar Investments Pte Ltd, which in turn is wholly-owned by Temasek Capital (Private) Limited. Temasek Capital (Private) Limited is a wholly-owned subsidiary of Temasek Holdings (Private) Limited. Besides, Temasek Holdings (Private) Limited also holds about 0.38% of the Shares in issue indirectly through other entities.

11. Each of Kanghe Medical and Kang Jia Medical is a subsidiary of Zhejiang CONBA Pharmaceutical Co., Ltd (浙江康恩貝製藥股份有限公司) as at the date of this announcement.

12. Based on the disclosure of interests made by the relevant Shareholders and as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

As at the date of this announcement, neither Mr. Ni nor parties acting in concert with him holds Shares. Immediately upon the Merger Closing, based on the Presumed Maximum Share Exchange Ratio, assuming that (a) none of the outstanding share options and the unvested RSUs under the Existing Company Share Schemes has been exercised or vested, (b) there is no Taxable Target Shareholders, and (c) none of the Converted Options under the One-off Share Option Plan has been exercised, Mr. Ni will be interested in 860,751,348 Shares, representing approximately 36.76% of the issued Shares of the Company as enlarged by the allotment and issue of Consideration Shares.

Based on the foregoing assumptions, immediately upon the Merger Closing, Mr. Ni and parties acting in concert with him will be interested in 880,301,348 Shares, representing approximately 37.60% of the issued Shares of the Company as enlarged by the allotment and issue of Consideration Shares. Accordingly, pursuant to Rule 26.1 of the Takeovers Code, upon the Merger Closing, Mr. Ni will be required to make a conditional mandatory general offer for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by Mr. Ni and parties acting in concert with him, unless the Whitewash Waiver is granted by the Executive. An application to the Executive for the Whitewash Waiver will be made by Mr. Ni pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. For further details of the Whitewash Waiver, please refer to the section headed "IMPLICATIONS UNDER THE TAKEOVERS CODE" in this announcement.

INFORMATION ON THE GROUP

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

INFORMATION ON THE MERGER SUB

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

INFORMATION ON THE TARGET GROUP

The Target is a company incorporated in the Cayman Islands with limited liability and is an integrated biopharmaceutical company focusing on research, development, and commercialisation of promising therapeutics in therapeutic areas with considerable demand in the PRC. The product portfolio of the Target comprises commercialised and innovative pipeline assets with considerable market potential in the PRC. The Target focuses its current portfolio on originator-branded drugs in the anti-infectives, CVD, and respiratory system therapeutic areas, with potential in pediatric care.

Set out below is the historical financial information of the Target Group for the years ended 31 December 2021, 2022 and 2023 audited in accordance with Hong Kong Standards on Auditing:

	For the year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)
Revenue	2,073,396	2,073,754	2,303,788
Profit before tax	173,433	325,278	331,019
Profit for the year	156,992	306,345	308,019

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)
Net assets	1,610,220	1,912,507	1,964,875

Previous listing application in relation to the Target Group

The Target submitted listing applications to the Stock Exchange on 23 September 2020, 29 March 2021, 15 December 2021 and 23 June 2023 (the "**Previous Listing Applications**") which have already lapsed. Due to the market conditions at the time, the Target decided not to pursue the Previous Listing Applications. The directors of the Target are not aware of any material matters that would materially adversely affect the Target's suitability for listing and need to be brought to the attention of the Stock Exchange and the SFC with respect to the Previous Listing Applications.

INFORMATION ON THE TARGET CONTROLLING SHAREHOLDERS

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

As at the date of this announcement, the Target Controlling Shareholders collectively own and control, directly and indirectly, an aggregate of 228,236,981 Target Shares, representing approximately 45.19% of the issued share capital of the Target.

As at the date of this announcement, Mr. Ni holds 30,675,180 Target Share Options granted to him under the Target Share Option Scheme. Upon fulfilment of the relevant vesting and exercise conditions (if any), Mr. Ni will be interested in a further 30,675,180 Target Shares.

REASONS FOR AND BENEFITS OF THE PROPOSED MERGER

The Group is principally engaged in the development and commercialisation of oncology and autoimmune drugs and has been striving to "provide innovative therapeutics initially for patients in China and gradually for patients globally" through building rich and innovative drug candidates and pipelines. As set out in the prospectus of the Company dated 23 September 2020 (the "**Prospectus**"), at listing, the Company had three Core Products (as defined in Chapter 18A of the Listing Rules), namely (a) coprelotamab (GB221), a novel HER2 monoclonal antibody (mAb) drug candidate; (b) geptanolimab (GB226), a novel PD-1 mAb drug candidate; and (c) GB242, an infliximab (Remicade) biosimilar. Apart from the three Core Products, there were also three other key drugs, namely, (x) CDK4/6i (lerociclib (GB491)), a differentiated oral CDK4/6 inhibitor; (y) GB492, a stimulator of interferon genes (STING) agonist expected to exert synergistic effects in combination with GB226; and (z) GB223, a highly promising receptor activator of nuclear factor-B Ligand (RANKL) mAb drug candidate.

Since its listing, the Group has endeavoured to invest in the research, development and marketing of the drug candidates set out in the Prospectus, as well as researching in and developing other new drug candidates, namely GB241, GB251, GB261 and GB263T, which all are currently at Phase I/II/III clinical development stages or under the review of the NMPA for the grant of NDA approval. In February 2022, the Company obtained approval from the NMPA for the launch of GB242. In March 2024, the NDA of CDK4/6i in combination with letrozole for the treatment of locally advanced or metastatic HR+/HER2- breast cancer that had not received prior systemic antitumor therapy has been accepted. The Company also completed the submission of the NDA supplementary materials and drug testing to the China National Institutes for Food and Drug Control in March and May 2024, respectively, in respect of the NDA of CDK4/6i combined with Fulvestrant for the treatment of HR+/HER2- patients with locally advanced or metastatic breast cancer that have disease progression following previous endocrine therapy. At the same time, the continued internal development of GB226 and GB221 have been paused, pending further assessment of the development strategies and resources allocation. The Directors expects that CDK4/6i will soon be commercialised and the Company has reached a critical development stage which requires strong commercial power to seize all possible market opportunities. As set out above, other drug products of the Company are also at clinical development stages, so the Company requires abundant and continuous cash flow to support the relevant R&D work and needs to strengthen their commercialisation capabilities for the subsequent product launch for late stage products, in order to maintain a leading position in the highly competitive pharmaceutical industry.

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

(a) ***A diversified portfolio of innovative leading patented drugs of immense market potential and originator-branded drugs with competitive market advantages***: Based on information provided by the management of the Target to the Company, the Target Group has established a diversified product portfolio focusing on the largest and fastest-growing therapeutic areas in China comprising six key products, including three commercialised originator-branded products (namely, Vancocin, Ceclor and FPN) and three innovative leading patented drug products (Vascepa, Mulpleta and Entinostat):

(i) *Vascepa, the only drug approved by the FDA as an adjunct to maximally tolerated statin therapy for reducing persistent CV risk in targeted high risk patients*: As advised by the management of the Target, Vascepa is to be used in combination with statins for adult patients with established cardiovascular disease or diabetes mellitus with ≥ 2 other risk factors for cardiovascular disease, combined with hypertriglyceridemia (≥150 mg/dL), to reduce the risk of cardiovascular disease. Based on cross trial comparisons, Vascepa demonstrated significant efficacy advantages over evolocumab (one PCSK-9 inhibitor) and ezetimibe (one cholesterol absorption inhibitor) on top of statin therapy for reducing the risk of cardiovascular events. It significantly reduces the risk of cardiovascular death by up to 20% as indicated in its REDUCE-IT trials. Vascepa has been recommended as a secondary and primary prevention medication for cardiovascular disease by more than 80 domestic and foreign guidelines/consensus statements, including the "2023 ESC Guidelines for the Management of Acute Coronary Syndromes", "2019 ESC/EAS Guidelines for the Management of Dyslipidemias: Lipid Modification to Reduce Cardiovascular Risk", the "Chinese Guidelines for Lipid Management (2023)", and the "Chinese Guidelines for the Diagnosis and Management of Patients with Chronic Coronary Syndrome (2024)". There are 2.5 million new acute coronary syndrome patients and 2.87 million new ischemic stroke patients each year in China, denoting a huge market potential.

(ii) *Mulpleta, an innovative drug with the potential to disrupt the treatment of TCP, which occurs in a variety of conditions such as CLD and chemotherapy:* As advised by the management of the Target, Mulpleta is for the adult patients with chronic liver disease with thrombocytopenia who are planning to undergo a surgery (including diagnostic procedure). It has been recommended as platelet-enhancing drugs by more than ten domestic and foreign guidelines/consensus statements, including the "Guidelines of CSCO Cancer Therapy Induce Thrombocytopenia (2023, 2024)" and the "Standard for Diagnosis and Treatment of Primary Liver Cancer (2024)". There are at least 3.3 million moderate-to-severe liver disease patients with thrombocytopenia in urgent need of upgraded treatment in China, denoting a huge market potential.

(iii) *Entinostat, a potential best-in-class HDAC inhibitor*: As advised by the management of the Target, Entinostat combined with aromatase inhibitor is used for the treatment of patients with hormone receptor (HR)-positive, human epidermal growth factor receptor-2 (HER 2)-negative, locally advanced or metastatic breast cancer that has recurred or progressed on endocrine therapy. The unique mechanism of action of Entinostat reverses endocrine resistance, reducing the risk of disease progression by 24% and prolonging overall patient survival by more than 9 months compared to traditional treatments. It is currently the only approved advanced breast cancer treatment option with the three advantages: pure oral administration, covering the entire pre- and post-menopausal population, and filling the gap of CDK4/6i drug-resistant treatment. One tablet a week is safe and convenient. There are 357,200 new breast cancer patients in China every year, denoting a huge market potential.

(b) ***Well-developed commercialisation platform supporting robust financial performance***: According to the financial information provided by the Target's management to the Directors, the Target Group recorded net profit after tax of approximately RMB157.0 million, RMB306.3 million and RMB308.0 million for the years ended 31 December 2021, 2022 and 2023, respectively. Gross revenue from the three key commercialised originator-branded products (presented as revenue before deduction of sales rebates and sales tax) in aggregate amounted to RMB2,191.9 million for the year ended 31 December 2023, accounting for 88.3% of the total gross revenue for the corresponding year. The robust and continuous cash flow of the Target is expected to provide support to the R&D of the Group's pipeline products, including ongoing and planned clinical trials, indication expansion and preparation for registration filings. Further details of the historical financial information of the Target Group are set out in the section headed "INFORMATION ON THE TARGET GROUP" in this announcement.

(c) ***Industry-leading sales and marketing network in supporting the future commercialisation of synergized pipelines***: As advised by the management of the Target, the Target Group has a well-established sales and marketing system with an over-twenty-year proven track record in terms of marketing efficiency and output per capita. As of 30 June 2024, the Target Group had over 900 sales representatives across 30 provinces in China and covering more than 12,000 hospitals, including approximately 2,000 class III and 2,000 class II hospitals, and more than 12,000 pharmacies. Looking into both pipelines of the Target Group and the Group, the Target Group's Entinostat, a, an HDAC inhibitor indicated for the treatment of HR+/HER2- breast cancer, is expected to create strong synergies from a commercialisation perspective with CDK4/6i, the Group's core product, also for the treatment of HR+/HER2-advanced breast cancer. Hence, with the Target Group's established sales and distribution network, and an advanced and comprehensive manufacturing system, the Board is of the view that the Proposed Merger, if materialises, will significantly enhance the commercialisation success of CDK4/6i.

(d) ***Advanced manufacturing platforms and global supply chain system***: As advised by the management of the Target, the Target Group has, through a series a transactions, acquired manufacturing platforms, global supply chain systems and drug production technology from the multinational corporations. To date, the Target has established its own localised manufacturing platform with techniques and know-how meeting international standards for drug manufacturing with unmatched quality, with a deep pool of seasoned management personnel, forming a key competitive moat against its peers. The Target Group also leverages its cross-regional supply chain management and coordination capabilities to manage an end-to-end global supply chain, and its long-term relationships with suppliers to ensure efficiency and stability of our supply chain. The Board expects that these in-house core manufacturing capabilities would be crucial to the commercialisation, production and supply of CDK4/6i and serve as the cornerstone for the future success of the Enlarged Group.

Further, the consideration of the Proposed Merger is to be wholly settled by way of issuing Consideration Shares and there would be no cash outlay by the Group, and together with an approximate RMB741.9 million of Remaining IPO Proceeds as at 30 June 2024 as set out in the section headed "PROPOSED USE OF THE REMAINING IPO PROCEEDS UPON THE MERGER CLOSING" below, the Enlarged Group will have sufficient cash resources to develop and expand its business following the Merger Closing.

The Proposed Merger is a key step for the Company to transform into a developed and fully integrated biopharmaceutical company. The production operation, international supply chain management, MAH management capabilities and commercialisation capabilities possessed by the Target are crucial to the commercialisation and launch of originator-branded drug products. The continuous positive cash flow of the Target is also a core pillar for the Target to maintain its leading position in researching and developing originator-branded drug products. Following the Merger Closing, the shortcomings relating to the Target's R&D facilities can also be resolved. The Proposed Merger is expected to bring complementary and synergetic effects to both the Group and the Target Group and lay an important foundation for the sustainable development of the Enlarged Group post-Merger Closing.

Based on the reasons and benefits set out above, the Directors (excluding the independent non-executive Directors, who will give their opinion based on the recommendation from the Independent Financial Adviser) consider that the Proposed Merger is fair and reasonable to the interests of the Shareholders as a whole.

PROPOSED USE OF THE REMAINING IPO PROCEEDS UPON THE MERGER CLOSING

As disclosed in the 2024 Interim Results Announcement, as at 30 June 2024, the unutilised net proceeds raised during the global offering of the Shares were approximately RMB741.9 million (the "**Remaining IPO Proceeds**"). Each of the Company and the Target confirms that there is no current plan to change the use of the Remaining IPO Proceeds. It is also the current intention the Company and the Target to continue with the Company's existing plan on the R&D and commercialisation of the Company's existing product pipelines following the Merger Closing. For details of the Company's development plan, please refer to the 2024 Interim Results Announcement. The current plan for utilising the Remaining IPO Proceeds is based on the Company's and the Target's best estimation and assumption of the future market conditions and is subject to changes according to the Enlarged Group's actual business operations and markets conditions.

PROPOSED CHANGES TO THE BOARD UPON THE MERGER CLOSING

As at the date of this announcement, the Board comprises Mr. Weng as an executive Director; Dr. LYU Dong, Mr. YU Tieming and Mr. LIU Yi as non-executive Directors; and Ms. CUI Bai, Mr. FUNG Edwin and Mr. CHEN Wen as independent non-executive Directors.

Pursuant to the Merger Agreement, all Directors in office immediately before the Merger Effective Time (save for the Remaining Director) shall resign with effect no later than the Merger Effective Time. The Board, upon such resignation and the appointment of the new Directors at the Merger Effective Time, will comprise seven (7) Directors, of which the Target shall be entitled to designate three (3) Directors as executive Directors or non-executive Directors and three (3) Directors as independent non-executive Directors who satisfy the independence requirements under the Listing Rules, and the Remaining Director shall serve as a non-executive Director. The Board shall determine the identity of the Remaining Director no later than ten (10) Business Days prior to the Merger Closing Date.

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

As at the date of this announcement, the Target is in the process of identifying suitable candidates for the Directors. Further announcement(s) will be made by the Company in respect of the changes to the Board in compliance with the Takeovers Code and the Listing Rules as and when appropriate.

LISTING RULES IMPLICATIONS

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

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

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

As set out in the section headed "SPECIAL DEAL IN RELATION TO THE RETENTION PLAN OF THE SHAREHOLDER PERSONNEL" in this announcement, the Retention Plan of Mr. Weng is subject to approval of the Independent Shareholders at the EGM pursuant to Chapter 14A of the Listing Rules and approval of the Shareholders at the EGM pursuant to Rule 13.68 of the Listing Rules.

IMPLICATIONS UNDER THE TAKEOVERS CODE

As at the date of this announcement, neither Mr. Ni nor parties acting in concert with him holds Shares. Immediately upon the Merger Closing, based on the Presumed Maximum Share Exchange Ratio, assuming that (a) none of the outstanding share options and the unvested RSUs under the Existing Company Share Schemes has been exercised or vested, (b) there is no Taxable Target Shareholders, and (c) none of the Converted Options under the One-off Share Option Plan has been exercised, Mr. Ni and parties acting in concert with him will be interested in 880,301,348 Shares, representing approximately 37.60% of the issued Shares of the Company as enlarged by the allotment and issue of Consideration Shares. Accordingly, pursuant to Rule 26.1 of the Takeovers Code, upon the Merger Closing, Mr. Ni will be required to make a conditional mandatory general offer for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by Mr. Ni and parties acting in concert with him, unless the Whitewash Waiver is granted by the Executive. An application to the Executive for the Whitewash Waiver will be made by Mr. Ni pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code.

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

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

As at the date of this announcement, neither the Company nor the Target believes that the Proposed Merger gives rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this announcement, the Company and the Target will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the Circular. The Company and the Target note that the Executive may not grant the Whitewash Waiver if the Proposed Merger does not comply with other applicable rules and regulations.

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

As set out in the section headed "SPECIAL DEAL IN RELATION TO THE RETENTION PLAN OF THE SHAREHOLDER PERSONNEL" in this announcement, the Retention Plan constitutes an arrangement between the Company and each of the Shareholder Personnel, each being a Shareholder, and such arrangement has favourable conditions which are not extended to all other Shareholders, the Retention Plan constitutes a special deal under Rule 25 of the Takeovers Code. Accordingly, the implementation of the Retention Agreement and the Retention Plan will require consent of the Executive. Such consent, if granted, is expected to be subject to (a) the Independent Financial Adviser publicly stating that in its opinion the terms of the Retention Agreement and the Retention Plan are fair and reasonable; and (b) the Retention Agreement and the Retention Plan are approved by the Independent Shareholders at the EGM.

PROPOSED CHANGE OF COMPANY NAME

The Board proposes to change the English name of the Company from "Genor Biopharma Holdings Limited" to "Edding Genor Group Holdings Limited" and change the dual foreign name of the Company in Chinese from "嘉和生物藥業(開曼)控股有限公司" to "亿腾嘉和醫藥集團有限公司" (collectively, the "**Proposed Change of Company Name**") upon Merger Effective Time subject to satisfaction of all conditions set out in this section below.

Reasons for the Proposed Change of Company Name

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

Conditions to the Proposed Change of Company Name

The Proposed Change of Company Name is subject to satisfaction of the following conditions:

(i) the passing of a special resolution by the Shareholders at the EGM approving the Proposed Change of Company Name; and

(ii) the Registrar of Companies in the Cayman Islands approving the Proposed Change of Company Name by issuing a certificate of incorporation on change of name.

Subject to the satisfaction of the conditions set out above, the Proposed Change of Company Name will take effect from the date of passing of the special resolutions by the Shareholders at the EGM approving the Proposed Change of Company Name. The Company will carry out all necessary filing procedures with the Companies Registry in Hong Kong.

Effects of the Proposed Change of Company Name

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

The Proposed Change of Company Name is subject to the passing of the relevant special resolution(s) by the Shareholders at the EGM, further details of which will be set out in the Circular.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

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

The proposed increase in authorised share capital is subject to the passing of the relevant ordinary resolution(s) by the Shareholders at the EGM, further details of which will be set out in the Circular.

PROPOSED ADOPTION OF THE ONE-OFF SHARE OPTION PLAN

The Target adopted the Target Share Option Scheme to enable the Target to grant options to eligible participants as incentives or rewards for their contribution or potential contribution to the Target Group. At Merger Effective Time, all outstanding share options under the Target Share Option Scheme will be automatically cancelled and lapse in accordance with the Merger Agreement. In order to provide a fair treatment to the Target Share Option Scheme Grantees and to continue to recognise their contribution or potential contribution to the Enlarged Group following the Merger Closing, the Company proposes to adopt the One-off Share Option Plan. Pursuant to the rules governing the Target Share Option Scheme, except as provided otherwise in any other written agreement between the Target and a Target Share Option grantee, at the Merger Effective Time, each Target Share Option can be assumed by and replaced with a comparable option of the Company which preserves the compensation element of such Target Share Option existing immediately prior to the Merger Effective Time in accordance with the same (or more favourable) exercise schedule to such Target Share Option.

Summary of the rules of the One-off Share Option Plan

(a) Purpose

The purposes of the One-off Share Option Plan are to provide a fair treatment to the Target Share Option Scheme Grantees whose outstanding Target Share Option Scheme will be automatically cancelled and lapse upon Merger Effective Time pursuant to the Merger Agreement and to continue to recognise their contribution or potential contribution to the Enlarged Group following the Merger Closing. Pursuant to the rules governing the Target Share Option Scheme, at the Merger Effective Time, each Target Share Option can be assumed by and replaced with a comparable option of the Company which preserves the compensation element of such Target Share Option existing immediately prior to the Merger Effective Time in accordance with the same (or more favourable) exercise schedule to such Target Share Option.

(b) Eligible participants

Any person belonging to any of the following classes of persons holding outstanding Target Share Options immediately prior to the Merger Effective Time shall be an eligible participant under the One-off Share Option Plan:

(1) any full-time employees of the Enlarged Group or any of the company in which any member of the Enlarged Group has any equity interest (an "**Invested Entity**");

(2) any non-executive directors of the Enlarged Group or any of the Invested Entities but excluding any independent non-executive directors;

(3) any executive directors of any controlling Shareholders; and

(4) any person who in the sole opinion of the Board, will contribute or has contributed to any member of the Enlarged Group, including but not limited to any consultants, distributors, contractors, suppliers, agents, customers and business partners of the Enlarged Group.

The Converted Options under the One-off Share Option Plan can be granted to any company wholly-owned by one or more eligible participants, or any discretionary trust where any eligible participant is a discretionary object.

To the best knowledge and belief of the Target, none of the Target Share Option grantees has notified the Target that he/she holds any Shares in the Company as at the date of the announcement.

(c) Duration and control of the One-off Share Option Plan

The One-off Share Option Plan shall be valid and effective for a period commencing on the adoption date and ending on the Merger Closing Date (both dates inclusive). Any Converted Option granted under the One-off Share Option Plan shall become exercisable after the Merger Closing Date after which no further Converted Options shall be granted under the One-off Share Option Plan but the provisions of the One-off Share Option Plan shall in all other respects remain in full force and effect to the extent necessary to give effect to the exercise of any Converted Options granted prior thereto or otherwise as may be required in accordance with the provisions of the One-off Share Option Plan and Converted Options granted prior thereto but not yet exercised shall continue to be valid and exercisable in accordance with the One-off Share Option Plan.

In respect of a Converted Option, the period to be notified by the Board to each grantee within which the Converted Option may be exercisable (the "**Option Period**") shall not exceed a period of ten (10) years commencing on the date upon which such Converted Option is deemed to be granted and accepted in accordance with paragraph (d) below.

The One-off Share Option Plan shall be subject to the administration of the Board, or the administrator (i.e. Mr. Ni) whose decision as to all matters arising in relation to the One-off Share Option Plan or its interpretation or effect (save as otherwise provided therein) shall be final and binding on all parties subject to the prior receipt of a statement in writing from the auditors or the approved independent financial adviser if and as required by paragraph (i) below.

Subject to applicable laws and the provisions of the One-off Share Option Plan (including any other powers given to the administrator), and except as otherwise provided by the Board, the administrator shall have the authority, in its discretion:

(1) to construe and interpret the terms of the One-off Share Option Plan and Converted Options granted pursuant to the One-off Share Option Plan; and

(2) to take such other action, not inconsistent with the terms of the One-off Share Option Plan, as the administrator deems appropriate.

(d) Converted Options

For the purpose of the execution and consummation of the transaction as stipulated under the Merger Agreement, the One-off Share Option Plan shall succeed and replace the Target Share Option Scheme in its entirety. All Target Share Options previously granted under the Target Share Option Scheme and outstanding immediately prior to the Merger Effective Time shall be deemed to have been granted to and accepted by the corresponding grantees of such Target Share Options pursuant to the One-off Share Option Plan upon the Merger Effective Time and corresponding Target Share Options shall be cancelled and lapse simultaneously.

Upon the Merger Closing, the terms and conditions applicable to such Target Share Options (including but not limited to the expiry date, vesting conditions and exercise conditions) as deemed to be automatically granted under the One-off Share Option Plan shall remain the same with those applicable to such Target Share Options under the Target Share Option Scheme immediately prior to the Merger Effective Time, except with respect to the number of Converted Options granted and their respective exercise prices which shall be adjusted strictly in accordance with the adjustment mechanism specified in the Merger Agreement.

The Converted Options shall not be listed or dealt with on the Stock Exchange.

A Converted Option and an offer to grant a Converted Option shall be personal to the grantee and shall not be transferrable or assignable, save and except for any transfer of Converted Option pursuant to paragraph (f) below or any transfer of Converted Option which is otherwise approved by the Board. Save as otherwise provided in this paragraph, no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any Converted Option held by him/her or any offer relating to the grant of any Converted Option made to him/her or attempt to do so (save that the grantee may nominate a nominee in whose name the Shares issued pursuant to the One-off Share Option Plan may be registered). If the grantee under the One-off Share Option Plan is a company or a discretionary trust, such grantee shall undertake to the Company that it will not permit any change of the ultimate beneficial ownership of such Converted Option. Any breach of the foregoing shall entitle the Company to cancel any outstanding Converted Options or any part thereof granted to such grantee.

For the avoidance of doubt, any holder of Converted Options transferred pursuant to the terms of the One-off Share Option Plan shall be subject to the same terms and conditions of the offer to grant a Converted Option extended to the initial grantee including but not limited to the exercise price of the Converted Option.

(e) Exercise price

The exercise price in relation to each Converted Option offered to an eligible participant shall, subject to the adjustments referred to in paragraph (i) below, be a price representing not less than the par value of a Share.

Subject to the applicable laws, the grantee is entitled to choose the following type of consideration to be paid for the Shares to be issued upon exercise of Converted Options under the One-off Share Option Plan:

(1) cash;

(2) payment through a broker-dealer sale and remittance procedure pursuant to which the grantee (A) shall provide written instructions to a Company designated brokerage firm to effect the immediate sale of some or all of the purchased Shares and remit to the Company sufficient funds to cover the aggregate exercise price payable for the purchased Shares and (B) shall provide written directives to the Company to deliver the certificates for the purchased Shares directly to such brokerage firm in order to complete the sale transaction; or

(3) any combination of the foregoing methods of payment.

Notwithstanding the above, the exercise of the Converted Option shall be subject to all applicable requirements under the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules. Specifically, the aforementioned broker-dealer sale shall not be made after inside information (as defined under Part XIVA of the SFO) has come to the knowledge of grantee of the Converted Options, until (and including) the trading day after such inside information has been announced in accordance with the Listing Rules and the SFO. In particular, no such broker-dealer sale shall be made during the following periods:

(1) 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

(2) 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(f) Exercise of Converted Options

Subject to the paragraphs below, a Converted Option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any Converted Option or attempt so to do, and shall be exercised in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised on one board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof or such other number as agreed by the Board, by the grantee by giving notice in writing to the Company stating that the Converted Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance or payment and/or such other written instructions and directives as provided under the paragraph (e) above (where applicable) for the full amount of the exercise price for the Shares in respect of which the notice is given. Within ten (10) Business Days after the receipt of the notice and the remittance or payment and/or such other written instructions and directives, and, where appropriate, receipt of the certificate by the auditors or the approved independent financial adviser as the case may be pursuant to paragraph (i) below, the Company shall allot and issue the relevant number of Shares to the grantee credited as fully paid and issue to the grantee certificates in respect of the Shares so allotted.

Each of the grantees to whom a Converted Option has been granted under the One-off Share Option Plan shall be entitled to exercise his/her Converted Option in the following manner (unless otherwise agreed by the Board in writing):

(1) up to 25% of the Shares that are subject to the Converted Option so granted to him/her (rounded down to the nearest whole Share) at any time during the period commencing from the first anniversary of the Merger Closing Date and ending on the second anniversary of the Merger Closing Date;

(2) up to 50% of the Shares that are subject to the Converted Option so granted to him/her (rounded down to the nearest whole Share) less the number of Shares in respect of which the Converted Option has been exercised at any time during the period commencing from the second anniversary of the Merger Closing Date and ending on the third anniversary of the Merger Closing Date;

(3) up to 75% of the Shares that are subject to the Converted Option so granted to him/her (rounded down to the nearest whole Share) less the number of Shares in respect of which the Converted Option has been exercised at any time during the period commencing from the third anniversary of the Merger Closing Date and ending on the fourth anniversary of the Merger Closing Date; and

(4) up to 100% of the Shares that are subject to the Converted Option so granted to him/her less the number of Shares in respect of which the Converted Option has been exercised at any time during the period commencing from the fourth anniversary of the Merger Closing Date and ending on the expiry of the Option Period.

Subject as hereinafter provided, a Converted Option may be exercised by a grantee at any time during the Option Period provided that:

(1) in the event of the grantee ceasing to be an eligible participant for any reason other than on his/her death, ill-health, injury, disability or the termination of his/her relationship with the Company and/or any of the subsidiaries and/or any of the Invested Entities on one or more of the grounds specified in the paragraph (g) below, the grantee may exercise the Converted Option up to his/her entitlement at the date of cessation of being an eligible participant (to the extent not already exercised, excluding the Converted Options which have not become exercisable pursuant to this paragraph (f) hereof) (such Converted Options, the "**Non-exercisable Options**") within the period of three (3) months (or such longer period as the Board may determine) following the date of such cessation (which date shall be, in relation to a grantee who is an eligible participant by reason or his/her employment with the Group, the last actual working day with the Group or the relevant Invested Entity whether salary is paid in lieu of notice or not) and upon expiry of the said three-month period (or such longer period as the Board may determine), any outstanding Converted Options (including any Non-exercisable Options, if applicable) granted to the grantee to the extent not already exercised shall be automatically lapsed, or be transferred, if otherwise decided by the Board, to any other eligible participant designated by the Board from time to time at HK$1.00 (or in an equivalent amount in RMB); and

(2) in the case of the grantee ceasing to be an eligible participant by reason of death and none of the events which would be a ground for termination of his/her relationship with the Group and/or any of the Invested Entities under the paragraph (g) below has occurred, the personal representative(s) of the grantee shall be entitled within a period of twelve (12) months (or such longer period as the Board may determine) from the date of his/her death of such other period to be determined by the Board from time to time to exercise the Converted Options in full (to the extent not already exercised, excluding any Non-exercisable Options and upon expiry of the said 12-month period (or such longer period as the Board may determine), all outstanding Converted Options (including any Non-exercisable Options, if applicable) granted to the grantee to the extent not already exercised shall be automatically lapsed or be transferred, if otherwise decided by the Board, to any other eligible participant designated by the Board from time to time at HK$1.00 (or in an equivalent amount in RMB).

Notwithstanding the above or paragraph (g)(iii) hereof, the Board shall, upon occurrence of any events mentioned in paragraph above or paragraph (g)(iii) hereof, have the sole discretion to determine (a) whether or not to retain (in full or in part) the Non-exercisable Options of any grantee; and/or (b) the manner in accordance with which the outstanding Converted Options (including the retained options as stipulated in (a), if applicable) held by such grantee shall be exercised, provided that paragraph (e) above and the Plan Limit will continue to be complied with.

No dividends shall be payable in relation to the Shares that are the subject of Converted Options that have not been exercised. The Shares to be allotted upon the exercise of a Converted Option shall not carry voting rights until completion of the registration of the grantee (or such other person nominated by the grantee) as the holder thereof. Subject as aforesaid, the Shares to be allotted upon the exercise of a Converted Option shall be subject to all the provisions of the articles of association of the Company and shall rank *pari passu* in all respects with and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation of the Company as attached to the fully-paid Shares in issue on the date of issue, in particular but without prejudice to the generality of the foregoing, in respect of voting, transfer and other rights including those arising on a liquidation of the Company and rights in respect of any dividend or other distributions paid or made on or after the date of issue. Shares issued on the exercise of a Converted Option shall not rank for any rights attaching to Shares by reference to a record date preceding the date of allotment.

(g) Lapse of Converted Option

A Converted Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

(1) the expiry date relevant to that Converted Option;

(2) the date of commencement of the winding-up of the Company (as determined in accordance with the Cayman Companies Act);

(3) the date on which the grantee ceases to be an eligible participant for any reason including his/her ill-health, injury, disability, dismissal, or by reason of the termination of his/her relationship with the Company and/or any of the subsidiaries and/or any of the Invested Entities on any one or more of the following grounds:

(A) that he/she has been guilty of serious misconduct;

(B) that he/she has been convicted of any criminal offence involving his/her integrity or honesty or in relation to an employee of the Group and/or any of the Invested Entities;

(C) that he/she has become insolvent, bankrupt or has made arrangements or compositions with his/her creditors generally; or

(D) on any other ground as determined by the Board that would warrant the termination of his/her employment at common law or pursuant to any applicable laws or under the grantee's service contract with the Group or the relevant Invested Entity. A resolution of the board of directors of the relevant Group Company or the relevant Invested Entity to the effect that the relationship of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive; and

(4) the date on which the Board shall exercise the Company's right to cancel the Converted Option at any time after the grantee commits a breach of the provisions of paragraph (d) above or the Converted Options are cancelled in accordance with paragraph (l) below.

(h) Maximum number of Shares

The maximum number of Shares in respect of which Converted Options may be granted shall be the maximum number of Shares that will be issued upon exercise of the outstanding Target Share Options pursuant to the adjustment mechanism and relevant terms specified in the Merger Agreement (the "**Plan Limit**"). Further information will be made in the EGM Circular in respect of the Plan Limit based on the then number of outstanding Target Share Options.

As at the date of this announcement, 52,815,180 Target Share Options have been granted under the Target Share Option Scheme and remain outstanding. To the best knowledge and belief of the Target, none of the Target Share Option grantees has notified the Target that he/she holds any Shares in the Company as of the date of this announcement. Additionally, the Target Share Options (or the Converted Options, following the Merger Closing) may only be exercised by four equal instalments commencing from the first anniversary of the Merger Closing Date subject to the terms and conditions as outlined in the respective grant letters. Consequently, such remote interest of the Target Share Option grantee in the Target shall not impact the Independent Shareholders' approval at the EGM.

Subject to the above, the number of Converted Option and Shares subject to the One-off Share Option Plan can be adjusted according to paragraph (i) below in case that the auditors or the approved independent financial adviser, which shall act as experts and not arbitrators, shall certify in writing to the Board that any such alterations, in their opinion, are fair and reasonable.

(i) Capital restructuring

In the event of any capitalisation issue, rights issue, open offer (if there is a price dilutive element), sub-division, consolidation of shares, or reduction of capital of the Company in accordance with applicable laws and regulatory requirements, such corresponding alterations (if any) shall be made (except on an issue of securities of the Company as consideration in a transaction which shall not be regarded as a circumstance requiring alteration or adjustment) in:

(1) the number of Shares subject to any outstanding options so far as unexercised;

(2) the exercise price; and/or

(3) the Plan Limit.

As the auditors or the approved independent financial adviser shall at the request of the Company or any grantee, certify in writing either generally or as regards any particular grantee, to be in their opinion fair and reasonable, provided that any such alterations shall be made on the basis that a grantee shall have the same proportion of the equity capital of the Company (as interpreted in accordance with the guidance letter of similar document issued by Stock Exchange with respect to all issuers relating to share option schemes from time to time) as that to which he/she was entitled to subscribe had he/she exercised all the Converted Options held by him/her immediately before such adjustments and the aggregate exercise price payable by a grantee on the full exercise of any Converted Option shall remain as nearly as possible the same as (but shall not be greater than) it was before such event and that no such alterations shall be made if the effect of such alterations would be to enable a Share to be issued at less than its nominal value. The capacity of the auditors or the approved independent financial adviser, as the case may be, in this paragraph is that of experts and not arbitrators and their certificate shall, in the absence of manifest error, be final and conclusive and binding on the Company and the grantees. Any adjustment to be made in accordance with this paragraph shall comply with the Listing Rules, the guidance letters issued by the Stock Exchange and any future guidance or interpretation of the Listing Rules issued by the Stock Exchange from time to time.

In respect of any adjustment required by paragraph above, other than any made on a capitalisation issue, the auditors or the approved independent financial adviser, as the case may be, shall confirm to the Board in writing that the adjustments satisfy the requirements set out in the Listing Rules and the note thereto and the guidance letters issued by the Stock Exchange and/or such other requirement prescribed under the Listing Rules from time to time (as applicable).

(j) Alteration of the One-off Share Option Plan

The terms and conditions of the One-off Share Option Plan and the regulations for the administration and operation of the One-off Share Option Plan (provided that the same are not inconsistent with the One-off Share Option Plan and the Listing Rules) may be altered in any respect by resolution of the Shareholders except that:

(1) any alteration to the One-off Share Option Plan to the advantage of the grantees or the eligible participants; or

(2) any material alteration to the terms and conditions of the One-off Share Option Plan or any change to the terms of the Converted Options granted (except any alterations which take effect automatically under the terms thereof),

must be made with the prior approval of the Shareholders in general meeting at which any persons to whom or for whose benefit the Shares may be issued under the One-off Share Option Plan and their respective associates shall abstain from voting provided that no alteration shall operate to affect adversely the terms of issue of any Converted Option granted or agreed to be granted prior to such alteration or to reduce the proportion of the equity capital to which any person was entitled pursuant to such Converted Option prior to such alteration except with:

(1) the consent in writing of grantees holding in aggregate Converted Options which if exercised in full on the date immediately preceding that on which such consent is obtained would entitle them to the issue of three-fourths in nominal value of all Shares which would fall to be issued upon the exercise of all Converted Options outstanding on that date; or

(2) the sanction of a special resolution passed at a meeting of the grantees (being only those grantees holding Converted Options, all or any part of which is unexercised at the time of the meeting at which the resolution is proposed) duly convened and held and carried by a majority consisting of not less than three-fourths of the votes cast upon a show of hands or if a poll is duly demanded, by a majority constituting of not less than three-fourths of the votes cast on a poll.

Written notice of any alterations to the One-off Share Option Plan shall be given to all grantees.

In respect of any meeting of grantees referred to in the paragraph above, all the provisions of articles of association of the Company as to general meeting of the Company shall mutatis mutandis apply as though the Converted Options were a class of shares forming part of the capital of the Company except that:

(1) not less than seven (7) days' notice of such meeting shall be given;

(2) a quorum at any such meeting shall be two grantees present in person or by proxy and holding Converted Options entitling them to the issue of one-tenth in nominal value of all Shares which would fall to be issued upon the exercise of all Converted Options then outstanding unless there is only one grantee holding all Converted Options then outstanding, in which case the quorum shall be one grantee;

(3) every grantee present in person or by proxy at any such meeting shall be entitled on a show of hands to one (1) vote, and on a poll, to one vote for each Share to which he/she would be entitled upon exercise in full of his/her options then outstanding;

(4) any grantee present in person or by proxy may demand a poll; and

(5) if any such meeting is adjourned for want of a quorum, such adjournment shall be to such date and time, not being less than seven (7) or more than fourteen (14) days thereafter, and to such place as may be appointed by the chairman of the meeting. At any adjourned meeting those grantees who are then present in person or by proxy shall form a quorum and at least seven (7) days' notice of any adjourned meeting shall be given in the same manner as for an original meeting and such notice shall state that those grantees who are then present in person or by proxy shall form a quorum.

(k) Termination of the One-off Share Option Plan

The Shareholders or the Board may at any time resolve to terminate the operation of the One-off Share Option Plan and in such event no further Converted Options shall be offered but the provisions of the One-off Share Option Plan shall remain in force to the extent necessary to give effect to the exercise of any Converted Option granted prior to the termination or otherwise as may be required in accordance with the provisions of the One-off Share Option Plan and Converted Options granted prior to such termination shall continue to be valid and exercisable in accordance with the One-off Share Option Plan.

(l) Cancellation of Converted Options

Any cancellation of Converted Options granted but not exercised must be approved by the grantees of the relevant Converted Options in writing. For the avoidance of doubt, such approval is not required in the event any Converted Option is cancelled pursuant to paragraph (d) above.

Conditions Precedent of the One-off Share Option Plan

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

(a) the passing of all necessary resolution(s) by the Shareholders at the EGM; and

(b) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Shares which may fall to be allotted and issued upon exercise of the share options that may be granted under the One-off Share Option Plan.

The One-off Share Option Plan forms part of the arrangements under the Merger Agreement and aims to provide a fair treatment to the Target Share Option Scheme Grantees to convert the Target Share Options into Converted Options upon the Merger Closing. As such, the rules of the One-off Share Option Plan do not contain all the provisions as required under Chapter 17 of the Listing Rules. The Company will apply to the Stock Exchange for a waiver from strict compliance with Chapter 17 of the Listing Rules, if applicable, at the time when the New Listing Application is submitted. Such waiver may or may not be granted by the Stock Exchange. If the waiver is not granted, it will not result in the termination of the Proposed Merger.

As the definition of Company Fully-Diluted Shares and Target Fully-Diluted Shares, which are used to determine the Share Exchange Ratio, have already assumed all the outstanding share options and unvested share options and RSUs of both the Company and the Target are exercised or vested (as the case may be) (and including 1,000,000 share options and/or RSUs of the Company assumed as having been granted pursuant to the Company New Grant), the conversion of Target Share Options into Converted Options (and the exercise of the Converted Options thereafter by the holders) will not affect the Share Exchange Ratio. As such, waiver from the Stock Exchange from strict compliance with Chapter 17 of the Listing Rules, if granted, will also not lead to further change to Share Exchange Ratio to the detriment of the Shareholders.

Other than the conversion of Target Share Options into Converted Options upon the Merger Closing, no further options may be offered, converted or granted but in all other respects the terms of the One-off Share Option Plan shall remain in full force and effect after the Merger Closing. The outstanding options granted pursuant to the One-off Share Option Plan, which remain unvested or which have vested but not yet been exercised or in respect of which Shares not yet issued to the grantees at the time of its termination, shall remain in full force and effect.

The conversion of the Target Share Options into Converted Options shall be construed solely as a continuation and succession pursuant to the terms specified in the Merger Agreement, and does not constitute a new grant of options under the One-off Share Option Plan.

IRREVOCABLE UNDERTAKINGS

As at the date of this announcement, the Company and the Target received the following irrevocable undertakings (each an "**Irrevocable Undertaking**") from each of HHJH Holdings Limited, Kanghe Medical Technology Limited (康和醫療科技有限公司) ("**Kanghe Medical**"), Walga Biotechnology Limited, Shanghai Changnuo Enterprise Management Partnership (Limited Partnership) (上海昶諾企業管理合夥企業(有限合夥)) ("**Shanghai Changnuo**"), Kang Jia Medical Technology Limited (康嘉醫療科技有限公司) ("Kang Jia Medical"), HHLR Fund, L.P. and HM Healthcare Management Services, Ltd. (each an "**IU Shareholder**") and the shareholding of each of the IU Shareholders in the Company are as follows:

Name of IU Shareholder	**Date of the Irrevocable Undertaking**	*Number of Shares*	**As at the date of this announcement** *Approximate percentage of shareholding in the Company*
HHJH Holdings Limited	13 September 2024	126,239,103	24.28%
Kanghe Medical (Note)	26 September 2024	44,311,060	8.52%
Walga Biotechnology Limited	26 September 2024	37,560,998	7.22%
Shanghai Changnuo	26 September 2024	25,000,000	4.81%
Kang Jia Medical (Note)	26 September 2024	13,491,962	2.59%
HHLR Fund, L.P.	25 September 2024	10,792,000	2.08%
HM Healthcare Management Services, Ltd.	25 September 2024	1,750,000	0.34%
Total		**259,145,123**	**49.84%**

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

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

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

APPRAISAL RIGHT OF DISSENTING TARGET SHAREHOLDERS

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

As mentioned in the section headed "THE PROPOSED MERGER – Dissenting Target Shares" above, none of the Target Shareholder has exercised its Appraisal Right in connection with the Proposed Merger.

DEALINGS IN THE SHARES BY MR. NI AND PARTIES ACTING IN CONCERT WITH HIM AND OTHER CONFIRMATIONS

As at the date of this announcement, Mr. Ni confirms that:

(a) save for the Consideration Shares to be allotted and issued pursuant to the Proposed Merger, neither Mr. Ni nor parties acting in concert with him owns or holds or has control or direction over any voting rights or rights over the Shares, options, derivatives, warrants or other securities convertible into Shares;

(b) save for the entering into of the Merger Agreement, neither Mr. Ni nor parties acting in concert with him has dealt in any Shares, options, derivatives, warrants and/or other securities convertible into Shares during the six-months period prior to the date of this announcement;

(c) save for the transactions contemplated under the Merger Agreement, neither Mr. Ni nor parties acting in concert with him has entered into any arrangements or contracts in relation to any outstanding derivative in respect of securities of the Company;

(d) save for the transactions contemplated under the Merger Agreement, neither Mr. Ni nor parties acting in concert with him has entered into any arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the Shares and which might be material to the Proposed Merger or the Whitewash Waiver;

(e) save for the Merger Conditions Precedent, neither Mr. Ni nor parties acting in concert with him has entered into any agreement or arrangement to which each of them is a party which related to circumstances in which each of them may or may not invoke or seek to invoke a pre-condition or a condition to the Proposed Merger, any transactions contemplated thereunder or the Whitewash Waiver;

(f) save for the Irrevocable Undertakings, neither Mr. Ni nor parties acting in concert with him has received any irrevocable commitment from the Independent Shareholders in relation to voting in favor of or against the resolutions in respect of the Proposed Merger, the transactions contemplated thereunder or the Whitewash Waiver at the EGM;

(g) neither Mr. Ni nor parties acting in concert with him has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;

(h) save for the Proposed Merger and the Retention Plan of the Shareholder Personnel, there is no understanding, arrangement, agreement or special deal between Mr. Ni and parties acting in concert with him on the one hand, and the Company and any party acting in concert with it on the other hand; and

(i) save for the Proposed Merger and the Retention Plan of the Shareholder Personnel, there has been no other understanding, arrangement, or agreement or special deals (as defined in Rule 25 of the Takeovers Code) between any Shareholders, and (a) Mr. Ni and parties acting in concert with him; or (b) the Company, its subsidiaries or associated companies.

Mr. Ni confirms that as at the date of this announcement, other than the entering into of the Merger Agreement, neither him nor parties acting in concert with him has acquired or disposed of or entered into any agreement or arrangement to acquire or dispose of any voting rights in the Company within the six-month period prior to the date of this announcement.

EGM

The Proposed Merger, the Whitewash Waiver, the Specific Mandate, the Proposed Change of Company Name, the proposed increase in authorised share capital of the Company, the Retention Plan and the proposed adoption of the One-off Share Option Plan are subject to the approval of the Shareholders at the EGM.

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

Each of the Shareholder Personnel is a Shareholder of the Company as at the date of this announcement. Accordingly, each Shareholder Personnel and their respective associates will abstain from voting on the relevant resolution(s) relating to the Retention Plan, the Proposed Merger and the Whitewash Waiver.

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

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

The Listing Rules IBC, comprising all the independent non-executive Directors, will be formed in accordance with the Listing Rules for the purposes of advising the Independent Shareholders in respect of the Retention Plan of Mr. Weng, and as to voting therefor, pursuant to Rule 14A.39 of the Listing Rules.

The Takeovers Code IBC, comprising all non-executive Directors who have no direct or indirect interest in the Proposed Merger, the Whitewash Waiver and the Retention Plan of the Shareholder Personnel and the transactions contemplated thereunder, will be formed for the purpose of advising the Independent Shareholders in respect of the Proposed Merger, the Whitewash Waiver and the Retention Plan of the Shareholder Personnel and the transactions contemplated thereunder, and as to voting therefor, pursuant to Rule 2.8 of the Takeovers Code.

The Independent Financial Adviser will be appointed to advise (i) the Listing Rules IBC and the Independent Shareholders in respect of the Retention Plan of Mr. Weng, and as to voting therefor, and (ii) the Takeovers Code IBC in respect of the Proposed Merger, the Whitewash Waiver and the Retention Plan of the Shareholder Personnel, and as to voting therefor. Further announcement will be made by the Company upon the appointment of the Independent Financial Adviser.

DESPATCH OF CIRCULAR

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

Pursuant to Rules 14.60(7) and 14A.68(11) of the Listing Rules, the Circular is required to be despatched to the Shareholders within 15 Business Days from the date of this announcement. Pursuant to Rule 8.2 of the Takeovers Code, the Circular is required to be despatched to the Shareholders within 21 days (or, in the case of a securities exchange offer, 35 days) from the date of this announcement. The Circular is subject to review and comments by the Stock Exchange and the SFC and will be despatched to the Shareholders as soon as practicable after the Company has obtained the approval in principle from the Listing Committee with respect to the New Listing Application. In view of the process required in connection with the New Listing Application by the Company, the Company expects that more time may be needed for the Stock Exchange to approve the Company's New Listing Application and for the preparation of the Circular. As such, the Company will apply to the Executive pursuant to Rule 8.2 of the Takeovers Code for its consent to extend the time limit for the despatch of the Circular.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on Friday, 13 September 2024 pending the publication of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on Monday, 7 October 2024.

WARNING

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

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

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

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions will have the following respective meanings:

"2021 RSU Plan"	the RSU plan adopted by the Company on 3 June 2021 and terminated with effect from 27 October 2023, under which all unvested RSUs shall continue to be valid and shall vest in accordance with the plan rules and the relevant grant agreements
"2023 RSU Plan"	the RSU plan adopted by the Company on 27 October 2023
"2023 Share Option Plan"	the share option plan adopted by the Company on 27 October 2023

"2024 Interim Results Announcement"	the interim results announcement of the Company dated 28 August 2024 for the six months ended 30 June 2024
"acting in concert"	has the meaning ascribed to it under the Takeovers Code
"ABT"	Ab Therapeutics, Inc., a company incorporated and subsisting under the laws of Delaware in the United States of America and a subsidiary of the Company
"Absent Representatives"	has the meaning given to it under the section headed "THE PROPOSED MERGER – Establishment of the Joint Steering Committee" in this announcement
"Adjourned Meeting Quorum"	has the meaning given to it under the section headed "THE PROPOSED MERGER – Establishment of the Joint Steering Committee" in this announcement
"Appraisal Right"	the right of the Dissenting Target Shareholders to, among other things, receive payment of the fair value of their Target Shares upon dissenting from the Proposed Merger in accordance with Section 238 of the Cayman Companies Act
"Benchmark Date"	has the meaning given to it in the section headed "THE PROPOSED MERGER – Share Exchange Ratio – *Financial multiples of Close Comparables*" in this announcement
"Board"	the board of Directors
"Board Approval Matters of the Company"	the Merger Agreement, the Plan of Merger, the Proposed Merger, the Specific Mandate, the proposed increase in authorised share capital of the Company, the Proposed Change of Company Name, the proposed adoption of the One-off Share Option Plan, the establishment of the Joint Steering Committee, the CDK4/6i Outsourcing Management Agreement, the Retention Plan of the Shareholder Personnel, the establishment of the Listing Rules IBC and the Takeovers Code IBC, the appointment of the Independent Financial Adviser upon approval of the Takeovers Code IBC, the appointment of a sponsor in respect of the New Listing Application, and any other transactions contemplated under the Merger Agreement and other transaction documents

"Business Day"	in relation to the Listing Rules and the One-off Share Option Plan, any day on which the Stock Exchange is open for the business of dealing in securities; and in relation to the Proposed Merger, any day (other than (a) Saturday and Sunday and a public holiday in Hong Kong, the Cayman Islands or the PRC or (b) a day on which a tropical cyclone warning signal no. 8 or a black rainstorm warning signal is hoisted in Hong Kong) on which licensed banks in Hong Kong, the Cayman Islands or the PRC are generally open to the public for normal banking business and on which the Stock Exchange is open for the business of dealing in securities
"Cayman Companies Act"	the Companies Act (As Revised) of the Cayman Islands, as may be amended or supplemented from time to time
"Cayman Registrar"	the Registrar of Companies of the Cayman Islands
"CDK4/6i"	a differential oral CDK4/6 inhibitor known as GB491 (Lerociclib)
"CDK4/6i Outsourcing Management Agreement"	the outsourcing management agreement (《外包管理協議》) dated 13 September 2024 entered into between the Company and the Target in relation to CDK4/6i
"Circular"	the circular to be despatched to the Shareholders in relation to the EGM containing, among other things, details of the Shareholders' Approval Matters of the Company
"Company"	Genor Biopharma Holdings Limited (嘉和生物藥業(開曼)控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 6998)
"Company Equity Value"	US$197,330,401.57
"Company Fully-Diluted Shares"	without duplication, the aggregate number of Shares (a) that are issued and outstanding immediately prior to the Merger Effective Time, (b) that are issuable upon vesting and/or exercise (as applicable) of all share options, RSUs, warrants, convertible notes and other equity securities of the Company linked to the Shares, each of which remaining issued and outstanding immediately prior to the Merger Effective Time, (c) to extent not covered under (a) and (b), that are issuable pursuant to the subscription and stock purchase agreement dated 26 September 2019 by and among the Company, ABT and other parties thereto (as may be amended and/or restated from time to time)
"Company New Grant"	has the meaning given to it in the section headed "THE PROPOSED MERGER – Pre-Merger Closing undertakings" in this announcement

"Company Transaction Fees"	any and all out-of-pocket and reasonable fees and expenses payable by the Company or any of its subsidiaries or affiliates (whether or not billed or accrued for) as a result of or in connection with the negotiation, documentation and consummation of the Proposed Merger, including (a) all fees, costs, expenses, brokerage fees, commissions, finders' fees and disbursements of financial advisors, investment banks, attorneys, accountants and other advisors and service providers, and (b) any and all tax and fees relating to reporting, filing and application payable by the Company or any of its subsidiaries or affiliates to the governmental authorities in connection with the Proposed Merger, subject to a cap of US$7,000,000 (exclusive of any sponsor fees payable to the sponsor incurred in connection with the New Listing Application)
"Company's Break Fee"	the break fee that may be payable by the Company to the Target pursuant to the Merger Agreement, details of which are set out in the section headed "THE PROPOSED MERGER – Break fees" in this announcement
"Company's JSC Representatives"	members of the Joint Steering Committee appointed by the Company pursuant to the Merger Agreement and the terms of reference of the Joint Steering Committee from time to time
"connected person"	has the meaning ascribed to it under the Listing Rules
"Consideration Shares"	the Shares to be allotted and issued by the Company to the Target Shareholders at the Merger Effective Time pursuant to the Merger Agreement
"Converted Option(s)"	has the meaning given to it in the section headed "THE PROPOSED MERGER – Share options under the Target Share Option Scheme" in this announcement
"Director(s)"	the director(s) of the Company
"Dissenting Target Shareholders"	Target Shareholders who have validly exercised and have not effectively withdrawn or lost their Appraisal Right in accordance with Section 238 of the Cayman Companies Act
"Dissenting Target Shares"	the Target Shares that are held by the Dissenting Target Shareholders
"Dr. Guo"	Dr. Guo Feng, the chief executive officer of the Company as at the date of this announcement
"Dr. Guo's Qualifying Acceleration Period"	has the meaning given to it in the section headed "SPECIAL DEAL IN RELATION TO THE RETENTION PLAN OF THE SHAREHOLDER PERSONNEL" in this announcement

"EGM"	the extraordinary general meeting of the Company to be convened for the purpose of, among other things, seeking approval from the Shareholders in respect of the Shareholders' Approval Matters of the Company in accordance with the Listing Rules, the Takeovers Code and the eighth amended and restated memorandum and articles of association of the Company (as may be amended and/or restated from time to time)
"Employment Termination Time"	has the meaning given to it in the section headed "SPECIAL DEAL IN RELATION TO THE RETENTION PLAN OF THE SHAREHOLDER PERSONNEL" in this announcement
"Enlarged Group"	the Group as enlarged by the Target Group upon the Merger Closing
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)
"Existing Company Share Schemes"	collectively, the Pre-IPO Share Option Plan, the Post-IPO Share Option Plan and the 2023 Share Option Plan, the 2021 RSU Plan, the 2023 RSU Plan
"EV/EBITDA Ratio"	the Enterprise Value-to-Earnings Before Interest, Taxes, Depreciation and Amortisation ratio
"FDA"	the U.S. Food and Drug Administration
"Group"	the Company and its subsidiaries, and "Group Company" shall mean any one of them
"HDAC"	histone deacetylase
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Financial Adviser"	the independent financial adviser to be appointed by the Company to advise the Listing Rules IBC and the Takeovers Code IBC and the Independent Shareholders in respect of the Proposed Merger, the Whitewash Waiver and the Retention Plan of the Shareholder Personnel (including the Retention Plan of Mr. Weng), and as to voting therefor
"Independent Shareholders"	the Shareholders, other than those who are involved in or interested in the Proposed Merger, the Whitewash Waiver and the Retention Plan of the Shareholder Personnel and the other transactions contemplated under the Merger Agreement who are required to abstain from voting at the EGM to be convened in accordance with the Listing Rules, the Takeovers Code and other applicable laws, rules and regulations

"Irrevocable Undertaking(s)"	has the meaning given to it in the section headed "IRREVOCABLE UNDERTAKINGS" in this announcement
"IU Shareholder"	has the meaning given to it in the section headed "IRREVOCABLE UNDERTAKINGS" in this announcement
"Invested Entity"	has the meaning given to it in the section headed "PROPOSED ADOPTION OF THE ONE-OFF SHARE OPTION PLAN – Summary of the rules of the One-off Share Option Plan" in this announcement
"Joint Steering Committee"	the committee established pursuant to the Merger Agreement, a summary of its terms of reference is set out in the section headed "THE PROPOSED MERGER – Establishment of the Joint Steering Committee" in this announcement
"Last Trading Day"	12 September 2024, being the last trading day for the Shares immediately before the publication of this announcement
"Listing Committee"	the listing committee of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Listing Rules IBC"	the independent committee of the Board, comprising all the independent non-executive Directors, to be formed pursuant to the Listing Rules for the purpose of advising the Independent Shareholders in respect of the Retention Plan of Mr. Weng, and as to voting therefor
"Loans"	the loans made by the Target Group to Mr. Ni, details of which are set out in the section headed "THE PROPOSED MERGER – Merger consideration" in this announcement
"Lock-up Period"	has the meaning given to it in the section headed "THE PROPOSED MERGER – Consideration Shares and theoretical issue price" in this announcement
"Long Stop Date"	30 May 2025
"MAH"	the marketing authorisation holder
"Merger Agreement"	the agreement and plan of merger dated 13 September 2024 entered into among the Company, the Target and the Merger Sub in respect of the Proposed Merger
"Merger Closing"	the closing of the Proposed Merger at the Merger Effective Time in accordance with the Merger Agreement

"Merger Closing Date"	the date on which the Merger Closing takes place
"Merger Conditions Precedent"	the conditions precedent to the obligations of the Company and/or the Target to consummate, or cause to be consummated, the Proposed Merger, details of which are set out in the section headed "THE PROPOSED MERGER – Merger Conditions Precedent" in this announcement
"Merger Effective Time"	9:00 a.m. (Hong Kong time) on the date of the listing of, and permission to deal in, the Consideration Shares on the Main Board of the Stock Exchange
"Merger Sub"	GenEdd, a company incorporated in the Cayman Islands, and a wholly-owned subsidiary of the Company as at the date of this announcement
"Mr. Ni"	Mr. Ni Xin, the controlling shareholder, founder, chairman, executive director and chief executive officer of the Target as at the date of this announcement
"Mr. Weng"	Mr. Weng Chengyi, an executive Director and the chief financial officer of the Company as at the date of this announcement
"MRSA"	has the meaning given to it in the section headed "REASONS FOR AND BENEFITS OF THE PROPOSED MERGER" in this announcement
"Net Cash Balance"	the net cash balance of the Company as at 31 December 2024 computed based on the formulae set out in certain ancillary document to the Merger Agreement
"New Listing Application"	the deemed new listing application in relation to the Proposed Merger to be filed by the Company with the Stock Exchange pursuant to the Listing Rules
"New Listing Application Deadline"	6:00 p.m. (Hong Kong time) on 31 January 2025, or such other later date as agreed by the Company and the Target in writing
"NDA"	new drug application
"NMPA"	the China National Medical Products Administration
"Non-exercisable Option(s)"	has the meaning given to it in the section headed "PROPOSED ADOPTION OF THE ONE-OFF SHARE OPTION PLAN – Summary of the rules of the One-off Share Option Plan" in this announcement
"Other Shareholder Personnel's Qualifying Acceleration Period"	has the meaning given to it in the section headed "SPECIAL DEAL IN RELATION TO THE RETENTION PLAN OF THE SHAREHOLDER PERSONNEL" in this announcement

"One-off Share Option Plan"	a one-off share option plan to be adopted by the Company upon passing of the relevant resolution(s) at the EGM and details of which are set out in the section headed "PROPOSED ADOPTION OF THE ONE-OFF SHARE OPTION PLAN" in this announcement
"Option Period"	has the meaning given to it in the section headed "PROPOSED ADOPTION OF THE ONE-OFF SHARE OPTION PLAN – Summary of the rules of the One-off Share Option Plan" in this announcement
"P/E Ratio"	the price to earnings ratio
"pharmaceutical business"	has the meaning given to it in the section headed "THE PROPOSED MERGER – Share Exchange Ratio" in this announcement
"Plan Limit"	has the meaning given to it in the section headed "PROPOSED ADOPTION OF THE ONE-OFF SHARE OPTION PLAN – Summary of the rules of the One-off Share Option Plan" in this announcement
"Plan of Merger"	the plan of merger to be executed and filed in accordance with the Merger Agreement and pursuant to Part XVI of the Cayman Companies Act with the Cayman Registrar
"Post-IPO Share Option Plan"	the share option plan adopted by the Company on 18 September 2020 and terminated with effect from 27 October 2023, but share options outstanding thereunder shall continue to be valid and exercisable in accordance with the plan rules and the relevant grant agreements
"PRC"	the People's Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
"Pre-IPO Share Option Plan"	the share option plan adopted by the Company on 19 August 2019 and amended and restated on 16 April 2020 and 31 July 2020, respectively
"Presumed Maximum Share Exchange Ratio"	has the meaning given to it in the section headed "THE PROPOSED MERGER – Share Exchange Ratio" in this announcement
"Previous Listing Applications"	has the meaning given to it in the section headed "INFORMATION ON THE TARGET GROUP – Previous listing application in relation to the Target Group" in this announcement
"Price Per Company Share"	the quotient of the Company Equity Value divided by the Company Fully-Diluted Shares

"Price Per Target Share"	the quotient of Target Equity Value divided by the Target Fully-Diluted Shares
"Proposed Change of Company Name"	has the meaning given to it in the section headed "PROPOSED CHANGE OF COMPANY NAME" in this announcement
"Proposed Merger"	the proposed merger of the Merger Sub with and into the Target, with the Target surviving such merger as a wholly-owned subsidiary of the Company, pursuant to the Merger Agreement
"Proposed Termination of the 2023 Share Schemes"	has the meaning given to it in the section headed "PROPOSED TERMINATION OF THE 2023 SHARE SCHEMES" in this announcement
"Prospectus"	has the meaning given to it in the section headed "REASONS FOR AND BENEFITS OF THE PROPOSED MERGER" in this announcement
"Qualifying Acceleration Period"	has the meaning given to it in the section headed "SPECIAL DEAL IN RELATION TO THE RETENTION PLAN OF THE SHAREHOLDER PERSONNEL" in this announcement
"R&D"	research and development
"Remaining Director"	an existing Director who will continue to serve on the Board as a non-executive Director as from the Merger Effective Time
"Remaining IPO Proceeds"	has the meaning given to it in the section headed "PROPOSED USE OF THE REMAINING IPO PROCEEDS UPON THE MERGER CLOSING" in this announcement
"Retention Agreement"	the retention agreement dated 13 September 2024 entered into between the Company and the Target in relation to the Retention Plan of the Shareholder Personnel
"Retained Period"	has the meaning given to it in the section headed "SPECIAL DEAL IN RELATION TO THE RETENTION PLAN OF THE SHAREHOLDER PERSONNEL" in this announcement
"Retention Plan"	the plan to retain the Shareholder Personnel upon the Merger Closing pursuant to the Retention Agreement, details of which are set out in the section headed "SPECIAL DEAL IN RELATION TO THE RETENTION PLAN OF THE SHAREHOLDER PERSONNEL" in this announcement
"Rule 18A.10 Consent"	the consent to be granted by the Stock Exchange pursuant to Rule 18A.10 of the Listing Rules in respect of the Proposed Merger, or a waiver to be granted by the Stock Exchange from strict compliance with the requirements under Rule 18A.10 in respect of the Proposed Merger (as the case may be)

"RMB"	Renminbi, the lawful currency of the PRC, for the purpose of illustration only, the exchange rate of RMB to HK$ is 1.095
"RSUs"	restricted share unit(s) granted under the 2021 RSU Plan or the 2023 RSU Plan
"Services"	has the meaning given to it in the section headed "CDK4/6i OUTSOURCING MANAGEMENT AGREEMENT" in this announcement
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, modified and supplemented from time to time
"Share(s)	ordinary share(s) of the Company
"Shareholder(s)"	the holder(s) of the Shares
"Shareholders' Approval Matters of the Company"	the Merger Agreement, the Proposed Merger, the Whitewash Waiver, the Specific Mandate, the proposed increase in authorised share capital of the Company, the Proposed Change of Company Name, the proposed adoption of the One-off Share Option Plan and the grant of the Converted Options thereunder (if required), the Retention Plan of the Shareholder Personnel and any other resolutions necessary for the purpose of consummating the transactions contemplated under the Merger Agreement and other transaction documents
"Share Exchange Ratio"	the quotient of the Price Per Target Share divided by the Price Per Company Share
"Shareholder Personnel"	including (i) Mr. Weng, who holds 345,000 Shares (representing approximately 0.07% of the issued Shares of the Company); (ii) Dr. Guo, who holds 6,943,875 Shares (representing approximately 1.34% of the issued Shares of the Company); and (iii) eight other employees of the Group who hold in aggregate 3,026,625 Shares (representing approximately 0.58% of the issued Shares of the Company) all as at the date of this announcement
"Specific Mandate"	the specific mandate to be sought at the EGM for the approval of the allotment and issue of the Consideration Shares
"Statutory Compensation Amount (2N)"	the amount of compensation calculated as twice the employee's monthly salary for each year of service with the employer under the PRC Labour Contract Law
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Takeovers Code IBC"	the independent committee of the Board, comprising all non-executive Directors who has no direct or indirect interest in the Proposed Merger, the Whitewash Waiver and the Retention Plan of the Shareholder Personnel and the transactions contemplated thereunder, to be formed pursuant to Rule 2.8 of the Takeovers Code for the purpose of advising the Independent Shareholders in respect of the Proposed Merger, the Whitewash Waiver and the Retention Plan of the Shareholder Personnel and the transactions contemplated thereunder, and as to voting therefor
"Target"	Edding Group Company Limited, a company incorporated in the Cayman Islands with limited liability
"Target Equity Value"	US$677,000,000
"Target Controlling Shareholders"	collectively, Mr. Ni and the entities controlled by him through which he is interested in the Target Shares (namely, Talent Creation Holdings Limited ("**Talent Creation**") and Chinapharm Group Company Limited ("**Chinapharm Group**"))
"Target Controlling Shareholders Undertaking"	an undertaking dated 13 September 2024 entered into by the Target Controlling Shareholders in favour of the Company in relation to, among other things, (i) the lock-up undertaking of the Target Controlling Shareholders as set out in the section headed "THE PROPOSED MERGER – Consideration Shares and theoretical issue price" in this announcement, and (ii) the retention arrangement of the Remaining Director as set out in the section headed "PROPOSED CHANGE TO THE BOARD UPON THE MERGER CLOSING" in this announcement
"Target Fully-Diluted Shares"	without duplication, (a) the aggregate number of Target Shares (i) that are issued and outstanding immediately prior to the Merger Effective Time; (ii) that are issuable upon the exercise of all share options, warrants, convertible notes and other equity securities of the Target linked to the Target Shares, each of which remaining issued and outstanding immediately prior to the Merger Effective Time, (iii) to extent not covered under (i) and (ii), that are issuable upon the grant, vesting and exercise of all share options that are reserved but not yet granted under the Target Share Option Scheme, *minus* (b) the aggregate number of Target Shares held by the Target or any of its subsidiaries in treasury immediately prior to the Merger Effective Time (if any)
"Target Group"	the Target and its subsidiaries, and "Target Group Company" shall mean any one of them
"Target Share Option(s)"	the share option(s) granted to the Target Share Option Scheme Grantees under the Target Share Option Scheme

"Target Share Option Scheme"	the share option scheme adopted by the Target on 31 July 2020 and amended on 30 October 2020 (and as further amended and supplemented from time to time)
"Target Share Option Scheme Grantees"	the grantees under the Target Share Option Scheme immediately prior to the Merger Effective Time
"Target Shareholders"	registered holders of the Target Shares, for the avoidance of doubt, includes the Target Controlling Shareholders and the Taxable Target Shareholders
"Target Shares"	shares of the Target
"Target Transaction Fees"	any and all out-of-pocket and reasonable fees and expenses payable by the Target or any of its subsidiaries or affiliates (whether or not billed or accrued for) as a result of or in connection with the negotiation, documentation and consummation of the Proposed Merger, including (a) all fees, costs, expenses, brokerage fees, commissions, finders' fees and disbursements of financial advisors, investment banks, attorneys, accountants and other advisors and service providers, and (b) any and all tax and fees relating to reporting, filing and application payable by the Target or any of its subsidiaries or affiliates to the governmental authorities in connection with the Proposed Merger, subject to a cap of US$10,000,000
"Target's Break Fee"	the break fee that may be payable by the Target to the Company pursuant to the Merger Agreement, details of which are set out in the section headed "THE PROPOSED MERGER – Break fees" in this announcement
"Target's JSC Representatives"	members of the Joint Steering Committee appointed by the Target pursuant to the Merger Agreement and the terms of reference of the Joint Steering Committee from time to time
"Tax Circular 7"	the "Announcement of the State Taxation Administration on Several Issues Concerning Enterprise Income Tax on the Indirect Transfer of Properties by Non-Resident Enterprises" (《關於非居民企業間接轉讓財產企業所得税若干問題的公告》) Public Notice [2015] No. 7, issued by the PRC State Administration of Taxation on 3 February 2015, as amended, supplemented, modified or interpreted from time to time by any implementing rules and regulations, and any successor rule or regulation thereof under the laws of the PRC
"Tax Circular 7 Deductible Share(s)"	the number of Share(s) calculated based on the quotient of the equivalent amount of the tax payable by a Taxable Target Shareholder under Tax Circular 7 in USD divided by the Price Per Company Share, which shall be rounded up to the nearest whole Share

"Tax Circular 7 Surfeit Share(s)"	has the meaning given to it under the section headed "THE PROPOSED MERGER – Merger consideration" in this announcement
"Tax Circular 7 Withholding Share(s)"	the number of Share(s) calculated as the product of 10% of the total number of Target Shares held by a Taxable Target Shareholder immediately prior to the Merger Effective Time *multiplied* by the Share Exchange Ratio, which shall be rounded up to the nearest whole Share
"Taxable Target Shareholders"	the Target Shareholders who are subject to PRC tax liabilities in relation to the deemed indirect transfer of equity interest in PRC resident enterprises in the Proposed Merger (i.e., the deemed indirect transfer of equity interest in the PRC subsidiaries of the Target as a result of the Proposed Merger) pursuant to Tax Circular 7; as at the date of this announcement, the list of Taxable Target Shareholders comprises: (1) Talent Creation; (2) Chinapharm Group; (3) Risehill Investments Limited; (4) Clear Peak Investments Limited; (5) OrbiMed Asia Partners, L.P.; (6) OrbiMed Asia Partners III, L.P.; (7) HongShan Capital I, L.P.; (8) HongShan Capital Partners Fund I, L.P.; (9) HongShan Capital Principals Fund I, L.P.; (10) HongShan Capital Growth Fund I, L.P.; (11) HongShan Capital Growth Partners Fund I, L.P.; (12) HongShan Capital GF Principals Fund I, L.P.; (13) HSG Growth V Holdco Q, Ltd.; (14) Skycus China Fund, L.P.; (15) Domain Partners VIII, L.P.; (16) DP VIII Associates, L.P.; (17) Novel Insight Investments Limited; (18) Novel Sky Global Limited; and (19) SPDBI Eagle Limited
"Termination Events"	the termination events set out in the section headed "THE PROPOSED MERGER – Termination" in this announcement
"Transitional Period"	the period from the date of the Merger Agreement to the date of the Merger Closing or the date on which the Merger Agreement is terminated pursuant to the terms thereof, whichever is the earlier
"Unconditional Date"	the date on which all Merger Conditions Precedent have been satisfied or waived (if applicable) (other than those conditions that by their nature are to be satisfied immediately prior to or at the Merger Effective Time), or if such date is not a Business Day, the Business Day immediately following such date, or such other later date as may be mutually agreed in writing by the Company and the Target
"US$" or "USD"	United States dollar(s), the lawful currency of the United States of America, for the purpose of illustration only, the exchange rate of US$ to HK$ is 7.80 and the exchange rate of US$ to RMB is 7.10

"Whitewash Waiver"	a waiver from the obligation of Mr. Ni and parties acting in concert with him to make a conditional mandatory general offer for all the issued Shares and other securities not already owned or agreed to be acquired by him and parties acting in concert with him pursuant to Rule 26 of the Takeovers Code as a result of the allotment and issue of the Consideration Shares pursuant to Note 1 on the dispensations from Rule 26 of the Takeovers Code
"%"	per cent

By order of the Board
Genor Biopharma Holdings Limited
Mr. Weng Chengyi
Executive Director and Chief Financial Officer

Hong Kong, 7 October 2024

As at the date of this announcement, the Board comprises seven (7) Directors, namely Mr. Weng Chengyi (Chief Financial Officer) as an executive Director; Dr. LYU Dong, Mr. YU Tieming and Mr. LIU Yi as non-executive Directors; and Ms. CUI Bai, Mr. FUNG Edwin and Mr. CHEN Wen as independent non-executive Directors.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than information relating to the Target Group, Mr. Ni and parties acting in concert with Mr. Ni) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Target Group, Mr. Ni and parties acting in concert with Mr. Ni) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

As at the date of this announcement, the board of the Target comprises three (3) three directors, namely Mr. Ni Xin, Ms. Zhai Jing and Dr. Wang David Guowei.

The directors of the Target jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than information relating to the Group, Mr. Ni and parties acting in concert with Mr. Ni) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Group, Mr. Ni and parties acting in concert with Mr. Ni) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

Mr. Ni accepts full responsibility for the accuracy of the information contained in this announcement (other than information relating to the Group and the Target Group) and confirm, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this announcement (other than those expressed by the Group and the Target Group) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.