

## KNIGHT BIDCO LIMITED

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

## Kangji Medical Holdings Limited 康基医疗控股有限公司

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

**(Stock Code: 9997)**

**Proposed privatisation by way of a scheme of arrangement  
at the Cancellation Price of:  
HK\$9.25 in cash for each Scheme Share<sup>(2)</sup>**

**Court Meeting and EGM** will be held at 10:00 a.m. and 10:30 a.m.  
(or immediately after the later of the conclusion and adjournment of the Court Meeting),  
respectively, on Monday, 10 November 2025 at United Conference Centre, 10/F, United Centre, 95  
Queensway, Admiralty, Hong Kong for approving the Proposal.

Latest time for lodging transfers of Shares in order to qualify for entitlement to attend  
and vote at the Court Meeting and/or the EGM is 4:30 p.m. on Monday, 3 November 2025.

Latest time for lodging forms of proxy in respect of the Court Meeting and  
the EGM is 10:00 a.m. and 10:30 a.m. on Saturday, 8 November 2025, respectively.

Whether or not you are able to attend the Court Meeting and/or the EGM or  
any adjournment thereof in person, please complete and return the form(s) of  
proxy in accordance with the instructions printed thereon.<sup>(4)</sup>

**For instructions and further details, please refer to the Scheme Document.**<sup>(1)(3)</sup>

*Notes:*

- (1) Capitalised terms used herein shall have the same meanings as defined in the Scheme Document dated 13 October 2025. The Scheme Document can be accessed at [www.hkexnews.hk](http://www.hkexnews.hk) or [www.kangjimedical.com](http://www.kangjimedical.com).
- (2) Subject to the Scheme becoming effective, the Scheme Shares will be cancelled in accordance with the terms and conditions of the Scheme and the Proposal as set out in the Scheme Document.
- (3) **Shareholders are strongly advised to consider carefully information contained in the Scheme Document, including the “Letter from the Board”, “Letter from the Independent Board Committee”, “Letter from the Independent Financial Adviser” and “Explanatory Memorandum”, and consult their professional advisers if in doubt as to the actions to be taken.**
- (4) The completion and return of a form of proxy for the Court Meeting and/or the EGM will not preclude you from attending and voting in person at the relevant meeting or any adjournment thereof should you so wish, and, in such event, the relevant form of proxy will be revoked by operation of law.
- (5) This sheet is jointly issued by the Company and the Offeror and is not for release, publication or distribution, in whole or in part, in, into or from any jurisdiction where to do so would constitute a violation of the applicable laws or regulations of such jurisdiction. The Directors jointly and severally accept full responsibility for the accuracy of the information contained herein (other than information relating to the Offeror and the Offeror Concert Parties) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed herein by the Directors (other than those expressed by the directors of the Offeror and the respective directors of the Consortium Members in their capacities as such) have been arrived at after due and careful consideration and there are no other facts not contained herein, the omission of which would make any statement herein misleading. The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained herein relating to Offeror, MidCo and TopCo and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed herein by the directors of the Offeror (other than those expressed by the Director in her capacity as such) have been arrived at after due and careful consideration and there are no other facts not contained herein, the omission of which would make any statement herein misleading. The responsibility statements of the Consortium Members set out in the section headed “1. Responsibility Statements” in Appendix II to the Scheme Document are incorporated by reference into this sheet.
- (6) In case of any inconsistency, the English language text of this sheet shall prevail over the Chinese language text.

---

# THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

---

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

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

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Scheme Document, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Scheme Document.

This Scheme Document appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of Kangji Medical Holdings Limited. This Scheme Document is not for release, publication or distribution, in whole or in part, in, into or from any jurisdiction where to do so would constitute a violation of the applicable laws or regulations of such jurisdiction.

---

**KNIGHT BIDCO LIMITED**  
(incorporated in the Cayman Islands with limited liability)

**KANGJI 康基**  
**Kangji Medical Holdings Limited**  
**康基医疗控股有限公司**  
(Incorporated in the Cayman Islands with limited liability)  
(Stock Code: 9997)

**(1) PROPOSAL FOR THE PRIVATISATION OF KANGJI MEDICAL HOLDINGS LIMITED BY THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 86 OF THE COMPANIES ACT**  
**(2) PROPOSED WITHDRAWAL OF LISTING OF KANGJI MEDICAL HOLDINGS LIMITED AND**  
**(3) SPECIAL DEAL IN RELATION TO THE ROLLOVER ARRANGEMENT AND SHAREHOLDERS' AGREEMENT**

Exclusive Financial Adviser to the Offeror

**J.P.Morgan**

Independent Financial Adviser to the Independent Board Committee



**SOMERLEY CAPITAL LIMITED**

---

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

A letter from the Board is set out in Part IV of this Scheme Document. A letter from the Independent Board Committee containing its advice to the Independent Shareholders in relation to the Proposal, the Scheme and the Special Deal is set out in Part V of this Scheme Document. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in connection with the Proposal, the Scheme and the Special Deal is set out in Part VI of this Scheme Document. The Explanatory Memorandum is set out in Part VII of this Scheme Document. The actions to be taken by the Shareholders are set out in Part I of this Scheme Document.

Notices convening the Court Meeting and the EGM to be held at 10:00 a.m. and 10:30 a.m. on Monday, 10 November 2025 at United Conference Centre, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong (or, in the case of the EGM, immediately after the later of conclusion and adjournment of the Court Meeting) are set out on Appendices IV and V to this Scheme Document respectively.

Whether or not you are able to attend the Court Meeting and/or the EGM or any adjournment thereof in person, you are strongly urged to complete and sign the enclosed **pink** form of proxy in respect of the Court Meeting and the enclosed **white** form of proxy in respect of the EGM, in accordance with the instructions printed thereon and to lodge them at the office of the Share Registrar, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible, but in any event no later than the respective times and dates specified in them. The **white** form of proxy in respect of the EGM will not be valid if it is not so lodged. In the case of the **pink** form of proxy in respect of the Court Meeting (but not the **white** form of proxy), it may also be handed to the chairman of the Court Meeting (who will have absolute discretion on whether or not to accept it) at the Court Meeting if it is not so lodged. Completion and return of the forms of proxy for the Court Meeting and/or the EGM will not preclude you from attending and voting in person at the relevant meeting or any adjournment thereof, should you so wish, and, in such event, the relevant forms of proxy will be revoked by operation of law.

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

13 October 2025

---

## CONTENTS

---

	<i>Page</i>
<b>PART I</b>	
<b>ACTIONS TO BE TAKEN . . . . .</b>	<b>1</b>
<b>PART II</b>	
<b>DEFINITIONS . . . . .</b>	<b>5</b>
<b>PART III</b>	
<b>EXPECTED TIMETABLE . . . . .</b>	<b>19</b>
<b>PART IV</b>	
<b>LETTER FROM THE BOARD . . . . .</b>	<b>22</b>
<b>PART V</b>	
<b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE . . . . .</b>	<b>46</b>
<b>PART VI</b>	
<b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISER . . . . .</b>	<b>48</b>
<b>PART VII</b>	
<b>EXPLANATORY MEMORANDUM . . . . .</b>	<b>100</b>
<b>APPENDIX I</b>	
<b>FINANCIAL INFORMATION RELATING TO THE GROUP . . . . .</b>	<b>I-1</b>
<b>APPENDIX II</b>	
<b>GENERAL INFORMATION . . . . .</b>	<b>II-1</b>
<b>APPENDIX III</b>	
<b>SCHEME OF ARRANGEMENT . . . . .</b>	<b>III-1</b>
<b>APPENDIX IV</b>	
<b>NOTICE OF COURT MEETING . . . . .</b>	<b>IV-1</b>
<b>APPENDIX V</b>	
<b>NOTICE OF EGM . . . . .</b>	<b>V-1</b>

**1. ACTIONS TO BE TAKEN BY SHAREHOLDERS**

For the purpose of determining the entitlements of the Scheme Shareholders as at the Voting Record Date to attend and vote at the Court Meeting and the entitlements of the Shareholders as at the Voting Record Date to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 4 November 2025 to Monday, 10 November 2025 (both days inclusive) (or such other dates as may be notified by the Company by way of announcement(s)), and during such period, no transfer of Shares will be effected. In order to qualify to vote at the Court Meeting and the EGM, the relevant forms of transfer of share ownership accompanied by the relevant share certificates must be lodged with the Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Monday, 3 November 2025.

A **pink** form of proxy for use at the **Court Meeting** and a **white** form of proxy for use at the **EGM** are enclosed with this Scheme Document. A subsequent purchaser of Shares may obtain the relevant proxy forms from the transferor or the website of the Stock Exchange if he or she wishes to attend or vote at the Court Meeting or the EGM.

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

**In order to be valid, the pink form of proxy for use at the Court Meeting should be lodged at the Share Registrar's office at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 10:00 a.m. on Saturday, 8 November 2025, which is 48 hours before the time appointed for holding the Court Meeting or any adjournment thereof. The pink form of proxy (but not the white form of proxy) may also be handed to the chairman of the Court Meeting (who will have absolute discretion on whether or not to accept it) at the Court Meeting. The white form of proxy for use at the EGM should be lodged at the Share Registrar's office at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 10:30 a.m. on Saturday, 8 November 2025, which is 48 hours before the time appointed for holding the EGM or any adjournment thereof, failing which it will not be valid.**

The completion and return of a form of proxy for the Court Meeting and/or the EGM will not preclude you from attending and voting in person at the relevant meeting or any adjournment thereof should you so wish, and, in such event, the relevant form of proxy will be revoked by operation of law.

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

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

The Company and the Offeror will make an announcement in relation to the results of the Court Meeting and the EGM on Monday, 10 November 2025 by no later than 7:00 p.m. If all the resolutions are passed at those meetings, further announcements will be made in relation to, among other things, the results of the Grand Court Hearing, and, if the Scheme is sanctioned, the Scheme Record Date, the Effective Date and the date of withdrawal of listing of Shares from the Stock Exchange in accordance with the requirements of the Takeovers Code and the Listing Rules.

## **2. ACTIONS TO BE TAKEN BY BENEFICIAL OWNERS WHOSE SHARES ARE HELD BY A REGISTERED OWNER OR DEPOSITED IN CCASS**

No person shall be recognised by the Company as holding any Shares on trust.

If you are a Beneficial Owner whose Shares are registered in the name of a nominee, trustee, depository or any other authorised custodian or third party, you should contact such Registered Owner to give instructions to and/or to make arrangements with such Registered Owner as to the manner in which the Shares beneficially owned by you should be voted at the Court Meeting and/or the EGM.

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

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

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

In the case of the appointment of a proxy by the Registered Owner, the relevant forms of proxy shall be completed and signed by the Registered Owner and shall be lodged in the manner and no later than the latest time for lodging the relevant forms of proxy as more particularly set out in this Scheme Document.

The completion and return of a form of proxy for the Court Meeting and/or the EGM will not preclude the Registered Owner from attending and voting in person at the relevant meeting or any adjournment thereof should he/she/it so wish, and, in such event, the relevant form of proxy will be revoked by operation of law.

Instructions to and/or arrangements with the Registered Owner should be given or made in advance of the relevant latest time for the lodgement of the forms of proxy in respect of the Court Meeting and/or the EGM in order to provide the Registered Owner with sufficient time to complete his/her/its forms of proxy accurately and to submit them by the relevant deadline. To the extent that any Registered Owner requires instructions from or arrangements to be made with any Beneficial Owner at a particular date or time in advance of the relevant latest time for the lodgement of the forms of proxy in respect of the Court Meeting and/or the EGM, such Beneficial Owner should comply with the requirements of such Registered Owner.

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

- (a) contact your broker, custodian, nominee or other relevant person who is, or has, in turn, deposited such Shares with, a CCASS Participant, regarding voting instructions to be given to such persons if you wish to vote at the Court Meeting and/or at the EGM. You should contact your broker, custodian, nominee or other relevant person in advance of the latest time for the lodgement of forms of proxy in respect of the Court Meeting and the EGM, in order to provide such person with sufficient time to provide HKSCC Nominees with instructions or make arrangements with HKSCC Nominees in relation to the manner in which the Share(s) beneficially owned by you should be voted at the Court Meeting and/or the EGM; or

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

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

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

“acting in concert”	has the meaning given to it in the Takeovers Code, and “persons acting in concert” shall be construed accordingly
“Al-Rayyan Holding”	Al-Rayyan Holding LLC, a limited liability company established under the regulations of the Qatar Financial Centre Authority
“Arrangement Fee”	comprising initial arrangement fee of 1% of the principal amount of the Convertible Note and subsequent arrangement fee of 0.26% per annum on the outstanding amount of the Convertible Note
“associate”	has the meaning ascribed to it in the Takeovers Code
“Beneficial Owner”	any beneficial owner of the Shares whose Shares are registered in the name of a Registered Owner other than himself or herself
“Board”	the board of Directors
“Business Day(s)”	a business day is a day on which the Stock Exchange is open for the transaction of business
“Cancellation Price”	the cancellation price of HK\$9.25 per Scheme Share
“Capital Reduction”	the reduction of the issued share capital of the Company resulting from the cancellation and extinguishment of the Scheme Shares in accordance with sections 14 to 16 of the Companies Act
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Participant”	a person admitted to participate in CCASS as a participant, including an Investor Participant
“Companies Act”	the Companies Act (2025 Revision) of the Cayman Islands as amended, modified or enacted from time to time



“Company”	Kangji Medical Holdings Limited, an exempted company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (stock code: 9997)
“Condition(s)”	the condition(s) to the implementation of the Proposal as set out in the section headed “ <i>6. Conditions of the Proposal</i> ” in the Explanatory Memorandum
“Consortium”	the consortium formed by Mr. Zhong, Ms. Shentu, the Founder Entities, Keyhole Holding, the TPG Entities, NewQuest V and Al-Rayyan Holding
“Consortium Agreement”	the consortium agreement dated 12 August 2025 entered into among the Consortium Members and TopCo, details of which are set out in the section headed “ <i>10. Arrangements Material to the Proposal – Consortium Agreement</i> ” in the Explanatory Memorandum
“Consortium Member(s)”	member(s) of the Consortium
“Convertible Note”	the convertible note to be issued by TopCo to Fortune Spring ZM, the principal terms of which are set out in the section headed “ <i>8. Special Deal in relation to the Rollover Arrangement and the Shareholders’ Agreement</i> ” in the Explanatory Memorandum
“Court Meeting”	a meeting of the holders of the Independent Shares as at the Voting Record Date convened at the direction of the Grand Court to be held at 10:00 a.m. on Monday, 10 November 2025 at United Conference Centre, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong at which the Scheme (with or without modification) will be voted upon, or any adjournment thereof, notice of which is set out in Appendix IV to this Scheme Document
“Deferred Settlement Arrangement”	has the meaning ascribed to it in the section headed “ <i>4. RSU Plan</i> ” in the Explanatory Memorandum
“Director(s)”	the director(s) of the Company

“Effective Date”	the date on which the Scheme, if approved at the Court Meeting and sanctioned by the Grand Court, becomes effective in accordance with its terms and the Companies Act, being the date on which a copy of the order of the Grand Court sanctioning the Scheme and confirming the Capital Reduction is delivered to the Registrar of Companies in the Cayman Islands for registration pursuant to section 86(3) of the Companies Act
“EGM”	an extraordinary general meeting of the Company to be held at 10:30 a.m. on Monday, 10 November 2025 at United Conference Centre, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong (or immediately after the later of conclusion and adjournment of the Court Meeting), or any adjournment thereof, for the purpose of considering and (if thought fit) approving, among other things, the necessary resolutions for the implementation of the Proposal (including the Capital Reduction) and the Special Deal, notice of which is set out in Appendix V to this Scheme Document
“ESOP BVI”	Fortune Spring KangJi 1 Limited, which holds Shares in connection with the RSU Plan, which is in turn held as to 0.1% and 99.9% by Fortune Spring ZM A Limited (a company held as to 100% by Mr. Zhong) and Zedra Trust Company (Cayman) Limited (a company maintained by a third party trustee)
“ESOP Deed”	the deed dated 8 August 2025 and entered into between the Offeror and ESOP BVI, pursuant to which ESOP BVI agreed to, among other things, defer settlement of certain portion of the Cancellation Price in respect of the RSU Shares until the first anniversary of the Effective Date. Details of the deferred portion and settlement schedule is set out in the section headed “4. <i>RSU Plan</i> ” in the Explanatory Memorandum
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate thereof
“exempt fund manager(s)”	has the meaning ascribed to it in the Takeovers Code
“exempt principal trader(s)”	has the meaning ascribed to it in the Takeovers Code
“Explanatory Memorandum”	the Explanatory Memorandum in relation to the Scheme, the text of which is set out in Part VII of this Scheme Document

“Fortune Spring YG”	Fortune Spring YG B Limited, a company incorporated under the laws of the British Virgin Islands with limited liability, which is owned by YG AA Limited and Fortune Spring YG A Limited as to 99.8% and 0.2%, respectively. YG AA Limited is wholly owned by YG Trust, the beneficiaries of which are Ms. Shentu, her children with Mr. Zhong, issue of such children and any charitable organisations, for which BOS Trustee Limited serves as the trustee, and Ms. Shentu acts as the settlor and Mr. Zhong acts as the protector
“Fortune Spring ZM”	Fortune Spring ZM B Limited, a company incorporated under the laws of the British Virgin Islands with limited liability, which is owned by Fortune Spring ZM AA Limited and Fortune Spring ZM A Limited as to 99.9% and 0.1%, respectively. Fortune Spring ZM AA Limited is wholly owned by The Fortune Spring ZM Trust, the beneficiaries of which are Mr. Zhong and such other persons appointed by him, for which Butterfield Trust (Asia) Limited serves as the trustee and Mr. Zhong acts as the settlor and protector
“Founder Consideration”	the consideration to be received by the Founder Entities for the cancellation of the Founder Consideration Shares under the Scheme, comprising cash to be paid to the Founder Entities and the Convertible Note to be issued to Fortune Spring ZM, the sum of which represents the aggregate consideration for the cancellation of the Founder Consideration Shares
“Founder Consideration Shares”	220,706,747 and 125,076,162 Scheme Shares held by the Founder Entities and in which Mr. Zhong and Ms. Shentu are interested respectively, representing approximately 18.27% and 10.35% of the issued share capital of the Company, which will be cancelled for the Founder Consideration
“Founder Entity(ies)”	Fortune Spring ZM and/or Fortune Spring YG (as appropriate)

“Founder Rollover Shares”	the Founder Scheme Shares less the Founder Consideration Shares, being 294,217,091 Shares in aggregate as at the Latest Practicable Date, representing approximately 24.36% of the issued share capital of the Company, which will be cancelled in consideration for the crediting of unpaid TopCo shares held by the Founder Entities as fully paid upon the Scheme becoming effective
“Founder Scheme Share(s)”	the Scheme Share(s) held by the Founder Entities and in which Mr. Zhong and Ms. Shentu are interested respectively, being 640,000,000 Shares in aggregate as at the Latest Practicable Date, representing approximately 52.98% of the issued share capital of the Company
“Founder Scheme Share Cancellation Consideration”	the consideration to be received by the Founder Entities for the cancellation of the Founder Scheme Shares under the Scheme, comprising cash to be paid to the Founder Entities and the Convertible Note to be issued to Fortune Spring ZM in respect of the Founder Consideration Shares, and the crediting of the unpaid TopCo shares held by the Founder Entities as being fully paid in respect of the Founder Rollover Shares, the sum of which represents the aggregate consideration for the cancellation of the Founder Scheme Shares
“General Rules of HKSCC”	the terms and conditions regulating the use of HKSCC, as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
“Grand Court”	the Grand Court of the Cayman Islands and any court capable of hearing appeals therefrom
“Grand Court Hearing”	the hearing of the petition by the Grand Court for the sanction of the Scheme and confirmation of the Capital Reduction
“Group”	the Company and all of its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited

“HKSCC Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company comprising Mr. JIANG Feng, Mr. GUO Jian and Mr. CHEN Weibo (being all of the independent non-executive Directors) established by the Board to make recommendation(s) to the Independent Shareholders in respect of the Proposal, the Scheme and the Special Deal
“Independent Financial Adviser” or “Somerley”	Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Board with the approval of the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code, to advise the Independent Board Committee as to whether the Proposal, the Scheme and the Special Deal are fair and reasonable and as to voting
“Independent Share(s)”	Share(s) held by the Independent Shareholders
“Independent Shareholder(s)”	Shareholder(s) other than the Offeror and the Offeror Concert Parties or those Shareholders who are interested or involved in the Special Deal
“Interest Rate”	one of the following rates, as determined by the Offeror:  <ul style="list-style-type: none"><li>(i) the aggregate of (a) HIBOR (Hong Kong Interbank Offered Rate) for the relevant interest period and (b) margin of up to 1.11% per annum; or</li><li>(ii) the loan prime rate published by the National Interbank Funding Center for a loan with a final maturity of more than five years minus 0.50% per annum</li></ul>
“Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation

“Irrevocable Undertaking”	the irrevocable undertaking given by the IU Shareholder, received by the Offeror on or around 12 August 2025 in respect of an aggregate of 1,255,500 Shares in favour of the Offeror
“IU Shareholder”	Axiom Asia IV, L.P.
“Joint Announcement”	the joint announcement dated 12 August 2025 issued by the Offeror and the Company in relation to the Proposal
“J.P. Morgan”	J.P. Morgan Securities (Asia Pacific) Limited, a registered institution under the SFO licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities under the SFO, the exclusive financial adviser to the Offeror
“Keyhole”	TPG Knight Aggregator Limited, a company incorporated in the Cayman Islands with limited liability, which is ultimately controlled by TPG Inc.
“Keyhole Holding”	Keyhole Holding Limited, a company incorporated under the laws of the Cayman Islands with limited liability, which is ultimately controlled by TPG Inc.
“Knight Success”	Knight Success SF Pte. Ltd., a company incorporated in Singapore with limited liability, which is ultimately controlled by TPG Inc.
“Last Trading Date”	17 July 2025, being the last trading day of Shares immediately before issuance of the Joint Announcement
“Latest Practicable Date”	10 October 2025, being the latest practicable date prior to the date of this Scheme Document for the purpose of ascertaining certain information contained in this Scheme Document
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 April 2026 or such later date the Offeror may determine, subject to the permissions of the Grand Court and/or the Executive (as applicable)

“Mandatory Event”	(i) in a Sale Transaction where the redemption of the Convertible Note is a condition to closing of the Sale Transaction or (ii) a requirement imposed by the lead underwriter(s) or applicable stock exchange rules where redemption of the Convertible Note is necessary to meet listing, regulatory or investor demand conditions
“MidCo”	TPG Knight Midco Limited, an exempted company incorporated in the Cayman Islands with limited liability, which is wholly owned by TopCo
“Mr. Zhong”	Mr. ZHONG Ming, an executive Director and the spouse of Ms. Shentu
“Ms. Shentu”	Ms. SHENTU Yinguang, an executive Director and the spouse of Mr. Zhong
“NewQuest V”	NewQuest Asia Fund V (Singapore) Pte. Ltd., a company incorporated in Singapore with limited liability, which is ultimately controlled by TPG Inc.
“OCP Scheme Shareholders”	Fortune Spring ZM, Fortune Spring YG, the Relevant Shareholder, Keyhole Holding and ESOP BVI
“Offeror”	Knight Bidco Limited, an exempted company incorporated in the Cayman Islands with limited liability, which is wholly owned by MidCo
“Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with the Offeror or any Consortium Member, including TopCo, MidCo, each Consortium Member (and their respective ultimate beneficial owners), the J.P. Morgan group (except any member of the J.P. Morgan group acting in the capacity as an exempt principal trader or exempt fund manager) and ESOP BVI
“Offeror Shares”	ordinary shares in the capital of the Offeror

“Practice Direction 2010”	Practice Direction No.2 of 2010 (GCR O.1, r.12) of the Grand Court, which provides (among other things) that if one of the proposed class meetings for a scheme of arrangement under section 86 of the Companies Act consists of a small number of persons who are all willing to be bound by the terms of the scheme, the Grand Court may, in its discretion, waive the requirement for a formal class meeting to be held of that particular class if the evidence before it at the hearing to convene the court meeting shows that all of the particular members in question consent to be bound by the terms of the scheme
“PRC”	the People’s Republic of China, but for the purpose of this Scheme Document, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Pre-Condition(s)”	the pre-condition(s) to the making of the Proposal and implementation of the Scheme, as set out in the section headed “2. <i>Pre-Conditions to the Proposal</i> ” in the Explanatory Memorandum
“Pre-Condition Long Stop Date”	31 January 2026 (or any other date as may be agreed by the Offeror and the Company and as permitted by the Executive)
“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange, on the terms and subject to the Conditions as described in this Scheme Document
“QIA”	Qatar Investment Authority
“Qualified Financing”	(i) a Sale Transaction or (ii) an initial public offering of TopCo or any TopCo Group Company, in each case achieving a minimum internal rate of return of 25% with reference to the Cancellation Price
“Registered Owner”	any person (including without limitation a nominee, trustee, depositary or any other authorised custodian or third party) whose name is entered in the register of members of the Company as a holder of Share(s)



“Relevant Authorities”	appropriate governments and/or governmental bodies, regulatory bodies, courts or institutions
“Relevant Shareholder”	Mr. SHENTU Junjie, a close relative (as defined under the Takeovers Code) of Ms. Shentu
“RMB”	Renminbi, the lawful currency of the PRC
“Relevant Period”	the period commencing on 12 February 2025 (being the date falling six months prior to 12 August 2025, being the date of the Joint Announcement) and ending on the Latest Practicable Date, both dates inclusive
“Rollover Arrangement”	the arrangement comprising the Founder Entities (i) rolling over the Founder Rollover Shares in consideration for the crediting of unpaid TopCo shares held by the Founder Entities as fully paid and (ii) receiving the Founder Consideration as consideration for the cancellation of the Founder Consideration Shares
“RSU(s)”	means a conditional right awarded to a grantee to either acquire Share(s) or receive cash payment upon vesting pursuant to the terms of the RSU Plan
“RSU Holder(s)”	holder(s) of RSU(s)
“RSU Plan”	the restricted share unit scheme adopted by the Company on 6 May 2020, which will expire on the sixth anniversary of the adoption date
“RSU Scheme Share Cancellation Consideration”	has the meaning ascribed to it in the section headed “4. <i>RSU Plan</i> ” in the Explanatory Memorandum, being the consideration to be received by ESOP BVI in accordance with the ESOP Deed and in consideration for the cancellation and extinguishment of the RSU Shares
“RSU Share(s)”	46,810,000 Shares held by ESOP BVI in connection with the RSU Plan, representing approximately 3.88% of the issued share capital of the Company and all of which are Scheme Shares

“Sale Transaction”	a trade sale of over 50% of the equity interests or all or substantially all of the assets of the TopCo Group (taken as a whole)
“SAMR”	State Administration for Market Regulation of the PRC
“Scheme”	the scheme of arrangement between the Company and the Scheme Shareholders as at the Scheme Record Date under section 86 of the Companies Act for the implementation of the Proposal, involving the cancellation of all the Scheme Shares and the contemporaneous allotment and issue to the Offeror of such number of new Shares as is equal to the number of Scheme Shares cancelled under the Scheme, with or subject to any modification, addition or condition approved or imposed by the Grand Court and/or agreed by the Company and the Offeror
“Scheme Consideration”	has the meaning ascribed to it in the section headed “ <i>3. Terms of the Proposal – Events following the Scheme becoming effective</i> ” in the Explanatory Memorandum
“Scheme Document”	this composite scheme document of the Company and the Offeror issued to all Shareholders containing, among other things, further details of the Proposal and the Scheme, a letter from the Board, a letter of advice from the Independent Financial Adviser, the recommendations of the Independent Board Committee and notices to convene the Court Meeting and the EGM, together with the expected timetable in relation to the Proposal and the Scheme and the Explanatory Memorandum as required under the Companies Act and the rules of the Grand Court
“Scheme Record Date”	Friday, 5 December 2025 or such other date as shall have been announced to the Shareholders, being the record date for the purpose of determining the entitlements of the Scheme Shareholders to the Scheme Consideration under the Scheme
“Scheme Share(s)”	the Share(s) in issue on the Voting Record Date and/or the Scheme Record Date, as the case may be

“Scheme Shareholder(s)”	(i) for the purpose of the Court Meeting, the registered holders of the Scheme Shares as at the Voting Record Date (excluding the OCP Scheme Shareholders as a class, if the Grand Court waives the requirement for a separate class meeting in accordance with Practice Direction 2010); and (ii) for the purpose of the Scheme, the registered holders of the Scheme Shares as at the Scheme Record Date
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of US\$0.00001 each in the share capital of the Company
“Share Registrar”	Computershare Hong Kong Investor Services Limited, the Hong Kong branch share registrar of the Company
“Shareholder(s)”	registered holder(s) of the Shares
“Shareholders’ Agreement”	the shareholders’ agreement dated 12 August 2025 entered into among the Consortium Members and TopCo, the principal terms of which are set out in the section headed “ <i>10. Arrangements Material to the Proposal – Shareholders’ Agreement</i> ” in the Explanatory Memorandum
“Special Deal”	the Rollover Arrangement in respect of the Founder Scheme Shares in accordance with the terms of the Consortium Agreement, together with the arrangement, rights and benefits available to the Founder Entities under the Shareholders’ Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“TopCo”	TPG Knight Topco Limited, an exempted company incorporated in the Cayman Islands with limited liability

“TPG Asia VII”	TPG Asia VII SF Pte. Ltd., a company incorporated in Singapore with limited liability, which is ultimately controlled by TPG Inc.
“TPG Entities”	TPG Asia VII, Keyhole and Knight Success, the operations of which are under the responsibility of TPG Asia GenPar VII Advisors, Inc.
“TPG Scheme Share Cancellation Consideration”	the consideration to be received by TPG Asia VII and Keyhole for the cancellation of the TPG Scheme Shares under the Scheme, being the crediting of the relevant portion of the unpaid TopCo shares held by TPG Asia VII and Keyhole as being fully paid in an amount equivalent to the aggregate amount of the Cancellation Price per Scheme Share with respect to the TPG Scheme Shares
“TPG Scheme Shares”	216,190,500 Shares held by Keyhole Holding, representing approximately 17.90% of the issued share capital of the Company
“Unallocated RSU Shares”	has the meaning ascribed to it in the section headed “4. <i>RSU Plan</i> ” in the Explanatory Memorandum. As at the Latest Practicable Date, the number of Unallocated RSU Shares is 26,425,000 Shares
“Undisturbed Date”	30 June 2025, being the last trading day prior to when there were irregular trading volumes (as evidenced by the trading volume for the two consecutive trading days immediately following the Undisturbed Date being significantly higher than the average daily trading volume for the 12 months prior thereto) and price movements (as evidenced by the change in closing prices for the two consecutive trading days immediately following the Undisturbed Date being significantly higher than Hang Seng Index, Hang Seng Healthcare Index, and those of issuers in the same sector which are listed on the Stock Exchange) in the Shares
“US” or “United States”	the United States of America
“US\$”	United States dollars, the lawful currency of the United States

“Voting Record Date”	Monday, 10 November 2025, or such other date as shall have been announced to the Shareholders, being the record date for the purpose of determining the entitlement of Scheme Shareholders to attend and vote at the Court Meeting and the entitlement of Shareholders to attend and vote at the EGM
“Weijing Medical”	Hangzhou Kangji Wiseking Medical Robot Co., Ltd., a company incorporated in the PRC on 28 December 2021, an associate of the Company which is primarily engaged in the research and development of, and production of surgical robotic products and instruments for laparoscopic surgery in the PRC
“%”	per cent

All references in this Scheme Document to times and dates are references to Hong Kong times and dates, except as otherwise specified and other than references to the expected date of the Grand Court Hearing and the Effective Date, which are the relevant dates in Cayman Islands.

**The timetable set out below is indicative only and is subject to change.** Any changes to the timetable will be jointly announced by the Offeror and the Company. Unless otherwise specified, all times and dates refer to Hong Kong local times and dates.

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

Despatch of this Scheme Document. . . . . Monday, 13 October 2025

Latest time for lodging transfers of Shares in order to  
qualify for entitlements to attend and vote at the  
Court Meeting and the EGM . . . . . 4:30 p.m. on Monday, 3 November 2025

Register of members of the Company closed for  
determining entitlements to attend and vote at the  
Court Meeting and the EGM (*Note 1*) . . . . . Tuesday, 4 November 2025  
to Monday, 10 November 2025  
(both days inclusive)

Latest time for lodging **pink** forms of proxy in  
respect of Court Meeting (*Note 2*) . . . . . 10:00 a.m. on Saturday, 8 November 2025

Latest time for lodging **white** forms of  
proxy in respect of EGM (*Note 2*) . . . . . 10:30 a.m. on Saturday, 8 November 2025

Voting Record Date. . . . . Monday, 10 November 2025

Court Meeting (*Notes 2 and 3*) . . . . . 10:00 a.m. on Monday, 10 November 2025

EGM (*Notes 2 and 3*) . . . . . 10:30 a.m. on Monday, 10 November 2025  
(or immediately after the  
later of conclusion and  
adjournment of the Court Meeting)

Announcement of the results of the  
Court Meeting and the EGM . . . . . no later than 7:00 p.m.  
on Monday, 10 November 2025

Expected last time for trading of Shares on the Stock Exchange . . . . . 4:10 p.m. on  
Tuesday, 11 November 2025

Latest time for lodging transfers of Shares in

order to qualify for entitlements under the Scheme . . . . . 4:30 p.m. on Monday, 17 November 2025

Register of members of the Company closed for

determining entitlements under the Scheme (*Note 4*) . . . . . from Tuesday, 18 November 2025 onwards

Grand Court Hearing . . . . . Monday, 1 December 2025 (Cayman Islands time)

Announcement of (1) the results of the

Grand Court Hearing, (2) the expected Effective Date

and (3) the expected date of withdrawal of listing of

Shares on the Stock Exchange . . . . . at or before 8:30 a.m.  
on Tuesday, 2 December 2025

Scheme Record Date . . . . . Friday, 5 December 2025

Effective Date (*Note 5*) . . . . . Friday, 5 December 2025 (Cayman Islands time)

Announcement of (1) the Effective Date and

(2) the expected date of withdrawal of

listing of Shares on the Stock Exchange . . . . . at or before 8:30 a.m. on Monday, 8 December 2025

Expected withdrawal of listing of Shares on

the Stock Exchange becomes effective. . . . . 4:00 p.m. on Tuesday, 9 December 2025

Latest time to despatch cheques for the

cash payment under the Scheme (*Note 6*) . . . . . on or before Tuesday, 16 December 2025

*Notes:*

1. The register of members of the Company will be closed during such period for the purpose of determining entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and of the Shareholders to attend and vote at the EGM. For the avoidance of doubt, this period of closure is not for determining entitlements under the Scheme.
2. The pink form of proxy in respect of the Court Meeting and the white form of proxy in respect of the EGM should be completed and signed in accordance with the instructions respectively printed thereon and should be lodged at the office of the Share Registrar, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by the times and dates stated above. The pink form of proxy for use at the Court Meeting and the white form of proxy for use at the EGM should be lodged no later than the time and date stated above. In the case of the pink form of proxy in respect of the Court Meeting (but not the white form of proxy in respect of the EGM), it may also be handed to the chairman of the Court Meeting (who will have absolute discretion on whether or not to accept it) at the Court Meeting if it is not so lodged. The white form of proxy in respect of the EGM will not be valid if it is not so lodged. The completion and return of a form of proxy for the Court Meeting and/or the EGM will not preclude a member from attending and voting in person at the relevant meeting or any adjournment thereof if he, she or it so wishes. In such event, the returned form of proxy will be revoked by operation of law.

3. The Court Meeting and the EGM will be held at United Conference Centre, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong at the times and dates specified above. Please refer to the notice of Court Meeting set out in Appendix IV to this Scheme Document and the notice of EGM set out in Appendix V to this Scheme Document for details. If a tropical cyclone warning signal No. 8 or above is or is expected to be hoisted or a black rainstorm warning signal or “extreme conditions” as announced by the government of Hong Kong is or is expected to be in force at any time after 8:00 am on the date of the Court Meeting and the EGM, the Court Meeting and the EGM may be adjourned. The Company may post an announcement on the respective websites of the Stock Exchange and the Company to notify the Scheme Shareholders and Shareholders (as the case may be) of the date, time and venue of the reconvened meetings.
4. The register of members of the Company will be closed during such period for the purpose of determining the Scheme Shareholders who are qualified for the entitlements under the Scheme.
5. The Scheme will become effective upon all the Conditions set out in the paragraph headed “6. *Conditions of the Proposal*” in the Explanatory Memorandum having been fulfilled or waived (as applicable). The Scheme shall become effective when a copy of the order of the Grand Court sanctioning the Scheme (with or without modification) under section 86 of the Companies Act and confirming the Capital Reduction is delivered and registered by the Registrar of Companies in the Cayman Islands.
6. Cheques for entitlements of Scheme Shareholders will be despatched by ordinary post in postage pre-paid envelopes addressed to the relevant Scheme Shareholders at their respective addresses as appearing in the register of members of the Company as at the Scheme Record Date or, in the case of joint holders, at the address appearing in the register of members of the Company as at the Scheme Record Date of the joint holder whose name then stands first in the register of members of the Company in respect of the relevant joint holding as soon as possible but in any event no later than seven (7) Business Days after the Effective Date. Cheques shall be posted at the risk of the addressees and none of the Offeror, the Offeror Concert Parties, the Company, J.P. Morgan, the Independent Financial Adviser and the Share Registrar and their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal shall be responsible for any loss or delay in the despatch of the same.

If there is a “black” rainstorm warning or a tropical cyclone warning signal No. 8 or above or extreme conditions announced by the government of Hong Kong:

- (a) in force in Hong Kong at 12:00 noon but no longer in force after 12:00 noon on the latest date for despatching cheques for the entitlements of Scheme Shareholders by ordinary post, such date will remain on the same Business Day; or
- (b) in force in Hong Kong at 12:00 noon and/or thereafter on the latest date for despatching cheques for the entitlements of Scheme Shareholders by ordinary post, such date will be rescheduled to the following Business Day which will not have any of such warnings or conditions in force in Hong Kong at 12:00 noon and/or thereafter or such other day as the Executive may approve in accordance with the Takeovers Code.



**KANGJI 康基**

**Kangji Medical Holdings Limited**

**康基医疗控股有限公司**

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

**(Stock Code: 9997)**

**Executive Directors**

Mr. ZHONG Ming (*Chairman*)

Ms. SHENTU Yinguang

Mr. YIN Zixin

**Non-executive Director**

Ms. CAI Li

**Independent Non-executive Directors**

Mr. JIANG Feng

Mr. GUO Jian

Mr. CHEN Weibo

**Registered office**

Appleby Global Services (Cayman) Limited

71 Fort Street

P. O. Box 500

George Town

Grand Cayman KY1-1106

Cayman Islands

**Corporate headquarters**

No. 1668 Chunjiang East Road

Tonglu Economic Development Zone

Hangzhou, Zhejiang Province

PRC

**Principal place of business in Hong Kong**

Flat 1007B, 10/F, Harbour Crystal Centre

100 Granville Road, Kowloon

Hong Kong

13 October 2025

*To the Shareholders*

Dear Sir or Madam,

**(1) PROPOSAL FOR THE PRIVATISATION OF KANGJI MEDICAL HOLDINGS LIMITED BY THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT**

**UNDER SECTION 86 OF THE COMPANIES ACT**

**(2) PROPOSED WITHDRAWAL OF LISTING OF KANGJI MEDICAL HOLDINGS LIMITED**

**AND**

**(3) SPECIAL DEAL IN RELATION TO THE ROLLOVER ARRANGEMENT AND SHAREHOLDERS' AGREEMENT**

**1. SCHEME OF ARRANGEMENT**

Reference is made to the Joint Announcement dated 12 August 2025 jointly issued by the Company and the Offeror pursuant to Rule 3.5 of the Takeovers Code in relation to the Proposal. On 17 July 2025, the Offeror requested the Board to put forward the Proposal to the Shareholders for the privatisation of the Company by way of a scheme of arrangement under section 86 of the Companies Act. Upon completion of the Proposal, the Company will become a wholly-owned subsidiary of the Offeror and the listing of the Shares will be withdrawn from the Stock Exchange.

Upon satisfaction of the Pre-Conditions, the Proposal will be implemented by way of the Scheme. Pursuant to the Scheme, the Scheme Shares will be cancelled and the Scheme Shareholders (excluding holders of the Founder Scheme Shares and the TPG Scheme Shares) will receive HK\$9.25 in cash for each Scheme Share. As disclosed in the announcement dated 3 September 2025 jointly issued by the Company and the Offeror, the Pre-Conditions were satisfied on 3 September 2025.

Pursuant to the Scheme, the Founder Scheme Shares and the TPG Scheme Shares will be cancelled in consideration for the Founder Scheme Share Cancellation Consideration and the TPG Scheme Share Cancellation Consideration, respectively. Upon completion of the Scheme, the Company will become wholly owned by the Offeror.

As at the Latest Practicable Date, there are no outstanding dividends which have been declared by the Company and not yet paid. If, after the Latest Practicable Date, any other dividend and/or distribution and/or return of capital is announced, declared or paid in respect of the Shares, the Offeror will reduce the Cancellation Price by the amount or value of such dividend, distribution and/or, as the case may be, return of capital after consultation with the Executive, in which case any reference in the Joint Announcement, this Scheme Document or any other announcement or document to the Cancellation Price will be deemed to be a reference to the Cancellation Price as so reduced. The Company has confirmed that it does not intend to announce, declare or pay any other dividend, distribution or return of capital before the Long Stop Date.

If the Proposal is approved and implemented:

- (a) the Founder Scheme Shares (comprising Founder Rollover Shares and Founder Consideration Shares) will be cancelled and extinguished on the Effective Date in exchange for the Founder Scheme Share Cancellation Consideration;
- (b) the TPG Scheme Shares will be cancelled and extinguished on the Effective Date in exchange for the TPG Scheme Share Cancellation Consideration;
- (c) all other Scheme Shares held by the Scheme Shareholders will be cancelled and extinguished on the Effective Date in exchange for the Cancellation Price;

- (d) the Directors will, on the Effective Date, be authorised to allot and issue to the Offeror contemporaneously with the cancellation and extinguishment of the Scheme Shares the same number of new Shares, credited as fully paid, as the number of Scheme Shares cancelled and extinguished. The credit arising in the books of accounts of the Company as a result of the cancellation of the Scheme Shares will be applied in paying up in full value the new Shares so allotted and issued to the Offeror; and
- (e) the Company will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules and such withdrawal is expected to take place as soon as reasonably practicable following the Scheme becoming effective.

The consideration payable under the Scheme for the Scheme Shares as described in paragraphs (a), (b) and (c) above are collectively referred to as the “**Scheme Consideration**”.

For further details on the treatment of RSU Shares held by ESOP BVI, please refer to the section headed “2. *RSU Plan*” in this letter.

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

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

The Cancellation Price of HK\$9.25 represents:

- a premium of approximately 9.9% over the closing price of HK\$8.42 per Share as quoted on the Stock Exchange on the Last Trading Date;
- a premium of approximately 21.7% over the closing price of HK\$7.60 per Share as quoted on the Stock Exchange on 30 June 2025, being the Undisturbed Date;
- a premium of approximately 23.7% over the average closing price of approximately HK\$7.48 per Share based on the daily closing prices as quoted on the Stock Exchange for the five trading days up to and including the Undisturbed Date;

- a premium of approximately 11.9% over the average closing price of approximately HK\$8.27 per Share based on the daily closing prices as quoted on the Stock Exchange for the five trading days up to and including the Last Trading Date;
- a premium of approximately 23.3% over the average closing price of approximately HK\$7.50 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Undisturbed Date;
- a premium of approximately 11.5% over the average closing price of approximately HK\$8.30 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Date;
- a premium of approximately 20.0% over the average closing price of approximately HK\$7.71 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Undisturbed Date;
- a premium of approximately 17.4% over the average closing price of approximately HK\$7.88 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Date;
- a premium of approximately 23.5% over the average closing price of approximately HK\$7.49 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Undisturbed Date;
- a premium of approximately 19.4% over the average closing price of approximately HK\$7.75 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Date;
- a premium of approximately 29.7% over the average closing price of approximately HK\$7.13 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Undisturbed Date;
- a premium of approximately 25.7% over the average closing price of approximately HK\$7.36 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Date;
- a premium of approximately 36.2% over the average closing price of approximately HK\$6.79 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Undisturbed Date;

- a premium of approximately 33.1% over the average closing price of approximately HK\$6.95 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Date;
- a premium of approximately 47.3% over the average closing price of approximately HK\$6.28 per Share based on the daily closing prices as quoted on the Stock Exchange for the 360 trading days up to and including the Undisturbed Date;
- a premium of approximately 45.2% over the average closing price of approximately HK\$6.37 per Share based on the daily closing prices as quoted on the Stock Exchange for the 360 trading days up to and including the Last Trading Date;
- a premium of approximately 4.0% over the closing price of HK\$8.89 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- a premium of approximately 288.7% over the Group's net asset value attributable to the Shareholders of approximately HK\$2.38 per Share pursuant to the latest audited consolidated financial statements of the Company as at 31 December 2024, calculated based on the audited consolidated net asset value attributable to the Shareholders of approximately RMB2,628,895,000 as at 31 December 2024 (based on the exchange rate of HK\$1: RMB0.9130, the central parity rate published by the People's Bank of China on its website as at the Latest Practicable Date) and the number of Shares in issue as at the Latest Practicable Date (being 1,207,994,000 Shares); and
- a premium of approximately 293.6% over the Group's net asset value attributable to the Shareholders of approximately HK\$2.35 per Share pursuant to the unaudited consolidated financial statements of the Company as at 30 June 2025, calculated based on the unaudited consolidated net asset value attributable to the Shareholders of approximately RMB2,594,384,000 as at 30 June 2025 (based on the exchange rate of HK\$1: RMB0.9130, the central parity rate published by the People's Bank of China on its website as at the Latest Practicable Date) and the number of Shares in issue as at the Latest Practicable Date (being 1,207,994,000 Shares).

The trading volume on the Last Trading Date was 4,104,376 Shares. The average daily trading volume over the twelve-month period immediately up to and including the Undisturbed Date was approximately 2,581,109 Shares. The share price of the Company traded up by approximately 1.81% on the Last Trading Date and up by approximately 10.79% between the Undisturbed Date and the Last Trading Date. In contrast, the Hang Seng Index traded down by approximately 0.08% on the Last Trading Date and up by approximately 1.77% between the Undisturbed Date and the Last Trading Date.

The Cancellation Price of HK\$9.25 per Scheme Share has been determined on a commercial basis after taking into account, among other things, the following factors:

- (a) the recent and historical prices of the Shares traded on the Stock Exchange, including (i) the highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the 52-week period ended on and including the Undisturbed Date, being HK\$8.44 per Share on 19 March 2025, and HK\$5.01 per Share on 11 September 2024. respectively, (ii) the closing price of HK\$7.60 per Share as quoted on the Stock Exchange on the Undisturbed Date, and (iii) the average closing prices of the Shares as quoted on the Stock Exchange for 5, 10, 30, 60, 120, 180 and 360 trading days up to and including the Undisturbed Date;
- (b) the publicly available financial information of the Company, including the historical annual reports and interim reports; and
- (c) the premiums of the cancellation prices of successful privatisation proposals in recent years, involving companies listed on the Main Board of the Stock Exchange and excluding share exchange offers without payment of cash.

#### **Highest and lowest Share prices**

During the six-month period ended on and including the Undisturbed Date, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$8.44 on 19 March 2025 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$5.88 on 13 January 2025.

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$8.94 on 6 October 2025 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$6.03 on 13 February 2025.

During the 52-week period ended on and including the Undisturbed Date, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$8.44 on 19 March 2025 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$5.01 on 11 September 2024.

During the 52-week period ended on and including the Latest Practicable Date, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$8.94 on 6 October 2025 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$5.54 on 22 November 2024.

During the six-month period ended on and including the Last Trading Date, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$8.66 on 3 July 2025 and 4 July 2025, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$6.00 on 21 January 2025.

**2. RSU PLAN**

In connection with the RSU Plan, the Company allotted and issued to ESOP BVI, and ESOP BVI acquired on the market, a total of 46,810,000 Shares (i.e. the RSU Shares), representing approximately 3.88% of the issued share capital of the Company as at the Latest Practicable Date, for the purpose of satisfying RSUs granted under the RSU Plan as and when the RSUs are vested and exercised in accordance with the terms of the RSU Plan. Accordingly, when the RSUs are vested and exercised, no further Shares will be allotted and issued by the Company as an equivalent number of RSU Shares (being the existing limit in respect of the number of underlying Shares to be granted under the RSU Plan) are already held by ESOP BVI. No offer under Rule 13 of the Takeovers Code will be made to the outstanding RSUs granted under the RSU Plan, and all RSU Shares will form part of the Scheme Shares and be cancelled upon the Scheme becoming effective.

Pursuant to the terms of the RSU Plan and the RSU award agreements (including any amendments thereto) and in light of the Proposal, an RSU Holder will not have any rights of a holder of the underlying RSU Shares (including voting rights attaching to such underlying RSU Shares) unless and until the RSU Holder has satisfied all requirements for the purchase of the underlying RSU Shares before the Effective Date. As ESOP BVI is a concert party of the Offeror, ESOP BVI shall abstain from voting at the Court Meeting and the EGM notwithstanding that the RSU Shares form part of the Scheme Shares. For the avoidance of doubt, ESOP BVI is not considered to be an Independent Shareholder for the purposes of the Proposal.

In connection with the Proposal, ESOP BVI and the Offeror have entered into the ESOP Deed. Pursuant to the ESOP Deed, conditional upon the Scheme being effective and the Proposal being implemented, the Offeror shall pay ESOP BVI as follows:

- (a) in respect of RSU Shares (being 26,425,000 Shares) which are not attributable to any RSU (the “**Unallocated RSU Shares**”), upon the first anniversary of the Effective Date, the aggregate Cancellation Price, which ESOP BVI shall then pay to the Company;

- (b) in respect of RSU Shares which are attributable to vested RSUs that have been exercised prior to the Scheme Record Date:
  - (i) within seven Business Days from the Effective Date, the aggregate “see-through” price (being the Cancellation Price minus any unpaid portion of the exercise price of the vested and exercised RSU or a nominal amount of HK\$0.0000785 if such “see-through” price is negative), which ESOP BVI shall then promptly pay to the relevant RSU Holder(s);
  - (ii) upon the first anniversary of the Effective Date, the difference between the aggregate Cancellation Price and the aggregate “see-through” price mentioned in sub-paragraph (b)(i) above (i.e. the aggregate unpaid portion of the exercise price of the vested and exercised RSUs or the aggregate nominal amount if such “see-through” price is negative), which ESOP BVI shall then pay to the Company; and
- (c) in respect of RSU Shares which are attributable to RSUs that have not yet been exercised (whether vested or unvested) prior to the Scheme Record Date:
  - (i) within seven Business Days from the Effective Date, the aggregate “see-through” price (being the Cancellation Price minus the exercise price of any RSU or a nominal amount of HK\$0.0000785 if such “see-through” price is negative), which ESOP BVI shall then promptly pay to the relevant RSU Holder(s);
  - (ii) upon the first anniversary of the Effective Date, the difference between the aggregate Cancellation Price and the aggregate “see-through” price mentioned in sub-paragraph (c) (i) above, which ESOP BVI shall then pay to the Company,

(the consideration payable to ESOP BVI in accordance with paragraphs (a), (b) and (c) above, collectively the “**RSU Scheme Share Cancellation Consideration**”; and the deferred settlement arrangement referred to in paragraphs (a), (b) (ii) and (c) (ii) above, collectively the “**Deferred Settlement Arrangement**”).



As at the Latest Practicable Date, ESOP BVI holds 46,810,000 Shares and the Company has granted the following RSUs (excluding cancelled or lapsed RSUs) under the RSU Plan:

Exercise Price (RMB)	Exercise Price (HK\$)	“See-through” price (HK\$)	Number of granted RSUs	Number of vested and exercised RSUs	Number of vested and unexercised RSUs	Number of unvested RSUs
6.448	7.087 <sup>1</sup>	3.049 <sup>2</sup>	16,860,000	12,735,000	–	–
		3.206 <sup>2</sup>		4,125,000	–	–
N/A	9.036	0.214 <sup>3</sup>	2,525,000	–	2,020,000	505,000
N/A	9.000	0.250 <sup>4</sup>	1,000,000	–	1,000,000	–

*Notes:*

- (1) This is based on the exchange rate of HK\$1:RMB0.9098, being the central parity rate published by the People’s Bank of China on its website as at the date of the Joint Announcement. For reference, the central parity rate published by the People’s Bank of China on its website as at the Latest Practicable Date is HK\$1: RMB0.9130 and the exercise price (expressed in HK\$) is HK\$7.062.
- (2) As 87.49% and 85.28% of the exercise price per RSU has not been paid, the “see-through” price will be HK\$3.049 and HK\$3.206 per RSU Share respectively, being the difference between the Cancellation Price and the unpaid portion of the exercise price of the RSU.
- (3) The “see-through” price will be HK\$0.214 per RSU Share, being the difference between the Cancellation Price and the exercise price of such RSU.
- (4) The “see-through” price will be HK\$0.250 per RSU Share, being the difference between the Cancellation Price and the exercise price of such RSU.

The Company will not grant further RSUs under the RSU Plan between (a) the date of the Joint Announcement and (b) (i) the date on which the Scheme becomes effective, or (ii) if the Scheme is not approved or does not become effective, or the Proposal otherwise lapses or is withdrawn, the date on which the Scheme is not approved or does not become effective or the Proposal otherwise lapses or is withdrawn (as the case may be). The RSU Plan will be collapsed as soon as reasonably practicable after the Effective Date.

**3. CONDITIONS OF THE PROPOSAL**

Your attention is drawn to the section headed “6. *Conditions of the Proposal*” in Part VII – Explanatory Memorandum of this Scheme Document.

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

**4. SPECIAL DEAL IN RELATION TO THE ROLLOVER ARRANGEMENT AND SHAREHOLDERS’ AGREEMENT**

The Offeror proposes that, upon the Scheme becoming effective, the Founder Entities will (i) roll over the Founder Rollover Shares in consideration for the crediting of unpaid TopCo shares held by the Founder Entities as fully paid, and (ii) receive the Founder Consideration as consideration for the cancellation of the Founder Consideration Shares, in each case in accordance with the terms of the Consortium Agreement. The Founder Consideration comprises cash to be paid to the Founder Entities and the Convertible Note to be issued to Fortune Spring ZM, representing the aggregate consideration for the cancellation of the Founder Consideration Shares.

On 12 August 2025, the Consortium Members and TopCo entered into the Shareholders’ Agreement in respect of the future governance of TopCo. The Founder Entities (as well as other Consortium Members) will be entitled to certain rights under the Shareholders’ Agreement upon the Scheme becoming effective.

Please refer to the section headed “7. *Arrangements Material to the Proposal*” in this letter for a summary of the principal terms of the Consortium Agreement and the Shareholders’ Agreement.

The principal terms of the Convertible Note to be issued to Fortune Spring ZM are as follows:

<b>Issuer:</b>	TopCo
<b>Principal amount:</b>	HK\$390 million
<b>All-in costs:</b>	Arrangement Fee plus the Interest Rate

<b>Maturity date:</b>	90 months from the issue date (subject to extension to six months after the final maturity date of the external debt financing)
<b>Conversion and redemption rights:</b>	<p>The holder of the Convertible Note may (i) freely convert the Convertible Note into shares of TopCo in the event of a Qualified Financing; or (ii) request TopCo to redeem the Convertible Note in the event of a Sale Transaction or an initial public offering of TopCo or any TopCo Group Company.</p> <p>TopCo may voluntarily redeem the Convertible Note in the event of: (i) a Qualified Financing where the holder of the Convertible Note does not exercise its conversion right; (ii) a Sale Transaction or an initial public offering of TopCo or any TopCo Group Company, in each case not qualifying as a Qualified Financing; or (iii) a Mandatory Event.</p>
<b>Conversion period:</b>	Anytime prior to maturity
<b>Conversion price:</b>	HK\$9.25 per share in TopCo (i.e. equivalent to the Cancellation Price)

As the Special Deal is a special arrangement offered to the Founder Entities only and not offered to all Shareholders, the Special Deal constitutes a special deal and requires the consent of the Executive under Rule 25 of the Takeovers Code.

The Offeror has made an application to the Executive for consent in relation to the Special Deal. The Executive's consent, if granted, will normally be conditional upon the Independent Financial Adviser confirming to the Independent Board Committee that the terms of the Special Deal are fair and reasonable, and the passing of an ordinary resolution by the Independent Shareholders at a general meeting of the Company to approve the Special Deal. The Offeror Concert Parties will abstain from voting on the Special Deal at the EGM.

Please refer to the letter from the Independent Financial Adviser as set out in Part VI of this Scheme Document for the recommendation of the Independent Financial Adviser.

**5. IRREVOCABLE UNDERTAKING**

On 12 August 2025, the IU Shareholder entered into an Irrevocable Undertaking in favour of the Offeror, pursuant to which the IU Shareholder has undertaken:

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

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

As at the Latest Practicable Date, the IU Shareholder is interested in an aggregate of 1,255,500 Shares, representing approximately 0.10% of the issued share capital of the Company.

Your attention is drawn to the section headed "*9. Irrevocable Undertaking*" in Part VII – Explanatory Memorandum of this Scheme Document.

**6. SHAREHOLDING STRUCTURE OF THE COMPANY**

Your attention is drawn to the sections headed "*11. Shareholding Structure of the Company*" and "*4. RSU Plan*" in Part VII – Explanatory Memorandum of this Scheme Document.

**7. ARRANGEMENTS MATERIAL TO THE PROPOSAL****Consortium Agreement**

On 12 August 2025, the Consortium Members and TopCo entered into the Consortium Agreement, pursuant to which the parties have agreed to conduct and implement the Proposal in consultation with one another and for TopCo to have the shareholding structure as further described in the section headed "*15. Information on the Offeror, the Offeror Concert Parties and the Consortium*" in Part VII – Explanatory Memorandum of this Scheme Document.

Pursuant to the Consortium Agreement:

- (a) conditional upon the Scheme being effective, on the Effective Date:
  - (i) all Scheme Shares will be cancelled and such number of new Shares as is equal to the number of Scheme Shares cancelled will be issued to the Offeror, credited as fully paid;
  - (ii) in consideration for the issuance of Shares pursuant to paragraph (i) above, the Offeror shall credit unpaid Offeror Shares as fully paid as follows:
    - (1) 294,217,091 Offeror Shares, representing approximately 40.00% of the issued Offeror Shares and the deemed capital contribution with respect to the Founder Rollover Shares by virtue of the Scheme taking place; and
    - (2) 216,190,499 Offeror Shares, representing approximately 29.39% of the issued Offeror Shares and the deemed capital contribution with respect to the TPG Scheme Shares by virtue of the Scheme taking place;
  - (iii) in consideration for the crediting of Offeror Shares pursuant to paragraph (ii) above, MidCo shall credit 510,407,590 unpaid MidCo shares as fully paid, representing approximately 69.39% of the issued MidCo shares; and
  - (iv) in consideration for the crediting of MidCo shares pursuant to paragraph (iii) above, TopCo shall credit 510,407,590 unpaid TopCo shares as fully paid, representing approximately 69.39% of the issued TopCo shares, comprising 294,217,091, 179,336,394 and 36,854,105 TopCo shares held by the Founder Entities, TPG Asia VII and Keyhole, respectively;
- (b) conditional upon the Scheme being effective, within one Business Day from the Effective Date:
  - (i) each of Knight Success, NewQuest V and Al-Rayyan Holding shall pay their respective equity investment amounts in cash to TopCo, upon which all the unpaid TopCo shares held by each of Knight Success, NewQuest V and Al-Rayyan Holding shall be credited as fully paid, collectively representing approximately 30.61% of the issued TopCo shares;

- (ii) upon payment of the aggregate equity investment amount to TopCo pursuant to paragraph (i) above, TopCo shall make payment of such equity investment amount to Midco, and Midco shall credit all the remaining unpaid MidCo shares held by TopCo as fully paid, representing approximately 30.61% of the issued MidCo shares; and
- (iii) upon payment of the aggregate equity investment amount to MidCo pursuant to paragraph (ii) above, MidCo shall make payment of such equity investment amount to the Offeror, and the Offeror shall credit all the remaining unpaid Offeror Shares held by MidCo as fully paid, representing approximately 30.61% of the issued Offeror Shares;
- (c) each of Knight Success, NewQuest V and Al-Rayyan Holding has agreed that for the purpose of effecting the steps pursuant to paragraphs (b) (i) to (b) (iii) above, each of Knight Success, NewQuest V and Al-Rayyan Holding shall pay or procure the payment of such equity investment amount to the Offeror directly; and
- (d) conditional upon the Scheme being effective, the Offeror and TopCo shall settle the consideration for the Founder Consideration Shares, of which 303,620,746 Shares will be settled at the Cancellation Price in the same manner as other Independent Shareholders and the remaining 42,162,163 Shares will be settled by the issuance of the Convertible Note.

Please refer to the section headed “*4. Special Deal in relation to the Rollover Arrangement and the Shareholders’ Agreement*” in this letter for a summary of the principal terms of the Convertible Note.

The Consortium Agreement will be terminated if the Scheme lapses or is withdrawn.

#### **Shareholders’ Agreement**

On 12 August 2025, the Consortium Members and TopCo entered into the Shareholders’ Agreement in respect of the future governance of TopCo, which will indirectly hold 100% of the issued share capital of the Company. A summary of key provisions of the Shareholders’ Agreement is set out below:

#### **Voting rights:**

Each ordinary share in TopCo will be voting and each will carry one vote.

**Composition of the TopCo Board:**

The board of directors of TopCo (the “**TopCo Board**”) will consist of seven members upon the completion of the Proposal, of which (i) three directors are appointed based on the collective shareholding of the Founder Entities and (ii) four directors are appointed based on the collective shareholding of the TPG Entities, NewQuest V and Al-Rayyan Holding.

**Reserved matters:**

The TopCo Board will be responsible for the supervision and management of TopCo and its operations. Subject to certain shareholding requirement, each of (i) TPG Entities, collectively and (ii) Fortune Spring ZM or another affiliate of Mr. Zhong shall have a veto right over a number of reserved matters, including, among other things, incurrence of certain material indebtedness, certain material acquisitions, dispositions or other transactions, non-pro rata dividend or distribution or dividend or distribution in certain cases, certain changes to the capital structure of TopCo, MidCo, the Offeror and the Company, certain non-pro rata redemption, creation or issuance of shares having preference to existing ordinary shares of TopCo, adoption of equity incentive plan over a certain threshold and material amendments thereto, certain related party transactions, certain changes to the constitutional documents of TopCo or any other subsidiary of TopCo (each a “**TopCo Group Company**” and collectively, the “**TopCo Group**”), material changes to the nature of the TopCo Group’s business, material changes to accounting methods or policies, certain material tax changes, entering into material joint ventures, initiating or settling material litigation and liquidation or winding-up of any major TopCo Group Company.

**Management:**

Upon the completion of the Proposal, Mr. Zhong will continue to serve as the Chief Executive Officer of TopCo.

**Non-Compete:**

For as long as Mr. Zhong, Ms. Shentu and their respective affiliates' collective shareholding in TopCo is no less than 15%, Mr. Zhong, Ms. Shentu and their respective affiliates shall not invest in certain competing businesses, with certain customary exceptions.

For as long as TPG and its affiliates' collective shareholding in TopCo is no less than 15%, TPG shall not invest in certain competing businesses, with certain customary exceptions.

**Pre-emptive rights:**

Each shareholder of Topco shall have pre-emptive rights to participate in any future issuance of new securities by TopCo, subject to customary exceptions.

**Exit:**

TPG has the right to cause a public offering of TopCo or any other TopCo Group Company, and TPG has the right to initiate a Sale Transaction (such Sale Transaction initiated by TPG, a “**Drag Sale**”), in each case, (a) if such right is exercised within the first three years from the Effective Date, that delivers an internal rate of return of 8% to the other shareholders of TopCo; and (b) if such right is exercised within the fourth year from the Effective Date, at a price that implies a valuation of each TopCo share which is no less than the Cancellation Price.



**Lock-up:**

The Founder Entities are subject to three independent and separate lock-up restrictions with respect to all or a certain portion of their TopCo shares, as described below. The termination, expiration or inapplicability of any of these lock-up restrictions does not affect the applicability or validity of the other lock-up restrictions. The Founder Entities are subject to:

- (a) a lock-up with respect to all of their TopCo shares for as long as Mr. Zhong is the CEO or Chairman of the Company or otherwise exercises indirect control over the Company (including the ability to direct the management and policies of the Company, or to ensure the affairs of the Company are conducted in accordance with his wishes);
- (b) a separate lock-up with respect to all of their TopCo shares within the first four years after completion of the Proposal as long as the other Consortium Members have not collectively transferred their TopCo shares to any third parties in excess of 20% of the number of TopCo shares immediately after the Scheme having become effective (the “**20% Quota**”); and
- (c) for as long as any of the other Consortium Members holds any TopCo shares, another separate lock-up with respect to their TopCo Shares if the transfer of such TopCo shares would result in the Founder Entities ceasing to hold at least 15% of the number of TopCo shares immediately after the Scheme having become effective (the “**15% Threshold**”).

The above described lock-up restrictions are subject to customary exceptions, such as customary permitted transfers and the exercise of tag along right.

**Right of First Offer:**

In the event any TopCo shareholder transfers its TopCo shares to a third party, each Consortium Member will have a right of first offer, provided that any transfer of TopCo shares by Consortium Members other than the Founder Entities within the 20% Quota will not be subject to the right of first offer.

**Tag Along:**

Subject to the right of first offer described above, in the event any TopCo shareholder transfers its TopCo shares to a third party, each other TopCo shareholder (the “**Tag Participant**”) will have a tag along right with respect to a number of TopCo shares held by such Tag Participant up to a certain cap (the “**Tag-Along Entitlement**”), subject to the lock-up described above.

The Tag-Along Entitlement will be allocated among the Tag Participants in the following manner and may be exercised by the Tag Participants in the following order of priority, unless agreed otherwise by the relevant Tag Participant(s):

- (a) firstly, if the 20% Quota has not been fully utilised, pro rata among the TPG Entities, NewQuest V and Al-Rayyan Holding (each, to the extent it is a Tag Participant) until the 20% Quota is fully utilised;
- (b) secondly, among all Tag Participants (including the Founder Entities, if the relevant transferor is not a Founder Entity and the Founder Entities have exercised their tag along right) on a pro rata basis, until any further allocation would cause the Founder Entities’ collective shareholding to drop below the 15% Threshold;
- (c) thirdly, pro rata among the TPG Entities, NewQuest V and Al-Rayyan Holding (each, to the extent it is a Tag Participant); and
- (d) lastly, among the remaining Tag Participants (including the Founder Entities, if the relevant transferor is not a Founder Entity and the Founder Entities have exercised their tag along right) on a pro rata basis.

**Information and inspection rights:**

Each shareholder of TopCo is entitled to receiving the annual and quarterly financial statements of TopCo, and each shareholder meeting the minimum shareholding requirement as set out in the Shareholders' Agreement is entitled to enhanced information rights and inspection rights, including receiving the annual budget of TopCo, discussion with TopCo's management and inspection of TopCo Group's books and records.

**Termination:**

The Shareholders' Agreement shall (a) terminate (i) by the parties' written agreement, (ii) upon all TopCo shares being held by one shareholder, (iii) upon the consummation of a Drag Sale implemented at TopCo level, or (iv) upon completion of the winding up and distribution of assets of TopCo and (b) terminate with respect to any party if such party ceases to hold any TopCo shares. Certain terms of the Shareholders' Agreement, including board nomination rights, reserved matters, pre-emptive rights and information rights as described above, will be terminated upon a public offering of TopCo.

**8. FINANCIAL RESOURCES**

On the assumption that there is no other change in the issued share capital of the Company and no additional RSUs will be granted by the Company on or before the Scheme Record Date, and taking into consideration that the Founder Scheme Shares and the TPG Scheme Shares will be cancelled in consideration for the Founder Scheme Share Cancellation Consideration and the TPG Scheme Share Cancellation Consideration respectively, the Proposal will involve the cancellation of 697,586,409 Scheme Shares (including the Founder Consideration Shares) in exchange for the Cancellation Price of HK\$9.25 per Scheme Share in cash to the relevant Scheme Shareholders and the Convertible Note to be issued to Fortune Spring ZM. Therefore, the maximum amount of cash consideration immediately payable under the Proposal to implement the Scheme (for the avoidance of doubt, excluding the principal amount of the Convertible Note and the deferred aggregate Cancellation Price in respect of the Unallocated RSU Shares as agreed under the ESOP Deed) would be approximately HK\$5,818,243,026 (assuming all RSUs are vested and exercised on or prior to the Scheme Record Date and the relevant exercise price of such vested and exercised RSUs having been paid in full).

Upon the Scheme becoming effective, cheques for entitlements under the Scheme at the Cancellation Price of HK\$9.25 per Scheme Share will be paid by the Offeror to the Scheme Shareholders whose names appear on the register of members of the Company on the Scheme Record Date (other than (i) the Founder Entities in respect of the Founder Rollover Shares and the Founder Consideration Shares to be cancelled in exchange for the Convertible Note, (ii) Keyhole Holding in respect of the TPG Scheme Shares and (iii) ESOP BVI in respect of the RSU Shares to the extent subject to the Deferred Settlement Arrangement) as soon as possible but in any event no later than seven (7) Business Days after the Effective Date.

The Offeror intends to finance the cash amount immediately payable under the Proposal through binding equity commitment letters from TPG Asia VII Finance, L.P. (being HK\$387.5 million), NewQuest Asia Fund V, L.P. (being HK\$310.0 million) and Al-Rayyan Holding (being HK\$1,385.0 million) and external debt financing.

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

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

The Offeror is of the view that the terms of the Proposal are attractive and beneficial to the Scheme Shareholders and the Company. The reasons for and benefits of the Proposal from the perspective of the Scheme Shareholders and the Company are set forth in the section headed “*12. Reasons for and Benefits of the Proposal*” in Part VII – Explanatory Memorandum of this Scheme Document.

#### **10. INTENTION OF THE OFFEROR IN RESPECT OF THE GROUP**

Your attention is drawn to the section headed “*13. The Offeror’s Intention in relation to the Group*” in Part VII – Explanatory Memorandum of this Scheme Document.

The Board is pleased to note that, it is the intention of the Offeror for the Group to continue to carry on its existing business and the Offeror does not have any plan to make any material change (other than in the ordinary course of business) to: (a) the business of the Group (including any redeployment of any fixed asset of the Group); or (b) the continued employment of the employees of the Group.

#### **11. INFORMATION ON THE OFFEROR, THE OFFEROR CONCERT PARTIES AND THE CONSORTIUM**

Your attention is drawn to the section headed “*15. Information on the Offeror, the Offeror Concert Parties and the Consortium*” in Part VII – Explanatory Memorandum of this Scheme Document.

**12. WITHDRAWAL OF LISTING OF SHARES**

Upon the Scheme becoming effective in accordance with its terms, all Scheme Shares will be cancelled (with the equivalent number of new Shares being issued as fully paid to the Offeror) and the share certificates in respect of the Scheme Shares will thereafter cease to have effect as documents or evidence of title.

Subject to the Scheme becoming effective, the Company does not intend to maintain its listing status and will apply to the Stock Exchange for the withdrawal of the listing of the Shares from the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules and such withdrawal is expected to take place as soon as reasonably practicable following the Scheme becoming effective.

The Shareholders will be notified by way of an announcement of the exact dates of the last day for dealing in the Shares on the Stock Exchange and the day on which the Scheme and the withdrawal of the listing of the Shares from the Stock Exchange will become effective. For further details, please refer to the Expected Timetable set out in Part III of this Scheme Document.

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

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

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with the Offeror in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, (i) announce an offer or possible offer for the Company, or (ii) acquire any voting rights of the Company if the Offeror or persons acting in concert with it would thereby become obliged under Rule 26 of the Takeovers Code to make an offer, in each case except with the consent of the Executive. The Offeror has no intention to seek such consent.

If the Independent Board Committee or the Independent Financial Adviser does not recommend the Proposal, and the Scheme is not approved, all expenses incurred by the Company in connection therewith shall be borne by the Offeror in accordance with Rule 2.3 of the Takeovers Code. For details, please refer to the section headed “23. *Costs of the Scheme*” in Part VII – Explanatory Memorandum of this Scheme Document.

**14. OVERSEAS SHAREHOLDERS**

Your attention is drawn to the section headed “*19. Overseas Holders of the Scheme Shares*” in Part VII – Explanatory Memorandum of this Scheme Document.

**15. COURT MEETING AND EGM**

In accordance with the directions of the Grand Court, the Court Meeting will be held at 10:00 a.m. (Hong Kong time) on 10 November 2025 at United Conference Centre, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong. The EGM will be held at the same place and on the same date at 10:30 a.m. (Hong Kong time) (or immediately after the later of conclusion and adjournment of the Court Meeting).

For the purpose of exercising your right to vote at the Court Meeting and/or the EGM, you are requested to read carefully the sections headed “*7. Voting at the Court Meeting and the EGM*” and “*24. Actions to be Taken*” in Part VII – Explanatory Memorandum of this Scheme Document, Part I – Actions to be Taken of this Scheme Document, the notice of the Court Meeting in Appendix IV to this Scheme Document and the notice of EGM in Appendix V to this Scheme Document.

All Scheme Shareholders whose names appear on the register of members of the Company as at the Voting Record Date may attend and vote at the Court Meeting to approve the Scheme, but only the votes of the Independent Shareholders will be taken into account in determining if the Condition in paragraph (b) in the section headed “*6. Conditions of the Proposal*” in Part VII – Explanatory Memorandum of this Scheme Document is satisfied.

All Shareholders whose names appear on the register of members of the Company as at the Voting Record Date will be entitled to attend the EGM to vote on the special resolution to address the issued share capital of the Company as described above, but for the purposes of the Takeovers Code, only the Independent Shareholders will be entitled to vote at the EGM on the ordinary resolution to approve the Special Deal. Mr. Zhong and Ms. Shentu (acting through the Founder Entities) and Keyhole Holding, all being Offeror Concert Parties, have indicated that if the Scheme is approved at the Court Meeting, those Shares held by them will be voted in favour of the resolution(s) to be proposed at the EGM (other than the resolution(s) to approve the Special Deal).

**16. INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee, which comprises all the independent non-executive Directors, namely Mr. Jiang Feng, Mr. Guo Jian and Mr. Chen Weibo, has been established by the Board to make a recommendation, after taking into account the advice and recommendation from the Independent Financial Adviser, to the Independent Shareholders as to whether the Proposal, the Scheme and the Special Deal are fair and reasonable and as to voting at the Court Meeting and the EGM.

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee comprises all the non-executive Directors who have no direct or indirect interest in the Proposal other than as a Shareholder. As Ms. Cai Li is a Business Unit Partner of TPG Capital Asia, Ms. Cai is a concert party of the Offeror and thus she does not form part of the Independent Board Committee.

The full text of the letter from the Independent Board Committee in relation to recommendation with respect to the Proposal, the Scheme and the Special Deal is set out in Part V of this Scheme Document.

#### **17. INDEPENDENT FINANCIAL ADVISER**

Somerley Capital Limited has been appointed as the Independent Financial Adviser by the Board with the approval of the Independent Board Committee to advise the Independent Board Committee on the Proposal, the Scheme and the Special Deal pursuant to Rule 2.1 of the Takeovers Code.

The full text of the letter from Somerley Capital Limited in relation to recommendations with respect to the Proposal, the Scheme and the Special Deal is set out in Part VI of this Scheme Document.

#### **18. ACTIONS TO BE TAKEN**

Your attention is drawn to Part II – Actions to be Taken of this Scheme Document.

#### **19. REGISTRATION AND PAYMENT**

Your attention is drawn to the section headed “*18. Registration and Payment*” in Part VII – Explanatory Memorandum of this Scheme Document.

#### **20. COSTS OF THE SCHEME**

Your attention is drawn to the section headed “*23. Costs of the Scheme*” in Part VII – Explanatory Memorandum of this Scheme Document.

#### **21. RECOMMENDATIONS**

The Independent Financial Adviser has advised the Independent Board Committee that it considers the Proposal, the Scheme and the Special Deal to be fair and reasonable so far as the Independent Shareholders are concerned, and advises the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolutions to (i) approve the Scheme at the Court Meeting; and (ii) approve (a) the implementation of the Proposal and (b) the Special Deal at the EGM.

The Independent Board Committee, having considered the Proposal, the Scheme and the Special Deal, and having taken into account the advice of the Independent Financial Adviser, and in particular the factors, reasons and recommendations set out in its letter, considers that the Proposal, the Scheme and the Special Deal are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends (i) the Independent Shareholders to vote in favour of the resolution to approve the Scheme at the Court Meeting; and (ii) the Shareholders to vote in favour of the relevant resolutions at the EGM to approve (a) the implementation of the Proposal and (b) the Special Deal.

**Your attention is drawn to the letter of advice from the Independent Financial Adviser set out in Part VI of this Scheme Document which contains its advice to the Independent Board Committee and Independent Shareholders in respect of the Proposal, the Scheme and the Special Deal. Your attention is also drawn to the letter from the Independent Board Committee set out in Part V of this Scheme Document which contains its recommendation to the Independent Shareholders in respect of the Proposal, the Scheme and the Special Deal.**

**Shareholders should read the letters from the Independent Financial Adviser and the Independent Board Committee and the reasons and analysis behind their recommendations before deciding on the actions they will take.**

## **22. FURTHER INFORMATION**

You are urged to read carefully the letters from the Independent Board Committee and from the Independent Financial Adviser, as set out in Parts V and VI of this Scheme Document, respectively, the Explanatory Memorandum set out in Part VII of this Scheme Document, the Appendices to this Scheme Document, the Scheme as set out in Appendix III to this Scheme Document, the notice of Court Meeting as set out in Appendix IV to this Scheme Document, and notice of the EGM as set out in Appendix V to this Scheme Document. In addition, a pink form of proxy for the Court Meeting and a white form of proxy for the EGM are enclosed with this Scheme Document.

Yours faithfully,  
By order of the Board  
**Kangji Medical Holdings Limited**  
**ZHONG Ming**  
*Chairman*



**KANGJI 康基****Kangji Medical Holdings Limited****康基医疗控股有限公司***(Incorporated in the Cayman Islands with limited liability)***(Stock Code: 9997)**

13 October 2025

*To the Independent Shareholders*

Dear Sir or Madam,

**(1) PROPOSAL FOR THE PRIVATISATION OF KANGJI MEDICAL HOLDINGS LIMITED BY THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 86 OF THE COMPANIES ACT**

**(2) PROPOSED WITHDRAWAL OF LISTING OF KANGJI MEDICAL HOLDINGS LIMITED**

**AND**

**(3) SPECIAL DEAL IN RELATION TO THE ROLLOVER ARRANGEMENT AND SHAREHOLDERS' AGREEMENT**

We refer to the scheme document (the “**Scheme Document**”) dated 13 October 2025 jointly issued by the Company and the Offeror in relation to the Proposal, of which this letter forms part. Unless the context requires otherwise, terms used in this letter shall have the same meanings as given to them in the Scheme Document.

We have been appointed by the Board as the Independent Board Committee to make a recommendation to the Independent Shareholders as to whether the Proposal, the Scheme and the Special Deal are, or are not, fair and reasonable and as to voting at the Court Meeting and the EGM.

Somerley Capital Limited, the Independent Financial Adviser, has been appointed by the Board with our approval, to advise us on the Proposal, the Scheme and the Special Deal.

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

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

Accordingly, we recommend:

- (a) at the Court Meeting, the Independent Shareholders to vote in favour of the resolution to approve the Scheme; and
- (b) at the EGM:
  - (i) the Shareholders to vote in favour of the special resolution:
    - (1) to approve and give effect to any reduction of the issued share capital of the Company associated with the cancellation and extinguishment of the Scheme Shares;
    - (2) to approve, subject to and forthwith upon such reduction of capital referred to in resolution (1) above taking effect, the increase of the share capital of the Company to its former amount by the issuance at par to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled and extinguished;
    - (3) to approve the application of the reserve created as a result of the aforesaid capital reduction to pay up in full at par the new Shares so issued to the Offeror and to authorise the Directors to allot and issue the same accordingly;
    - (4) to authorise any one of the Directors to do all acts and things considered by him or her to be necessary or desirable in connection with the implementation of the Scheme, including (without limitation) the giving of consent to any modification of or addition to, the Scheme or the reduction of capital of the Company, which the Grand Court of the Cayman Islands may see fit to impose;
    - (5) to authorise any one of the Directors to make an application to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange; and
  - (ii) the Independent Shareholders to vote in favour of the ordinary resolution to approve the Special Deal which constitutes a special deal under Rule 25 of the Takeovers Code.

Yours faithfully,

**Independent Board Committee**

**Jiang Feng**  
*Independent Non-executive  
Director*

**Guo Jian**  
*Independent Non-executive  
Director*

**Chen Weibo**  
*Independent Non-executive  
Director*

*The following is the full text of a letter of advice from Somerley prepared for the purpose of inclusion in this Scheme Document, setting out its advice to the Independent Board Committee in connection with the Proposal, the Scheme and the Special Deal.*



**SOMERLEY CAPITAL LIMITED**

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

13 October 2025

*To:    the Independent Board Committee*

Dear Sirs,

**(1) PROPOSAL FOR THE PRIVATISATION OF KANGJI MEDICAL  
HOLDINGS LIMITED BY THE OFFEROR BY WAY OF A SCHEME OF  
ARRANGEMENT UNDER SECTION 86 OF THE COMPANIES ACT  
(2) PROPOSED WITHDRAWAL OF LISTING OF KANGJI MEDICAL HOLDINGS LIMITED  
AND  
(3) SPECIAL DEAL IN RELATION TO THE ROLLOVER ARRANGEMENT  
AND SHAREHOLDERS' AGREEMENT**

**INTRODUCTION**

We refer to our appointment to advise the Independent Board Committee in connection with the Proposal, the Scheme and the Special Deal, details of which are set out in the letter from the Board contained in the Scheme Document to the Shareholders dated 13 October 2025, of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Scheme Document.

On 17 July 2025, the Offeror requested the Board to put forward the Proposal to the Shareholders for the privatisation of the Company by way of a scheme of arrangement under section 86 of the Companies Act. Upon completion of the Proposal, the Company will become a wholly-owned subsidiary of the Offeror and the listing of the Shares will be withdrawn from the Stock Exchange. The Pre-Conditions have been fulfilled on 3 September 2025 and the Proposal will be implemented by way of the Scheme. Pursuant to the Scheme, the Scheme Shares will be cancelled and the Scheme Shareholders (excluding holders of the Founder Rollover Shares and the TPG Scheme Shares) will receive HK\$9.25 in cash (in case of a portion of the Founder Consideration, the Convertible Note) for each Scheme Share. In accordance with the terms of the Consortium Agreement, the Founder Entities and TPG Entities (as the case may be) will roll over the Founder Rollover Shares and TPG Scheme Shares in consideration for the crediting of unpaid TopCo shares held by each of them as fully paid. In summary, the Founder Scheme Share Cancellation Consideration comprises (i) cash to be paid to the Founder Entities and the Convertible Note to be issued to Fortune Spring ZM, representing the aggregate consideration for the cancellation of the Founder Consideration Shares; and (ii) the crediting of the unpaid Topco shares held by the Founder Entities as being fully paid by cancellation of the Founder Rollover Shares.

On 12 August 2025, the Consortium Members and TopCo entered into the Shareholders' Agreement in respect of the future governance of TopCo. The Founder Entities (as well as other Consortium Members) will be entitled to certain rights under the Shareholders' Agreement upon the Scheme becoming effective. The arrangement comprising (i) rolling over the Founder Rollover Shares in consideration for the crediting of unpaid TopCo shares held by Founder Entities as fully paid; (ii) receiving the Founder Consideration for the cancellation of the Founder Consideration Shares; and (iii) the arrangement, rights and benefits available to the Founder Entities under the Shareholders' Agreement constitutes a special deal and requires the approval of the Independent Shareholders pursuant to Rule 25 of the Takeovers Code.

On the same date, the IU Shareholder, which is interested in 1,255,500 Shares, representing approximately 0.10% of the issued share capital of the Company, entered into an Irrevocable Undertaking in favour of the Offeror with respect to the Proposal.

The Independent Board Committee, which comprises all the independent non-executive Directors, namely Mr. Jiang Feng, Mr. Guo Jian and Mr. Chen Weibo, has been established by the Board to make a recommendation, after taking into account the advice and recommendation from the Independent Financial Adviser, to the Independent Shareholders as to whether the Proposal, the Scheme and the Special Deal are fair and reasonable and as to voting at the Court Meeting and the EGM. As Ms. Cai Li, the non-executive Director of the Company, is a Business Unit Partner of TPG Capital Asia, Ms. Cai Li is a concert party of the Offeror and thus she does not form part of the Independent Board Committee. We, Somerley, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in the same regard. The appointment has been approved by the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code.

As at the Latest Practicable Date, we are not in the same group as the financial or other professional advisers (including a stockbroker) to the Offeror or the Company. Apart from the existing engagement in connection with the Proposal, the Scheme and the Special Deal, we confirm that we did not have any significant connection, business, financial or otherwise, with the Company and/or Offeror or the controlling shareholders of either of them within two years prior to the commencement of the offer period up to the Latest Practicable Date, of a kind reasonably likely to create, or create the perception of, a conflict of interest or reasonably likely to affect the objectivity of our advice. Save for normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, the Offeror or their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them. We consider ourselves independent to form our opinion in respect of the Proposal, the Scheme and the Special Deal.

In formulating our opinion and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Group (collectively, “**Management**”), which we have assumed are true, accurate and complete in all material aspects as at the Latest Practicable Date and will remain so up to the time of the Court Meeting and the EGM. Should there be any material changes to the information and facts supplied by Management as well as our opinion after the Latest Practicable Date, Shareholders would be notified as soon as possible in accordance with Rule 9.1 of the Takeovers Code. We have reviewed the annual reports of the Company for the years ended 31 December 2023 (the “**2023 Annual Report**”) and 2024 (the “**2024 Annual Report**”), and the interim report of the Company for the six months ended 30 June 2025 (the “**2025 Interim Report**”), and the information contained in the Scheme Document. We have sought and received confirmation from the Directors that all material relevant information has been supplied to us and that no material facts have been omitted from the information supplied and opinions expressed to us. We have no reason to doubt the truth, accuracy or completeness of the information provided to us, or to believe that any material information has been omitted or withheld. We have relied on such information and consider that the information which we have received is sufficient for us to reach an informed view. We have, however, not conducted any independent investigation into the business and affairs of the Group, the Offeror and their respective subsidiaries or any party acting, or presumed to be acting, in concert with any of them, nor have we carried out any independent verification of the information supplied.

We have not considered the taxation implications or regulatory implications on the Scheme Shareholders of acceptance of the Proposal since these are particular to their individual circumstances. In particular, the Scheme Shareholders who are overseas Shareholders or subject to overseas taxation or regulatory requirements on securities dealings should consider their own tax position and observe applicable legal or regulatory requirements and, if in any doubt, should consult their own professional advisers.

**PRINCIPAL TERMS OF THE PROPOSAL***Scheme Shares*

Pursuant to the Scheme, the Scheme Shares will be cancelled and the Scheme Shareholders (excluding holders of the Founder Scheme Shares and the TPG Scheme Shares) will receive:

**HK\$9.25** in cash for each Scheme Share.

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

Pursuant to the Scheme, the Founder Scheme Shares and the TPG Scheme Shares will be cancelled in consideration for the Founder Scheme Share Cancellation Consideration and the TPG Scheme Share Cancellation Consideration, respectively. Upon completion of the Scheme, the Company will become wholly owned by the Offeror.

As at the Latest Practicable Date, there are no outstanding dividends which have been declared by the Company and not yet paid. The Company has confirmed that it does not intend to announce, declare or pay any other dividend, distribution or return of capital before the Long Stop Date.

*RSU Plan*

For the purpose of satisfying RSUs granted under the RSU Plan as and when the RSUs are vested and exercised, the Company allotted and issued to ESOP BVI, and ESOP BVI acquired on the market, a total of 46,810,000 Shares (i.e. the RSU Shares), representing approximately 3.88% of the issued share capital of the Company as at the Latest Practicable Date. Accordingly, when the RSUs are vested and exercised, no further Shares will be allotted and issued by the Company as an equivalent number of RSU Shares (being the existing limit in respect of the number of underlying Shares to be granted under the RSU Plan) are already held by ESOP BVI. No offer under Rule 13 of the Takeovers Code will be made to the outstanding RSUs granted under the RSU Plan, and all RSU Shares will form part of the Scheme Shares and be cancelled upon the Scheme becoming effective.

## PART VI      LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In connection with the Proposal, ESOP BVI and the Offeror have entered into the ESOP Deed. Pursuant to the ESOP Deed, conditional upon the Scheme being effective and the Proposal being implemented, the Offeror shall pay ESOP BVI as follows:

	Number of underlying Shares	First payment to ESOP BVI <sup>(1)</sup> (per Share)	Second Payment to ESOP BVI
Unallocated RSUs	26,425,000	N/A	Upon the first anniversary of the Effective Date, the Offeror shall pay ESOP BVI the aggregate Cancellation Price in respect of RSU Shares which are not attributable to any RSU, which ESOP BVI shall then pay to the Company.
Vested and exercised RSUs	16,860,000	See-through price: HK\$3.049 <sup>(2)</sup> HK\$3.206 <sup>(2)</sup>	Upon the first anniversary of the Effective Date, the Offeror shall pay ESOP BVI the aggregate exercise price or unpaid portion of the exercise price (as the case may be), which ESOP BVI shall then pay to the Company.
Vested/unvested but unexercised RSUs	3,525,000	See-through price: HK\$0.214 <sup>(3)</sup> HK\$0.250 <sup>(4)</sup>	
Total	<u>46,810,000</u>		

*Notes:*

- (1) Within 7 Business Days from the Effective Date, the Offeror shall pay ESOP BVI the aggregate “see through price” (being the Cancellation Price minus unpaid portion of the exercise price or the exercise price, as the case may be, which ESOP BVI shall then promptly pay to the relevant RSU Holder(s)).
- (2) As 87.49% and 85.28% of the exercise price per RSU has not been paid, the “see-through price” price will be HK\$3.049 and HK\$3.206 per RSU Share respectively, being the difference between the Cancellation Price and the unpaid portion of the exercise price of the RSU.
- (3) The “see-through price” will be HK\$0.214 per RSU Share, being the difference between the Cancellation Price and the exercise price of such RSU (HK\$9.036).
- (4) The “see-through price” will be HK\$0.250 per RSU Share, being the difference between the Cancellation Price and the exercise price of such RSU (HK\$9.00).

*Major Conditions of the Proposal*

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

- (a) the approval of the Scheme (by way of poll) by the Shareholders as at the Voting Record Date, representing not less than 75% in value of the Scheme Shares held by the Shareholders as at the Voting Record Date present and voting either in person or by proxy at the Court Meeting;
- (b) the approval of the Scheme (by way of poll) by the Independent Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by the Independent Shareholders that are voted either in person or by proxy at the Court Meeting, provided that the number of votes cast (by way of poll) by the Independent Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by all Independent Shareholders;
- (c) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting in person or by proxy at the EGM to (i) approve and give effect to any reduction of the share capital of the Company as a result of the cancellation and extinguishment of the Scheme Shares; and (ii) confirm the authority of the Directors to allot and issue contemporaneously therewith such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme to the Offeror and to apply the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par the new Shares so issued;
- (d) the Grand Court's sanction of the Scheme (with or without modifications) and, to the extent necessary, its confirmation of the reduction of the issued share capital of the Company, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court for registration;
- (e) compliance, to the extent necessary, with the procedural requirements and conditions under sections 15 and 16 of the Companies Act in relation to the reduction of the issued share capital of the Company; and
- (f) with respect to the Special Deal, (i) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee confirming that the terms of the Special Deal are fair and reasonable, (ii) the passing of an ordinary resolution by the Independent Shareholders at a general meeting of the Company to approve the Special Deal, and (iii) the Executive having granted consent under Rule 25 of the Takeovers Code in relation to the Special Deal.



Further details of the Conditions are contained in “Explanatory Memorandum” in Part VII to the Scheme Document. Conditions (a) to (f) cannot be waived in any event.

As at the Latest Practicable Date, none of the Conditions have been fulfilled or waived. All of the Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Scheme will not become effective and the Proposal will lapse. If approved and implemented, the Scheme will be binding on all of the Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the EGM.

*Intention of the Offeror with regard to the Group and withdrawal of listing of the Shares*

As at the Latest Practicable Date, it is the intention of the Offeror for the Group to continue to carry on its existing business and the Offeror does not have any plan to make any material change (other than in the ordinary course of business) to: (a) the business of the Group (including any redeployment of any fixed asset of the Group); or (b) the continued employment of the employees of the Group.

Upon the Scheme becoming effective in accordance with its terms, all Scheme Shares will be cancelled (with the equivalent number of new Shares being issued as fully paid to the Offeror) and the share certificates in respect of the Scheme Shares will thereafter cease to have effect as documents or evidence of title.

The Company will apply to the Stock Exchange for the withdrawal of the listing of the Shares from the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules and such withdrawal is expected to take place as soon as reasonably practicable following the Scheme becoming effective.

**PRINCIPAL FACTORS AND REASONS CONSIDERED**

In formulating our opinion and recommendation on the Proposal, the Scheme and the Special Deal, we have taken into account the following principal factors and reasons:

**1. Information on the Company**

The Company is an exempted company incorporated under the laws of the Cayman Islands with limited liability. The Company, together with its subsidiaries, is principally involved in the design, development, manufacture and generated income from sale of a comprehensive suite of minimally invasive surgical instruments and accessories (“**MISIA**”). Its major MISIA products include (i) disposable trocars, which contributed 43% and 41%; (ii) ligation clips, which contributed 23% and 23%; and (iii) disposable electrocoagulation forceps, which contributed 14% and 14%, of the Group’s revenue in FY2024 and 1H2025, respectively, as set out in the Table 1 below.

**1.1. Financial performance**

Set out below are the summarised consolidated income statements of the Group for (i) the years ended 31 December 2022, 2023 and 2024 (“FY2022”, “FY2023” and “FY2024”, respectively) as extracted from the 2023 Annual Report and 2024 Annual Report; and (ii) the six months ended 30 June 2024 and 2025 (“1H2024” and “1H2025”, respectively) as extracted from the 2025 Interim Report:

**TABLE 1: SUMMARISED CONSOLIDATED INCOME STATEMENTS OF THE GROUP**

<i>(RMB '000)</i>	<b>1H2025</b>	<b>1H2024</b>	<b>FY2024</b>	<b>FY2023</b>	<b>FY2022</b>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
<b>Revenue</b>	<b>496,555</b>	<b>458,413</b>	<b>1,008,610</b>	<b>926,023</b>	<b>786,367</b>
<b>By products</b>					
• Disposable products	451,475	409,141	898,761	804,947	689,132
➤ Disposable trocars	201,763	191,702	430,418	394,441	364,946
➤ Ligation clips <sup>(1)</sup>	114,180	105,192	234,940	228,060	192,511
➤ Disposable electrocoagulation forceps	68,699	67,041	139,905	122,552	94,198
➤ Ultrasonic scalpels	31,554	23,737	52,352	38,000	18,153
➤ Staplers	9,334	3,708	9,017	2,039	NA
➤ Other disposable products	25,945	17,761	32,129	19,855	19,324
• Reusable products	45,080	49,272	109,849	121,076	97,235
➤ 4K endoscopic camera systems	3,966	13,001	24,534	32,366	20,557
➤ Other reusable products	41,114	36,271	85,315	88,710	76,678
<b>By geographic market</b>					
• Domestic <sup>(2)</sup>	445,200	418,213	909,711	840,066	715,097
• Overseas	51,355	40,200	98,899	85,957	71,270
<b>Gross Profit</b>	<b>392,361</b>	<b>363,123</b>	<b>797,649</b>	<b>741,199</b>	<b>635,247</b>
Gross profit margin	79.0%	79.2%	79.1%	80.0%	80.8%
<b>Other income and gains</b>	<b>81,497</b>	<b>115,403</b>	<b>182,164</b>	<b>155,365</b>	<b>146,672</b>
➤ Investment income from financial assets at fair value through profit or loss	5,902	842	6,762	58	—
➤ Gain on deconsolidation of Weijing Medical	—	27,253	27,253	—	—

## PART VI LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

<i>(RMB '000)</i>	<b>1H2025</b> <i>(unaudited)</i>	<b>1H2024</b> <i>(unaudited)</i>	<b>FY2024</b> <i>(audited)</i>	<b>FY2023</b> <i>(audited)</i>	<b>FY2022</b> <i>(audited)</i>
➤ <i>Fair value gains on financial assets at fair value through profit or loss</i>	200	46	5,243	5,560	22,705
➤ <i>Gain on termination of disposal of Qipu</i>	46,000	–	–	–	–
<b>Share of losses of associates</b>	<b>(19,542)</b>	<b>(5,868)</b>	<b>(21,861)</b>	–	–
<b>Research and development (“R&amp;D”) cost</b>	<b>(33,874)</b>	<b>(43,354)</b>	<b>(82,083)</b>	<b>(127,554)</b>	<b>(66,019)</b>
<b>Profit attributable to Shareholders</b>	<b>265,760</b>	<b>285,847</b>	<b>581,438</b>	<b>504,021</b>	<b>478,735</b>
<b>Non-HKFRS adjusted net profit attributable to Shareholders<sup>(3)</sup></b>	<b>224,097</b>	<b>274,873</b>	<b>561,815</b>	<b>538,183</b>	<b>498,711</b>
<b>Non-HKFRS adjusted net profit margin</b>	<b>45.1%</b>	<b>60.0%</b>	<b>55.7%</b>	<b>58.1%</b>	<b>63.4%</b>
<b>Dividend per Share (RMB)</b>	–	–	<b>0.24</b>	<b>1.40<sup>(4)</sup></b>	<b>0.1845</b>

*Notes:*

- (1) As disclosed in the 2024 Annual Report, the Group reclassified the polymer ligation clips segment as the ligation clips segment in FY2024. The comparative figures for the previous year have also been restated accordingly.
- (2) Domestic market refers to the PRC markets.
- (3) HKFRS represents Hong Kong Financial Reporting Standards. The non-HKFRS adjustments eliminated potential impacts of certain non-operational or one-off items, including (a) fair value gains on financial assets at fair value through profit or loss; (b) foreign exchange difference; (c) share-based payment expenses; (d) investment income/loss from short-term financial products; (e) other income and gains arising on divestitures; and (f) PRC withholding tax associated with special dividend.
- (4) It contained a special dividend of RMB0.99 per Share.

*a. Revenue*

The Group's revenue increased from RMB786.4 million for FY2022 to RMB926.0 million for FY2023, and further to RMB1,008.6 million for FY2024, representing a year-on-year increases of 17.8% and 8.9%, respectively. The increases were mainly attributable to the increases in sales across main disposable products and some newer products as a result of increasing adoption of minimally invasive surgical procedures and the continued growth in the volume of such procedures following the relaxation of the COVID-19 restrictions.

For 1H2025, the Group's revenue increased by RMB38.1 million to RMB496.6 million, representing an increase of 8.3% as compared to 1H2024. Such increase was primarily due to a 10.3% increase in sales of disposable products from RMB409.1 million for 1H2024 to RMB451.5 million for 1H2025.

Taking a closer look, contribution from the mature products, namely disposable trocars, ligation clips and disposable electrocoagulation forceps, to the Group's revenue decreased from 82.9% in FY2022 to 77.5% in 1H2025, mainly due to the introduction of new products. The sales growth of the mature products slowed down from 14.3% in FY2023 to 5.7% in 1H2025. Contribution from the newer products, namely ultrasound scalpels, staplers and 4K endoscopic camera systems, increased from 4.9% in FY2022 to 9.0% in 1H2025. Their combined growth dropped from 87.0% in FY2023 to 10.9% in 1H2025. As advised by the Management, the Group faces significant challenges in scaling up its new product offerings. Both ultrasound scalpels and staplers recorded positive growth, albeit at a slower rate, while the 4K endoscopic camera systems have experienced negative growth since FY2024. High growth rates at the initial roll-out stage are difficult to sustain due to intense competition from industry players whose relevant products are well-established, stringent procurement standards, and high switching costs for hospitals.

Domestic sales increased from RMB715.1 million in FY2022 to RMB840.1 million in FY2023, and further to RMB909.7 million in FY2024, reaching RMB445.2 million in 1H2025 as compared to RMB418.2 million in 1H2024. The domestic sales growth rate was strong at 17.5% in FY2023, then moderated to 8.3% in FY2024 and further to 6.5% in 1H2025, which is generally in line with the revenue growth rate discussed above.

Overseas sales showed strong growth, increased from RMB71.3 million in FY2022 to RMB86.0 million in FY2023, and further to RMB98.9 million in FY2024, with the sales reaching RMB51.4 million in 1H2025 from RMB40.2 million in 1H2024. The overseas growth rate was 20.6% in FY2023, slowed to 15.1% in FY2024, then accelerated to 27.7% in 1H2025. The increases were mainly driven by growing

demand in overseas markets, ongoing efforts to expand export channels, increased product registrations, and intensified overseas marketing activities. These initiatives have strengthened the Group's overseas distribution network, strategically positioning the Company for long-term growth opportunities across global markets. As of 30 June 2025, products of the Group were available in over 90 countries and regions, covering key markets across Asia, Europe, Latin America, Africa, and the Middle East, as compared to 47 countries and regions in 2022.

*b. Gross profit and gross profit margin*

The Group recorded gross profit of RMB635.2 million for FY2022, RMB741.2 million for FY2023 and RMB797.6 million for FY2024, representing year-on-year increases of 16.7% for FY2023 and 7.6% for FY2024. For 1H2025, the Group's gross profit lifted by RMB29.2 million to RMB392.4 million, representing an increase of 8.1% as compared to 1H2024. The increases in gross profit were generally in line with the increase in revenue. The gross profit margin has been on a slight declining trend from 80.8% in FY2022 to 79.1% in FY2024 and further to 79.0% in 1H2025. Such decreases were mainly attributable to the increased contribution from newer products such as ultrasonic scalpels and staplers which have a relatively lower gross profit margin than other disposable products.

*c. Other income and gains and share of losses of associates*

Other income and gains saw an increase of 5.9% in FY2023 due to an increase in bank interest income of RMB21.8 million and 17.2% in FY2024 due to a non-recurring gain of RMB27.3 million, arising from the deconsolidation of Hangzhou Kangji Wiseking Medical Robot Co., Ltd. ("**Weijing Medical**"), as the Group no longer exercised control after the change of Weijing Medical's board composition since March 2024.

Other income and gains for 1H2025 was RMB33.9 million lower than that in 1H2024 mainly due to the combined effects of (i) the decrease in bank interest income and government grants; (ii) the absence of one-off gain arising from the deconsolidation of Weijing Medical of RMB27.3 million for 1H2024; and (iii) the recognition of one-off other income of RMB46 million arising from the termination of disposal of Hangzhou Kangji Qipu Medical Instrument Co., Ltd ("**Qipu**") in 1H2025.

Weijing Medical was held as to 35% by the Company and consolidated into its accounts since February 2022 until March 2024 when Weijing Medical amended its articles of association and board composition whereupon the Group is no longer able to appoint a majority of board members. Weijing Medical then ceased to be the subsidiary of the Company and has been equity accounted for as an investment in

associate in the consolidated accounts of the Company. Weijing Medical remained in the product development phase and generated no revenue. Therefore, share of losses of an associate (i.e. Weijing Medical) was recorded starting from FY2024.

*d. R&D cost*

R&D expenses saw a 93.2% year-on-year increase for FY2023, which was mainly due to (i) the increased R&D expense in the amount of RMB46.8 million by Weijing Medical from RMB24.7 million in FY2022 to RMB71.5 million in FY2023; and (ii) the increased R&D projects and activities with respect to other innovative products and the upgrading of existing products. It then reduced by 35.6% for FY2024, which was mainly due to the deconsolidation of Weijing Medical in March 2024, partially offset by the increase in R&D department headcount and project portfolio.

For 1H2025, R&D expenses decreased by 21.9% as compared with that for 1H2024. Such decrease was mainly due to the deconsolidation of Weijing Medical, partially offset by the increase in research and development expenses at the Group's headquarters.

*e. Profit attributable to Shareholders and non-HKFRS adjusted net profit attributable to Shareholders and its margin*

Profit attributable to Shareholders increased from RMB478.7 million for FY2022 to RMB504.0 million for FY2023, and reached RMB581.4 million for FY2024, representing year-on-year increases of 5.3% and 15.4%, respectively. For 1H2025, profit attributable to Shareholders fell to RMB265.8 million, representing a year-on-year decline of 7.0%.

The non-HKFRS adjusted net profit attributable to Shareholders (which has excluded certain non-operational or one-off items, including (a) fair value gains on financial assets at fair value through profit or loss, (b) foreign exchange difference, (c) share-based payment expenses, (d) investment income/loss from short-term financial products, (e) other income and gains arising on divestitures; and (f) PRC withholding tax associated with special dividend) also recorded increases from RMB498.7 million for FY2022 to RMB538.2 million for FY2023, and further to RMB561.8 million for FY2024, representing year-on-year increases of 7.9% and 4.4%, respectively. The significant difference in the net profit and non-HKFRS adjusted net profit for FY2024 is mainly due to the gain on deconsolidation of Weijing Medical and the exchange differences. The increases were mainly attributable to (i) increases in sales primarily driven by growth in disposable products for both FY2023 and FY2024 and (ii) the decrease in R&D expenses as a result of the deconsolidation of Weijing Medical,

partially offset by share of Weijing Medical's loss and the absence of the PRC withholding tax associated with special dividend for FY2024. The profit margins were 63.4%, 58.1% and 55.7% in FY2022-FY2024, respectively. The decrease in FY2023 was primarily attributable to a lower gross profit margin as discussed in "b. Gross profit and gross profit margin" above, coupled with higher R&D expenses. In FY2024, although R&D expenses declined, the margin contracted further, mainly due to a lower gross profit margin and a reduction in other income and gains.

For 1H2025, non-HKFRS adjusted net profit attributable to Shareholders fell to RMB224.1 million, representing a year-on-year decline of 18.5%. The net profit margin declined from 60.0% in 1H2024 to 45.1% in 1H2025. The non-HKFRS adjusted net profit, which excluded a non-recurring gain of RMB46 million arising from the termination of disposal of Qipu, was significantly lower than its net profit for 1H2025. The drop in profitability (both non-HKFRS adjusted net profit, and net profit, attributable to Shareholders) was mainly due to (i) an increase in share of loss in associates of RMB13.7 million; and (ii) the decrease in bank interest income and government grants, partially offset by an increase in gross profit, primarily driven by growth in the sale of disposable products.

*f. Dividend per Share*

As stated in the FY2024 Annual Report, the Company does not have a specific dividend policy or a predetermined dividend payout ratio. The determination to pay dividends in the future would be made at the discretion of the Board and would be based on the Group's profits, cash flows, financial condition, capital requirements and other conditions that the Board deems relevant.

Dividend per Share for FY2022, FY2023 and FY2024 amounted to RMB18.45 cents, RMB41 cents and RMB24 cents respectively. In addition to ordinary final dividends, the Company declared a special dividend of RMB99 cents per Share for FY2023 in celebration of the 20th anniversary of the Group's establishment and in recognition of the long-term support from the Shareholders.

As set out in the letter from the Board, as at the Latest Practicable Date, the Company confirms that (i) there are no outstanding dividends which have been declared by the Company and not yet paid; and (ii) it does not intend to announce, declare or pay any other dividend, distribution or return of capital before the Long Stop Date. As a result, no dividend has been declared for 1H2025.

**1.2. Financial position**

Set out below are the summarised consolidated statement of financial position of the Group as at 31 December 2022, 2023 and 2024 and 30 June 2025 as extracted from the 2023 Annual Report, the 2024 Annual Report and the 2025 Interim Report:

**TABLE 2: SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE GROUP**

<i>(RMB '000)</i>	<b>As at 30 June</b>	<b>As at 31 December</b>		
	<b>2025</b>	<b>2024<sup>(1)</sup></b>	<b>2023<sup>(1)</sup></b>	<b>2022</b>
	<i>(Unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
<b>Total assets</b>	<b>3,055,889</b>	<b>2,918,290</b>	<b>4,263,818</b>	<b>3,984,911</b>
• Property, plant and equipment	249,093	255,926	227,884	169,020
• Financial assets at fair value through profit or loss	213,796	261,964	153,167	147,593
• Goodwill	–	–	167,209	167,209
• Other intangible assets	1,715	–	284,694	284,712
• Investments in associates	345,331	377,797	–	–
• Trade receivables	278,478	271,949	236,305	163,145
• Cash and cash equivalents <sup>(2)</sup>	1,707,184	1,472,905	2,973,452	2,818,360
<b>Total liabilities</b>	<b>461,505</b>	<b>289,395</b>	<b>319,972</b>	<b>266,103</b>
• Deferred tax liabilities	18,003	28,490	91,265	69,475
• Other payables and accruals	359,953	150,320	84,594	82,942
<b>Equity attributable to Shareholders (“NAV”)</b>	<b>2,594,384</b>	<b>2,628,895</b>	<b>3,649,762</b>	<b>3,372,998</b>
<b>NAV per Share (RMB) <sup>(3)</sup></b>	<b>2.15</b>	<b>2.17</b>	<b>3.00</b>	<b>2.77</b>

*Notes:*

- (1) The figures stated included the amounts attributable to a disposal group classified as held for sale in FY2023 and FY2024.
- (2) Cash and cash equivalents included (i) cash and bank balances; and (ii) time deposits.
- (3) The figures are calculated based on the NAV of the respective year/period divided by the number of Shares in issue at the end of the respective year/period.



*a. Total assets*

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the total assets of the Group were RMB3,984.9 million, RMB4,263.8 million, RMB2,918.3 million and RMB3,055.9 million, respectively, representing an increase of 7.0% from FY2022 to FY2023, a decrease of 31.6% from FY2023 to FY2024 and an increase of 4.7% from FY2024 to 1H2025. The increase for FY2023 was primarily due to (i) an increase in cash and cash equivalents of RMB155.1 million due to higher cash generated from operations; (ii) an increase in trade receivables of RMB73.2 million resulting from a higher proportion of sales generated in the second half of 2023; and (iii) an increase in property, plant and equipment, mainly from building construction of RMB58.9 million. The decrease for FY2024 was principally attributable to the reduction in cash and cash equivalents due to the payment of final dividend and special dividend to Shareholders of RMB1,647.3 million, partially offset by (i) an increase in financial assets at fair value through profit or loss of RMB108.8 million arising from the purchases of certain financial products issued by commercial banks; (ii) an increase in trade receivables of RMB35.6 million, driven by a higher proportion of sales generated in the second half of 2024; and (iii) an increase in property, plant and equipment of RMB28.0 million following the completion of building construction. The increase of total assets of the Group for 1H2025 was mainly due to the increase in cash generated from operations, partially offset by (i) a decrease in financial assets at fair value through profit or loss of RMB48.2 million upon the maturity of financial products; and (ii) a decrease in investments in associates of RMB32.5 million due to a corresponding decrease in the net assets of the associate following the loss incurred during the relevant period.

As mentioned in 1.1 above, Weijing Medical's financial results were no longer consolidated into the Group's financial statements but equity accounted for as an investment in an associate since March 2024. Certain related accounting items, including but not limited to goodwill and intangible assets, are derecognised from the consolidated financial statements of the Company. During FY2024, the Group made follow-on acquisitions of equity interests in Weijing Medical, increasing its shareholding from 35% to 41.99%. As at 30 June 2025, the Group held as to (i) a 40.46% equity interest in Weijing Medical; and (ii) a 23.2% equity interest in the Group's associate, namely Hangzhou Fenjing Technology Partnership Enterprise (Limited Partnership), which in turn held as to 7.8% equity interest in Weijing Medical.

*b. Total liabilities*

As at 31 December 2022, 2023, 2024, and 30 June 2025, the Group's total liabilities were RMB266.1 million, RMB320.0 million, RMB289.4 million, and RMB461.5 million, respectively, representing a 20.2% increase from FY2022 to FY2023, a subsequent 9.6% decrease from FY2023 to FY2024, and a significant increase of 59.5% from FY2024 to 1H2025. The increase in total liabilities for FY2023 was primarily due to the increase in deferred tax liabilities of RMB21.8 million arising from the withholding taxes on dividends distributed by subsidiaries established in the PRC in respect of earnings generated. The decline for FY2024 was mainly attributable to the decrease in deferred tax liabilities of RMB62.8 million as a result of derecognition of fair value adjustments from acquisition arising from the deconsolidation of Weijing Medical, partially offset by an increase in other payables and accruals of RMB65.7 million, mainly arising from the advance payment of RMB50 million as part of the consideration for the disposal of Qipu. The significant increase of total liabilities for 1H2025 was largely due to an increase in other payable and accruals of RMB209.6 million resulting from the declaration and distribution of the final dividend for FY2024 amounting to RMB280.7 million, which was subsequently paid to Shareholders in July 2025.

*c. NAV*

The NAV of the Group were RMB3,373.0 million, RMB3,649.8 million, RMB2,628.9 million, and RMB2,594.4 million as at 31 December 2022, 2023 and 2024, and 30 June 2025, respectively. The increase in NAV as at 31 December 2023 was primarily driven by the profit generated during the year, partially offset by FY2022 dividend paid. The decrease in the NAV as at 31 December 2024 was mainly due to the final dividend and special dividend paid for FY2023. The NAV slightly dropped as at 30 June 2025 as compared to 31 December 2024 as FY2024 final dividend is recognised as a liability when it was approved by the Shareholders in the annual general meeting held on 23 May 2025. As a result, the NAV per Share increased from RMB2.77 as at 31 December 2022 to RMB3.00 as at 31 December 2023, before declining to RMB2.17 as at 31 December 2024, and slightly decreased to RMB2.15 as at 30 June 2025.

***Comments***

The Group is principally engaged in design, development, manufacture and sale of MISIA. Its revenue exhibited year-on-year increases of 17.8%, 8.9% and 8.3% for FY2023, FY2024 and 1H2025, respectively. The revenue growth in FY2023 was mainly due to the relaxation of COVID-19 restrictions. However, the year-on-year revenue growth has slowed down from double-digit figures since its listing to single-digit figures in FY2024 and into 1H2025.

As advised by the Management, the Group's mature products have already achieved significant market share, leaving limited room for further expansion and resulting in slowdown in sales growth. At the same time, the Group strived to roll out new products with an aim to attain sustainable growth in business. However, its newer products exhibited lackluster growth due to intense competition and the evolving regulatory environment in the industry. Notably, sales of 4K endoscopic camera systems declined by 24.2% year-on-year and 69.5% year-on-year in FY2024 and 1H2025, respectively. The Management further advised that the Group faces significant challenges in scaling up its new product offerings due to intense competition from the industry players whose relevant products are well-established, stringent procurement standards, and high switching costs for hospitals.

The gross profit margin has been on a slight declining trend from 80.8% in FY2022 to 79.1% in FY2024 and further to 79.0% in 1H2025. Volume-based Procurement ("VBP"), a centralised scheme for purchasing high-value and high-volume medical consumables subject to competitive tendering, was introduced by the PRC government in 2020. As advised by the Management, the impact of VBP on the Group's margin was mitigated by simplifying distribution channel without distributors for some of its products but it is expected that VBP-driven pricing pressure will increase as VBP will be further rolled out across more regions. Further information of VBP is discussed in section 1.3 below.

Despite adoption of non-distributor model alleviated the pressure on the Group's gross profit margin, the Group needs to directly engage logistics partners for distribution and academic promotion partners for clinician engagement and expand sales team. In FY2023, the selling and distribution expenses increased by 30.9% and 12.0% in FY2023 and FY2024, respectively. In 1H2025, selling and distribution expenses excluding share-based payment expense attributable to sales department personnel saw a slight uptick of 2.6% to RMB37.9 million as per the information provided by the Management.

While the Group's profitability demonstrated resilience in earlier years, in 1H2025, profit before tax margin (adjusted for deconsolidation of Weijing) decreased year-on-year from 73.7% to 65.5%, and net profit margin decreased year-on-year from 62.4% to 53.5%. The non-HKFRS profit attributable to Shareholders increased by 7.9% for FY2023 and 4.4% for FY2024 and decreased by 18.5% for 1H2025 and its margin exhibited a continued declining trend, decreasing from 63.4% for FY2022 to 45.1% for 1H2025. Apart from the aforementioned increase in selling and distribution expenses excluding share-based payment expense attributable to sales department personnel, the Group also saw a 16.5% increase in R&D expenses at its headquarters as the Group continues to place strong emphasis on product R&D. In addition, the significant decrease in net margin in 1H2025 was also due to (i) an increase in share of loss in associates of RMB13.7 million; and (ii) the decrease in bank interest income and government grants. The material associate is Weijing Medical over which the Group no longer exercised control since March 2024 after the change of its board composition.

The Company does not have a specific dividend policy but had a payout ratio of 46.9% for FY2022 and 49.9% for FY2024. For FY2023, the Company's dividend payout was 98.8% plus a special dividend of RMB0.99 (4 times FY2024 dividend) in celebration of the 20th anniversary of the Group's establishment. Consequently, the NAV per Share dropped from RMB3.00 as at 31 December 2023 to RMB2.15 as at 30 June 2025.

**1.3.    *Industry overview***

The industry is currently facing various challenges that impact both market growth and operational dynamics. One notable headwind comes from the implementation of Diagnosis-Related Groups (DRG) and Diagnosis-Intervention Packet (DIP) policies to healthcare institutions in the PRC, which intended to control medical expenses and reduce unnecessary treatments, alongside controls on basic reimbursement funds, implemented by the National Healthcare Security Administration (“**NHSA**”), a governmental body responsible for funding public healthcare in the PRC. These regulatory measures place constraints on both surgical volume growth and pricing flexibility. This could possibly explain the slowdown in the growth of minimally invasive surgery volume to 5.0% in 2024 as compared to a CAGR of 7.0% from 2018 to 2023. Tightening cost-control measures and reimbursement caps, which have tempered demand alongside pricing pressures within healthcare institutions, possibly hinder the expansion momentum of the medical devices industry, in which the Group operates.

Based on 2024 Annual Report and 2025 Interim Report, the aggregate sales of disposable trocars, ligation clips and disposable electrocoagulation forceps accounted for around 80% of the Group’s revenue in FY2024 and 1H2025. The table below sets out the sales volume, unit price, and year-on-year changes (“**YoY Changes**”) in the sales volume and unit price of disposable trocars, ligation clips and disposable electrocoagulation forceps, which represent the major products of the Group, as extracted and calculated from an industry report (“**CIC Report**”) prepared by China Insights Consultancy (“**CIC**”), an independent market research and consulting company based in the PRC. CIC has completed over 3,000 initial public offerings and commercial due diligence projects across more than 800 subdivided industries and has served as the industry consultant to the Company as disclosed in the prospectus of the Company. Given CIC’s extensive experience as an industry consultant on relevant projects and its role with the Company at the time of initial public offering, we consider the work performed by CIC to be fair, objective and representative. The data covers the period from 2018 to 2024:

**TABLE 3: SALES VOLUME, UNIT PRICE AND YOY CHANGES IN THE PRC DISPOSABLE TROCARS, LIGATION CLIPS AND DISPOSABLE ELECTROCOAGULATION FORCEPS MARKETS**

Year	Disposable trocars				Ligation clips			
	Sales	YoY	Unit	YoY	Sales	YoY	Unit	YoY
	volume	Changes	price	Changes	volume	Changes	price	Changes
	(Million)		(RMB per unit)		(Million)		(RMB per unit)	
2024	25.8	9.6%	78.7	-2.2%	51.6	-2.2%	28.7	-5.8%
2023	23.5	10.0%	80.5	-6.0%	52.8	13.0%	30.4	-3.5%
2022	21.4	-3.3%	85.6	-4.6%	46.7	-2.4%	31.6	-5.0%
2021	22.1	33.7%	89.8	-5.8%	47.9	23.7%	33.2	-4.7%
2020	16.5	-10.1%	95.3	-1.6%	38.7	-9.9%	34.9	2.7%
2019	18.4	30.5%	96.8	-11.2%	42.9	15.5%	34.0	-1.3%
2018	14.1	–	109.1	–	37.2	–	34.4	–
Compounded annual growth Rate ("CAGR")								
– 2018 to 2024	10.6%		-5.3%		5.6%		-3.0%	
– 2018 to 2022	11.0%		-5.9%		5.9%		-2.1%	
– 2022 to 2024	9.8%		-4.1%		5.2%		-4.7%	

Year	Disposable electrocoagulation forceps			
	Sales volume	YoY Changes	Unit price	YoY Changes
	(Million)		(RMB per unit)	
2024	2.3	13.3%	146.8	-1.3%
2023	2.0	9.8%	148.7	-1.1%
2022	1.8	-6.1%	150.3	-4.6%
2021	2.0	55.8%	157.7	-5.1%
2020	1.3	5.2%	166.1	-7.8%
2019	1.2	39.2%	180.3	-7.1%
2018	0.9	–	194.1	–
CAGR				
– 2018 to 2024	17.8%		-4.5%	
– 2018 to 2022	21.0%		-6.2%	
– 2022 to 2024	11.5%		-1.2%	

Source: CIC Report

According to the CIC Report, the disposable trocar, ligation clip and disposable electrocoagulation forceps recorded CAGRs of 10.6%, 5.6% and 17.8%, respectively, in terms of sales volume from 2018 to 2024. Growth in sales volume of the disposable trocar and ligation clip was mainly driven by (i) the increasing adoption of minimally invasive surgeries; and (ii) the implementation of regional VBP since 2020, while the growth in sales volume for the disposable electrocoagulation forceps was mainly due to the introduction of policies encouraging electrocautery devices. However, the unit price for each of disposable trocars, ligation clips and disposable electrocoagulation forceps declined gradually during the same period.

In 2020, disposable trocar and ligation clip experienced decline in sales volume due to the outbreak of COVID-19, as demand for these products contracted in line with the reduction in surgical procedures. Disposable electrocoagulation forceps experienced faster recovery of demand despite the pandemic. In 2021, despite regional resurgence of COVID-19 cases, government control measures in the PRC effectively prevented large-scale spread. As a result, elective surgery volume largely returned to the pre-pandemic level, driving a rebound in sales in the three markets. However, in the first half of 2022, successive waves of COVID-19 outbreak, regional lockdowns, and evolving restrictions had negatively affected the hospital operation, especially the patient flow and surgery volume, leading to an overall decline in sales volume for the three markets in 2022.

Since 2023, with the lifting of COVID-19 restrictions, the PRC's overall economic and business activities have continued to recover. Patient flow and surgical volume have gradually resumed its uptrend, resulting in increased end-market demand for products. The ligation clip market, however, experienced a slight decline in 2024. The implementation of VBP policy has been extending at both national and regional levels through alliance models, resulting in broad market disruptions. According to the CIC Report, the Fujian-led nationwide VBP for ligation clips, which commenced in October 2024, has led to uncertainty in both pricing and sales volume. This uncertainty stems from intensified price competition and altered purchasing behaviors, as the VBP policy has concentrated procurement among a limited number of selected suppliers. In response, despite having some pent-up demand, distributors became more conservative and held back on purchases, adopting cautious inventory strategies such as reducing purchases, clearing existing inventory, or lowering stock levels to better assess post-VBP market demand. Therefore, ligation clip sales in 2024 were lower as compared to prior year.

In general, sales volume growth for disposable trocars, ligation clips and disposable electrocoagulation forceps markets declined in the post-COVID-19 period. From 2018 to 2022, the CAGR of sales volume for disposable trocars, ligation clips and disposable electrocoagulation forceps were 11.0%, 5.9% and 21.0%, respectively. However, from 2022 to 2024, the CAGR of disposable trocars decreased by 1.2 percentage points to 9.8%, the CAGR of ligation clips decreased by 0.7 percentage points to 5.2%, while the CAGR of disposable electrocoagulation forceps decreased by 9.5 percentage points to 11.5%.

The NHSA launched the centralised VBP scheme for high-value medical consumables since 2020 pursuant to which competitive tendering are held for purchase of medical devices and consumables with mature and high-volume clinical usage. In September 2021, the NHSA released its 14th five-year plan, outlining a strategy to improve social conditions, including healthcare, by improving the affordability and accessibility of healthcare services by 2025. The policy targets having 80% of hospitals expenditure to go through the provincial tendering process. The VBP policy has raised concerns over lower product pricing and profit margin within medical devices industry, as evidenced by a decline in unit prices. Specifically, the unit price of disposable trocars has gradually declined from RMB109.1 in 2018 to RMB78.7 in 2024, representing a CAGR of -5.3%. Similarly, the unit price of ligation clips peaked at RMB34.9 in 2020 before dropping to RMB33.2 in 2021 and continuing its downward trend to RMB28.7 in 2024. Disposable electrocoagulation forceps have not yet been included in the scope of the VBP policy, but a decline in unit price is seen from RMB194.1 in 2018 to RMB146.8 in 2024, representing a CAGR of -4.5%. Such decline is possibly due to hospitals and provincial health authorities adopting more centralised and competitive tendering processes, which require suppliers to offer more favourable pricing that intensified market competition. As disclosed in the 2025 Interim Report, there are expectations of potential VBP inclusion for disposable electrocoagulation forceps in the near term, which may impose further pressure on its pricing.

According to 2025 Interim Report, the industry-wide anti-corruption initiative continued, posing challenges to the growth of both existing and new products. According to the CIC Report, the PRC government has recently strengthened anti-corruption efforts in the medical and pharmaceutical sectors through measures. The standardised procurement resulted in a temporary slowdown in medical device orders and sales. Hospitals and doctors have become more cautious in approving surgeries, leading to postponed or cancelled elective procedures which may reduce demand for medical devices.

### ***Comments***

Despite challenges posed by COVID-19 disruptions in 2020 and 2022, the market has demonstrated gradual recovery as elective surgeries resumed. However, post-pandemic growth rates have softened amid regulatory changes and heightened competition due to VBP-driven procurement reforms. The PRC medical device industry has exhibited steady growth supported by increasing



adoption of minimally invasive surgical techniques and ongoing healthcare reforms. However, the sector, particularly in segments such as disposable trocars and ligation clips, faces continuous pricing pressures mainly due to the government's market regulation including its VBP policy which has broadened its scope to cover additional product categories. This policy development continues to exert downward pressure on product prices and compress profit margins, requiring manufacturers and distributors to adjust their commercial approach accordingly. The Group's non-HKFRS adjusted net profit margin, which has seen gradual year-on-year decreases from FY2022 to 1H2025 as discussed in section 1.1 above, seemed to be in line with the overall market trend. With implementation of VBP in more regions in the PRC and the increase of product scope under VBP, it is expected that VBP-driven pricing pressure will continue.

Anti-corruption efforts within the healthcare system have tightened procurement compliance standards, creating a more transparent but more cautious purchasing environment. Looking ahead, sustained investment in R&D and product innovation remains crucial for the industry players to maintaining competitive advantage and capturing market share.

## **2. Reasons for and benefits of the Proposal**

As disclosed in "Explanatory Memorandum" in Appendix VII to the Scheme Document, in view of sustained pressure on trading price and limited liquidity of the Shares, the Proposal (i) represents an attractive opportunity for Scheme Shareholders (other than Keyhole Holding Limited) to monetise their investment at a price with a compelling premium amidst market volatility, industry and macro uncertainty; (ii) enables the Scheme Shareholders (other than Keyhole Holding Limited) an attractive cash offer without the risks and uncertain market conditions facing or to be faced by the Company which is not only undertaking some pre-revenue R&D projects but also evaluating multiple strategic alternatives for future projects; (iii) enables the Company to save costs associated with the maintenance of listing status given its limited usefulness to raise new fund due to long-term underperformance in the trading prices and liquidity of the Shares; (iv) alleviates the Group's pressure associated with short-term performance metrics to better focus on a broader range of strategic decisions with respect to investments in sales and marketing to promote the Company's newly approved products, R&D, commercialisation of new technologies and market expansion outside of China.

In addition, it is unlikely that minority Shareholders will receive an alternative offer to realise value in their investments in the Company other than through the Proposal put forth by the Offeror.

### ***Comments***

As stated in the 2025 Interim Report, the Group noted that the growth in mature product categories slowed down and the new categories remain relatively small. The Group has been proactively accelerating innovation, launching new products, and implementing various measures to reduce



costs and enhance efficiency and therefore further increase in R&D and market investments are expected in the future to strengthen product innovation and upgrades, optimize and empower sales network, enhance brand positioning, and solidify the foundation for its medium- to long-term development. By doing so, short-term profitability of the Group would possibly be under pressure and subject to risks and uncertainties.

Weijing Medical has been developing surgical robots and incurred losses since the investment made by the Group in 2022. It has recently obtained regulatory approval from China's National Medical Products Administration for one of its products and is now actively making commercialisation efforts through distributor briefing, live-stream surgical demonstration and participation of key industry events. However, Weijing Medical is yet to be fruitful with the Group's share of its loss for 1H2025 almost equal to that for FY2024, which dragged down the Group's profitability by 7.0% as compared to 1H2024.

Limited usefulness of a listed platform and the unsatisfactory share price performance has been common reasons for the recent Hong Kong privatisation proposals. Against this backdrop, listed companies (including the Company) are receiving proposals from their controlling shareholders at offer prices representing considerable premiums over the prevailing market prices. With the Founder Entities holding more than 50% interest in the Company, which are members of the Consortium as well as the largest shareholders of Topco, which in turn wholly owns the Offeror, another privatisation offer from another party seems to be unlikely.

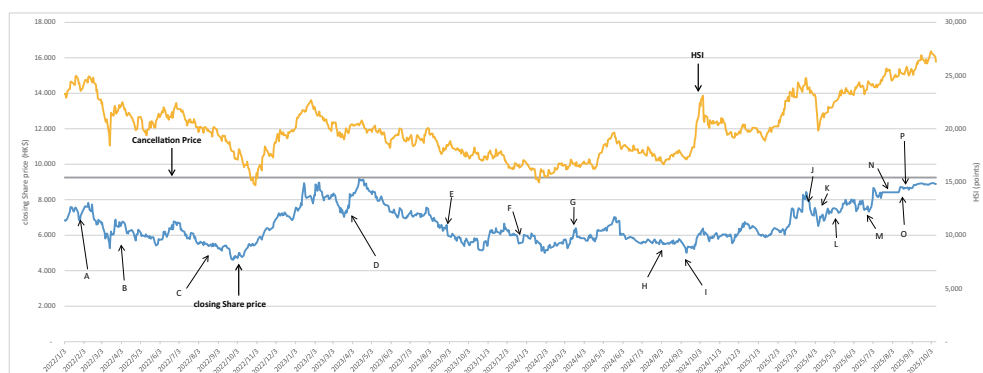
### **3. Evaluation of the Cancellation Price**

#### **3.1 Share analysis**

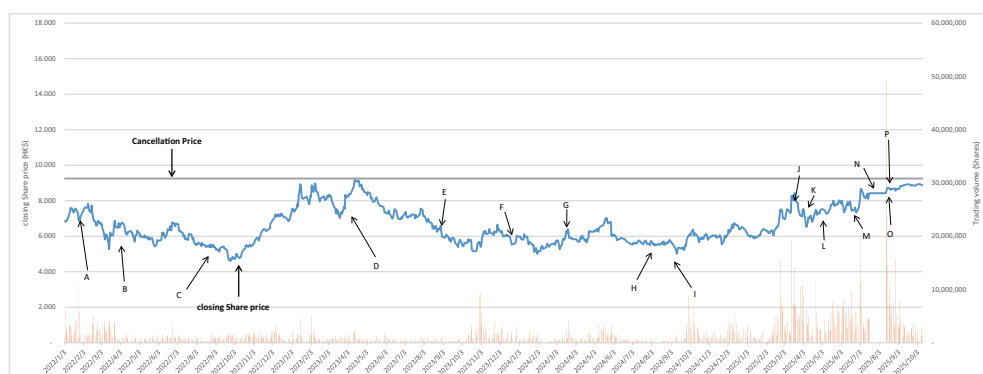
##### *(a) Share price performance*

Set out below is the movement of the closing prices of the Shares on the Stock Exchange during the period from 1 January 2022 up to and including the Latest Practicable Date (the “**Review Period**”), which covers recent major announcements of the Company published during the Review Period. The Review Period is considered sufficient to provide a general overview of the recent market performance of the Shares. The Share price performance is compared to the Cancellation Price and (i) the Hang Seng Index (the “**HSI**”); and (ii) the trading volume of the Company during the Review Period are illustrated as follows:

**FIGURE 1: SHARE PRICE PERFORMANCE COMPARED TO CANCELLATION PRICE AND THE HSI**



**FIGURE 2: SHARE PRICE PERFORMANCE COMPARED TO CANCELLATION PRICE AND TRADING VOLUME OF THE COMPANY**



Source: Bloomberg and FactSet

Reference no.	Date	Event
A	18 January 2022	Equity investment in Weijing Medical
B	22 March 2022	Annual results announcement for the year ended 31 December 2021 (“FY2021”)
C	25 August 2022	FY2022 interim results announcement
D	27 March 2023	FY2022 annual results announcement
E	29 August 2023	FY2023 interim results announcement
F	29 December 2023	Disposal of Qipu
G	20 March 2024	FY2023 annual results announcement and deconsolidation of Weijing Medical

Reference no.	Date	Event
H	20 August 2024	FY2024 interim results announcement
I	11 September 2024	Clarification announcement regarding alleged disposal by substantial shareholders
J	24 March 2025	FY2024 annual results announcement
K	22 April 2025	Registration approval for four-arm surgical robot of Weijing Medical
L	13 May 2025	Termination of disposal of Qipu
M	30 June 2025	Undisturbed Date
N	12 August 2025	The Joint Announcement
O	28 August 2025	FY2025 interim results announcement
P	3 September 2025	Satisfaction of all pre-conditions of the Proposal

The Cancellation Price of HK\$9.25 has been higher than the closing Share prices, which ranged from HK\$4.61 to HK\$9.19, during the Review Period.

As shown in Figure 1, the closing Share prices tracked quite closely the movement of the HSI during the early part of the Review Period until market rumours about disposal of shareholding in the Company by its substantial Shareholder in September 2024.

The closing Share price fell to HK\$4.61 on 26 September 2022. The Company conducted its on-market share repurchase programme between 11 October 2022 and 13 January 2023 with a total of 28.4 million Shares repurchased (representing 2.3% of issued share capital before the Share repurchase) at prices ranging from HK\$5.44 to HK\$9.25. The closing Share price rose from HK\$4.77 on 10 October 2022 (immediately prior to the share repurchases) to HK\$8.24 on 13 January 2023. Shortly thereafter, the closing Share price climbed further to HK\$8.97 on 8 February 2023, supported by the PRC government's announcement of the relaxation of COVID-19 restrictions. The closing Share price subsequently declined in line with the HSI, reaching HK\$7.03 on 20 March 2023. However, following the Company reported a 13.9% increase in sales revenue and a 21.0% increase in non-HKFRS adjusted net profit (see Table 1) for FY2022 on 27 March 2023, the closing Share price rose again and peaked at HK\$9.19 on 13 April 2023. Since then, the closing Share prices kept track of the movement of HSI.

During late 2023 and mid-2024, the Company carried out two additional rounds of on-market share repurchases. From 22 December 2023 to 18 January 2024, the Company repurchased 2.0 million Shares. During this period, the Share price increased slightly from HK\$5.55 on 22 December 2023 to HK\$5.69 on 18 January 2024. Following a significant decline of 11.6% in the Share price from HK\$6.81 on 28 May 2024 to HK\$6.02 on 29 May 2024 when it went ex-dividends for FY2023, the Company initiated the third round of share repurchases, amounting to 4.6 million Shares. However, the Share price fell further, from HK\$6.11 on 30 May 2024 to HK\$5.60 on 18 July 2024.

On 20 August 2024, the Company published its FY2024 interim results announcement, reporting year-on-year increases of 13.6% in sales revenue and 11.9% in non-HKFRS adjusted net profit. However, the closing price of the Shares subsequently fell to HK\$5.01 on 11 September 2024. On the same day, the Company issued a clarification announcement in response to allegations of a disposal by two directors of TPG, confirming that TPG's shareholding interest in the Company remained unchanged. Subsequently, the Company conducted its last round of share repurchases, repurchasing 2.2 million Shares up to 16 January 2025 and the closing Share price rose to HK\$5.93.

From February to June 2025, the Company recorded a significant increase in trading volumes, with average daily trading volume ranging from 3.7 million Shares to 5.7 million shares, the highest level during the Review Period. Over the same period, the Share price rallied from HK\$6.03 on 13 February 2025 to HK\$8.44 on 19 March 2025, possibly due to the buying spree in artificial intelligence (AI) in robotics and medical fields after the launch of DeepSeek's new model. At such time, Weijing Medical's four-arm surgical robotic system completed multi-specialty human clinical trials and submitted its registration application to the National Medical Products Administration. The volatility coincided with a broader market uptrend when the HSI increased by 19.1% from 20,217 points on 3 February 2025 to 24,072 points on 30 June 2025.

The Share price closed at HK\$7.60 on the Undisturbed Date (i.e. 30 June 2025) and HK\$8.42 on the Last Trading Date (i.e. 17 July 2025). After the release of the Joint Announcement, the closing price of the Shares was between HK\$8.50 and HK\$8.94, with an average closing price of HK\$8.79. The Share price closed at HK\$8.89 as at the Latest Practicable Date. The Cancellation Price of HK\$9.25 per Share represents a premium of 4.0% to the closing price of the Share on the Latest Practicable Date.

(b) *Trading liquidity*

Set out below are the monthly total trading volumes of the Shares and the percentages of the monthly total trading volume of the Shares to the total issued Shares and public float of the Company during the Review Period:

**TABLE 4: TRADING LIQUIDITY OF THE SHARES**

	<b>Monthly total trading volume of the Shares</b>	<b>Percentage of the monthly total trading volume of the Shares to the total issued Shares (Note 1)</b>	<b>Percentage of the monthly total trading volume of the Shares to the public float (Note 2)</b>
<b>2022</b>			
January	62,500,435	5.0%	20.5%
February	38,203,496	3.1%	12.5%
March	49,515,849	4.0%	16.2%
April	14,880,259	1.2%	4.9%
May	13,791,537	1.1%	4.5%
June	21,492,374	1.7%	7.0%
July	14,528,487	1.2%	4.8%
August	12,215,802	1.0%	4.0%
September	23,898,811	1.9%	7.8%
October	19,486,447	1.6%	6.4%
November	27,240,923	2.2%	8.9%
December	26,481,499	2.1%	8.7%
<b>2023</b>			
January	20,521,148	1.7%	6.7%
February	21,276,521	1.7%	7.0%
March	17,626,919	1.4%	5.8%
April	16,595,927	1.4%	5.4%
May	10,860,429	0.9%	3.6%
June	10,644,635	0.9%	3.5%
July	7,507,714	0.6%	2.5%
August	11,369,539	0.9%	3.7%
September	7,778,107	0.6%	2.6%
October	34,927,956	2.9%	11.5%

		Percentage of the monthly total trading volume of the Shares to the total issued Shares (Note 1)	Percentage of the monthly total trading volume of the Shares to the public float (Note 2)
November	49,069,485	4.0%	16.1%
December	26,581,190	2.2%	8.7%
<b>2024</b>			
January	17,794,200	1.5%	5.8%
February	7,729,237	0.6%	2.5%
March	20,840,476	1.7%	6.8%
April	15,538,711	1.3%	5.1%
May	35,553,440	2.9%	11.7%
June	14,153,949	1.2%	4.6%
July	8,550,498	0.7%	2.8%
August	6,059,085	0.5%	2.0%
September	22,708,630	1.9%	7.4%
October	44,909,408	3.7%	14.7%
November	21,412,371	1.8%	7.0%
December	48,985,308	4.0%	16.1%
<b>2025</b>			
January	20,751,483	1.7%	6.8%
February	73,618,281	6.1%	24.1%
March	119,294,966	9.9%	39.1%
April	80,683,054	6.7%	26.5%
May	82,914,028	6.9%	27.2%
June	102,484,500	8.5%	33.6%
July (Note 3)	69,109,936	5.7%	22.7%
August	158,575,071	13.1%	52.0%
September	57,794,605	4.8%	18.9%
October (up to and including the Latest Practicable Date)	8,860,855	0.7%	2.9%

Source: Bloomberg and the website of the Stock Exchange

*Notes:*

- (1) The calculation is based on the monthly total trading volumes of the Shares divided by the total number of Shares in issue (excluding treasury shares) as at the end of each month or the Latest Practicable Date, as applicable.
- (2) The calculation is based on the monthly total trading volumes of the Shares divided by the total number of Shares held by the public as at the Latest Practicable Date based on the information provided by the Company, as applicable.
- (3) Trading in the Shares was suspended during the period from 18 July 2025 up to and including 12 August 2025 pending the release of the Joint Announcement.

From January to March 2022, the monthly turnover of the Shares remained within the range of 3.1%–5.0% of the total issued Shares and 12.5%–20.5% of the public float, which were relatively more active than other months during the Review Period. The trading volume of the Company may be stimulated by the equity investment in Weijing Medical announced in January 2022 and the publication of improved annual results for FY2021 announced in March 2022. Subsequently, the Company's trading volume lost its momentum and maintained within the range of 0.5%–2.2% of the total issued Shares and 2.0%–8.9% of the public float from April 2022 to January 2025, except for October and November 2023, and May, October and December 2024. The surge in trading volume were observed in these months, accompanied by fluctuations of closing Share prices. We have discussed this with the Management and save for the repurchases of 550,000 Shares, 275,000 Shares and 400,000 Shares conducted in May, October and December 2024, respectively, they are unaware of the reason for such surge.

From February to June 2025 (i.e. up to the Undisturbed Date), the monthly turnover of the Shares recorded significant increases, ranging from 6.1% to 9.9% of the total issued Shares and 24.1% to 39.1% of the public float. The monthly average trading volume during this period was 3.4 times, 4.7 times, and 4.2 times the monthly average trading volumes of 2022, 2023 and 2024, respectively. As discussed in section 4.1 above, the increase in trading volume of the Company may be attributable to the investors' growing interests in AI-related industries following the launch of DeepSeek's new model. Trading in the Shares was suspended for 18 trading days in July to August 2025. Following the publication of the Joint Announcement, the trading volume surged again in August 2025, reaching 13.1% of the total issued Shares and 52.0% of the public float, even there were only 13 trading days in August 2025. In our view, this surge was principally related to the Proposal and may not continue if the Proposal lapses.

The increase in trading volume seemed to be driven by the market excitement and media attention over AI-related businesses including pre-revenue Weijing Medical, a surgical robot developer. Surgical robot industry in the PRC, which is dominated by a US player Intuitive Surgical, is competitive. The local players including Weijing Medical have recently obtained regulatory approval for their surgical robotic products and are actively making commercialisation efforts. According to the Management, no sales contracts are concluded by Weijing Medical so far. It is therefore unclear when Weijing Medical will become fruitful. The trading liquidity in 1H2025, in our view, might be a temporary boost. Scheme Shareholders, especially those holding substantial stakes, should be aware if they wish to exit their investments in the Company, they may face challenges disposing of the Shares in the market without exerting downward pressure on the Shares price. On this basis, the Proposal provides an opportunity for the Scheme Shareholders (especially those with relatively sizeable shareholdings) to realise their investments in the Shares at a fixed cash price under the Proposal without disturbing the market price.

(c) *Cancellation Price comparison*

A comparison of the Cancellation Price of HK\$9.25 per Scheme Share with the recent closing prices of the Shares and NAV per Share is set out as follows:

**TABLE 5: SHARE PRICE COMPARISON**

	<b>Closing price or average closing price of the Shares</b>	<b>Premium represented by the Cancellation Price</b>
Latest Practicable Date	HK\$8.89	4.0%
Last Trading Date	HK\$8.42	9.9%
Undisturbed Date	HK\$7.60	21.7%
5 trading days <sup>(1)</sup>	HK\$7.48	23.7%
10 trading days <sup>(1)</sup>	HK\$7.50	23.3%
30 trading days <sup>(1)</sup>	HK\$7.71	20.0%
60 trading days <sup>(1)</sup>	HK\$7.49	23.5%
120 trading days <sup>(1)</sup>	HK\$7.13	29.7%
180 trading days <sup>(1)</sup>	HK\$6.79	36.2%
360 trading days <sup>(1)</sup>	HK\$6.28	47.3%



	NAV per Share <sup>(2)</sup>	Premium represented by the Cancellation Price
As at 30 June 2025	HK\$2.35	293.6%

*Source: Bloomberg and the website of the Stock Exchange*

*Notes:*

1. Up to and including the Undisturbed Date.
2. Calculated based on the Group's NAV as at 30 June 2025 and the number of Shares in issue as at 30 June 2025 using the exchange rate of HK\$1: RMB0.9130, the central parity rate published by the People's Bank of China as at the Latest Practicable Date.

The Cancellation Price of HK\$9.25 represents premiums of approximately 20.0% – 47.3% over the closing price of the Share on the Undisturbed Date and the average closing prices of the Shares for the 5, 10, 30, 60, 120, 180 and 360 trading days (up to and including the Undisturbed Date) before the irregular trading volumes and price movements in the Shares were noted. The Cancellation Price represents a premium of 293.6% over the latest NAV per Share as at 30 June 2025.

On the Last Trading Date and Latest Practicable Date, the Cancellation Price represents premiums of 9.9% and 4.0% over the closing price of the Share, respectively. The Share price movement following the publication of the Joint Announcement is likely to be influenced by the Proposal and the Scheme. As such, we consider that there is no assurance that the Share price will remain at the current levels should the Proposal and the Scheme lapse.

### ***Comments***

The Company has been listed on the Main Board of the Stock Exchange since 29 June 2020, with an initial public offer price of HK\$13.88. The closing price of the Shares reached its historical high of HK\$34.45 shortly after its listing and fell back to its initial public offer price level in December 2020. The closing price of the Share then continued its downward trend and had been below the initial public offer price since then. The market valuation during pandemic shifted and investors became more focused on businesses that could achieve rapid business growth and deliver returns in a changing and challenging environment. Shift in valuation focus and weak market sentiment, in our view, might be the reason for the lower valuation of the Company during the Review Period. Therefore, the Share valued by the market as reflected by its market price in the recent year, in our view, would be relevant to assess the current value of the Company.

The Cancellation Price of HK\$9.25 per Share is higher than the closing Share prices during the Review Period and represents premiums of 20.0% to 47.3% over the closing price of the Shares on the Undisturbed Date and the average closing price of the Shares for 5, 10, 30, 60, 120, 180 and 360 trading days (up to and including the Undisturbed Date). The Cancellation Price is 293.6% higher than the NAV per Share, and 495.5% higher than the net cash per Share of RMB1.41 per Share (equivalent to HK\$1.55 per Share), as at 30 June 2025.

During the Review Period, the Company conducted four rounds of share repurchases. The first round lasted for 3 months starting from mid-October and repurchased a total 28.4 million Shares, during which the closing Share price rose from HK\$4.77 in October 2022 to HK\$8.24 in January 2023. It rose further to HK\$9.19, being its highest during the Review Period, after relaxation of pandemic restrictions in March 2023. The next three rounds were much smaller in scale having repurchased (i) 2 million Shares in December 2023 to January 2024; (ii) 4.6 million Shares in May to June 2024; and (iii) 2.2 million Shares in September 2024 to January 2025, respectively. Following the Share repurchases, closing Share prices were in the region of HK\$5.60 – HK\$7.00. These efforts only achieved short-lived success.

Together with the Share repurchases before the Review Period, the Company has repurchased an aggregate of 44.2 million Shares for a total consideration of RMB284.8 million from September 2021 to January 2025. The Company not only conducted share repurchases as a source of liquidity and strength for the Share price but has also been paying dividends. The Company paid cumulative dividends of RMB2,429.9 million, equivalent to HK\$2.221 per Share, to its shareholders as a reward for their investment and ownership.

On the above bases, in particular the fact that the Cancellation Price has been higher than the closing prices of the Share during the Review Period, the Proposal, in our view, provides an opportunity for the Shareholders (especially those with relatively sizeable shareholdings) who would like to realise their investments in the Shares at a fixed cash price without disturbing the market price of the Share.

### **3.2. *Comparable companies***

The Group is principally involved in the design, development, manufacture and sale of a comprehensive suite of MISIA. According to the 2024 Annual Report, the Group generated all its revenue from the sale of medical devices and over 90% of which was derived from the PRC market. The Group has been profitable since its listing.

We employed Bloomberg's equity screening tool to identify companies primarily engaged in design, development, manufacturing, and sales of surgical instruments and accessories and listed on the Main Board of the Stock Exchange that generated over 50% of their most recent annual revenue from sales of medical devices in the PRC and were profitable in

their last financial year. The adoption of 50% revenue contribution threshold is a common practice for selecting comparable companies in order to obtain sufficient population and establish a reliable basis for comparison. Four companies were identified (the “**Comparable Companies**”) based on the aforementioned criteria. The Comparable Companies are exhaustive based on the aforementioned selection criteria.

In conducting our analysis, we have compared the price-to-earning ratio (“**PER**”), price-to-book ratio (“**PBR**”) of the Company implied by the Cancellation Price with those of the Comparable Companies, which, we consider, are widely accepted multiples to evaluate a profitable company. Details of the Comparable Companies are set out in the table below:

**TABLE 6:: COMPARABLE COMPANIES**

Company (stock code)	Principal activities	Percentage of revenue generated from relevant business <sup>(1)</sup>	Market Capitalisation <sup>(2)</sup> (in HK\$ million)	PER <sup>(3)</sup> (times)	PBR <sup>(4)</sup> (times)
Shandong Weigao Group Medical Polymer Company Limited (1066. HK, “ <b>Shandong Weigao</b> ”)	Research and development, production and sale of medical device products, orthopaedic products, interventional products, pharma packaging products and blood management products, and operate financing business	64.9% <sup>(5)</sup>	27,872.7	12.96	1.06
LEPU ScienTech Medical Technology (Shanghai) Co., Ltd. (2291. HK, “ <b>Lepu</b> ”)	Research, development, manufacture and commercialization of interventional medical devices primarily targeting structural heart diseases	100.0%	6,987.0	22.24	3.24
Shanghai INT Medical Instruments Co., Ltd. (1501. HK, “ <b>Shanghai INT</b> ”)	Research and development, manufacturing and sales of interventional and implantable medical devices	90.8%	4,391.2	21.15	2.14
PW Medtech Group Limited (1358. HK, “ <b>PW Medtech</b> ”)	Research and development, manufacturing and sale of advanced infusion set, intravenous cannula products, insulin needles and hemodialysis and blood purification medical devices	100.0%	1,962.5	12.25	0.45
			<b>Highest</b>	22.24	3.24
			<b>Lowest</b>	12.25	0.45

Company (stock code)	Principal activities	Percentage of revenue generated from relevant business <sup>(1)</sup>	Market Capitalisation <sup>(2)</sup> (in HK\$ million)	PER <sup>(3)</sup> (times)	PBR <sup>(4)</sup> (times)
			<b>Average</b>	17.15	1.72
			<b>Median</b>	17.06	1.60
<b>The Company (9997. HK) based on the Cancellation Price of HK\$9.25</b>		<b>100.0%</b>	<b>11,174<sup>(6)</sup></b>	<b>18.21<sup>(6)</sup></b>	<b>3.94<sup>(6)</sup></b>

*Source: Bloomberg and the websites of the Comparable Companies and the Stock Exchange*

*Notes:*

1. Percentage of revenue generated from relevant business represents the sales of medical devices for the year ended 31 December 2024.
2. The market capitalisation of the Comparable Companies are calculated based on the closing price of the respective companies as at the Undisturbed Date (being the last trading day prior to when there were irregular trading volumes and price movements in the Shares) multiplied by the number of issued outstanding shares based on the monthly returns as at the Undisturbed Date.
3. The PERs of the Comparable Companies are calculated based on their respective market capitalisation as at the Undisturbed Date (being the last trading day prior to when there were irregular trading volumes and price movements in the Shares) divided by their respective profit attributable to the shareholders for the trailing 12-month period ended 30 June 2025 as referenced from their respective latest published annual and/or interim results announcements.
4. The PBRs of the Comparable Companies are calculated based on their respective market capitalisation as at the Undisturbed Date (being the last trading day prior to when there were irregular trading volumes and price movements in the Shares) divided by their respective net assets attributable to the shareholders as referenced from their respective latest published results announcements.
5. The relevant segment of Shandong Weigao includes (i) medical device products (i.e. production and sale of clinical care, medical testing, anesthesia and surgical related products and other consumables); and (ii) interventional products (i.e. production and sale of tumour and blood vessel interventional instruments). The remaining segment includes (i) orthopaedic products (i.e. production and sale of orthopaedic products, including tissue repair product line); (ii) pharmaceutical packaging products (i.e. production and sale of pre-filled syringes and flushing syringes); and (iii) blood management products (i.e. production and sale of blood collection, irradiation, storage, separation and sterilization products), which are related to medical industry. Shandong Weigao is considered relevant for the comparable companies analysis.
6. The market capitalisation, PER and PBR of the Company implied by the Cancellation Price are calculated based on the Cancellation Price of HK\$9.25.

Among the four Comparable Companies, (i) Lepu's major product is occluder products targeting structural heart diseases; and (ii) Shanghai INT's major product is cardiovascular interventional medical devices, both surgical instruments mainly used in cardiovascular surgeries requiring specialised technologies while (i) Shandong Weigao's major products are clinical care, medical testing, anesthesia and surgical related products and other consumables; and (ii) PW Medtech's major product is blood purification product, which are general clinical care products and advance infusion sets. No Comparable Companies are principally engaged in the manufacture and sale of the major MISIA products (e.g. disposable trocars, ligation clips and disposable electrocoagulation forceps) similar to those of the Company.

The PERs and PBRs of the Comparable Companies range from 12.25 times to 22.24 times with an average of 17.15 times and a median of 17.06 times for PERs, and from 0.45 times to 3.24 times with an average of 1.72 times and a median of 1.60 times for PBRs. Specifically, Lepu and Shanghai INT had higher PERs (i.e. 21x – 23x) and PBRs (i.e. of 2x – 3x), which, in our view, might be due to their specialised technologies and products portfolio commanding a higher premium by the market as reflected in their share prices. In contrast, Shandong Weigao's and PW Medtech's major products valued a lower premium by the market with PERs of 12 times – 13 times and PBRs of 0.4 times – 1.1 times. The Company's PER, implied by the Cancellation Price, is 18.21 times, falling between the two groups of Comparable Companies and its PBR is higher than all the Comparable Companies'.

### ***Comments***

Valuation of the companies as appraised by the market is usually subject to a number of factors including but not limited to company size, revenue, profitability and technology or economic moat (if any). The clear delineation of the valuation multiples of the two groups of Comparable Companies, in our view, might be due to Lepu's and Shanghai INT's differentiating factor enabling them to hold a competitive edge valued by the market. Given no comparable companies are principally selling the major products of the Company and both Comparable Companies and the Company are profitable, technology moat is the key factor to determine their valuation by the market. Although Shandong Weigao's market capitalisation is much larger than that of the Company, its PER fortifies our view as to the market placing greater emphasis on factors such as the technology moat and ability to manage external threats rather than simply size for companies of this type.

The products of Lepu, Shanghai INT and the Company are mainly used in surgical procedures and those of Shandong Weigao and PW Medtech are general clinical care products. Both Lepu and Shanghai INT are significant players in cardiovascular device technology in the PRC and are noted for innovation in the area. The Group's major products (i.e. disposable trocars, ligation clips and forceps), in our view, are relatively less specialised and involve less technological sophistication than Lepu and Shanghai INT but more specialised than those of Shandong Weigao and PW Medtech. The PER of the Company lies between these two groups appears to be reasonable in view of the complexity of its products and technological sophistication involved. The PBR implied by the Cancellation Price of 3.94 times is higher than those of the Comparable Companies.

**4.3. Privatisation precedents**

To assess the fairness and reasonableness of the Cancellation Price, we have researched all successful privatisation proposals involving companies listed on the Main Board of the Stock Exchange that were announced and completed from 1 January 2024 to the Latest Practicable Date, excluding share exchange offers without payment of cash (the “**Privatisation Precedents**”). Although the Privatisation Precedents may involve an offeree company with different business nature, scale, industries, financials, historical price performance, the Privatisation Precedents, in our view, provide a comprehensive overview of the pricing of recent transactions of this type and the premiums or discounts that most of independent shareholders are willing to accept for tendering their shares in a privatisation transaction. The Privatisation Precedents represent an exhaustive list of privatisation proposals meeting the aforesaid criteria, a summary of which is set out in the table below.

**TABLE 7: PRIVATISATION PRECEDENTS**

Date of initial announcement <sup>(2)</sup>	Company name (Stock code)	Premium or (discount) represented by offer/cancellation price over/to closing share price/average share price <sup>(1)</sup>								Premium or (discount) represented by offer/cancellation price over/to latest NAV per share/adjusted NAV per share <sup>(5)</sup>
		Last full trading day <sup>(3)</sup>	5-trading day <sup>(4)</sup>	10- trading day <sup>(4)</sup>	30-trading day <sup>(4)</sup>	60-trading day <sup>(4)</sup>	120-trading day <sup>(4)</sup>	180-trading day <sup>(4)</sup>	360-trading day <sup>(4)</sup>	
17 June 2025	Beijing Properties (Holdings) Limited (925)	250.0%	253.5%	247.4%	222.1%	200.1%	171.8%	175.118%	211.0%	10.0%
28 May 2025	Lippo Limited (226) (“ <b>Lippo</b> ”) <sup>(6)</sup>	53.0%	52.1%	63.0%	71.2%	70.8%	73.1%	79.0%	76.1%	(56.9)%
9 May 2025	Thing On Enterprise Limited (2292)	30.0%	30.0%	30.0%	30.0%	36.2%	20.5%	7.3%	2.2%	(49.3)%
11 April 2025	Shandong Fengxiang Co., Ltd. (9977)	33.3%	34.8%	35.5%	39.9%	44.9%	71.7%	68.9%	47.9%	(15.3)%
17 February 2025	Tam Jai International Co. Limited (2217)	75.6%	80.4%	88.3%	96.3%	99.6%	93.8%	75.8%	48.3%	44.7%
4 December 2024	ESR Group Limited (1821)	55.7%	58.2%	58.1%	54.0%	40.8%	33.5%	26.0%	5.5%	(1.2)%
27 December 2024	Vesync Co., Ltd (2148)	33.3%	34.4%	37.3%	44.4%	36.1%	32.3%	24.3%	29.1%	122.3%
19 December 2024	Pentamaster International Limited (1665) (“ <b>Pentamaster</b> ”) <sup>(7)</sup>	56.3%	60.3%	58.5%	53.4%	50.8%	50.2%	43.4%	21.9%	32.6%

# PART VI LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

		Premium or (discount) represented by offer/cancellation price over/to closing share price/average share price <sup>(1)</sup>								Premium or (discount) represented by offer/cancellation price over/to latest NAV per share/adjusted NAV per share <sup>(5)</sup>
Date of initial announcement <sup>(2)</sup>	Company name (Stock code)	Last full trading day <sup>(3)</sup>	5-trading day <sup>(4)</sup>	10- trading day <sup>(4)</sup>	30-trading day <sup>(4)</sup>	60-trading day <sup>(4)</sup>	120-trading day <sup>(4)</sup>	180-trading day <sup>(4)</sup>	360-trading day <sup>(4)</sup>	
10 December 2024	Fosun Tourism Group (1992)	95.0%	112.1%	112.7%	111.2%	110.3%	111.4%	107.0%	50.0%	(27.4)%
22 November 2024	Ronshine Service Holding Co., Ltd (2207)	15.4%	9.9%	1.7%	(5.9)%	1.9%	(12.4)%	(13.6)%	(48.9)%	(53.5)%
28 October 2024	Beijing Capital Grand Limited (1329)	46.6%	54.5%	55.1%	41.7%	47.8%	80.9%	53.5%	34.0%	(53.8)%
14 October 2024	CM Hi-Tech Cleanroom Limited (2115)	25.0%	23.5%	26.8%	30.5%	39.5%	41.2%	37.9%	17.6%	(3.2)%
2 September 2024	Doyen International Holdings Limited (668)	78.6%	81.5%	81.9%	81.1%	86.1%	131.4%	91.8%	89.0%	(39.4)%
16 July 2024	Samson Holding Ltd. (531)	77.8%	86.8%	105.4%	150.1%	186.7%	172.8%	150.6%	110.9%	(47.1)%
7 July 2024	Canvest Environmental Protection Group Company Limited (1381)	20.7%	17.8%	16.9%	20.8%	21.8%	21.3%	23.5%	22.7%	21.6%
19 June 2024	Asia Standard Hotel Group Limited (292) (“ASH”)	52.8%	48.2%	41.9%	57.4%	70.8%	63.9%	49.2%	18.7%	(98.6)% <sup>(8)</sup>
12 June 2024	A8 New Media Group Limited (800)	162.8%	159.4%	167.9%	186.6%	186.1%	155.6%	125.9%	78.2%	(48.1)%
7 June 2024	CPMC Holdings Limited (906)	38.7%	42.8%	48.0%	64.1%	71.5%	66.0%	65.8%	81.8%	26.7%
27 May 2024	Huafa Property Services Group Company Limited (982)	30.6%	36.5%	40.2%	70.5%	82.2%	90.0%	104.9%	105.7%	970.1%
29 April 2024	L’Occitane International S. A. (973)	30.8%	36.1%	40.6%	49.9%	60.8%	52.4%	53.8%	55.4%	593.5%
18 April 2024	Kin Yat Holdings Limited (638)	33.3%	43.4%	52.4%	51.5%	53.6%	63.5%	72.1%	50.2%	(57.4)%
28 March 2024	SciClone Pharmaceuticals (Holdings) Limited (6600)	33.9%	36.0%	36.2%	47.5%	47.9%	58.1%	67.1%	83.4%	228.4%
8 March 2024	YiChang HEC ChangJiang Pharmaceutical Co., Ltd. (1558) (“Yichang”) <sup>(9)</sup>	98.8%	121.8%	134.4%	159.2%	150.1%	180.8%	205.3%	238.7%	82.6%

## PART VI LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

		Premium or (discount) represented by offer/cancellation price over/to closing share price/average share price <sup>(1)</sup>								Premium or (discount) represented by offer/cancellation price over/to latest NAV per share/adjusted NAV per share <sup>(5)</sup>
Date of initial announcement <sup>(2)</sup>	Company name (Stock code)	Last full trading day <sup>(3)</sup>	5-trading day <sup>(4)</sup>	10- trading day <sup>(4)</sup>	30-trading day <sup>(4)</sup>	60-trading day <sup>(4)</sup>	120-trading day <sup>(4)</sup>	180-trading day <sup>(4)</sup>	360-trading day <sup>(4)</sup>	
9 February 2024	IntelliCentrics Global Holdings Ltd. (6819) (“IntelliCentrics”) <sup>(10)</sup>	20.5%	20.4%	19.3%	13.6%	11.4%	2.8%	(4.4)%	(12.5)%	NA <sup>(11)</sup>
26 January 2024	Bank of Jinzhou Co., Ltd. (416)	0.0%	(0.6)%	(1.0)%	0.3%	15.4%	43.0%	36.5%	3.8%	(71.9)%
	Highest	250.0%	253.5%	247.4%	222.1%	200.1%	180.8%	205.3%	238.7%	970.1%
	Lowest	(0.0)%	(0.6)%	(1.0)%	(5.9)%	1.9%	(12.4)%	(13.6)%	(48.9)%	(98.6)%
	Average	57.9%	61.4%	63.9%	69.7%	72.9%	74.8%	69.1%	56.8%	62.9%
	Median	38.7%	43.4%	48.0%	53.4%	53.6%	63.9%	65.8%	48.3%	(9.2)%
12 August 2025	The Company (9997)	21.7%	23.7%	23.3%	20.0%	23.5%	29.7%	36.2%	47.3%	293.6%

*Source: Bloomberg and the website of the Stock Exchange*

*Notes:*

- The figures are calculated based on the offer/cancellation price divided by the closing price per share on the last full trading day or average closing price per share during various periods.
- The date of the Takeovers Code Rule 3.5 announcement or Rule 3.7 announcement, whichever is earlier.
- The last undisturbed full trading day as disclosed in the respective offer/scheme document or last full trading day prior to the release of the initial announcement.
- Up to and including the last full trading day.
- It represents the premium or (discount) represented by the offer/cancellation price over the NAV per share (or adjusted NAV per share, if available) quoted from the respective offer/scheme document.



6. The cancellation price for Lippo represents the total cash entitlement under the cash alternative scenario, and the prices of the shares have been adjusted to reflect the distribution of 1,193,432,757 shares of Hongkong Chinese Limited (stock code: 655) with the ex-entitlement date on 13 January 2025 as sourced from the website of the Hong Kong Stock Exchange.
7. The cancellation price of Pentamaster includes special dividend of HK\$0.07 per share.
8. The adjusted NAV per share of ASH is based on an undiluted basis as disclosed in its scheme document dated 29 August 2024.
9. The historical share prices for YiChang have been adjusted with the special dividend of HK\$1.5 per share.
10. We consider the proposal relating to the delisting of IntelliCentrics, which was delisted by way of a very substantial disposal transaction and declaration of special interim dividend, is akin to privatisation of companies listed in Hong Kong. The special interim dividend is computed as the cancellation price for comparison purpose.
11. Not applicable as the subject offeree company was in net liability position.
12. Subject to rounding differences.

*(a) Premiums or (discounts) over/to the prevailing share prices*

The premiums or (discounts) represented by the offer/cancellation price of the Privatisation Precedents are (i) 0.0% – 250.0%, with an average of 57.9% and a median of 38.7% over/to their respective closing share price on the last undisturbed full trading day; (ii) (0.6)% – 253.5%, with an average of 61.4% and a median of 43.4% over/to their respective 5-trading day average closing share price; (iii) (1.0)% – 247.4%, with an average of 63.9% and a median of 48.0% over/to their respective 10-trading day average closing share price; (iv) (5.9)% – 222.1%, with an average of 69.7% and a median of 53.4% over their respective 30-trading day average closing share price; (v) 1.9% – 200.1%, with an average of 72.9% and a median of 53.6% over/to their respective 60-trading day average closing share price; (vi) (12.4)% – 180.8%, with an average of 74.8% and a median of 63.9% over/to their respective 120-trading day average closing share price; (vii) (13.6)% – 205.3%, with an average of 69.1% and a median of 65.8% over/to their respective 180-trading day average closing share price; and (viii) (48.9)% – 238.7%, with an average of 56.8% and a median of 48.3% over/to their respective 360-trading day average closing share price. The premiums of 20.0% – 47.3% represented by the Cancellation Price over the closing Share prices on the Undisturbed Date and average closing Share prices for various trading periods all fall within the ranges of those of the Privatisation Precedents.

*(b) Premiums or (discounts) over/to the NAV per share*

The premiums or (discounts) represented by the offer/cancellation price of the Privatisation Precedents over/to their respective NAV per share range from (98.6)% to 970.1%. The Cancellation Price representing a premium over the NAV per Share of 293.6% is within the range of those of the Privatisation Precedents.

Out of the 24 Privatisation Precedents (after having excluded the case involving an offeree company in net liability position), 10 cases had offer/cancellation prices that represent premiums over their respective NAV per share and 14 cases had offer/cancellation prices represent discounts to their respective NAV per share. The premium represented by the Cancellation Price of the Company over its NAV per share ranked the third among the 10 cases with premiums over their respective NAV per share.

***Comments***

We consider the Privatisation Precedents during the Review Period provide a general overview of the pricing of the recent successful privatisation transactions in Hong Kong and serve as a reference when assessing the fairness and reasonableness of the Cancellation Price. As the Privatisation Precedents' premiums or (discounts) have wide ranges which may be due to the different business nature, scale and industries in which the companies involved operate, as well as their own historical trading prices which may have been impacted by the then market sentiment and other extenuating circumstances specific to each of the Privatisation Precedents, they give a reference on recent pricing on privatisation transactions which are reasonable for the respective independent shareholders to tender their shares. Among the companies involved in the Privatisation Precedents, no company engaged in medical device industry. Accordingly, we regard the Privatisation Precedents illustrating the acceptable privatisation premium range in the market relevant and one of the meaningful factors in assessing the fairness and reasonableness of the Scheme Consideration from Independent Shareholders' perspective

Having considered that (i) the premiums represented by the Cancellation Price over the closing Share price on the Undisturbed Date and average closing Share prices for various trading periods are within the ranges of those of the Privatisation Precedents; and (ii) the premium represented by the Cancellation Price to the NAV per Share is higher than 90% of the Privatisation Precedents, the Cancellation Price of HK\$9.25, in our view, is reasonable.

**5. RSU Plan**

For the purpose of the RSU Plan, the Company allotted and issued to ESOP BVI, and ESOP BVI acquired on the market, a total of 46,810,000 Shares (i.e. the RSU Shares) in accordance with the terms of the RSU Plan. Accordingly, when the RSUs are vested and exercised, no further Shares will be allotted and issued by the Company as an equivalent number of RSU Shares (being the existing limit in respect of the number of underlying Shares to be granted under the RSU Plan) are already held by ESOP BVI. No offer under Rule 13 of the Takeovers Code will be made to the outstanding RSUs granted under the RSU Plan, and all RSU Shares will form part of the Scheme Shares and be cancelled upon the Scheme becoming effective.

In connection with the Proposal, ESOP BVI and the Offeror have entered into the ESOP Deed, pursuant to which, subject to the Scheme having become effective and the implementation of the Proposal, the Offeror shall pay ESOP BVI (i) within 7 Business Days from the Effective Date, the aggregate “see-through prices” (being the Cancellation Price minus unpaid portion of the exercise price or the exercise price, as the case may be), which ESOP BVI shall then promptly pay to the relevant RSU Holder(s) (if any); and (ii) upon the first anniversary of the Effective Date, the aggregate exercise price or unpaid portion of the exercise price (as the case may be), which ESOP BVI shall then pay to the Company.

Given (i) the calculation of “see-through prices”, being the difference between the Cancellation Price and the exercise price or unpaid portion of the exercise price (if any), is equivalent to the see-through value of convertible securities under comparable offer as required pursuant to Rule 13 of the Takeovers Code; (ii) the payment by the Offeror to ESOP BVI with respect to such aggregate “see-through prices” shall be within 7 Business Days from the Effective Date, which is the same as Scheme Shareholders; and (iii) the one-year deferred payment of the exercise price or unpaid portion of the exercise price of the RSUs by the Offeror does not involve any onward payment obligations to any of the RSU Holders but the Company, we consider the terms of the ESOP Deed to be fair and reasonable so far as the RSU Holders are concerned.

**SPECIAL DEAL****1.      Background of the Rollover Arrangement and Shareholders' Agreement**

As mentioned in the “Explanatory Memorandum” in Appendix VII to the Scheme Document, the Offeror proposes that, upon the Scheme becoming effective, the Founder Entities will (i) roll over the Founder Rollover Shares in consideration for the crediting of unpaid TopCo shares held by the Founder Entities as fully paid, and (ii) receive the Founder Consideration as consideration for the cancellation of the Founder Consideration Shares, in each case in accordance with the terms of the Consortium Agreement. The Founder Consideration comprises cash to be paid to the Founder Entities and the Convertible Note to be issued to Fortune Spring ZM, representing the aggregate consideration for the cancellation of the Founder Consideration Shares.

On 12 August 2025, the Consortium Members (including the Founder Entities) and TopCo entered into the Shareholders' Agreement in respect of the future governance of TopCo. The Founder Entities and other Consortium Members will be entitled to certain rights under the Shareholders' Agreement upon the Scheme becoming effective.

**2.      Information on the Founder Entities and their beneficial owners**

Each of Fortune Spring ZM and Fortune Spring YG (i.e. Founder Entities) is a business company incorporated in the British Virgin Islands.

As at the Latest Practicable Date, Fortune Spring ZM, which held 408,500,000 Shares, is indirectly owned as to 99.9% by a trust for which Mr. Zhong acts as the settler and protector. The beneficiaries of the trust are Mr. Zhong and such other persons appointed by him.

As at the Latest Practicable Date, Fortune Spring YG, which held 231,500,000 Shares, is indirectly owned as to 99.8% by another family trust for which Ms. Shentu acts as the settler and Mr. Zhong acts as the protector. The beneficiaries of the trust are Ms. Shentu, her children with Mr. Zhong, issue of such children and any charitable organisations.

Mr. Zhong and Ms. Shentu, each an executive Director, are spouses.

### **3.      Rollover Arrangement and Shareholders' Agreement**

#### **3.1    Rollover Arrangement**

As at the Latest Practicable Date, the Founder Entities in aggregate held 640,000,000 Shares, representing 53.0% of the issued share capital of the Company. As stated in “Explanatory Memorandum” in Appendix VII to the Scheme Document, in accordance with the terms of the Consortium Agreement, (i) Fortune Spring ZM will receive the Cancellation Price for its 178,544,584 Shares under the Scheme and the Convertible Note for its 42,162,163 Shares; and (ii) Fortune Spring YG will receive the Cancellation Price for its 125,076,162 Shares under the Scheme. The Founder Rollover Shares (i.e. Founder Scheme Shares less Founder Consideration Shares) will be rolled over and used to pay up the unpaid TopCo shares held by the Founder Entities.

Set out below is the shareholding of Fortune Spring ZM and Fortune Spring YG in the Company and the Offeror as at the Latest Practicable Date:

	The Company			TopCo		
	As at the Latest Practicable Date			As at the Latest Practicable Date		
	No. of Shares	%	No. of Founder Rollover Shares <sup>(1)</sup>	%	No. of shares <sup>(2)</sup>	%
Fortune Spring ZM	408,500,000	33.8%	187,793,253	15.6%	187,793,253	25.5%
Fortune Spring YG	231,500,000	19.2%	106,423,838	8.8%	106,423,838	14.5%
Total	640,000,000	53.0%	294,217,091	24.4%	294,217,091	40.0%

*Notes:*

- (1) The Founder Rollover Shares refer to the Founder Scheme Shares less the Founder Consideration Shares, which will be cancelled in consideration for the crediting of unpaid TopCo shares held by the Founder Entities as fully paid upon the Scheme becoming effective.
- (2) As at the Latest Practicable, the TopCo shares held by the Founder Entities are unpaid.

As shown in the above table, the Founder Rollover Shares account for 24.4% as at the Latest Practicable Date as opposed to 40% in TopCo as at the Latest Practicable Date and will remain so upon completion of the Proposal. Pursuant to the Consortium Agreement, consortium members will pay up the unpaid TopCo shares either by way of Scheme Shares (on the basis of HK\$9.25 per Scheme Share) or cash on the Effective Date. The shareholding of the Consortium Members (including the Founder Entities) in TopCo is calculated in accordance with their respective capital contribution.

As stated in “Explanatory Memorandum” in Appendix VII to the Scheme Document, the Offeror intends to finance the cash consideration under the Proposal by the equity commitment of some consortium members amounting to HK\$2.1 billion and an external debt financing (the “**External Debt Financing**”).

It is proposed that 42,162,163 Scheme Shares held by Fortune Spring ZM will be settled by the Convertible Note due in 90 months from the issue date (subject to extension to six months after the final maturity date of the External Debt Financing) to be issued by TopCo. The principal amount to the Convertible Note is HK\$390 million, equivalent to the value of such number of Scheme Shares based on the Cancellation Price. It carries an interest rate equivalent to either HIBOR plus up to 1.11% per annum or the loan prime rate published by National Interbank Funding Center for a loan with a final maturity of more than 5 years minus 0.5% per annum, as determined by the Offeror. It is also subject to the Arrangement Fee payable to the holder of the Convertible Note comprising initial arrangement fee of 1% of the principal amount of the Convertible Note and subsequent arrangement fee of 0.26% per annum on the outstanding amount of the Convertible Note. We have been provided with the extracts of the documents showing the material terms relating to the External Debt Financing and noted that the basis of the Arrangement Fee and the interest rate under the Convertible Note are no more favourable than that of the External Debt Financing sought by the Offeror for the purpose of the Proposal.

In addition, the Convertible Note enables its holder to convert into TopCo shares at HK\$9.25 per TopCo share, equivalent to the Cancellation Price before its maturity, subject to certain conversion and redemption events. Detailed terms of the Convertible Note are set out in “Explanatory Memorandum” in Appendix VII to the Scheme Document. Should Fortune Spring ZM exercise its rights under the Convertible Note, the Founder Entities’ collective shareholding in TopCo will increase from 40.00% to 43.25%.

### **3.2 Shareholders' Agreement**

In connection with the Rollover Arrangement, on 12 August 2025, the Consortium Members and TopCo entered into the Shareholders' Agreement in respect of the future governance of TopCo which could be largely classified into 3 categories and they are (i) supervision and management of TopCo; (ii) non-compete and lock-up; and (iii) pre-emptive right/right of first offer/tag along.

*Supervision and management of TopCo.* Founder Entities have the right to appoint 3 directors out of a total of 7. Mr. Zhong, who will continue to serve as Chief Executive Officer, as well as TPG Entities have the veto rights over a number of reserved matters, including, among other things, incurrence of certain material indebtedness, certain material acquisitions, dispositions or other transactions, non-pro-rata dividend or distribution or dividend or distribution in certain cases, certain changes of the capital structure of TopCo, MidCo, the Offeror and the Company, certain non-pro rata redemption, creation or issuance of shares having preference to existing ordinary shares of TopCo, adoption of equity incentive plan over a certain threshold and material amendments thereto, certain related party transactions, certain changes to the constitutional documents of TopCo or any other subsidiary of TopCo (each a **"TopCo Group Company"** and collectively, the **"TopCo Group"**), material changes to the nature of the TopCo Group's business, material changes to accounting methods or policies, certain material tax changes, entering into material joint ventures, initiating or settling material litigation and liquidation or winding-up of any major TopCo Group Company.

*Non-compete and lock-up.* Mr. Zhong and Ms. Shentu and their respective affiliates shall not invest in certain competing businesses provided that their collective shareholding is no less than 15%. Founder Entities are subject to: (a) a lock-up with respect to all of their TopCo shares for as long as Mr. Zhong is the CEO or chairman of the Company or otherwise exercises indirect control over the Company (including the ability to direct the management and policies of the Company, or to ensure the affairs of the Company are conducted in accordance with his wishes); (b) a separate lock-up with respect to all of their TopCo shares within the first four years after completion of the Proposal as long as the other Consortium Members have not collectively transferred their TopCo shares to any third parties in excess of 20% of the number of TopCo shares immediately after the Scheme having become effective (the **"20% Quota"**); and (c) for as long as any of the other Consortium Members holds any TopCo shares, another separate lock-up with respect to their TopCo Shares if the transfer of such TopCo shares would result in the Founder Entities ceasing to hold at least 15% of the number of TopCo shares immediately after the Scheme having become effective (the **"15% Threshold"**). The above described lock-up restrictions are subject to customary exceptions, such as customary permitted transfers and the exercise of tag along right.

*Pre-emptive right/right of first offer and tag along.* Each TopCo shareholder shall have the pre-emptive right to participate in any future issuance of TopCo securities. Each TopCo shareholders also has a right of first offer to purchase and tag along right with respect to a number of TopCo shares held by such Tag Participant up to a certain cap (the “**Tag-Along Entitlement**”), to sell certain portion of TopCo shares if any other TopCo shareholders transfers its TopCo shares to a third party. The Tag-Along Entitlement will be allocated among the other TopCo shareholders (the “**Tag Participants**”) in the following manner and may be exercised by the Tag Participants in the following order of priority, unless agreed otherwise by the relevant Tag Participant(s): (a) firstly, if the 20% Quota has not been fully utilised, pro rata among the TPG Entities, NewQuest V and Al-Rayyan Holding (each, to the extent it is a Tag Participant) until the 20% Quota is fully utilised; (b) secondly, among all Tag Participants (including the Founder Entities, if the relevant transferor is not a Founder Entity and the Founder Entities have exercised their tag along right) on a pro rata basis, until any further allocation would cause the Founder Entities’ collective shareholding to drop below the 15% Threshold; (c) thirdly, pro rata among the TPG Entities, NewQuest V and Al-Rayyan Holding (each, to the extent it is a Tag Participant); and (d) lastly, among the remaining Tag Participants (including the Founder Entities, if the relevant transferor is not a Founder Entity and the Founder Entities have exercised their tag along right) on a pro rata basis.

Detailed terms of the Shareholders’ Agreement are set out in “Explanatory Memorandum” in Appendix VII to the Scheme Document.

Given (i) the Founder Entities’ right to appoint members to the board of TopCo is largely based on their collective shareholding in TopCo; (ii) Mr. Zhong’s commitment as evidenced by the lock-up of Founder Entities’ TopCo shares and non-compete undertaking of Mr. Zhong and his spouse makes his veto rights in certain reserved matters reasonable; and (iii) the pre-emptive right/right of first offer and tag along are not uncommon for private equity investments involving professional investors, the terms of the Shareholders’ Agreement, in our view, are in line with the market practice of the transactions of this type.

#### **4. Conditions of the Rollover Arrangement and Shareholders’ Agreement**

The Rollover Arrangement and the Shareholders’ Agreement (i.e. Special Deal) are subject to (i) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee confirming that the terms of the Special Deal are fair and reasonable, (ii) the approval by the Independent Shareholders at the EGM to approve the Special Deal, and (iii) the Executive having granted consent under Rule 25 of the Takeovers Code in relation to the Special Deal. They are also part of the Conditions before completion of the Proposal and the Scheme.



**5. Our view on the Special Deal**

The approval of the Special Deal by the Independent Shareholders at the EGM is a condition precedent to the implementation of the Proposal. If the Special Deal is not approved by the Independent Shareholders, the Proposal will not be implemented and the Scheme will not take effect. In view of that the Proposal and the Scheme are considered fair and reasonable, we also consider that the approval of the Special Deal, which is a prerequisite for the implementation of the Proposal, is in the interests of the Company and the Shareholders as a whole, and in the interests of the Independent Shareholders.

Mr. Zhong, CEO and executive Director, and Ms. Shentu, executive Director, founded the Group in 2004. They are also the controlling Shareholders through their interests in the Founder Entities, which are the members under the Consortium Agreement for the purpose of the Proposal. Accordingly, we are of the view that the Rollover Arrangement and the Shareholders' Agreement are essential for the implementation of the Proposal and the Scheme.

The Rollover Arrangement comprises rolling over the Founder Rollover Shares to pay up the unpaid TopCo shares held by the Founder Entities and the issue of Convertible Note to Fortune Spring ZM for its 42,162,163 Founder Consideration Shares. The Founder Rollover Shares valued at HK\$9.25 per Shares will be used to pay up the unpaid TopCo shares, upon which the Founder Entities will own 40% paid up equity of TopCo, which is calculated in accordance with the contribution from each Consortium Members. The Convertible Note, in our view, serves as a deferred payment by the Offeror with the financing terms no more favourable than those of the External Debt Financing. In the event the Convertible Note is exercised in full, the Founder Entities' interest in TopCo will increase to 43.25%. The Shareholders' Agreement is to govern the affairs of TopCo upon completion of the Proposal and the terms of which are commonly seen in private equity investments involving professional investors. Despite Mr. Zhong has the veto right over certain reserved matters, he and his affiliates including the Founder Entities and Ms. Shentu are subject to lock-up of their TopCo shares and non-compete undertaking. Whereas TPG also has similar veto right and non-compete undertaking but it has no lock-up on its TopCo shares. Given (i) The Founder Rollover Shares valued at HK\$9.25 per Shares, which is equivalent to the Cancellation Price, will be used to pay up the unpaid TopCo shares; (ii) Founder Entities will own 40% – 43.25% paid up equity of TopCo, depending on whether the Convertible Note is exercised in full, as compared to their current 53.0% equity interest in the Company; and (iii) the External Debt Financing, which amounts to not less than HK\$4.4 billion, borne by the Offeror, as opposed to the Company's current debt-free position, the basis for rolling over the interests of the Founder Entities from the Company to TopCo is considered fair and reasonable, despite the Founder Entities do not use their internal resources to finance the Scheme Consideration. On these bases, we are of the view that the Special Deal is justified and fair and reasonable as far as the Independent Shareholders are concerned.

**DISCUSSION**

In forming our opinion and recommendations below, we have taken into account the factors set out above, none of which can be considered in isolation. We would like to draw the attention of the Scheme Shareholders in particular to the points summarised below:

**(a)    The Company – the largest domestic manufacturer of disposable trocars, ligation clips and disposable electrocoagulation forceps in China**

The Company, listed in 2020, is principally engaged in design, development, manufacture and sale of minimally invasive surgical instruments and accessories. Its products are mainly disposable trocars, ligation clips and disposable electrocoagulation forceps. The Group's revenue growth has slowed down from a double-digit growth since its listing to a single digit growth starting from FY2024. The Group's revenue grew by 8.9% in FY2024 and 8.3% in 1H2025. The gross profit margin has been in a narrow range of 79% – 81% with a slight decreasing trend. The non-HKFRS adjusted net profit attributable to Shareholders recorded increases of 7.9% for FY2023 and 4.4% for FY2024, mainly due to (i) increases in sales primarily driven by growth in disposable products for both FY2023 and FY2024 and (ii) the decline in R&D cost incurred by Weijing Medical partially offset by share of its loss and the absence of the PRC withholding tax associated with special dividend for FY2023. For 1H2025, non-HKFRS adjusted net profit attributable to Shareholders fell by 18.5% mainly due to (i) an increase in share of loss in associates of RMB13.7 million; and (ii) the decrease in bank interest income and government grants, partially offset by an increase in gross profit, primarily driven by growth in disposable products. The Group's non-HKFRS adjusted net profit margin for FY2024 is higher than net profit margin of its Comparable Companies. However, the Group suffered from the largest decline in net profit margin from FY2024 to 1H2025, decreasing by 10.6 percentage points, compared to those of the Comparable Companies ranging from an increase of 3.1 percentage points to a decrease of 4.1 percentage points. The larger margin contraction suggests that the Group is facing greater short-term profitability pressure as compared to its peers.

Whilst the Group's revenue growth has slowed down, its core profitability has also encountered some pressure in the recent years especially the last six months due to continuous efforts in enriching product portfolio. Apart from MISIA, the Group invested in Weijing Medical, a company engaged in development of surgical robots, in 2022. Weijing Medical is currently under development and generates no revenue so far. The increase in R&D investment of Weijing Medical has dragged down the Group's profitability during the review period. It has recently obtained regulatory approval from China's National Medical Products Administration for one of its products and is now actively making commercialisation efforts through distributor briefing, live-stream surgical demonstration and participation of key industry events. As advised by the Management, no sales contracts or distributorship agreements have been concluded as at the Latest Practicable Date and further investment in product commercialisation is expected. The Management further advised that competition in the surgical robotics market is intense, with Intuitive Surgical's da Vinci platform holding over 70% market share by value in the PRC. Local players, which are mainly focused on value-for-money strategies and training to drive adoption, have been also recently securing regulatory approval for surgical robotic products, similar to Weijing Medical. As a result, sustained R&D and sales investment will be needed, and domestic players, including the Company, are likely to explore overseas opportunities to supplement growth.

The dividend yields, calculated by dividing the dividend per Share (without taking into account any special dividend) by the Cancellation Price, were 2.2%, 4.9%, and 2.9% for FY2022, FY2023, and FY2024, respectively. Given the relatively stable profitability during the review period, the higher dividend yield in FY2023 together with a special dividend of RMB0.99 per Share seem to be exceptional, which might be due to celebration of 20th anniversary of the Group's establishment and therefore the latest yield for FY2024, in our view, would be useful for assessment. The dividend yield of 2.9% for FY2024 is lower than those of the Comparable Companies that paid dividend for the same year, which ranged between 3.4% and 7.4%.

**(b) The Proposal provides an opportunity for the Shareholders to exit at a reasonable price**

The Cancellation Price of HK\$9.25 has been higher than the closing Share prices, which ranged from HK\$4.61 to HK\$9.19, during the Review Period and represents premiums of 20.0% to 47.3% over the closing price of the Shares on the Undisturbed Date and the average closing price of the Shares for 5, 10, 30, 60, 120, 180 and 360 trading days (up to and including the Undisturbed Date).

During the Review Period, the Company conducted four rounds of Share repurchases to enhance the liquidity and strengthen the Share price. Uplifts in Share prices were limited in the last three rounds and the efforts only achieved short-lived success. Closing Share prices were in the region of HK\$5.60 – HK\$7.00 after the Share repurchases.

Together with the Share repurchases before the Review Period, the Company has repurchased an aggregate of 44.2 million Shares for a total consideration of RMB284.8 million. In addition, the Company has been paying dividends. The Company paid cumulative dividends of RMB2,429.9 million, equivalent to HK\$2.221 per Share, to its shareholders as a reward for their investment and ownership.

On the above bases, in particular the fact that the Cancellation Price has been higher than the closing prices of the Share during the Review Period, the Proposal, in our view, provides an opportunity for the Shareholders (especially those with relatively sizeable shareholdings) who would like to realise their investments in the Shares at a fixed cash price without disturbing the market price of the Share.

The Cancellation Price will not be increased.

**(c) Industry outlook**

According to the CIC Report, the Company ranked the third (accounted for 4.0% of the market share) in the PRC in terms of MISIA sales turnover for 2024 following two multinational companies (MNCs), namely Johnson & Johnson (accounted for 38.5% of the market share) and Medtronic (accounted for 10.0% of the market share). Disposable trocars, ligation clips and disposable electrocoagulation forceps are the major products of the Group, accounting for around 80% of its revenue in FY2024 and 1H2025. The total sales volume of trocars and ligation clips in the PRC were seen gradual growth in 2018 – 2024, thanks to the increasing adoption of minimally invasive surgeries, but their unit prices showed continual gradual decline, partially due the implementation of regional and nationwide centralized procurement system. The regional and nationwide VBP, in our view, will continue to exert downward pressure on product prices and compelling enterprises to accelerate innovation while reducing costs and improving efficiency. The intensification of anti-corruption campaigns in the PRC healthcare industry has further tightened hospitals' procurement policy and slowed down the adoption of elective surgical procedures, which in turn affect the overall growth in demand for MISIA.

**(d)      Comparable Companies**

The PER results of the Comparable Companies analysis could divide them into two groups (i) 21 – 22 times; and (ii) 12 – 13 times. The Company's PER as represented by the Cancellation Price of 18.21 times lies between (i) and (ii). The Comparable Companies with higher PERs, which are engaged in cardiovascular interventional medical devices and occluder products targeting structural heart diseases, in our view, might be due to the differentiating factor enabling them to hold a competitive edge and protect their profits from external threats as valued by the market. Given no comparable companies are principally selling the major products of the Company and both Comparable Companies and the Company are profitable, technology moat is therefore the key factor to determine their valuation by the market. The PER of the Company lies between these two groups appears to be reasonable in view of the complexity of its products and technological sophistication involved. The PBR implied by the Cancellation Price of 3.94 times is higher than those of the Comparable Companies.

**(e)      Privatisation Precedents**

No Privatisation Precedent is engaged in the medical device industry. The premiums of 20.0% – 47.3% represented by the Cancellation Price over the closing Share prices on the Undisturbed Date and average closing Share prices for various trading periods all fall within the ranges of the Privatisation Precedents during the Review Period.

**(f)      RSU Plan**

Pursuant to the ESOP Deed, "see-through prices", being the difference between the Cancellation Price and the exercise price or unpaid portion of the exercise price (if any), and the time limit for payment by the Offeror are equivalent to the see-through value of convertible securities under comparable offer and the requirements under the Takeovers Code. The one-year deferred payment of the exercise price or unpaid portion of the exercise price of the RSUs by the Offeror does not involve any onward payment obligations to any of the RSU Holders but the Company, we consider the terms of the ESOP Deed to be fair and reasonable so far as the RSU Holders are concerned.

**(g) Special Deal**

The Rollover Arrangement comprises rolling over the Founder Rollover Shares to pay up the unpaid TopCo shares held by the Founder Entities and the issue of Convertible Note to Fortune Spring ZM for its 42,162,163 Founder Consideration Shares. The Founder Rollover Shares valued at HK\$9.25 per Shares will be used to pay up the unpaid TopCo shares, upon which the Founder Entities will own 40% paid up equity of TopCo, which is calculated in accordance with the contribution from each Consortium Members. The Convertible Note is considered a deferred payment by the Offeror with the financing terms no more favourable than the External Debt Financing. The Shareholders' Agreement is to govern the affairs of TopCo upon completion of the Proposal and the terms of which are commonly seen in private equity investments involving professional investors. On these bases, we are of the view that the Rollover Arrangement and the Shareholders' Agreement (i.e. the Special Deal) are essential for the implementation of the Proposal and the Scheme and the terms thereunder are justified and fair and reasonable as far as the Independent Shareholders are concerned.

The approval of the Special Deal by the Independent Shareholders at the EGM is a condition precedent to the implementation of the Proposal. If the Special Deal is not approved by the Independent Shareholders, the Proposal will not be implemented and the Scheme will not take effect.

**OPINION AND RECOMMENDATION**

Having taken into account the principal factors and reasons set out in our letter, we (i) consider that the Proposal, the Scheme and the Special Deal are fair and reasonable so far as the Independent Shareholders are concerned and (ii) advise the Independent Board Committee to recommend the Independent Shareholders/Shareholders to vote in favour of the Scheme at the Court Meeting and the resolutions in connection with the implementation of the Proposal and Special Deal at the EGM.

Yours faithfully,  
for and on behalf of  
**SOMERLEY CAPITAL LIMITED**  
**Jenny Leung**  
*Director*

*Ms. Jenny Leung is a licensed person registered with the SFC and a responsible officer of Somerley Capital Limited, which is licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activities. She has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong.*

*This Explanatory Memorandum constitutes the statement required under Order 102, rule 20(4)(e) of the Rules of the Grand Court of the Cayman Islands 2023 (as revised).*

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

**1. INTRODUCTION**

Reference is made to the Joint Announcement jointly issued by the Offeror and the Company in relation to the Proposal. On 17 July 2025, the Offeror requested the Board to put forward the Proposal to the Shareholders for the privatisation of the Company by way of a scheme of arrangement under section 86 of the Companies Act, subject to the Pre-Conditions (which were satisfied on 3 September 2025) and the Conditions being fulfilled or waived, as applicable.

Pursuant to the Scheme, the Scheme Shares will be cancelled and the Scheme Shareholders as at the Scheme Record Date (excluding holders of the Founder Scheme Shares and the TPG Scheme Shares) will receive:

**HK\$9.25** in cash for each Scheme Share.

Pursuant to the Scheme, the Founder Scheme Shares and the TPG Scheme Shares will be cancelled in consideration for the Founder Scheme Share Cancellation Consideration and the TPG Scheme Share Cancellation Consideration, respectively. Upon completion of the Scheme, the Company will become wholly owned by the Offeror.

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

The purpose of this Explanatory Memorandum is to explain the terms and effects of the Proposal and, specifically, to provide the Scheme Shareholders with additional information in relation to the Proposal and the Scheme.

Your attention is also drawn to (i) the letter from the Board set out in Part IV of this Scheme Document; (ii) the letter from the Independent Board Committee set out in Part V of this Scheme Document; (iii) the letter from the Independent Financial Adviser set out in Part VI of this Scheme Document; (iv) the terms of the Scheme set out in Appendix III to this Scheme Document; (v) the notice of the Court Meeting and the notice of the EGM set out in Appendices IV and V to this Scheme Document; and (vi) proxy forms in respect of the Court Meeting and the EGM as enclosed with this Scheme Document.

## **2. PRE-CONDITIONS TO THE PROPOSAL**

The making of the Proposal was, and the implementation of the Scheme had been, subject to the satisfaction of the following Pre-Conditions on or prior to the Pre-Condition Long Stop Date:

- (a) the merger control filing with the SAMR or any other Relevant Authorities as required by applicable law with respect to the transactions contemplated under the Proposal having been completed, and the approval, which shall be without condition, or with conditions that are reasonably satisfactory to the Offeror taken as a whole, by the Anti-trust Bureau of SAMR and any other Relevant Authorities with respect to such merger control filing having been duly obtained, or the expiry of the applicable statutory waiting period under applicable law (or any extension thereof) with the relevant governmental or regulatory authorities having either raised no objection with respect to, or waived jurisdiction over, the Proposal;
- (b) all consents or approvals that are required under PRC laws without which would prohibit the Offeror from making the Proposal having been obtained; and
- (c) up to and including the time when the Pre-Conditions set out in (a) and (b) above are satisfied, (i) no Relevant Authorities in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry, or enacted or made or publicly proposed, and (ii) there is no outstanding statute, regulation, demand or order, in each case that would make the Proposal void, unenforceable or illegal or prohibit the implementation of or which would impose any material conditions, limitations or obligations with respect to the Proposal.

As disclosed in the announcement dated 3 September 2025 jointly issued by the Offeror and the Company, all of the Pre-Conditions were satisfied on 3 September 2025.

## **3. TERMS OF THE PROPOSAL**

### **The Scheme**

Subject to the Pre-Conditions (which were satisfied on 3 September 2025) and the Conditions described in the sections headed “*2. Pre-Conditions to the Proposal*” and “*6. Conditions of the Proposal*” in the Explanatory Memorandum of this Scheme Document being fulfilled or waived, as applicable, the proposed privatisation of the Company will be implemented by way of the Scheme between the Company and the Scheme Shareholders as at the Scheme Record Date.



**Comparison of value**

The Cancellation Price of HK\$9.25 per Scheme Share represents:

- a premium of approximately 9.9% over the closing price of HK\$8.42 per Share as quoted on the Stock Exchange on the Last Trading Date;
- a premium of approximately 21.7% over the closing price of HK\$7.60 per Share as quoted on the Stock Exchange on 30 June 2025, being the Undisturbed Date;
- a premium of approximately 23.7% over the average closing price of approximately HK\$7.48 per Share based on the daily closing prices as quoted on the Stock Exchange for the five trading days up to and including the Undisturbed Date;
- a premium of approximately 11.9% over the average closing price of approximately HK\$8.27 per Share based on the daily closing prices as quoted on the Stock Exchange for the five trading days up to and including the Last Trading Date;
- a premium of approximately 23.3% over the average closing price of approximately HK\$7.50 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Undisturbed Date;
- a premium of approximately 11.5% over the average closing price of approximately HK\$8.30 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Date;
- a premium of approximately 20.0% over the average closing price of approximately HK\$7.71 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Undisturbed Date;
- a premium of approximately 17.4% over the average closing price of approximately HK\$7.88 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Date;
- a premium of approximately 23.5% over the average closing price of approximately HK\$7.49 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Undisturbed Date;
- a premium of approximately 19.4% over the average closing price of approximately HK\$7.75 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Date;

- a premium of approximately 29.7% over the average closing price of approximately HK\$7.13 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Undisturbed Date;
- a premium of approximately 25.7% over the average closing price of approximately HK\$7.36 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Date;
- a premium of approximately 36.2% over the average closing price of approximately HK\$6.79 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Undisturbed Date;
- a premium of approximately 33.1% over the average closing price of approximately HK\$6.95 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Date;
- a premium of approximately 47.3% over the average closing price of approximately HK\$6.28 per Share based on the daily closing prices as quoted on the Stock Exchange for the 360 trading days up to and including the Undisturbed Date;
- a premium of approximately 45.2% over the average closing price of approximately HK\$6.37 per Share based on the daily closing prices as quoted on the Stock Exchange for the 360 trading days up to and including the Last Trading Date;
- a premium of approximately 4.0% over the closing price of HK\$8.89 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- a premium of approximately 288.7% over the Group's net asset value attributable to the Shareholders of approximately HK\$2.38 per Share pursuant to the latest audited consolidated financial statements of the Company as at 31 December 2024, calculated based on the audited consolidated net asset value attributable to the Shareholders of approximately RMB2,628,895,000 as at 31 December 2024 (based on the exchange rate of HK\$1: RMB0.9130, the central parity rate published by the People's Bank of China on its website as at the Latest Practicable Date) and the number of Shares in issue as at the Latest Practicable Date (being 1,207,994,000 Shares); and

- a premium of approximately 293.6% over the Group's net asset value attributable to the Shareholders of approximately HK\$2.35 per Share pursuant to the unaudited consolidated financial statements of the Company as at 30 June 2025, calculated based on the unaudited consolidated net asset value attributable to the Shareholders of approximately RMB2,594,384,000 as at 30 June 2025 (based on the exchange rate of HK\$1: RMB0.9130, the central parity rate published by the People's Bank of China on its website as at the Latest Practicable Date) and the number of Shares in issue as at the Latest Practicable Date (being 1,207,994,000 Shares).

The trading volume on the Last Trading Date was 4,104,376 Shares. The average daily trading volume over the twelve-month period immediately up to and including the Undisturbed Date was approximately 2,581,109 Shares. The share price of the Company traded up by approximately 1.81% on the Last Trading Date and up by approximately 10.79% between the Undisturbed Date and the Last Trading Date. In contrast, the Hang Seng Index traded down by approximately 0.08% on the Last Trading Date and up by approximately 1.77% between the Undisturbed Date and the Last Trading Date.

#### **Highest and lowest Share prices**

During the six-month period ended on and including the Undisturbed Date, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$8.44 on 19 March 2025 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$5.88 on 13 January 2025.

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$8.94 on 6 October 2025 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$6.03 on 13 February 2025.

During the 52-week period ended on and including the Undisturbed Date, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$8.44 on 19 March 2025 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$5.01 on 11 September 2024.

During the 52-week period ended on and including the Latest Practicable Date, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$8.94 on 6 October 2025 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$5.54 on 22 November 2024.

During the six-month period ended on and including the Last Trading Date, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$8.66 on 3 July 2025 and 4 July 2025, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$6.00 on 21 January 2025.

**Basis for determining the Cancellation Price**

The Cancellation Price of HK\$9.25 per Scheme Share has been determined on a commercial basis after taking into account, among other things, the following factors:

- (a) the recent and historical prices of the Shares traded on the Stock Exchange, including (i) the highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the 52-week period ended on and including the Undisturbed Date, being HK\$8.44 per Share on 19 March 2025, and HK\$5.01 per Share on 11 September 2024, respectively, (ii) the closing price of HK\$7.60 per Share as quoted on the Stock Exchange on the Undisturbed Date, and (iii) the average closing prices of the Shares as quoted on the Stock Exchange for 5, 10, 30, 60, 120, 180 and 360 trading days up to and including the Undisturbed Date;
- (b) the publicly available financial information of the Company, including the historical annual reports and interim reports; and
- (c) the premiums of the cancellation prices of successful privatisation proposals in recent years, involving companies listed on the Main Board of the Stock Exchange and excluding share exchange offers without payment of cash.

**Dividend payment by the Company**

As at the Latest Practicable Date, there are no outstanding dividends which have been declared by the Company and not yet paid. If, after the date of the Joint Announcement, any other dividend and/or distribution and/or return of capital is announced, declared or paid in respect of the Shares, the Offeror will reduce the Cancellation Price by the amount or value of such dividend, distribution and/or, as the case may be, return of capital after consultation with the Executive, in which case any reference in the Joint Announcement, this Scheme Document or any other announcement or document to the Cancellation Price will be deemed to be a reference to the Cancellation Price as so reduced. The Company has confirmed that it does not intend to announce, declare or pay any other dividend, distribution or return of capital before the Long Stop Date.

**Events following the Scheme becoming effective**

If the Conditions are fulfilled and upon the Scheme becoming effective:

- (a) the Founder Scheme Shares (comprising Founder Rollover Shares and Founder Consideration Shares) will be cancelled and extinguished on the Effective Date in exchange for the Founder Scheme Share Cancellation Consideration;

- (b) the TPG Scheme Shares will be cancelled and extinguished on the Effective Date in exchange for the TPG Scheme Share Cancellation Consideration;
- (c) all other Scheme Shares held by the Scheme Shareholders will be cancelled and extinguished on the Effective Date in exchange for the Cancellation Price;
- (d) the Directors will, on the Effective Date, be authorised to allot and issue to the Offeror contemporaneously with the cancellation and extinguishment of the Scheme Shares the same number of new Shares, credited as fully paid, as the number of Scheme Shares cancelled and extinguished. The credit arising in the books of accounts of the Company as a result of the cancellation of the Scheme Shares will be applied in paying up in full value the new Shares so allotted and issued to the Offeror; and
- (e) the Company will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules and such withdrawal is expected to take place as soon as reasonably practicable following the Scheme becoming effective.

The consideration payable under the Scheme for the Scheme Shares as described in paragraphs (a), (b) and (c) above are collectively referred to as the “**Scheme Consideration**”.

For further details on the treatment of the RSU Shares held by ESOP BVI, please refer to the section headed “4. RSU Plan” in the Explanatory Memorandum.

Cheques for entitlements under the Scheme will be despatched to the Scheme Shareholders whose names appear on the register of members of the Company on the Scheme Record Date (other than (i) the Founder Entities in respect of the Founder Rollover Shares and the Founder Consideration Shares to be cancelled in exchange for the Convertible Note, (ii) Keyhole Holding in respect of the TPG Scheme Shares and (iii) ESOP BVI in respect of the RSU Shares to the extent subject to the Deferred Settlement Arrangement) as soon as possible but in any event no later than seven (7) Business Days after the Effective Date. Cheques will be posted at the risk of the addressees and none of the Offeror, the Offeror Concert Parties, the Company, J.P. Morgan, the Independent Financial Adviser and the Share Registrar and their respective ultimate beneficial owners, directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal shall be responsible for any loss or delay of despatch of the same.

**4. RSU PLAN**

In connection with the RSU Plan, the Company allotted and issued to ESOP BVI, and ESOP BVI acquired on the market, a total of 46,810,000 Shares (i.e. the RSU Shares), representing approximately 3.88% of the issued share capital of the Company as at the Latest Practicable Date, for the purpose of satisfying RSUs granted under the RSU Plan as and when the RSUs are vested and exercised in accordance with the terms of the RSU Plan. Accordingly, when the RSUs are vested and exercised, no further Shares will be allotted and issued by the Company as an equivalent number of RSU Shares (being the existing limit in respect of the number of underlying Shares to be granted under the RSU Plan) are already held by ESOP BVI. No offer under Rule 13 of the Takeovers Code will be made to the outstanding RSUs granted under the RSU Plan, and all RSU Shares will form part of the Scheme Shares and be cancelled upon the Scheme becoming effective.

Pursuant to the terms of the RSU Plan and the RSU award agreements (including any amendments thereto) and in light of the Proposal, an RSU Holder will not have any rights of a holder of the underlying RSU Shares (including voting rights attaching to such underlying RSU Shares) unless and until the RSU Holder has satisfied all requirements for the purchase of the underlying RSU Shares before the Effective Date. As ESOP BVI is a concert party of the Offeror, ESOP BVI shall abstain from voting at the Court Meeting and the EGM notwithstanding that the RSU Shares form part of the Scheme Shares. For the avoidance of doubt, ESOP BVI is not considered to be an Independent Shareholder for the purposes of the Proposal.

In connection with the Proposal, ESOP BVI and the Offeror have entered into the ESOP Deed. Pursuant to the ESOP Deed, conditional upon the Scheme being effective and the Proposal being implemented, the Offeror shall pay ESOP BVI as follows:

- (a) in respect of RSU Shares (being 26,425,000 Shares) which are not attributable to any RSU (the “**Unallocated RSU Shares**”), upon the first anniversary of the Effective Date, the aggregate Cancellation Price, which ESOP BVI shall then pay to the Company;

- (b) in respect of RSU Shares which are attributable to vested RSUs that have been exercised prior to the Scheme Record Date:
  - (i) within seven Business Days from the Effective Date, the aggregate “see-through” price (being the Cancellation Price minus any unpaid portion of the exercise price of the vested and exercised RSU or a nominal amount of HK\$0.0000785 if such “see-through” price is negative), which ESOP BVI shall then promptly pay to the relevant RSU Holder(s);
  - (ii) upon the first anniversary of the Effective Date, the difference between the aggregate Cancellation Price and the aggregate “see-through” price mentioned in sub-paragraph (b)(i) above (i.e. the aggregate unpaid portion of the exercise price of the vested and exercised RSUs or the aggregate nominal amount if such “see-through” price is negative), which ESOP BVI shall then pay to the Company; and
- (c) in respect of RSU Shares which are attributable to RSUs that have not yet been exercised (whether vested or unvested) prior to the Scheme Record Date:
  - (i) within seven Business Days from the Effective Date, the aggregate “see-through” price (being the Cancellation Price minus the exercise price of any RSU or a nominal amount of HK\$0.0000785 if such “see-through” price is negative), which ESOP BVI shall then promptly pay to the relevant RSU Holder(s);
  - (ii) upon the first anniversary of the Effective Date, the difference between the aggregate Cancellation Price and the aggregate “see-through” price mentioned in sub-paragraph (c)(i) above, which ESOP BVI shall then pay to the Company,

(the consideration payable to ESOP BVI in accordance with paragraphs (a), (b) and (c) above, collectively the “**RSU Scheme Share Cancellation Consideration**”; and the deferred settlement arrangement referred to in paragraphs (a), (b)(ii) and (c)(ii) above, collectively the “**Deferred Settlement Arrangement**”).

As at the Latest Practicable Date, ESOP BVI holds 46,810,000 Shares and the Company has granted the following RSUs (excluding cancelled or lapsed RSUs) under the RSU Plan:

Exercise Price (RMB)	Exercise Price (HK\$)	“See-through” price (HK\$)	Number of granted RSUs	Number of vested and exercised RSUs	Number of vested and unexercised RSUs	Number of unvested RSUs
6.448	7.087 <sup>1</sup>	3.049 <sup>2</sup>	16,860,000	12,735,000	–	–
		3.206 <sup>2</sup>		4,125,000	–	–
N/A	9.036	0.214 <sup>3</sup>	2,525,000	–	2,020,000	505,000
N/A	9.00	0.250 <sup>4</sup>	1,000,000	–	1,000,000	–

*Notes:*

- (1) This is based on the exchange rate of HK\$1:RMB0.9098, being the central parity rate published by the People’s Bank of China on its website as at the date of the Joint Announcement. For reference, the central parity rate published by the People’s Bank of China on its website as at the Latest Practicable Date is HK\$1: RMB0.9130 and the exercise price (expressed in HK\$) is HK\$7.062.
- (2) As 87.49% and 85.28% of the exercise price per RSU has not been paid, the “see-through” price will be HK\$3.049 and HK\$3.206 per RSU Share respectively, being the difference between the Cancellation Price and the unpaid portion of the exercise price of the RSU.
- (3) The “see-through” price will be HK\$0.214 per RSU Share, being the difference between the Cancellation Price and the exercise price of such RSU.
- (4) The “see-through” price will be HK\$0.250 per RSU Share, being the difference between the Cancellation Price and the exercise price of such RSU.

The Company will not grant further RSUs under the RSU Plan between (a) the date of the Joint Announcement and (b)(i) the date on which the Scheme becomes effective, or (ii) if the Scheme is not approved or does not become effective, or the Proposal otherwise lapses or is withdrawn, the date on which the Scheme is not approved or does not become effective or the Proposal otherwise lapses or is withdrawn (as the case may be). The RSU Plan will be collapsed as soon as reasonably practicable after the Effective Date.



**5. CONFIRMATION OF FINANCIAL RESOURCES**

On the assumption that there is no other change in the issued share capital of the Company and no additional RSUs will be granted by the Company on or before the Scheme Record Date, and taking into consideration that the Founder Scheme Shares and the TPG Scheme Shares will be cancelled in consideration for the Founder Scheme Share Cancellation Consideration and the TPG Scheme Share Cancellation Consideration respectively, the Proposal will involve the cancellation of 697,586,409 Scheme Shares (including the Founder Consideration Shares) in exchange for the Cancellation Price of HK\$9.25 per Scheme Share in cash to the relevant Scheme Shareholders and the Convertible Note to be issued to Fortune Spring ZM. Therefore, the maximum amount of cash consideration immediately payable under the Proposal to implement the Scheme (for the avoidance of doubt, excluding the principal amount of the Convertible Note and the deferred aggregate Cancellation Price in respect of the Unallocated RSU Shares as agreed under the ESOP Deed) would be approximately HK\$5,818,243,026 (assuming all RSUs are vested and exercised on or prior to the Scheme Record Date and the relevant exercise price of such vested and exercised RSUs having been paid in full).

The Offeror intends to finance the cash amount immediately payable under the Proposal through binding equity commitment letters from TPG Asia VII Finance, L.P. (being HK\$387.5 million), NewQuest Asia Fund V, L.P. (being HK\$310.0 million) and Al-Rayyan Holding (being HK\$1,385.0 million) and external debt financing.

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

**6. CONDITIONS OF THE PROPOSAL**

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

- (a) the approval of the Scheme (by way of poll) by the Shareholders as at the Voting Record Date, representing not less than 75% in value of the Scheme Shares held by the Shareholders as at the Voting Record Date present and voting either in person or by proxy at the Court Meeting;

- (b) the approval of the Scheme (by way of poll) by the Independent Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by the Independent Shareholders that are voted either in person or by proxy at the Court Meeting, provided that the number of votes cast (by way of poll) by the Independent Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by all Independent Shareholders;
- (c) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting in person or by proxy at the EGM to (i) approve and give effect to any reduction of the share capital of the Company as a result of the cancellation and extinguishment of the Scheme Shares; and (ii) confirm the authority of the Directors to allot and issue contemporaneously therewith such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme to the Offeror and to apply the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par the new Shares so issued;
- (d) the Grand Court's sanction of the Scheme (with or without modifications) and, to the extent necessary, its confirmation of the reduction of the issued share capital of the Company, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court for registration;
- (e) compliance, to the extent necessary, with the procedural requirements and conditions under sections 15 and 16 of the Companies Act in relation to the reduction of the issued share capital of the Company;
- (f) with respect to the Special Deal, (i) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee confirming that the terms of the Special Deal are fair and reasonable, (ii) the passing of an ordinary resolution by the Independent Shareholders at a general meeting of the Company to approve the Special Deal, and (iii) the Executive having granted consent under Rule 25 of the Takeovers Code in relation to the Special Deal;
- (g) all necessary authorisations, registrations, filings, rulings, consents, opinions, permissions and approvals in connection with the Proposal having been obtained from, given by or made with (as the case may be) the Relevant Authorities, in the Cayman Islands, Hong Kong and any other relevant jurisdictions;

- (h) all necessary authorisations, registrations, filings, rulings, consents, opinions, permissions and approvals in connection with the Proposal remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any Relevant Authorities which is not expressly provided for, or is in addition to requirements expressly provided for, in relevant laws, rules, regulations or codes in connection with the Proposal or any matters, documents (including circulars) or things relating thereto, in each aforesaid case up to and at the time when the Scheme becomes effective;
- (i) all necessary consents which may be required for the implementation of the Proposal and the Scheme under any existing contractual obligations of the Company having been obtained or waived by the relevant party(ies), where any failure to obtain such consent or waiver would have a material adverse effect on the business of the Group;
- (j) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order that would make the Proposal or the Scheme or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal or the Scheme or its implementation in accordance with its terms), other than such actions, proceedings, suits, investigations or enquiries as would not have a material adverse effect on the legal ability of the Offeror to proceed with the Proposal or the Scheme; and
- (k) since the date of the Joint Announcement, there having been no adverse change in the business, assets, prospects, profits, losses, results of operations, financial position or condition of the Group (to an extent which is material in the context of the Group taken as a whole or in the context of the Proposal as reasonably determined by the Offeror).

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

All of the above Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Proposal and the Scheme will lapse and have no force or effect.

In respect of Condition (g), as at the Latest Practicable Date, other than those set out in Conditions (a) to (f), the Offeror is not aware of any necessary authorisations, registrations, filings, rulings, consents, opinions, permissions and approvals required for the Proposal. In respect of Condition (i), as at the Latest Practicable Date, the Company is not aware of any necessary consents required for the implementation of the Proposal and the Scheme under any existing contractual obligations of the Company. As at the Latest Practicable Date, the Offeror is not aware of any circumstances which may result in Conditions (g) to (k) not being satisfied. If approved and implemented, the Scheme will be binding on all of the Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the EGM.

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

An announcement will be made by the Company and the Offeror in relation to the results of the Court Meeting and the EGM on Monday, 10 November 2025 by no later than 7:00 p.m. and, if all the resolutions are passed at those meetings, further announcements will be made in relation to, among other things, the results of the Grand Court Hearing, the Effective Date and the date of withdrawal of listing of Shares from the Stock Exchange in accordance with the requirements of the Takeovers Code and the Listing Rules.

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

## **7. VOTING AT THE COURT MEETING AND THE EGM**

All Scheme Shareholders whose names appear on the register of members of the Company as at the Voting Record Date may attend and vote at the Court Meeting to approve the Scheme, but only the votes of the Independent Shareholders will be taken into account in determining if the Condition in paragraph (b) in the section headed “*6. Conditions of the Proposal*” in this Explanatory Memorandum is satisfied.

The Company has obtained orders from the Grand Court (i) waiving the requirement for a formal class meeting of the OCP Scheme Shareholders for the purpose of considering and, if thought fit, approving the Scheme in accordance with Practice Direction 2010; and (ii) granting permission to convene a single meeting of the Independent Shareholders for the purpose of considering and, if thought fit, approving the Scheme.

Pursuant to the Practice Direction, if one class of shareholders consists of a small number of persons who are willing to be bound by the terms of the scheme, the Grand Court may waive the requirement for a formal class meeting to be held of such class of shareholders. As it has been demonstrated to the Grand Court that the OCP Scheme Shareholders (being regarded as a class of Shareholders which are different from the Independent Shareholders from Cayman perspective) have consented to be bound by the terms of the Scheme, only a single meeting of the Independent Shareholders (i.e. the Court Meeting) is required to be convened in connection with the Scheme. It is also noted that a formal class meeting for OCP Scheme Shareholders would not be meaningful as the OCP Scheme Shareholders, being Offeror Concert Parties, are required to abstain from voting on the Scheme under the Takeovers Code.

All Shareholders whose names appear on the register of members of the Company as at the Voting Record Date will be entitled to attend the EGM to vote on the special resolution to maintain the issued share capital of the Company as described above, but for the purposes of the Takeovers Code, only the Independent Shareholders will be entitled to vote at the EGM on the ordinary resolution to approve the Special Deal. Mr. Zhong and Ms. Shentu (acting through the Founder Entities) and Keyhole Holding, all being Offeror Concert Parties, have indicated that if the Scheme is approved at the Court Meeting, those Shares held by them will be voted in favour of the resolution(s) to be proposed at the EGM (other than the resolution(s) to approve the Special Deal). Neither the Offeror nor the Offeror Concert Parties will vote on the Special Deal at the EGM.

As ESOP BVI is a concert party of the Offeror, ESOP BVI shall abstain from voting at the Court Meeting and the EGM notwithstanding that the RSU Shares form part of the Scheme Shares. For the avoidance of doubt, ESOP BVI is not considered to be an Independent Shareholder for the purposes of the Proposal.

#### **8. SPECIAL DEAL IN RELATION TO THE ROLLOVER ARRANGEMENT AND SHAREHOLDERS' AGREEMENT**

The Offeror proposes that, upon the Scheme becoming effective, the Founder Entities will (i) roll over the Founder Rollover Shares in consideration for the crediting of unpaid TopCo shares held by the Founder Entities as fully paid, and (ii) receive the Founder Consideration as consideration for the cancellation of the Founder Consideration Shares, in each case in accordance with the terms of the Consortium Agreement. The Founder Consideration comprises cash to be paid to the Founder Entities and the Convertible Note to be issued to Fortune Spring ZM, representing the aggregate consideration for the cancellation of the Founder Consideration Shares.

On 12 August 2025, the Consortium Members and TopCo entered into the Shareholders' Agreement in respect of the future governance of TopCo. The Founder Entities (as well as other Consortium Members) will be entitled to certain rights under the Shareholders' Agreement upon the Scheme becoming effective.

Please refer to the sections headed “10. Arrangements Material to the Proposal – Consortium Agreement” and “10. Arrangements Material to the Proposal – Shareholders’ Agreement” in this Explanatory Memorandum for a summary of the principal terms of the Consortium Agreement and the Shareholders’ Agreement.

### **Convertible Note**

The principal terms of the Convertible Note to be issued by TopCo to Fortune Spring ZM are as follows:

**Issuer:** TopCo

**Principal amount:** HK\$390 million

**All-in costs:** Arrangement Fee plus the Interest Rate

**Maturity date:** 90 months from the issue date (subject to extension to six months after the final maturity date of the external debt financing)

**Conversion and redemption rights:** The holder of the Convertible Note may (i) freely convert the Convertible Note into shares of TopCo in the event of a Qualified Financing; or (ii) request TopCo to redeem the Convertible Note in the event of a Sale Transaction or an initial public offering of TopCo or any TopCo Group Company.

TopCo may voluntarily redeem the Convertible Note in the event of: (i) a Qualified Financing where the holder of the Convertible Note does not exercise its conversion right; (ii) a Sale Transaction or an initial public offering of TopCo or any TopCo Group Company, in each case not qualifying as a Qualified Financing; or (iii) a Mandatory Event.

**Conversion period:** Anytime prior to maturity

**Conversion price:** HK\$9.25 per share in TopCo (i.e. equivalent to the Cancellation Price)

As the Special Deal is a special arrangement offered to the Founder Entities only and not offered to all Shareholders, the Special Deal constitutes a special deal and requires the consent of the Executive under Rule 25 of the Takeovers Code.

The Offeror has made an application for consent from the Executive to the Special Deal. The Executive's consent, if granted, will normally be conditional upon the Independent Financial Adviser confirming to the Independent Board Committee that the terms of the Special Deal are fair and reasonable, and the passing of an ordinary resolution by the Independent Shareholders at a general meeting of the Company to approve the Special Deal. The Offeror Concert Parties will abstain from voting on the Special Deal at the EGM.

Please refer to the letter from the Independent Financial Adviser as set out in Part VI of this Scheme Document for the recommendation of the Independent Financial Adviser.

## **9. IRREVOCABLE UNDERTAKING**

On 12 August 2025, the IU Shareholder entered into an Irrevocable Undertaking in favour of the Offeror, pursuant to which the IU Shareholder has undertaken:

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

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

As at the Latest Practicable Date, the IU Shareholder is interested in an aggregate of 1,255,500 Shares, representing approximately 0.10% of the issued share capital of the Company.

**10. ARRANGEMENTS MATERIAL TO THE PROPOSAL****Consortium Agreement**

On 12 August 2025, the Consortium Members and TopCo entered into the Consortium Agreement, pursuant to which the parties have agreed to conduct and implement the Proposal in consultation with one another and for TopCo to have the shareholding structure as further described in the section headed “*15. Information on the Offeror, the Offeror Concert Parties and the Consortium*” in this Explanatory Memorandum.

Pursuant to the Consortium Agreement:

- (a) conditional upon the Scheme being effective, on the Effective Date:
  - (i) all Scheme Shares will be cancelled and such number of new Shares as is equal to the number of Scheme Shares cancelled will be issued to the Offeror, credited as fully paid;
  - (ii) in consideration for the issuance of Shares pursuant to paragraph (i) above, the Offeror shall credit unpaid Offeror Shares as fully paid as follows:
    - (1) 294,217,091 Offeror Shares, representing approximately 40.00% of the issued Offeror Shares and the deemed capital contribution with respect to the Founder Rollover Shares by virtue of the Scheme taking place; and
    - (2) 216,190,499 Offeror Shares, representing approximately 29.39% of the issued Offeror Shares and the deemed capital contribution with respect to the TPG Scheme Shares by virtue of the Scheme taking place;
  - (iii) in consideration for the crediting of Offeror Shares pursuant to paragraph (ii) above, MidCo shall credit 510,407,590 unpaid MidCo shares as fully paid, representing approximately 69.39% of the issued MidCo shares; and
  - (iv) in consideration for the crediting of MidCo shares pursuant to paragraph (iii) above, TopCo shall credit 510,407,590 unpaid TopCo shares as fully paid, representing approximately 69.39% of the issued TopCo shares, comprising 294,217,091, 179,336,394 and 36,854,105 TopCo shares held by the Founder Entities, TPG Asia VII and Keyhole, respectively;



- (b) conditional upon the Scheme being effective, within one Business Day from the Effective Date:
  - (i) each of Knight Success, NewQuest V and Al-Rayyan Holding shall pay their respective equity investment amounts in cash to TopCo, upon which all the unpaid TopCo shares held by each of Knight Success, NewQuest V and Al-Rayyan Holding shall be credited as fully paid, collectively representing approximately 30.61% of the issued TopCo shares;
  - (ii) upon payment of the aggregate equity investment amount to TopCo pursuant to paragraph (i) above, TopCo shall make payment of such equity investment amount to Midco, and Midco shall credit all the remaining unpaid MidCo shares held by TopCo as fully paid, representing approximately 30.61% of the issued MidCo shares; and
  - (iii) upon payment of the aggregate equity investment amount to MidCo pursuant to paragraph (ii) above, MidCo shall make payment of such equity investment amount to the Offeror, and the Offeror shall credit all the remaining unpaid Offeror Shares held by MidCo as fully paid, representing approximately 30.61% of the issued Offeror Shares;
- (c) each of Knight Success, NewQuest V and Al-Rayyan Holding has agreed that for the purpose of effecting the steps pursuant to paragraphs (b)(i) to (b)(iii) above, each of Knight Success, NewQuest V and Al-Rayyan Holding shall pay or procure the payment of such equity investment amount to the Offeror directly; and
- (d) conditional upon the Scheme being effective, the Offeror and TopCo shall settle the consideration for the Founder Consideration Shares, of which 303,620,746 Shares will be settled at the Cancellation Price in the same manner as other Independent Shareholders and the remaining 42,162,163 Shares will be settled by the issuance of the Convertible Note.

Please refer to the section headed “8. *Special Deal in relation to the Rollover Arrangement and the Shareholders’ Agreement*” in this Explanatory Memorandum for a summary of the principal terms of the Convertible Note.

The Consortium Agreement will be terminated if the Scheme lapses or is withdrawn.

**Shareholders' Agreement**

On 12 August 2025, the Consortium Members and TopCo entered into the Shareholders' Agreement in respect of the future governance of TopCo, which will indirectly hold 100% of the issued share capital of the Company. A summary of key provisions of the Shareholders' Agreement is set out below:

- |  |   |
|--|---|
| <b>Voting rights:</b>                  | Each ordinary share in TopCo will be voting and each will carry one vote.   |
| <b>Composition of the TopCo Board:</b> | The board of directors of TopCo (the “ <b>TopCo Board</b> ”) will consist of seven members upon the completion of the Proposal, of which (i) three directors are appointed based on the collective shareholding of the Founder Entities and (ii) four directors are appointed based on the collective shareholding of the TPG Entities, NewQuest V and Al-Rayyan Holding.   |
| <b>Reserved matters:</b>               | The TopCo Board will be responsible for the supervision and management of TopCo and its operations. Subject to certain shareholding requirement, each of (i) TPG Entities, collectively and (ii) Fortune Spring ZM or another affiliate of Mr. Zhong shall have a veto right over a number of reserved matters, including, among other things, incurrence of certain material indebtedness, certain material acquisitions, dispositions or other transactions, non-pro rata dividend or distribution or dividend or distribution in certain cases, certain changes to the capital structure of TopCo, MidCo, the Offeror and the Company, certain non-pro rata redemption, creation or issuance of shares having preference to existing ordinary shares of TopCo, adoption of equity incentive plan over a certain threshold and material amendments thereto, certain related party transactions, certain changes to the constitutional documents of TopCo or any other subsidiary of TopCo (each a “ <b>TopCo Group Company</b> ” and collectively, the “ <b>TopCo Group</b> ”), material changes to the nature of the TopCo Group's business, material changes to accounting methods or policies, certain material tax changes, entering into material joint ventures, initiating or settling material litigation and liquidation or winding-up of any major TopCo Group Company. |
| <b>Management:</b>                     | Upon the completion of the Proposal, Mr. Zhong will continue to serve as the Chief Executive Officer of TopCo.  |

**Non-Compete:** For as long as Mr. Zhong, Ms. Shentu and their respective affiliates' collective shareholding in TopCo is no less than 15%, Mr. Zhong, Ms. Shentu and their respective affiliates shall not invest in certain competing businesses, with certain customary exceptions.

For as long as TPG and its affiliates' collective shareholding in TopCo is no less than 15%, TPG shall not invest in certain competing businesses, with certain customary exceptions.

**Pre-emptive rights:** Each shareholder of Topco shall have pre-emptive rights to participate in any future issuance of new securities by TopCo, subject to customary exceptions.

**Exit:** TPG has the right to cause a public offering of TopCo or any other TopCo Group Company, and TPG has the right to initiate a Sale Transaction (such Sale Transaction initiated by TPG, a "**Drag Sale**"), in each case, (a) if such right is exercised within the first three years from the Effective Date, that delivers an internal rate of return of 8% to the other shareholders of TopCo; and (b) if such right is exercised within the fourth year from the Effective Date, at a price that implies a valuation of each TopCo share which is no less than the Cancellation Price.

**Lock-up:** The Founder Entities are subject to three independent and separate lock-up restrictions with respect to all or a certain portion of their TopCo shares, as described below. The termination, expiration or inapplicability of any of these lock-up restrictions does not affect the applicability or validity of the other lock-up restrictions. The Founder Entities are subject to:

- (a) a lock-up with respect to all of their TopCo shares for as long as Mr. Zhong is the CEO or Chairman of the Company or otherwise exercises indirect control over the Company (including the ability to direct the management and policies of the Company, or to ensure the affairs of the Company are conducted in accordance with his wishes);

- (b) a separate lock-up with respect to all of their TopCo shares within the first four years after completion of the Proposal as long as the other Consortium Members have not collectively transferred their TopCo shares to any third parties in excess of 20% of the number of TopCo shares immediately after the Scheme having become effective (the “**20% Quota**”); and
- (c) for as long as any of the other Consortium Members holds any TopCo shares, another separate lock-up with respect to their TopCo Shares if the transfer of such TopCo shares would result in the Founder Entities ceasing to hold at least 15% of the number of TopCo shares immediately after the Scheme having become effective (the “**15% Threshold**”).

The above described lock-up restrictions are subject to customary exceptions, such as customary permitted transfers and the exercise of tag along right.

**Right of First Offer:** In the event any TopCo shareholder transfers its TopCo shares to a third party, each Consortium Member will have a right of first offer, provided that any transfer of TopCo shares by Consortium Members other than the Founder Entities within the 20% Quota will not be subject to the right of first offer.

**Tag Along:** Subject to the right of first offer described above, in the event any TopCo shareholder transfers its TopCo shares to a third party, each other TopCo shareholder (the “**Tag Participant**”) will have a tag along right with respect to a number of TopCo shares held by such Tag Participant up to a certain cap (the “**Tag-Along Entitlement**”), subject to the lock-up described above.

The Tag-Along Entitlement will be allocated among the Tag Participants in the following manner and may be exercised by the Tag Participants in the following order of priority, unless agreed otherwise by the relevant Tag Participant(s):

- (a) firstly, if the 20% Quota has not been fully utilised, pro rata among the TPG Entities, NewQuest V and Al-Rayyan Holding (each, to the extent it is a Tag Participant) until the 20% Quota is fully utilised;
- (b) secondly, among all Tag Participants (including the Founder Entities, if the relevant transferor is not a Founder Entity and the Founder Entities have exercised their tag along right) on a pro rata basis, until any further allocation would cause the Founder Entities' collective shareholding to drop below the 15% Threshold;
- (c) thirdly, pro rata among the TPG Entities, NewQuest V and Al-Rayyan Holding (each, to the extent it is a Tag Participant); and
- (d) lastly, among the remaining Tag Participants (including the Founder Entities, if the relevant transferor is not a Founder Entity and the Founder Entities have exercised their tag along right) on a pro rata basis.

**Information and  
inspection rights:**

Each shareholder of TopCo is entitled to receiving the annual and quarterly financial statements of TopCo, and each shareholder meeting the minimum shareholding requirement as set out in the Shareholders' Agreement is entitled to enhanced information rights and inspection rights, including receiving the annual budget of TopCo, discussion with TopCo's management and inspection of TopCo Group's books and records.

**Termination:**

The Shareholders' Agreement shall (a) terminate (i) by the parties' written agreement, (ii) upon all TopCo shares being held by one shareholder, (iii) upon the consummation of a Drag Sale implemented at TopCo level, or (iv) upon completion of the winding up and distribution of assets of TopCo and (b) terminate with respect to any party if such party ceases to hold any TopCo shares. Certain terms of the Shareholders' Agreement, including board nomination rights, reserved matters, pre-emptive rights and information rights as described above, will be terminated upon a public offering of TopCo.

## 11. SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date:

- (a) the Company has (i) 1,207,994,000 Shares in issue and (ii) 3,525,000 outstanding RSUs; and
- (b) save for the RSUs, the Company does not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares, and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

Assuming (i) the Company does not make any further grant of RSUs before the Effective Date, and (ii) there is no change in the shareholding or the issued share capital of the Company before the Effective Date, the table below sets out the shareholding structure of the Company as at the Latest Practicable Date and immediately upon completion of the Proposal:

	As at the Latest Practicable Date		Immediately upon completion of the Proposal	
	<i>Number of Shares as a percentage of Number of Shares</i>	<i>total number of Shares in issue (%)</i>	<i>Number of Shares</i>	<i>total number of Shares in issue (%)</i>
<b>Offeror and Offeror Concert Parties</b>				
<i>Consortium Members</i>				
Offeror	–	–	1,207,994,000	100.00
Mr. Zhong <sup>(1)</sup>	408,500,000	33.82	–	–
Ms. Shentu <sup>(2)</sup>	231,500,000	19.16	–	–
Keyhole Holding <sup>(3)</sup>	216,190,500	17.90	–	–
<i>Other Offeror Concert Parties</i>				
ESOP BVI <sup>(4)</sup>	46,810,000	3.88	–	–
Relevant Shareholder <sup>(5)</sup>	1,377,500	0.11	–	–
<b>Other Independent Shareholders</b>				
Other Public Shareholders	303,616,000	25.13	–	–
<b>Total</b>	<b>1,207,994,000</b>	<b>100.00</b>	<b>1,207,994,000</b>	<b>100.00</b>

*Notes:*

- (1) Mr. Zhong is an executive Director. The Shares in which Mr. Zhong is interested are held by Fortune Spring ZM, which is in turn owned by Fortune Spring ZM AA Limited and Fortune Spring ZM A Limited as to 99.9% and 0.1%, respectively. Fortune Spring ZM AA Limited is wholly owned by The Fortune Spring ZM Trust, for which Butterfield Trust (Asia) Limited serves as the trustee and Mr. Zhong acts as the settlor and protector.

For the purposes of this table, the figure does not include Mr. Zhong's deemed spousal interest in Ms. Shentu's shareholding interests in the Company under the SFO.

- (2) Ms. Shentu is an executive Director. The Shares in which Ms. Shentu is interested are held by Fortune Spring YG, which is in turn owned by YG AA Limited and Fortune Spring YG A Limited as to 99.8% and 0.2%, respectively. YG AA Limited is wholly owned by YG Trust, for which BOS Trustee Limited serves as the trustee, Ms. Shentu acts as the settlor and Mr. Zhong acts as the protector.

For the purposes of this table, the figure does not include Ms. Shentu's deemed spousal interest in Mr. Zhong's shareholding interests in the Company under the SFO.

- (3) Each of TPG Keyhole, L.P. (as sole shareholder of Keyhole Holding), TPG Asia GenPar VII, L.P. (as a general partner of TPG Keyhole, L.P.), TPG Asia GenPar VII Advisors, Inc. (as a general partner of TPG Asia GenPar VII, L.P.), TPG Operating Group III, L.P. (as the sole shareholder of TPG Asia GenPar VII Advisors, Inc.), TPG Holdings III-A, L.P. (as a general partner of TPG Operating Group III, L.P.), TPG Holdings III-A, LLC (as a general partner of TPG Holdings III-A, L.P.), TPG Operating Group II, L.P. (as the sole shareholder of TPG Holdings III-A, LLC), TPG Holdings II-A, LLC (as a general partner of TPG Operating Group II, L.P.), TPG GPCo, LLC (as the sole member of TPG Holdings II A, LLC), TPG Inc. (as the sole member of TPG GPCo, LLC), TPG Group Holdings (SBS), L.P. (holds 73.75% interest in TPG Inc.), TPG Group Holdings (SBS) Advisors, LLC (as the general partner of TPG Group Holdings (SBS), L.P.) and TPG GP A, LLC (as the sole member of TPG Group Holdings (SBS) Advisors, LLC) is deemed to be interested in the Shares held by Keyhole Holding under the SFO.

- (4) ESOP BVI holds 46,810,000 Shares. All of the Shares which are held by ESOP BVI as at the Scheme Record Date will form part of the Scheme Shares and be cancelled upon the Scheme becoming effective. With respect to Shares held by ESOP BVI attributable to RSUs which have been or will be exercised prior to the Effective Date, upon transfer of such Shares to the relevant RSU Holder(s) who are not Offeror Concert Parties and for so long as these Shares are held by the Independent Shareholder(s), these Shares will form part of the Independent Shares. As at the Latest Practicable Date, Mr. Yin Zixin, an executive Director, is interested in 4,125,000 Shares underlying certain RSUs granted to him in accordance with the RSU Plan. As at the Latest Practicable Date, the purchase consideration has not been fully settled by Mr. Yin Zixin with respect to the Shares underlying certain RSUs granted to him and such Shares have not been transferred from ESOP BVI to Mr. Yin Zixin.

Further details of the RSU Shares are set out in the section headed "4. RSU Plan" in this Explanatory Memorandum.

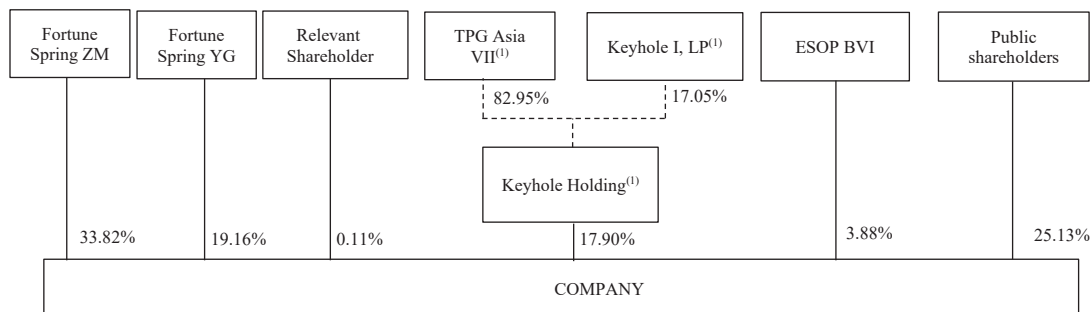
- (5) The 1,377,500 Shares were acquired by the Relevant Shareholder prior to 31 December 2024 (i.e. before the Relevant Period).

- (6) J.P. Morgan is the exclusive financial adviser to the Offeror in respect of the Proposal. Accordingly, J.P. Morgan and persons controlling, controlled by or under the same control as J.P. Morgan (except exempt principal traders and exempt fund managers, in each case recognised by the Executive as such for the purpose of the Takeovers Code) are presumed to be acting in concert with the Offeror in relation to the Company in accordance with class (5) of the definition of “acting in concert” under the Takeovers Code.

As at the Latest Practicable Date, members of the J.P. Morgan group do not legally or beneficially own, control or have direction over any Shares (except in respect of Shares held by exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purposes of the Takeovers Code and also excluding the Shares held on behalf of non-discretionary investment clients of the J.P. Morgan group).

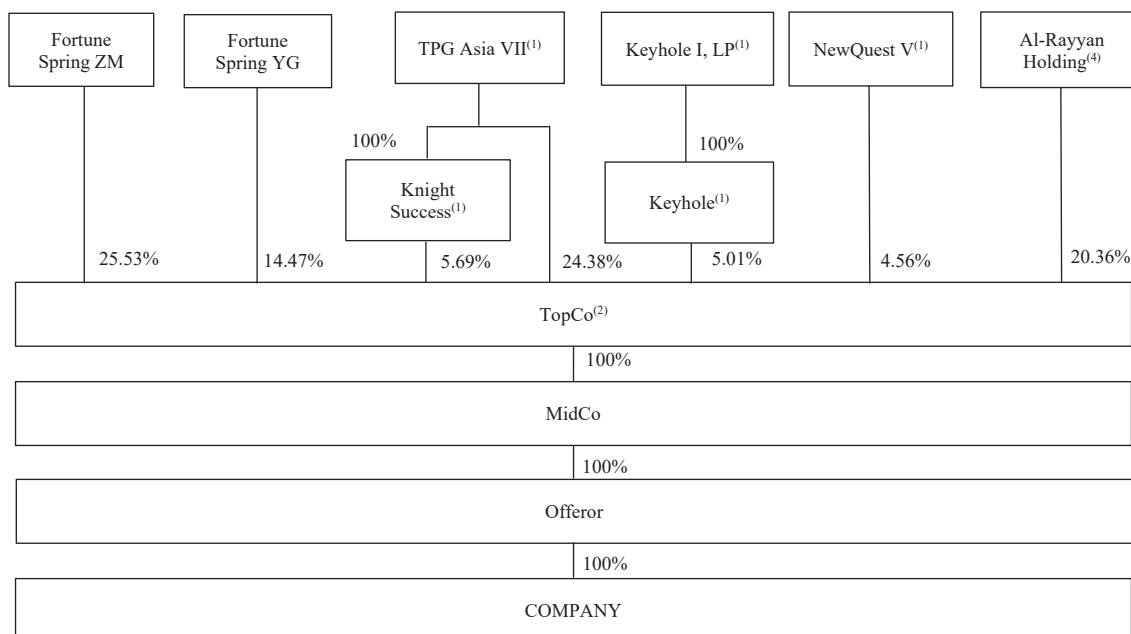
Notwithstanding that connected exempt principal traders within the J.P. Morgan group are not acting in concert with the Offeror, Shares held by any such connected exempt principal traders must not be voted in the context of the implementation of the Proposal and the Special Deal in accordance with the requirements of Rule 35.4 of the Takeovers Code, unless (i) the relevant connected exempt principal trader holds the Shares as a simple custodian for and on behalf of non-discretionary clients, and (ii) there are contractual arrangements in place between the relevant connected exempt principal trader and its clients that strictly prohibit the relevant connected exempt principal trader from exercising any voting discretion over the relevant Shares, and all voting instructions shall originate from the client only, and if no instructions are given, then no votes shall be cast for the relevant Shares held by the relevant connected exempt principal trader. For this purpose, a written confirmation of the matters set out in points (i) and (ii) above and on whether the relevant underlying clients are entitled to vote in the context of the Scheme will be submitted to the Executive (if required) prior to the Court Meeting.

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





The chart below sets out the illustrative and simplified shareholding structure of the Company immediately upon the Scheme becoming effective:



*Notes:*

- (1) Each of TPG Asia VII, Keyhole I, LP, Keyhole Holding, Knight Success, Keyhole and NewQuest V is ultimately controlled by TPG Inc. as at the Latest Practicable Date.
- (2) Assuming the conversion rights attached to the Convertible Note have not been exercised. For illustration only, assuming the conversion rights attached to the Convertible Note are fully exercised at the conversion price of HK\$9.25 per share in TopCo and there is no other change in the shareholding of TopCo, the Founder Entities' collective shareholding in TopCo will increase from approximately 40.00% to approximately 43.25% of the issued share capital of TopCo as enlarged by the allotment and issuance of conversion shares.
- (3) Immediately upon the Scheme becoming effective, the Founder Entities will collectively hold an aggregate of approximately 40.00% of the issued TopCo shares, whilst the TPG Entities and NewQuest V will collectively hold an aggregate of approximately 39.64% of the issued TopCo shares.
- (4) Al-Rayyan Holding is established under the regulations of the Qatar Financial Centre Authority.

**12. REASONS FOR AND BENEFITS OF THE PROPOSAL**

Due to the sustained pressure on trading prices and limited liquidity of the Shares, the Company's ability to raise funds from the equity market has been constrained. In light of the aforesaid, considering the listing-related costs, there are limited benefits for the Company to maintain its listed status. Meanwhile, the implementation of the Proposal will alleviate pressure on the Company's short-term financial performance, which enables better focus on strategic objectives, where additional resources allocation is required, for its future sustainable growth. As evidenced by the interim results of the Group for the six months ended 30 June 2025, despite an 8.3% revenue growth as compared to the corresponding period in the first half of 2024, net profit attributable to owners of the parent declined by 7.0%, and non-HKFRS adjusted net profit attributable to owners of the parent declined by 18.5%. These declines were mainly due to revenue growth slowdown in core products, decrease in interest income and government grants, and the increase in the loss in Weijing Medical, reflecting short-term financial pressures from ongoing investments.

Furthermore, the Proposal provides minority Shareholders an attractive opportunity to realise compelling returns amid market volatility, industry and macro uncertainties, and limited liquidity of the Shares. Given the substantial ownership of the Company collectively held by Offeror Concert Parties, it is unlikely for minority Shareholders to receive an alternative offer to monetize their investments in the Company.

**Reasons for and Benefits of the Proposal for the Scheme Shareholders*****An attractive opportunity for Scheme Shareholders (other than Keyhole Holding) to monetise their investment at a price with a compelling premium***

The Proposal presents an opportunity for Scheme Shareholders as at the Scheme Record Date (other than Keyhole Holding) to monetise their investment at an attractive premium over the prevailing and historical price of the Shares. The Cancellation Price of HK\$9.25 per Share represents a premium of approximately 21.7% over the closing price of the Shares as quoted on the Stock Exchange on the Undisturbed Date, a premium of approximately 47.3% over the average closing price of the Shares as quoted on the Stock Exchange for the 360 trading days up to and including the Undisturbed Date, and a premium of approximately 84.6% over the 52-week closing low of the Shares price as quoted on the Stock Exchange up to and including the Undisturbed Date. In addition, over an extended historical period, the Cancellation Price exceeds the highest closing price of the Shares as quoted on the Stock Exchange since 2022.

***Realise substantial returns for Scheme Shareholders (other than Keyhole Holding) amidst market volatility, industry and macro uncertainty***

The Proposal provides an attractive opportunity for minority Shareholders to realise their investment in the Company with certainty. Market sentiment is sensitive towards geopolitical factors and uncertainty in the broader China healthcare sector. In particular, China medical device sector is currently facing significant challenges due to regulatory changes such as Volume-based Procurement (“VBP”) and anti-corruption campaign over the last years, which casts concerns on potentially lower product pricing and profit margin as well as delayed and reduced orders from clients, and elevated compliance and regulatory costs at the corporate level. These headwinds in macro environment have caused volatility of sector stocks performance, and imposed sustained price pressure on the underlying stock. The interim results of the Group for the six months ended 30 June 2025 further illustrated these challenges. In the first half of 2025, the expansion of the VBP policy across regions exerted additional pressure on product prices. Meanwhile, the ongoing industry-wide anti-corruption initiative continued, posing challenges to the growth of both existing and new products. Market competition was still intense which placed higher requirement on industry participants. As a result, the Company’s year-on-year revenue growth on the last twelve months (LTM) rolling basis fell to its lowest level in the past three years, and margin were further compressed due to persistent pricing pressure from both regulatory changes and competition dynamics.

***A unique opportunity with certainty for Scheme Shareholders (other than Keyhole Holding) to exit their investment of limited liquidity***

The Shares have been trading with low liquidity for a substantial period, with the average daily trading volume of Shares for the 24-month period up to and including the Undisturbed Date representing only approximately 0.15% of the total number of issued Shares as at the Undisturbed Date. In light of the aforesaid, it could be difficult for Shareholders to divest a substantial amount of the Shares without a significant discount through on-market transactions. Therefore, the Offeror believes that the Proposal provides the Scheme Shareholders (other than Keyhole Holding) with a unique opportunity to achieve exit at an attractive premium, as well as to redeploy the proceeds to other investment opportunities that they may consider more attractive.

***Immediate and certain value realisation for Shareholders, compared to uncertainties faced by the Company***

The Offeror Concert Parties have evaluated multiple strategic alternatives to enhance shareholder value and determined that the current going private transaction offers the immediate and most compelling value for Shareholders. This approach makes available to the Scheme Shareholders (other than Keyhole Holding) an attractive cash offer without the risks and uncertain market conditions faced by the Company.

***Low likelihood of an attractive alternative offer to realise value***

In addition to the fact that the Cancellation Price represents an attractive valuation, the current shareholding of the Offeror Concert Parties in the Company implies challenges for any third party to counter such attractive offer. As at the Latest Practicable Date, the Offeror Concert Parties collectively hold 74.87% of the total issued and outstanding share capital of the Company. The significant shareholding of the Offeror Concert Parties in the Company poses a hurdle for any third party attempting to make an offer for the Shares, as any third party would not be able to secure control the Company without the Offeror Concert Parties' consent to dispose their stake in the Company. Therefore, it is unlikely that minority Shareholders will receive an alternative offer to realise value in their investments in the Company other than through the Proposal put forth by the Offeror.

**Reasons for and Benefits of the Proposal for the Company*****Limited benefits in maintaining the Company's listing status and cost savings through privatisation***

Due to the long-term underperformance in the trading prices and trading liquidity of the Shares, the ability of the Company to raise funds from the equity market has been significantly limited. In addition, the Company has to incur administrative, compliance and other listing related costs and expenses for maintaining the listing status. Accordingly, there are limited benefits for the Company to maintain its listing status. Upon privatisation, the listing of the Shares will be withdrawn from the Stock Exchange, which will result in savings of costs associated with the maintenance of listing status.

***The Proposal offers benefits to the Company in making long-term strategic investments over short-term performance pressure***

In light of intensifying competition in domestic market and ongoing regulatory uncertainties, and in order to achieve sustainable growth, the Company's long-term strategy requires significant investment which could create short-term pressure on the Company's financial performance. It is anticipated that additional resources need to be allocated to areas including: (a) sales and marketing to promote the Company's newly approved products and expand the sales team and distributor network; (b) investments in research and development and commercialisation of new technologies such as the Weijing Medical products <sup>Note</sup>, which may lead to reduced financial performance over an extended period; and (c) market expansion outside of China including overseas product registration and potential establishment of overseas branches and teams. Given the geopolitical environment and different market dynamics in overseas markets, such expansion may require substantial and continued investments. The Company is currently constrained by capital market conditions and stock price fluctuations, which are inherent challenges as a listed company. These factors limit

the Company's ability to pursue strategic initiatives that are essential for sustainable growth. By implementing the Proposal, pressure associated with short-term performance metrics can be alleviated and the Company can better focus on a broader range of strategic decisions. For the six months ended 30 June 2025, the Company experienced a continued slowdown in growth for mature categories including disposable trocar and ligation clips. Sales generated from new categories (including ultrasonic scalpel and staplers) remained relatively small compared to the leading domestic players. To compete with industry competitors and gain additional market share, the Company would need to significantly increase investments in sales and marketing going forward. Furthermore, losses from Weijing Medical further widened for the six months ended 30 June 2025. The Company anticipates sustained loss from Weijing in foreseeable future given (1) significant commercialization efforts required for the approved 4-arm products, such as buildup of sales network, investment in academic education and training programs, organization and participation in industry events, etc.; (2) continued R&D investments for additional clinical trials including indication expansion and single-port products; and (3) capital expenditure required for constructing production facilities and purchasing equipment.

*Note:*

*In April 2025, Weijing Medical has obtained regulatory approval from China's National Medical Products Administration for its four-arm laparoscopic surgical robot (the "Four-Arm Surgical Robot"). Apart from the Four-Arm Surgical Robot, the research and development of other Weijing Medical's products (such as Single-port Laparoscopic Surgical Robot and Surgical Robot Instruments) is still ongoing.*

*The Company also invests in the research and development of a variety of other new technologies such as (a) Equipment: Microwave Ablation System, RF Ablation System, etc.; (b) Instruments: 3D 4K Fluorescence Electronic Laparoscope, Reusable Plasma Surgical Electrode, etc; and (c) Consumables: Disposable Electronic Cystoscope, Absorbable Tissue Clip, etc.*

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

It is the intention of the Offeror for the Group to continue to carry on its existing business and the Offeror does not have any plan to make any material change (other than in the ordinary course of business) to: (a) the business of the Group (including any redeployment of any fixed asset of the Group); or (b) the continued employment of the employees of the Group.

### **14. IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES**

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

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with the Offeror in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, (i) announce an offer or possible offer for the Company, or (ii) acquire any voting rights of the Company if the Offeror or persons acting in concert with it would thereby become obliged under Rule 26 of the Takeovers Code to make an offer, in each case, except with the consent of the Executive. The Offeror has no intention to seek such consent.

**15. INFORMATION ON THE OFFEROR, THE OFFEROR CONCERT PARTIES AND THE CONSORTIUM**

Each of the Offeror, MidCo and TopCo is a newly incorporated company in the Cayman Islands with limited liability and an investment holding company set up solely for the purposes of implementing the Proposal. As at the Latest Practicable Date, the Offeror is wholly owned by MidCo, which in turn is wholly owned by TopCo. As at the Latest Practicable Date, TopCo is held by the Consortium Members, as to approximately 25.53% by Fortune Spring ZM, approximately 14.47% by Fortune Spring YG, approximately 24.38% by TPG Asia VII, approximately 5.01% by Keyhole, approximately 5.69% by Knight Success, approximately 4.56% by NewQuest V and approximately 20.36% by Al-Rayyan Holding. As at the Latest Practicable Date, save as disclosed in the section headed “*11. Shareholding Structure of the Company*” in this Explanatory Memorandum, none of TPG Asia VII, Keyhole, Knight Success, NewQuest V and Al-Rayyan Holding is a Shareholder.

Each of the Founder Entities is a business company incorporated in the British Virgin Islands.

Knight Success is a newly incorporated company in Singapore with limited liability and an investment holding company. Keyhole is an exempted company incorporated in the Cayman Islands with limited liability and an investment holding company. TPG Asia VII is a company incorporated in Singapore with limited liability. Each of Knight Success and Keyhole is either wholly owned or controlled by TPG Asia VII, which is in turn controlled by TPG Asia GenPar VII Advisors, Inc. and ultimately controlled by TPG Inc., a publicly traded Delaware corporation (NASDAQ).

TPG is a leading global alternative asset management firm founded in 1992 with more than US\$269 billion of assets under management as of 30 June 2025. For many years, TPG has been investing in transformation, growth, and innovation, and aims to build dynamic products and strategies for its investors while also instituting discipline and operational excellence across its investment strategies and performance of its portfolios.

NewQuest V is a company incorporated in Singapore with limited liability and an investment holding company. NewQuest V is wholly owned by NewQuest Asia Fund V, L.P., which is in turn controlled by NewQuest Asia Fund V GP Ltd. and ultimately controlled by TPG Inc., a publicly traded Delaware corporation (NASDAQ).

Established in 2011, NewQuest is one of Asia's leading secondary private equity platforms with the most experienced secondary team in Asia across five offices. Since its founding, NewQuest has focused on working with GPs to create bespoke, tailored solutions to meet liquidity and other strategic needs of private asset owners and their stakeholders. Starting from a strategic partnership forged in 2018, NewQuest became wholly owned by TPG in January 2022.

Al-Rayyan Holding is a limited liability company established in 2012 under the regulations of the Qatar Financial Centre Authority in the State of Qatar, and is a 100%-owned indirect subsidiary of QIA, the sovereign wealth fund of the State of Qatar. QIA was founded in 2005 to invest and manage the state reserve funds. QIA is among the largest and most active sovereign wealth funds globally. QIA invests across a wide range of asset classes and regions as well as in partnership with leading institutions around the world to build a global and diversified investment portfolio with a long-term outlook. As at the Latest Practicable Date, Al-Rayyan Holding and its concert parties (other than those who are, or deemed to be, acting in concert with Al-Rayyan Holding solely in connection with the Consortium) are not interested in any Shares.

## **16. INFORMATION ON THE COMPANY**

The Company is an exempted company incorporated under the laws of the Cayman Islands with limited liability, the shares of which have been listed on the Main Board of the Stock Exchange since June 2020 with the stock code 9997. The Company, together with its subsidiaries, is principally involved in the design, development, manufacture and sale of a comprehensive suite of minimally invasive surgical instruments and accessories.

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

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

Upon the Scheme becoming effective in accordance with its terms, all Scheme Shares will be cancelled (with the equivalent number of new Shares being issued as fully paid to the Offeror) and the share certificates in respect of the Scheme Shares will thereafter cease to have effect as documents or evidence of title.

The Company will apply to the Stock Exchange for the withdrawal of the listing of the Shares from the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules and such withdrawal is expected to take place as soon as reasonably practicable following the Scheme becoming effective.

The Shareholders will be notified by way of an announcement of the exact dates of the last day for dealing in the Shares on the Stock Exchange and the day on which the Scheme and the withdrawal of the listing of the Shares from the Stock Exchange will become effective. For further details, please refer to the Expected Timetable set out in Part III of this Scheme Document.

## **18. REGISTRATION AND PAYMENT**

Assuming that the Scheme Record Date falls on Friday, 5 December 2025, it is proposed that the register of members of the Company will be closed from Tuesday, 18 November 2025 (or such other date as Shareholders may be notified by an announcement) onwards in order to determine entitlements under the Scheme. In order to qualify for entitlements under the Scheme, Scheme Shareholders should ensure that the transfers of Shares to them are lodged with the Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration in their names or in the names of their nominees no later than 4:30 p.m. on Monday, 17 November 2025.

Upon the Scheme becoming effective, the Cancellation Price will be paid to the Scheme Shareholders whose names appear in the register of members of the Company on the Scheme Record Date (other than (i) the Founder Entities in respect of the Founder Rollover Shares and the Founder Consideration Shares to be cancelled in exchange for the Convertible Note, (ii) Keyhole Holding in respect of the TPG Scheme Shares and (iii) ESOP BVI in respect of the RSU Shares to the extent subject to the Deferred Settlement Arrangement) as soon as possible but in any event no later than seven (7) Business Days after the Effective Date. Assuming that the Scheme becomes effective on Friday, 5 December 2025, the cheques for the payment of the Cancellation Price are expected to be despatched on or before Tuesday, 16 December 2025.

Cheques for the payment of the Cancellation Price will be sent by ordinary post in postage pre-paid envelopes addressed to the persons entitled thereto at their respective registered addresses or, in the case of joint holders, to the registered address of that joint holder whose name then stands first in the register of members of the Company in respect of the joint holding. All such cheques will be posted at the risk of the persons entitled thereto and none of the Offeror, the Offeror Concert Parties, the Company, J.P. Morgan, the Independent Financial Adviser and the Share Registrar and their respective ultimate beneficial owners, directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal will be responsible for any loss or delay in transmission.



On or after the day being six calendar months after the posting of such cheques, the Offeror shall have the right to cancel or countermand payment of any such cheque which has not been cashed or has been returned uncashed and shall place all monies represented thereby in a deposit account in the Offeror's name with a licensed bank in Hong Kong selected by the Offeror. The Offeror shall hold such monies until the expiry of six years from the Effective Date and shall, prior to such date, make payments therefrom of the sums payable pursuant to the Scheme to persons who satisfy the Offeror that they are respectively entitled thereto and the cheques of which they are payees have not been cashed. On the expiry of six years from the Effective Date, the Offeror shall be released from any further obligation to make any payments under the Scheme.

Assuming that the Scheme becomes effective, the register of members of the Company will be updated accordingly to reflect the cancellation of all the Scheme Shares and all existing certificates for the Scheme Shares will cease to have effect as documents or evidence of title as from the Effective Date, which is expected to be on Friday, 5 December 2025.

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

## **19. OVERSEAS HOLDERS OF THE SCHEME SHARES**

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

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

Scheme Shareholders who are not resident in Hong Kong should inform themselves about and observe any applicable legal, tax or regulatory requirements. It is the responsibility of any overseas Scheme Shareholders wishing to take any action in relation to the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

As at the Latest Practicable Date, the jurisdictions of Scheme Shareholders whose addresses as reflected in the records of the Company were all in Hong Kong.

**NOTICE TO US INVESTORS**

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

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

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

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

Any action taken by the Scheme Shareholders will be deemed to constitute a representation and warranty from such persons to the Offeror and the Company and their respective advisers, including J.P. Morgan, the financial adviser to the Offeror, that those laws and regulatory requirements in relation to the Scheme and the Proposal have been complied with. If you are in doubt as to your position, you should consult your professional advisers.

**20. TAXATION AND INDEPENDENT ADVICE**

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

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

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

**It is emphasised that none of the Offeror, the Offeror Concert Parties, the Company, J.P. Morgan, the Independent Financial Adviser and the Share Registrar and their respective ultimate beneficial owners, directors, employees, officers, agents, advisers, associates and affiliates or any other persons involved in the Proposal accept responsibility for any tax or other effects on, or liabilities of, any person or persons as a result of their acceptance or rejection, or the implementation, of the Proposal or the Scheme.**

**21. COURT MEETING AND EGM**

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

All Scheme Shareholders whose names appear on the register of members of the Company as at the Voting Record Date may attend and vote at the Court Meeting to approve the Scheme, and for the avoidance of doubt, only the votes of the Independent Shareholders will be taken into account in determining if the Condition in paragraph (b) in the section headed “*6. Conditions to the Proposal*” in this Explanatory Memorandum is satisfied.

The Company has obtained orders from the Grand Court (i) waiving the requirement for a formal class meeting of the OCP Scheme Shareholders for the purpose of considering and, if thought fit, approving the Scheme in accordance with Practice Direction 2010; and (ii) granting permission to convene a single meeting of the Independent Shareholders for the purpose of considering and, if thought fit, approving the Scheme.

Pursuant to the Practice Direction, if one class of shareholders consists of a small number of persons who are willing to be bound by the terms of the scheme, the Grand Court may waive the requirement for a formal class meeting to be held of such class of shareholders. As it has been demonstrated to the Grand Court that the OCP Scheme Shareholders (being regarded as a class of Shareholders which are different from the Independent Shareholders from Cayman perspective) have consented to be bound by the terms of the Scheme, only a single meeting of the Independent Shareholders (i.e. the Court Meeting) is required to be convened in connection with the Scheme. It is also noted that a formal class meeting for OCP Scheme Shareholders would not be meaningful as the OCP Scheme Shareholders, being Offeror Concert Parties, are required to abstain from voting on the Scheme under the Takeovers Code.

Notice of the Court Meeting is set out in Appendix IV of this Scheme Document.

All Shareholders whose names appear on the register of members of the Company as at the Voting Record Date will be entitled to attend the EGM to vote on the special resolution to maintain the issued share capital of the Company as described above, but for the purposes of the Takeovers Code, only the Independent Shareholders will be entitled to vote at the EGM on the ordinary resolution to approve the Special Deal.

Notice of the EGM is set out in Appendix V of this Scheme Document.

For further details, please refer to the section headed “7. *Voting at the Court Meeting and the EGM*” of this Explanatory Memorandum.

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

### **The Companies Act**

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

Section 86(2A) of the Companies Act states that if a majority representing 75% in value of the members or class of members, as the case may be, present and voting either in person or by proxy at the meeting or meetings, as the case may be, held as directed by the Grand Court as aforesaid, agree to any arrangement, the arrangement shall, if sanctioned by the Grand Court, be binding on all members or class of members, as the case may be, and also on the company. Such an order made under section 86(2A) of the Companies Act shall have no effect until a copy of the order of the Grand Court sanctioning the Scheme has been delivered to the Registrar of Companies in the Cayman Islands for registration.

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

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

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

As at the Latest Practicable Date, the Independent Shareholders held an aggregate of 303,616,000 Scheme Shares. On that basis, and assuming no new Shares are issued on or before the Voting Record Date, 10% of the votes attached to all the Scheme Shares held by all Independent Shareholders referred to in paragraph (b) above would represent 30,361,600 Shares.

**23. COSTS OF THE SCHEME**

Pursuant to Rule 2.3 of the Takeovers Code, if the Proposal is either not recommended by the Independent Board Committee or not recommended as fair and reasonable by the Independent Financial Adviser, and the Scheme is not approved, all expenses incurred by the Company in connection with therewith shall be borne by the Offeror.

Given that the Proposal is recommended by the Independent Board Committee and is recommended as fair and reasonable by the Independent Financial Adviser, Rule 2.3 of the Takeovers Code is not applicable.

**24. ACTIONS TO BE TAKEN****Actions to be taken by Shareholders**

For the purpose of determining the entitlements of the Scheme Shareholders as at the Voting Record Date to attend and vote at the Court Meeting and the entitlements of the Shareholders as at the Voting Record Date to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 4 November 2025 to Monday, 10 November 2025 (both days inclusive) (or such other dates as may be notified by the Company by way of announcement(s)), and during such period, no transfer of Shares will be effected. In order to qualify to vote at the Court Meeting and the EGM, the relevant forms of transfer of share ownership accompanied by the relevant share certificates must be lodged with the Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Monday, 3 November 2025. A subsequent purchaser of Shares may obtain the relevant proxy forms from the transferor or the website of the Stock Exchange if he or she wishes to attend or vote at the Court Meeting or the EGM.

A **pink** form of proxy for use at the **Court Meeting** and a **white** form of proxy for use at the **EGM** are enclosed with this Scheme Document.

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

**The pink form of proxy for use at the Court Meeting should be lodged no later than 10:00 a.m. on Saturday, 8 November 2025, which is 48 hours before the time appointed for holding the Court Meeting or any adjournment thereof. The pink form of proxy (but not the white form of proxy) may also be handed to the chairman of the Court Meeting (who will have absolute discretion on whether or not to accept it) at the Court Meeting. The white form of proxy for use at the EGM should be lodged at the Share Registrar's office at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 10:30 a.m. on Saturday, 8 November 2025, which is 48 hours before the time appointed for holding the EGM or any adjournment thereof failing which it will not be valid.**

The completion and return of a form of proxy for the Court Meeting and/or the EGM will not preclude you from attending and voting in person at the relevant meeting or any adjournment thereof should you so wish, and, in such event, the relevant form of proxy will be revoked by operation of law.

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

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

The Company and the Offeror will make an announcement in relation to the results of the Court Meeting and the EGM on Monday, 10 November 2025 by no later than 7:00 p.m. If all the resolutions are passed at those meetings, further announcements will be made in relation to, among other things, the results of the Grand Court Hearing and, if the Scheme is sanctioned, the Scheme Record Date, the Effective Date and the date of withdrawal of listing of Shares from the Stock Exchange in accordance with the requirements of the Takeovers Code and the Listing Rules.

**Actions to be taken by Beneficial Owners whose Shares are held by a Registered Owner or deposited in CCASS**

No person shall be recognised by the Company as holding any Shares on trust.

If you are a Beneficial Owner whose Shares are registered in the name of a nominee, trustee, depository or any other authorised custodian or third party, you should contact such Registered Owner to give instructions to and/or to make arrangements with such Registered Owner as to the manner in which the Shares beneficially owned by you should be voted at the Court Meeting and/or the EGM.

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

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

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

In the case of the appointment of a proxy by the Registered Owner, the relevant forms of proxy shall be completed and signed by the Registered Owner and shall be lodged in the manner and no later than the latest time for lodging the relevant forms of proxy as more particularly set out in this Scheme Document.

The completion and return of a form of proxy for the Court Meeting and/or the EGM will not preclude the Registered Owner from attending and voting in person at the relevant meeting or any adjournment thereof should he/she/it so wish, and, in such event, the relevant form of proxy will be revoked by operation of law.

Instructions to and/or arrangements with the Registered Owner should be given or made in advance of the relevant latest time for the lodgement of the forms of proxy in respect of the Court Meeting and/or the EGM in order to provide the Registered Owner with sufficient time to complete his/her/its forms of proxy accurately and to submit them by the relevant deadline. To the extent that any Registered Owner requires instructions from or arrangements to be made with any Beneficial Owner at a particular date or time in advance of the relevant latest time for the lodgement of the forms of proxy in respect of the Court Meeting and/or the EGM, such Beneficial Owner should comply with the requirements of such Registered Owner.

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

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



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

## **25. FURTHER INFORMATION**

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

Shareholders should rely only on the information contained in this Scheme Document. None of the Company, the Offeror, the Offeror Concert Parties, J.P. Morgan, the Independent Financial Adviser and the Share Registrar and their respective ultimate beneficial owners, directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal have authorised anyone to provide you with information that is different from what is contained in this Scheme Document.

## **26. FORWARD-LOOKING STATEMENTS**

This Scheme Document includes certain “forward-looking statements”. These statements are based on the current expectations of the management of the Offeror and/or the Company (as the case may be) and are naturally subject to uncertainty and changes in circumstances. The forward-looking statements contained in this Scheme Document include statements about the expected effects on the Company of the Proposal, the expected timing and scope of the Proposal, and all other statements in this Scheme Document other than historical facts.

Forward-looking statements include, without limitation, statements typically containing words such as “intends”, “expects”, “anticipates”, “targets”, “estimates”, “envisages” and words of similar import. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, the satisfaction of the conditions to the Proposal, as well as additional factors, such as general, social, economic and political conditions in the countries in which the Offeror and/or the Group operate or other countries which have an impact on the Offeror and/or the Group’s business activities or investments, interest rates, the monetary and interest rate policies of the countries in which the Offeror and/or the Group operate, inflation or deflation, foreign exchange rates, the performance of the financial markets in the countries in which the Offeror and/or Group operate and globally, changes in domestic and foreign laws, regulations and taxes, changes in competition and the pricing environments in the countries in which the Offeror and/or Group operate and regional or general changes in asset valuations and disruptions or reductions in operations due to natural or man-made disasters, pandemics, epidemics, or outbreaks of infectious or contagious diseases such as the novel coronavirus. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

All written and oral forward-looking statements attributable to the Offeror, the Company or persons acting on behalf of any of them are expressly qualified in their entirety by the statements above. The forward-looking statements included herein are made only as of the Latest Practicable Date.

## **27. LANGUAGE**

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

## 1. FINANCIAL SUMMARY

Set out below is a summary of the unaudited consolidated financial results of the Group for the six months ended 30 June 2024 and 30 June 2025 respectively and the audited consolidated financial information of the Group for each of the three years ended 31 December 2022, 31 December 2023 and 31 December 2024. The figures for the six months ended 30 June 2024 and 30 June 2025 respectively are extracted from the interim report of the Company and the figures for each of the three years ended 31 December 2022, 31 December 2023 and 31 December 2024 are extracted from the annual reports of the Company.

The auditors' reports issued by the auditors of the Company, Ernst & Young, in respect of the audited consolidated financial statements of the Group for each of the three years 31 December 2022, 31 December 2023 and 31 December 2024 did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern.

Save as disclosed below, there are no other items of income or expense which are material to the Group for the six months ended 30 June 2025 and for each of the three years ended 31 December 2022, 31 December 2023 and 31 December 2024.

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

	For the year ended 31 December			For the six months ended 30 June	
	2022 (Audited) RMB'000	2023 (Audited) RMB'000	2024 (Audited) RMB'000	2024 (Unaudited) RMB'000	2025 (Unaudited) RMB'000
<b>REVENUE</b>	786,367	926,023	1,008,610	458,413	496,555
Cost of sales	(151,120)	(184,824)	(210,961)	(95,290)	(104,194)
Gross profit	635,247	741,199	797,649	363,123	392,361
Other income and gains	146,672	155,365	182,164	115,403	81,497
Selling and distribution expenses	(53,372)	(69,842)	(78,197)	(39,062)	(37,898)
Administrative expenses	(71,269)	(100,269)	(97,333)	(50,854)	(37,658)
Research and development costs	(66,019)	(127,554)	(82,083)	(43,354)	(33,874)
Reversal of impairment losses/ (impairment losses) on financial assets, net	1,054	(1,064)	279	842	(1,337)
Other expenses	(27,294)	(6,807)	(15,149)	(11,883)	(18,627)
Share of losses of associates	–	–	(21,861)	(5,868)	(19,542)
Finance costs	(1,875)	(2,257)	(636)	(614)	(46)
<b>PROFIT BEFORE TAX</b>	563,144	588,771	684,833	327,733	324,876
Income tax expense	(101,970)	(136,476)	(113,556)	(52,047)	(59,116)
<b>PROFIT FOR THE YEAR/PERIOD</b>	<u>461,174</u>	<u>452,295</u>	<u>571,277</u>	<u>275,686</u>	<u>265,760</u>

	For the year ended 31 December			For the six months ended 30 June	
	2022	2023	2024	2024	2025
	(Audited)	(Audited)	(Audited)	(Unaudited)	(Unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Attributable to:					
Owners of the parent	478,735	504,021	581,438	285,847	265,760
Non-controlling interests	(17,561)	(51,726)	(10,161)	(10,161)	—
	<u>461,174</u>	<u>452,295</u>	<u>571,277</u>	<u>275,686</u>	<u>265,760</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>					
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	<u>514</u>	<u>(2,951)</u>	<u>7,850</u>	<u>1,854</u>	<u>(2,440)</u>
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<u>514</u>	<u>(2,951)</u>	<u>7,850</u>	<u>1,854</u>	<u>(2,440)</u>
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of the Company's financial statements into presentation currency	<u>82,182</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<u>82,182</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/ PERIOD, NET OF TAX</b>	<u>82,696</u>	<u>(2,951)</u>	<u>7,850</u>	<u>1,854</u>	<u>(2,440)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR/ PERIOD</b>	<u>543,870</u>	<u>449,344</u>	<u>579,127</u>	<u>277,540</u>	<u>263,320</u>
Attributable to:					
Owners of the parent	561,431	501,070	589,288	287,701	263,320
Non-controlling interests	(17,561)	(51,726)	(10,161)	(10,161)	—
	<u>543,870</u>	<u>449,344</u>	<u>579,127</u>	<u>277,540</u>	<u>263,320</u>

	For the year ended 31 December			For the six months ended 30 June	
	2022	2023	2024	2024	2025
	(Audited)	(Audited)	(Audited)	(Unaudited)	(Unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>EARNINGS PER SHARE</b>					
<b>ATTRIBUTABLE TO</b>					
<b>ORDINARY EQUITY HOLDERS</b>					
<b>OF THE PARENT</b>					
Basic (RMB)	0.3963	0.4308	0.4945	0.2439	0.2256
Diluted (RMB)	0.3963	0.4299	0.4945	0.2439	0.2256
<b>DECLARED DIVIDENDS (RMB'000)</b>	224,498	1,692,326	289,919	Nil	Nil
<b>DIVIDENDS PER SHARE (RMB)</b>	0.1845	1.4	0.24	Nil	Nil

## 2. CONSOLIDATED FINANCIAL STATEMENTS

The unaudited consolidated financial statements of the Group for the six months ended 30 June 2025 (the “**2025 H1 Financial Statements**”) are set out on pages 37 to 69 of the interim report of the Company for the six months ended 30 June 2025 (the “**Interim Report 2025**”), which was published on 22 September 2025. The Interim Report 2025 is posted on the Company’s website [www.kangjimedical.com](http://www.kangjimedical.com) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). Please also see below a direct link to the Interim Report 2025:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0922/2025092200456.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2024 (the “**2024 Financial Statements**”) are set out on pages 185 to 296 of the annual report of the Company for the year ended 31 December 2024 (the “**Annual Report 2024**”), which was published on 25 April 2025. The Annual Report 2024 is posted on the Company’s website [www.kangjimedical.com](http://www.kangjimedical.com) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). Please also see below a direct link to the Annual Report 2024:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0425/2025042503743.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2023 (the “**2023 Financial Statements**”) are set out on pages 172 to 280 of the annual report of the Company for the year ended 31 December 2023 (the “**Annual Report 2023**”), which was published on 25 April 2024. The Annual Report 2023 is posted on the Company’s website [www.kangjimedical.com](http://www.kangjimedical.com) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). Please also see below a direct link to the Annual Report 2023:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0425/2024042501264.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2022 (the “**2022 Financial Statements**”) are set out on pages 109 to 178 of the annual report of the Company for the year ended 31 December 2022 (the “**Annual Report 2022**”), which was published on 27 April 2023. The Annual Report 2022 is posted on the Company’s website [www.kangjimedical.com](http://www.kangjimedical.com) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). Please also see below a direct link to the Annual Report 2022:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042700817.pdf>

The 2025 H1 Financial Statements (but not any other part of the Interim Report 2025), the 2024 Financial Statements (but not any other part of the Annual Report 2024), the 2023 Financial Statements (but not any other part of the Annual Report 2023) and the 2022 Financial Statements (but not any other part of the Annual Report 2022) are incorporated by reference into this Scheme Document and form part of this Scheme Document.

There was no change in the accounting policies of the Group which would result in the figures in its consolidated financial statements for the six months ended 30 June 2025 and for each of the three years ended 31 December 2022, 31 December 2023 and 31 December 2024 being not comparable to a material extent.

### **3. STATEMENT OF INDEBTEDNESS AND CONTINGENT LIABILITIES**

As at the close of business on 31 July 2025, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this Scheme Document, the Group had indebtedness of RMB810,000 representing the Group’s lease liabilities in relation to the lease of office premises.

Save as disclosed above and apart from intra-group liabilities and normal trade payables in the ordinary course of business, at the closing business on 31 July 2025, the Group did not have any material outstanding mortgages, charges, debentures or other loan capital or bank overdrafts or loans or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance (other than normal trade bills) or acceptance credits, debt securities, guarantees or other material contingent liabilities.

**4. MATERIAL CHANGE**

The Directors confirm that, save for the following matters, there had been no material change in the financial or trading position or outlook of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up to and including the Latest Practicable Date:

- (a) as set out in the announcement of the Company on 22 April 2025, Weijing Medical, an associate of the Company obtained regulatory approval from China's National Medical Products Administration for its proprietary four-arm laparoscopic surgical robot on 21 April 2025; and
- (b) according to the Company's interim results for the six months ended 30 June 2025 as announced on 28 August 2025, the Group recorded (i) a non-recurring income of RMB46 million arising from the termination of disposal of Hangzhou Kangji Qipu Medical Instrument Co., Ltd.; (ii) a share of Weijing Medical's loss amounting to RMB19.5 million, as compared to RMB5.9 million for the corresponding period in 2024; (iii) net profit attributable to Shareholders (excluding non-controlling interests) decreased by 7.0% for the six months ended 30 June 2025 as compared to the corresponding period in 2024; and (iv) non-HKFRS adjusted net profit attributable to Shareholders (excluding non-controlling interests), which has excluded certain non-operational or one-off items, including fair value gains on financial assets at fair value through profit or loss, foreign exchange difference, share-based payment expenses, investment income from short-term financial products and other income and gains arising on divestitures, decreased by 18.5% for the six months ended 30 June 2025 as compared to the corresponding period in 2024.

## 1. RESPONSIBILITY STATEMENTS

As at the Latest Practicable Date, the Board comprises Zhong Ming, Shentu Yinguang and Yin Zixin as executive Directors; Cai Li as non-executive Director; and Jiang Feng, Guo Jian and Chen Weibo as independent non-executive Directors. The Directors jointly and severally accept full responsibility for accuracy of the information contained in this Scheme Document (other than information relating to the Offeror and the Offeror Concert Parties) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Scheme Document by the Directors (other than those expressed by the directors of the Offeror and the respective directors of the Consortium Members in their capacities as such) have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document, the omission of which would make any statements in this Scheme Document misleading.

As at the Latest Practicable Date, the directors of the Offeror are Cai Li, Wang Ke and Zhang Ximeng. The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this Scheme Document relating to the Offeror, MidCo and TopCo and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Scheme Document by the directors of the Offeror (other than those expressed by the Director in her capacity as such) have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document the omission of which would make any statements in this Scheme Document misleading.

As at the Latest Practicable Date, the sole director of Fortune Spring ZM is Mr. Zhong and the directors of Fortune Spring YG are Mr. Zhong and Ms. Shentu (the “**Founder Responsible Persons**”). The Founder Responsible Persons jointly and severally accept full responsibility for the accuracy of the information contained in this Scheme Document relating to the Founder Entities and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Scheme Document by the Founder Responsible Persons (other than those expressed by the Directors in their capacities as such) have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document the omission of which would make any statements in this Scheme Document misleading.

As at the Latest Practicable Date, the directors of TPG Asia GenPar VII Advisors, Inc. (as the ultimate general partner of the controlling entity of each of the TPG Entities and Keyhole Holding), are Martin Davidson and Joann Harris (the “**TPG Responsible Persons**”). The TPG Responsible Persons jointly and severally accept full responsibility for the accuracy of the information contained in this Scheme Document relating to the TPG Entities and Keyhole Holding and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Scheme Document by the TPG Responsible Persons have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document the omission of which would make any statements in this Scheme Document misleading.



As at the Latest Practicable Date, the directors of NewQuest Asia Fund V GP Ltd., the general partner of NewQuest Asia Fund V, L.P., which wholly owns NewQuest V, are Martin Davidson and Joann Harris (the “**NewQuest Responsible Persons**”). The NewQuest Responsible Persons jointly and severally accept full responsibility for the accuracy of the information contained in this Scheme Document relating to NewQuest V and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Scheme Document by the NewQuest Responsible Persons have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document the omission of which would make any statements in this Scheme Document misleading.

As at the Latest Practicable Date, the directors of Al-Rayyan Holding are Ahmad Mohammed F Q Al-Khanji, Mohammed Yaser M J Al-Mosallam and Khaled Sultan K KH Al-Rabban (the “**Al-Rayyan Holding Responsible Persons**”). The Al-Rayyan Holding Responsible Persons jointly and severally accept full responsibility for the accuracy of the information contained in this Scheme Document relating to Al-Rayyan Holding and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Scheme Document by the Al-Rayyan Holding Responsible Persons have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document the omission of which would make any statements in this Scheme Document misleading.

## 2. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date:

- (a) the authorised share capital of the Company is US\$50,000 divided into 5,000,000,000 Shares;
- (b) the issued share capital of the Company comprises 1,207,994,000 Shares;
- (c) all of the Shares currently in issue rank *pari passu* in all respects including as to capital, dividends and voting;
- (d) no new Share had been issued by the Company since 31 December 2024 (being the end of the last financial year of the Company); and
- (e) other than RSUs, the Company does not have any outstanding options, warrants or conversion rights affecting Shares.

## 3. MARKET PRICES

- (a) The table below shows the closing market prices of the Shares as quoted on the Stock Exchange (i) on the Latest Practicable Date; (ii) on the Last Trading Date and (iii) at the end of each month during the Relevant Period:

<b>Date</b>	<b>Closing price per Share HK\$</b>
28 February 2025	7.05
31 March 2025	7.10
30 April 2025	7.50
30 May 2025	8.02
30 June 2025	7.60
17 July 2025, being the Last Trading Date	8.42
31 July 2025	8.42
29 August 2025	8.68
30 September 2025	8.89
10 October 2025, being the Latest Practicable Date	8.89

- (b) During the Relevant Period, the highest closing price of the Shares was HK\$8.94 per Share as quoted on the Stock Exchange on 6 October 2025 and the lowest closing price of the Shares was HK\$6.03 per Share as quoted on the Stock Exchange on 13 February 2025.

## 4. DISCLOSURE OF INTERESTS IN THE SHARES

**Interests of the Offeror and Offeror Concert Parties in the Shares**

Save as disclosed below, as at the Latest Practicable Date, none of the Offeror, directors of the Offeror and any Offeror Concert Parties (i) had any interest in the Shares; or (ii) owned, controlled or directed any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares:

	<b>As at the Latest Practicable Date</b>	
	<i>Number of Shares</i>	<i>as a percentage of total number of Shares in issue (%)</i>
<b>Offeror and Offeror Concert Parties</b>		
<i>Consortium Members</i>		
Offeror	—	—
Mr. Zhong <sup>(2)</sup>	408,500,000	33.82
Ms. Shentu <sup>(3)</sup>	231,500,000	19.16
Keyhole Holding <sup>(4)</sup>	216,190,500	17.90
<i>Other Offeror Concert Parties</i>		
ESOP BVI <sup>(5)</sup>	46,810,000	3.88
Relevant Shareholder <sup>(6)</sup>	1,377,500	0.11
<b>Other Independent Shareholders</b>		
Other Public Shareholders	303,616,000	25.13
<b>Total</b>	<b>1,207,994,000</b>	<b>100.00</b>

*Notes:*

- (1) The percentage has been computed based on the total number of Shares of the Company in issue as at the Latest Practicable Date (i.e. 1,207,994,000 Shares).
- (2) Mr. Zhong is an executive Director and the chief executive of the Company. The Shares in which Mr. Zhong is interested as a beneficiary of a trust are held by Fortune Spring ZM, which is in turn owned by Fortune Spring ZM AA Limited and Fortune Spring ZM A Limited as to 99.9% and 0.1%, respectively. Fortune Spring ZM AA Limited is wholly owned by The Fortune Spring ZM Trust, for which Butterfield Trust (Asia) Limited serves as the trustee and Mr. Zhong acts as the settlor and protector.

For the purposes of this table, the figure does not include Mr. Zhong's deemed spousal interest in Ms. Shentu's shareholding interests in the Company under the SFO.

- (3) Ms. Shentu is an executive Director. The Shares in which Ms. Shentu is interested as a beneficiary of a trust are held by Fortune Spring YG, which is in turn owned by YG AA Limited and Fortune Spring YG A Limited as to 99.8% and 0.2%, respectively. YG AA Limited is wholly owned by YG Trust, for which BOS Trustee Limited serves as the trustee, Ms. Shentu acts as the settlor and Mr. Zhong acts as the protector.

For the purposes of this table, the figure does not include Ms. Shentu's deemed spousal interest in Mr. Zhong's shareholding interests in the Company under the SFO.

- (4) Each of TPG Keyhole, L.P. (as sole shareholder of Keyhole Holding), TPG Asia GenPar VII, L.P. (as a general partner of TPG Keyhole, L.P.), TPG Asia GenPar VII Advisors, Inc. (as a general partner of TPG Asia GenPar VII, L.P.), TPG Operating Group III, L.P. (as the sole shareholder of TPG Asia GenPar VII Advisors, Inc.), TPG Holdings III-A, L.P. (as a general partner of TPG Operating Group III, L.P.), TPG Holdings III-A, LLC (as a general partner of TPG Holdings III-A, L.P.), TPG Operating Group II, L.P. (as the sole shareholder of TPG Holdings III-A, LLC), TPG Holdings II-A, LLC (as a general partner of TPG Operating Group II, L.P.), TPG GPCo, LLC (as the sole member of TPG Holdings II A, LLC), TPG Inc. (as the sole member of TPG GPCo, LLC), TPG Group Holdings (SBS), L.P. (holds 73.75% interest in TPG Inc.), TPG Group Holdings (SBS) Advisors, LLC (as the general partner of TPG Group Holdings (SBS), L.P.) and TPG GP A, LLC (as the sole member of TPG Group Holdings (SBS) Advisors, LLC) is deemed to be interested in the Shares held by Keyhole Holding under the SFO.
- (5) ESOP BVI holds 46,810,000 Shares. All of the Shares which are held by ESOP BVI as at the Scheme Record Date will form part of the Scheme Shares and be cancelled upon the Scheme becoming effective. With respect to Shares held by ESOP BVI attributable to RSUs which have been or will be exercised prior to the Effective Date, upon transfer of such Shares to the relevant RSU Holder(s) who are not Offeror Concert Parties and for so long as these Shares are held by the Independent Shareholder(s), these Shares will form part of the Independent Shares. As at the Latest Practicable Date, Mr. Yin Zixin, an executive Director, is interested in 4,125,000 Shares underlying certain RSUs granted to him in accordance with the RSU Plan. As at the Latest Practicable Date, the purchase consideration has not been fully settled by Mr. Yin Zixin with respect to the Shares underlying certain RSUs granted to him and such Shares have not been transferred from ESOP BVI to Mr. Yin Zixin.
- (6) The 1,377,500 Shares were acquired by the Relevant Shareholder before the Relevant Period.
- (7) J.P. Morgan is the exclusive financial adviser to the Offeror in respect of the Proposal. Accordingly, J.P. Morgan and persons controlling, controlled by or under the same control as J.P. Morgan (except exempt principal traders and exempt fund managers, in each case recognised by the Executive as such for the purpose of the Takeovers Code) are presumed to be acting in concert with the Offeror in relation to the Company in accordance with class (5) of the definition of "acting in concert" under the Takeovers Code.

As at the Latest Practicable Date, members of the J.P. Morgan group do not legally or beneficially own, control or have direction over any Shares (except in respect of Shares held by exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purposes of the Takeovers Code and also excluding the Shares held on behalf of non-discretionary investment clients of the J.P. Morgan group).

Notwithstanding that connected exempt principal traders within the J.P. Morgan group are not acting in concert with the Offeror, Shares held by any such connected exempt principal traders must not be voted in the context of the implementation of the Proposal and the Special Deal in accordance with the requirements of Rule 35.4 of the Takeovers Code, unless (i) the relevant connected exempt principal trader holds the Shares as a simple custodian for and on behalf of non-discretionary clients, and (ii) there are contractual arrangements in place between the relevant connected exempt principal trader and its clients that strictly prohibit the relevant connected exempt principal trader from exercising any voting discretion over the relevant Shares, and all voting instructions shall originate from the client only, and if no instructions are given, then no votes shall be cast for the relevant Shares held by the relevant connected exempt principal trader.

### **Interests of Directors in the Shares**

As at the Latest Practicable Date, save as disclosed in the section headed “4. *Disclosure of Interests in the Shares – Interests of the Offeror and Offeror Concert Parties in the Shares*” above, there were no interests and short positions of the Directors and chief executive of the Company in the Shares, which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be entered in the register required to be kept under section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix C3 to the Listing Rules; or (d) to be disclosed in accordance with the Takeovers Code.

### **Other interests in the Shares**

As at the Latest Practicable Date:

- (a) other than the Irrevocable Undertaking, neither the Offeror nor any Offeror Concert Party had received any irrevocable commitment to vote for or against the Proposal;
- (b) other than the Irrevocable Undertaking, no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code existed between any person and the Offeror or any Offeror Concert Party, and no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code existed between any person who is an associate of the Offeror and any other person;
- (c) none of the Offeror and the Offeror Concert Parties entered into any outstanding derivative in respect of the securities of the Company;

- (d) none of the Offeror and any Offeror Concert Party had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares;
- (e) save as disclosed in the section headed “4. *Disclosure of interests in the Shares*” in this Appendix II, none of the Directors are interested in convertible securities, warrants, options or derivatives in respect of the Shares;
- (f) no subsidiary of the Company, no pension fund of the Company or of a subsidiary of the Company and no person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (but excluding any exempt principal traders and exempt fund managers) owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
- (g) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code which existed between the Company, or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) or (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code, and any other person;
- (h) no fund manager (other than exempt fund managers) connected with the Company managed any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares on a discretionary basis; and
- (i) neither the Company nor any Directors had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

## **5. DEALINGS IN THE SHARES AND OFFEROR SHARES**

- (a) Save as disclosed below, during the Relevant Period:
  - (i) no Director had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares;

- (ii) none of the Offeror, the directors of the Offeror and Offeror Concert Party had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;

Shareholder	Date of transactions	No. of Shares involved	Transaction price per Share (HK\$)
Mr. Zhong Wei <sup>(1)</sup>	28 May 2025	20,000	8.0500
	3 July 2025	50,000	8.5629
	3 July 2025	50,000	8.6000
	3 July 2025	50,000	8.6200
	3 July 2025	100,000	8.6400
	3 July 2025	100,000	8.6400
	3 July 2025	100,000	8.6600
	3 July 2025	100,000	8.6600
	3 July 2025	100,000	8.6800
	3 July 2025	100,000	8.6900
	3 July 2025	100,000	8.7000
	3 July 2025	100,000	8.7000
	3 July 2025	60,000	8.7100
	3 July 2025	5,000	8.7100
	3 July 2025	65,500	8.7200
	3 July 2025	100,000	8.7200
	3 July 2025	40,500	8.7400

*Note:*

- (1) Mr. Zhong Wei, a close relative (as defined in the Takeovers Code) of Mr. Zhong, disposed an aggregate of 1,241,000 Shares on the Stock Exchange (representing such person's entire shareholding in the Company at the relevant time) on 28 May 2025 and 3 July 2025. As at the Latest Practicable Date, such close relative does not hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.
- (iii) none of the persons who had irrevocably committed themselves to vote for or against the Proposal had dealt for value in the Shares or any convertible securities, warrants, options or derivatives in respect of any Shares; and
- (iv) no person who had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror or any Offeror Concert Party had dealt for value in the Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

- (b) During the period commencing on the date of the Joint Announcement and up to the Latest Practicable Date:
- (i) no subsidiary of the Company, no pension fund of the Company or of a subsidiary of the Company and no person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (but excluding any exempt principal traders and exempt fund managers) had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
  - (ii) no person who had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company, or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares; and
  - (iii) no fund manager (other than exempt fund managers) connected with the Company who managed any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares on a discretionary basis had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.
- (c) During the Relevant Period, save for the subscription of shares of TopCo by the Founder Entities (details of which are set out in the section headed “10. Arrangements Material to the Proposal – Consortium Agreement” of the Explanatory Memorandum), neither the Company nor any Director had dealt for value in any Offeror Shares or any convertible securities, warrants, options or derivatives in respect of any Offeror Shares.



**6. OTHER INFORMATION**

As at the Latest Practicable Date:

- (a) save for the Shareholders' Agreement, the Consortium Agreement, the Convertible Note and the Irrevocable Undertaking, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares or the Offeror Shares which might be material to the Proposal;
- (b) there was no agreement, arrangement or understanding between the Offeror and any other person in relation to the transfer, charge or pledge of the Shares to be acquired pursuant to the Proposal and the Offeror had no intention to transfer, charge or pledge any Shares acquired pursuant to the Proposal to any other person;
- (c) save for the Consortium Agreement and the Shareholders' Agreement, there were no agreements, arrangements or understanding (including any compensation arrangement) between the Offeror or any Offeror Concert Party and any of the Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Proposal;
- (d) there was no agreement or arrangement to which the Offeror or any of the Offeror Concert Parties is a party which relates to circumstances in which it may or may not invoke or seek to invoke a Condition to the Proposal or the Scheme;
- (e) the Proposal does not involve any sale of Shares;
- (f) save for the Special Deal, the Irrevocable Undertaking, there is no understanding, arrangement or agreement or a special deal (under Rule 25 of the Takeovers Code) between:  
(i) any Shareholder and (ii) either (A) the Offeror or any Offeror Concert Party; or (B) the Company or any of its subsidiaries or associated companies (each as defined in the Takeovers Code); and
- (g) save as disclosed in the section headed "*15. Information on the Offeror, the Offeror Concert Parties and the Consortium*" of the Explanatory Memorandum, neither the Company nor any Director was interested in any Offeror Shares.

**7. ARRANGEMENTS IN CONNECTION WITH THE DIRECTORS**

As at the Latest Practicable Date:

- (a) other than the Cancellation Price or the relevant “see-through” price (as the case may be) to be paid in respect of each Share or RSU held by the Directors, no arrangement was in place for any benefit (other than statutory compensation required under appropriate laws) to be given to any Director as compensation for loss of office or otherwise in connection with the Proposal;
- (b) save for the Consortium Agreement and the Shareholders’ Agreement, there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Proposal or otherwise connected with the Proposal; and
- (c) there were no material contracts entered into by the Offeror in which any Director has a material personal interest.

**8. DIRECTORS’ SERVICE CONTRACTS**

As at the Latest Practicable Date, there were no service contracts in force between the Directors and the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed term contracts) had been entered into or amended within the Relevant Period; (ii) are continuous contracts with a notice period of 12 months or more; or (iii) are fixed term contracts with more than 12 months to run irrespective of the notice period.

**9. LITIGATION**

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

**10. MATERIAL CONTRACTS**

Save for the following, there was no material contract entered into by the Company or any of its subsidiaries after the date which was two years before the date of the Joint Announcement up to and including the Latest Practicable Date, other than contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries:

- (a) the equity transfer agreement dated 28 December 2023 entered into between, amongst others, Hangzhou Kangji Medical Instrument Co., Ltd., an indirect wholly-owned subsidiary of the Company (“**Hangzhou Kangji**”), Hangzhou Yonghao Carefree Cultural Development Co., Ltd., an independent third party of the Company, and Hangzhou Kangji Qipu Medical Instrument Co., Ltd., previously an indirect wholly-owned subsidiary of the Company which has already been deregistered (“**Qipu**”) in relation to the proposed disposal of the entire equity interest in Qipu by Hangzhou Kangji for the aggregate consideration of RMB366 million (subject to adjustments based on the net asset value of Qipu as at the reference date for audit to be conducted upon closing and further negotiation with respect to any other discrepancies discovered in the closing audit), details of which are set out in the announcement of the Company dated 29 December 2023; and
- (b) the termination agreement dated 13 May 2025 entered into between, amongst others, Hangzhou Kangji, Hangzhou Yonghao Carefree Cultural Development Co., Ltd. and Qipu, pursuant to which the proposed disposal of the entire equity interest in Qipu by Hangzhou Kangji has been terminated, details of which are set out in the announcement of the Company dated 13 May 2025.

**11. EXPERTS AND CONSENTS**

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

<b>Name</b>	<b>Qualifications</b>
J.P. Morgan Securities (Asia Pacific) Limited	a registered institution under the SFO licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities under the SFO, which has been appointed as the exclusive financial adviser to the Offeror in respect of the Proposal
Somerley Capital Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, which has been appointed as the independent financial adviser to advise the Independent Board Committee as to whether the Proposal, the Scheme and the Special Deal are fair and reasonable and as to voting

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

**12. MISCELLANEOUS**

- (a) The registered office of each of the Offeror, MidCo and Topco is at Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. As at the Latest Practicable Date, the directors of each of the Offeror and MidCo are Cai Li, Wang Ke and Zhang Ximeng, and the directors of Topco are Martin Davidson and Joann Harris.
- (b) The registered office of the Founder Entities is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. As at the Latest Practicable Date, the sole director of Fortune Spring ZM is Mr. Zhong and the directors of Fortune Spring YG are Mr. Zhong and Ms. Shentu.
- (c) The registered office of YG AA Limited is at Trident Trust Company (B. V. I) Limited, Trident Chambers, P. O. Box 146, Road Town, Tortola VG1110, British Virgin Islands. As at the Latest Practicable Date, the sole director of YG AA Limited is Standard Nominees Limited (a company maintained by a third party trustee). YG AA Limited is wholly owned by YG Trust, for which BOS Trustee Limited (a company wholly-owned by the Bank of Singapore, a third party financial institution) serves as the trustee, Ms. Shentu acts as the settlor and Mr. Zhong acts as the protector.
- (d) The registered office of Keyhole is at Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. As at the Latest Practicable Date, the directors of Keyhole are Martin Davidson and Joann Harris.
- (e) The registered office of Keyhole Holding is at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. As at the Latest Practicable Date, the directors of Keyhole are Martin Davidson and Joann Harris.
- (f) The registered office of TPG Asia VII is at 83 Clemenceau Avenue, #11-01 UE Square Singapore 239920. As at the Latest Practicable Date, the directors of TPG Asia VII are Dominic John Picone, David Wei Ming Tan and Adrian Wei Xiong Chong.
- (g) The registered office of TPG Asia GenPar VII Advisors, Inc. is at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. As at the Latest Practicable Date, the directors of TPG Asia VII are Martin Davidson and Joann Harris.

- (h) The registered office of Knight Success is at 83 Clemenceau Avenue, #11-01, UE Square, Singapore 239920. As at the Latest Practicable Date, the directors of Knight Success are David Tan Wei Ming, Dominic John Picone, Adrian Chong Wei Xiong and Zhang Chixin.
- (i) The registered office of NewQuest V is at 83 Clemenceau Avenue, #11-01, UE Square, Singapore 239920. As at the Latest Practicable Date, the directors of NewQuest V are Darren Charles Massara, Lee Ying Leong and Vince Tan Jun Jie.
- (j) TPG Inc., which ultimately controls each of the TPG Entities, Keyhole Holding and NewQuest V, is a publicly traded Delaware corporation (NASDAQ). As at the Latest Practicable Date, the directors of TPG Inc. are James Coulter, Jon Winkelried, Todd Sisitsky, Anilu Vazquez-Ubarri, Kelvin Davis, Nehal Raj, Jeffrey Rhodes, Ganendran Sarvananthan, David Trujillo, Gunther Bright, Mary Cranston, Kathy Elsesser and Deborah Messemer.
- (k) The registered office of Al-Rayyan Holding is at Ooredoo Tower (Building 14), Al Dafna Street (Street 801), Al Dafna (Zone 61), Doha, Qatar. As at the Latest Practicable Date, the directors of Al-Rayyan Holding are Ahmad Mohammed F Q Al-Khanji, Mohammed Yaser M J Al-Mosallam and Khaled Sultan K KH Al-Rabban.
- (l) J.P. Morgan's principal place of business is at 18/F, 23/F-29/F, Chater House, 8 Connaught Road Central, Hong Kong.

### **13. DOCUMENTS ON DISPLAY**

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

- (a) the memorandum and articles of association of the Offeror;
- (b) the memorandum and articles of association of the Company;
- (c) the annual reports of the Company for each of the year ended 31 December 2023 and 31 December 2024;
- (d) the interim report of the Company for the six months ended 30 June 2025;
- (e) the letter from the Board, the text of which is set out in Part IV of this Scheme Document;

- (f) the letter from the Independent Board Committee, the text of which is set out in Part V of this Scheme Document;
- (g) the letter from the Independent Financial Adviser, the text of which is set out in Part VI of this Scheme Document;
- (h) the material contracts referred to in the section headed “*10. Material Contracts*” in Appendix II to this Scheme Document;
- (i) the written consents referred to in the section headed “*11. Experts and Consents*” in Appendix II to this Scheme Document;
- (j) the Consortium Agreement;
- (k) the Shareholders’ Agreement;
- (l) the ESOP Deed;
- (m) the Irrevocable Undertaking; and
- (n) this Scheme Document.

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

**CAUSE NO: FSD 255 OF 2025 (JAJ)**

**IN THE MATTER OF SECTIONS 14 TO 16 AND SECTION 86 OF  
THE COMPANIES ACT (2025 REVISION)**

**AND**

**IN THE MATTER OF KANGJI MEDICAL HOLDINGS LIMITED  
康基医疗控股有限公司**

---

**SCHEME OF ARRANGEMENT**

*(under Section 86 of the Cayman Islands Companies Act (2025 Revision))*

between

**KANGJI MEDICAL HOLDINGS LIMITED  
康基医疗控股有限公司**

*(an exempted company incorporated with limited liability under the laws of the Cayman Islands with  
registration number 360224)*

and

**THE SCHEME SHAREHOLDERS**  
*(as hereinafter defined)*

---

**1 PRELIMINARY**

1.1 In this Scheme of Arrangement, unless inconsistent with the subject or context, the following expressions shall have the meanings respectively set opposite them:

“acting in concert”	has the meaning ascribed to it in the Takeovers Code, and “persons acting in concert” shall be construed accordingly
“associates”	has the meaning ascribed to it in the Takeovers Code
“Announcement Date”	12 August 2025, being the date of the joint announcement issued by the Company and the Offeror in relation to the Proposal
“Board”	the board of Directors
“Business Day(s)”	a business day is a day on which the Stock Exchange is open for the transaction of business
“Cancellation Price”	the cancellation price of HK\$9.25 per Scheme Share
“Capital Reduction”	has the meaning given in Clause 8.1(a)
“Companies Act”	the Companies Act (2025 Revision) of the Cayman Islands as amended, modified or enacted from time to time
“Company”	Kangji Medical Holdings Limited, an exempted company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (stock code: 9997)



“Conditions”

the conditions to the implementation of this Scheme, including:

- (a) the approval of the Scheme (by way of poll) by the Shareholders as at the Voting Record Date, representing not less than 75% in value of the Scheme Shares held by the Shareholders as at the Voting Record Date present and voting either in person or by proxy at the Court Meeting;
- (b) the approval of the Scheme (by way of poll) by the Independent Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by the Independent Shareholders that are voted either in person or by proxy at the Court Meeting, provided that the number of votes cast (by way of poll) by the Independent Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by all Independent Shareholders;
- (c) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting in person or by proxy at the EGM to (i) approve and give effect to any reduction of the share capital of the Company as a result of the cancellation and extinguishment of the Scheme Shares; and (ii) confirm the authority of the Directors to allot and issue contemporaneously therewith such number of New Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme to the Offeror and to apply the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par the New Shares so issued;

- (d) the Grand Court's sanction of the Scheme (with or without modifications) and, to the extent necessary, its confirmation of the reduction of the issued share capital of the Company, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court for registration;
- (e) compliance, to the extent necessary, with the procedural requirements and conditions under sections 15 and 16 of the Companies Act in relation to the reduction of the issued share capital of the Company;
- (f) with respect to the Special Deal, (i) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee confirming that the terms of the Special Deal are fair and reasonable, (ii) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the Special Deal, and (iii) the Executive having granted consent under Rule 25 of the Takeovers Code in relation to the Special Deal;
- (g) all necessary authorisations, registrations, filings, rulings, consents, opinions, permissions and approvals in connection with the Proposal having been obtained from, given by or made with (as the case may be) the Relevant Authorities, in the Cayman Islands, Hong Kong and any other relevant jurisdictions;

- (h) all necessary authorisations, registrations, filings, rulings, consents, opinions, permissions and approvals in connection with the Proposal remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any Relevant Authorities which is not expressly provided for, or is in addition to requirements expressly provided for, in relevant laws, rules, regulations or codes in connection with the Proposal or any matters, documents (including circulars) or things relating thereto, in each aforesaid case up to and at the time when the Scheme becomes effective;
- (i) all necessary consents which may be required for the implementation of the Proposal and the Scheme under any existing contractual obligations of the Company having been obtained or waived by the relevant party(ies), where any failure to obtain such consent or waiver would have a material adverse effect on the business of the Group;
- (j) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order that would make the Proposal or the Scheme or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal or the Scheme or its implementation in accordance with its terms), other than such actions, proceedings, suits, investigations or enquiries as would not have a material adverse effect on the legal ability of the Offeror to proceed with the Proposal or the Scheme; and

	(k) since the Announcement Date, there having been no adverse change in the business, assets, prospects, profits, losses, results of operations, financial position or condition of the Group (to an extent which is material in the context of the Group taken as a whole or in the context of the Proposal as reasonably determined by the Offeror).
“Consortium Agreement”	the consortium agreement dated 12 August 2025 between the Consortium Members and TopCo, pursuant to which the parties agreed to conduct and implement the Proposal and comply with the terms of the Scheme
“Consortium Members”	members of the consortium formed by (i) Mr. Zhong and Ms. Shentu; (ii) the Founder Entities; (iii) Keyhole Holding; (iv) TPG Asia VII; (v) Keyhole; (vi) Knight Success; (vii) NewQuest V; and (viii) Al-Rayyan Holding LLC, a limited liability company established under the regulations of the Qatar Financial Centre Authority
“Convertible Note”	convertible note to be issued to Fortune Spring ZM by TopCo in respect of the Founder Consideration Shares in the amount of HK\$390 million which Fortune Spring ZM may then convert into shares in TopCo in accordance with its terms
“Court Meeting”	a meeting of the Independent Shareholders as at the Voting Record Date convened at the direction of the Grand Court to be held at 10:00 a.m. (Hong Kong time) on 10 November 2025, at United Conference Centre, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong at which the Scheme (with or without modification) will be voted upon, or any adjournment thereof
“Director(s)”	the director(s) of the Company

“Effective Date”	the date on which the Scheme, if approved at the Court Meeting and sanctioned by the Grand Court, becomes effective in accordance with its terms and the Companies Act, being the date on which a copy of the Sanction Order is delivered to the Registrar of Companies in the Cayman Islands for registration pursuant to section 86(3) of the Companies Act
“EGM”	an extraordinary general meeting of the Shareholders of the Company to be held at 10:30 a.m. (Hong Kong time), 10 November 2025 at United Conference Centre, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong (or immediately after the later of conclusion and adjournment of the Court Meeting), or any adjournment thereof, for the purpose of considering and (if thought fit) approving, among other things, the necessary resolutions for the implementation of the Proposal (including the Capital Reduction) and the Special Deal
“ESOP BVI”	Fortune Spring KangJi 1 Limited, which holds shares in connection with the RSU Plan, which is in turn held as to 0.1% and 99.9% by Fortune Spring ZM A Limited (a company held as to 100% by Mr. Zhong) and Zedra Trust Company (Cayman) Limited (a company maintained by a third-party trustee)
“ESOP Deed”	the deed dated 8 August 2025 and entered into between the Offeror and ESOP BVI, pursuant to which ESOP BVI agreed to, among other things, defer settlement of a certain portion of the Cancellation Price in respect of the RSU Scheme Shares until the first anniversary of the Effective Date
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate thereof

“Fortune Spring YG”	Fortune Spring YG B Limited, a company incorporated under the laws of the British Virgin Islands with limited liability, which is owned by YG AA Limited and Fortune Spring YG A Limited as to 99.8% and 0.2%, respectively. YG AA Limited is wholly owned by YG Trust, the beneficiaries of which are Ms. Shentu, her children with Mr. Zhong, issue of such children and any charitable organisations, for which BOS Trustee Limited serves as the trustee, and Ms. Shentu acts as the settlor and Mr. Zhong acts as the protector
“Fortune Spring ZM”	Fortune Spring ZM B Limited, a company incorporated under the laws of the British Virgin Islands with limited liability, which is owned by Fortune Spring ZM AA Limited and Fortune Spring ZM A Limited as to 99.9% and 0.1%, respectively. Fortune Spring ZM AA Limited is wholly owned by The Fortune Spring ZM Trust, the beneficiaries of which are Mr. Zhong and such other persons appointed by him, for which Butterfield Trust (Asia) Limited serves as the trustee and Mr. Zhong acts as the settlor and protector
“Founder Consideration”	the consideration to be received by the Founder Entities for the cancellation and extinguishment of the Founder Consideration Shares under the Scheme, under which: (a) 303,620,746 Scheme Shares will be settled at the Cancellation Price to be paid to the Founder Entities in the same manner as the Independent Shareholders as set out in Clause 9.2(d); and (b) 42,162,163 Scheme Shares will be settled by the issuance of the Convertible Note to Fortune Spring ZM, the sum of which represents the aggregate consideration for the cancellation of the Founder Consideration Shares
“Founder Consideration Shares”	220,706,747 and 125,076,162 Scheme Shares held by the Founder Entities and in which Mr. Zhong and Ms. Shentu are interested respectively, representing approximately 18.27% and 10.35% of the issued share capital of the Company, which will be cancelled in exchange for the Founder Consideration

“Founder Entity(ies)”	Fortune Spring ZM and/or Fortune Spring YG (as appropriate)
“Founder Rollover Scheme Shares”	the Founder Scheme Shares less the Founder Consideration Shares, being 294,217,091 Shares in aggregate as at the Latest Practicable Date, representing approximately 24.36% of the issued share capital of the Company, which will be cancelled in consideration for the crediting of unpaid TopCo shares held by the Founder Entities as fully paid upon the Effective Date
“Founder Scheme Shares”	the Scheme Shares held by the Founder Entities and in which Mr. Zhong and Ms. Shentu are interested respectively, being 640,000,000 Shares in aggregate as at the Latest Practicable Date, representing approximately 52.98% of the issued share capital of the Company
“Founder Scheme Share Cancellation Consideration”	the consideration to be received by the Founder Entities for the cancellation and extinguishment of the Founder Scheme Shares under the Scheme, under which: (a) 303,620,746 Scheme Shares will be settled at the Cancellation Price to be paid to the Founder Entities in the same manner as the Independent Shareholders as set out in Clause 9.2(d); (b) the Convertible Note will be issued to Fortune Spring ZM; and (c) the unpaid TopCo shares held by the Founder Entities will be credited as being fully paid in respect of the Founder Rollover Scheme Shares, the sum of which represents the aggregate consideration for the cancellation of the Founder Scheme Shares
“Grand Court”	the Grand Court of the Cayman Islands and any court capable of hearing appeals therefrom
“Group”	the Company and all of its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	the independent board committee of the Company comprising Mr. JIANG Feng, Mr. GUO Jian and Mr. CHEN Weibo (being all of the independent non-executive Directors) established by the Board to make recommendation(s) to the Independent Shareholders in respect of the Proposal, the Scheme and the Special Deal
“Independent Financial Adviser”	Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Board with the approval of the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code, to advise the Independent Board Committee as to whether the Proposal, the Scheme and the Special Deal are fair and reasonable and as to voting
“Independent Share(s)”	Share(s) held by the Independent Shareholders
“Independent Shareholder(s)”	Shareholder(s) other than the Offeror and the Offeror Concert Parties or those Shareholders who are interested or involved in the Special Deal
“Keyhole”	TPG Knight Aggregator Limited, a company incorporated in the Cayman Islands with limited liability, which is ultimately controlled by TPG Inc.
“Keyhole Holding”	Keyhole Holding Limited, a company incorporated under the laws of the Cayman Islands with limited liability, which is ultimately controlled by TPG Inc.
“Knight Success”	Knight Success SF Pte. Ltd., a company incorporated in Singapore with limited liability, which is ultimately controlled by TPG Inc.



“Latest Practicable Date”	10 October 2025, being the latest practicable date prior to the date of the Scheme Document for the purpose of ascertaining certain information contained in the Scheme Document
“Long Stop Date”	30 April 2026 or such later date the Offeror may determine, subject to the permissions of the Grand Court and/or the Executive (as applicable)
“MidCo”	TPG Knight Midco Limited, an exempted company incorporated in the Cayman Islands with limited liability, which is wholly owned by TopCo
“Mr. Zhong”	Mr. ZHONG Ming, an executive Director and the spouse of Ms. Shentu
“Ms. Shentu”	Ms. SHENTU Yinguang, an executive Director and the spouse of Mr. Zhong
“New Shares”	new ordinary share(s) of US\$0.00001 in the Company, credited as fully paid at par
“NewQuest V”	NewQuest Asia Fund V (Singapore) Pte. Ltd., a company incorporated in Singapore with limited liability, which is ultimately controlled by TPG Inc.
“OCP Scheme Shareholders”	the Shareholders listed in Clause 6.1 of this Scheme (that is, Fortune Spring ZM, Fortune Spring YG, the Relevant Shareholder, Keyhole Holding and ESOP BVI) other than the Independent Shareholders
“Offeror”	Knight Bidco Limited, an exempted company incorporated in the Cayman Islands with limited liability, which is wholly owned by MidCo

“Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with the Offeror or any Consortium Member, including TopCo, MidCo, each Consortium Member (and their respective ultimate beneficial owners), the J.P. Morgan group (except any member of the J.P. Morgan group acting in the capacity as an exempt principal trader or exempt fund manager) and ESOP BVI
“PRC”	the People’s Republic of China
“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange, on the terms and subject to the conditions set out in the Scheme and the Scheme Document
“Relevant Authorities”	appropriate governments and/or governmental bodies, regulatory bodies, courts or institutions
“Relevant Shareholder”	Mr. SHENTU Junjie, a close relative (as defined under the Takeovers Code) of Ms. Shentu
“Relevant Shareholder Scheme Shares”	1,377,500 Shares held by the Relevant Shareholder, representing approximately 0.11% of the issued share capital of the Company
“RSUs”	means a conditional right awarded to a grantee to either acquire Shares or receive cash payment upon vesting pursuant to the terms of the RSU Plan
“RSU Holder(s)”	holder(s) of RSU(s)
“RSU Plan”	the restricted share unit scheme adopted by the Company on 6 May 2020, which will expire on the sixth anniversary of the adoption date

“RSU Scheme Shares”	46,810,000 Shares held by ESOP BVI in connection with the RSU Plan, representing approximately 3.88% of the issued share capital of the Company
“RSU Scheme Share Cancellation Consideration”	<p>the consideration payable to ESOP BVI in accordance with the ESOP Deed and in consideration for the cancellation and extinguishment of the RSU Scheme Shares as follows:</p> <ul style="list-style-type: none"> <li data-bbox="719 549 1410 708">(a) in respect of the Unallocated RSU Shares, upon the first anniversary of the Effective Date, the aggregate Cancellation Price, which ESOP BVI shall then pay to the Company;</li> <li data-bbox="719 761 1410 878">(b) in respect of RSU Scheme Shares which are attributable to vested RSUs that have been exercised prior to the Scheme Record Date: <ul style="list-style-type: none"> <li data-bbox="799 921 1410 1240">(i) within seven Business Days from the Effective Date, the aggregate “see-through” price (being the Cancellation Price minus any unpaid portion of the exercise price of the vested and exercised RSU or a nominal amount of HK\$0.0000785 if such “see-through” price is negative), which ESOP BVI shall then promptly pay to the relevant RSU Holder(s);</li> <li data-bbox="799 1283 1410 1632">(ii) upon the first anniversary of the Effective Date, the difference between the aggregate Cancellation Price and the aggregate “see-through” price mentioned in sub-paragraph (b) (i) above (i.e. the aggregate unpaid portion of the exercise price of the vested and exercised RSUs or the aggregate nominal amount if such “see-through” price is negative), which ESOP BVI shall then pay to the Company; and</li> </ul> </li> </ul>

(c) in respect of RSU Scheme Shares which are attributable to RSUs that have not yet been exercised (whether vested or unvested) prior to the Scheme Record Date:

- (i) within seven Business Days from the Effective Date, the aggregate “see-through” price (being the Cancellation Price minus the exercise price of any RSU or a nominal amount of HK\$0.0000785 if such “see-through” price is negative), which ESOP BVI shall then promptly pay to the relevant RSU Holder(s); and
- (ii) upon the first anniversary of the Effective Date, the difference between the aggregate Cancellation Price and the aggregate “see-through” price mentioned in sub-paragraph (c) (i) above, which ESOP BVI shall then pay to the Company

“Sanction Order”

the order of the Grand Court sanctioning this Scheme under Section 86 of the Companies Act (with or without modifications) and confirming the Capital Reduction;

“Scheme”

the scheme of arrangement between the Company and the Scheme Shareholders as at the Scheme Record Date under section 86 of the Companies Act for the implementation of the Proposal on the terms set out in this document, with or subject to any modification, addition or condition approved or imposed by the Grand Court and/or agreed by the Company and the Offeror

“Scheme Consideration”

has the meaning given in Clause 9.2

“Scheme Document”	the composite scheme document of the Company and the Offeror issued to all Shareholders containing, among other things, further details of the Proposal and the Scheme, a letter from the Board, a letter of advice from the Independent Financial Adviser, the recommendations of the Independent Board Committee, and notices to convene the Court Meeting and the EGM, together with the expected timetable in relation to the Proposal and the Scheme and an explanatory memorandum as required under the Companies Act and the rules of the Grand Court
“Scheme Record Date”	5 December 2025, or such other date as shall have been announced to the Shareholders, being the record date for the purpose of determining the entitlements of the Scheme Shareholders to the Scheme Consideration under the Scheme
“Scheme Shares”	Shares in issue and held by the Shareholders as at the Scheme Record Date (unless otherwise specified)
“Scheme Shareholders”	for the purpose of the Scheme, the registered holders of the Scheme Shares
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of US\$0.00001 in the Company
“Shareholders”	registered holder(s) of the Shares
“Shareholders’ Agreement”	the shareholders’ agreement dated 12 August 2025 entered into among the Consortium Members and Topco, in respect of the future governance of Topco

“Special Deal”	<p>the special rollover arrangement offered to the Founder Entities pursuant to which the Founder Entities will:</p> <p>(a) roll over the Founder Rollover Scheme Shares in consideration for the crediting of unpaid TopCo shares held by the Founder Entities as fully paid on the Effective Date; and</p> <p>(b) receive the Founder Consideration as consideration for the cancellation of the Founder Consideration Shares, in accordance with the terms of the Consortium Agreement, together with the arrangement, rights and benefits available to the Founder Entities under the Shareholders’ Agreement</p>
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers in Hong Kong
“TopCo”	TPG Knight Topco Limited, an exempted company incorporated in the Cayman Islands with limited liability
“TPG Asia VII”	TPG Asia VII SF Pte. Ltd., a company incorporated in Singapore with limited liability, which is ultimately controlled by TPG Inc.
“TPG Inc.”	a global alternative asset management firm and a publicly traded Delaware corporation (NASDAQ)
“TPG Scheme Share Cancellation Consideration”	the consideration to be received by TPG Asia VII and Keyhole for the cancellation of the TPG Scheme Shares under the Scheme, being the crediting of the relevant portion of the unpaid TopCo shares held by TPG Asia VII and Keyhole as being fully paid in an amount equivalent to the aggregate amount of the Cancellation Price per Scheme Share with respect to the TPG Scheme Shares
“TPG Scheme Shares”	216,190,500 Shares held by Keyhole Holding, representing approximately 17.90% of the issued share capital of the Company

“Unallocated RSU Shares”	the RSU Scheme Shares which are not attributable to any RSU. As at the Latest Practicable Date, the number of Unallocated RSU Shares is 26,425,000 Shares
“US” or “United States”	the United States of America
“US\$”	United States dollar, the lawful currency of the United States
“Voting Record Date”	a date to be announced for determining entitlements of the Shareholders to attend and vote at the Court Meeting and the EGM
“%”	per cent.

## 2 INTERPRETATION

2.1 In this Scheme, unless the context otherwise requires or otherwise expressly provides:

- (a) references to Parts, Clauses and Sub-Clauses are references to parts, clauses and subclauses respectively of this Scheme;
- (b) references to a “person” include references to an individual, firm, partnership, company, corporation, unincorporated body of persons or any state or state agency;
- (c) references to a statute, statutory provision, enactment or subordinate legislation include the same as subsequently modified, amended or re-enacted from time to time;
- (d) references to an agreement, deed or document shall be deemed also to refer to such agreement, deed or document as amended, supplemented, restated, verified, replaced and/or novated (in whole or in part) from time to time and to any agreement, deed or document executed pursuant thereto;
- (e) the singular includes the plural and vice-versa and words importing one gender shall include all genders;
- (f) headings to Parts, Clauses and Sub-Clauses are for ease of reference only and shall not affect the interpretation of this Scheme; and
- (g) all references to time are references to Hong Kong time.

**3 THE COMPANY**

- 3.1 The Company is an exempted company which was incorporated with limited liability under the laws of the Cayman Islands on 12 February 2020 with registration number 360224. The Company's registered office address is Appleby Global Services (Cayman) Limited, P. O. Box 500, 71 Fort Street, George Town, Grand Cayman KY1-1106, Cayman Islands.
- 3.2 The Shares have been listed and traded on the Main Board of the Stock Exchange (stock code: 9997) since 2020. As at the Latest Practicable Date, the authorised share capital of the Company was US\$50,000 divided into 5,000,000,000 Shares of a single class with a nominal or par value of US\$0.00001 each. As at the Latest Practicable Date, the Company has 1,207,994,000 Shares in issue and 3,525,000 outstanding RSUs.

**4 THE OFFEROR**

- 4.1 The Offeror is an exempted company which was incorporated with limited liability under the laws of the Cayman Islands on 9 June 2025 with registration number 422305. The Offeror's registered office address is Maples Corporate Services Limited, P. O. Box 309, Ugland House, South Church Street, George Town, Grand Cayman KY1-1104, Cayman Islands.
- 4.2 The Offeror is directly wholly-owned by MidCo and indirectly wholly-owned by TopCo. TopCo is owned by (i) the Founder Entities; (ii) TPG Asia VII; (iii) Keyhole; (iv) Knight Success; (v) NewQuest V; and (vi) Al-Rayyan Holding LLC, who, among others, entered into the Consortium Agreement pursuant to which they agreed to conduct and implement this Scheme in consultation with each other.
- 4.3 The Offeror and the OCP Scheme Shareholders have undertaken to the Grand Court to be bound by this Scheme, and will execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to this Scheme.

**5 THE PURPOSE OF THIS SCHEME**

- 5.1 The primary purpose of the Scheme is to privatise the Company and for the Offeror to hold (in the aggregate) the entire issued share capital of the Company by way of this Scheme. Upon completion of the Scheme, the Company will become a wholly owned subsidiary of the Offeror and upon the completion of the Proposal, the listing of the Shares will be withdrawn from the Stock Exchange.



5.2 This will be achieved by:

- (a) the Company reducing its issued share capital by cancelling and extinguishing all of the Scheme Shares in consideration for which the Offeror will pay (or cause to be paid) the Scheme Consideration to the Scheme Shareholders (as applicable);
- (a) simultaneously with the cancellation and extinguishment of the Scheme Shares, application of the reserve created by the cancellation of the Scheme Shares to allot and issue to the Offeror at par credited as fully paid such number of New Shares as is equal to the number of Scheme Shares cancelled and extinguished so that thereafter the Offeror will hold the entire issued share capital of the Company; and
- (b) the Company making an application for the listing of the Shares to be withdrawn from the Stock Exchange and such withdrawal is expected to take place as soon as reasonably practicable following the Effective Date.

## 6 THE SHAREHOLDERS

### *Current Shareholding Structure*

6.1 As at the Latest Practicable Date, the shareholding structure of the Company was as follows:

Shareholder	Number of Shares	Percentage
Fortune Spring ZM	408,500,000	33.82%
Fortune Spring YG	231,500,000	19.16%
Keyhole Holding	216,190,500	17.90%
ESOP BVI	46,810,000	3.88%
Relevant Shareholder	1,377,500	0.11%
Independent Shareholders	303,616,000	25.13%
<b>Total</b>	<b>1,207,994,000</b>	<b>100%</b>

### *OCP Scheme Shareholders*

6.2 As at the Latest Practicable Date, the OCP Scheme Shareholders hold in aggregate 904,378,000 Shares, representing approximately 74.87% of the issued share capital of the Company (including 46,810,000 Shares held by ESOP BVI, representing approximately 3.88% of the issued share capital of the Company).

- 6.3 Each of the OCP Scheme Shareholders will not vote their Scheme Shares at the Court Meeting convened at the direction of the Grand Court for the purpose of considering and, if thought fit, approving this Scheme. Only the Independent Shareholders as at the Scheme Record Date will be entitled to attend and vote at the Court Meeting to approve this Scheme.
- 6.4 For the purpose of approving this Scheme, the OCP Scheme Shareholders are considered under the laws of the Cayman Islands as having different interests from those of the Independent Shareholders. The Company would have been required to hold a formal meeting of the OCP Scheme Shareholders as a separate class to consider, and if thought fit, approve (with or without modification) this Scheme. However, each of the OCP Scheme Shareholders has undertaken to the Grand Court and the Company to be bound by the terms of this Scheme and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable for the purpose of giving effect to this Scheme. Accordingly, such requirement to hold a formal class meeting of the OCP Scheme Shareholders has been waived by the Grand Court on the grounds that each of the OCP Scheme Shareholders has undertaken to be bound by the terms of this Scheme.
- 6.5 The Offeror has also undertaken to the Grand Court and the Company to be bound by the terms of this Scheme.
- 6.6 Only the Independent Shareholders as at the Voting Record Date, representing approximately 25.13% of the issued share capital of the Company as at the Latest Practicable Date, will be entitled to attend and vote at the Court Meeting and EGM to approve the Scheme and the Special Deal respectively.

*Shares held by ESOP BVI*

- 6.7 In respect of the Shares held by ESOP BVI in connection with the RSU Plan, the Company allotted and issued to ESOP BVI, and ESOP BVI acquired on the market, a total of 46,810,000 Shares for the purpose of satisfying RSUs granted under the RSU Plan as and when the RSUs are vested and exercised in accordance with the terms of the RSU Plan. As at the Latest Practicable Date, ESOP BVI held 46,810,000 Shares. The Company will not grant further RSUs under the RSU Plan between:
- (a) the Announcement Date; and
  - (b) the Effective Date, or if the Scheme is not approved or does not become effective, or the Proposal otherwise lapses or is withdrawn, the date on which the Scheme is not approved or does not become effective or the Proposal otherwise lapses or is withdrawn.

- 6.8 Pursuant to the terms of the RSU Plan and the RSU award agreements (including any amendments thereto) and in light of the Proposal, an RSU Holder will not have any rights of a holder of the underlying Shares (including voting rights attaching to such underlying Shares) unless and until the RSU Holder has satisfied all requirements for the purchase of the underlying Shares before the Effective Date. With respect to the Shares held by ESOP BVI attributable to RSUs which have been or will be exercised prior to the Effective Date, upon transfer of such Shares to the relevant RSU Holder(s) who are not OCP Scheme Shareholders or Offeror Concert Parties and for as long as these Shares are held by the Independent Shareholder(s), these Shares will form part of the Scheme Shares, which will be cancelled upon the Scheme becoming effective in consideration for the Cancellation Price.
- 6.9 The RSU Plan will be collapsed as soon as reasonably practicable after the Effective Date.

### **PART B: THE SCHEME**

## **7 APPLICATION AND EFFECTIVENESS OF THIS SCHEME**

- 7.1 The compromise and arrangement effected by this Scheme shall apply to all Scheme Shares and is binding on all Scheme Shareholders.
- 7.2 Subject to the Conditions having been fulfilled or waived (as applicable), this Scheme shall become effective in accordance with its terms as soon as:
- (a) the Sanction Order has been duly delivered to the Cayman Islands Registrar of Companies (pursuant to section 86(3) of the Companies Act) for registration; and
  - (b) an order of the Grand Court confirming the Capital Reduction and the minute referred to in section 17(1) of the Companies Act are registered pursuant to section 17 of the Companies Act.
- 7.3 On the Effective Date, the terms of this Scheme will be implemented, at which time the Capital Reduction and cancellation and extinguishment of the Scheme Shares will occur in accordance with Clause 8 (*Capital Reduction and Cancellation of the Scheme Shares*) and the Offeror will pay (or cause to be paid) the Scheme Consideration in accordance with Clause 9 (*Consideration for the Cancellation and Extinguishment of the Scheme Shares*).
- 7.4 The Company shall give notification of this Scheme having become effective in accordance with its terms by the publication of an announcement on the respective websites of the Stock Exchange and the Company providing notice to all holders of the Scheme Shares as at the Scheme Record Date, promptly following the Effective Date having occurred.

- 7.5 On and from the Effective Date, the Scheme Shares and the rights of any holders of the Scheme Shares (and any person who acquires any interests in or arising out of the Scheme Shares after the Scheme Record Date) shall be subject to the compromises and arrangements set out in this Scheme.
- 7.6 Unless this Scheme shall have become effective in accordance with its terms on or before the Long Stop Date, this Scheme shall lapse and all compromises and arrangements provided for by the Scheme shall have no force or effect.

## 8 CAPITAL REDUCTION AND CANCELLATION OF THE SCHEME SHARES

### 8.1 On the Effective Date:

- (a) the issued share capital of the Company shall be reduced by cancelling and extinguishing the Scheme Shares in accordance with sections 14 to 16 of the Companies Act (the “**Capital Reduction**”) and the Scheme Shareholders shall cease to have any rights with respect to the Scheme Shares except the right to receive the applicable Scheme Consideration;
- (b) subject to and forthwith upon the Capital Reduction taking effect, the issued share capital of the Company will be increased to its former amount by the allotment and issue at par of such aggregate number of New Shares as is equal to the number of Scheme Shares cancelled and extinguished which will be allotted and issued to the Offeror; and
- (c) the Company shall apply the credit amount arising in its books of account as a result of the Capital Reduction (referred to in Clause 8.1(a) above) in paying up in full at par such number of New Shares as is equal to the number of Scheme Shares cancelled and extinguished which will be allotted and issued to the Offeror, credited as fully paid, as mentioned in Clause 8.1(b).

- 8.2 The cancellation and extinguishment of the Scheme Shares shall be recorded by removing the name of each Scheme Shareholder as at the Scheme Record Date from the Register of Members of the Company, and recording the Offeror on the Register of Members of the Company as the sole member of the Company as of the Effective Date, who shall thereafter be the legal and beneficial owner of 100% of the New Shares in issue.

## 9 CONSIDERATION FOR THE CANCELLATION AND EXTINGUISHMENT OF THE SCHEME SHARES

- 9.1 In consideration of the cancellation and extinguishment of the Scheme Shares, the Scheme Shareholders shall be paid the applicable Scheme Consideration.
- 9.2 As soon as possible but in any event no later than seven (7) Business Days after the Effective Date, the “**Scheme Consideration**” shall be paid (or caused to be paid) by the Offeror as follows:
- (a) in consideration for the Founder Scheme Shares being cancelled and extinguished, the Founder Entities shall receive the Founder Scheme Share Cancellation Consideration, which shall be paid in accordance with the terms of this Scheme and the Consortium Agreement, the terms of the Scheme Consideration payable under the Consortium Agreement being as described in the Scheme Document;
  - (b) in consideration for the TPG Scheme Shares being cancelled and extinguished, Keyhole Holding shall receive the TPG Scheme Share Cancellation Consideration which shall be paid in accordance with the terms of this Scheme and the Consortium Agreement, the terms of the Scheme Consideration payable under the Consortium Agreement being as described in the Scheme Document;
  - (c) in consideration for the RSU Scheme Shares being cancelled and extinguished, ESOP BVI will receive the RSU Scheme Share Cancellation Consideration which shall be paid in accordance with the terms of this Scheme and the ESOP Deed;
  - (d) in consideration for the Relevant Shareholder Scheme Shares being cancelled and extinguished, the Relevant Shareholder shall receive consideration for the Cancellation Price of HK\$9.25 per Scheme Share, which shall be paid in cash in accordance with the terms of this Scheme; and
  - (e) all other Scheme Shares (being the Scheme Shares held by the Independent Shareholders) will be cancelled in consideration for the Cancellation Price of HK\$9.25 per Scheme Share, which shall be paid in cash on a pro rata basis in accordance with the terms of this Scheme and Clause 10 (*Payments made to the Independent Shareholders, the Relevant Shareholder and the Founder Entities*).

**10 PAYMENTS MADE TO THE INDEPENDENT SHAREHOLDERS, THE RELEVANT SHAREHOLDER AND THE FOUNDER ENTITIES**

- 10.1 As soon as possible but in any event no later than seven (7) Business Days after the Effective Date, the Offeror shall send (or cause to be sent) to (i) the Independent Shareholders (whose names appear in the register of members of the Company at 5.00 p.m. (Hong Kong time) on the Scheme Record Date) the Cancellation Price payable to such Independent Shareholders pursuant to Clause 9.2(e); (ii) the Relevant Shareholder the Cancellation Price payable to such Relevant Shareholder pursuant to Clause 9.2(d); and (ii) the Founder Entities the Cancellation Price payable in respect of the Founder Scheme Shares to be cancelled in exchange for cash pursuant to Clause 9.2(a).
- 10.2 All such cheques shall be sent by ordinary post in pre-paid envelopes addressed to such Independent Shareholders, Relevant Shareholder and Founder Entities at their respective addresses as appearing on the register of members of the Company at the Scheme Record Date or, in the case of joint holders, at the address as appearing on the register of members of the Company at the Scheme Record Date of the joint holder whose name then stands first in the register of members of the Company in respect of the relevant joint holding.
- 10.3 Cheques shall be posted at the risk of the addressee and neither the Offeror nor the Company shall be responsible for any loss or delay in the despatch of the same.
- 10.4 Each cheque shall be payable to the order of the person to whom, in accordance with the provisions of Clause 10.2, the envelope containing the same is addressed and the encashment of any such cheque shall be a good discharge to the Offeror for the monies represented thereby.
- 10.5 On or after the day being six calendar months after the posting of the cheques pursuant to Clause 10.2, the Offeror shall have the right to cancel or countermand any cheque which has not been cashed or that has been returned uncashed and shall place all monies represented thereby in a deposit account in the Offeror's name with a licensed bank in Hong Kong selected by the Offeror. The Offeror shall hold such monies for those entitled to it under the terms of this Scheme until the expiration of six years from the Effective Date and shall, prior to such date, make payments therefrom of the sums payable pursuant to Clause 10 to persons who satisfy the Offeror that they are respectively entitled thereto and the cheques referred to in Clause 10.2 of which they are payees have not been cashed. Any payments made by the Offeror shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to this Scheme. The Offeror shall exercise their absolute discretion in determining whether or not they are satisfied that any person is so entitled and a certificate of the Offeror to the effect that any particular person is so entitled or not so entitled, as the case may be, shall be conclusive and binding upon all persons claiming an interest in the relevant monies.

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

10.7 Clause 10.6 shall take effect subject to any prohibition or condition imposed by law.

## **11 CERTIFICATES REPRESENTING SCHEME SHARES**

11.1 Each instrument of transfer and certificate existing at the Scheme Record Date in respect of a holding of any number of Scheme Shares shall on the Effective Date cease to be valid for any purpose as an instrument of transfer or a certificate for such Scheme Shares and every holder of such certificate shall be bound at the request of the Offeror to deliver up the same to the Offeror for the cancellation thereof.

## **12 MANDATES AND OTHER INSTRUCTIONS**

12.1 All mandates or relevant instructions to the Company in force at the Scheme Record Date relating to any of the Scheme Shares shall cease to be valid as effective mandates or instructions on the Effective Date.

## **13 MODIFICATION AND SEVERABILITY**

13.1 The Company and the Offeror may jointly consent for and on behalf of all Scheme Shareholders to any modification(s) of or addition(s) to this Scheme or to any condition(s) which the Grand Court may think fit to approve or impose.

13.2 If any provision (or any part of any provision) of this Scheme is found by the Grand Court to be illegal or unenforceable, it shall be severed from this Scheme and the remaining provisions of this Scheme shall continue in force.

## **14 COSTS AND EXPENSES**

14.1 Subject to the requirements of the Takeovers Code, each of the parties shall bear their own costs, charges and expenses relating to the negotiation, preparation and implementation of this Scheme.

**15 GOVERNING LAW**

15.1 The terms of this Scheme shall be governed by, and construed in accordance with, the laws of the Cayman Islands and the courts of the Cayman Islands shall have exclusive jurisdiction to hear and determine any proceeding and to settle any dispute which arises out of or in connection with the terms of this Scheme or its implementation or out of any action taken or omitted to be taken under this Scheme or in connection with the administration of this Scheme and for such purposes, the parties irrevocably submit to the exclusive jurisdiction of the Courts of the Cayman Islands, provided, however, that nothing in this Clause shall affect the validity of other provisions determining governing law and jurisdiction between the parties whether contained in any contract or otherwise.

15.2 The terms of this Scheme and the obligations imposed on the Company and the Offeror hereunder shall take effect subject to any prohibition or condition imposed by any applicable law.

Dated: 13 October 2025



**IN THE GRAND COURT OF THE CAYMAN ISLANDS**

**FINANCIAL SERVICES DIVISION**

**CAUSE NO. FSD 255 OF 2025 (JAJ)**

**IN THE MATTER OF SECTION 86 OF THE COMPANIES ACT (2025 REVISION)**

**AND IN THE MATTER OF ORDER 102 OF THE GRAND COURT RULES 2023  
(AS REVISED)**

**AND IN THE MATTER OF KANGJI MEDICAL HOLDINGS LIMITED**

---

**NOTICE OF  
COURT MEETING**

---

**NOTICE IS HEREBY GIVEN** that, by an order dated 6 October 2025 (the “**Order**”) made in the above matter, the Grand Court of the Cayman Islands (the “**Grand Court**”) has directed a meeting of the Independent Shareholders (as defined in the Scheme, as further defined below) (the “**Court Meeting**”) to be convened for the purpose of considering and, if thought fit, approving, with or without modifications, a scheme of arrangement (the “**Scheme**”) proposed to be made between Kangji Medical Holdings Limited (the “**Company**”) and the Scheme Shareholders and that the Court Meeting will be held on Monday, 10 November 2025 at 10:00 a.m. (Hong Kong time) at United Conference Centre, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong at which place and time all Independent Shareholders are invited to attend. A copy of the Scheme and a copy of an explanatory memorandum (the “**Explanatory Memorandum**”) explaining the effect of the Scheme set out in the composite scheme document, of which this Notice forms part (the “**Scheme Document**”), has been despatched. A copy of the Scheme Document can also be obtained by the Shareholders during usual business hours on any day prior to the day appointed for the Court Meeting (other than a Saturday, a Sunday or a public holiday in Hong Kong) from the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.

Any Independent Shareholder entitled to attend and vote at the Court Meeting may attend and vote in person at the Court Meeting or he/she may appoint another person (who must be an individual), whether a member of the Company or not, as his/her proxy to attend and vote in his/her stead. An Independent Shareholder who is the holder of two or more Shares may appoint more than one proxy to represent him/her. If more than one proxy is appointed, the number of Shares in respect of which each such proxy is so appointed must be specified in the relevant form of proxy. A **pink** form of proxy for use at the Court Meeting is enclosed with the Scheme Document.

In the case of joint holders of Share, any one of such persons (being an Independent Shareholder) may vote at the Court Meeting, either personally or by proxy, in respect of such Share as if he/she were solely entitled thereto. However, if more than one of such joint holders is present at the Court Meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding. For this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register of members of the Company in respect of such joint holding. An Independent Shareholder which is a corporation may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its corporate representative at the Court Meeting and exercise the same powers on behalf of the corporate Independent Shareholder as if the corporate Independent Shareholder was an individual Independent Shareholder.

It is requested that the **pink** forms appointing proxies be deposited at the Hong Kong branch share registrar of the Company in Hong Kong at Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 10:00 a.m. (Hong Kong time) on Saturday, 8 November 2025, but if forms are not so lodged they may be handed to the chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion as to whether or not to accept them).

The completion and return of a form of proxy for the Court Meeting and/or the EGM will not preclude the Registered Owner from attending and voting in person at the relevant meeting or any adjournment thereof should he/she/it so wish, and, in such event, the relevant form of proxy will be revoked by operation of law.

For the purpose of determining the entitlements of the Shareholders to attend and vote at the Court Meeting, the register of members of the Company will be closed from Tuesday, 4 November 2025 to Monday, 10 November 2025 (both days inclusive) (or such other dates as may be notified by the Company by way of announcement(s)), and during such period, no transfer of Shares will be effected. In order to qualify to vote at the Court Meeting, the relevant forms of transfer of share ownership accompanied by the relevant share certificates must be lodged with the Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Monday, 3 November 2025. A subsequent purchaser of Shares may obtain the relevant proxy forms from the transferor or the website of the Stock Exchange if he or she wishes to attend or vote at the Court Meeting.

By the Order, the Grand Court has appointed Mr. CHEN Weibo, who is an independent non-executive Director of the Company, failing whom any other Director (other than Mr. Zhong, Ms. Shentu and Ms. Cai Li) or any other senior management personnel of the Company (not being a person considered to be acting in concert with the Offeror under the Takeovers Code) at the date of the Order, to act as the chairman of the Court Meeting and has directed the chairman of the Court Meeting to report the results of the Court Meeting to the Grand Court.

The Scheme will be subject to a subsequent application seeking the sanction of the Grand Court, which is listed to be heard at the Law Courts, George Town, Grand Cayman at 10:00 a.m. (Cayman Islands time) being 11:00 p.m. (Hong Kong time) on 1 December 2025 (the “**Sanction Hearing**”). Shareholders have the right to attend the Sanction Hearing and to appear in person or be represented by counsel to support or oppose the sanction of the Scheme. If you are a Shareholder who wishes to appear in person or by counsel at the Sanction Hearing and present evidence or arguments in support of or in opposition to the Scheme, we expect that the Grand Court will require that you give notice of your intention to do so to Walkers (Cayman) LLP, at 190 Elgin Avenue, George Town, Grand Cayman KY1-9001, Cayman Islands, at least three days before the Sanction Hearing.

By Order of the Grand Court  
**Kangji Medical Holdings Limited**

Dated 13 October 2025

*Registered office:*

Appleby Global Services (Cayman) Limited  
71 Fort Street  
P.O. Box 500  
George Town  
Grand Cayman KY1-1106  
Cayman Islands

*Principal place of business in Hong Kong*

Flat 1007B, 10/F, Harbour Crystal Centre  
100 Granville Road, Kowloon  
Hong Kong

*Notes:*

- (1) Unless otherwise defined in this notice or the context otherwise requires, terms defined in the Scheme Document shall have the same meanings when used in this notice.
- (2) Voting at the Court Meeting will be taken by way of a poll.

- (3) A **pink** form of proxy for use at the Court Meeting (the “**Form of Proxy**”) is enclosed with the Scheme Document.
- (4) In order to be valid, the Form of Proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, at the office of the Share Registrar at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by 10:00 a.m. on Saturday, 8 November 2025 or not less than 48 hours before the time for holding any adjourned meeting but if the Form of Proxy is not so lodged, it, together with the power of attorney or other authority under which it is signed (if any) may be handed to the chairman of the Court Meeting at the Court Meeting and the chairman of the Court Meeting shall have absolute discretion whether or not to accept them.
- (5) If a tropical cyclone warning signal No.8 or above is or is expected to be hoisted or a black rainstorm warning signal or “extreme conditions” as announced by the government of Hong Kong is or is expected to be in force at any time after 8:00 am on the date of the Court Meeting, the Court Meeting may be adjourned. The Company may post an announcement on the respective websites of the Stock Exchange and the Company to notify Scheme Shareholders of the date, time and venue of the reconvened meeting.
- (6) In the case of any inconsistency between the Chinese translation and English text of this notice, the English text shall prevail.

*As at the date of this notice, the board of directors of the Company comprises Zhong Ming, Shentu Yinguang and Yin Zixin as executive Directors; Cai Li as non-executive Director; and Jiang Feng, Guo Jian and Chen Weibo as independent non-executive Directors.*

**KANGJI 康基****Kangji Medical Holdings Limited****康基医疗控股有限公司***(Incorporated in the Cayman Islands with limited liability)***(Stock Code: 9997)****NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**EGM**”) of Kangji Medical Holdings Limited (the “**Company**”) will be held on Monday, 10 November 2025 at 10:30 a.m. (Hong Kong time) at United Conference Centre, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong (or immediately after the conclusion or adjournment of the Court Meeting convened at the direction of the Grand Court for the same day and place).

The EGM will be held for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolutions:

**1. “THAT AS A SPECIAL RESOLUTION:**

- (A) for the purpose of giving effect to the Scheme of Arrangement (the “**Scheme**”) between the Company and the Scheme Shareholders (as defined in the Scheme), a copy of which has been produced to this meeting and for the purposes of identification signed by the chairperson of this meeting, or in such other form and on such terms and conditions as may be approved or imposed by the Grand Court, on the Effective Date, the issued share capital of the Company shall be reduced by cancelling and extinguishing the Scheme Shares;
- (B) subject to and forthwith upon such reduction of capital referred to in resolution 1(A) taking effect, the share capital of the Company will be increased to its former amount by the issuance at par to Knight Bidco Limited, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled and extinguished;
- (C) the reserve created in the Company’s books of account as a result of the capital reduction will be applied in paying up in full at par the new Shares so issued, credited as fully paid, to Knight Bidco Limited, and the Directors be and are hereby authorised to allot and issue the same accordingly;
- (D) any one of the Directors be and is hereby authorised to do all such acts and things considered by him or her to be necessary or desirable in connection with the implementation of the Scheme, including (without limitation) the giving of consent to any modification of or addition to, the Scheme or the reduction of capital of the Company, which the Grand Court may see fit to impose; and

- (E) any one of the Directors be and is hereby authorised to apply to the Stock Exchange for the withdrawal of the listing of the Shares of the Company on the Stock Exchange following the Effective Date.”

**2. “THAT AS AN ORDINARY RESOLUTION:**

- (A) the Special Deal, which constitutes a special deal under Rule 25 of the Takeovers Code, and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified.”

By Order of the Board  
**Kangji Medical Holdings Limited**  
**ZHONG Ming**  
*Chairman*

Hong Kong, 13 October 2025

*Registered office:*

Appleby Global Services (Cayman) Limited  
71 Fort Street  
P.O. Box 500  
George Town  
Grand Cayman KY1-1106  
Cayman Islands

*Principal place of business in Hong Kong*

Flat 1007B, 10/F, Harbour Crystal Centre  
100 Granville Road, Kowloon  
Hong Kong

*Notes:*

- (1) Unless otherwise defined in this notice or the context otherwise requires, terms defined in the Scheme Document shall have the same meanings when used in this notice.
- (2) At the EGM, the above resolutions shall be voted on by way of a poll.
- (3) A member of the Company entitled to attend and vote at the EGM is entitled to appoint one or more proxies, representing respectively the number of shares of the Company held by that member, to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
- (4) A **white** form of proxy for use at the EGM (the “**Form of Proxy**”) is enclosed with the Scheme Document.

- (5) Whether or not you are able to attend the EGM or any adjournment thereof in person, if you are a Shareholder, you are strongly urged to complete and sign the enclosed white form of proxy in respect of the EGM, in accordance with the instructions printed thereon. Completion and return of a form of proxy for the EGM will not preclude you from attending and voting in person at the relevant meeting or any adjournment thereof, should you so wish, and, in such event, the relevant form of proxy will be revoked by operation of law.
- (6) In order to be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited at the Share Registrar's office at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 10:30 a.m. on Saturday, 8 November 2025, which is 48 hours before the time appointed for holding the EGM or any adjourned meeting (as the case may be).
- (7) Where there are joint registered holders of any share of the Company, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such share(s) as if he/she were solely entitled thereto; but if more than one of such joint holders is present at the EGM personally or by proxy, that one of the said persons so present whose name stands first in the register of members of the Company in respect of such share(s) shall alone be entitled to vote in respect thereof.
- (8) For the purpose of ascertaining members who are entitled to attend and vote at the EGM (or any adjournment thereof), the register of members of the Company will be closed from Tuesday, 4 November 2025 to Monday, 10 November 2025, both days inclusive. In order to qualify for the right to attend and vote at the EGM (or any adjournment thereof), all transfers of share ownership, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, 3 November 2025 for registration.
- (9) If a tropical cyclone warning signal No.8 or above is or is expected to be hoisted or a black rainstorm warning signal or "extreme conditions" as announced by the government of Hong Kong is or is expected to be in force at any time after 8:00 am on the date of the EGM, the EGM may be adjourned. The Company may post an announcement on the respective websites of the Stock Exchange and the Company to notify Shareholders of the date, time and venue of the reconvened meeting.
- (10) In the case of any inconsistency between the Chinese translation and English text of this notice, the English text shall prevail.

*As at the date of this notice, the board of directors of the Company comprises Zhong Ming, Shentu Yinguang and Yin Zixin as executive Directors; Cai Li as non-executive Director; and Jiang Feng, Guo Jian and Chen Weibo as independent non-executive Directors.*