THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **Transcenta Holding Limited**, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

创胜医药
TRANSCENTA

Transcenta Holding Limited
創勝集團醫藥有限公司

(registered by way of continuation in the Cayman Islands with limited liability)

(Stock Code: 6628)

MAJOR TRANSACTION
DISPOSAL OF CDMO ASSETS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING

The notice convening the EGM of Transcenta Holding Limited to be held at B6-501, 218 Xinghu Street, Biobay, Suzhou, China on Wednesday, September 9, 2026, at 10:00 a.m. is set out in this circular.

Whether or not you are able to attend the EGM, you are requested to complete the form of proxy enclosed with this circular in accordance with the instructions printed on it and return it, together with the power of attorney or other authority (if any) under which the form of proxy is signed or a certified copy of such power of attorney or authority, to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, or via the designated URL (https://evoting.vistra.com) using the username and password provided on the notification letter sent by the Company, as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjourned meeting thereof (as the case may be). Completion and return of the form of proxy shall not preclude you from attending and voting at the EGM or any adjourned meeting thereof (as the case may be) if you so wish, and in such event, your appointment of proxy under any form of proxy shall be deemed to be revoked.

This circular together with the form of proxy are also published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.transcenta.com).

References to time and dates in this circular are to Hong Kong time and dates.

August 25, 2026

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Shareholders can view and listen to the EGM through online access by visiting the e-Meeting System. Accessing the meeting online will not constitute attendance at the EGM. Shareholders who view and listen to the EGM using the e-Meeting System will not be counted towards the quorum nor will they be able to cast their votes online. Shareholders may submit questions relevant to the proposed resolutions in advance before 5:00 p.m. on Wednesday, September 2, 2026 to the Board by email, telephone, or letter. Details of contact information are set out on page 3 and page 99 of the Annual Report 2025 of the Company. The Board and/or the Company will endeavour to address relevant questions in relation to the resolutions to be proposed for approval at the EGM and may, at their discretion, respond to substantial and relevant questions.

Registered Shareholders will receive a separate notification letter with personalized username and password for the e-Meeting System from Tricor Investor Services Limited. Non-registered Shareholders whose Shares are held in the Central Clearing and Settlement System through bank, stockbroker, custodians or Hong Kong Securities Clearing Company Limited (collectively the "**Intermediaries**") may also be able to view and listen to the EGM online through the e-Meeting System. In this regard, they should consult directly with their Intermediaries for the necessary arrangements. The Shareholder should provide their email address to their Intermediaries before the time limit required by the relevant Intermediaries and the username and password will be sent to them upon receipt of request. Without the login details, non-registered Shareholders will not be able to view and listen to the EGM using the e-Meeting System. Shareholders should note that viewing and listening to the EGM using the e-Meeting System will not be counted towards the quorum nor will they be able to cast their votes online.

The e-Meeting System will be open for Shareholders to log in approximately 30 minutes prior to the commencement of the Extraordinary General Meeting and can be accessed from any location with internet connection by a smart phone, tablet device or computer.

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"Asset Purchase Agreement"	the asset purchase agreement dated August 6, 2026 entered into between the Vendor and the Purchaser, pursuant to which, among others, the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the CDMO Assets at the Consideration;
"associate"	has the meaning ascribed to it under the Listing Rules;
"Board"	the board of Directors;
"business day"	means any day other than a Saturday, Sunday, or any day on which commercial banks located in China are required or authorized by law or administrative regulation to close;
"Business Contracts"	certain customer contracts, supplier contracts and other business contracts of the Vendor associated with the CDMO Assets designated by the Purchaser;
"CDMO"	contract development and manufacturing organization;
"CDMO Assets"	Target Real Property, Target Equipment and Related Assets and Rights;
"China" or "PRC"	the People's Republic of China;
"CMC"	chemistry, manufacturing and controls processes in the development, licensure, manufacturing, and ongoing marketing of pharmaceutical products;
"Company"	Transcenta Holding Limited (創勝集團醫藥有限公司), a limited liability company incorporated under the laws of the British Virgin Islands on August 20, 2010 and continued in the Cayman Islands on March 26, 2021 as an exempted company with limited liability under the laws of the Cayman Islands, the Shares of which are listed on the Main Board of the Stock Exchange;
"connected person(s)"	has the meaning ascribed to it under the Listing Rules;

"Consideration"	RMB190,000,000, subject to adjustment in accordance with the Asset Purchase Agreement;
"Designated Employees"	certain employees of the Vendor working in its CDMO business to be transferred to the Purchaser pursuant to the Asset Purchase Agreement;
"Director(s)"	the director(s) of the Company;
"EGM"	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Transaction;
"Encumbrance"	any encumbrance, right, interest or restriction, including any mortgage, security interest, pledge, encroachment, easement, defect in title, title retention agreement, pre-emptive right, right of first refusal, claim of right, expropriation, penalty, adverse interest, or other third-party right or security interest of any kind, or any agreement, arrangement or obligation to create any of the foregoing;
"GMP"	good manufacturing practice, the regulations provided by the FDA that guide the design, monitoring, and maintenance of manufacturing facilities and processes;
"Group"	the Company together with its subsidiaries from time to time;
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;
"Independent Third Party(ies)"	any entity or person who is a third party independent of the Company and its connected persons;
"IP"	intellectual property;
"Latest Practicable Date"	August 18, 2026, being the latest practicable date prior to the publication of this circular for ascertaining certain information contained in this circular;
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

"Phase I Completion"	phase one completion of the Transaction, as described under the section headed "Letter from the Board – Asset Purchase Agreement – Conditions precedent and Completion" of this circular;
"Phase I Completion Date"	the date on which all of the Vendor's Phase I Completion deliverables have been completed and confirmed in writing by the Purchaser, as defined and described under the section headed "Letter from the Board – Asset Purchase Agreement – Conditions precedent and Completion" of this circular;
"Phase II Completion"	phase two completion of the Transaction, as described under the section headed "Letter from the Board – Asset Purchase Agreement – Conditions precedent and Completion" of this circular;
"Phase II Completion Date"	the date on which all of the Vendor's Phase II Completion deliverables have been completed and confirmed in writing by the Purchaser, as defined and described under the section headed "Letter from the Board – Asset Purchase Agreement – Conditions precedent and Completion" of this circular;
"Purchaser"	WuXi Biologics (Hangzhou) Co., Ltd.* (杭州明德生物醫藥技術有限公司), a wholly-owned subsidiary of WuXi Biologics;
"Related Assets and Rights"	certain related assets and rights of the Target Real Property and the Target Equipment that form part of the CDMO Assets, including the Structures, as detailed under the section headed "Letter from the Board – Asset Purchase Agreement – Subject Matter" of this circular;
"RMB"	Renminbi, the lawful currency of China;
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
"Share(s)"	ordinary share(s) in the share capital of the Company, currently with a par value of US$0.0001 each (save for any treasury Shares, the holders of which shall abstain from voting at the Company's general meetings);
"Shareholders"	holder(s) of the Share(s);

"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Structures"	the ancillary facilities, attachments, and other interests that are owned by the Vendor and permanently affixed to or forming an integral part of the buildings on the Target Real Property, and that are transferred together therewith by operation of law or by their nature;
"Target Equipment"	all production facilities and equipment held and/or used by the Vendor, including ancillary usage rights (such as software usage rights) and operational information (such as operating manuals and maintenance records);
"Target Real Property"	the land use rights and the building ownership in the property located at Building 3, He Da Yao Gu Center, No. 291 Fucheng Road, Xiasha Street, Qiantang New District, Hangzhou, Zhejiang, the PRC (for the avoidance of doubt, excluding the Structures);
"Transaction"	the transactions contemplated under the Asset Purchase Agreement;
"treasury Shares"	has the meaning ascribed to it under the Listing Rules;
"Valuation Report"	the report of the valuation of the CDMO Assets as of May 31, 2026 prepared by the Valuer;
"Valuer"	JZ (Shanghai) Assets Appraisal Co., LTD, an independent valuer;
"Vendor"	HJB (Hangzhou) Co., Ltd. (杭州奕安濟世生物藥業有限公司), a wholly-owned subsidiary of the Company and established in the PRC on February 18, 2016;
"US$"	United States dollars, the lawful currency of the United States of America;
"WuXi Biologics"	WuXi Biologics (Cayman) Inc. (藥明生物技術有限公司*) (Stock Code: 2269), an exempted company incorporated in the Cayman Islands with limited liability on February 27, 2014; and
"%"	per cent.

* *For identification purpose only.*

Transcenta Holding Limited
創勝集團醫藥有限公司

(registered by way of continuation in the Cayman Islands with limited liability)
(Stock Code: 6628)

Executive Director:
Dr. Xueming Qian *(Chief Executive Officer and Chairman)*

Non-executive Directors:
Dr. Li Xu
Dr. Hansen Xu

Independent Non-executive Directors:
Mr. Jiasong Tang
Ms. Helen Wei Chen

Registered Office:
Walkers Corporate Limited
190 Elgin Avenue, George Town
Grand Cayman KY1-9008
Cayman Islands

Headquarters:
B6-501, 218 Xinghu Street
Biobay
Suzhou 215123
China

Principal Place of Business in Hong Kong:
Room 1928, 19/F,
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

August 25, 2026

To the Shareholders,

Dear Sir or Madam

MAJOR TRANSACTION
DISPOSAL OF CDMO ASSETS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING

1. INTRODUCTION

Reference is made to the announcement of the Company dated August 6, 2026 in relation to, among others, the Transaction.

The purpose of this circular is to provide the Shareholders with, among other things, (i) further particulars of the Transaction, (ii) the Valuation Report, (iii) other information as required under the Listing Rules, and (iv) the notice convening the EGM.

2. THE TRANSACTION

On August 6, 2026 (after trading hours), the Vendor, a wholly-owned subsidiary of the Company, entered into the Asset Purchase Agreement with the Purchaser, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the CDMO Assets at a total consideration of RMB190.0 million, subject to adjustments as set out in the Asset Purchase Agreement.

3. ASSET PURCHASE AGREEMENT

Date: August 6, 2026

Parties: (a) HJB (Hangzhou) Co., Ltd., as the Vendor; and

(b) WuXi Biologics (Hangzhou) Co., Ltd.*, as the Purchaser

Subject Matter

Pursuant to the Asset Purchase Agreement, the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, on the respective completion dates, the CDMO Assets, free and clear of any Encumbrance. The CDMO Assets consist of the entire right, title and interest in and to all of the following:

(a) the CDMO plant owned by the Vendor, namely the land use rights and the building ownership in the property located at Building 3, He Da Yao Gu Center, No. 291 Fucheng Road, Xiasha Street, Qiantang New District, Hangzhou, Zhejiang, the PRC (the "**Target Real Property**");

(b) all facilities and equipment held and/or used by the Vendor, including ancillary usage rights (such as software usage rights) and operational information (such as operating manuals and maintenance records) (the "**Target Equipment**"), and the inventory relating to the transferred Business Contracts (detailed below) as of the effective date of such transfer, the final list of which shall be confirmed in writing between the parties; and

(c) the ancillary facilities, attachments, and other interests that are owned by the Vendor and permanently affixed to or forming an integral part of the buildings on the Target Real Property and are transferred together therewith by operation of law or by their nature (the "**Structures**"), related rights (such as all claims, rights of recourse, set-off rights and other rights against third parties) that are part of or inseparable from the Target Real Property, Target Equipment and Business Contracts (for the avoidance of doubt, excluding any intellectual property held by the Vendor in connection therewith) and all materials (such as asset ledgers, contract files, drawings, operating procedures, maintenance records) necessary for the Purchaser to own, operate, maintain and use the CDMO Assets (collectively, the "**Related Assets and Rights**").

Additionally, as part of the Transaction:

(a) With respect to certain customer contracts, supplier contracts and other business contracts of the Vendor associated with the CDMO Assets designated by the Purchaser (the "**Business Contracts**"): (i) in respect of the Business Contracts between the Vendor and its affiliates as specified in the Asset Purchase Agreement, the Vendor shall ensure that: (x) such affiliates duly terminate such contracts with the Vendor and enter into new contracts with the Purchaser (or its designated affiliates) on principal terms no less favorable than those of the original contracts; or (y) the Vendor assigns all of its rights and obligations under such contracts to the Purchaser on the principle that the principal terms shall be no less favorable than those of the original contracts; and (ii) in respect of the remaining Business Contracts, the Vendor shall, at the Purchaser's request, use its reasonable best efforts to effect the transfer to the Purchaser in either of the aforementioned manners as mutually confirmed by both parties.

For the avoidance of doubt, with respect to any amounts due but unpaid under the Business Contracts, the Vendor shall complete settlement and duly pay such amounts in full prior to the Phase II Completion Date. The Purchaser shall only assume the corresponding liabilities from the effective date of the transfer of the relevant Business Contract, and shall not assume any joint and several liability for any obligations or liabilities of the Vendor arising prior thereto. The Vendor shall ensure that the Purchaser is held harmless from any damages arising from any obligations or liabilities incurred prior to the effective date of the transfer of the relevant Business Contract, failing which the Vendor shall indemnify the Purchaser in full. Except as otherwise agreed by the Purchaser in writing, the Vendor and the Purchaser shall use commercially reasonable efforts to ensure that the terms and conditions of the transferred Business Contract applicable to the Purchaser are no less favorable than those under the corresponding existing agreements.

(b) Certain employees of the Vendor working in its CDMO business (the "**Designated Employees**") will be transferred to the Purchaser. The Vendor shall, among others, negotiate the release or termination of the existing employment relationship with each Designated Employee in accordance with law, and settle all amounts payable, including any economic compensation, to them and cause them to enter into a new employment contract with the Purchaser and report for duty with the Purchaser. For each Designated Employee who has reported for duty and completed the probation period at the Purchaser, the Purchaser shall bear 50% of the compensation actually paid by the Vendor to such Designated Employee in connection with the Transaction as personnel transfer compensation payment; the total personnel transfer compensation payment payable by the Purchaser is subject to a cap of approximately RMB3.97 million.

Consideration

The aggregate consideration payable by the Purchaser to the Vendor for the CDMO Assets under the Asset Purchase Agreement is RMB190,000,000 (the "**Consideration**"), subject to the adjustment mechanism as described in this section below. Of the Consideration amount: (i) RMB72,017,766.99 is in respect of the Target Real Property; (ii) RMB43,490,161.21 is in respect of the Structures; and (iii) RMB74,492,071.80 is in respect of the Target Equipment and the Related Assets and Rights (excluding the Structures).

The Consideration is payable by the Purchaser to the Vendor via bank transfer in four tranches as detailed below:

(a) ***First Payment:*** Within 5 business days after the Transaction having been approved by the Company's Shareholders at the EGM and the Purchaser receiving the relevant invoice issued by the Vendor, the Purchaser shall pay to the Vendor 50% of the Consideration, i.e. RMB95,000,000 (the "**First Payment**").

(b) ***Second Payment:*** Subject to and within 10 business days after the conditions precedent for the Phase I Completion having been fulfilled or waived, the Vendor's Phase I Completion deliverables having been completed and confirmed by the Purchaser in writing and the Purchaser receiving the relevant invoice issued by the Vendor, the Purchaser shall pay to the Vendor 15% of the Consideration, i.e. RMB28,500,000 (or as adjusted if any adjustment is made) (the "**Second Payment**").

(c) ***Third Payment:*** Subject to and within 10 business days after the conditions precedent for the Phase II Completion having been fulfilled or waived, the Vendor's Phase II Completion deliverables having been completed and confirmed by the Purchaser in writing and the Purchaser receiving the relevant invoice issued by the Vendor, the Purchaser shall pay to the Vendor 20% of the Consideration, i.e. RMB 38,000,000 (the "**Third Payment**").

(d) ***Final Payment:*** Subject to the Phase I Completion and the Phase II Completion taking place, the absence of any material issues discovered with respect to the CDMO Assets, the absence of any breach by the Vendor, and the Vendor having provided proof or supporting documents of payment of or exemption from real estate tax and urban land use tax, 15% of the Consideration, i.e. RMB28,500,000 (or as adjusted if any adjustment is made) (the "**Final Payment**") shall be paid by the Purchaser within 6 months after the Phase II Completion Date.

The Second Payment and/or the Final Payment is subject to the following adjustment mechanism:

(a) The Purchaser shall be entitled to propose downward adjustment to the Final Payment having regard to: the scope, completeness, and viability of the CDMO Assets under the Transaction as a whole; the valuation results accepted by the Purchaser and due diligence findings; any decrease, shortfall, or adverse change in the scope, quantity, title, Encumbrances, condition, value, function, compliance, export control compliance, or delivery standards of the CDMO Assets; whether the Business Contracts can be properly transferred on terms no less favorable than the existing contracts; the Vendor's performance of its obligations; and the remediation of any material issue, business interruption caused by the foregoing, and the cost, time, and impact on overall operations required to achieve the same transaction objectives. The Purchaser may deduct from the Final Payment the value and related value impairment of any CDMO Assets that have not been transferred to the Purchaser as of the applicable completion date (the "**Excluded Assets**"), the deductible amount shall be calculated as: total Consideration *divided by* the Vendor's net book value of fixed assets as of May 31, 2026 *multiplied by* the net book value of the Excluded Assets as of May 31, 2026.

(b) In the case of certain Target Equipment the required permits, applications, filings, and other procedures for the sale of which to the Purchaser have not been completed ("**Equipment Pending Filing**"), if its value is not reduced from the Second Payment pursuant to paragraph (c) below, but the required filing of such equipment remains pending upon the expiry of six months following the Phase II Completion Date, such equipment would be treated as Excluded Assets and its value would be reduced from the Final Payment in accordance with paragraph (a) above; where the value of any Equipment Pending Filing has been reduced from the Second Payment, but the required filing in respect of such equipment becomes completed within the 6 months following the Phase II Completion Date, such equipment shall be added back to the scope of Target Equipment and the value of such equipment would be added back to the Final Payment; where the Final Payment has been reduced for any Equipment Pending Filing, if the Vendor completes the required filing for such equipment during the period from 6 months to 12 months after the Phase II Completion Date, the Vendor shall still transfer such equipment to the Purchaser (at the amount that was deducted from the Final Payment) and such equipment shall be added back to the scope of Target Equipment; where the Vendor fails to complete the required filing for any Equipment Pending Filing within 12 months after the Phase II Completion Date, from the expiration of the aforementioned 12-month period, such equipment shall be deemed *ab initio* not to form part of the Target Equipment, and the Purchaser shall have no obligation to pay any consideration for such equipment.

(c) Further, when and only when the Target Equipment (including Equipment Pending Filing) suffers a cumulative reduction in value or shortfall in terms of scope, quantity, title, Encumbrances, condition, value, function, compliance, or delivery standards exceeding 5% of the Consideration (excluding, however, any such reduction or shortfall resulting from normal depreciation or wear and tear from use), the Purchaser shall be entitled to downward adjust the Second Payment. For the avoidance of doubt, any aforesaid reduction in value in the Target Equipment shall not give rise to duplicative downward adjustments.

(d) If the Purchaser intends to adjust the Second Payment or the Final Payment, it shall provide the Vendor with the adjustment proposal and reasonable basis therefor; if the Vendor has any objection, it shall raise such objection in writing within 5 business days of receipt, stating the reasons therefor, and shall complete consultation and confirmation with the Purchaser within 10 business days; if the parties fail to complete such consultation within the aforesaid period, the facts in dispute shall be evaluated by an independent appraisal institution recognized by both parties, and the appraisal result shall be binding on both parties. If the amount of adjustment asserted by the Purchaser is less than the amount of the relevant payment installment, the Purchaser shall pay the undisputed amount in accordance with the original schedule, and the remaining amount shall be paid within 10 business days after confirmation pursuant to the aforesaid appraisal mechanism.

For the avoidance of doubt, as the Consideration is determined based on the appraised value of the Target Real Property and the Target Equipment, the above downward adjustment mechanism would only apply to shortfalls in value using the appraised value of the relevant assets as reference; the difference between the historical book value and the appraised value of any assets would not give rise to a downward adjustment.

Conditions precedent and Completion

The Purchaser's obligation to complete Phase I Completion and to pay the Second Payment is conditional upon the satisfaction or waiver in writing by the Purchaser of the following conditions precedent:

(a) the Vendor having obtained all internal approvals required for the Transaction (including approvals of its shareholders and other bodies with authority) and having provided evidence thereof;

(b) the Vendor having obtained all third-party approvals, consents, authorizations, waivers, filings or confirmations required to implement the Transaction;

(c) the Vendor having used its reasonable commercial efforts to obtain written consents, in form and substance satisfactory to the Purchaser, from its existing customers to relocate their relevant production orders off the GMP-compliant API production line located at the Target Real Property, and having delivered the originals of such consents;

(d) an appraisal institution approved by the Purchaser having issued a formal valuation report on all CDMO Assets, with its scope, methodology, assumptions and results satisfactory to the Purchaser;

(e) all matters required to be completed prior to the Phase I Completion having been completed, including but not limited to the release of all Encumbrances on the CDMO Assets and the Vendor having provided the relevant proof of release and cancellation of such Encumbrances;

(f) the specified Business Contracts between the Vendor and its affiliates having been transferred to the Purchaser, and the transfer of the remaining Business Contracts having been facilitated by the Vendor using its commercial best efforts;

(g) for the purpose of the Vendor providing the Purchaser with reasonable support services for a specified period following the Phase II Completion Date, the parties having entered into a services agreement;

(h) the Vendor having settled and paid in full all fees and amounts owed (if any) to the relevant service providers (including pest control, hazardous waste disposal, and wastewater treatment plant operation service providers);

(i) the Vendor having completed fire-safety completion inspection and filing procedures for the Drug Product (DP) workshop within the Target Real Property, obtained the fire-safety inspection compliance certificate, obtained valid fire-safety filing documents issued by the competent government authority, the fire-safety condition of the DP workshop being in compliance with the requirements of the applicable laws then in effect, and the Vendor having delivered to the Purchaser the complete set of fire-safety filing materials;

(j) the Vendor having performed all of its obligations and undertakings required to be performed prior to Phase I Completion, with no unremedied breach outstanding;

(k) the Vendor's representations and warranties under the Asset Purchase Agreement remaining true, accurate, complete and not misleading at all times from signing to Phase I Completion Date;

(l) no material adverse effect having occurred since the signing date;

(m) there being no applicable law, order, ruling, investigation, litigation or other material impediment prohibiting, restricting or delaying the Transaction, or rendering it illegal, invalid or unenforceable; and

(n) the Vendor having delivered a Phase I Completion certificate in the form prescribed by the Asset Purchase Agreement, together with such other completion documents as the Purchaser may reasonably require.

The Purchaser's obligation to complete Phase II Completion and to pay the Third Payment shall be conditional upon the satisfaction or waiver in writing by the Purchaser of the following conditions precedent:

(a) all matters required to be completed prior to the Phase II Completion having been completed, including but not limited to the release of all Encumbrances on the Target Real Property and the Vendor having provided the relevant proof of release and cancellation of such Encumbrances;

(b) the registration of the transfer of the Target Real Property having been completed, with the Target Real Property becoming registered under the Purchaser's name and the Purchaser having obtained the updated real property ownership certificates;

(c) all conditions precedent to the Phase I Completion having been satisfied or waived by the Purchaser in accordance with the Asset Purchase Agreement;

(d) no material adverse effect having occurred with respect to the CDMO Assets, and there being no event or circumstance that could give rise to a material adverse effect;

(e) the Vendor having sorted and packaged all existing warehouse inventory materials (including raw materials, auxiliary materials, intermediates, finished goods, and spare parts) in accordance with the relevant provision in Asset Purchase Agreement;

(f) the Vendor's representations and warranties under the Asset Purchase Agreement remaining true, accurate, complete and not misleading at all times from the Phase I Completion Date to the Phase II Completion Date;

(g) the Vendor having delivered a Phase II Completion certificate in the form prescribed by the Asset Purchase Agreement; and

(h) the Vendor having performed and complied with all obligations, undertakings and covenants required to be performed or complied with by it.

As of the Latest Practicable Date, conditions precedent (d) to the Phase I Completion and the payment of the Second Payment have been fulfilled; the remaining conditions precedent to Phase I Completion and the payment of the Second Payment, and those to Phase II Completion and the payment of the Third Payment, have not been fulfilled.

Within 10 business days after all conditions precedent for Phase I Completion have been satisfied or waived in writing by the Purchaser, the parties shall complete the Phase I Completion at a time to be separately agreed by the parties; the date on which all of the Vendor's Phase I Completion deliverables have been completed and confirmed in writing by the Purchaser shall be the date of Phase I Completion (the "**Phase I Completion Date**"). Vendor's Phase I Completion deliverables are to complete and deliver to the Purchaser: all documents and items relating to the Target Equipment as set out in the Asset Purchase Agreement; the on-site delivery, stock-take, testing and acceptance of the Target Equipment; the completion of the verification, inspection and testing of the certain public utilities and equipment according to the asset list signed by both parties; the handover and confirmation of administrator accounts relating to the CDMO Assets; and such other transaction documents and closing documents as the Purchaser may reasonably require.

Within 10 business days after all conditions precedent for Phase II Completion have been satisfied or waived in writing by the Purchaser, the parties shall complete the Phase II Completion at a time to be separately agreed by the parties; the date on which all of the Vendor's Phase II Completion deliverables have been completed and confirmed in writing by the Purchaser shall be the date of Phase II Completion (the "**Phase II Completion Date**"). Vendor's Phase II Completion deliverables are to complete and deliver to the Purchaser: all remaining documents and items to be delivered as set out in the completion checklist in the Asset Purchase Agreement; the actual delivery of the complete and exclusive possession of the Target Real Property to the Purchaser (and the completion of on-site inspection of the Target Real Property by the Purchaser and any other matters necessary for the Purchaser to obtain complete and continued use of the Target Real Property); the Vendor having terminated the employment with the Designated Employees in accordance with the Asset Purchase Agreement; and such other transaction documents and closing documents as the Purchaser may reasonably require.

If the conditions precedent are not all satisfied prior to December 31, 2026 (the "**Longstop Date**") and have not been waived in writing by the Purchaser, the Purchaser may terminate the Asset Purchase Agreement by written notice to the Vendor with immediate effect. If any condition precedent that is expressly required to be facilitated by the Purchaser fails to be satisfied by the Longstop Date solely caused by the Purchaser's intentional act or gross negligence, the Vendor may also terminate the Asset Purchase Agreement by written notice to the Purchaser with immediate effect.

Upon Phase II Completion, the Company will no longer have any interest in the CDMO Assets.

4. GUARANTEES

Pursuant to the Asset Purchase Agreement: the Company, as guarantor of the Vendor, has provided a letter of guarantee in favor of the Purchaser to guarantee the due performance of the Vendor's obligations under the Asset Purchase Agreement with effect from August 6, 2026; WuXi Biologics (Shanghai) Co., Ltd.* (上海藥明生物技術有限公司), a wholly-owned subsidiary of WuXi Biologics, as guarantor of the Purchaser, has also provided a letter of guarantee in favor of the Vendor to guarantee the due performance of the Purchaser's obligations under the Asset Purchase Agreement with effect from August 7, 2026.

5. BASIS OF CONSIDERATION OF THE TRANSACTION

The Consideration of RMB190.0 million was determined after arm's length negotiations between the Vendor and the Purchaser mainly taking into account the following factors, among others:

(a) The appraised value of the Target Real Property and the Target Equipment of RMB198,818,869.42 (the "**Valuation**") as at May 31, 2026 (the "**Valuation Date**"), of which the Target Real Property is valued at RMB75,360,479.00, the Structures are valued at RMB45,508,761.49, and the Target Equipment and Related Assets and Rights (excluding the Structures) are valued at RMB77,949,628.93. Regarding the inventory to be transferred to the Purchaser in relation to the transferred Business Contracts, the Company estimates that value of the inventory at Phase II Completion will be not more than RMB5 million. The said estimated value is the expected carrying value of the relevant inventory as at the expected transfer date(s), which is calculated as (i) the value of the relevant inventory held by the Vendor as at the date of the Asset Purchase Agreement, plus (ii) the value of any relevant inventory in transit, plus (iii) the value of any relevant inventory expected to be ordered prior to the estimated Phase II Completion Date, and minus (iv) the value of the relevant inventory expected to be consumed before the transfer date(s). For ease of calculation, and as the actual transfer date(s) are expected to be before or on the Phase II Completion Date, the Company used the expected Phase II Completion Date as the expected transfer date(s) in the estimation;

(b) The estimated depreciation in the value of the Target Equipment between the Valuation Date and the expected date of Phase II Completion of approximately RMB9 to 10 million. The said estimated depreciation is calculated based on: (i) the current monthly depreciation charge of approximately RMB2 million for the Target Equipment, and an expected equipment transfer date on or around the end of September 2026, representing approximately four months of depreciation from the Valuation Date (i.e. May 31, 2026); and (ii) potential additional depreciation of approximately RMB1 million to be incurred, including for the Equipment Pending Filing which may be transferred to the Purchaser approximately six months after the said expected equipment transfer date in order to complete the relevant filings; and

(c) All of the reasons for and benefits of the Transaction as detailed under the next section below.

The Vendor has engaged the independent Valuer to conduct an independent valuation of the Target Real Property, Structures and Target Equipment as of the Valuation Date. According to the Valuation Report, in arriving at the Valuation, the Valuer has considered the cost approach, the income approach and the market approach, and adopted the market approach for the Target Real Property and the cost approach for the Structures and the Target Equipment. The valuation methods were selected according to the valuation purpose, valuation subject, value type, data collection and other relevant conditions. As the Target Real Property are purchased and used for production and office purposes, and transaction cases of similar use are easy to obtain, the market approach is adopted for the said buildings. For the valued Structures formed by adaptive transformation projects on the basis of originally purchased buildings, since the market approach and income approach are limited in use, the cost approach is adopted. In respect of the Target Equipment, due to the inactive transaction in the domestic second-hand equipment market, it is difficult to obtain a sufficient number of comparable second-hand equipment transaction cases, so the market approach is not suitable for valuation; since such equipment is used as a whole for enterprise operations and basically does not have independent profit-making ability, or the profit-making ability cannot be quantified, the income approach is not suitable for valuation; since there are many sources of relevant data and information on equipment replacement cost, and the depreciation caused by various losses can also be estimated, the cost approach is mainly adopted for valuing the Target Equipment. For details of the Valuation Report, including details of the valuation approach, methodology and assumptions, please refer to Appendix II to this circular.

As to the customer contracts in the Business Contracts, even though these contracts are expected to generate revenue to the Group, considering that (i) the net profits and net cash flow of these customer contracts are expected to be insignificant to the Group as the Group would incur significant operating expenses to perform these contracts (based on the historical unaudited net losses attributable to the CDMO Assets as set out in the section headed "Financial Effects of the Transaction" below, as well as the Company's estimation of the operating expenses needed to perform these customer contracts going forward, including the fixed costs associated with maintaining the Vendor's minimum manufacturing capability necessary to perform these customer contracts, the expected revenue from these customer contracts will be insufficient to cover such expenses. Accordingly, the Company expects that the Group's net profits and net cash flow attributable to these customer contracts will not be positive during the remaining life of these contracts); and (ii) as the transfer of these customer contracts to the Purchaser is subject to the relevant customer's consent, there is no certainty as to how much of these contracts the Purchaser will ultimately receive, the Company considers it fair and reasonable not to assign a monetary consideration specifically for these contracts; the transfer of the Business Contracts forms part of the overall Transaction and its reasonableness is assessed together with the remaining parts of the Transaction as a whole.

Based on the above factors, the Directors, including the independent non-executive Directors, consider that the Consideration is fair and reasonable.

6. REASONS FOR AND BENEFITS OF THE TRANSACTION

The CDMO Assets are mainly comprised of the GMP manufacturing facility involved in the Group's provision of CDMO services historically. The Transaction does not involve disposal of any of the IP rights the Group holds in connection with its pipeline of drug candidates or its core biomanufacturing platforms and technologies (including the Highly Intensified Continuous Bioprocessing (HiCB) platform and cell culture media ExcelPro CHO). Following the completion of the Transaction, the Company will still continue to generate revenue from out-licensing and collaboration arrangements in respect of these CDMO service-related core technologies.

The Company believes the Transaction is beneficial to the Company and its Shareholders as a whole for the following reasons:

(a) The Transaction will provide significant near-term cash inflow for the Group without diluting the Company's shareholder equity, and is expected to provide significant improvement on the Group's going concern assumption for the 2026 financial year. Based on the Company's current estimate, assuming all conditions precedent will be completed or waived and there being no material downward adjustment to the Consideration, the First Payment, the Second Payment and the Third Payment of the Consideration are expected to be received within 2026; and the Final Payment of the Consideration is expected to be received by the first quarter of 2027.

(b) The Transaction allows the Group to focus its resources on its principal business, namely, the discovery, research and development and commercialization of its pipeline:

  (i) The Group has retained all of its IP rights relating to its pipeline of drug candidates, hence its principal business is not affected by the Transaction. The net proceeds from the Transaction will be used for the Group's general working capital and the development of the Group's pipeline.

(ii) Disposing of the CDMO Assets is expected to significantly reduce the Group's operating expenses. In particular, as of December 31, 2025, over half of the Group's employees are employed under the CDMO Assets. The Transaction will allow the Group to carry out its principal business with a lean cost structure.

(c) The Group has retained all of its IP rights relating to its core biomanufacturing platforms and technologies (including the HiCB platform and cell culture media ExcelPro CHO) and is able to continue to out-license and enter into collaboration arrangement in respect of these technologies and generate revenue therefrom. While the provision of CDMO services has generated a substantial portion of the Group's revenue in the past, this was because the Company's pipeline had consisted of clinical-stage and pre-clinical-stage drug candidates, and hence the Company's principal business had not yet started to generate meaningful revenue. The Company does not consider the provision of CDMO services a core part of its principal business.

(d) The Group has retained partial in-house CMC capabilities to support the continued development of its pipeline of drug candidates and the continued development and out-licensing of the abovementioned biomanufacturing platforms and technologies. To the extent the Company requires additional CMC support for its pipeline of drug candidates, it will engage the service of other CDMO service providers as needed. The Company does not expect there will be any disruption to the continued development of its pipeline as a result of the Transaction.

Having considered the aforesaid, the Directors, including the independent non-executive Directors, consider that the Transaction and the terms thereof are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

None of the Directors has a material interest in the Transaction or is required to abstain from voting on the Board resolution for considering and approving the same.

7. FINANCIAL EFFECTS OF THE TRANSACTION

Below are the revenue and net losses attributable to the CDMO Assets (unaudited) for the two financial years ended December 31, 2024 and 2025:

	Year ended December 31,	
	2024	**2025**
	(unaudited)	**(unaudited)**
	RMB'000	***RMB'000***
Revenue	9,024	**6,376**
Net losses before tax	(75,390)	**(58,255)**
Net losses after tax	(75,390)	**(58,255)**

The unaudited carrying amount of the CDMO Assets was approximately RMB457 million as at June 30, 2026 (inclusive of goodwill allocated to the CDMO Assets of approximately RMB202 million). Following the Transaction, the Group will cease to recognize the CDMO Assets. Based on the carrying amount of the CDMO Assets and related depreciation to be incurred, the Consideration and disposal related expenses, the Company estimates that it will recognize a loss of approximately RMB280 million as a result of the Transaction. The loss will be recognized upon Phase II Completion.

Following Phase II Completion, the Group will cease to recognize the revenue and operating results attributable to the CDMO Assets. Correspondingly, the Group also expects future depreciation charges and operating costs associated with the CDMO Assets to decrease.

Upon Phase II Completion, the Group will de-recognize the assets and liabilities relating to the CDMO Assets (inclusive of goodwill allocated to the CDMO Assets). The Group's property, plant and equipment, intangible assets and goodwill will decrease by approximately RMB242 million, RMB6 million and RMB202 million, respectively, while its cash and cash equivalents will increase by the net proceeds received from the Transaction. As the Group will continue to retain its proprietary technology platforms, intellectual property and innovative product pipeline, the Directors believe the Transaction will enable the Group to focus its resources on its core innovative biologics business while reducing the cost base associated with the disposed CDMO Assets.

8. USE OF PROCEEDS

The net proceeds from the Transaction (after deducting all transaction costs and expenses, and assuming there is no downward adjustment to the Consideration) is expected to amount to approximately RMB187.2 million. The Company intends to apply the net proceeds from the Transaction as follows: (a) approximately 50% for the development of the Group's lead pipeline programs, including Osemitamab (TST001) and Blosozumab (TST002); (b) approximately 20% for the development of other undisclosed assets within the Group's pipeline; and (c) approximately 30% for the Group's general working capital. The Company expects to fully utilize the net proceeds by the end of 2027.

9. INFORMATION ON THE PARTIES

The Group

The Company is a global clinical-stage biopharmaceutical company principally engaged in the discovery, development and commercialization of innovative antibody-based therapeutics.

The Vendor is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company.

The Purchaser

WuXi Biologics is a global biologics CRDMO offering end-to-end solutions for biologics discovery, development and manufacturing. Its shares are listed on the Main Board of the Stock Exchange with the stock code 2269.

The Purchaser is a company established in the PRC with limited liability and a wholly-owned subsidiary of WuXi Biologics.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of the Asset Purchase Agreement, the Purchaser, WuXi Biologics and their ultimate beneficial owner(s) are Independent Third Parties.

10. IMPLICATIONS OF THE TRANSACTION UNDER THE LISTING RULES

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Transaction is more than 25% and less than 75%, the Transaction constitutes a major transaction of the Company under Rule 14.06 of the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

11. THE EGM AND PROXY ARRANGEMENT

The notice of the EGM is set out on pages EGM-1 to EGM-3 of this circular.

Pursuant to the Listing Rules and the Articles of Association, any vote of Shareholders at a general meeting must be taken by poll except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands. An announcement on the poll results will be published by the Company after the EGM in the manner prescribed under the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders or their associates would have a material interest in the Asset Purchase Agreement and the transactions contemplated thereunder, including the Transaction. No Shareholder would be required to abstain from voting on the relevant resolution at the EGM.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.transcenta.com). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or via the designated URL (https://evoting.vistra.com) by using the username and password provided on the notification letter sent by the Company as soon as possible but in any event not less than 48 hours before the time appointed for the EGM (i.e. not later than 10:00 a.m. on Monday, September 7, 2026 (Hong Kong time)) or the adjourned meeting (as the case may be). Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM if you so wish.

12. CLOSURE OF REGISTER OF MEMBERS AND RECORD DATE

The record date for determining the eligibility of Shareholders (except for holders of treasury Shares) to attend and vote at the EGM is September 4, 2026. The register of members of the Company will be closed from Friday, September 4, 2026, to Wednesday, September 9, 2026 (both days inclusive), during which period no transfer of the Shares will be registered. In order to be eligible to attend and vote at the EGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, September 3, 2026.

13. RECOMMENDATION

The Directors consider that the terms of the Transaction contemplated under the Asset Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolution to be proposed at the EGM.

14. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

15. GENERAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Shareholders and potential investors should note that the Transaction is subject to fulfilment (or waiver) of certain conditions precedent and may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the relevant securities of the Company.

Yours faithfully,
For and on behalf of the Board
Dr. Xueming Qian
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the three financial years ended December 31, 2023, 2024 and 2025 is disclosed in the following documents which have been published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.transcenta.com). Web links to the annual reports of the Company are set out below:

Annual report of the Company for the year ended December 31, 2023 (pages 97-175):
https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0418/2024041800310.pdf

Annual report of the Company for the year ended December 31, 2024 (pages 102-178):
https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0422/2025042200423.pdf

Annual report of the Company for the year ended December 31, 2025 (pages 104-178):
https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0428/2026042800946.pdf

2. INDEBTEDNESS STATEMENT

As at the close of business on June 30, 2026, being the latest practicable date for the purpose of this statement of indebtedness prior to the publication of this circular, the indebtedness of the Group was as follows:

	As at 30 June 2026 RMB'000
CURRENT LIABILITIES	
Interest-bearing bank and other borrowings	105,282
Lease Liabilities	4,379
	109,661
NON-CURRENT LIABILITIES	
Interest-bearing bank and other borrowings	4,850
Lease Liabilities	11,981
	16,831
	126,492

As at the close of business on June 30, 2026, being the latest practicable date for the purpose of this statement of indebtedness prior to the publication of this circular, save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business, the Group did not have any loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities issued and outstanding, and authorised or otherwise created but unissued and term loans or other borrowings, indebtedness in the nature of borrowings, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, which are either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities outstanding.

As at the close of business on June 30, 2026, being the latest practicable date for the purpose of this statement of indebtedness prior to the publication of this circular, the Group did not have any material contingent liability.

3. WORKING CAPITAL SUFFICIENCY

Taking into account the financial resources of the Group (including the Group's internal resources and available banking facilities) and the net proceeds of the Transaction, in the absence of any unforeseen circumstances, the Directors are of the opinion that the Group will have sufficient working capital for the Group's requirements for at least the next 12 months from the date of this circular.

The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since December 31, 2025, being the date to which the latest published audited consolidated accounts of the Company were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

During 2026, the Group continued to execute its strategy of focusing on pipeline and technology advancement while further optimizing its business portfolio, operating model and resource allocation. The Group remained focused on advancing its innovative biologics pipeline and enhancing the value of its proprietary technology platforms through strategic collaborations and licensing opportunities, and maintaining disciplined cost and capital management.

The Transaction represents an important step in the Group's strategic transformation. Following Phase II Completion, the Group will cease operating the capital-intensive traditional CDMO service business while retaining its proprietary technology platforms, intellectual property and innovative product pipeline. The Directors believe that the Transaction will enable the Group to optimize resource allocation and capital efficiency, reduce the operating cost base and future capital expenditure requirements associated with the traditional CDMO service business, generate additional financial resources to support the Group's strategic priorities, and further strengthen its focus on its core competencies in innovative biologics discovery and development and other high-value technology and business development activities.

Looking forward, the Group will continue to focus on executing its pipeline and technology strategies. In particular, the Group intends to initiate the Phase IIb clinical trial of Blosozumab, continue to pursue partnership on Osemitamab (TST001) and non-exclusive technology outlicensing partnerships to maximize the value of its proprietary technology platforms including HiCB platform and ExcelPro CHO culture media platform, and maintain a disciplined approach to capital allocation, cost management and strategic business development.

The Group will also continue to evaluate strategic collaboration, licensing and financing opportunities that support the advancement of its core business. The Directors believe that the Transaction will enable the Group to devote greater financial and management resources to activities that are expected to generate long-term value for the Group and its Shareholders.

The following is the text of the Valuation Report prepared for the purpose of incorporation in this circular received from the Valuer, in connection with its valuation as of May 31st, 2026 on the CDMO Assets.

Valuation Report

on Partial Assets of HJB (Hangzhou) Co., Ltd.

JZ Consulting Report [2026] A0670
(Volume 1 of 1)

JZ (Shanghai) Assets Appraisal Co., LTD
July 27, 2026

Content

STATEMENT

1. The valuation services and valuation report are consultative in nature, and do not constitute asset appraisal activities or statutory appraisal reports defined by the Law of the People's Republic of China on Asset Appraisal and the Asset Appraisal Standards.

2. The opinions in this valuation report are based solely on the review and analysis of materials collected from the client, the valued party, other relevant parties, and third parties within the scope defined in the valuation engagement letter. Industry-standard valuation models were applied for calculation. The scope of work does not include consideration of commercial, legal, tax, regulatory, or other environmental factors, nor does it involve: Audit of the valued party's financial information, Legal due diligence, Financial due diligence, Tax due diligence, IT due diligence. The client and relevant parties are solely responsible for the authenticity, completeness, and legality of the provided materials under applicable laws. This report does not guarantee the accuracy, completeness, or appropriateness of the information and data supplied by the client, valued party, other relevant parties or third parties.

3. The Client or other users of the valuation report must use the valuation report in accordance with the applicable laws and administrative regulations, as well as the intended purpose and usage specified in the valuation report. If the Client or other users violate these terms and use the valuation report improperly, the valuation institution and its professional valuers shall not bear any responsibility.

4. This valuation report is intended solely for use by the parties specified in the valuation engagement letter. No other organizations or individuals are permitted to use the valuation report.

5. Users of the valuation report shall correctly interpret and use the valuation conclusion. The valuation conclusion shall not be equivalent to the attainable price of the valuation subject and shall not be deemed as a guarantee for the attainable price of the valuation subject.

6. We have no existing or anticipated interest relationship with the valuation subject in this valuation report; we have no existing or anticipated interest relationship with the relevant parties and have no prejudice against the relevant parties.

7. The analysis, judgment and conclusion of this report is drawn under the stated assumptions and constraints. Users of the valuation report must fully consider the influence to the valuation conclusion by the assumptions, restriction terms, extraordinary issues and others.

8. Without the valuation institution's prior consent, the contents of the valuation report shall not be excerpted, quoted, or disclosed in any public media, except as otherwise required by laws or administrative regulations or as otherwise agreed upon by the relevant parties.

9. The original valuation report is expressed in Chinese. Where there are inconsistencies between Chinese and foreign version of the same reports issued simultaneously, the Chinese version shall prevail.

Valuation Report
on Partial Assets of HJB (Hangzhou) Co., Ltd.

Abstract

Notice: The following content is extracted from the main body of the Valuation Report. The full text ofValuation Report should be read to understand the details of the valuation project and to reasonably understand the valuation conclusion.

JZ (Shanghai) Assets Appraisal Co., LTD entrusted by HJB (Hangzhou) Co., Ltd., has valued the partial assets of HJB (Hangzhou) Co., Ltd. as of May 31st, 2026 through applying appropriate valuation methods. The valuation is summarized below:

The Client: HJB (Hangzhou) Co., Ltd..

The Valued Party: HJB (Hangzhou) Co., Ltd..

Valuation Purpose: Decision Reference.

Valuation Subject: The partial assets value of HJB (Hangzhou) Co., Ltd..

Valuation Scope: The partial assets of HJB (Hangzhou) Co., Ltd., including Fixed assets (Buildings, Structures, Equipment), Construction in progress, Land use rights, Long-term deferred expenses. The carrying value of total assets in the financial statements amounts to RMB260,096,962.93 Yuan.

Bases of Value: Market value.

The Valuation Date: May 31st, 2026.

Valuation Approach: The market approach is adopted for Buildings (Land use rights and Long-term deferred expenses are merged into Buildings valuation), and the cost approach is adopted for Structures, Equipment, and Construction in progress.

Conclusion: After valuation, the market value of the partial assets of HJB (Hangzhou) Co., Ltd. (Fixed assets, Construction in progress, Land use rights, Long-term deferred expenses) as at the valuation date is RMB198,818.9 thousand in total.

Explanation of extraordinary issues: refer to the main body of the Valuation Report.

Valuation Report
on Partial Assets of HJB (Hangzhou) Co., Ltd.

Text

HJB (Hangzhou) Co., Ltd.:

JZ (Shanghai) Assets Appraisal Co., LTD entrusted by your party, has conducted a valuation of the partial assets of HJB (Hangzhou) Co., Ltd. as of May 31st, 2026 through applying the market approach for Buildings (Land use rights and Long-term deferred expenses are merged into Buildings valuation) and the cost approach for Structures, Equipment, and Construction in progress. Hereby report our valuation work:

I. OUTLINES OF THE CLIENT AND THE VALUED PARTY

1. Basic Information

Company Name: HJB (Hangzhou) Co., Ltd. (hereinafter referred to as "HJB")

Company Type: Limited Liability Company (Wholly Foreign-owned Enterprise)

Registered Address: Building 3, No. 291 Fucheng Road, Xiasha Street, Qiantang District, Hangzhou City, Zhejiang Province

Legal Representative: XUEMING QIAN

Registered Capital: RMB404,832.16 thousand

Business Scope: General items: Technology services, technology development, technology consulting, technology exchange, technology transfer, and technology promotion; Import and export of goods; Sales of Class I medical devices; Sales of Class II medical devices; Sales of specialized chemical products (excluding hazardous chemicals); Sales of pharmaceutical equipment; Sales of plastic products; Domestic trade agency; Sales of rubber products; General cargo warehousing services (excluding items requiring permits); Leasing services (excluding licensed leasing); Sales of non-metallic mineral products (business activities may be carried out independently with business license in accordance with law). Licensed items: Drug manufacturing; Contract drug manufacturing; Drug wholesale; Drug retail (projects subject to approval by law may only be carried out after obtaining approval from relevant authorities).

2. Business Overview

HJB (Hangzhou) Co., Ltd. was established on Feb 18, 2016. It is a wholly-owned subsidiary of Transcenta Group, serving as its key force for process development and product manufacturing. As a CDMO focused on large molecule drugs, HJB provides high-quality, reliable services covering the full lifecycle of biologics from research to commercial production.

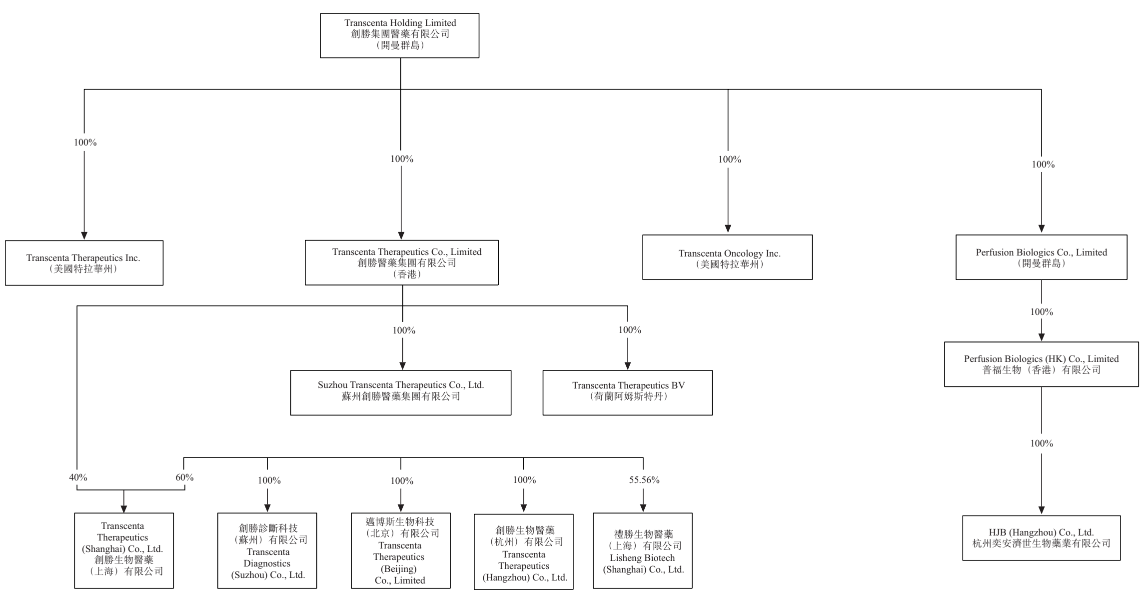
HJB was founded on deep international biopharmaceutical industry experience. In 2016, HJB (Hangzhou) Co., Ltd. was officially registered in Qiantang District, Hangzhou. In January 2018, the R&D center and GMP manufacturing base, located in Hangzhou Medical Harbor Town with a total area 10,834.52 sqm, was officially completed and put into operation, marking a key step from R&D to industrialization. In 2019, HJB merged with Mabspace to establish Transcenta Group, forming a complete industrial loop of drug discovery and clinical research (Mabspace) and process development and manufacturing (HJB).

The technology platform is the cornerstone of HJB's core competitiveness. The company continuously innovates in four areas: molecular design, process design, drug product design, and manufacturing facility design, utilizing advanced monoclonal antibody processes for R&D and production. The independently developed highly integrated continuous bioprocess manufacturing platform (HiCB) integrates proprietary high-productivity continuous upstream perfusion processes with automated continuous downstream production processes. With ultra-high cell density continuous perfusion technology and proprietary cell culture media, the platform has achieved industry-leading volumetric productivity. It enables maximum facility output at the lowest cost of goods, significantly improving process robustness and reducing operational risks. The GMP production base located in Hangzhou Medical Harbor is designed using a proprietary modular concept (T-BLOC), offering high flexibility and scalability with single-use technology throughout the production process to effectively avoid cross-contamination risks. The facility's design, construction, and production operations all comply with US, EU, and China cGMP requirements. Currently, the company has cell culture and bulk drug substance production lines ranging from 50L to 2000L, as well as fully automated formulation filling lines with isolators. The annual protein output for commercial products is projected to reach up to 1,500 kg.

In CDMO services, HJB provides end-to-end solutions including cell line development, upstream/downstream process development, analytical/formulation development, quality standards, stability studies, pilot production, 200-2000L GMP production, formulation filling, and regulatory filing. By Q1 2021, HJB completed over 30 GMP batches; multiple projects cleared China & US IND filings. Nearly 60 GMP batches and 20+ projects delivered, many used in clinical trials. In Apr 2022, HJB passed the EU QP audit. In terms of intellectual property protection, the company has established a comprehensive protection system, including file encryption, project file authority management, multi-layer unit control, etc., to protect customers' intellectual property rights to the greatest extent with a "zero tolerance" attitude.

With outstanding capabilities, HJB earned broad recognition and investments from Lilly Asia Ventures, ARCH Venture Partners, Temasek, Hillhouse, Taikang, Merck, and the Bill & Melinda Gates Foundation. HJB is a National High-Tech Enterprise, Zhejiang S&T SME, Hangzhou Eagle Plan & Quasi-Unicorn Enterprise. In 2023, the company named Top 10 Most Influential CDMO and approved for Zhejiang Postdoctoral Workstation.

3. Management Structure



4. Financial Situation

As of the valuation date, financial situations of the company are shown as follows:

Unit: RMB ten thousand

Item	Dec 31, 2024	Dec 31, 2025	May 31, 2026
Total assets	37,965.96	31,482.96	30,117.46
Total liabilities	15,557.67	14,833.82	14,589.21
Owner's equity	22,408.28	16,649.14	15,528.25
Item	**Jan-Dec 2024**	**Jan-Dec 2025**	**Jan-May 2026**
Revenue	2,836.93	2,347.98	1,967.62
Profit before tax	-7,559.22	-5,759.14	-1,320.98
Net profit	-7,559.22	-5,759.14	-1,660.98

The financial statements of the Valued Party for 2024 and 2025 were audited by Wuxi Changli Certified Public Accountants (General Partnership) and Suzhou Wanlong Yongding Certified Public Accountants Co., Ltd., respectively, both issuing unqualified audit opinions. The financial data for January to May 2026 is extracted from the unaudited financial statements provided by the company's management.

II. VALUATION PURPOSE

HJB (Hangzhou) Co., Ltd. intends to transfer a portion of its assets. For this purpose, an understanding of the market value of certain assets of HJB (Hangzhou) Co., Ltd. as of May 31st, 2026 is required for internal group reference and decision-making.

III. VALUATION SUBJECT AND VALUATION SCOPE

1. Overview of Valuation Subject and Valuation Scope

The Valuation Subject is the partial assets of HJB (Hangzhou) Co., Ltd.

The Valuation Scope is the partial assets of HJB (Hangzhou) Co., Ltd., including Fixed assets (Buildings, Structures, Equipment), Construction in progress, Land use rights, and Long-term deferred expenses. The carrying value of total assets in the financial statements amounts to RMB260,096,962.93.

The Fixed assets – Buildings included in this valuation scope are a standalone office building and factory located at No. 291 Fucheng Road, Xiasha Street, Qiantang District, Hangzhou, totaling 5 items. The original value is RMB98,874,283.20 and the book value is RMB67,734,962.07. The total gross floor area is 10,834.52 sqm, all with valid real estate certificates.

The Fixed assets – Structures include mechanical and electrical engineering, wastewater treatment systems, fire protection systems, etc., totaling 122 items. The original value is RMB176,565,844.54 and the book value is RMB93,543,985.15.

The Fixed assets – Equipment include machinery and equipment, electronic and other equipment, totaling 1,662 units (sets). The original value is RMB273,539,342.72 and the book value is RMB82,017,307.77, all in normal operating condition.

The Construction in progress included in this valuation scope is equipment installation projects, primarily the Bioreactor project, with a book value of RMB2,893,377.24.

The Land use rights included in this valuation scope located at No. 291 Fucheng Road, Xiasha Street, mainly used as business premises. The original value is RMB7,517,142.86 and the book value is RMB6,411,269.16. The total area is 5,676.40 sqm, all with valid real estate certificates.

The Long-term deferred expenses included in this valuation scope are primarily building renovation works, with a total book value of RMB7,496,061.54.

IV. BASES OF VALUE

In consultation with the Client and considering the valuation purpose, market conditions, and specific circumstances of the valuation subject, the market value is defined as value base this time.

Market value is defined as the estimated amount for which the valuation subject would exchange between a willing buyer and a willing seller, both acting rationally and without compulsion, in an arm’s length transaction as of the valuation date.

V. VALUATION DATE

The valuation date of this project is May 31st, 2026.

The valuation date is determined by the Client considering the realization of economic actions, the end of the accounting period, changes in interest rates and exchange rates.

VI. PRICING BASIS

1. Title Evidence

(1) Real estate certificates;

(2) Important asset acquisition contracts or vouchers;

(3) Other title evidence documents.

2. Pricing References

(1) Handbook of Common Methods and Parameters for Asset Appraisal published by China Machine Press;

(2) Equipment price information from websites such as JD.com and Taobao;

(3) Real estate price information from websites such as Anjuke;

(4) Standard for Rating the Degree of Damage to Buildings (Cheng Zhu Zi [1984] No. 678);

(5) Zhejiang Province building construction cost index;

(6) Certain contracts and agreements provided by the company;

(7) Statistical analysis materials on the national macroeconomy, industry, regional markets, and the company;

(8) Other relevant pricing references.

3. Other References

(1) Asset list and valuation declaration forms provided by the company;

(2) Audit reports issued by Wuxi Changli Certified Public Accountants (General Partnership) and Suzhou Wanlong Yongding Certified Public Accountants Co., Ltd.;

(3) Original financial statements, account books, and accounting vouchers provided by the company;

(4) Business information and materials provided by the company;

(5) Valuation personnel's on-site investigation records and other related information and materials collected;

(6) JZ (Shanghai) Assets Appraisal Co., LTD technical database;

(7) Enterprise accounting standards and application guidelines effective as of the valuation date;

(8) Other relevant references.

VII. VALUATION APPROACH

The primary valuation methods include the market approach, income approach, and cost approach.

The market approach is a valuation method that determines the value of the valuation object by comparing it with comparable market references, using the market prices of comparable references as the basis.

The income approach is a valuation method that determines the value of the valuation object by capitalizing or discounting its expected future earnings.

The cost approach is a valuation method that determines the value of the valuation object based on the concept of reproduction or replacement cost, deducting relevant depreciation.

According to the valuation purpose, asset characteristics, value types, data collection and other relevant conditions, the market approach is adopted for Buildings (Land use rights and Long-term deferred expenses are merged into Buildings valuation), and the cost approach is adopted for Structures, Equipment, and Construction in progress.

VIII. VALUATION PROCEDURES AND IMPLEMENTATION

The process and status of implementation of the major valuation procedures from engagement acceptance to the issuance of the valuation report are as follows:

1. Defining Engagement Fundamentals

Initial discussions were held with the client to clarify essential aspects of the engagement including (1) The client, rights holder and other users of the valuation report; (2) Valuation purpose; (3) Valuation subject and valuation scope; (4) Bases of Value; (5) Valuation date; (6) Approval status of the economic transaction requiring authorization related to the valuation project; (7) Scope of use of the valuation report; (8) Deadline and method of submitting the valuation report; (9) Valuation service fees and payment terms; (10) Key matters requiring clarification, including cooperation and assistance between the client or other relevant parties, and the valuation institution with its valuation professionals.

2. Executing the Engagement Letter

Based on the essential aspects of the engagement, analyze and evaluate whether to undertake the project. Upon deciding to proceed, a formal valuation engagement agreement was executed with the client. This agreement outlined the rights and obligations of both parties, breach liabilities, and mechanisms for dispute resolution.

3. Preparation of Valuation Plans

Prepare a valuation plan based on the specifics of the valuation operation, including the main processes and time schedules, staffing arrangements and so on.

4. Survey of Valuation Subjects

Use appropriate means to investigate the valuation subject, obtain information needed for valuation, and understand the status of the valuation subject. The on-site inspection was conducted on 15 July 2026. Based on the survey by Yu Linqing and Ding Hengli, both the Certified Public Valuer with 5 years' experience in the valuation of properties in PRC, the real estate buildings in the valued assets are in good condition, and the technical indicators of various functions meet the established use requirements.

5. Collection and Organization of Valuation Information

According to the specific conditions of the valuation business, collect the information required for the valuation, mainly including: (1) Information provided by the client or other relevant parties concerning the subject and scope of valuation; (2) Information obtained from government departments, various professional organizations or the market. The collected information is analyzed, summarized and organized according to the specific conditions of the valuation to form the basis for assessment, estimation and preparation of the valuation report.

6. Formation of Valuation Conclusions

The applicability of each valuation method is analyzed, and valuation methods are selected based on the purpose of valuation, valuation subject, base of value, and collection of information. On this basis, according to the valuation methods adopted, the corresponding formulas and parameters are selected for analysis, calculation and judgment to form the measurement results, and the measurement results formed are comprehensively analyzed to form the valuation conclusion.

7. Preparation and Issuance of Valuation Report

The valuation professional prepares a preliminary valuation report after forming a valuation conclusion through assessment and estimation. The valuation institution conducts internal review of the preliminary valuation report in accordance with the internal quality control system. After revising and improving the preliminary valuation report according to the internal audit opinions, the project leader communicates with the client or other relevant parties agreed by the client on the contents of the valuation report without affecting the independent judgment of the valuation conclusions, and issues and submits the formal valuation report after making reasonable improvements to the valuation report according to the communication results.

IX. VALUATION ASSUMPTION

The analysis and calculations in this valuation report are based on the following assumptions:

1. General Assumptions

(1) Transaction assumption: It is assumed that all assets to be valued are already in the process of being traded, and the valuer simulates the market for the valuation based on the trading conditions of the assets to be valued. Transaction assumption is one of the most basic premise assumptions for valuation.

(2) Open market assumption: It is assumed that assets can be bought and sold freely in a fully competitive market, and the price depends on the value judgment of independent buyers and sellers of the assets under the supply condition of a certain market.

(3) Existing-use assumption: The asset is assumed to continue in use under given market conditions, operating environment, and method of use, whether in its present use or in an altered use, and whether at its present site or at a different site.

2. Specific Assumptions

(1) The legal, regulatory, macroeconomic, political, and social environments in the jurisdictions relevant to the Valued Party will remain materially unchanged post-valuation date.

(2) No significant changes to national macroeconomic, industrial, or regional development policies are anticipated beyond publicly disclosed adjustments.

(3) Tax policies, credit regulations, interest rates, and government-mandated fees are expected to remain stable, with no material alterations affecting the Valued Party.

(4) The current management team of the Valued Party is assumed to remain competent, stable, and capable of fulfilling their roles post-valuation date.

(5) All foundational, financial, and operational data provided by the Client and the Valued Party are assumed to be accurate, complete, and reliable.

(6) No force majeure events or unforeseen factors are expected to materially adversely affect the Valued Party after the valuation date.

The valuation conclusions of this valuation report are established as of the valuation date under the above assumptions. When the above assumptions change significantly, this valuation institution shall not be responsible for deriving different valuation conclusions as a result of such changes.

X. VALUATION PROCESS

i. Fixed Assets – Buildings and Structures

1. Valuation Scope

The buildings and structures included in this valuation scope include buildings, structures and other auxiliary facilities. The quantity and book value of the buildings and structures on the valuation date are shown in the following table:

Unit of Amount: Yuan

Building Category	Number of Items	Original Value	Net Book Value	Impairment Provision	Book Value
Buildings	5	98,874,283.20	67,734,962.07	0.00	67,734,962.07
Structures	122	176,565,844.54	93,543,985.15	0.00	93,543,985.15
Total	**127**	**275,440,127.74**	**161,278,947.22**	**0.00**	**161,278,947.22**

2. *Overview of Buildings (Structures)*

(1) General Overview of Buildings

The buildings and structures included in the valuation scope are located at No. 291 Fucheng Road, Xiasha Street, Qiantang District, Hangzhou. The basic overview is as follows:

Buildings mainly include a standalone office and factory building, with a total gross floor area of 10,834.52 sqm. The overview is as follows:

Building List

No.	Certificate Number	Building Name	Structure	Date of Acquisition	Gross Floor Area (sqm)
1	Zhejiang (2019) Hangzhou Real Estate Title No. 0249295	Heda Medical Valley Center Building 3 – 1st to 2nd Floor	Reinforced Concrete	November 2019	7,198.04
2	Zhejiang (2019) Hangzhou Real Estate Title No. 0249298	Heda Medical Valley Center Building 3 – 3rd Floor	Reinforced Concrete	November 2019	1,204.18
3	Zhejiang (2019) Hangzhou Real Estate Title No. 0249296	Heda Medical Valley Center Building 3 – 4th Floor	Reinforced Concrete	November 2019	1,216.15
4	Zhejiang (2019) Hangzhou Real Estate Title No. 0249297	Heda Medical Valley Center Building 3 – 5th Floor	Reinforced Concrete	November 2019	1,216.15
5	/	Capitalized interest	/	/	/

In the table above, No. 5 is capitalized interest related to buildings, which is not physical asset, and it's valued in the consolidated valuation of the whole building.

In addition, the valued party accounted for the capitalized interest related to buildings as one item separately, which is not actually building.

Structures and other auxiliary facilities mainly include mechanical and electrical engineering, wastewater treatment system, fire protection system, etc., totaling 122 items. Please refer to the valuation table for details.

(2) Status of Occupied Land

The land use rights where the buildings and structures included in the valuation scope are located are all owned by the valued party. Among them, the land parcel located at No. 291 Fucheng Road, Xiasha Street, Qiantang District, Hangzhou is industrial land obtained by transfer, with a total area of 5,676.40 sqm. It has obtained the "Real Estate Title Certificate" with numbers "Zhejiang (2019) Hangzhou Real Estate Title No. 0249295", "Zhejiang (2019) Hangzhou Real Estate Title No. 0249298", "Zhejiang (2019) Hangzhou Real Estate Title No. 0249296" and "Zhejiang (2019) Hangzhou Real Estate Title No. 0249297". The expiry date of land use rights is August 26, 2064.

(3) Depreciation Policy

The enterprise adopts the straight-line method to depreciate buildings and structures, with a depreciation life of 3-20 years, a residual value rate of 5%, and an annual depreciation rate of 4.75%-31.67%.

(4) Other Matters Needing Explanation

None.

3. Valuation Method

(1) Rationale for Valuation Method Selection

According to the valuation purpose, valuation subject, value type, data collection and other conditions, the applicability of the three basic asset valuation methods of market approach, income approach and cost approach, as well as derivative methods such as hypothetical development approach, is analyzed, and the valuation methods are selected as follows:

According to the valuation purpose, characteristics of buildings, value type, data collection and other relevant conditions, for purchased buildings used for production and office purposes, since transaction cases of similar use are easily to obtained, the market approach is adopted; for structures formed by adaptive transformation projects on the basis of originally purchased buildings, since the market approach and income approach are limited in use, the cost approach is adopted.

(2) Introduction to Cost Approach

The basic formula of cost approach valuation is as follows:

Value = Replacement Cost × Synthetical Rate of Usability

① Determination of Replacement Cost

Replacement Cost = Construction and Installation Composite Cost + Preliminary and Other Costs + Financing Cost – Deductible VAT

The “construction and installation composite cost” and “preliminary and other costs” in the above formula are both VAT-inclusive amounts.

According to the Notice on Comprehensively Promoting the Pilot Program of Replacing Business Tax with VAT (Cai Shui [2016] No. 36), from May 1, 2016, the pilot program of replacing business tax with VAT was comprehensively promoted nationwide. Construction industry, real estate industry, financial industry, consumer service industry, etc. changed from paying business tax to paying VAT. This valuation deducts the corresponding deductible VAT in the replacement cost of buildings.

(a) Construction and Installation Composite Cost

The construction and installation composite cost of buildings (structures) includes civil engineering cost and installation engineering cost. According to data collection and on-site survey, an appropriate method is selected to determine the construction and installation composite cost of the buildings (structures) to be valued. That is, on the basis of the original unit construction and installation cost of the buildings and structures, a date adjustment is applied to derive the unit cost as of the valuation base date, and thus the comprehensive construction and installation cost is determined.

(b) Preliminary and Other Costs

Preliminary and other expenses include professional service fees (preliminary work consulting fees, engineering survey and design fees, environmental impact consulting fees, bidding agency fees, engineering supervision fees), as well as management fees of the construction unit, which are calculated with reference to relevant national and local charging standards and local market conditions, and in combination with the actual situation of the project.

(c) Financing cost

Financing cost is calculated based on the sum of construction and installation composite cost and preliminary and other costs as the base amount, according to the reasonable construction period and the corresponding loan interest rate, assuming uniform investment. The calculation formula is as follows:

Financing Cost = (Construction and Installation Composite Cost + Preliminary and Other Costs) × Loan Interest Rate × Reasonable Construction Period × 1/2

(d) Deductible VAT

The deductible VAT in replacement cost includes the deductible VAT in construction and installation composite cost and preliminary and other costs. The calculation formula is as follows:

Deductible VAT Amount = Construction and Installation Composite Cost/(1+9%) × 9% + Professional service fees in Preliminary and Other Cost/(1+6%) × 6%

According to Article 27 of the Implementation Measures for the Pilot Program of Replacing Business Tax with VAT (Cai Shui [2016] No. 36), the input tax on purchased loan services shall not be deducted from the output tax. Therefore, financing cost does not include deductible VAT.

② **Determination of the synthetical rate of usability**

The synthetical condition rate is determined by weighted average of the condition rate by service life method and the condition rate by observation method. The calculation formula is as follows:

Synthetical Condition Rate = Condition Rate by Service Life Method×Weight + Condition Rate by Observation Method × Weight

(a) Determination of Service Life Method Condition Rate

Theoretical Condition Rate by Service Life Method = (Economic Service Life – Years Already Used) ÷ Economic Service Life × 100%

Among them, the economic service life shall be determined with reference to the provisions on the economic service life of different types of buildings (structures) in the Handbook of Common Methods and Parameters for Asset Appraisal. If the economic life of non residential buildings is later than the end of the term of land use right, and the land use right and aboveground buildings are recovered free of charge after the expiration of the term of land use right stipulated in the transfer contract, when calculating the theoretical novelty rate of the building life method, the economic life of buildings shall be replaced with the time from the completion of buildings to the expiration of the term of land use right.

(b) Determination of Observation Method Condition Rate

Condition Rate by Observation Method = (Structure Score × Weight + Decoration Score × Weight + Equipment Score × Weight) ÷ 100 × 100%

Among which: the scores and weights of structure, decoration and equipment are analyzed and judged in combination with the actual situation of building structure, decoration and ancillary equipment, with reference to the Handbook of Common Methods and Parameters for Asset Appraisal and the Standard for Rating the Degree of Damage to Buildings (Cheng Zhu Zi [1984] No. 678);

(3) Introduction to Market Approach

The market approach collects comparable real estate transaction cases that are identical or similar to the valuation object in terms of location, use, nature of rights, grade, and scale. The unit price of the comparable cases is adjusted for transaction circumstances, transaction date, location conditions, physical conditions, and rights conditions. The basic formula is as follows:

Adjusted unit price = Comparable case unit price x Transaction adjustment factor x Date adjustment factor x Location adjustment factor x Rights adjustment factor x Physical condition adjustment factor

The adjusted unit prices of comparable cases are averaged to obtain the benchmark unit price, which is then multiplied by the area of the valuation object to determine the valuation.

The basic steps of market approach valuation are as follows:

(a) Collect transaction cases;

(b) Select comparable cases;

(c) Establish comparison basis;

(d) Conduct transaction circumstances correction;

(e) Conduct transaction date correction;

(f) Conduct location condition correction;

(g) Conduct physical condition correction;

(h) Conduct rights condition correction;

(i) Derive benchmark unit price and calculate valuation.

4. Valuation Case

Example 1: Fixed Assets – Buildings

As all the items in the buildings list are belonging to one building, the building is valued as a whole. Hereby report the valuation details of the building:

Building Name: Heda Medical Valley Center Building 3
Date of Completion: October 2019
Gross Floor Area: 10,834.52 sqm
Original Value: RMB98,874,283.20
Book Value: RMB67,734,962.07

(1) Building Overview

The valuation subject is located at No. 291 Fucheng Road, Xiasha Street, Qiantang District, Hangzhou City, Zhejiang Province. It was acquired in October 2019 by the enterprise from external purchase, and is a standalone building for office and factory use with reinforced concrete structure, 5 floors, and a building area of 10,834.52 sqm. It has obtained the real estate title certificates "Zhejiang (2019) Hangzhou Real Estate Title No. 0249295", "Zhejiang (2019) Hangzhou Real Estate Title No. 0249298", "Zhejiang (2019) Hangzhou Real Estate Title No. 0249296" and "Zhejiang (2019) Hangzhou Real Estate Title No. 0249297". The valuation subject is currently used as the main business premises of the enterprise.

(2) Selection of Transaction Cases

The valuer selects transaction cases according to the following conditions: (a) similar to the valuation subject in location, use, scale, building structure, grade and rights nature; (b) transaction date close to the valuation date; (c) transaction type suitable for the valuation purpose; (d) transaction price is normal or can be corrected to normal. The three finally selected cases are shown in the table below. This list of comparable cases is an exhaustive list.

	Case 1	**Case 2**	**Case 3**
Location	Heda Medical Valley	Heda Medical Valley	Heda Medical Valley
Purpose/Use	Industrial	Industrial	Industrial
Unit Price Excluding Tax (Yuan/sqm)	7,338.86	7,638.74	7,339.45
Gross Floor Area	9,267.00	17,822.00	8,795.00
Transaction Circumstances	Listing	Listing	Listing
Transaction Date	July 2026	July 2026	July 2026
Source	Anjuke	Anjuke	Anjuke

(3) Comparison Factor Adjustment

In order to adjust the unit price of transaction cases to the unit price of the valuation subject, transaction circumstances correction, transaction date correction and real estate condition correction are required. Transaction circumstances correction adjusts the price under the actual transaction circumstances of the reference to the value under normal transaction circumstances. Transaction date correction adjusts the price on the transaction date of the reference to the value on the valuation date. Real estate condition correction adjusts the price under the condition of the reference to the value under the condition of the valuation subject, which can be divided into location condition correction, physical condition correction and rights condition correction. The comparison factor conditions of the valuation subject and transaction cases are shown in the following table:

Comparison Factor Condition Description Table

		Valuation Subject	Case 1	Case 2	Case 3
Location		Heda Medical Valley	Heda Medical Valley	Heda Medical Valley	Heda Medical Valley
Purpose/Use		Industrial	Industrial	Industrial	Industrial
Unit Price Excluding Tax (Yuan/sqm)		To be Valued	7,338.86	7,638.74	7,339.45
Gross Floor Area (sqm)		10,834.52	9,267.00	17,822.00	8,795.00
Transaction Circumstances		Transaction	Listing	Listing	Listing
Transaction Date		May 2026	July 2026	July 2026	July 2026
Environmental Landscape Conditions	Regional Location	Located in Hangzhou Medical Harbor • Heda Medical Valley Phase I, Qiantang District, Hangzhou, with good regional location	Located in Hangzhou Medical Harbor · Heda Medical Valley Phase X, Qiantang District, Hangzhou, with good regional location	Located in Hangzhou Medical Harbor · Heda Medical Valley Phase X, Qiantang District, Hangzhou, with good regional location	Located in Hangzhou Medical Harbor · Heda Medical Valley Phase X, Qiantang District, Hangzhou, with good regional location
	Traffic Conditions	Adjacent to Desheng Expressway, close to Donghu Elevated Road and Hangzhou Ring Expressway, with convenient transportation	Adjacent to Desheng Expressway, close to Donghu Elevated Road and Hangzhou Ring Expressway, with convenient transportation	Adjacent to Desheng Expressway, close to Donghu Elevated Road and Hangzhou Ring Expressway, with convenient transportation	Adjacent to Desheng Expressway, close to Donghu Elevated Road and Hangzhou Ring Expressway, with convenient transportation
	Facilities and Supporting Services	Road, power, water supply, drainage, communication and other supporting facilities are complete	Road, power, water supply, drainage, communication and other supporting facilities are complete	Road, power, water supply, drainage, communication and other supporting facilities are complete	Road, power, water supply, drainage, communication and other supporting facilities are complete
	Floor Location	Multi-story	Multi-story	Multi-story	Multi-story
	Environmental Landscape	Surrounding environment and landscape are average	Surrounding environment and landscape are average	Surrounding environment and landscape are average	Surrounding environment and landscape are average
Physical Conditions Conditions	Gross Floor Area	10,834.52 sqm	9,267.00 sqm	17,822.00 sqm	8,795.00 sqm
	Building Structure	Reinforced Concrete	Reinforced Concrete	Reinforced Concrete	Reinforced Concrete
	Decoration	Finished Decoration	Rough Finish/Bare Shell	Rough Finish/Bare Shell	Rough Finish/Bare Shell
	Floor Height	5 meters	6.0 meters	6.6 meters	6.6 meters
	Spatial Layout	The layout is relatively square and reasonable	The layout is relatively square and reasonable	The layout is relatively square and reasonable	The layout is relatively square and reasonable
	Newness	Built in 2017, 80% new	Built in 2026, 100% new	Built in 2026, 100% new	Built in 2026, 100% new
Rights Conditions Conditions	Type of Rights	Ownership	Ownership	Ownership	Ownership
	Other Matters	No Special Restrictions	No Special Restrictions	No Special Restrictions	No Special Restrictions

The scoring correction coefficient descriptions for comparison factors are as follows:

Transaction Circumstances: Comparable cases 1, 2 and 3 are all listing cases. Generally, the final transaction price will decrease by a certain margin from the listing price. Considering the property nature and general market conditions, 5% adjustments are applied for listing cases based on the professional judgement of the valuer.

Transaction Date: The listing dates of the listing cases are all in July 2026, close to the valuation date. Since there is no material change in the relevant market conditions or external factors that may affect market prices, no adjustment is made this time.

Gross Floor Area: Generally, the larger the gross floor area of a standalone factory building, the better the usability. Based on the professional judgement of the valuer, for every 2,000 sqm difference between the valuation subject and comparable cases, the correction is 1%.

Decoration: The valuation subject has carried out certain decoration and renovation of the building, while the comparable cases are delivered in bare shell with only basic water and electricity. Based on the professional judgement of the valuer, 3% adjustments are applied for the cases.

Floor Height: Generally, the higher the floor height of a standalone factory building, the better the usability. Based on the professional judgement of the valuer, for every 0.5 meters difference between the subject building and the comparable cases, the correction is 1%.

Newness: The valuation subject is a Phase I building completed in 2017, while the comparable cases are Phase X buildings completed in 2026. Based on the professional judgement of the valuer, 5% adjustments are applied for cases.

No adjustments are necessary for the other valuation indicators, as they are the same for the subject property and the comparables.

Set the scores of various comparison factors of the valuation subject as 100, compare the transaction circumstances, transaction date and real estate conditions of each transaction case with the valuation subject respectively, and obtain the scores of various comparison factors of the transaction cases, as shown in the table below. If the case score is higher than 100, it means the case is better than the valuation subject, and needs to be adjusted downward to reach the valuation subject level. On the contrary, if the case score is lower than 100, it means the case needs to be adjusted upward to reach the valuation subject level.

Table of Condition Indices for Comparison Factors

		Valuation Subject	Case 1	Case 2	Case 3
Location		Heda Medical Valley Center Building 3	Heda Medical Valley Center Building 3	Heda Medical Valley Center Building 3	Heda Medical Valley Center Building 3
Purpose/Use		Industrial	Industrial	Industrial	Industrial
Unit Price Excluding Tax (Yuan/sqm)		To be Valued	7,338.86	7,638.74	7,339.45
Gross Floor Area (sqm)		10,834.52	9,267.00	17,822.00	8,795.00
Transaction Circumstances		100	105	105	105
Transaction Date		100	100	100	100
Regional Location Conditions	Regional Location	100	100	100	100
	Traffic Conditions	100	100	100	100
	Facilities and Supporting Services	100	100	100	100
	Floor Location	100	100	100	100
	Environmental Landscape	100	100	100	100
Physical Conditions Conditions	Gross Floor Area	100	99	103	99
	Building Structure	100	100	100	100
	Decoration	100	97	97	97
	Floor Height	100	102	103	103
	Spatial Layout	100	100	100	100
	Newness	100	105	105	105
Rights Conditions Conditions	Type of Rights	100	100	100	100
	Other Matters Needing Explanation	100	100	100	100

According to the scores of the valuation subject and transaction cases on various comparison factors, the correction coefficients are calculated, and the unit price of transaction cases is corrected to the unit price of the valuation subject, as shown in the following table:

Comparison Factor Correction Coefficient Table

		Case 1	Case 2	Case 3
Location		Heda Medical Valley Center Building 3	Heda Medical Valley Center Building 3	Heda Medical Valley Center Building 3
Purpose/Use		Industrial	Industrial	Industrial
Unit Price Excluding Tax (Yuan/sqm)		7,338.86	7,638.74	7,339.45
Gross Floor Area (sqm)		9267.00	17822.00	8795.00
Transaction Circumstances		100 / 105	100 / 105	100 / 105
Transaction Date		100 / 100	100 / 100	100 / 100
Regional Location Conditions	Regional Location	100 / 100	100 / 100	100 / 100
	Traffic Conditions	100 / 100	100 / 100	100 / 100
	Facilities and Supporting Services	100 / 100	100 / 100	100 / 100
	Floor Location	100 / 100	100 / 100	100 / 100
	Environmental Landscape	100 / 100	100 / 100	100 / 100
Physical Conditions Conditions	Gross Floor Area	100 / 99	100 / 103	100 / 99
	Building Structure	100 / 100	100 / 100	100 / 100
	Decoration	100 / 97	100 / 97	100 / 97
	Floor Height	100 / 102	100 / 103	100 / 103
	Spatial Layout	100 / 100	100 / 100	100 / 100
	Newness	100 / 105	100 / 105	100 / 105
Rights Conditions Conditions	Type of Rights	100 / 100	100 / 100	100 / 100
	Other Matters Needing Explanation	100 / 100	100 / 100	100 / 100
Corrected Unit Price (Yuan/sqm)		6,796.00	6,733.00	6,730.00
Benchmark Unit Price (Yuan/sqm)		6,753.00		

(4) Valuation Calculation

Based on the valuation unit price and gross floor area, the valuation is calculated as follows:

Valuation = Replacement Cost × Synthetical Rate of Usability
=6,753.00×10,834.52×(1+3%)
= 75,360,479.00 (Yuan) (rounded)

Example 2: Fixed Assets – Structures and Other Auxiliary Facilities
Valuation Detail List Item No. 1

Structures and Other Auxiliary Facilities Name: Low-Voltage System Engineering
Date of Completion: June 2018
Unit of Measurement: 1 item
Original Value: RMB2,671,701.44
Book Value: RMB662,359.29

(1) Structure Overview

This structure is an adaptive transformation project carried out on the basis of the originally purchased buildings.

After on-site inspection, the structure is in good use condition, and the technical indicators of various functions meet the predetermined use requirements.

(2) Determination of Replacement Cost

①Construction and Installation Composite Cost

The valuation consultants, taking into account the information supplied by the enterprise and the actual conditions of the structures, and based on their book values, apply a date adjustment to the original construction and installation unit prices of the structures by reference to the cost indices published on the Zhejiang Standard Cost Information Network, thereby obtaining the construction and installation unit prices as of the valuation date. The composite construction and installation costs are then computed by multiplying the resulting unit prices by the corresponding floor areas, as presented in the following table:

No.	Project	Unit	Calculation Formula	Value
A	Original Construction and Installation Unit Price Including Tax	Yuan	=A1	2,671,701.44
A1	Including: Weak Current System Engineering	Yuan		2,671,701.44
B	Unit of Measurement	Item		1.00
C	Original Construction and Installation Unit Price	Yuan	=A÷B	2,671,701.44
D	VAT Rate for Original Construction and Installation Unit Price			0%
E	Construction and Installation Unit Price Excluding Tax Before Adjustment	Yuan/sqm	=C÷(1+D)	2,671,701.44
F	Date Correction Coefficient			1.02
G	Corrected Construction and Installation Unit Price Excluding Tax	Yuan	=E×F	2,721,769.02
H	VAT Rate			9%
I	Construction and Installation Unit Price Including Tax	Yuan	=G×(1+H)	2,966,728.23
J	Unit of Measurement	Item		1.00
K	Construction and Installation Cost Including Tax	Yuan	=I×J	2,966,728.23

② Preliminary and Other Costs

The preliminary and other costs, comprising construction unit management fees, tendering agency fees, project supervision fees, engineering survey and design fees, environmental impact consultation fees, and consultation fees for preliminary work of construction projects, among others, are determined in accordance with applicable national and local fee standards, local market practice, and the specific project conditions, as set out in the following table:

Category	Fee Name	Base Amount	Rate	Fee Reference Basis
Professional Service Fee	Preliminary Work Consulting Fee	Engineering Costs	0.43%	Market Quotation
	Engineering Survey and Design Fee	Engineering Costs	3.15%	Market Quotation
	Environmental Impact Consulting Fee	Engineering Costs	0.12%	Market Quotation
	Bidding Agency Fee	Engineering Costs	0.20%	Market Quotation
	Construction Supervision Fee	Engineering Costs	1.70%	Market Quotation
	Subtotal		5.60%	
Supporting Fees	Urban Infrastructure Supporting Fee	Gross Floor Area		
	Civil Air Defense Easement Construction Fee	Gross Floor Area		
	Subtotal		0 Yuan/sqm	
Project Construction Management Fee	Construction Unit Management Fee	Engineering Costs	1.28%	Cai Jian [2016] No. 504
	Subtotal		1.28%	

③ Financing cost

The reasonable construction period for such construction projects is 3 months, the one-year loan interest rate is 3.0%, and it is assumed that funds are invested uniformly during the construction period.

④ Deductible VAT

The deductible VAT in replacement cost includes the deductible VAT in construction and installation composite cost and preliminary and other costs. The VAT rate for construction and installation cost is 9%, and the VAT rate for preliminary and other costs (except construction unit management fee and supporting fees) is 6%.

⑤ Replacement cost

Replacement Cost = Construction and Installation Composite Cost + Preliminary and Other Costs + Financing Cost – Deductible VAT

The specific calculation process of replacement cost is shown in the following table:

No.	Project	Unit	Calculation Formula	Value
A	Corrected Construction and Installation Cost Including Tax	Yuan		2,966,728.23
B	Preliminary and Other Costs	Yuan	=B1+B2+B3	204,110.90
B1	Professional Service Fee	Yuan/sqm	=A×B11	166,136.78
B11	Professional Service Fee Rate			5.60%
B2	Supporting Fees	Yuan/sqm	=B21×B22	0.00
B21	Supporting Fee Rate	Yuan/sqm		0.00
B22	Gross Floor Area	㎡		1.00
B3	Construction Unit Management Fee	Yuan/sqm	=A×B31	37,974.12
B31	Construction Unit Management Fee Rate			1.28%
C	Financing Cost	Yuan/sqm	=(A+B)×C1×C2×0.5	11,890.65
C1	Reasonable Construction Period	Year		0.25
C2	Interest Rate			3.00%
D	Deductible VAT	Yuan/sqm	=D1+D2	254,363.18
D1	Deductible VAT in Construction and Installation Cost	Yuan/sqm	=A/(1+9%)×9%	244,959.21
D2	Deductible VAT in Preliminary and Other Costs	Yuan/sqm	=B1/(1+6%)×6%	9,403.97
E	Replacement Cost Excluding Tax	Yuan/sqm	=A+B+C-D	2,928,366.60

(3) Determination of Condition Rate

The synthetical condition rate is determined by weighted average of the condition rate by service life method and the condition rate by observation method. The calculation formula is as follows:

Synthetical Condition Rate = Condition Rate by Service Life Method × Weight + Condition Rate by Observation Method × Weight

① Determination of Condition Rate by Service Life Method

This structure is considered according to the third-grade condition rate standard for structures. With reference to the provisions on the economic service life of different categories of buildings (structures) in the "Handbook of Common Methods and Parameters for Asset Appraisal", the economic life is determined to be 10 years, which is earlier than the expiry of the land use right term. Therefore, the economic service life for calculating the condition rate by service life method is taken as 10 years.

The building was completed and put into use in June 2018, and has been used for 7.9 years as of the valuation date.

Condition Rate by Service Life Method = (Economic Service Life – Years Already Used) ÷ Economic Service Life × 100%
= (10-7.9)÷10×100%
= 21% (rounded)

② Determination of the rate of usability using the observation method

Condition Rate by Observation Method = (Structure Score × Weight + Decoration Score × Weight + Equipment Score × Weight) ÷ 100 × 100%

After observation by the valuer, with reference to the "Handbook of Common Methods and Parameters for Asset Appraisal" and the "Standard for Rating the Degree of Damage to Buildings" (Cheng Zhu Zi [1984] No. 678), the scores and weights of structure, decoration and equipment parts are analyzed and determined as shown in the following table:

Condition Rate by Observation Method = (Structure Score × Weight + Decoration Score × Weight + Equipment Score × Weight) ÷ 100
= (17×100%+0×0%+0×0%)÷100
= 17% (rounded)

③ Determination of the synthetical rate of usability

The synthetical condition rate is determined by weighted average, with the condition rate by service life method weighted at 40% and the condition rate by observation method weighted at 60%. The synthetical condition rate is calculated as follows:

Synthetical Condition Rate = Condition Rate by Service Life Method × Weight + Condition Rate by Observation Method × Weight
= 21%×40%+17%×60%
= 19% (rounded)

(4) Determination of Valuation

Valuation = Replacement Cost × Synthetical Rate of Usability – Maintenance Cost
= 2,928,366.60×19%
= 556,389.65 (Yuan)

5. Valuation results are summarized in the following table:

The valuation result overview of the buildings and structures included in this valuation scope is shown in the following table:

Unit of Amount: Yuan

Building Category	Original Value	Book Value	Valuation Original Value	Valuation Net Value	Increase/ Decrease in Value	Rate of Increase (%)
Buildings	98,874,283.20	67,734,962.07	75,360,479.00	75,360,479.00	7,625,516.93	11.26
Structures	176,565,844.54	93,543,985.15	178,327,370.29	45,508,761.49	-48,035,223.66	-51.35
Name	**275,440,127.74**	**161,278,947.22**	253,687,849.29	120,869,240.49	-40,409,706.73	-25.06

ii. Fixed Assets – Equipment

1. Valuation Scope

The equipment included in this valuation scope includes machinery equipment and electronic equipment. The quantity and book value of various types of equipment on the valuation date are shown in the following table:

Unit of Amount: Yuan

Equipment Category	Quantity (Unit/Set)	Original Value	Net Book Value	Impairment Provision	Book Value
Machinery and Equipment	1202	268,241,248.16	81,724,980.17	0.00	81,724,980.17
Electronic and Other Equipment	460	5,298,094.56	292,327.60	0.00	292,327.60
Total	**1662**	**273,539,342.72**	**82,017,307.77**	**0.00**	**82,017,307.77**

2. Equipment Overview

The enterprise owns a total of 1,662 units (sets) of equipment, which are classified into machinery equipment and electronic and other equipment according to different uses, with the specific composition as follows:

(1) Machinery and Equipment: Total 1,202 sets, mainly including centrifuges, preparation tanks, incubators and other equipment, mainly distributed in production workshops.

(2) Electronic and other equipment: a total of 460 units, including computers, printers, office furniture, etc., mainly distributed in the office building.

The enterprise adopts the straight-line method to depreciate equipment, with depreciation policies for various types of equipment as follows:

Equipment Category	Depreciation Life	Residual Value Rate	Annual Depreciation Rate
Machinery and Equipment	3-10 years	5%-8%	9.50%-31.67%
Electronic and Other Equipment	3-10 years	5%	9.50%-31.67%

3. Valuation Method

(1) Rationale for Valuation Method Selection

According to the specific conditions such as the valuation subject, value type and data collection, the applicability of the three basic asset valuation methods of cost approach, market approach and income approach is analyzed, and the valuation methods are selected as follows:

Due to the inactive transaction in the domestic second-hand equipment market, it is difficult to obtain a sufficient number of comparable second-hand equipment transaction cases, so the market approach is not suitable for valuation; since the equipment to be valued is used as a whole for enterprise operations and basically does not have independent profit-making ability, or the profit-making ability cannot be quantified, the income approach is not suitable for valuation; since there are many sources of relevant data and information on equipment replacement cost, and the depreciation caused by various losses can also be estimated, the cost approach is mainly adopted for equipment valuation this time.

(2) Introduction to Cost Approach

Basic Formula of Cost Approach Valuation for Equipment

Valuation = Replacement Cost × Synthetical Rate of Usability

① Determination of Replacement Cost

According to the "Notice on Several Issues Concerning the Comprehensive Implementation of VAT Transformation Reform" (Cai Shui [2008] No. 170), the "Notice on Input Tax Deduction of Fixed Assets" (Cai Shui [2009] No. 113) and the "Notice on Comprehensively Promoting the Pilot Program of Replacing Business Tax with VAT" (Cai Shui [2016] No. 36), for general VAT taxpayers purchasing equipment that meets VAT deduction conditions, the replacement cost of the equipment shall deduct the corresponding deductible VAT amount.

A. Determination of Replacement Cost for Domestic Machinery and Equipment

The calculation formula for the replacement cost of domestic machinery and equipment is as follows:

Replacement Cost = Equipment Purchase Price + Freight and Handling Fee + Installation Fee + Foundation Cost + Preliminary and Other Costs + Financing Cost – Deductible VAT Amount

Equipment Purchase Price

The main pricing basis for equipment purchase price is as follows:

- Inquire about equipment price information on JD.com, Taobao.com and other websites;

- Determined by adjusting the original purchase price of the equipment considering the impact of market condition changes and technological progress on equipment prices.

Freight and Handling Fee

Freight and handling fee refers to the transportation fee, loading and unloading fee, handling fee, etc. incurred during transportation of the equipment. It is calculated based on the equipment purchase price as the base amount at a certain freight and handling fee rate. The calculation formula is as follows:

Freight and Handling Fee = Equipment Purchase Price × Freight and Handling Fee Rate

For equipment whose purchase price includes transportation costs, freight and handling fees are not charged repeatedly.

Installation Fee

Installation fee refers to the labor cost, material cost, machinery cost, etc. incurred for installing the equipment. It is calculated based on the equipment purchase price as the base amount at a certain installation fee rate. The calculation formula is as follows:

Installation Fee = Equipment Purchase Price × Installation Fee Rate

For equipment without installation, installation fee is not considered.

Foundation Cost

Foundation cost refers to the labor cost, material cost, machinery cost, etc. incurred for building the equipment foundation. It is calculated based on the equipment purchase price as the base amount at a certain foundation cost rate. The calculation formula is as follows:

Foundation Cost = Equipment Purchase Price × Foundation Cost Rate

For equipment without foundation or foundation cost, foundation cost is not considered; for equipment already considered in the valuation of buildings and structures, foundation cost is not charged repeatedly.

Financing Cost

For equipment with long construction period and large investment amount, the sum of equipment purchase price, freight and handling fee, installation fee, foundation cost and preliminary and other costs is used as the base amount. The financing cost is calculated based on the reasonable construction period and the corresponding loan interest rate, assuming uniform investment. The calculation formula is as follows:

Financing Cost = (Equipment Purchase Price + Freight and Handling Fee + Installation Fee + Foundation Cost) × Loan Interest Rate × Reasonable Construction Period × 1/2

For equipment with short construction period and small investment amount, financing cost is not charged.

Deductible VAT Amount

The deductible VAT in equipment replacement cost includes the deductible VAT in equipment purchase price, freight and handling fee, installation fee and foundation cost. The calculation formula is as follows:

Deductible value-added tax = equipment purchase price/(1+13%) ×13%+(Freight and handling fee + Installation fee + Foundation cost)/(1 + 9%) × 9%

B. Determination of Replacement Cost for Imported Machinery and Equipment

The replacement cost calculation formula for imported machinery and equipment is as follows:

Replacement Cost = Equipment CIF Price + Imported Equipment Incidental Expenses + Freight and Handling Fee + Installation Fee + Foundation Cost + Preliminary and Other Costs + Financing Cost – Deductible VAT Amount

Equipment CIF Price

The main pricing basis for equipment CIF price is as follows:

- Determined by adjusting the original purchase CIF price of the equipment considering the impact of market condition changes and technological progress on equipment prices.

Imported Equipment Incidental Expenses

On the basis of the equipment CIF price, the incidental expenses of imported equipment mainly include customs duty, VAT, foreign trade handling fee, bank financial fee and commodity inspection fee. The calculation formula is as follows:

Customs Duty = Equipment CIF Price × Customs Duty Rate

VAT = (Equipment CIF Price + Customs Duty) × VAT Rate

Foreign Trade Handling Fee = Equipment CIF Price × Foreign Trade Handling Fee Rate

Bank Financial Fee = Equipment CIF Price × Bank Financial Fee Rate

Commodity Inspection Fee = Equipment CIF Price × Commodity Inspection Fee Rate

According to the *Notice of the Ministry of Finance and the National Development and Reform Commission on Cleaning up and Regulating a Batch of Administrative and Institutional Charges* (Cai Shui [2017] No. 20), the General Administration of Quality Supervision, Inspection and Quarantine has ceased to collect inspection and quarantine fees, import and export commodity inspection and appraisal fees and other inspection fees from April 1, 2017. Therefore, for projects with valuation date after April 1, 2017, commodity inspection fee is not charged.

Freight and Handling Fee

Freight and handling fee refers to the transportation fee, loading and unloading fee, handling fee, etc. incurred during domestic transportation of the equipment. It is calculated based on the equipment CIF price as the base amount at a certain freight and handling fee rate. The calculation formula is as follows:

Freight and Handling Fee = Equipment CIF Price × Freight and Handling Fee Rate

For equipment whose CIF price includes domestic transportation costs, freight and handling fees are not charged repeatedly.

Installation Fee

Installation fee refers to the labor cost, material cost, machinery cost, etc. incurred for installing the equipment. It is calculated based on the equipment CIF price as the base amount at a certain installation fee rate. The calculation formula is as follows:

Installation Fee = Equipment CIF Price × Installation Fee Rate

For equipment without installation, installation fee is not considered.

Foundation Cost

Foundation cost refers to the labor cost, material cost, machinery cost, etc. incurred for building the equipment foundation. It is calculated based on the equipment CIF price as the base amount at a certain foundation cost rate. The calculation formula is as follows:

Foundation Cost = Equipment CIF Price × Foundation Cost Rate

For equipment without foundation or foundation cost, foundation cost is not considered; for equipment already considered in the valuation of buildings and structures, foundation cost is not charged repeatedly.

Financing Cost

For equipment with long construction period and large investment amount, the sum of equipment CIF price, imported equipment incidental expenses, freight and handling fee, installation fee, foundation cost and preliminary and other costs is used as the base amount. The financing cost is calculated based on the reasonable construction period and the corresponding loan interest rate, assuming uniform investment. The calculation formula is as follows:

Financing Cost = (Equipment CIF Price + Imported Equipment Incidental Expenses + Freight and Handling Fee + Installation Fee + Foundation Cost) × Loan Interest Rate × Reasonable Construction Period × 1/2

For equipment with short construction period and small investment amount, financing cost is not charged.

Deductible VAT Amount

The deductible VAT in equipment replacement cost includes the deductible VAT in equipment purchase price, freight and handling fee, installation fee and foundation cost. The calculation formula is as follows:

Deductible VAT Amount = Equipment CIF Price×(1 + Tariff rate) × 13% + (Freight and Handling Fee + Installation Fee + Foundation Cost)/(1 + 9%) × 9%

② **Determination of Synthetical Rate of Usability**

Determination of Condition Rate for Machinery and Equipment

For machinery and equipment with large value, on the basis of the theoretical condition rate by the service life method, various factors are further adjusted to finally determine the synthetical condition rate of the equipment. The calculation formula is as follows:

Synthetical Condition Rate = Theoretical Condition Rate×Adjustment Coefficient

Among which:

Theoretical Condition Rate = (Economic Service Life – Years Already Used) ÷ Economic Service Life × 100%

Adjustment Coefficient = K1×K2×K3×K4×K5

Adjustment factors include: original manufacturing quality of equipment (K1), maintenance condition (K2), operating status and failure frequency (K3), utilization rate (K4), and environmental condition (K5).

Determination of Condition Rate for Electronic and Other Equipment

For general electronic and other equipment with small value, the condition rate is directly determined by the service life method. The calculation formula is as follows:

Condition Rate = (Economic Service Life – Years Already Used) ÷ Economic Service Life × 100%

4. Valuation Case

Example 1: Fixed Assets – Machinery and Equipment
Valuation Detail List Item No. 21

Equipment Name: Molecular Interaction Instrument
Specification and Model: T200
Manufacturer: GE MEDICAL SYSTEMS TRADE AND DEVELOPMENT (SHANG HAI) CO., LTD
Commissioning Date: June 30, 2018
Original Value: RMB1,583,834.14
Book Value: RMB392,658.83

This molecular interaction instrument is a universal, label-free system used for detailed analysis of biomolecular interactions, with application scope ranging from early drug development research to development and through to quality control.

(1) Determination of Replacement Cost

This equipment is imported machinery and equipment. The replacement cost calculation formula is as follows:

Replacement Cost = Equipment CIF Price + Imported Equipment Incidental Expenses + Freight and Handling Fee + Installation Fee + Foundation Cost + Financing Cost – Deductible VAT Amount

The determination methods of the main parameters for calculating replacement cost are as follows:

After reviewing the original purchase contract and other materials, the CIF price of this equipment at the time of purchase was USD232,626.64. After consultation with the relevant procurement personnel and equipment management personnel of the enterprise, the CIF price of this equipment has risen to a certain extent recently. Therefore, the recent CIF price of this equipment on the valuation date is determined to be USD236,000.00.

After consulting the central parity rate of RMB against USD published by the Foreign Exchange Trading Center authorized by the People's Bank of China, the central parity rate of RMB against USD on the valuation date is 6.8176. Therefore, the recent CIF price of this equipment on the valuation date is RMB1,608,953.60.

① Imported Equipment Incidental Expenses

On the basis of the equipment CIF price, the incidental expenses of imported equipment mainly include customs duty, VAT, foreign trade handling fee, bank financial fee and commodity inspection fee, which are determined as follows:

The exporting country of this equipment is the United States, which can enjoy the most-favored-nation tariff rate. After inquiry on the website of the General Administration of Customs of the People's Republic of China for the "Customs Import and Export Tariff of the People's Republic of China", the import most-favored-nation tariff rate for this category of equipment on the valuation date is 0% and the VAT rate is 13%.

With reference to the provisions on the calculation method of freight, handling, installation and other expenses for imported equipment in the "Handbook of Common Methods and Parameters for Asset Appraisal" and the "Compilation Methods and Budget Indicators for Machinery Industry Construction Projects", as well as the specific conditions of the equipment being valued, the freight and handling fee rate is determined as 1.0% and the installation fee rate as 0.5%.

According to the *Notice of the Ministry of Finance and the National Development and Reform Commission on Cleaning up and Regulating a Batch of Administrative and Institutional Charges* (Cai Shui [2017] No. 20), the General Administration of Quality Supervision, Inspection and Quarantine has ceased to collect inspection and quarantine fees, import and export commodity inspection and appraisal fees and other inspection fees from April 1, 2017. As the valuation date of this valuation is after April 1, 2017, commodity inspection fee is not charged.

② Freight and Handling Fee, Installation Fee, Foundation Cost

With reference to the "Handbook of Common Methods and Parameters for Asset Appraisal" and based on interviews with the enterprise's equipment management personnel, the economic service life of such equipment under normal use is approximately 10 years. As of the valuation date, it has been used for 7.92 years. The theoretical condition rate is calculated as follows:

Since this equipment does not require foundation, the foundation cost rate is 0.0%.

③ Financing Cost

The reasonable construction period for such construction projects is 1 year, the loan interest rate is 3.00%, and it is assumed that funds are invested uniformly during the construction period.

④ Deductible VAT Amount

The VAT rate of equipment is 13%, and the VAT rate of freight, handling, installation and foundation costs is 9%.

Based on the above parameters, the replacement cost of the equipment to be valued is calculated as follows:

No.	Project	Period (Year)	Fee/Tax/ Interest/ Exchange Rate	Calculation Formula	Currency	Amount
A	CIF Price (Foreign Currency)				Euro	236,000.00
B	CIF Price (Local Currency)		6.8176	A × exchange rate	RMB	1,608,953.60
C	Customs Duty		0.0%	B × customs duty rate	RMB	–
D	VAT Amount		13%	B × (1 + customs duty rate) × VAT rate	RMB	209,163.97
E	Foreign Trade Handling Fee		1.0%	B × foreign trade handling fee rate	RMB	16,089.54
F	Bank Financial Fee		0.4%	B × bank financial fee rate	RMB	6,435.81
G	Commodity Inspection Fee		0.0%	B × commodity inspection fee rate	RMB	–
H	Freight and Handling Fee		1.0%	B × freight and handling fee rate	RMB	16,089.54
I	Foundation Cost		0.0%	B × foundation cost rate	RMB	–

No.	Project	Period (Year)	Fee/Tax/ Interest/ Exchange Rate	Calculation Formula	Currency	Amount
J	Installation Fee		0.5%	B × installation fee rate	RMB	8,044.77
K	Financing Cost	1.0	3.00%	(B+C+D+E+F+G+H+I+J) × Interest Period×Interest Rate×0.5	RMB	27,971.66
L	Equipment Replacement Cost Including VAT			B+C+D+E+F+G+H+I+J+K	RMB	1,892,748.88
M	Deductible VAT			D+(H+I+J)/1.09×9%	RMB	211,156.71
N	Replacement Cost after Deducting VAT			L-M	RMB	1,681,592.17
O	Rounded				RMB	1,681,600.00

After calculation, the replacement cost of this equipment is RMB1,681,600.00.

(2) Determination of the rate of usability

① Theoretical condition rate

Pursuant to the Handbook of Common Methods and Parameters for Asset Appraisal, and based on information obtained through interviews with the equipment management staff, the economic useful life of this equipment under normal use is about 10 years, and it has been used for 7.92 years as of the valuation base date. Hence, the theoretical newness ratio is computed as below:

Theoretical Condition Rate = (Economic Service Life – Years Already Used) ÷ Economic Service Life × 100%
= (10-7.92) ÷ 10 × 100%
= 20.80%

② Adjustment coefficient

Project	Symbol	Value	Value Description
Original Manufacturing Quality	K1	1.00	The original manufacturing quality of this equipment is at a normal level compared with similar equipment.
Maintenance Condition	K2	1.00	The maintenance condition of this equipment is at a normal level compared with similar equipment.
Operating Status and Failure Frequency	K3	1.00	The operating status and failure frequency of this equipment are at a normal level compared with similar equipment.
Utilization Rate	K4	1.00	The utilization rate of this equipment is at a normal level compared with similar equipment.
Environmental Conditions	K5	1.00	The environmental condition of this equipment is at a normal level compared with similar equipment.
Adjustment Coefficient	K	1.00	K=K1×K2×K3×K4×K5

③ Synthetical condition rate

Synthetical Condition Rate = Theoretical Condition Rate × Adjustment Coefficient
= 20.80% × 1.00
= 21% (rounded)

(3) Determination of the valuation

This equipment currently requires maintenance. After consultation with relevant personnel of the enterprise, the equipment maintenance cost is RMB100,000.00.

Value = Replacement Cost×Synthetical Rate of Usability – Maintenance Cost
= 1,681,600.00 × 21% – 100,000.00
= 253,136.00 (Yuan)

Example 2: Fixed Assets – Electronic and Other Equipment
Valuation Detail List Item No. 407

Equipment Name: Xiaomi TV
Specification and Model: 4S 75 inches
Commissioning Date: June 30, 2021
Original Value: RMB4,069.91
Book Value: RMB203.50

(1) Determination of Replacement Cost

The replacement cost calculation formula is as follows:

Replacement Cost = Equipment Purchase Price + Freight and Handling Fee + Installation Fee + Foundation Cost + Financing Cost – Deductible VAT Amount

The determination methods of the main parameters for calculating replacement cost are as follows:

① Equipment Purchase Price

After inquiry on "JD.com", it is determined that the recent market price of this equipment on the valuation date is RMB2,489.00.

② Freight and Handling Fee, Installation Fee, Foundation Cost

The purchase price of this equipment includes freight and handling fee, and the equipment does not require foundation or installation. Therefore, freight and handling fee, installation fee and foundation cost are not charged.

③ Financing Cost

This equipment is available from stock, so financing cost is not charged.

④ Deductible VAT Amount

The VAT rate of equipment body is 13%.

Based on the above parameters, the replacement cost of the equipment to be valued is calculated as follows:

Replacement Cost = Equipment Purchase Price – Deductible VAT Amount
= 2,489.00 – 2,489.00 ÷ 1.13×13%
= 2,200.00 (Yuan) (rounded)

(2) Determination of the rate of usability

For general electronic and other equipment with small value, the condition rate is directly determined by the service life method. With reference to the "Handbook of Common Methods and Parameters for Asset Appraisal" and based on interviews with the enterprise's equipment management personnel, the economic service life of such equipment under normal use is approximately 5 years. As of the valuation date, it has been used for 4.92 years. The condition rate is calculated as follows:

Condition Rate = (Economic Service Life – Years Already Used) ÷ Economic Service Life × 100%
= (5-4.92) ÷ 5 × 100%
= 1.60% (rounded)

This condition rate only reflects the time-related depreciation of the equipment, but the current condition of the equipment is good and it can still be used normally. Based on the above analysis, the synthetical condition rate is determined to be 15%.

(3) Determination of the valuation

Valuation = Replacement Cost × Synthetical Rate of Usability – Maintenance Cost
= 2,200.00 × 15%
= 330.00 (Yuan)

5. Valuation results are summarized in the following table:

The valuation result overview of the equipment included in this valuation scope is shown in the following table:

Unit of Amount: Yuan

Equipment Category	Original Value	Book Value	Valuation Original Value	Valuation Net Value	Increase/ Decrease in Value	Rate of Increase (%)
Machinery and Equipment	268,241,248.16	81,724,980.17	257,393,530.00	73,814,281.40	-7,910,698.77	-9.68
Electronic and Other Equipment	5,298,094.56	292,327.60	5,122,020.00	1,241,924.00	949,596.40	324.84
Total	273,539,342.72	82,017,307.77	262,515,550.00	75,056,205.40	-6,961,102.37	-8.49

iii. Construction in Progress

1. Valuation Scope

Construction in progress book balance is RMB2,893,377.24, impairment provision is RMB0.00, and book value is RMB2,893,377.24. It is construction in progress – equipment installation project, being the equipment payment not yet transferred to fixed assets.

2. Valuation Method

According to the characteristics of construction in progress, value type, data collection and other relevant conditions, the cost approach is adopted. To avoid duplicate valuation and omission of asset value, and based on the characteristics of construction in progress, the following valuation methods are adopted for various unfinished projects:

For construction-in-progress projects where the commencement time is more than half a year from the valuation date and are in the commissioning status, if the prices of labor, materials and machinery have changed significantly, the replacement value is determined according to all expenses required to re-form the completed engineering quantity of the construction-in-progress on the valuation date under normal circumstances.

3. Valuation results are summarized in the following table:

Construction in progress valuation is RMB2,893,423.53.

iv. Land Use Rights

1. Valuation Scope

There are 4 parcels of land use rights included in this valuation scope. The overview is shown in the following table:

Unit of Amount: Yuan

No.	Real Estate Certificate Number	Acquisition Date	Land Use Nature	Land Use Purpose	Service Life	Development Degree	Area (sqm)	Original Value	Book Value
1	Zhejiang (2019) Hangzhou Real Estate Title No. 0249295, Zhejiang (2019) Hangzhou Real Estate Title No. 0249298, Zhejiang (2019) Hangzhou Real Estate Title No. 0249296, Zhejiang (2019) Hangzhou Real Estate Title No. 0249297	2014/8/27	Transfer/ Granted	Industrial	50 years	Five Connections and One Leveling	5,676.40	7,517,142.86	6,411,269.16

2. Overview of Land Use Rights

(1) Land Registration Status

According to the relevant title certificates and other materials of the land, the registration status of the land within the valuation scope is shown in the following table:

No.	Real Estate Certificate Number	Located at	Nature of Rights	Purpose/Use	Area (sqm)	Commencement Date of Use	Expiration Date of Use
1	Zhejiang (2019) Hangzhou Real Estate Title No. 0249295, Zhejiang (2019) Hangzhou Real Estate Title No. 0249298, Zhejiang (2019) Hangzhou Real Estate Title No. 0249296, Zhejiang (2019) Hangzhou Real Estate Title No. 0249297	No. 291 Fucheng Road, Xiasha Street, Qiantang District, Hangzhou	Transfer/Granted	Industrial	5,676.40	2014/8/27	2064/8/26

(2) Land Rights Status

According to the relevant title certificates and other materials of the land, the rights status of the land within the valuation scope is shown in the following table:

No.	Real Estate Certificate Number	Certificate Type	Registered Right Holder	Other Rights Type	Other Rights Overview
1	Zhejiang (2019) Hangzhou Real Estate Title No. 0249295, Zhejiang (2019) Hangzhou Real Estate Title No. 0249298, Zhejiang (2019) Hangzhou Real Estate Title No. 0249296, Zhejiang (2019) Hangzhou Real Estate Title No. 0249297	Real Estate Title Certificate	Hangzhou HJB Biopharmaceutical Co., Ltd.	None	None

(3) Land Utilization Status

According to on-site inspection and the title registration content of above-ground buildings and attachments, the utilization status of the land within the valuation scope is shown in the following table:

No.	Real Estate Certificate Number	Land Use Status
1	Zhejiang (2019) Hangzhou Real Estate Title No. 0249295, Zhejiang (2019) Hangzhou Real Estate Title No. 0249298, Zhejiang (2019) Hangzhou Real Estate Title No. 0249296, Zhejiang (2019) Hangzhou Real Estate Title No. 0249297	The land is for the enterprise's own use, with the standalone office and factory building purchased by the enterprise on it.

3. Connotation of Valuation Value

The value connotation of this land use rights valuation is the open market value of the land use rights under the conditions of land use nature, purpose, development degree and remaining use term on the valuation date.

4. Valuation Method

(1) Rationale for Valuation Method Selection

According to the valuation purpose, valuation subject, value type, data collection and other conditions, the applicability of the three basic valuation methods of market approach, income approach and cost approach, as well as derivative methods such as hypothetical development approach and benchmark land price correction approach, is analyzed, and the valuation methods are selected as follows:

The above five valuation methods correspond to the market comparison approach, income capitalization approach, cost approach, residual approach and benchmark land price coefficient correction approach in the "Regulations on Urban Land Valuation". Among them, the market approach is mainly applicable to areas with developed real estate markets and sufficient comparable cases; the income approach is applicable to land valuation with actual or potential income; the cost approach is generally applicable to newly developed land or land valuation in areas or types with underdeveloped land markets and few transactions; the hypothetical development approach is applicable to land valuation in existing real estate, land to be developed, and land to be renovated and redeveloped, as well as land to be developed and organized into directly usable land; the benchmark land price correction approach is applicable to areas where the government has published benchmark land prices and has a complete benchmark land price correction system.

For land use rights, they are included in the buildings and structures and uniformly valued using the market approach this time, and are not valued separately.

5. Valuation results are summarized in the following table:

The land use right is valued in the buildings, and the market method is adopted for valuation, and the valuation result of the land use right is recorded as RMB0.00.

v. Long-term Deferred Expenses

The book value of long-term deferred expenses is RMB7,496,061.54, being office decoration expenses. Long-term deferred expenses are valued together with buildings. The valuation result of Long-term deferred expenses is recorded as RMB0.00.

XI. CONCLUSION

1. Valuation Conclusion

The total market value of the partial assets covered by this valuation scope as of the valuation date is RMB198,818.9 thousand.

The valuation results are summarized in the following table:

Valuation Result Summary

Valuation Date: May 31st, 2026 Unit: RMB10 thousand

No.	Item	Book Value A	Market Value B	Increase/ Decrease C=B-A	Notes
1	Fixed assets	24,329.63	19,592.54	-4,737.08	
2	Construction in progress	289.34	289.34	0.00	
3	Land use rights	641.13	–	-641.13	Valued in Buildings (does not mean that the asset valuation is reduced to zero)
4	Long-term deferred expenses	749.61	–	-749.61	Valued in Buildings (does not mean that the asset valuation is reduced to zero)
5	Total Assets	26,009.70	19,881.89	-6,127.81	

2. Analysis of Value Increase or Decrease

(1) Fixed assets

Buildings: Using the market approach, the book value of Buildings included in this valuation scope is RMB67,734,962.07, the market value is RMB75,360,479.00, with a increase of RMB7,625,516.93; or a decrease of 6,281,814.77 yuan after considering land use rights and long-term deferred expenses, which is mainly due to the downward trend of real estate market prices in recent years compared with the construction time of enterprises.

Structures: Using the cost approach, the book value of Structures included in this valuation scope is RMB93,543,985.15, the market value is RMB45,508,761.49, with a decrease of RMB48,035,223.66. The main reason is that the accounting depreciation life of some structural assets is longer than the economic service life used in the valuation, and the actual synthetical rate of usability is lower than the book residual rate.

Equipment: Using the cost approach, the book value of Equipment included in this valuation scope is RMB82,017,307.77, the market value is RMB75,056,205.40, with a decrease of RMB6,961,102.37. The technical progress of the industry has led to a decrease in the replacement cost of the main equipment of the enterprise, resulting in the decrease of equipment.

(2) Construction in progress

Using the cost approach, the book value of Construction in progress included in this valuation scope is RMB2,893,377.24, the market value is RMB2,893,423.53, with an increase of RMB46.29. The capital cost was reasonably considered in the valuation process, resulting in the appreciation of projects under construction.

(3) Land use rights

Land use rights are merged into Buildings and valued using the market approach. The book value is RMB6,411,269.16, the market value is RMB0.00, with a decrease of RMB6,411,269.16, due to the merger of valuation in buildings (The value has been fully incorporated into the building, this does not constitute a zero valuation of the asset).

(4) Long-term deferred expenses

Long-term deferred expenses are merged into Buildings and valued using the market approach. The book value is RMB7,496,061.54, the market value is RMB0.00, with a decrease of RMB7,496,061.54, due to the merger of valuation in buildings (The value has been fully incorporated into the building, this does not constitute a zero valuation of the asset).

XII. EXPLANATION OF EXTRAORDINARY ISSUES

In this valuation report, any discrepancies between the total amount and the sum of individual items in tables or textual descriptions denominated in thousand yuan are due to rounding.

The working scope of the valuation professionals is to estimate the value of the valuation subject and provide professional opinions. They do not assume responsibility for decisions made by the relevant parties.

The information provided by the Client and the Valued Party forms the basis of this valuation, and the Client and the Valued Party shall assume full responsibility for the information provided. In accordance with the engagement, we are not required to perform any audit or due diligence procedures or otherwise verify the truthfulness, accuracy or reliability of the information provided to us. We assume no responsibility and express no opinion on the accuracy or completeness of the information.

XIII. NOTES ON LIMITATIONS ON THE USE OF VALUATION REPORTS

This valuation report is of a consultative nature. It is NOT a statutory appraisal report as regulated by the Law of the People's Republic of China on Asset Appraisal or the Chinese Valuation Standard, and shall not be used as an asset appraisal report.

The scope of use of this valuation report is as follows: It is solely for use by the Client and the parties specified in the valuation engagement letter; It is solely serving the valuation purpose stated in this valuation report; The conclusion of this report shall not be used beyond the validity period of the valuation conclusion; Without the valuation institution's prior consent, the contents of the valuation report shall not be excerpted, quoted, or disclosed in any public media, except as otherwise required by laws or administrative regulations or as otherwise agreed upon by the relevant parties.

The Client or other users of the valuation report must use the valuation report in accordance with the applicable laws and administrative regulations, as well as the purpose and usage specified in the valuation report. If the Client or other users violate these terms and use the valuation report improperly, the valuation institution and its professional valuers shall not bear any responsibility.

Except for the Client, other users specified in the valuation engagement letter, any other organizations or individuals are not permitted to use the valuation report.

Users of the valuation report shall correctly interpret and use the valuation conclusion. The valuation conclusion shall not be equivalent to the attainable price of the valuation subject and shall not be deemed as a guarantee for the attainable price of the valuation subject.

This valuation report can be officially used only after the seal of the valuation institution is affixed.

XIV. REPORT DATE

The report date of this valuation report is July 27, 2026.

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Valuation Institution: JZ (Shanghai) Assets Appraisal Co., LTD

Report Date: July 27, 2026

Address: 7F, T3, MU Center, No.277 Longlan Road, Xuhui District, Shanghai Zip: 200232
Tel: 021-63081130 Fax: 021-63081131 Email: contact@jzvaluation.com

Appendix

Appendix I. Business licenses of the Client and the Valued Party

Appendix II. Copy of the business license of the valuation institution

Appendix III. Valuation summary table

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares and Debentures of the Company or Any of Its Associated Corporations

As at the Latest Practicable Date, the interests or short positions of the Directors or chief executives of the Company in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of listed issuers contained in Appendix C3 of the Listing Rules (the "**Model Code**") were as follows:

Name of Director	Capacity/Nature of interest	Number of ordinary shares	Approximate percentage of holding(1)	Long position/ Short position
Dr. Xueming Qian	Beneficial owner(2), Founder and beneficiary of discretionary trust, Interest in controlled corporation(3)	38,060,000	8.36%	Long position
Mr. Jiasong Tang	Beneficial owner (4)	60,000	0.01%	Long position
Ms. Helen Wei Chen	Beneficial owner (5)	30,000	0.01%	Long position
Dr. Li Xu	Beneficial owner (6)	4,461,501	0.98%	Long position

Notes:

(1) The calculation is based on the total number of 455,395,999 Shares as at the Latest Practicable Date.

(2) Includes 6,499,634 Shares Dr. Xueming Qian ("**Dr. Qian**") holds in his name, and Dr. Qian's entitlement to receive up to 4,041,024 and 4,277,188 Shares pursuant to the share options and share awards granted to him, respectively.

(3) Includes 23,242,154 Shares held by Qian Dynasty Irrevocable Trust. With regards to the Qian Dynasty Irrevocable Trust, the beneficiaries are Dr. Xueming Qian and his children and their descendants, the investment advisor is Dr. Qian and the trustee is HSBC Trust Company (Delaware) National Association.

(4) Includes 40,000 Shares Mr. Jiasong Tang holds in his name, and Mr. Tang's entitlement to receive up to 20,000 Shares pursuant to the share awards granted to him.

(5) Includes 20,000 Shares Ms. Helen Wei Chen holds in her name, and Ms. Chen's entitlement to receive up to 10,000 Shares pursuant to the share awards granted to her.

(6) Includes 1,349,525 Shares Dr. Li Xu holds in her name, and Dr. Li Xu's entitlement to receive up to 3,091,976 and 20,000 Shares pursuant to the share options and share awards granted to her, respectively.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which are taken or deemed to have under such provisions of the SFO), or recorded in the register pursuant to Section 352 of the SFO or which were notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at the Latest Practicable Date, so far as the Directors or chief executives are aware, the following persons (other than the Directors or chief executives of the Company) had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to our Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/Nature of interest	Number of ordinary shares	Approximate percentage of holding(1)	Long position/ Short position/ Lending pool
Dr. Xueming Qian(2)	Beneficial owner; founder and beneficiary of discretionary trust; interest in controlled corporation	38,060,000	8.36%	Long position
HSBC Trust Company (Delaware) National Association(2)	Trustee of discretionary trust	45,653,530	10.03%	Long position
Yi Shi(3)	Interest in controlled corporation	70,536,703	15.49%	Long position

Name of Shareholder	Capacity/Nature of interest	Number of ordinary shares	Approximate percentage of holding[1]	Long position/ Short position/ Lending pool
LAV Asset Management (Hong Kong) Limited[3]	Investment manager	70,536,703	15.49%	Long position
LAV Corporate GP, Ltd.[3]	Interest in controlled corporation	50,566,136	11.10%	Long position
LAV GP III, L.P.[3]	Interest in controlled corporation	50,566,136	11.10%	Long position
LAV Biosciences Fund III, L.P.[3]	Beneficial owner; interest in controlled corporation	33,710,963	7.40%	Long position
LAV Vitality Limited[3]	Beneficial owner	22,388,232	4.92%	Long position
Temasek Holdings (Private) Limited[4]	Interest in controlled corporation	28,086,380	6.17%	Long position
Fullerton Management Pte Ltd[4]	Interest in controlled corporation	26,021,880	5.71%	Long position
Temasek Life Sciences Private Limited[4]	Interest in controlled corporation	26,021,880	5.71%	Long position
TLS Beta Pte. Ltd.[4]	Beneficial owner	26,021,880	5.71%	Long position
China Structural Reform Fund Corporation Limited (中國國有企業結構調整基金股份有限公司)[5]	Beneficial owner; interest in controlled corporation	39,421,012	8.66%	Long position

Notes:

(1) The calculation is based on the total number of 455,395,999 Shares in issue as at the Latest Practicable Date.

(2) Dr. Xueming Qian is an executive Director and chief executive officer of our Company.

This includes 6,499,634 Shares Dr. Qian holds in his name, 23,242,154 Shares held by Qian Dynasty Irrevocable Trust; and Dr. Qian's entitlement to receive up to (i) 4,041,024 Shares pursuant to the share options granted to him under the Share Incentive Scheme; (ii) 4,277,188 Shares pursuant to the share awards granted to him under the Share Incentive Scheme. With regards to the Qian Dynasty Irrevocable Trust, the beneficiaries are Dr. Xueming Qian and his children and their descendants, the investment advisor is Dr. Qian and the trustee is HSBC Trust Company (Delaware) National Association.

(3) LAV Biosciences Fund III, L.P. and Lilly Asia Ventures Fund III, L.P. are Cayman Islands exempted partnership funds. The general partner of LAV Biosciences Fund III, L.P. and Lilly Asia Ventures Fund III, L.P. are LAV GP III, L.P., whose general partner is LAV Corporate GP, Ltd., a Cayman exempted company wholly owned by Yi Shi. Both LAV Vitality Limited (beneficial owner of 22,388,232 Shares) and LAV Altitude Limited (beneficial owner of 10,276,020 Shares) are limited companies incorporated in the British Virgin Islands and are wholly-owned by LAV Biosciences Fund III, L.P. LAV Biosciences Fund III, L.P. also holds 1,046,711 Shares in its own name. Both LAV Verdure Limited (beneficial owner of 11,194,116 Shares) and LAV Acuity Limited (beneficial owner of 5,138,010 Shares) are limited companies incorporated in the British Virgin Islands and are wholly-owned by Lilly Asia Ventures Fund III, L.P.. Lilly Asia Ventures Fund III, L.P. also holds 523,047 Shares in its own name.

LAV Biosciences Fund V, L.P. is a Cayman Islands exempted partnership fund. The general partner of LAV Biosciences Fund V, L.P. is LAV GP V, L.P., whose general partner is LAV Corporate V GP, Ltd., a Cayman exempted company wholly owned by Yi Shi. LAV Biosciences Fund V, L.P. holds 16,667,067 Shares in its own name and wholly-owns LAV Amber Limited, which is the beneficial owner of 3,303,500 Shares.

Therefore, Yi Shi is deemed to be interested in the Shares held by LAV Biosciences Fund III, L.P., LAV Vitality Limited, LAV Altitude Limited, Lilly Asia Ventures Fund III, L.P., LAV Verdure Limited, LAV Acuity Limited, LAV Biosciences Fund V, L.P. and LAV Amber Limited.

(4) TLS Beta Pte. Ltd. is a company incorporated in Singapore, which is a direct wholly-owned subsidiary of Temasek Life Sciences Private Limited. Temasek Life Sciences Private Limited is a direct wholly-owned subsidiary of Fullerton Management Pte Ltd, which in turn is a direct wholly-owned subsidiary of Temasek Holdings (Private) Limited. Aranda Investments Pte. Ltd. (beneficial owner of 2,064,500 Shares) is a company incorporated in Singapore and an indirectly wholly owned subsidiary of Temasek Holdings (Private) Limited.

(5) China Structural Reform Fund Corporation Limited (中國國有企業結構調整基金股份有限公司) is a company incorporated in the PRC and (i) wholly-owns EverestLu Holding Limited (永祿控股有限公司), which is a limited company incorporated in Hong Kong and the beneficial owner of 16,076,988 Shares, and (ii) is interested in approximately 75.8% of CCT China Merchant Buyout Fund (深圳國調招商併購股權投資基金合夥企業(有限合夥)) in its capacity as a limited partner, which is the beneficial owner of 10,954,024 Shares.

Save as disclosed above, as at the Latest Practicable Date, no persons other than the Directors or chief executives of the Company whose interests are set out in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Any of Its Associated Corporations" above had any interests or short positions in the Shares or underlying Shares which would fall to be disclosed to our Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept under section 336 of the SFO.

3. LITIGATION

As at the Latest Practicable Date, neither the Company nor any member of the Group was engaged in any litigation or arbitration 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 member of the Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or was proposing to enter into a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective close associates had an interest in a business, which competes or may compete with the businesses of the Company and any other conflicts of interest which any such person has or may have with the Company which would be required to be disclosed under Rule 8.10 of the Listing Rules if they were treated as controlling shareholders of the Company.

6. DIRECTORS' INTERESTS IN ASSETS

None of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or proposed to be so acquired, disposed of or leased to any member of the Group since December 31, 2025, being the date to which the latest published audited accounts of the Group were made up, and up to the Latest Practicable Date.

7. DIRECTORS' INTERESTS IN CONTRACTS

None of the Directors is materially interested in any contract or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement is subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group taken as a whole.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that there was no material adverse change in the financial or trading position of the Group since December 31, 2025, the date to which the latest published audited consolidated accounts of the Group were made up.

9. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the date of this circular and is or may be material:

(a) the placing agreement dated September 10, 2025 entered into between the Company and BOCI Asia Limited in respect of the private placing of 14,400,000 new Shares of the Company at the placing price of HK$4.33 per Share; and

(b) the amendment no. 1 agreement entered into between HJB (Hangzhou) Co., Ltd. and Eli Lilly and Company on July 7, 2026, pursuant to which the license agreement dated March 25, 2019 entered into between HJB (Hangzhou) Co., Ltd. and Eli Lilly and Company was amended so that HJB (Hangzhou) Co., Ltd. reverted to Eli Lilly and Company certain licensed assets for a consideration of US$4.0 million.

10. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given opinion or advice, which are contained or referred to in this circular:

Name	Qualification
JZ (Shanghai) Assets Appraisal Co., LTD	Independent qualified valuer

The expert above has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its report and references to its name in the form and context in which it appears. The report from the expert is given for incorporation in this circular.

As at the Latest Practicable Date, the expert (a) did not have any beneficial shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of any member of the Group; and (b) did not have any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or proposed to be so acquired or disposed of or leased since December 31, 2025, being the date to which the latest published audited accounts of the Group were made up, and up to the Latest Practicable Date.

11. DOCUMENTS ON DISPLAY

Copies of the below documents will be published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (https://www.transcenta.com/) for a period of 14 days from the date of this circular (both days inclusive):

(a) the Asset Purchase Agreement;

(b) the Valuation Report issued by JZ (Shanghai) Assets Appraisal Co., LTD, the text of which is set out in Appendix II to this circular;

(c) the letter of consent from JZ (Shanghai) Assets Appraisal Co., LTD referred to in the above paragraph headed "Qualification and Consent of Expert" of this appendix; and

(d) this circular.

12. GENERAL

(a) The registered office of the Company is situated at Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman, KY1-9008, Cayman Islands.

(b) The headquarters of the Company is situated at B6-501, 218 Xinghu Street, Biobay, Suzhou 215123, China.

(c) The principal place of business in Hong Kong is situated at Room 1928, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

(d) The Hong Kong branch share registrar of the Company is Tricor Investor Services Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

(e) The company secretary of the Company is Ms. Leung Kwan Wai, who is a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Chartered Governance Institute (formerly "The Hong Kong Institute of Chartered Secretaries") and The Chartered Governance Institute (formerly "The Institute of Chartered Secretaries and Administrators") in the United Kingdom.

Transcenta Holding Limited
創勝集團醫藥有限公司

(registered by way of continuation in the Cayman Islands with limited liability)
(Stock Code: 6628)

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting ("**EGM**") of Transcenta Holding Limited (the "**Company**") will be held at B6-501, 218 Xinghu Street, Biobay, Suzhou, China on Wednesday, September 9, 2026, at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution of the Company. Capitalized terms used in this notice of the EGM shall have the same meanings as those defined in the circular of the Company dated August 25, 2026 (the "**Circular**").

ORDINARY RESOLUTION

"**THAT**

1. (a) The Asset Purchase Agreement and the Transaction be and are hereby confirmed, approved and ratified; and

   (b) any one of the Directors be and is hereby authorised to do such acts and things, to sign and execute all such further documents (and to affix the common seal of the Company thereon, if necessary) and to take such steps as they may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Asset Purchase Agreement, the Transaction and all other matters incidental thereto or in connection therewith."

Yours faithfully,
For and on behalf of the Board
Dr. Xueming Qian
Chairman

Hong Kong, August 25, 2026

Registered Office:
Walkers Corporate Limited
190 Elgin Avenue, George Town
Grand Cayman KY1-9008
Cayman Islands

Principal Place of Business in Hong Kong:
Room 1928, 19/F,
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

Notes:

1. All resolutions at the EGM will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.

2. Any shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint more than one proxy to attend and on a poll, vote instead of him. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of Shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by him.

3. 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 certified copy of that power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or via the designated URL (https://evoting.vistra.com) by using the username and password provided on the notification letter sent by the Company not less than 48 hours before the time appointed for the EGM (i.e. not later than 10:00 a.m. on Monday, September 7, 2026 (Hong Kong time)) or the adjourned meeting (as the case may be). Completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the EGM and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

4. For determining the eligibility to attend and vote at the EGM, the register of members of the Company will be closed from Friday, September 4, 2026 to Wednesday, September 9, 2026, both dates inclusive, during which period no transfer of Shares will be registered. The record date for determining the entitlement of Shareholders (except for holders of treasury Shares) to attend and vote at the EGM is Friday, September 4, 2026. In order to be eligible to attend and vote at the EGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, September 3, 2026.

5. Shareholders can view and listen to the EGM through online access by visiting the e-Meeting System. Accessing the EGM online will not constitute attendance at the EGM. Shareholders who view and listen to the EGM using the e-Meeting System will not be counted towards the quorum nor will they be able to cast their votes online. Shareholders may submit questions relevant to the proposed resolutions in advance before 5:00 p.m. on Wednesday, September 2, 2026 to the Board by email, telephone, or letter. Details of contact information are set out on page 3 and page 99 of the Annual Report 2025 of the Company. The Board and/or the Company will endeavour to address relevant questions in relation to the resolutions to be proposed for approval at the EGM and may, at their discretion, respond to substantial and relevant questions.

   The Company would like to remind all Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions inserted, Shareholders may appoint the chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM instead of attending the EGM in person.

   Registered Shareholders will receive a separate notification letter with personalized username and password for the e-Meeting System. Non-registered Shareholders whose Shares are held in the Central Clearing and Settlement System through bank, stockbroker, custodians or Hong Kong Securities Clearing Company Limited (collectively the "**Intermediary**") may also be able to view and listen to the EGM online through the e-Meeting System. In this regard, they should consult directly with their Intermediary for the necessary arrangements and the username and password will be sent to them upon receipt of request. Without the login details, non-registered Shareholders will not be able to view and listen to the EGM using the e-Meeting System. Shareholders should note that viewing and listening to the EGM using the e-Meeting System will not be counted towards the quorum nor will they be able to cast their votes online.

   The e-Meeting System will be open for Shareholders to log in approximately 30 minutes prior to the commencement of the EGM and can be accessed from any location with internet connection by a smart phone, tablet device or computer.

6. A circular containing further details concerning item 1 set out in the above notice will be sent to all shareholders of the Company.

7. References to time and dates in this notice are to Hong Kong time and dates.

As at the date of this notice, the board of directors of the Company comprises Dr. Xueming Qian as executive Director, chairman and chief executive officer, Dr. Li Xu and Dr. Hansen Xu as non-executive Directors and Mr. Jiasong Tang and Ms. Helen Wei Chen as independent non-executive Directors.