
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Capitalised terms used on this cover page have the same meanings as those defined in the section headed “Definitions” in this Offer Document.

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

If you have sold or transferred all your Shares, you should at once hand this Offer Document, together with the accompanying form of proxy and Form of Acceptance to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities, or other agent through whom the sale or the transfer was effected for onward transmission to the purchaser(s) or transferee(s).

This Offer Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms and conditions of the Offer.

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



SciClone Pharmaceuticals (Holdings) Limited

賽生藥業控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6600)

**(1) CONDITIONAL CASH OFFER BY
SOMERLEY CAPITAL LIMITED ON BEHALF OF
SCICLONE PHARMACEUTICALS (HOLDINGS) LIMITED
TO BUY-BACK UP TO 77,534,791 SHARES
AT HK\$10.06 PER SHARE
(2) APPLICATION FOR WHITEWASH WAIVER
AND
(3) NOTICE OF EGM**

Financial Adviser to the Company



SOMERLEY CAPITAL LIMITED

Independent Financial Adviser to the Independent Board Committee



Opus Capital Limited
創富融資有限公司

A letter from the Board is set out on pages 8 to 20 of this Offer Document. A letter from Somerley containing, among other things, the details of the terms of the Offer is set out on pages 21 to 31 of this Offer Document. A letter from the Independent Board Committee to the Independent Shareholders containing its recommendation in respect of the Offer and the Whitewash Waiver is set out on pages 32 to 33 of this Offer Document. A letter from Opus Capital, the Independent Financial Adviser, containing its opinion and recommendation to the Independent Board Committee in respect of the Offer and the Whitewash Waiver is set out on pages 34 to 67 of this Offer Document.

Custodians, nominees and trustees who would, or otherwise intend to, forward this Offer Document and/or the accompanying Form of Acceptance to any jurisdiction outside Hong Kong should read carefully the paragraphs under the section headed “Overseas Shareholders” in Appendix I to this Offer Document.

A notice convening the EGM to be held at 22/F, Central Plaza, 381 Middle Huaihai Road, Shanghai, PRC at 10:00 a.m. on Wednesday, 15 February 2023, is set out on pages EGM-1 to EGM-3 of this Offer Document. A form of proxy for use at the EGM is enclosed herewith. Whether or not you intend to attend and vote at the EGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Registrar, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as practicable but, in any event, not less than 48 hours before the time appointed for holding the EGM or any adjournment or postponement thereof (as the case may be). Such form of proxy for use at the EGM is also published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (<http://www.sciclone.com>). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or at any adjournment or postponement thereof (as the case may be) in person should you so wish.

* For identification purpose only

27 January 2023

CONTENTS

	<i>Page</i>
EXPECTED TIMETABLE	ii
DEFINITIONS	1
LETTER FROM THE BOARD	8
LETTER FROM SOMERLEY	21
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	32
LETTER FROM OPUS CAPITAL	34
APPENDIX I — TERMS OF THE OFFER	I-1
APPENDIX II — FINANCIAL INFORMATION OF THE GROUP	II-1
APPENDIX III — UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP	III-1
APPENDIX IV — GENERAL INFORMATION	IV-1
NOTICE OF EGM	EGM-1
Accompanying documents	
— Form of proxy for the EGM	
— Form of Acceptance	

EXPECTED TIMETABLE

The timetable set out below is indicative only and may be subject to change. Any changes to the timetable will be announced by the Company.

Despatch of this Offer Document, notice of the EGM,
form of proxy and Form of Acceptance Friday, 27 January 2023

Latest time for lodging transfer of Shares to qualify for attendance
at the EGM 4:30 p.m. on
Thursday, 9 February 2023

Closure of the Register (both dates inclusive) Friday, 10 February 2023 to
Wednesday, 15 February 2023

Latest time for lodging form of proxy for the EGM 10:00 a.m. on
Monday, 13 February 2023

EGM 10:00 a.m. on
Wednesday, 15 February 2023

Announcement of results of the EGM and
whether the Offer has become unconditional no later than 7:00 p.m. on
Wednesday, 15 February 2023

Latest time for lodging the Form of Acceptance and
latest time for determining Shareholders' entitlement
to participate in the Offer based on the records
of the Register (*Notes 1 to 3*) 4:00 p.m. on
Wednesday, 1 March 2023

Closing date of the Offer Wednesday, 1 March 2023

Record Date Wednesday, 1 March 2023

Announcement of results of the Offer to be posted
on the Stock Exchange's website no later than 7:00 p.m. on
Wednesday, 1 March 2023

EXPECTED TIMETABLE

Latest date for despatch of cheques to
the Accepting Shareholders and (if applicable)
despatch of share certificate for those Shares tendered
but not bought-back under the Offer (*Note 4*) Friday, 10 March 2023

Notes:

1. Dealings in the Shares after Monday, 27 February 2023 will not be settled under the rules of the Stock Exchange prior to the Record Date.
2. The Executive has agreed, subject to the approval of the Independent Shareholders for the Offer and the Whitewash Waiver at the EGM by way of poll, to waive any obligation of GL Trade, GL Glee and Mr. Li to make a general offer which might result from completion of the Offer. Assuming that the resolutions relating to the Offer and the Whitewash Waiver will be approved by the Independent Shareholders and the Offer has become unconditional on Wednesday, 15 February 2023, being the date of the EGM, the Offer will remain open for acceptance for a period of 14 days thereafter and will not be extended.
3. In order to accept the Offer, Qualifying Shareholders are required to submit to the Registrar the duly completed Form of Acceptance in accordance with the instructions as set out in this Offer Document and the Form of Acceptance (which instructions form part of the terms and conditions of the Offer) at or before 4:00 p.m. on Wednesday, 1 March 2023.
4. Remittance for the total amounts due to Accepting Shareholders under the Offer (subject to deduction of seller's ad valorem stamp duty payable on the Shares bought-back from such Accepting Shareholders) will be made by the Company within 7 business days (as defined in the Takeovers Code) after the close of the Offer.

All references to time and dates contained in this Offer Document refer to Hong Kong time and dates.

DEFINITIONS

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

“Accepting Shareholder(s)”	Qualifying Shareholder(s) accepting the Offer;
“acting in concert”	has the meaning ascribed to it under the Takeovers Code;
“Announcement”	the announcement of the Company dated 6 January 2023 in relation to, among other things, the Offer and the Whitewash Waiver;
“Board”	the board of Directors;
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited;
“Codes”	the Takeovers Code and the Share Buy-backs Code;
“Company”	SciClone Pharmaceuticals (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6600);
“Conditions”	the conditions to which the Offer is subject, as set out under the section headed “ <i>Conditions of the Offer</i> ” in the letter from the Board and in Appendix I to this Offer Document;
“Director(s)”	the director(s) of the Company;
“Dr. Vasella”	Dr. Daniel Luzius Vasella, a non-executive Director;

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be convened at 22/F, Central Plaza, 381 Middle Huaihai Road, Shanghai, PRC on Wednesday, 15 February 2023 at 10:00 a.m. (or any adjournment or postponement thereof, as the case may be) for considering and, if thought fit, approving the ordinary resolution in connection with the Offer and the special resolution in connection with the Whitewash Waiver;
“Excluded Shareholders”	Overseas Shareholders, if any, whose addresses, as shown on the Register as at the Latest Practicable Date, are outside Hong Kong and located in jurisdictions the laws of which may prohibit the making of the Offer to such Shareholders or otherwise require the Company to comply with additional requirements which are (in the opinion of the Directors, but subject to the prior consent of the Executive) unduly onerous or burdensome, having regard to the number of Shareholders involved in such jurisdictions and their shareholdings in the Company;
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director;
“Form of Acceptance”	the form of acceptance for use by the Qualifying Shareholders in connection with the Offer;
“GL Capital Concert Party Group”	the GL Capital Group and parties acting in concert with it (including Mr. Li, Dr. Vasella, Ms. Lin, Assicurazioni Generali S.p.A and Lion River I N.V.);
“GL Capital Group”	the single largest Shareholder, which is not a legal entity, but a group of companies comprising GL Capital Management GP Limited, GL Capital Management GP L.P., GL China Opportunities Fund L.P., GL Glee, GL Capital Management Limited, GL Capital Management GP II B.C. I Ltd., GL Trade, GL China, GL Partners Capital Management Limited and GL China Opportunities Carry GP Limited;

DEFINITIONS

“GL China”	GL China Opportunities Carry L.P., a limited partnership registered in Cayman Islands;
“GL Glee”	GL Glee Investment Limited, a limited liability company incorporated in the Cayman Islands;
“GL Trade”	GL Trade Investment L.P., an exempted limited partnership registered in Canada;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“HKSCC”	HKSCC Nominees Limited;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	an independent committee of the Board, comprising all the non-executive Directors (other than Mr. Li, Dr. Vasella and Ms. Lin) and all the independent non-executive Directors, namely Mr. Shi Cen, Ms. Wang Haixia, Dr. Liu Guoen, Dr. Chen Ping, Mr. Gu Alex Yushao and Ms. Wendy Hayes, who have no interest in the Offer and the Whitewash Waiver other than as a Shareholder, which has been formed to advise the Independent Shareholders in respect of the Offer and the Whitewash Waiver;
“Independent Financial Adviser” or “Opus Capital”	Opus Capital Limited, a licensed corporation under the SFO, licensed to carry out Type 6 (advising on corporate finance) regulated activity, being the independent financial adviser appointed to advise the Independent Board Committee in relation to the Offer and the Whitewash Waiver;

DEFINITIONS

“Independent Shareholders”	Shareholders other than (i) the GL Capital Concert Party Group; (ii) Mr. Zhao; (iii) Shareholders involved in or interested in the Whitewash Waiver and/or the Offer (other than as a Shareholder); and (iv) any person who may be required to abstain from voting on the resolutions in respect of the Offer and the Whitewash Waiver to be proposed at the EGM in accordance with the Takeovers Code and the Share Buy-backs Code;
“Irrevocable Undertakings”	the irrevocable undertakings given by (i) each of GL Trade and GL Glee that it will not, and will procure the holders of Shares whose Shares it is deemed to be interested in by virtue of Part XV of the SFO not to, accept the Offer and (ii) Mr. Zhao that (a) he will not, and will procure any holders of Shares whose Shares he is deemed to be interested in by virtue of Part XV of the SFO not to, accept the Offer and (b) he will not exercise any of the Share Options and RSUs held by him during the Offer Period;
“Last Trading Day”	6 January 2023, being the last trading day of the Shares on the Stock Exchange prior to the issue of the Announcement;
“Latest Acceptance Time”	the latest time for receipt by the Registrar of the Form of Acceptance submitted by the Qualifying Shareholders, being 4:00 p.m. on Wednesday, 1 March 2023, or such later date as the Company may announce in accordance with the requirements of the Codes;
“Latest Practicable Date”	20 January 2023, being the latest practicable date for the purpose of ascertaining certain information referred to in this Offer Document prior to its printing;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

DEFINITIONS

“Maximum Number”	the maximum number of Shares to be bought-back pursuant to the Offer, being an aggregate of 77,534,791 Shares, representing approximately 11.17% of the issued Shares as at the Latest Practicable Date;
“Mr. Li”	Mr. Li Zhenfu, a non-executive Director;
“Mr. Zhao”	Mr. Zhao Hong, an executive Director;
“Ms. Lin”	Ms. Lin Shirley Yi-Hsien, a non-executive Director;
“Offer”	a conditional cash offer by Somerley on behalf of the Company to buy-back Shares at the Offer Price from all Qualifying Shareholders, subject to the Maximum Number;
“Offer Document”	this document (accompanying with the form of proxy for the EGM and the Form of Acceptance);
“Offer Period”	has the meaning ascribed to it under the Takeovers Code and commencing from the date of the Announcement, being 6 January 2023, and ending on the date at which the Offer closes, lapses or is withdrawn, as the case may be;
“Offer Price”	HK\$10.06 per Share;
“Overseas Shareholder(s)”	Shareholder(s), whose address(es), as shown in the Register, is/are outside Hong Kong;
“Option Incentive Plan”	the option incentive plan approved and adopted by the Company on 24 June 2018, pursuant to which options to subscribe for an aggregate of 32,033,442 Shares are outstanding (all of which are vested) as at the Latest Practicable Date;
“Post-IPO Option Plan”	the post-IPO share option scheme adopted by Shareholders’ resolution on 22 January 2021, pursuant to which options to subscribe for an aggregate of 21,510,070 Shares are outstanding (1,467,820 of which are vested) as at the Latest Practicable Date;

DEFINITIONS

“Post-IPO RSU Plan”	the post-IPO Restricted Share Unit Plan adopted by Shareholders’ resolution on 22 January 2021, pursuant to which RSUs representing 2,600,000 Shares are outstanding (none of which is vested) as at the Latest Practicable Date;
“PRC”	the People’s Republic of China, but for the purpose of this Offer Document, excluding Hong Kong, Macau Special Administrative Region and Taiwan;
“Qualifying Shareholder(s)”	Shareholder(s), other than the Excluded Shareholder(s) (if any), whose name(s) appear(s) on the Register on the Record Date;
“Record Date”	the record date for the Offer which will be the 14th day after the date of the EGM, i.e. Wednesday, 1 March 2023;
“Register”	the register of members of the Company;
“Registrar”	Tricor Investor Services Limited, being the Hong Kong branch share registrar and transfer office of the Company, whose address is situated at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong;
“Relevant Period”	the period from 6 July 2022 (being the date falling six months prior to 6 January 2023, the commencement date of the Offer Period) up to and including the Latest Practicable Date;
“RMB”	Renminbi, the lawful currency of the PRC;
“RSU(s)”	the outstanding restricted share unit(s) granted pursuant to the Post-IPO RSU Plan;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of a par value of US\$0.00005 each in the share capital of the Company;

DEFINITIONS

“Share Buy-backs Code”	the Code on Share Buy-backs of Hong Kong;
“Shareholder(s)”	holder(s) of the Share(s);
“Share Options”	the outstanding share options granted pursuant to the Option Incentive Plan and/or Post-IPO Option Plan;
“Somerley”	Somerley Capital Limited, the financial adviser to the Company, a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities;
“Somerley Group”	Somerley and persons controlling, controlled by or under the same control (with the meanings ascribed to such terms in the Takeovers Code) as Somerley;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong;
“Title Documents”	the relevant Share certificate(s), transfer receipt(s) and/or other document(s) of title with respect to ownership(s) of the Share(s) (and/or any satisfactory indemnity or indemnities required in respect thereof);
“US\$”	US dollar(s), the lawful currency of the United States;
“Whitewash Waiver”	a waiver to be granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligations of GL Trade, GL Glee and Mr. Li to make a mandatory general offer for all the Shares not already owned by the GL Capital Concert Party Group under Rule 26.1 of the Takeovers Code, which may otherwise arise as a result of completion of the Offer; and
“%”	per cent.

* *The English translation of Chinese name(s) in this Offer Document, where indicated, is included for information only, and should not be regarded as the official English translation of such Chinese name(s).*

LETTER FROM THE BOARD



SciClone Pharmaceuticals (Holdings) Limited

賽生藥業控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6600)

Executive Director:

Mr. Zhao Hong (*Chief Executive Officer and President*)

Non-executive Directors:

Mr. Li Zhenfu (*Chairman*)

Dr. Daniel Luzius Vasella

Ms. Lin Shirley Yi-Hsien

Mr. Shi Cen

Ms. Wang Haixia

Independent non-executive Directors:

Dr. Liu Guoen

Dr. Chen Ping

Mr. Gu Alex Yushao

Ms. Wendy Hayes

Registered Office:

PO Box 309, Ugland House

Grand Cayman, KY1-1104

Cayman Islands

Principal Place of Business

in Hong Kong:

3401A, Windsor House

311 Gloucester Road, Causeway Bay

Hong Kong

27 January 2023

To the Shareholders

Dear Sir or Madam,

**(1) CONDITIONAL CASH OFFER BY
SOMERLEY CAPITAL LIMITED ON BEHALF OF
SCICLONE PHARMACEUTICALS (HOLDINGS) LIMITED
TO BUY-BACK UP TO 77,534,791 SHARES
AT HK\$10.06 PER SHARE
(2) APPLICATION FOR WHITEWASH WAIVER
AND
(3) NOTICE OF EGM**

INTRODUCTION

On 6 January 2023, the Board announced that the Offer would be made by Somerley on behalf of the Company to buy-back for cancellation, subject to the Conditions, up to the Maximum Number, being 77,534,791 Shares, representing approximately 11.17% of the issued Shares as at the Latest Practicable Date, at the price of HK\$10.06 per Share.

LETTER FROM THE BOARD

The purpose of this Offer Document is to provide you with, among other things, (i) information relating to the Offer and the Whitewash Waiver; (ii) a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the Offer and the Whitewash Waiver; (iii) a letter from Opus Capital, the Independent Financial Adviser, containing its opinion and recommendation to the Independent Board Committee as to whether the Offer and the Whitewash Waiver are fair and reasonable and as to acceptance and voting; and (iv) a notice of the EGM.

The Form of Acceptance accompanying this Offer Document is for use only by the Qualifying Shareholders who wish to accept the Offer.

THE OFFER

The number of Shares to be bought-back for cancellation by Somerley on behalf of the Company at the price of HK\$10.06 per Share will not exceed the Maximum Number, being 77,534,791 Shares, representing approximately 11.17% of the issued Shares as at the Latest Practicable Date.

The Offer is not conditional on any minimum number of Shares being tendered for acceptance or any minimum number of Shares to be bought-back under the Offer.

The Offer will be made in full compliance with the Codes.

THE OFFER PRICE

The Offer Price of HK\$10.06 per Share valued the entire issued share capital of the Company as at the Latest Practicable Date at approximately HK\$6,985.5 million.

The Offer Price represents:

- a premium of approximately 0.70% over the closing price of the Shares of HK\$9.99 as quoted on the Stock Exchange on the Latest Practicable Date;
- a premium of approximately 13.93% over the closing price of the Shares of HK\$8.83 as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 14.19% over the average closing price of the Shares of approximately HK\$8.81 as quoted on the Stock Exchange for the last 5 trading days up to and including the Last Trading Day;

LETTER FROM THE BOARD

- a premium of approximately 17.66% over the average closing price of the Shares of approximately HK\$8.55 as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Trading Day;
- a premium of approximately 25.12% over the average closing price of the Shares of approximately HK\$8.04 as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day;
- a premium of approximately 146.57% to the Group's net asset value attributable to the Shareholders of approximately HK\$4.08 per Share pursuant to the latest audited consolidated financial statements of the Company as at 31 December 2021, calculated based on the audited consolidated net asset value attributable to the Shareholders of RMB2,317,408,000 (based on the exchange rate of HK\$1: RMB0.81760, the central parity rate published by the People's Bank of China on its website as at 31 December 2021 for illustrative purposes) as at 31 December 2021 and Shares in issue as at the date of the Announcement; and
- a premium of approximately 131.26% to the Group's net asset value attributable to the Shareholders of approximately HK\$4.35 per Share pursuant to the latest unaudited consolidated financial statements of the Company as at 30 June 2022, calculated based on the unaudited consolidated net asset value attributable to the Shareholders of RMB2,584,595,000 (based on the exchange rate of HK\$1: RMB0.85519, the central parity rate published by the People's Bank of China on its website as at 30 June 2022 for illustrative purposes) as at 30 June 2022 and Shares in issue as at the date of the Announcement.

The Offer Price was determined after taking into account, among other things, the historical prices of the Shares traded on the Stock Exchange, historical financial information of the Company, and the prevailing market conditions and sentiments, and with reference to share buy-back transactions in Hong Kong in recent years.

The Company will not increase the Offer Price. Shareholders and potential investors of the Company should be aware that, following the making of this statement, the Company will not be allowed to increase the Offer Price. The Company does not reserve the right to increase the Offer Price.

LETTER FROM THE BOARD

CONFIRMATION OF FINANCIAL RESOURCES

At the Offer Price, the Offer, if accepted in full, will result in the Company paying approximately HK\$780 million in aggregate to the Accepting Shareholders in cash which will be funded by internal resources of the Group without using the proceeds received by the Company from the initial public offering. Somerley is satisfied that the Company has sufficient financial resources to enable it to satisfy acceptances of the Offer in full.

CONDITIONS OF THE OFFER

The Offer will be conditional upon fulfilment of all of the following Conditions:

- (a) the approval by more than 50% of the votes cast by the Independent Shareholders by way of a poll having been obtained at the EGM in respect of the Offer;
- (b) the approval by at least 75% of the votes cast by the Independent Shareholders by way of a poll having been obtained at the EGM in respect of the Whitewash Waiver; and
- (c) the Executive granting the Whitewash Waiver and the satisfaction of any condition attached to the Whitewash Waiver and the Whitewash Waiver not having been revoked or withdrawn.

None of the above Conditions can be waived, and none of them had been fulfilled as at the Latest Practicable Date.

The Offer is not conditional as to any minimum number of Shares tendered for acceptances.

IRREVOCABLE UNDERTAKINGS

As at the Latest Practicable Date, the GL Capital Group is deemed to be interested in 195,104,060 Shares, representing approximately 28.10% of the issued Shares as at the Latest Practicable Date. Of those 195,104,060 Shares, (i) 133,318,370 Shares are held by GL Trade (including 28,350,000 Shares which are held by GL Trade as a nominee for GL China) and (ii) 61,785,690 Shares are held by GL Glee. Please refer to the section headed “*Changes in Shareholding Structure*” below for details of its shareholding.

As at the Latest Practicable Date, Mr. Zhao is deemed to be interested in (i) 12,179,690 Shares (representing approximately 1.75% of the issued Shares as at the Latest Practicable Date), (ii) 11,256,210 Share Options under the Option Incentive Plan (representing approximately 1.62% of the issued Shares as at the Latest Practicable Date), (iii) 4,000,000 Share Options under the

LETTER FROM THE BOARD

Post-IPO Option Plan (representing approximately 0.58% of the issued Shares as at the Latest Practicable Date) and (iv) 600,000 RSUs under the Post-IPO RSU Plan (representing approximately 0.09% of the issued Shares as at the Latest Practicable Date). Mr. Zhao has confirmed that he is not acting in concert with the GL Capital Group.

Each of GL Trade and GL Glee has irrevocably undertaken to the Company that it will not, and will procure the holders of Shares whose Shares it is deemed to be interested in by virtue of Part XV of the SFO not to, accept the Offer. Further, Mr. Zhao has irrevocably undertaken to the Company that (i) he will not, and will procure the holders of Shares whose Shares he is deemed to be interested in by virtue of Part XV of the SFO not to, accept the Offer and (ii) he will not exercise any of the Share Options and RSUs held by him during the Offer Period. The Irrevocable Undertakings will be binding until the closing, lapse or withdrawal of the Offer.

As at the Latest Practicable Date, save for the Irrevocable Undertakings, neither the Company nor parties acting in concert with it, nor the GL Capital Group nor any person acting in concert with it, had received any irrevocable commitment to accept or not to accept the Offer.

As at the Latest Practicable Date, the trustee of the Post-IPO RSU Plan held 6,689,963 Shares, amongst which 600,000 are to be used to satisfy the share awards granted to Mr. Zhao, 2,000,000 are to be used to satisfy the share awards granted to employees of the Group and the remaining 4,089,963 are to be used to satisfy future grants of share awards. Under the terms of the Post-IPO RSU Plan, the trustee shall not exercise the voting rights in respect of any Shares held under the Post-IPO RSU Plan. Accordingly, such 6,689,963 Shares shall not be voted at the EGM. In accordance with the terms of the Post-IPO RSU Plan, the Board has instructed the trustee not to accept the Offer.

LETTER FROM THE BOARD

WHITEWASH WAIVER

As at the Latest Practicable Date, the GL Capital Concert Party Group is interested in 195,104,060 Shares, representing approximately 28.10% of the issued Shares as at the Latest Practicable Date. Pursuant to Rule 6 of the Share Buy-backs Code, if as a result of a share buy-back, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code.

Depending on the level of acceptances received from the Accepting Shareholders pursuant to the Offer and assuming that no Share Options will be exercised by their holders prior to completion of the Offer, the aggregate interests of the GL Capital Concert Party Group may increase to a maximum level of approximately 31.63% upon completion of the Offer, thereby triggering an obligation under Rule 26 of the Takeovers Code for GL Trade, GL Glee and Mr. Li to make a mandatory general offer for all the Shares not already owned by the GL Capital Concert Party Group. Consequently, an application has been made to the Executive by Mr. Li on behalf of GL Trade and GL Glee for the Whitewash Waiver.

The Executive has agreed, subject to the approval of the Independent Shareholders for the Offer and the Whitewash Waiver at the EGM by way of poll, to waive any obligation of GL Trade, GL Glee and Mr. Li to make a general offer which might result from completion of the Offer.

If the resolutions to approve the Offer and the Whitewash Waiver are not approved by the Independent Shareholders, the Offer will immediately lapse.

CHANGES IN SHAREHOLDING STRUCTURE

The table below shows the Company's existing shareholding structure and the shareholding structure immediately after completion of the Offer, assuming that (i) all the Qualifying Shareholders will accept the Offer in full (and taking into account the fact that each of GL Trade, GL Glee and Mr. Zhao has irrevocably undertaken to the Company that it or he will not, and will procure the holders of Shares whose Shares it or he is deemed to be interested in by virtue of Part XV of the SFO not to, accept the Offer, and with respect to Mr. Zhao, he will also not exercise any of the Share Options and RSUs held by him during the Offer Period); and (ii) no additional Shares will be issued from the Latest Practicable Date up to and including the date of completion of the Offer (save as a result of any exercise of the Share Options by their holders (excluding Mr. Zhao)):

LETTER FROM THE BOARD

Name of Shareholder	As at the Latest Practicable Date		Immediately after completion of the Offer (assuming no Share Options will be exercised from the Latest Practicable Date up to and including the date of completion of the Offer)		Immediately after completion of the Offer (assuming all Share Options which are vested as at the Latest Practicable Date have been fully exercised before completion of the Offer (excluding Share Options held by Mr. Zhao))	
	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
GL Capital Concert Party Group						
GL Trade (<i>Note 1</i>)	133,318,370	19.20	133,318,370	21.61	133,318,370	20.86
GL Glee (<i>Note 2</i>)	61,785,690	8.90	61,785,690	10.02	61,785,690	9.67
Sub-total	195,104,060	28.10	195,104,060	31.63	195,104,060	30.53
Mr. Zhao (<i>Note 3</i>)	12,179,690	1.75	12,179,690	1.97	12,179,690	1.91
Company and its concert parties (<i>Note 4</i>)	207,283,750	29.85	207,283,750	33.60	207,283,750	32.43
Other Shareholders						
Trustee of the Post-IPO RSU Plan	6,689,963	0.96	6,689,963	1.08	6,689,963	1.05
Other independent Shareholders	480,413,050	69.19	402,878,259	65.31	425,123,311	66.52
Sub-total	487,103,013	70.15	409,568,222	66.40	431,813,274	67.57
Total	694,386,763	100.00	616,851,972	100.00	639,097,024	100.00

Notes:

- GL Trade holds 133,318,370 Shares (including 28,350,000 Shares which are held by GL Trade as a nominee for GL China, whose general partner is GL China Opportunities Carry GP Limited). GL Trade's general partner is GL Capital Management GP II B.C. I Ltd., a company incorporated in Canada which is wholly owned by GL Capital Management Limited, which is held by GL Partners Capital Management Limited as to 51% and Lion River I N.V. as to 49%. Lion River I N.V. is a company incorporated in Netherlands and is wholly owned by Assicurazioni Generali S.p.A, a company listed on Italian Stock Exchange. GL Partners Capital Management Limited is a limited liability company incorporated in the Cayman Islands and is controlled by GL China Opportunities Carry GP Limited as to 70%. GL China Opportunities Carry GP Limited is a limited liability company incorporated in the Cayman Islands and is wholly owned by Mr. Li. As such, each of GL Capital Management GP II B.C. I Ltd., GL Capital Management Limited, GL Partners Capital Management Limited, GL China Opportunities Carry GP Limited, Lion River I N.V., Assicurazioni Generali S.p.A and Mr. Li is deemed to be interested in Shares held by GL Trade.
- GL Glee is a limited liability company incorporated in the Cayman Islands and is wholly owned by GL China Opportunities Fund L.P., a limited partnership registered in Cayman Islands whose general partner is GL Capital Management GP L.P., a limited partnership registered in Cayman Islands, whose general partner is GL Capital Management GP Limited, which is held by GL Partners Capital Management Limited as to 51% and Lion River I N.V. as to 49%. Lion River I N.V. is a company incorporated in Netherlands and is wholly owned by Assicurazioni Generali S.p.A, a company listed on Italian Stock Exchange. GL Partners Capital Management Limited is a limited liability company incorporated in the Cayman Islands and is controlled by GL China Opportunities Carry GP Limited as to 70%. GL China Opportunities Carry GP Limited is a limited liability company incorporated

LETTER FROM THE BOARD

in the Cayman Islands and is wholly owned by Mr. Li. As such, each of GL China Opportunities Fund L.P., GL Capital Management GP L.P., GL Capital Management GP Limited, GL Partners Capital Management Limited, GL China Opportunities Carry GP Limited, Lion River I N.V., Assicurazioni Generali S.p.A and Mr. Li is deemed to be interested in Shares held by GL Glee.

3. Convergence International Holdings Ltd holds 11,979,690 Shares. Convergence International Holdings Ltd is wholly owned by Beijing Convergence Management Consulting Partnership Enterprise (Limited Partnership) (北京諾盛衡康管理諮詢合夥企業(有限合夥)), which is in turn owned by its general partner, Juli Information Consulting (Beijing) Co., Ltd. (炬力信息諮詢(北京)有限公司), as to 0.000003957%, and its limited partner, Zhoushan Kangnuo Equity Investment Partnership Enterprise (Limited Partnership) (舟山康諾股權投資合夥企業(有限合夥)), as to 99.999996043%. As Mr. Zhao is interested in 32.44% equity interests in Juli Information Consulting (Beijing)Co., Ltd. (炬力信息諮詢(北京)有限公司) and 40.96% partnership interests in Zhoushan Kangnuo Equity Investment Partnership Enterprise (Limited Partnership) (舟山康諾股權投資合夥企業(有限合夥)), Mr. Zhao is deemed to be interested in Shares held by Convergence International Holdings Ltd. In addition, there are 200,000 Shares personally owned by Mr. Zhao. Mr. Zhao also holds 11,256,210 Share Options, 4,000,000 Share Options, and 600,000 RSUs granted to him under the Option Incentive Plan, the Post-IPO Option Plan and the Post-IPO RSU Plan, respectively.
4. Concert parties of the Company comprise the GL Capital Concert Party Group, Mr. Zhao, and Somerley. Somerley is the financial adviser to the Company in respect of the Offer. Accordingly, Somerley and relevant members of the Somerley Group which hold Shares (if any) are presumed to be acting in concert with the Company in accordance with class (5) of the definition of “acting in concert” in the Takeovers Code (except in respect of Shares held by exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purposes of the Takeovers Code and also excluding Shares held on behalf of non-discretionary investment clients of the Somerley Group). As at the Latest Practicable Date, Somerley and relevant members of the Somerley Group did not hold any Shares on a proprietary basis.
5. Numbers may not add up to 100% due to rounding.

Assuming that (i) all the Qualifying Shareholders will accept the Offer in full (and taking into account the fact that each of GL Trade, GL Glee and Mr. Zhao has irrevocably undertaken to the Company that it or he will not, and will procure the holders of Shares whose Shares it or he is deemed to be interested in by virtue of Part XV of the SFO not to, accept the Offer, and with respect to Mr. Zhao, he will also not exercise any of the Share Options and RSUs held by him during the Offer Period); and (ii) no additional Shares will be issued from the Latest Practicable Date up to and including the date of completion of the Offer, over 25% of the issued Shares will be held by public Shareholders and accordingly the Company will comply with the public float requirement under Rule 8.08 of the Listing Rules after completion of the Offer.

As at the Latest Practicable Date, save as disclosed above, neither the GL Capital Group, the Company nor parties acting in concert with either of them holds, owns, controls or has direction over any Shares, outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares, or has entered into any outstanding derivatives in respect of securities in the Company.

REASONS FOR THE OFFER

After evaluating its cash position and near term cash utilization options, the Company believes that making the Offer is the best use of the Company’s cash and is in the best interest of its Shareholders as a whole. The Offer will enhance the earnings per Share and reduce the cost of capital of the Group upon completion of the Offer and cancellation of the Shares bought back.

LETTER FROM THE BOARD

The Offer Price represents a premium of approximately 13.93% over the closing price of the Shares of HK\$8.83 as quoted on the Stock Exchange on 6 January 2023 (being the Last Trading Day), a premium of approximately 25.12% over the average closing price of the Shares of approximately HK\$8.04 as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day and a premium of approximately 146.57% to the Group's net asset value attributable to the Shareholders of approximately HK\$4.08 per Share pursuant to the latest audited consolidated financial statements of the Company as at 31 December 2021.

The Offer provides an opportunity for the Shareholders either to tender Shares at a premium to recent market prices and to the Group's net asset value per Share, or to increase their proportionate equity interests in the Company by retaining their shareholdings and participating in the future prospects of the Group. After completion of the Offer and cancellation of the Shares bought back, all Shareholders will benefit from enhanced Shareholder value and optimized capital structure.

FINANCIAL EFFECTS OF THE OFFER

The unaudited pro forma financial information of the Group upon completion of the Offer, illustrating the financial impact of the Offer on the earnings per Share, net assets per Share, liabilities and working capital (expressed as net current assets) of the Group, is set out in Appendix III to this Offer Document.

Earnings per Share

Based on the unaudited pro forma financial information of the Group set out in Appendix III to this Offer Document and assuming that full acceptance of the Offer was completed on 1 January 2021 and the Maximum Number had been bought-back under the Offer, the basic earnings per Share for the year ended 31 December 2021 would, as a result, have increased by approximately 13.38% from RMB1.42 per Share to RMB1.61 per Share.

Net assets per Share

Based on the unaudited pro forma financial information of the Group set out in Appendix III to this Offer Document and assuming that full acceptance of the Offer was completed on 31 December 2021 and the Maximum Number had been bought-back under the Offer, the net assets per Share as at 31 December 2021 would, as a result, have decreased by approximately 21.18% from RMB3.40 per Share to RMB2.68 per Share.

LETTER FROM THE BOARD

Liabilities

The Offer will be paid in cash and funded by internal resources of the Group. The liabilities as at 31 December 2021 would remain unchanged at approximately RMB1,745.27 million following completion of the Offer.

Working capital

The working capital (expressed as net current assets) as at 31 December 2021 would decrease by approximately 34.36% from approximately RMB2,042.29 million to RMB1,340.47 million.

The Directors confirm that the Group will have sufficient working capital to meet its normal operating requirements after completion of the Offer assuming full acceptance of the Offer.

Based on the above and having considered the manner of funding of the consideration for the Offer, the Company considers that completion of the Offer will have no material adverse effect on the Group's earnings per Share, net assets per Share, liabilities or working capital.

INFORMATION ON THE GROUP

The Group is principally engaged in developing and commercializing a portfolio of marketed products as well as pipeline with potential in its focused therapeutic areas including oncology and severe infection.

FUTURE INTENTIONS ON THE GROUP

The Company is confident in the long-term prospects of the business of the Group.

The GL Capital Group is the substantial Shareholder. Completion of the Offer will not result in a change in the GL Capital Group remaining as the single largest Shareholder or in the composition of the Board. The GL Capital Group intends to continue with the existing businesses of the Group and does not intend to introduce any major changes to the businesses of the Group nor conduct any redeployment of the fixed assets of the Group. Accordingly, there will be no material change to the existing businesses and employment of the existing employees of the Group as a result of the Offer.

LETTER FROM THE BOARD

Each of GL Trade and GL Glee has informed the Company that its irrevocable undertakings are consistent with its belief in, and commitment to, the Group and its businesses. The GL Capital Group has also informed the Company that it is its intention that, following completion of the Offer, the Group's businesses, management and the Board will remain unchanged. It is also its intention to maintain the Company's listing on the Stock Exchange.

The Company has no intention to rely on sections 705, 711 to 716 and 718 to 721 of the Companies Ordinance (Cap. 622) or any comparable provisions of the Companies Act (As Revised) in the Cayman Islands in relation to the right of compulsory acquisition of Shares held by minority Shareholders after the Offer. The Company intends to continue to meet the public float requirement of Rule 8.08 of the Listing Rules.

EXTRAORDINARY GENERAL MEETING

The Offer will be conditional upon, among other things, the passing of an ordinary resolution and a special resolution by way of poll to approve the Offer and the Whitewash Waiver, respectively, by the Independent Shareholders, either voting in person or by proxy, at the EGM.

The GL Capital Concert Party Group will abstain from voting on the resolutions in respect of the Offer and the Whitewash Waiver to be proposed at the EGM. As the Offer is being made on behalf of the Company, Mr. Zhao will also abstain from voting on the resolutions in respect of the Offer and the Whitewash Waiver at the EGM.

Under the terms of the Post-IPO RSU Plan, the trustee shall not exercise the voting rights in respect of any Shares held under the Post-IPO RSU Plan. As at the Latest Practicable Date, the trustee of the Post-IPO RSU Plan held 6,689,963 Shares, which will not be voted on at the EGM.

The EGM will be convened at 22/F, Central Plaza, 381 Middle Huaihai Road, Shanghai, PRC at 10:00 a.m. on Wednesday, 15 February 2023 for considering and, if thought fit, approving the resolutions in respect of the Offer and the Whitewash Waiver.

A notice convening the EGM is set out on pages EGM-1 to EGM-3 of this Offer Document and a form of proxy for use at the EGM is also enclosed. Whether or not you intend to attend the EGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Registrar not later than 48 hours before the time appointed for holding the EGM or any adjournment or postponement thereof (as the case may be). Such form of proxy for use at the EGM is also published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (<http://www.sciclone.com>). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or at any adjournment or postponement thereof (as the case may be) in person should you so wish.

LETTER FROM THE BOARD

The Independent Board Committee, comprising all the non-executive Directors (other than Mr. Li, Dr. Vasella and Ms. Lin) and all the independent non-executive Directors who have no interest in the Offer or the Whitewash Waiver other than as a Shareholder, has been formed to advise the Independent Shareholders in respect of the Offer and the Whitewash Waiver. Opus Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee as to whether the Offer and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned and as to acceptance and voting.

Independent Shareholders should note that their decisions on how to vote on the resolutions to be proposed at the EGM to approve the Offer and the Whitewash Waiver shall not affect their decisions on whether to accept the Offer or not. Even if they vote in favour of or against the resolutions to be proposed at the EGM, they are free nonetheless to accept or not to accept the Offer.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee as set out on pages 32 to 33 of this Offer Document and to the letter from Opus Capital as set out on pages 34 to 67 of this Offer Document. The latter contains, among other things, the opinion and recommendation of Opus Capital to the Independent Board Committee in respect of the Offer and the Whitewash Waiver and the principal factors and reasons considered by it in arriving at such opinion and recommendation.

Taking into account the letter from the Independent Board Committee and all other factors as stated under the section headed “*Reasons for the Offer*” above as a whole, the Board is of the opinion that the terms of the Offer and the Whitewash Waiver are on balance fair and reasonable and in the interest of the Shareholders as a whole. The Board therefore recommends the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM approving the Offer and the Whitewash Waiver.

FURTHER INFORMATION

Your attention is also drawn to the terms of the Offer as set out in the letter from Somerley on pages 21 to 31 and in Appendix I to this Offer Document, the financial information of the Group as set out in Appendix II to this Offer Document, the unaudited pro forma financial information of the Group as set out in Appendix III to this Offer Document and the general information as set out in Appendix IV to this Offer Document.

LETTER FROM THE BOARD

Shareholders and potential investors should note that the Offer is subject to all of the Conditions being fulfilled and, therefore, may or may not become unconditional. Shareholders and potential investors are advised to exercise caution when dealing in the Shares and should consult their professional advisers when in doubt.

Yours faithfully,

For and on behalf of the Board

SciClone Pharmaceuticals (Holdings) Limited

ZHAO Hong

Executive Director, Chief Executive Officer and President

LETTER FROM SOMERLEY



SOMERLEY CAPITAL LIMITED

SOMERLEY CAPITAL LIMITED

20/F, China Building

29 Queen's Road Central

Hong Kong

27 January 2023

To the Shareholders

Dear Sir or Madam,

**CONDITIONAL CASH OFFER BY
SOMERLEY CAPITAL LIMITED ON BEHALF OF
SCICLONE PHARMACEUTICALS (HOLDINGS) LIMITED
TO BUY-BACK UP TO 77,534,791 SHARES
AT HK\$10.06 PER SHARE
AND
APPLICATION FOR WHITEWASH WAIVER**

INTRODUCTION

On 6 January 2023, the Board announced that the Offer would be made by Somerley on behalf of the Company to buy-back for cancellation, subject to the Conditions, up to the Maximum Number, being 77,534,791 Shares, representing approximately 11.17% of the issued Shares as at the Latest Practicable Date, at the price of HK\$10.06 per Share. The Offer will be made in full compliance with the Codes. The Qualifying Shareholders may accept the Offer by lodging the Form of Acceptance for the sale of their Shares to the Company at the Offer Price of HK\$10.06 per Share.

The Shares to be bought-back by the Company will not exceed the Maximum Number. There is no minimum number of Shares proposed to be bought-back under the Offer. This letter sets out the details of the terms of the Offer. Further details of the terms and conditions of the Offer are set out in Appendix I to this Offer Document and the accompanying Form of Acceptance.

LETTER FROM SOMERLEY

THE OFFER

The Offer is being made by Somerley on behalf of the Company subject to fulfilment of the Conditions to buy-back the Shares on the following basis up to the Maximum Number, being 77,534,791 Shares:

For every Share HK\$10.06 in cash

All Qualifying Shareholders are entitled to accept the Offer by submitting Form of Acceptance for the sale of any number of their Shares to the Company on the basis of which as set out under the section headed “*Other Terms of the Offer*” below.

The salient terms of the Offer are as follows:

- (a) Somerley will make the Offer to the Shareholders on behalf of the Company to buy-back the Shares, up to the Maximum Number, at the Offer Price;
- (b) Qualifying Shareholders may accept the Offer in respect of any number of their Shares at the Offer Price up to their entire shareholding (subject to the procedures for scaling down described under the section headed “*Other Terms of the Offer*” below);
- (c) The Offer is not conditional upon a minimum number of Shares being tendered for buy-back;
- (d) All Shares validly tendered will be bought-back to the extent that the aggregate number of Shares bought-back pursuant to the Offer will not thereby exceed the Maximum Number. If the number of Shares validly tendered exceeds the Maximum Number, the number of Shares to be bought-back from each Accepting Shareholder will be reduced proportionally so that the number of Shares bought-back by the Company in aggregate is equal to the Maximum Number. Further details of the procedures for scaling down are described under the section headed “*Other Terms of the Offer*” below;
- (e) A Form of Acceptance duly received by or on behalf of the Company will become irrevocable and cannot be withdrawn after the Offer has been declared unconditional unless in accordance with Rule 19.2 of the Takeovers Code;
- (f) Shares will be bought-back in cash, free of commission, levies and dealing charges, save that the amount of stamp duty due on the Shares bought-back attributable to the seller will be deducted from the amount payable to the Accepting Shareholders and will be paid by the Company on behalf of the Accepting Shareholders;

LETTER FROM SOMERLEY

- (g) Shares bought-back will be treated as cancelled and will not be entitled to any dividend declared for any record date set subsequent to the date of their cancellation. The issued share capital of the Company shall be diminished by the nominal value of the Shares bought-back accordingly; and
- (h) Shares will be bought-back free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature. Accordingly, the submission of a Form of Acceptance by an Accepting Shareholder will be deemed to constitute a warranty by that Accepting Shareholder to Somerley and the Company that the Shares are being sold free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature.

Under the Share Buy-backs Code, the Offer will need to be approved by the Independent Shareholders in a general meeting by a majority of votes by way of poll and will also be subject to the other Conditions as referred to in the section headed “*Conditions of the Offer*” below.

As disclosed in Appendix IV to this Offer Document, as at the Latest Practicable Date, save for the Share Options and the 694,386,763 Shares in issue, the Company did not have other class of securities, outstanding options, derivatives, warrants or other securities which are convertible or exchangeable into Shares.

As disclosed in Appendix IV to this Offer Document, as at the Latest Practicable Date, RSUs representing 2,600,000 Shares were outstanding (none of which is vested). As at the Latest Practicable Date, the trustee of the Post-IPO RSU Plan held 6,689,963 Shares, amongst which 600,000 are to be used to satisfy the share awards granted to Mr. Zhao, 2,000,000 are to be used to satisfy the share awards granted to employees of the Group and the remaining 4,089,963 are to be used to satisfy future grants of share awards.

THE OFFER PRICE

The Offer Price of HK\$10.06 per Share valued the entire issued share capital of the Company as at the Latest Practicable Date at approximately HK\$6,985.5 million.

The Offer Price represents:

- a premium of approximately 0.70% over the closing price of the Shares of HK\$9.99 as quoted on the Stock Exchange on the Latest Practicable Date;
- a premium of approximately 13.93% over the closing price of the Shares of HK\$8.83 as quoted on the Stock Exchange on the Last Trading Day;

LETTER FROM SOMERLEY

- a premium of approximately 14.19% over the average closing price of the Shares of approximately HK\$8.81 as quoted on the Stock Exchange for the last 5 trading days up to and including the Last Trading Day;
- a premium of approximately 17.66% over the average closing price of the Shares of approximately HK\$8.55 as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Trading Day;
- a premium of approximately 25.12% over the average closing price of the Shares of approximately HK\$8.04 as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day;
- a premium of approximately 146.57% to the Group's net asset value attributable to the Shareholders of approximately HK\$4.08 per Share pursuant to the latest audited consolidated financial statements of the Company as at 31 December 2021, calculated based on the audited consolidated net asset value attributable to the Shareholders of RMB2,317,408,000 (based on the exchange rate of HK\$1: RMB0.81760, the central parity rate published by the People's Bank of China on its website as at 31 December 2021 for illustrative purposes) as at 31 December 2021 and Shares in issue as at the date of the Announcement; and
- a premium of approximately 131.26% to the Group's net asset value attributable to the Shareholders of approximately HK\$4.35 per Share pursuant to the latest unaudited consolidated financial statements of the Company as at 30 June 2022, calculated based on the unaudited consolidated net asset value attributable to the Shareholders of RMB2,584,595,000 (based on the exchange rate of HK\$1: RMB0.85519, the central parity rate published by the People's Bank of China on its website as at 30 June 2022 for illustrative purposes) as at 30 June 2022 and Shares in issue as at the date of the Announcement.

As disclosed in the letter from the Board in this Offer Document, the Offer Price was determined after taking into account, among other things, the historical prices of the Shares traded on the Stock Exchange, historical financial information of the Company, and the prevailing market conditions and sentiments, and with reference to share buy-back transactions in Hong Kong in recent years.

LETTER FROM SOMERLEY

At the Offer Price, the Offer, if accepted in full, will result in the Company paying approximately HK\$780 million in aggregate to the Accepting Shareholders in cash which will be funded by internal resources of the Group without using the proceeds received by the Company from the initial public offering. Somerley is satisfied that the Company has sufficient financial resources to enable it to satisfy acceptances of the Offer in full.

CONDITIONS OF THE OFFER

The Offer will be conditional upon fulfilment of all of the following Conditions:

- (a) the approval by more than 50% of the votes cast by the Independent Shareholders by way of a poll having been obtained at the EGM in respect of the Offer;
- (b) the approval by at least 75% of the votes cast by the Independent Shareholders by way of a poll having been obtained at the EGM in respect of the Whitewash Waiver; and
- (c) the Executive granting the Whitewash Waiver and the satisfaction of any condition attached to the Whitewash Waiver and the Whitewash Waiver not having been revoked or withdrawn.

None of the above Conditions can be waived.

The Offer is subject to all of the Conditions being fulfilled. If the Whitewash Waiver is not granted by the Executive, or if the resolutions to approve the Offer and the Whitewash Waiver are not approved by the Independent Shareholders, the Offer will immediately lapse.

The Offer will not be conditional on any minimum number of acceptances.

As disclosed in the letter from the Board in this Offer Document, the GL Capital Concert Party Group will abstain from voting on the resolutions in respect of the Offer and the Whitewash Waiver to be proposed at the EGM. As the Offer is being made on behalf of the Company, Mr. Zhao will also abstain from voting on the resolutions in respect of the Offer and the Whitewash Waiver at the EGM.

If the Offer is declared unconditional, Qualifying Shareholders will be able to tender their Shares for acceptance under the Offer for a period of 14 days thereafter.

Tenders duly received will become irrevocable and cannot be withdrawn after the Offer has been declared unconditional, unless in accordance with Rule 19.2 of the Takeovers Code. All Shares bought-back under the Offer will be cancelled.

LETTER FROM SOMERLEY

Shares will be bought-back free of commissions and dealing charges, but the seller's ad valorem stamp duty payable by the Accepting Shareholders, calculated at a rate of 0.13% of the market value of the Shares to be bought-back under the Offer, or the consideration payable by the Company in respect of relevant acceptances of the Offer, whichever is the higher, will be deducted from the amount payable to the Accepting Shareholders. The Company will arrange for payment of the seller's ad valorem stamp duty on behalf of the Accepting Shareholders.

Acceptance of the Offer by any Accepting Shareholder will, subject to the Offer becoming unconditional, be deemed to constitute a warranty by such Shareholder that all Shares sold by such Shareholder under the Offer are free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature, and are sold together with all rights accruing or attaching thereto, including, without limitation, the right to receive dividends and other distributions declared, made or paid, if any, on or after the date of their cancellation. All Shares bought-back under the Offer will be cancelled.

OTHER TERMS OF THE OFFER

Qualifying Shareholders may accept the Offer in respect of some or all of their shareholding. If valid acceptances are received for the Maximum Number or fewer Shares, all Shares validly accepted will be bought-back. If valid acceptances received exceed the Maximum Number, the total number of Shares to be bought-back by the Company from each Accepting Shareholder will be determined in accordance with the following formula:

$$\frac{A}{B} \times C$$

A = 77,534,791, being the Maximum Number

B = Total number of Shares tendered by all Accepting Shareholders under the Offer

C = Total number of Shares tendered by the relevant individual Accepting Shareholder under the Offer

As a result, it is possible that not all of such Shares tendered by an Accepting Shareholder will ultimately be bought-back. The total number of Shares which will be bought-back by the Company will not exceed the Maximum Number. The decision of the Company as to any scaling down of acceptances in accordance with the above formula and as to the treatment of fractions will be conclusive and binding on all the Accepting Shareholders.

LETTER FROM SOMERLEY

As disclosed in the letter from the Board in this Offer Document, as at the Latest Practicable Date, save for the Irrevocable Undertakings, neither the Company nor parties acting in concert with it, nor the GL Capital Group nor any person acting in concert with it, had received any irrevocable commitment to accept or not to accept the Offer.

OVERSEAS SHAREHOLDERS

The making of the Offer to the Overseas Shareholders may be subject to the laws of the relevant jurisdictions. The laws of the relevant jurisdictions may prohibit the making of the Offer to the Overseas Shareholders or require compliance with certain filing, registration or other requirements in respect of the Offer.

The availability of the Offer to any Overseas Shareholders may be affected by the applicable laws, regulations and rules of their relevant jurisdictions of residence. The Overseas Shareholders should observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers in the relevant jurisdictions. It is the responsibility of each Overseas Shareholder who wishes to accept the Offer to satisfy itself, himself or herself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consents which may be required or compliance with other necessary formalities or legal requirements.

According to the Register, as at the Latest Practicable Date, the Company had two Overseas Shareholders with registered office address located in the British Virgin Islands.

No invitation whether directly or indirectly may be made to the public in the British Virgin Islands for the repurchase of any of the Shares. As at the Latest Practicable Date, the Company has obtained advice from a law firm qualified to advise on the laws of the British Virgin Islands, and it had been advised that under the applicable legislations and regulations of the British Virgin Islands, there was no regulatory restriction of any regulatory body or stock exchange in the British Virgin Islands with respect to extending the Offer to the Overseas Shareholders in the British Virgin Islands. Accordingly, the Offer will be extended to the Overseas Shareholders with registered office address in the British Virgin Islands and there were no Excluded Shareholders as at the Latest Practicable Date.

It is the responsibility of each Overseas Shareholder who wishes to accept the Offer to satisfy itself, himself or herself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consents which may be required or compliance with other necessary formalities or legal requirements. Any acceptance of the Offer by any Overseas Shareholder shall be deemed to constitute a representation and warranty from such Overseas Shareholder to the Company

LETTER FROM SOMERLEY

that all applicable local laws and requirements have been observed and complied with. For the avoidance of doubt, neither Hong Kong Securities Clearing Company Limited nor HKSCC will give, or be subject to, any of the above representation and warranty. Overseas Shareholders should consult their professional advisers if in doubt.

PROCEDURES FOR ACCEPTANCE

In order to accept the Offer, Qualifying Shareholders should complete and return the accompanying Form of Acceptance in accordance with the instructions set out in this Offer Document and the instructions printed on the Form of Acceptance. The instructions in this Offer Document should be read together with the instructions on the Form of Acceptance (which instructions form part of the terms and conditions of the Offer).

In order to be valid, the completed Form of Acceptance should be forwarded, together with the Title Documents for not less than the number of Shares in respect of which the relevant Qualifying Shareholder wishes to accept the Offer, by post or by hand to the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, in an envelope marked “**SciClone Pharmaceuticals (Holdings) Limited — Buy-back Offer**” as soon as possible after receipt of the Form of Acceptance but in any event so as to reach the Registrar by no later than 4:00 p.m. (Hong Kong time) on Wednesday, 1 March 2023, or such later time and/or date as the Company may, subject to the Takeovers Code, decide and announce.

Unless the Offer is extended or revised in accordance with the Takeovers Code, no Form of Acceptance received after the Latest Acceptance Time will be accepted.

If the Form of Acceptance is executed by a person other than the registered holder, appropriate evidence of authority (e.g. a grant of probate or certified copy of a power of attorney) must be delivered to the Registrar with the completed Form of Acceptance.

No acknowledgement of receipt of any Form of Acceptance or Title Documents will be given.

Only one Form of Acceptance may be accepted from each Qualifying Shareholder by the Registrar. Acceptances duly received will become irrevocable and cannot be withdrawn after the Offer has been declared unconditional.

LETTER FROM SOMERLEY

ODD LOTS

The Shares are currently traded in board lot of 500 Shares each. There is no intention to change the board lot size as a result of the Offer. Qualifying Shareholders should note that acceptance of the Offer may result in their holding of odd lots of Shares. Matching services will be provided with details as set out in “*Appendix I — Terms of the Offer — 7. Odd Lots*”.

NOMINEE REGISTRATION OF SHARES

To ensure equality of treatment of all Shareholders, those registered Shareholders who hold Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of the Shares, whose investments are registered in nominee names (including those whose interests in Shares are held through CCASS), to accept the Offer, it is essential that they provide instructions to their nominee agents of their intentions with regards to the Offer.

WHITEWASH WAIVER

As disclosed in the letter from the Board in this Offer Document, as at the Latest Practicable Date, the GL Capital Concert Party Group is interested in 195,104,060 Shares, representing approximately 28.10% of the issued Shares as at the Latest Practicable Date. Pursuant to Rule 6 of the Share Buy-backs Code, if as a result of a share buy-back, a Shareholder’s proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code.

Depending on the level of acceptances received from the Accepting Shareholders pursuant to the Offer and assuming that no Share Options will be exercised by their holders prior to completion of the Offer, the aggregate interests of the GL Capital Concert Party Group may increase to a maximum level of approximately 31.63% upon completion of the Offer, thereby triggering an obligation under Rule 26 of the Takeovers Code for GL Trade, GL Glee and Mr. Li to make a mandatory general offer for all the Shares not already owned by the GL Capital Concert Party Group. Consequently, an application has been made to the Executive by Mr. Li on behalf of GL Trade and GL Glee for the Whitewash Waiver.

The Executive has agreed, subject to the approval of the Independent Shareholders for the Offer and the Whitewash Waiver at the EGM by way of poll, to waive any obligation of GL Trade, GL Glee and Mr. Li to make a general offer which might result from completion of the Offer.

If the resolutions to approve the Offer and the Whitewash Waiver are not approved by the Independent Shareholders, the Offer will immediately lapse.

LETTER FROM SOMERLEY

RESPONSIBILITY FOR DOCUMENTS

All communications, notices, Form of Acceptance, the Title Documents and remittances to be delivered or sent by, to or from any Shareholder will be delivered or sent by, to and from them, or their designated agents, at their risk and none of the Company, Somerley, the Registrar or any of their respective directors or any other persons involved in the Offer accepts any liability for any loss or any other liabilities whatsoever which may rise as a result.

SETTLEMENT

Subject to the Offer becoming unconditional and provided that a duly completed Form of Acceptance, accompanied by the relevant Title Documents are received by the Registrar by not later than the Latest Acceptance Time and are or are deemed to be in order, the Registrar will inform the relevant Accepting Shareholder by ordinary post of the buy-back of its/his/her Shares. At the same time, the Registrar will send, by ordinary post at that Accepting Shareholder's risk, a remittance for such total amount as is due to that Accepting Shareholder under the Offer, subject to deduction for the seller's ad valorem stamp duty due on the buy-back of the Shares as disclosed in the section headed "*Conditions of the Offer*" above, as soon as possible, but in any event within 7 business days (as defined in the Takeovers Code) following the close of the Offer.

If the Shares of an Accepting Shareholder have not been bought-back by the Company in full, the Title Documents in respect of the balance of such Shares or a replaced certificate therefor will be returned or sent to it/him/her by ordinary post at its/his/her own risk, as soon as possible, but in any event within 7 business days (as defined in the Takeovers Code) following the close of the Offer.

If the Offer does not become unconditional, the Title Documents will be returned and/or sent to each Accepting Shareholder (by ordinary post, at that Accepting Shareholder's own risk) within 10 days of the lapse of the Offer. Where any Accepting Shareholder has sent one or more transfer receipt(s) and in the meantime one or more Share certificate(s) has/have been collected on that Shareholder's behalf in respect thereof, that Accepting Shareholder will be sent (by ordinary post, at that Accepting Shareholder's own risk) such Share certificate(s) in lieu of the transfer receipt(s).

TAXATION

Qualifying Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptances of the Offer. It is emphasised that none of the Company, its ultimate beneficial owners and parties acting in concert with any of

LETTER FROM SOMERLEY

them, Somerley, the Independent Financial Adviser, the Registrar or any of their respective directors or any persons involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptances of the Offer.

EXTRAORDINARY GENERAL MEETING

A notice convening the EGM to be held at 22/F, Central Plaza, 381 Middle Huaihai Road, Shanghai, PRC at 10:00 a.m. on Wednesday, 15 February 2023 for considering and, if thought fit, approving the resolutions in respect of the Offer and the Whitewash Waiver, is set out on pages EGM-1 to EGM-3 of this Offer Document and a form of proxy for use at the EGM is also enclosed.

GENERAL

Shareholders are strongly advised to consider carefully the information in the letter from the Board, the recommendation of the Independent Board Committee and the opinion and recommendation from Opus Capital contained in this Offer Document, and to consult their professional advisers as they see fit.

Your attention is also drawn to the information set out in the appendices of this Offer Document which form part of this Offer Document.

Yours faithfully,
For and on behalf of
SOMERLEY CAPITAL LIMITED
M.N. Sabine
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter from the Independent Board Committee to the Independent Shareholders in respect of the Offer and the Whitewash Waiver for inclusion in this Offer Document.



SciClone Pharmaceuticals (Holdings) Limited

賽生藥業控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6600)

27 January 2023

To the Independent Shareholders

Dear Sir or Madam,

**CONDITIONAL CASH OFFER BY
SOMERLEY CAPITAL LIMITED ON BEHALF OF
SCICLONE PHARMACEUTICALS (HOLDINGS) LIMITED
TO BUY-BACK UP TO 77,534,791 SHARES
AT HK\$10.06 PER SHARE
AND
APPLICATION FOR WHITEWASH WAIVER**

We have been appointed by the Board to form the Independent Board Committee to advise you in respect of the Offer and the Whitewash Waiver, details of which are set out in the letter from the Board in the document issued by the Company dated 27 January 2023 (the “**Offer Document**”), in which this letter is included. Capitalised terms used in this letter have the same meanings as defined in the Offer Document unless the context requires otherwise.

Your attention is drawn to the letter from Somerley set out on pages 21 to 31 of the Offer Document and Appendix I to the Offer Document which contain the terms of the Offer, and the letter from Opus Capital set out on pages 34 to 67 of the Offer Document which contains its opinion and recommendation to us in respect of the Offer and the Whitewash Waiver as well as the principal factors and reasons for its opinion and recommendation.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the factors and reasons considered by, and the opinion of, Opus Capital as stated in the aforementioned letter of advice, we are of the opinion that the terms of the Offer and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned. We therefore recommend the Independent Shareholders to vote in favour of the resolutions to approve the Offer and the Whitewash Waiver at the EGM.

We also concur with the recommendation of Opus Capital to the Qualifying Shareholders to accept the Offer as realisation of their investments. However, the Qualifying Shareholders are reminded to monitor the market price of the Shares during the Offer Period. If during the Offer Period, it transpires that the market price of the Shares exceeds the Offer Price and the sales proceeds (net of the transaction costs) exceed the net proceeds to be received under the Offer, the Qualifying Shareholders who wish to realise their investments in the Company in whole or in part should, if they are able to do so, seek to sell their Shares in the market instead of accepting the Offer. On the other hand, for those Qualifying Shareholders who, after considering the information contained in the Offer Document, would like to participate in the future prospects of the Group following completion of the Offer, they should consider retaining all or part of their Shares.

Yours faithfully,

the Independent Board Committee

Shi Cen

Non-executive

Director

Wang Haixia

Non-executive

Director

Liu Guoen

Independent Non-executive

Director

Chen Ping

Independent Non-executive

Director

Gu Alex Yushao

Independent Non-executive

Director

Wendy Hayes

Independent Non-executive

Director

LETTER FROM OPUS CAPITAL

Set out below is the letter from Opus Capital, the Independent Financial Adviser to the Independent Board Committee in respect of the Offer and the Whitewash Waiver, which has been prepared for the purpose of inclusion in this Offer Document.



18th Floor, Fung House
19-20 Connaught Road Central
Central, Hong Kong

27 January 2023

To: The Independent Board Committee of SciClone Pharmaceuticals (Holdings) Limited

Dear Sir and Madam,

**(1) CONDITIONAL CASH OFFER BY
SOMERLEY CAPITAL LIMITED ON BEHALF OF
SCICLONE PHARMACEUTICALS (HOLDINGS) LIMITED
TO BUY-BACK UP TO 77,534,791 SHARES
AT HK\$10.06 PER SHARE
AND
(2) APPLICATION FOR WHITEWASH WAIVER**

INTRODUCTION

We refer to our appointment by the Company to advise the Independent Board Committee in connection with the Offer and the Whitewash Waiver. Details of the Offer and the Whitewash Waiver are set out in this Offer Document dated 27 January 2023, of which this letter forms part. Capitalized terms used in this letter shall have the same meanings as those defined in this Offer Document unless the context requires otherwise.

Reference is made to the Announcement. On 6 January 2023, the Board announced that the Offer will be made by Somerley on behalf of the Company to buy-back for cancellation, subject to the Conditions, up to the Maximum Number, being 77,534,791 Shares, representing approximately 11.17% of the issued Shares as at the Latest Practicable Date, at the price of HK\$10.06 per Share. The Offer will be made in accordance with the Share Buy-backs Code.

As at the Latest Practicable Date, the GL Capital Concert Party Group was interested in 195,104,060 Shares, representing approximately 28.10% of the issued Shares as at the Latest Practicable Date. Pursuant to Rule 6 of the Share Buy-backs Code, if as a result of a share buy-back, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Depending

LETTER FROM OPUS CAPITAL

on the level of acceptances received from the Accepting Shareholders pursuant to the Offer and assuming that no Share Options will be exercised by their holders prior to completion of the Offer, the aggregate interests of the GL Capital Concert Party Group may increase to a maximum level of approximately 31.63% upon completion of the Offer, thereby triggering an obligation under Rule 26 of the Takeovers Code for GL Trade, GL Glee and Mr. Li to make a mandatory general offer for all the Shares not already owned by the GL Capital Concert Party Group. Consequently, an application has been made to the Executive by Mr. Li on behalf of GL Trade and GL Glee for the Whitewash Waiver.

As Dr. Vasella is a Director nominated by the GL Capital Group and Ms. Lin is currently a partner of private equity investment department of the GL Capital Group, Mr. Li, Dr. Vasella and Ms. Lin are concert parties of the GL Capital Group. As such, each of Mr. Li, Dr. Vasella and Ms. Lin has a material interest in the Offer and has therefore abstained from voting on the board resolutions of the Company in respect of the Offer.

The EGM will be convened and held for the purposes of considering and, if thought fit, approving the Offer and the Whitewash Waiver. The GL Capital Concert Party Group will abstain from voting on the resolutions in respect of the Offer and the Whitewash Waiver to be proposed at the EGM. As the Offer is being made on behalf of the Company, Mr. Zhao will also abstain from voting on the resolutions in respect of the Offer and the Whitewash Waiver at the EGM.

Under the terms of the Post-IPO RSU Plan, the trustee shall not exercise the voting rights in respect of any Shares held under the Post-IPO RSU Plan. As at the Latest Practicable Date, the trustee of the Post-IPO RSU Plan held 6,689,963 Shares, which will not be voted on at the EGM.

As part of the Conditions, the Offer will be conditional upon approval by more than 50% of the votes cast by the Independent Shareholders by way of poll at the EGM and the Whitewash Waiver being granted by the Executive, which would be subject to the approval by at least 75% of the votes cast by the Independent Shareholders by way of poll at the EGM.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the non-executive Directors (other than Mr. Li, Dr. Vasella and Ms. Lin) and all the independent non-executive Directors, namely Mr. Shi Cen, Ms. Wang Haixia, Dr. Liu Guoen, Dr. Chen Ping, Mr. Gu Alex Yushao and Ms. Wendy Hayes, who have no interest in the Offer and the Whitewash Waiver other than as a Shareholder, has been established in accordance with Rules 2.1 and 2.8 of the Takeovers Code to make a recommendation to the Independent Shareholders in respect of the Offer and the Whitewash Waiver, as to whether the Offer and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned and as to the voting of the Offer and the Whitewash

LETTER FROM OPUS CAPITAL

Waiver as well as the acceptance of the Offer. We have been appointed by the Company to advise the Independent Board Committee in the same regard. Our appointment has been approved by the Independent Board Committee.

OUR INDEPENDENCE

During the past two years immediately prior to date of this letter, we have not acted as a financial adviser (including as an independent financial adviser) to each of the Group, GL Capital Group or any of their respective controlling shareholder, or any party acting, or presumed to be acting in concert with, or have control over any of them. As at the Latest Practicable Date, we did not have any connection, financial or otherwise with the Group, GL Capital Group or any of their respective controlling shareholder, or any party acting, or presumed to be acting in concert with, or have control over any of them, which would create or likely to create the perception of a conflict of interest or reasonably likely to affect the objectivity of our advice. During the past two years, except the normal independent financial advisory fees paid or payable to us in connection with this appointment regarding the Offer and the Whitewash Waiver as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Group, GL Capital Group or any of their respective controlling shareholder, or any party acting, or presumed to be acting in concert with, or have control over any of them that could reasonably be regarded as relevant to our independence. We therefore consider ourselves suitable to give independent advice to the Independent Board Committee in respect of the Offer and the Whitewash Waiver pursuant to Rule 2.6 of the Takeovers Code.

BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our opinion and recommendation to the Independent Board Committee, we have reviewed, amongst other things:

- (i) the Announcement;
- (ii) the annual report of the Company for the year ended 31 December (“FY”) 2021 (the **“2021 Annual Report”**);
- (iii) the interim report of the Company for the six months ended 30 June (“HY”) 2022 (the **“2022 Interim Report”**);
- (iv) the latest unaudited consolidated management accounts of the Company for the 11 months ended 30 November 2023 as part of our review under Rule 10.11 of the Takeovers Code; and

LETTER FROM OPUS CAPITAL

(v) other information as set out in this Offer Document.

We have also discussed with and reviewed the information provided to us by the Company, the Directors and the management of the Group (collectively, the “**Management**”) regarding the business and outlook of the Group.

We have relied on the truth, accuracy and completeness of the statements, information, opinions and representations contained or referred to in this Offer Document and the information and representations made to us by the Management. We have assumed that all information and representations contained or referred to in this Offer Document and provided to us by the Management, for which they are solely and wholly responsible, are true, accurate and complete in all respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the Latest Practicable Date. Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date pursuant to Rule 9.1 of the Takeovers Code.

We have also assumed that all statements of belief, opinion, expectation and intention made by the Management in this Offer Document were reasonably made after due enquiries and careful consideration and there are no other facts not contained in this Offer Document, the omission of which would make any such statement contained in this Offer Document misleading. We have no reason to suspect that any relevant information has been withheld, or to doubt the truth, accuracy and completeness of the information and facts contained in this Offer Document, or the reasonableness of the opinions expressed by the Management, which have been provided to us.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. However, we have not carried out any independent verification of the information provided by the Management, nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group or its future prospects.

The Directors jointly and severally accept full responsibility for the accuracy of the information disclosed and confirm, having made all reasonable enquiries that, to the best of their knowledge and belief, there are no other facts not contained in this letter, the omission of which would make any statement herein misleading.

This letter is issued to the Independent Board Committee solely in connection with and for their consideration of the Offer and the Whitewash Waiver, and except for its inclusion in this Offer Document, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent.

LETTER FROM OPUS CAPITAL

We have not considered the tax and regulatory implications on the Qualifying Shareholders of acceptance or non-acceptance of the Offer since these depend on their individual circumstances. In particular, the Qualifying Shareholders who are residents overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions and, if in any doubt, consult their own professional advisers.

PRINCIPAL TERMS OF THE OFFER

1. The Offer

On 6 January 2023, the Board announced that a conditional voluntary cash offer (i.e. the Offer) to be made Somerley on behalf of the Company to buy-back for cancellation, subject to the Conditions, up to the Maximum Number, being 77,534,791 Shares, representing approximately 11.17% of the issued Shares as at the Latest Practicable Date, at the price of HK\$10.06 per Share. The Offer will be made in full compliance with Share Buy-backs Code on the following basis:

For each Share the Offer Price of HK\$10.06 in cash

As set out in the “Letter from Somerley” and as disclosed in Appendix IV to this Offer Document, as at the Latest Practicable Date, save for the Share Options and the 694,386,763 Shares in issue, the Company did not have other class of securities, outstanding options, derivatives, warrants or other securities which are convertible or exchangeable into Shares. The Offer Price of HK\$10.06 per Share values the entire issued share capital of the Company at approximately HK\$6,985.5 million.

As set out in the “Letter from Somerley” and as disclosed in Appendix IV to this Offer Document, as at the Latest Practicable Date, RSUs representing 2,600,000 Shares were outstanding (none of which is vested). As at the Latest Practicable Date, the trustee of the Post-IPO RSU Plan held 6,689,963 Shares, amongst which 600,000 are to be used to satisfy the share awards granted to Mr. Zhao, 2,000,000 are to be used to satisfy the share awards granted to employees of the Group and the remaining 4,089,963 are to be used to satisfy future grants of share awards.

As set out in the “Letter from Somerley” and as disclosed in Appendix IV to this Offer Document, as at the Latest Practicable Date, save for the Irrevocable Undertakings as set out in the paragraph headed “3. The Irrevocable Undertakings” below, neither the Company nor parties acting in concert with it, nor the GL Capital Group nor any person acting in concert with it, had received any irrevocable commitment to accept or not to accept the Offer. As at the Latest Practicable Date, the Company did not intend to announce, declare or pay any dividend, distribution or other return of capital, or alter the dividend policy before the close of the Offer.

LETTER FROM OPUS CAPITAL

The salient terms of the Offer are as follows:

- (a) Somerley will make the Offer to the Shareholders on behalf of the Company to buy-back the Shares, up to the Maximum Number, at the Offer Price;
- (b) Qualifying Shareholders may accept the Offer in respect of any number of their Shares at the Offer Price up to their entire shareholding (subject to the procedures for scaling down described under the section headed “*Other Terms of the Offer*” as set out in the “Letter from Somerley” and Appendix I to this Offer Document);
- (c) The Offer is not conditional upon a minimum number of Shares being tendered for buy-back;
- (d) All Shares validly tendered will be bought-back to the extent that the aggregate number of Shares bought-back pursuant to the Offer will not thereby exceed the Maximum Number. If the number of Shares validly tendered exceeds the Maximum Number, the number of Shares to be bought-back from each Accepting Shareholder will be reduced proportionally so that the number of Shares bought-back by the Company in aggregate is equal to the Maximum Number (the “**Share Buy-backs Reduction Mechanism**”). Further details of the procedures for scaling down are described under the section headed “*Other Terms of the Offer*” as set out in the “Letter from Somerley” and Appendix I to this Offer Document;
- (e) A Form of Acceptance duly received by or on behalf of the Company will become irrevocable and cannot be withdrawn after the Offer has been declared unconditional unless in accordance with Rule 19.2 of the Takeovers Code;
- (f) Shares will be bought-back in cash, free of commission, levies and dealing charges, save that the amount of stamp duty due on the Shares bought-back attributable to the seller (i.e. the seller’s ad valorem stamp duty payable by the Accepting Shareholders, calculated at a rate of 0.13% of the market value of the Shares to be bought-back under the Offer, or the consideration payable by the Company in respect of relevant acceptances of the Offer, whichever is the higher) will be deducted from the amount payable to the Accepting Shareholders and will be paid by the Company on behalf of the Accepting Shareholders;
- (g) Shares bought-back will be treated as cancelled and will not be entitled to any dividend declared for any record date set subsequent to the date of their cancellation. The issued share capital of the Company shall be diminished by the nominal value of the Shares bought-back accordingly; and

LETTER FROM OPUS CAPITAL

- (h) Shares will be bought-back free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature. Accordingly, the submission of a Form of Acceptance by an Accepting Shareholder will be deemed to constitute a warranty by that Accepting Shareholder to Somerley and the Company that the Shares are being sold free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature.

Based on the salient terms described above, we note that the Qualifying Shareholders have the discretion on whether to accept the Offer in respect of any number of their Shares at the Offer Price up to their entire shareholding, and the acceptance of the Offer will be binding once the Offer becomes unconditional.

Independent Shareholders should also beware that, due to the Share Buy-backs Reduction Mechanism set out in the section headed “*Other Terms of the Offer*” as set out in the “Letter from Somerley” and Appendix I to this Offer Document, it is possible that not all Shares tendered by an Accepting Shareholder will ultimately be bought-back. The total number of Shares which will be bought-back by the Company will not exceed the Maximum Number. The decision of the Company as to any scaling down of acceptances in accordance with the Share Buy-backs Reduction Mechanism and as to the treatment of fractions will be conclusive and binding on all the Accepting Shareholders.

Further details of the Offer are set out in the “Letter from Somerley” and the additional information contained in appendices to this Offer Document and the accompanying Form of Acceptance.

2. The Conditions

Under Rule 3.1 of the Share Buy-backs Code, the Offer will need to be approved by the Independent Shareholders in a general meeting by a majority of votes by way of poll as well as other Conditions. The Offer will be conditional upon fulfilment of all of the following Conditions:

- (a) the approval by more than 50% of the votes cast by the Independent Shareholders by way of a poll having been obtained at the EGM in respect of the Offer;
- (b) the approval by at least 75% of the votes cast by the Independent Shareholders by way of a poll having been obtained at the EGM in respect of the Whitewash Waiver; and
- (c) the Executive granting the Whitewash Waiver and the satisfaction of any condition attached to the Whitewash Waiver and the Whitewash Waiver not having been revoked or withdrawn.

LETTER FROM OPUS CAPITAL

None of the above Conditions can be waived.

The Executive has agreed, subject to the approval of the Independent Shareholders for the Offer and the Whitewash Waiver at the EGM by way of poll, to waive any obligation of GL Trade, GL Glee and Mr. Li to make a general offer which might result from completion of the Offer.

The GL Capital Concert Party Group will abstain from voting on the resolutions in respect of the Offer and the Whitewash Waiver to be proposed at the EGM. As the Offer is being made on behalf of the Company, Mr. Zhao will also abstain from voting on the resolutions in respect of the Offer and the Whitewash Waiver at the EGM. The trustee of the Post-IPO RSU Plan holding 6,689,963 Shares as at the Latest Practicable Date will not exercise the voting rights in respect of these Shares at the EGM.

3. The Irrevocable Undertakings

As set out in the “Letter from Somerley” and as disclosed in Appendix IV to this Offer Document, as at the Latest Practicable Date, the GL Capital Group was deemed to be interested in 195,104,060 Shares, representing approximately 28.10% of the issued Shares as at the Latest Practicable Date. Of those 195,104,060 Shares, (i) 133,318,370 Shares were held by GL Trade (including 28,350,000 Shares which were held by GL Trade as a nominee for GL China) and (ii) 61,785,690 Shares were held by GL Glee.

As at the Latest Practicable Date, Mr. Zhao was deemed to be interested in (i) 12,179,690 Shares (representing approximately 1.75% of the issued Shares as at the Latest Practicable Date), (ii) 11,256,210 Share Options under the Option Incentive Plan (representing approximately 1.62% of the issued Shares as at the Latest Practicable Date), (iii) 4,000,000 Share Options under the Post-IPO Option Plan (representing approximately 0.58% of the issued Shares as at the Latest Practicable Date) and (iv) 600,000 RSUs under the Post-IPO RSU Plan (representing approximately 0.09% of the issued Shares as at the Latest Practicable Date). Mr. Zhao has confirmed that he is not acting in concert with the GL Capital Group.

Each of GL Trade and GL Glee has irrevocably undertaken to the Company that it will not, and will procure the holders of Shares whose Shares it is deemed to be interested in by virtue of Part XV of the SFO not to, accept the Offer. Further, Mr. Zhao has irrevocably undertaken to the Company that (i) he will not, and will procure the holders of Shares whose Shares he is deemed to be interested in by virtue of Part XV of the SFO not to, accept the Offer and (ii) he will not exercise any of the Share Options and RSUs held by him during the Offer Period. The Irrevocable Undertakings will be binding until the closing, lapse or withdrawal of the Offer.

LETTER FROM OPUS CAPITAL

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regards to the Offer, we have taken into consideration the following principal factors and reasons:

1. Information on the Group

Business of the Group

The Company is an exempted company incorporated in the Cayman Islands with limited liability and its issued Shares were listed on the Main Board of the Stock Exchange on 3 March 2021 (the “**Listing Date**”) by way of an initial public offering (the “**IPO**”). The principal activity of the Company is investment holding. The Group is principally engaged in developing and commercializing a portfolio of marketed products as well as pipeline with potential in its focused therapeutic areas including oncology and severe infection. The Group is a biopharmaceutical company with the development goal of becoming a leading specialty pharma in oncology and severe infection, two of the largest and fast-growing therapeutic areas with significant unmet medical needs in the PRC.

The Group has been operating a “Go-To-Patient” (“**GTP**”) model since 2015 to connect physicians and patients directly through the Group’s digital portal and deliver the Group’s products to patients through more channels. Under GTP model, patients are able to upload prescriptions to the online platform and drugs will be delivered to them directly. GTP is also a platform for the Company to provide value added services to patients such as comprehensive academic and patient education.

Financial information of the Group

Set forth below is a summary of the consolidated financial information of the Group for FY2020, and FY2021 as extracted from the 2021 Annual Report and for HY2021 and HY2022 as extracted from the 2022 Interim Report. Further details are set out in Appendix II to this Offer Document.

LETTER FROM OPUS CAPITAL

Table 1: Summary of the consolidated financial performance of the Group

	FY2020 (Audited)	FY2021 (Audited)	HY2021 (Unaudited)	HY2022 (Unaudited)
	<i>RMB million</i>			
Revenue	1,918.6	2,518.5	1,331.3	1,475.1
— <i>Proprietary product</i>	1,568.2	1,978.0	1,102.3	1,179.4
— <i>Promotion products for business partners</i>	336.3	357.2	174.8	171.8
— <i>In-licensed product</i>	5.9	183.3	54.2	123.9
<i>DC Bead</i>	8.1	—	—	—
Cost of revenue	(428.1)	(585.5)	(285.4)	(340.9)
Gross profit	1,490.5	1,933.0	1,045.9	1,134.1
Sales and marketing expenses	(456.4)	(579.2)	(251.3)	(279.5)
Administrative expenses	(216.2)	(206.5)	(88.2)	(95.3)
Research and development expenses	(75.4)	(134.4)	(39.5)	(50.0)
Other income	139.2	42.8	38.1	7.3
Other expenses	(75.2)	(16.8)	(16.5)	—
Other (losses)/gains — net	28.5	19.1	9.9	(129.4)
Operating profit	834.9	1,058.1	698.5	587.2
Finance income	11.5	8.0	3.1	8.0
Finance costs	(29.6)	(40.2)	(22.3)	(16.7)
Profit before income tax	816.8	1,025.9	679.3	578.5
Income tax expense	(63.1)	(102.5)	(56.6)	(46.3)
Profit for the year attributable to the Shareholders	753.7	923.4	622.7	532.2

Source: the 2022 Interim Report and the 2021 Annual Report

FY2021

The Group's total revenue was approximately RMB2,518.5 million for FY2021, representing an increase of approximately 31.3% as compared to the total revenue of approximately RMB1,918.6 million for FY2020 which was mainly attributable to: (i) sales of the Group's proprietary product Zadaxin; and (ii) commercial launch of in-licensed products. The revenue from sales of Zadaxin increased from approximately RMB1,568.2 million for FY2020 to approximately RMB1,978.0 million for FY2021, representing an increase of approximately 26.1%. The expansion of clinical adoptions through life cycle management, the increased recognition of clinical benefits

LETTER FROM OPUS CAPITAL

from physicians and patients especially after COVID-19 pandemic (the “**Pandemic**”) and the trend of online healthcare service through GTP model facilitate the continued growth of Zadaxin. The revenue from in-licensed product increased significantly from approximately RMB5.9 million for FY2020 to approximately RMB183.3 million for FY2021, representing an increase of more than 30 times as the Group began distributing Zometa, being the Group’s in-licensed product, in the PRC since December 2020.

Cost of revenue increased from approximately RMB428.1 million for FY2020 to approximately RMB585.5 million for FY2021, representing an increase of approximately 36.8% which was in line with the abovementioned increase in revenue during the year.

Owing to the changes in revenue and cost of revenue as stated above, the Group’s gross profit increased by approximately 29.7% from approximately RMB1,490.5 million for FY2020 to approximately RMB1,933.0 million for FY2021. However, the gross profit margin for FY2021 slightly decreased from approximately 77.7% for FY2020 to approximately 76.8% for FY2021 due to a change of the product mix. For FY2021, the Group generated revenue mainly from Zometa while Zometa had a lower gross margin compared with Zadaxin as it incurred amortization cost of intangible assets.

Sales and marketing expenses of the Group for FY2021 amounted to approximately RMB579.2 million, representing an increase of approximately 26.9% from approximately RMB456.4 million for FY2020. It was primarily due to: (i) less market development and business promotion activities in 2020 which were interrupted by the outbreak of the Pandemic; and (ii) the increase of employee benefits along with the expansion of the Group’s sales and marketing team.

Research and development (“**R&D**”) expenses during FY2021 increased substantially from approximately RMB75.4 million for FY2020 to approximately RMB134.4 million for FY2021 which was mainly due to the increase in testing and clinical trial expenses and employee benefit resulted from the expansion of R&D team.

Owing to the aforesaid factors, the operating profit of the Group increased by approximately 26.7% from approximately RMB834.9 million for FY2020 to approximately RMB1,058.1 million for FY2021. Profit attributable to the Shareholders increased by approximately 22.5% from approximately RMB753.7 million for FY2020 to approximately RMB923.4 million for FY2021.

HY2022

During HY2022, the sales of products were affected by reduction of patients’ hospital visits due to resurgence of Covid-19 infections in certain cities of the PRC. However, the revenue still increased from approximately RMB1,331.3 for HY2021 to approximately RMB1,475.1 million for

LETTER FROM OPUS CAPITAL

HY2022, representing an increase of approximately 10.8% which was mainly due to the increase in revenue from sales of: (i) proprietary product, Zadaxin, resulted from the expansion of clinical adoptions through life cycle management, the increased recognition of clinical benefits from physicians and patients, and the trend of online healthcare service through GTP model; and (ii) in-licensed products, Zometa and DANYELZA® (naxitamab). The Group started generating revenue from selling DANYELZA® (naxitamab) to Taiwan based on local special import policy in January 2022 apart from selling to Hainan and Tianjin.

Cost of revenue increased by approximately 19.4% to approximately RMB340.9 million for HY2022 from approximately RMB285.4 million for HY2021 which was mainly attributable to: (i) the rise of product costs resulted from the growth of sales of Zadaxin and Zometa; (ii) the increase of freight costs due to the shipping disruption by war in Ukraine as well as the increase in the fuel prices; and (iii) the increase in amortization of intangible assets resulted from import drug license transfer (the Group became a registered distributor) of Zometa in January 2021. The Group recognized Zometa's partial amortization of intangible assets in the cost of revenue corresponding to the product revenue of Zometa before completion of the distributor transfer in 2021 while the full amortization was recorded in the cost of revenue for HY2022.

Due to the changes in revenue and cost of revenue as stated above, the Group's gross profit increased by approximately 8.4% from approximately RMB1,045.9 million for HY2021 to approximately RMB1,134.1 million for HY2022. However, the gross profit margin for HY2021 slightly decreased from approximately 78.6% for HY2021 to approximately 76.9% for HY2022 due to: (i) the supply chain disruption; (ii) high inflation; and (iii) a change of the product mix. For HY2022, the Group generated revenue mainly from Zometa while Zometa had a lower gross margin compared with Zadaxin as it incurred amortization cost of intangible assets.

Sales and marketing expenses of the Group for HY2022 increased by approximately 11.2% to approximately RMB279.5 million for HY2022 from approximately RMB251.3 million for HY2021, which was mainly due to the net effects of: (i) the rise of employee salaries and sales incentive bonus in total amounting to approximately RMB37.9 million along with the expansion of the sales and marketing team and sales growth; and (ii) the decline of marketing and promotion expenses and travel and meeting expenses by approximately RMB6.6 million and RMB3.7 million respectively for HY2022 when business promotion activities were interrupted by the new waves of Covid-19 outbreak in certain cities in the PRC.

The Group had a net amount of other gains of approximately RMB9.9 million for HY2021 while it had a net amount of other losses of approximately RMB129.4 million for HY2022 which was mainly attributable to: (i) a fair value loss of approximately RMB80.5 million of an investment in a biotech company of RMB80.5 million and the investee went into insolvency procedures due to the refinancing difficulties in the globally industry market sell-off, valuation

LETTER FROM OPUS CAPITAL

plunge and deals suspension; and (ii) a net foreign exchange loss of approximately RMB57.5 million for HY2022 compared to a net foreign exchange gain of approximately RMB7.2 million for HY2021 resulted from the translation of RMB monetary assets into US\$ functional currency by a subsidiary of the Company.

Owing to the aforesaid factors, the operating profit of the Group decreased from approximately RMB698.5 million for HY2021 to approximately RMB587.2 million for HY2022, representing a decrease of approximately 15.9%. Profit attributable to the Shareholders decreased from approximately RMB622.7 million for HY2021 to approximately RMB532.2 million for HY2022, representing a decrease of approximately 14.5%.

Table 2: Summary of the consolidated financial position of the Group

	As at 30 June 2022 (Unaudited) RMB'000
ASSETS	
Non-current assets	
Right-of-use assets	26,194
Property, plant and equipment	8,109
Intangible assets	548,700
Financial assets at fair value through profit or loss (“FVPL”)	19,429
Financial assets at fair value through other comprehensive income (“FVOCI”)	147,204
Deferred tax assets	3,055
Other assets ^{Note 1}	5,264
Total non-current assets	757,955

LETTER FROM OPUS CAPITAL

As at 30 June

2022

(Unaudited)

RMB'000

Current assets

Inventories	149,876
Trade receivables	806,006
Other current assets <i>Note 2</i>	1,183,909
Financial assets at FVPL	119,626
Cash and cash equivalents	1,312,720

Total current assets	3,572,137
-----------------------------	------------------

LIABILITIES

Non-current liabilities

Borrowings	802,289
Deferred tax liabilities	17,312
Lease liabilities	12,846
Other non-current liabilities	197

Total non-current liabilities	832,644
--------------------------------------	----------------

Current liabilities

Trade and other payables	471,702
Lease liabilities	14,092
Borrowings	402,684
Current income tax liabilities	24,375

Total current liabilities	912,853
----------------------------------	----------------

Equity attributable to the Shareholders

Share capital	232
Share premium	1,716,909
Other equity	(3)
Other reserves	249,410
Retained earnings	618,047

Total equity	2,584,595
---------------------	------------------

Gearing ratio	40.3%
----------------------	--------------

LETTER FROM OPUS CAPITAL

Source: the 2022 Interim Report

Notes:

1. Other non-current assets consist of financial instruments at amortized costs which are rental deposits.
2. Other current assets consist of: (i) financial instruments at amortized costs which are time deposits, purchase rebate receivables, interest receivables and rental deposits; and (ii) others which are prepaid clinical trial fee, prepaid insurance, advance to employee and others.

As at 30 June 2022, total assets of the Group were approximately RMB4,330.1 million (as at 31 December 2021: approximately RMB4,062.7 million) which mainly consist of: (i) cash and cash equivalents amounted to approximately RMB1,312.7 million; (ii) other current assets amounted to approximately RMB1,183.9 million; (iii) trade receivables amounted to approximately RMB806.0 million; and (iv) intangible assets amounted to approximately RMB548.7 million. Total assets of the Group as at 30 June 2022 represented an increase of approximately 6.6% as compared to that as at 31 December 2021 which was primarily attributable to the net effect of, among others, (i) the time deposits of other current assets significant increase from approximately RMB72.8 million as at 31 December 2021 to approximately RMB1,154.9 million as at 30 June 2022, representing an increase of more than 14 times; (ii) the trade receivables increased from approximately RMB546.5 million as at 31 December 2021 to approximately RMB806.0 million as at 30 June 2022, representing an increase of approximately 47.5%; (iii) the financial assets at FVOCI decreased from approximately RMB329.4 million as at 31 December 2021 to approximately RMB147.2 million as at 30 June 2022, representing a decrease of approximately 55.3% resulted from the decrease in the fair value of equity investments in listed securities; and (iv) the intangible assets decreased from RMB606.1 million as at 31 December 2021 to approximately RMB548.7 million as at 30 June 2022, representing a decrease of approximately 9.5% resulted from the decrease in the net book value of licenses.

As at 30 June 2022, total liabilities of the Group were approximately RMB1,745.5 million (as at 31 December 2021: approximately RMB1,745.3 million) which mainly consist of: (i) borrowings (both current and non-current portion) amounted to approximately RMB1,205.0 million; and (ii) trade and other payables amounted to approximately RMB471.7 million. The total liabilities of the Group as at 30 June 2022 remained stable compared to that amounted to approximately RMB1,745.3 million as at 31 December 2021. The non-current borrowings increased from approximately RMB762.2 million as at 31 December 2021 to approximately RMB802.3 million as at 30 June 2022, representing an increase of approximately 5.3% and the current borrowings increased from approximately RMB382.5 million as at 31 December 2021 to approximately RMB402.7 million as at 30 June 2022, representing an increase of approximately 5.3%. The trade and other payables decreased from approximately RMB537.8 million as at 31 December 2021 to approximately RMB471.7 million as at 30 June 2022, representing a decrease of approximately 12.3%.

LETTER FROM OPUS CAPITAL

The gearing ratio of the Group was calculated by dividing the total liabilities over the total assets. The gearing ratio of the Group decreased from approximately 43.0% as at 31 December 2021 to approximately 40.3% as at 30 June 2022.

Prospects and outlook of the Group

During 2021 and 2022 and after the wild run during 2020, listed Chinese healthcare companies have suffered the most with a brutal market crash with the MSCI Health Care Index felt approximately 18.9% and 25.5% in these two years respectively. The speed and magnitude of the decline are said to be akin to the burst of the “dotcom bubble” in the United States in 2000.

Chart 1: Cumulative index performance from May 2009 to December 2022 — net returns (HK\$)



Source: website of MSCI Inc.

As mentioned in the 2021 Annual Report, innovative pharmaceutical companies in the PRC have entered a long cold winter after the crash, but the correction is allowing the industry to move toward a healthier and more sustainable development path. As far as the Company and the Shareholders are concerned, the Company is seizing opportunities for transformation while the biotech sector is returning to reasonings and intrinsic value. We note from the 2021 Annual Report, the Company prides itself a top tier team and strong commercialization capability which had recorded an operating cash flow of over RMB1 billion for FY2021, which is the first time in company history, with cash balance of over RMB2.1 billion as at 31 December 2021. Amidst the Pandemic, the Company attributed its success during FY2021 to the rapid adaption to the Pandemic and positioned itself well for continuous growth by way of: (i) the fast development of potential first-in-class drug candidates; (ii) the incorporation of internet hospital and new retail channels to the innovative GTP model; and (iii) the integration of robust value added services to enhance patient's overall experience.

LETTER FROM OPUS CAPITAL

On the other hand, the Company acknowledged that its biggest challenge is the single product concentration so its most important strategic goals are to expand its pipeline and build internal R&D capability. As such, the Company is set out to seize the opportunity to look for ways to partner with other biotech companies. The Company believes that the combination of cash flow and commercialization expertise from traditional pharma and pipeline and R&D capability from innovative pharma is not only the future direction, but also the perfect solution for resolving challenges each one faces in the healthcare industry; this integration is in the best interest of both types of companies and the industry at large. The Company also hinted that it will actively pursue this strategy of industry consolidation, with potentials for acquiring and actively forging mutually beneficially partnerships with innovative companies in the future.

As set out in the 2021 Annual Report and we note that it was stated in the 2022 Interim Report that there had been no material change to the future developments in the business of the Group, the Group had set out the priorities for FY2022: (i) strengthen marketed product portfolio; (ii) accelerate product pipeline; (iii) enhance product development capabilities; (iv) look for merger and acquisition opportunities; and (v) integrate talent strategy.

2. Reasons for the Offer

As set out in the “Letter from the Board”, after evaluating its cash position and near-term cash utilization options, the Company believes that making the Offer is the best use of the Company’s cash and is in the best interest of its Shareholders as a whole.

To sum up the benefits described by the Company in the section headed “Reasons for the Offer” as set out in the “Letter from the Board”, the Offer is intended to bring about the following main benefits to the Company and/or the Shareholders:

- (a) the Offer is earnings-accretive, meaning that it will enhance the earnings per Share, the Company and its Shareholders will benefit from enhanced Shareholder value and optimized capital structure upon completion of the Offer;
- (b) the Offer offers an opportunity with flexibility for the Qualifying Shareholders either to tender Shares at a premium over the recent market prices and to the Group’s net asset value (“NAV”) per Share, or to increase their proportionate equity interests in the Company by retaining their shareholdings and participating in the future prospects of the Group; and
- (c) the Offer is returning part of Company’s funds back to the Qualifying Shareholders.

Please refer to the following paragraph headed “3. Analysis of the Offer” for our analysis on the Offer.

LETTER FROM OPUS CAPITAL

3. Analysis of the Offer

(i) Offer Price

As set out in the “Letter from Somerley” and as disclosed in the “Letter from the Board”, the Offer Price is HK\$10.06 per Share and it was determined after taking into account, among other things, the historical prices of the Shares traded on the Stock Exchange, historical financial information of the Company, and the prevailing market conditions and sentiments, and with reference to share buy-back transactions in Hong Kong in recent years.

At the Offer Price, the Offer, if accepted in full, will result in the Company paying approximately HK\$780 million in aggregate to the Accepting Shareholders in cash which will be funded by internal resources of the Group without using the proceeds received by the Company from the IPO. Somerley, the financial adviser to the Company, is satisfied that the Company has sufficient financial resources to enable it to satisfy acceptances of the Offer in full.

The Offer Price represents:

- (a) a premium of approximately 0.70% over the closing price of the Shares of HK\$9.99 as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 13.93% over the closing price of the Shares of HK\$8.83 as quoted on the Stock Exchange on the Last Trading Day;
- (c) a premium of approximately 14.19% over the average closing price of the Shares of approximately HK\$8.81 as quoted on the Stock Exchange for the last 5 trading days up to and including the Last Trading Day;
- (d) a premium of approximately 17.66% over the average closing price of the Shares of approximately HK\$8.55 as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Trading Day;
- (e) a premium of approximately 25.12% over the average closing price of the Shares of approximately HK\$8.04 as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day;
- (f) a premium of approximately 146.57% to the Group’s NAV attributable to the Shareholders of approximately HK\$4.08 per Share pursuant to the latest audited consolidated financial statements of the Company as at 31 December 2021, calculated based on the audited consolidated NAV attributable to the Shareholders of

LETTER FROM OPUS CAPITAL

RMB2,317,408,000 (based on the exchange rate of HK\$1: RMB0.81760, the central parity rate published by the People's Bank of China on its website as at 31 December 2021 for illustrative purposes) as at 31 December 2021 and Shares in issue as at the date of the Announcement; and

- (g) a premium of approximately 131.26% to the Group's NAV attributable to the Shareholders of approximately HK\$4.35 per Share pursuant to the latest unaudited consolidated financial statements of the Company as at 30 June 2022, calculated based on the unaudited consolidated NAV attributable to the Shareholders of RMB2,584,595,000 (based on the exchange rate of HK\$1: RMB0.85519, the central parity rate published by the People's Bank of China on its website as at 30 June 2022 for illustrative purposes) as at 30 June 2022 and Shares in issue as at the date of the Announcement.

Independent Shareholders should note that the Company has made a “no-increase statement” to emphasize the finality of the Offer Price, meaning that it will not increase the Offer Price. Shareholders and potential investors of the Company should be aware that, following the making of the “no-increase statement”, the Company will not be allowed to increase the Offer Price and it does not reserve the right to do so.

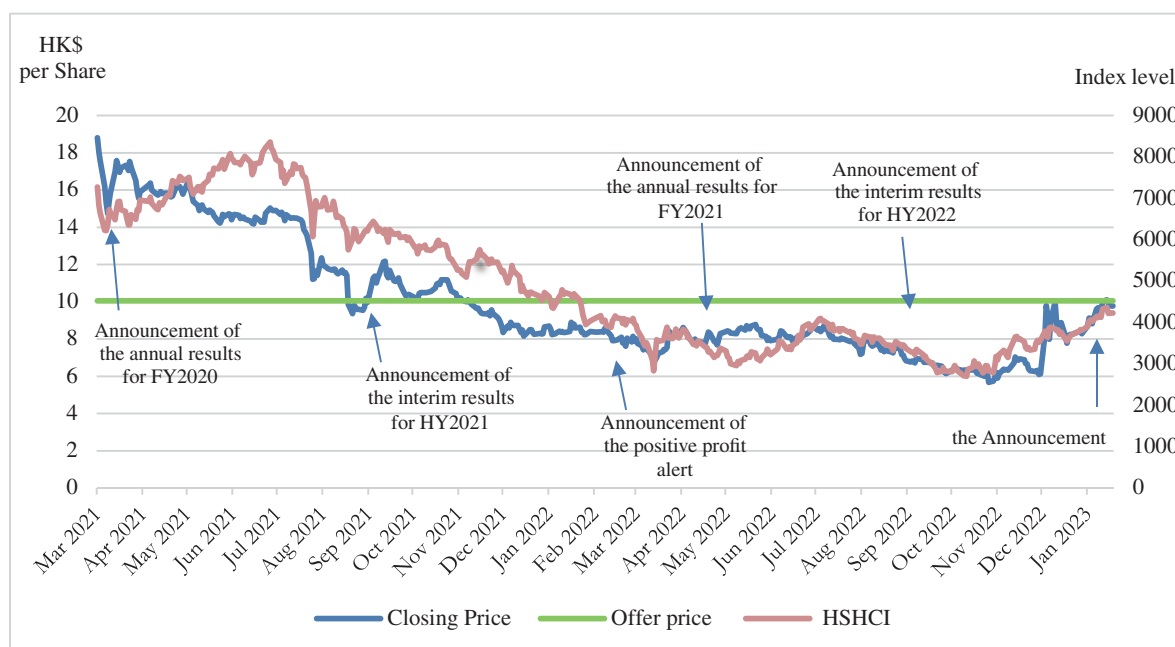
(ii) Historical price performance of the Shares

To begin assessing the fairness and reasonableness of the Offer Price, we have considered the relative performance of the Shares and index movement of the Hang Seng Healthcare Index (the “**HSHCI**”), which the Company is also one of the constituents, from the Listing Date up to and including the date of the Announcement (the “**Review Period**”) and the Latest Practicable Date.

The chart below shows the relative historical price performance of the Shares and the index movement of the HSHCI during the Review Period and up to the Latest Practicable Date.

LETTER FROM OPUS CAPITAL

Chart 2: Relative historical price performance of the Shares and index movement of the HSHCI



Sources: Bloomberg and website of the Stock Exchange

As illustrated by the chart above, during the Review Period, the Shares traded between a range of HK\$5.68 per Share on 28 October 2022 and HK\$18.8 per Share on the Listing Date of 3 March 2021 with an average closing price per Share of approximately HK\$9.93 per Share. The Offer Price represents premiums of approximately 1.33% and 77.11% over the average (i.e. HK\$9.93) and the lowest (i.e. HK\$5.68) closing prices per Share respectively and represents a discount of approximately 46.49% to the highest (i.e. HK\$18.80) closing price per Share. Independent Shareholders should however note such highest closing Share price only appeared once on the Listing Date, and the closing Share price fell gradually since then.

We have reviewed the Share price movement during the Review Period and noted that it generally followed a downward trend, falling from HK\$18.8 per Share on the Listing Date, and reached its bottom at HK\$5.68 per Share on 28 October 2022 over a period of 20 months. The falling Share prices during the Review Period might have been due to the general negative sentiment felt by the Hong Kong capital market amidst the negative impacts of the Pandemic on all walks of life, military conflict in Europe, geopolitical tensions, global supply chain disruption and world-wide record high inflation. As can be seen in the chart above, the downward trend of the Shares was somewhat correlated with the index movement of the HSHCI during the same period.

LETTER FROM OPUS CAPITAL

The Share price regained ground in November and December 2022 with increased trading volume with the Share price increased from the bottom of HK\$5.68 per Share on 28 October 2022 to a recent peak of HK\$9.79 per Share on 6 December 2022. During such period, we noted the following notable events: (i) release of voluntary announcement on 8 December 2022 in relation to the newly approved Biologics License Application of the Company; and (ii) the release of voluntary announcement of the Company on 28 December 2022 in relation to the acceptance of the Investigational New Drug of the Company. Save for the above, we did not note any other events which might have caused the price movement during the said period. We are of the view that this might have been due to both the speculation and realization of China's COVID reopening. Same rally was also observed from the index movement of the HSHCI during November and December of 2022.

Following the publication of the Announcement, the Share price surged by approximately 8.61% reaching HK\$9.59 on 9 January 2023 (i.e. the first trading day after the publication of the Announcement) and traded at a band of approximately HK\$9.43 and HK\$10.10 and with 1 day closed above the Offer Price with a closing Share price of HK\$9.99 on the Latest Practicable Date. We note that the HSHCI rose approximately 6.37% in the same period. Save for the above, we are not aware of any particular reason for the increase in the Share price during this period.

(iii) Trading liquidity

The following table sets out the (i) the average daily trading volume of the Shares; (ii) the percentage of the average daily trading volume of the Shares as a percentage of the issued Shares of the Company; and (iii) the percentage of the average daily trading volume of the Shares as a percentage of the public float of the Company covering the Review Period, and from the Last Trading Day and up to the Latest Practicable Date.

LETTER FROM OPUS CAPITAL

Table 3: Trading volume during the Review Period, and from the Last Trading Day up to the Latest Practicable Date

			Average daily trading volume of Shares as a percentage of the issued Shares of the Company (Approximate %) <i>Note 1</i>	Average daily trading volume of Shares as a percentage of the public float of the Company (Approximate %) <i>Note 2</i>
	Number of trading days (No. of days)	Average daily trading volume (No. of Shares)		
2021				
March	21	5,349,982	0.7892	3.1555
April	19	331,418	0.0489	0.1955
May	20	343,295	0.0506	0.2025
June	21	324,447	0.0479	0.1914
July	21	283,427	0.0418	0.1672
August	22	285,614	0.0421	0.1685
September	21	315,951	0.0466	0.1864
October	18	140,944	0.0208	0.0831
November	22	323,290	0.0474	0.1868
December	22	243,564	0.0357	0.1408
2022				
January	21	230,738	0.0339	0.1333
February	17	300,176	0.0440	0.1731
March	23	585,344	0.0854	0.3307
April	18	349,500	0.0510	0.1974
May	20	262,000	0.0383	0.1496
June	21	331,490	0.0485	0.1892
July	20	243,039	0.0356	0.1387
August	23	469,543	0.0685	0.2644
September	21	180,976	0.0264	0.1019
October	20	745,950	0.1087	0.4199
November	22	2,347,682	0.3429	1.3309
December	20	20,183,897	2.9052	10.6609

LETTER FROM OPUS CAPITAL

			Average daily trading volume of Shares as a percentage of the issued Shares of the Company (Approximate %) <i>Note 1</i>	Average daily trading volume of Shares as a percentage of the public float of the Company (Approximate %) <i>Note 2</i>
	Number of trading days (No. of days)	Average daily trading volume (No. of Shares)		
2023				
From 1 January to the Latest Practicable Date	14	8,222,599	1.1842%	4.3516%
Maximum			2.9052	10.6609
Minimum			0.0208	0.0831

Sources: the website of the Stock Exchange and the information provided by the Company

Notes:

1. The calculation is based on the average of the daily trading volume of the Shares divided by the total number of Shares in issue in the relevant period.
2. The calculation is based on the average daily trading volume of the Shares divided by the number of Shares held by the public Shareholders.

As illustrated from the table above, during the Review Period, the daily average trading volumes of the Shares represented (i) approximately 0.02% to 2.91% of the total issued Shares, and (ii) approximately 0.08% to 10.66% of the Shares constituting the public float of the Company, which remained low and has been consistent save for December 2022. We have made an enquiry to the Company regarding the increase in the daily average trading volumes of the Shares in December 2022 and we are advised that the Company is not aware of any specific reason nor event which may be related to the said increase other than media news on China's COVID reopening. During the Review Period, the daily average trading volume of the Shares were approximately 1,740,751 Shares. The historically low level of trading liquidity of the Shares would indicate that any sale of a large number of Shares in the market would be difficult to accomplish within a short period of time without adversely affecting the Share price. Moreover, as the Offer will involve the buy-back of up to a maximum of 77,534,791 Shares, representing approximately 11.17% of the total issued Shares as at the Latest Practicable Date, the Offer therefore represents a liquidity event for Qualifying Shareholders to realize their investment in the Company at a favourable price as compared to recent market prices, with price certainty although subject to the Share Buy-backs Reduction Mechanism. Please refer to the sub-paragraph headed "(ii) Historical price performance of the Shares" above for our analysis on the performance of recent market prices of the Shares during the Review Period.

LETTER FROM OPUS CAPITAL

The trading volume of the Shares were 18,821,500 Shares on 9 January 2023, being the trading day after the publication of the Announcement. We believe that the increase in the liquidity of the Shares was due primarily to the release of the Announcement. During the period from 9 January 2023 (i.e. the first trading day after the publication of the Announcement) up to the Latest Practicable Date, the average daily trading volume was 7,145,060 Shares.

(iv) Dividend

As noted from the 2021 Annual Report and 2021 Interim Report, there was no interim dividend for HY2021 while a final dividend of RMB204,545,000 (equivalent to HK\$0.35 per Share) was declared and paid for FY2021 since the Company's listing of Shares on the Listing Date of 3 March 2021. The Company's dividend pay-out ratio for FY2021 was approximately 22.2% which is expressed as a percentage of annual dividend paid divided by net profit attributable to the Shareholders for FY2021. The Company's dividend yield for FY2021 was approximately 4.6% which is calculated based on the relevant final dividend per Share (i.e. HK\$0.35) divided by the Share price (i.e. HK\$7.56) on the day which the final dividend was announced, being 24 March 2022. Should the Offer Price be taken into account in the calculation of the dividend yield, the dividend yield implied by the Offer Price would be approximately 3.5%. For those Qualifying Shareholders with strong preference on collecting dividends may consider switching to other listed issuers that offer higher dividend yields.

(v) Comparable share buy-back transactions in Hong Kong

To assess the fairness and reasonableness of the Offer Price, we have identified an exhaustive list of successful share buy-back transactions made by way of a general offer by companies listed on the Stock Exchange (the “**Comparable Transactions**”) for a three-year review period commencing from 1 January 2020 and ending on the Last Trading Day. As the Company is conducting the share buy-back by way of the Offer which is not in conjunction with other corporate transactions such as acquisition, share buy-back transactions conducted by companies listed on the Stock Exchange during the aforementioned review period in conjunction with other corporate transactions such as acquisitions were not included in this exhaustive list.

After considering the sample size of five Comparable Transactions identified by adopting the aforesaid selection criteria, we expanded the selection criteria by adopting a longer time span for the review period from three years to five years, from 1 January 2018 to the Last Trading Day (the “**Comparable Review Period**”), to obtain sufficient samples for our analysis. Accordingly, we further identified three additional Comparable Transactions. Although we noted that the offer size of the Comparable Transactions ranged from approximately HK\$69 million to approximately HK\$14,952 million, we also noted that the offer size of the Comparable Transactions conducted by Shougang Fushan Resources Group Limited (stock code: 639) and Skyworth Group Limited (stock

LETTER FROM OPUS CAPITAL

code: 751) of approximately HK\$500 million and approximately HK\$1,100 million are comparable to the offer size of the Offer of approximately HK\$780 million. In view of the completeness of the analysis, the time span of the Comparable Review Period and the sample size of the Comparable Transaction, we consider that the eight Comparable Transactions are representative to serve as a meaningful reference to assess the fairness and reasonableness of the Offer Price.

It should also be noted that factors considered such as the rationale which may affect the premium of offer prices over or discounts of offer price to the corresponding closing price vary on a case-by-case basis for each of the Comparable Transactions as the Comparable Transactions were conducted under different market conditions. As such, the factors and considerations such as the rationale behind the Comparable Transactions may be different from those applicable to the Offer. Having said that, given that the Comparable Transactions could provide a meaningful reference of the market trend of the pricing of share buy-back transactions made by way of a general offer in Hong Kong capital market over the past five years, as well as a meaningful benchmark for the Independent Shareholders when evaluating the premium over the recent closing Share prices provided in the Offer, we consider the Comparable Transactions serve as a meaningful reference as the basis to assess the Offer Price.

LETTER FROM OPUS CAPITAL

Table 4: Comparable Transactions

Date of the announcement	Company name	Stock code	Percentage of shares to be purchased relative to the issued share capital (%)	Premium/(Discount) of offer price to					NAV or re-adjusted NAV (if applicable) per share attributable to the shareholders (Note 1) (%)	
				Offer size (HK\$ million)	The closing price on the last trading day (%)	Average closing price for the five consecutive trading days prior to and including the last trading day (%)	Average closing price for the 10 consecutive trading days prior to and including the last trading day (%)	Average closing price for the 30 consecutive trading days prior to and including the last trading day (%)		Average closing price for the 60 consecutive trading days prior to and including the last trading day (%)
6 June 2021	WH Group Limited	288	13.00%	14,952	17.29%	16.35%	16.31%	15.64%	13.54%	45.25
28 September 2020	Rykadan Capital Limited	2288	21.36%	69	51.11%	50.78%	51.45%	55.55%	57.89%	(75.47)
14 September 2020	Oriental Watch Holdings Limited	398	14.55%	249	50.00%	51.67%	52.59%	53.79%	54.11%	(17.88)
20 July 2020	Shougang Fushan Resources Group Limited	639	4.72%	500	9.29%	21.51%	22.93%	26.18%	28.49%	(32.40)
17 June 2020	Skyworth Group Limited	751	12.83%	1,100	37.25%	35.27%	31.02%	41.11%	51.62%	(51.99)
29 May 2018	SOCAM Development Limited	983	20.64%	250	4.60%	16.93%	20.19%	34.05%	36.40%	(66.04)
13 April 2018	Water Oasis Group Limited	1161	11.50%	70	(0.24)%	0.00%	(2.15)%	(5.32)%	(8.91)%	100.61
5 April 2018	Red Star Macalline Group Corporation Limited	1528	36.59% (Note 2)	4,581	17.56%	22.63%	23.22%	25.34%	14.07%	(15.43)
				Maximum	51.11%	51.67%	52.59%	55.55%	57.89%	100.61%
				Minimum	(0.24)%	0.00%	(2.15)%	(5.32)%	(8.91)%	(75.47)%
				Average	23.36%	26.89%	26.95%	30.79%	30.90%	(14.17)%
				Median	17.43%	22.07%	23.07%	30.12%	32.45%	(25.14)%
6 January 2023	The Company	6600	11.17%	780	13.93%	14.19%	17.66%	25.12%	39.92%	131.26%

LETTER FROM OPUS CAPITAL

Source: Bloomberg terminal and the website of the Stock Exchange

Notes:

1. The NAV per share attributable to the shareholders of the corresponding company was based on either (i) the NAV attributable to the shareholders as at the latest financial year/period end date of the company prior to the date of announcement of the corresponding Comparable Transaction and the number of issued shares of the company as at the latest practicable date of the corresponding Comparable Transaction; or (ii) the re-adjusted NAV per share attributable to the shareholders as stated in the announcement/document of the corresponding Comparable Transaction.
2. The shares to be repurchased, and the shareholding held by substantial shareholder and concert parties in relation to Red Star Macalline Group Corporation Limited were based on its H shares in issue only.

As illustrated in the table above, the offer prices of the Comparable Transactions ranged from: (i) a discount of approximately 0.24% to a premium of approximately 51.11% to/over the closing price per share as at the last trading day prior to the date of announcement of the corresponding Comparable Transactions with average and median premiums of approximately 23.36% and 17.43% respectively; (ii) at par to a premium of approximately 51.67% with/over the average closing price per share for the last five consecutive trading days prior to and including the last trading day prior to the date of announcement of the corresponding Comparable Transactions with average and median premiums of approximately 26.89% and 22.07% respectively; (iii) a discount of approximately 2.15% to a premium of approximately 52.59% to/over the average closing price per share for the last 10 consecutive trading days prior to and including the last trading day prior to the date of announcement of the corresponding Comparable Transactions with average and median premiums of approximately 26.95% and 23.07% respectively; (iv) a discount of approximately 5.32% to a premium of approximately 55.55% to/over the average closing price per share for the last 30 consecutive trading days prior to and including the last trading day prior to the date of announcement of the corresponding Comparable Transactions with average and median premiums of approximately 30.79% and 30.12% respectively; (v) a discount of approximately 8.91% to a premium of approximately 57.89% to/over the average closing price per share for the last 60 consecutive trading days prior to and including the last trading day prior to the date of announcement of the corresponding Comparable Transactions with average and median premiums of approximately 30.90% and 32.45% respectively; and (vi) a discount of approximately 75.47% to a premium of approximately 100.61% to/over the NAV or re-adjusted NAV (if applicable) per share attributable to the shareholders of the corresponding Comparable Transactions with average and median discounts of approximately 14.17% and 25.14% respectively.

As illustrated in the table above, we noted that the premiums of the Offer Price over the closing price/average closing prices of the Shares: (i) for the average closing price per Share for the last 60 consecutive trading days prior to and including the Last Trading Day compares favourably against the median and average premiums seen in the Comparable Transactions; and (ii) for the closing price/average closing prices per Share on the Last Trading Day and for the last five, 10 and 30 consecutive trading days prior to and including the Last Trading Day fall within the corresponding ranges, albeit below the median and average premiums, of the Comparable

LETTER FROM OPUS CAPITAL

Transactions. We further noted that the premium of the Offer Price over the NAV attributable to the Shareholders as at 30 June 2022 of approximately 131.26% compares favourably against the maximum premium of the Comparable Transaction of approximately 100.61%. It is also significant higher than the average and median discounts seen in the Comparable Transactions of approximately 14.17% and 25.14% respectively.

OTHER FACTORS AND CONSIDERATIONS

(i) Financial effects of the Offer

Based on the unaudited pro forma financial information of the Group as set out in Appendix III to this Offer Document and assuming that full acceptance of the Offer was completed on 1 January 2021 and the Maximum Number had been bought-back under the Offer, (i) the unaudited pro forma adjusted consolidated NAV attributable to the Shareholders per Share as at 31 December 2021 would be approximately RMB2.68 (as compared to the audited consolidated NAV attributable to the Shareholders per Share of approximately RMB3.40 as at 31 December 2021); (ii) unaudited pro forma adjusted earnings per Share for FY2021 would be approximately RMB1.61 (as compared to the basic earnings per Share of RMB1.42 for FY2021).

We note that since the Offer will be funded as to approximately RMB701.8 million (equivalent to approximately HK\$780.0 million), as set out in the unaudited pro forma financial information of the Group as set out in Appendix III to this Offer Document, by internal resources of the Group and assuming that full acceptance of the Offer was completed on 1 January 2021 and the Maximum Number had been bought-back under the Offer, the cash and cash equivalents would fall by the same amount. As such, the working capital (expressed as net current assets) of the Group as at 31 December 2021 would decrease from approximately RMB2,042.29 million to approximately RMB1,340.47 million, representing a decrease of approximately 34.36%. Since the Offer will be paid in cash and funded by internal resources of the Group, the liabilities of the Group as at 31 December 2021 would remain unchanged at approximately RMB1,745.27 million following completion of the Offer. The Directors confirm that the Group will have sufficient working capital to meeting its normal operating requirements after completion of the Offer assuming full acceptance of the Offer. Based on our review of the Group's cashflow budget for FY2023, we concur with the view of the Directors.

Although the NAV attributable to the Shareholders per Share and working capital of the Group as at 31 December 2021 would decrease while the liabilities of the Group would remain stable, this would be offset by the positive effect of an increased basic earnings per Share from RMB1.42 per Share for FY2021 to RMB1.61 per Share, representing an increase of approximately 13.38%.

LETTER FROM OPUS CAPITAL

It should be noted that the analyses above based on the unaudited pro forma financial information of the Group are for illustrative purpose only and do not purport to represent how the actual financial performance and financial position of the Group would be upon completion of the Offer.

(ii) Effects on the shareholding interests of the Company

The table below shows the Company's existing shareholding structure and the shareholding structure immediately after completion of the Offer, assuming that (i) all the Qualifying Shareholders will accept the Offer in full (and taking into account the fact that each of GL Trade, GL Glee and Mr. Zhao has irrevocably undertaken to the Company that it or he will not, and will procure the holders of Shares whose Shares it or he is deemed to be interested in by virtue of Part XV of the SFO not to, accept the Offer, and with respect to Mr. Zhao, he will also not exercise any of the Share Options and RSUs held by him during the Offer Period); and (ii) no additional Shares will be issued from the Latest Practicable Date up to and including the date of completion of the Offer (save as a result of any exercise of the Share Options by their holders (excluding Mr. Zhao)):

LETTER FROM OPUS CAPITAL

Table 5: Shareholding table

Name of Shareholder	Immediately before completion of		Immediately after completion of		Immediately after completion of	
	the Offer		the Offer (assuming no Share		the Offer (assuming all Share	
	<i>Number of</i>	<i>Approx.</i>	<i>Number of</i>	<i>Approx.</i>	<i>Number of</i>	<i>Approx.</i>
	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>
GL Capital Concert Party Group						
GL Trade (<i>Note 1</i>)	133,318,370	19.20	133,318,370	21.61	133,318,370	20.86
GL Glee (<i>Note 2</i>)	61,785,690	8.90	61,785,690	10.02	61,785,690	9.67
Sub-total	195,104,060	28.10	195,104,060	31.63	195,104,060	30.53
Mr. Zhao (<i>Note 3</i>)	12,179,690	1.75	12,179,690	1.97	12,179,690	1.91
Company and its concert parties (<i>Note 4</i>)	207,283,750	29.85	207,283,750	33.60	207,283,750	32.43
Other Shareholders						
Trustee of the Post-IPO RSU Plan	6,689,963	0.96	6,689,963	1.08	6,689,963	1.05
Other independent Shareholders	480,413,050	69.19	402,878,259	65.31	425,123,311	66.52
Sub-total	487,103,013	70.15	409,568,222	66.40	431,813,274	67.57
Total	694,386,763	100.00	616,851,972	100.00	639,097,024	100.00

Source: the “Letter from the Board”

Notes: Please refer to the section headed “CHANGES IN SHAREHOLDING STRUCTURE” in the “Letter from the Board” for the details of the footnotes disclosure.

As illustrated in the table above, the shareholdings of the public Shareholders in the Company will decrease from approximately 70.15% to 66.40% upon completion of the Offer and the Whitewash Waiver (assuming the Maximum Number of Shares are bought-back pursuant to the Offer, and no Options will be exercised from Latest Practicable Date up to and including the date of completion of the Offer).

On the other hand, the percentage of Shares held by the GL Capital Concert Party Group will increase from approximately 28.10% to 31.63%. Likewise, the percentage of Shares held by the other Shareholders who retain their interests in the Company will increase.

LETTER FROM OPUS CAPITAL

Assuming that (i) all the Qualifying Shareholders will accept the Offer in full (and taking into account the fact that each of GL Trade, GL Glee and Mr. Zhao has irrevocably undertaken to the Company that it or he will not, and will procure the holders of Shares whose Shares it or he is deemed to be interested in by virtue of Part XV of the SFO not to, accept the Offer, and with respect to Mr. Zhao, he will also not exercise any of the Share Options and RSUs held by him during the Offer Period); and (ii) no additional Shares will be issued from the Latest Practicable Date up to and including the date of completion of the Offer (save as a result of any exercise of the Share Options by their holders (excluding Mr. Zhao)), over 25% of the issued Shares will be held by public Shareholders and accordingly the Company will comply with the public float requirement under Rule 8.08 of the Listing Rules after completion of the Offer.

WHITEWASH WAIVER

As set out in the “Letter from Somerley” and as disclosed in Appendix IV to this Offer Document, as at the Latest Practicable Date, the GL Capital Concert Party Group was interested in 195,104,060 Shares, representing approximately 28.10% of the issued Shares as at the Latest Practicable Date. Pursuant to Rule 6 of the Share Buy-backs Code, if as a result of a share buy-back, a Shareholder’s proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Depending on the level of acceptances received from the Accepting Shareholders pursuant to the Offer and assuming that no Share Options will be exercised by their holders prior to completion of the Offer, the aggregate interests of the GL Capital Concert Party Group may increase to a maximum level of approximately 31.63% upon completion of the Offer, thereby triggering an obligation under Rule 26 of the Takeovers Code for GL Trade, GL Glee and Mr. Li to make a mandatory general offer for all the Shares not already owned by the GL Capital Concert Party Group. Consequently, an application has been made to the Executive by Mr. Li on behalf of GL Trade and GL Glee for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code.

The Whitewash Waiver, if granted by the Executive, will be conditional upon, among others, (i) the approval by at least 75% of the Independent Shareholders in attendance either in person or by proxy at the EGM by way of poll in respect of the Whitewash Waiver; and (ii) the approval by more than 50% of the Independent Shareholders in attendance either in person or by proxy at the EGM by way of poll in respect of the Offer.

As at the Latest Practicable Date, the Company did not believe that the transactions under the Offer and the Whitewash Waiver would give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules) in Hong Kong. The Company notes that the Executive may not grant the Whitewash Waiver if the transactions under the Offer do not comply with other applicable rules or regulations.

LETTER FROM OPUS CAPITAL

The Executive has agreed, subject to the approval of the Independent Shareholders for the Offer and the Whitewash Waiver at the EGM by way of poll, to waive any obligation of GL Trade, GL Glee and Mr. Li to make a general offer which might result from completion of the Offer.

Based on the foregoing and in particular the reasons for the Offer as discussed above, we are of the opinion that the approval for the Whitewash Waiver, which is a condition to completion of the Offer, is fair and reasonable for the purpose of proceeding the Offer.

Shareholders and potential investors of the Company should note that the Executive may or may not grant the Whitewash Waiver. If the Whitewash Waiver is not granted by the Executive, or if the resolutions to approve the Offer and the Whitewash Waiver are not approved by the Independent Shareholders at the EGM, the Offer will immediately lapse. Shareholders and potential investors of the Company should note that the Conditions are not waivable. If any of such Conditions is not fulfilled, the Offer will be deemed to be withdrawn. Shareholders and potential investors of the Company are therefore reminded to exercise caution when dealing in the Shares.

OPINION AND RECOMMENDATION

In view of the above and having considered in particular that:

- (i) the Offer provides an opportunity for the Qualifying Shareholders, who are at their own discretion, to realize all or a portion of their shareholdings in the Company at premium over the prevailing Share prices and the latest NAV per Share, or increase their proportionate interest in the Company by retaining their shareholdings in the Company;
- (ii) the Offer allows all Qualifying Shareholders to participate equally on the same terms set out under the section headed “PRINCIPAL TERMS OF THE OFFER” above;
- (iii) the Offer Price represents premiums ranging from 13.93% to 39.92% over the closing Share price/average closing Share prices on the trading day averages respectively;
- (iv) the Offer Price presents premiums of approximately 146.57% and 131.26% over the NAV per Share as at 31 December 2021 and 30 June 2022 respectively;
- (v) the Offer Price is almost at par with the average closing Share price during the Review Period of HK\$9.93;

LETTER FROM OPUS CAPITAL

- (vi) given the low liquidity of the Shares during the Review Period, it may be difficult for the Qualifying Shareholders who wish to realize all or a portion of their investments in the Company to dispose of a substantial number of Shares in the open market without causing downward pressure on the market prices of the Shares. Accordingly, the Offer provides an immediate exit to the Qualifying Shareholders to realize all or a portion of their investments in the Company at the Offer Price without incurring transactions costs (being the commissions and dealing charges);
- (vii) the Offer Price's premiums over the closing price/average closing prices of the Shares on the Last Trading Day, the five, 10 and 30 trading day averages are within the range, albeit below the median and average premiums, of the Comparable Transactions and compares favourably against the median and average premiums seen in the Comparable Transactions for the last 60 trading day average of the Comparable Transactions;
- (viii) the Offer Price's premium over the NAV attributable to the Shareholders per Share as at 30 June 2022 of approximately 131.26% compares favourably against the maximum premium of the Comparable Transaction of approximately 100.61%. It is also significant higher than the average and median discounts of seen in the Comparable Transactions of approximately 14.17% and 25.14% respectively;
- (ix) although the NAV attributable to the Shareholders per Share and working capital of the Group as at 31 December 2021 would decrease while the liabilities of the Group would remain stable, this would be offset by the positive effect of an increased basic earnings per Share from RMB1.42 per Share for FY2021 to RMB1.61 per Share, representing an increase of approximately 13.38%; and
- (x) the dividend yield implied by the Offer Price would be approximately 3.5% which may not be attractive for those Qualifying Shareholders with strong preference on collecting dividends as compared to other listed issuers with comparatively higher dividend yields,

we are of the opinion that the terms of the Offer and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned.

Accordingly, we recommend the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM in respect of the Offer and the Whitewash Waiver, we also recommend the Independent Board Committee to recommend that the Qualifying Shareholders to accept the Offer.

LETTER FROM OPUS CAPITAL

As mentioned the sub-paragraph headed “(ii) Historical price performance of the Shares” in the paragraph headed “3. Analysis of the Offer” under the section headed “PRINCIPAL FACTORS AND REASONS CONSIDERED” above, following the publication of the Announcement, the Share price traded at a band of approximately HK\$9.43 and HK\$10.10 and with 1 day closed above the Offer Price with a closing Share price of HK\$9.99 on the Latest Practicable Date. Therefore, for those Qualifying Shareholders who wish to realize their investment in the Company in whole or in part are reminded to monitor the market price of the Shares during the period in which the Offer is open for acceptance. If during such period the market price of the Shares exceeds the Offer Price and the sales proceeds, net of transaction costs, from disposal of the Shares exceed the amount receivable under acceptance of the Offer, these Qualifying Shareholders should seek to sell their Shares in the market instead of accepting the Offer. These Qualifying Shareholders should also monitor the overall trading volume of the Shares during the period in which the Offer is open for acceptance, as they may or may not be able to dispose of their Shares at the volume they desire in the market at prices higher than the Offer Price given the low trading liquidity of the Shares.

On the other hand, for those Qualifying Shareholders who are attracted by or confident with the future prospects of the Group following completion of the Offer may consider to retain their Shares in full or in part.

Yours faithfully,
For and on behalf of
Opus Capital Limited
Cheung On Kit Andrew
Executive Director

Mr. Cheung On Kit Andrew is an Executive Director of Opus Capital Limited and is licensed under the SFO as a Responsible Officer to conduct Type 6 (advising on corporate finance) regulated activity. Mr. Cheung has over 14 years of corporate finance experience in Asia Pacific and has participated in and completed various financial advisory and independent financial advisory transactions.

** For identification purpose only*

Somerley makes the Offer to the Qualifying Shareholders on behalf of the Company to buy-back Shares for cancellation, on the terms and subject to the conditions set out in this Offer Document. The terms and conditions of the Offer are set out below.

TERMS AND CONDITIONS OF THE OFFER

1 The Offer

The Company will buy-back Shares up to the Maximum Number, being 77,534,791 Shares, at the Offer Price.

2 Conditions

The Offer will be conditional upon fulfilment of all of the following conditions:

- (a) the approval by more than 50% of the votes cast by the Independent Shareholders by way of a poll having been obtained at the EGM in respect of the Offer;
- (b) the approval by at least 75% of the votes cast by the Independent Shareholders by way of a poll having been obtained at the EGM in respect of the Whitewash Waiver; and
- (c) the Executive granting the Whitewash Waiver and the satisfaction of any condition attached to the Whitewash Waiver and the Whitewash Waiver not having been revoked or withdrawn.

None of the above conditions can be waived, and none of them had been fulfilled as at the Latest Practicable Date.

The Executive has agreed, subject to the approval of the Independent Shareholders for the Offer and the Whitewash Waiver at the EGM by way of poll, to waive any obligation of GL Trade, GL Glee and Mr. Li to make a general offer which might result from completion of the Offer.

The Offer is subject to all of the Conditions being fulfilled. If the Whitewash Waiver is not granted by the Executive, or if the resolutions to approve the Offer and the Whitewash Waiver are not approved by the Independent Shareholders, the Offer will immediately lapse.

The Offer is not conditional as to any minimum number of Shares tendered for acceptances.

3 Maximum Number

The Maximum Number which will be bought-back by the Company pursuant to the Offer is 77,534,791 Shares, representing approximately 11.17% of the issued Shares as at the Latest Practicable Date.

4 Qualifying Shareholders

The Offer is available to all the Qualifying Shareholders whose names appear on the Register as at the Latest Acceptance Time.

5 Acceptance

- 5.1 Qualifying Shareholders may accept the Offer in respect of some or all of their shareholding at the Offer Price (subject to the procedures for scaling down described under the section headed “*Buy-back of Shares under the Offer*” as set out below) by submitting to the Registrar a duly completed Form of Acceptance, accompanied by the relevant Title Documents, by no later than the Latest Acceptance Time. Each Share may only be accepted for buy-back by the Company once.
- 5.2 The Offer Price will be paid in cash.
- 5.3 Forms of Acceptance which have been duly completed and received by the Registrar will become irrevocable and cannot be withdrawn after the Offer has become, or has been declared, unconditional unless in accordance with Rule 19.2 of the Takeovers Code.
- 5.4 All Shares bought-back by the Company will be free of commissions and dealing charges, but the seller’s ad valorem stamp duty will be payable by the Accepting Shareholders at a rate of 0.13% of the market value of the Shares to be bought-back under the Offer, or the consideration payable by the Company in respect of relevant acceptances of the Offer, whichever is the higher. The relevant amount of stamp duty payable will be deducted by the Company from the amount payable to the Accepting Shareholders under the Offer. The Company will arrange for payment of the seller’s ad valorem stamp duty on behalf of the Accepting Shareholders to the Stamp Duty Office in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

- 5.5 All Shares bought-back under the Offer will be treated as cancelled in accordance with the memorandum and articles of association of the Company and the applicable laws of the Cayman Islands and will not rank for any dividends or other distributions after the cancellation.
- 5.6 Subject to the Offer becoming unconditional, the submission of a Form of Acceptance by an Accepting Shareholder in the manner described in paragraph 5.1 above will be deemed to constitute a warranty of such Accepting Shareholder to Somerley and the Company that all Shares sold by such Accepting Shareholder under the Offer are fully paid and are held by such Accepting Shareholders free from all liens, charges, options, claims, equities, adverse interests, rights of pre-emption or third party rights or encumbrances whatsoever and are sold together with all rights accruing or attaching thereto, including, without limitation, the right to receive dividends and other distributions declared, made or paid, if any, on or after the date the Shares are cancelled.

6 Buy-back of Shares under the Offer

- 6.1 Qualifying Shareholders may accept the Offer in respect of some or all of the Shares held by them. Subject to the Offer becoming unconditional: (i) if valid acceptances are received for the Maximum Number or fewer Shares, all Shares validly accepted will be bought-back; (ii) if valid acceptances received exceed the Maximum Number, the total number of Shares to be bought-back by the Company from each Accepting Shareholder will be determined in accordance with the following formula:

$$\frac{A}{B} \times C$$

A = 77,534,791, being the Maximum Number

B = Total number of Shares tendered by all Accepting Shareholders under the Offer

C = Total number of Shares tendered by the relevant individual Accepting Shareholder under the Offer

- 6.2 As a result, it is possible that not all of such Shares tendered by an Accepting Shareholder will ultimately be bought-back.

6.3 Fractions of Shares will not be bought-back under the Offer and, accordingly, the number of Shares that the Company will buy-back from each Accepting Shareholder in accordance with the above formula will be rounded up or down to the nearest whole number at the discretion of the Company.

6.4 The total number of Shares which will be bought-back by the Company will not exceed the Maximum Number. The decision of the Company as to any scaling down of acceptances in accordance with the above formula and as to the treatment of fractions will be conclusive and binding on all the Accepting Shareholders.

7 Odd Lots

7.1 The Shares are currently traded in board lot of 500 Shares each. There is no intention to change the board lot size as a result of the Offer. Accepting Shareholders should note that acceptance of the Offer may result in their holding of odd lots of Shares.

7.2 For this purpose, Lego Securities Limited whose address is at Room 301, 3/F, China Building, 29 Queen's Road Central, Hong Kong (telephone number: (852) 2128 9433 during office hours (i.e. 9:00 a.m. to 6:00 p.m.)) has been appointed by the Company as the designated agent to provide service, on a best effort basis, to match sales and purchases of odd lot holdings of Shares in the market for a period of six weeks from the date of completion of the Offer to enable Shareholders to dispose of their odd lots or to top up their odd lots to whole board lots of 500 Shares. Shareholders who would like to match odd lots are recommended to make an appointment in advance by dialling the telephone number of (852) 2128 9433 set out above. Shareholders should note that the matching of odd lots is not guaranteed. Further details of the related arrangements will be announced after the Offer has become unconditional, as and if appropriate.

8 Acceptance Period

8.1 The Offer is open for acceptance from the date of this Offer Document. If the Conditions are satisfied, the Offer will be open for acceptance for a further 14 days thereafter and will not be extended. In order to be valid, a Form of Acceptance must be duly completed, together with the relevant Title Documents in respect of such number of Shares which represent not less than the number of Shares in respect of which the relevant Qualifying Shareholder intends to tender for acceptance under the Offer, delivered to and received by the Registrar at or before the Latest Acceptance Time, which is currently expected to be 4:00 p.m. (Hong Kong time) on Wednesday, 1 March 2023, or such later date as the Company may, with the prior consent of the Executive, decide and announce.

- 8.2 The date when the last one of the Conditions is expected to be satisfied is Wednesday, 15 February 2023, being the date of the EGM (or any adjournment or postponement thereof, as the case may be). Such date may be deferred by the Company, subject to the prior consent of the Executive.

9 Irrevocable Acceptances

Forms of Acceptance which have been duly completed and received by the Registrar will become irrevocable and cannot be withdrawn after the Offer has become, or has been declared, unconditional unless in accordance with Rule 19.2 of the Takeovers Code.

10 General

- 10.1 Shares will be bought-back by the Company on the basis that they are fully paid, their legal and beneficial ownership will be transferred to the Company for subsequent cancellation on the Register and that the Shares are free from all liens, charges, options, claims, equities, adverse interests, rights of pre-emption or third party rights or encumbrances whatsoever and are sold together with all rights accruing or attaching thereto, including, without limitation, the right to receive dividends and other distributions declared, made or paid, if any, on or after the date the Shares are cancelled.
- 10.2 The Qualifying Shareholders may accept the Offer by completing and returning the Form of Acceptance in accordance with the instructions as set out in this Offer Document and printed on the Form of Acceptance (which constitute part of the terms and conditions of the Offer). A Form of Acceptance may be rejected as invalid if the procedures contained in this Offer Document and in the Form of Acceptance are not complied with.
- 10.3 The Offer and all acceptances of it, the Forms of Acceptance, and all actions taken or made or deemed to be taken or made pursuant to these terms will be governed by and construed in accordance with Hong Kong laws. Delivery of a Form of Acceptance will constitute submission to the non-exclusive jurisdiction of the Hong Kong courts.
- 10.4 Failure of any person to receive an Offer Document and/or a Form of Acceptance will not invalidate any aspect of the Offer. Extra prints of these documents will be available to any Qualifying Shareholder at the office of the Registrar during office hours from the date of despatch of this Offer Document to the Latest Acceptance Time (both days inclusive), between 9:00 a.m. to 4:30 p.m. (Hong Kong time) from Mondays to Fridays (other than public holidays), and on the Stock Exchange's website at www.hkexnews.hk and on the Company's website at <http://www.sciclone.com>.

- 10.5 In the event of any amendment of the terms of the Offer (which will not, for the avoidance of doubt, include an alteration of the Maximum Number), a supplemental document and new Forms of Acceptance will be despatched to the Qualifying Shareholders. Any revised offer will be kept open for at least 14 days following the date on which the revised offer document is posted. If in the course of the Offer, the Company revises the terms of the Offer, all Qualifying Shareholders, whether they have accepted the Offer or not, will be entitled to the revised terms.
- 10.6 The right of acceptance of the Offer is personal to each Qualifying Shareholder and is not capable of being assigned or renounced in favour of others or otherwise transferred by the Qualifying Shareholders.
- 10.7 All questions as to the number of Shares bought-back, the price to be paid therefor, or any alteration of such price in accordance with the terms contained herein, and the validity, form, eligibility (including the time of receipt) and acceptance for payment of any acceptance will be determined by the Company in its sole discretion, which determination will be final and binding on all of the parties (except as otherwise required under the applicable law or by the Codes). The Company reserves the absolute right to reject any or all acceptances it determines not to be in proper form or the acceptance or payment therefor which may, in the opinion of the Company, be unlawful. The Company also reserves the absolute right (provided that this is exercised consistently with the requirements of the Codes or otherwise with the Executive's consent) to waive any of the terms of the Offer, except the Conditions, either generally or in a particular case and any defect or irregularity in the acceptance of any particular Share or any particular holder thereof. An acceptance may be rejected as invalid unless all defects or irregularities have been cured or waived. In the event of a waiver, the consideration under the Offer will not be despatched until after the Form of Acceptance is completed in all respects and the Title Documents satisfactory to the Company have been received. None of the Company, Somerley, the Registrar or any of their respective directors or any other person involved in the Offer is or will be obliged to give notice of any defects or irregularities in acceptances, and none of them will incur any liability for failure to give any such notice.
- 10.8 All communications, notices, Form(s) of Acceptance, Title Documents and remittances to be delivered or sent by, to or from any Qualifying Shareholder will be delivered or sent by, to and from them, or their designated agents, at their own risks and none of the Company, Somerley, the Registrar or any of their respective directors or any other person involved in the Offer accepts any liability for any loss or any other liabilities whatsoever which may arise as a result.

10.9 Should any Qualifying Shareholder require any assistance in completing the Form of Acceptance or have any enquiries regarding the procedures for tendering and settlement or any other similar aspect of the Offer, the Qualifying Shareholder may contact the Registrar at its hotline at (852) 2980 1333 during the period from Friday, 27 January 2023 to Tuesday, 28 February 2023 (both days inclusive) between 9:00 a.m. and 6:00 p.m. (Hong Kong time) from Mondays to Fridays (other than public holidays) and on the closing day of the Offer (i.e. Wednesday, 1 March 2023) between 9:00 a.m. and 4:00 p.m. (Hong Kong time).

PROCEDURES FOR ACCEPTANCE AND SETTLEMENT

1 General Procedures for Acceptance

- 1.1 In order to accept the Offer, Qualifying Shareholders should complete and return the accompanying Form of Acceptance in accordance with the instructions set out in this Offer Document and the instructions printed on the Form of Acceptance. The instructions in this Offer Document should be read together with the instructions on the Form of Acceptance (which instructions form part of the terms and conditions of the Offer).
- 1.2 In order to be valid, the completed Form of Acceptance should be forwarded, together with the Title Documents for not less than the number of Shares in respect of which the relevant Qualifying Shareholder wishes to accept the Offer, by post or by hand to the Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, in an envelope marked “**SciClone Pharmaceuticals (Holdings) Limited — Buy-back Offer**” as soon as possible after receipt of the Form of Acceptance but in any event so as to reach the Registrar by no later than 4:00 p.m. (Hong Kong time) on Wednesday, 1 March 2023, or such later time and/or date as the Company may, subject to the Takeovers Code, decide and announce.
- 1.3 Unless the Offer is extended or revised in accordance with the Takeovers Code, no Form of Acceptance received after the Latest Acceptance Time will be accepted.
- 1.4 If the Form of Acceptance is executed by a person other than the registered holder, appropriate evidence of authority (e.g. a grant of probate or certified copy of a power of attorney) must be delivered to the Registrar with the completed Form of Acceptance.
- 1.5 No acknowledgement of receipt of any Form of Acceptance or Title Documents will be given.

- 1.6 The Company reserves the right, at its sole discretion, to investigate, in relation to any acceptance, whether the representations and warranties set out in this Appendix I could have been properly given by the relevant Qualifying Shareholder and, if such investigation is made and as a result the Company determines (for any reason) that any such representation and/or warranty could not have been properly given, such acceptance may be rejected as invalid.
- 1.7 Only one Form of Acceptance may be accepted from each Qualifying Shareholder by the Registrar.

2 Nominee Holdings

- 2.1 If the Title Documents in respect of a Qualifying Shareholder's Shares is/are in the name of a nominee company (including those Shares held in CCASS) or some name other than its/his/her own, and such Qualifying Shareholder wishes to accept the Offer (either in full or in respect of part of its/his/her holding(s) of Shares), it/he/she must either:
- (a) lodge the Title Documents with the nominee company, or other nominee, with instructions authorising it to accept the Offer on its/his/her behalf and requesting it to deliver the Form of Acceptance duly completed together with the Title Documents to the Registrar, on or before such deadline (which may be earlier than the deadline specified for the Offer) as may be stipulated by the nominee; or
 - (b) arrange for the Shares to be registered in its/his/her name by the Company through the Registrar, and send the Form of Acceptance duly completed together with the Title Documents to the Registrar; or
 - (c) where its/his/her Shares have been maintained with its/his/her licensed securities dealer/custodian bank through CCASS, instruct its/his/her broker/custodian bank to authorise HKSCC to accept the Offer on its/his/her behalf on or before the deadline set by HKSCC. In order to meet the deadline set by HKSCC, that Qualifying Shareholder should check with its/his/her broker/custodian bank for the timing on processing of its/his/her instruction, and submit such instruction to its/his/her broker/custodian bank as required by them; or
 - (d) if that Qualifying Shareholder's Shares have been lodged with its/his/her Investor Participant Account with CCASS, authorise its/his/her instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC.

- 2.2 Qualifying Shareholders with such a nominee holding of Shares should ensure that they undertake the above applicable course of action promptly so as to allow their nominee(s) sufficient time to complete the acceptance procedure on their behalf by the Latest Acceptance Time.

3 Recent Transfers

If a Qualifying Shareholder has lodged transfer(s) of Shares for registration in its/his/her name and has not yet received the Share certificate(s) and wishes to accept the Offer, it/he/she should nevertheless complete the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by it/him/her at or before the Latest Acceptance Time. Such action will be deemed to be an irrevocable authority to the Company and/or Somerley and/or their respective agent(s) to collect from the Company or the Registrar on its/his/her behalf the relevant Share certificate(s) when issued and to deliver such Share certificate(s), subject to the terms of the Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.

4 Lost or Unavailable Share Certificates

- 4.1 If the Title Documents are not readily available and/or are lost and a Qualifying Shareholder wishes to accept the Offer, the Form of Acceptance should nevertheless be completed and delivered to the Registrar so as to reach the Registrar not later than the Latest Acceptance Time and the Title Documents should be forwarded to the Registrar as soon as possible thereafter and in any event before the Latest Acceptance Time.
- 4.2 Acceptances of the Offer may, at the discretion of the Company, be treated as valid even if not accompanied by the Title Documents but, in such cases, the cash consideration due will not be despatched until the relevant Title Documents have been received by the Registrar or in the case of loss of Title Documents, such Title Documents have been cancelled and the Register has been updated.
- 4.3 If a Qualifying Shareholder has lost its/his/her Title Documents, it/he/she should write to the Registrar and request a form of letter of indemnity in respect of the lost Title Documents (as the case may be) which, when completed by it/him/her in accordance with the instructions given, should be returned, together with the Form of Acceptance and any Title Documents which are available, to the Registrar either by post or by hand, so as to arrive not later than the Latest Acceptance Time. In such cases, the Qualifying Shareholder will be informed of the fees payable to the Registrar for which it/he/she will be responsible.

5 Additional Form of Acceptance

If a Qualifying Shareholder has lost the accompanying Form of Acceptance or such original has become unusable, and requires a replacement of such form, it/he/she should write to the Registrar or visit the Registrar at its office and request an additional Form of Acceptance for completion by such Qualifying Shareholder. Alternatively, it/he/she could download the Form of Acceptance from the website of the Stock Exchange at www.hkexnews.hk or the Company's website at <http://www.sciclone.com>.

6 Settlement

- 6.1 Subject to the Offer becoming unconditional and provided that a duly completed Form of Acceptance, accompanied by the relevant Title Documents are received by the Registrar by not later than the Latest Acceptance Time and are or are deemed to be in order, the Registrar will inform the relevant Accepting Shareholder by ordinary post of the buy-back of its/his/her Shares. At the same time, the Registrar will send, by ordinary post at that Accepting Shareholder's risk, a remittance for such total amount as is due to that Accepting Shareholder under the Offer, subject to deduction pursuant to paragraph 5.4 in the section headed "*Terms and Conditions of the Offer*" above, as soon as possible, but in any event within 7 business days (as defined in the Takeovers Code) following the close of the Offer.
- 6.2 If the Shares of an Accepting Shareholder have not been bought-back by the Company in full, the Title Documents in respect of the balance of such Shares or a replaced certificate therefor will be returned or sent to it/him/her by ordinary post at its/his/her own risk, as soon as possible, but in any event within 7 business days (as defined in the Takeovers Code) following the close of the Offer.
- 6.3 If the Offer does not become unconditional, the Title Documents will be returned and/or sent to each Accepting Shareholder (by ordinary post, at that Accepting Shareholder's own risk) within 10 days of the lapse of the Offer. Where any Accepting Shareholder has sent one or more transfer receipt(s) and in the meantime one or more Share certificate(s) has/have been collected on that Shareholder's behalf in respect thereof, that Accepting Shareholder will be sent (by ordinary post, at that Accepting Shareholder's own risk) such Share certificate(s) in lieu of the transfer receipt(s).

7 New Qualifying Shareholders

Any new Qualifying Shareholder may collect a copy of this Offer Document, together with the form of proxy and Form of Acceptance from the Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong during business hours from Friday, 27 January 2023 to the closing date of the Offer, i.e. Wednesday, 1 March 2023 (both days inclusive). Such Shareholder may also contact the Registrar (through the enquiry general telephone line referred to in paragraph 10.9 under the section headed “*Terms and Conditions of the Offer*” above) and request a copy of this Offer Document, the accompanying form of proxy and Form of Acceptance (as appropriate) to be sent to its/his/her registered address as recorded in the Register.

OVERSEAS SHAREHOLDERS

The making of the Offer to the Overseas Shareholders may be subject to the laws of the relevant jurisdictions. The laws of the relevant jurisdictions may prohibit the making of the Offer to the Overseas Shareholders or require compliance with certain filing, registration or other requirements in respect of the Offer.

The availability of the Offer to any Overseas Shareholders may be affected by the applicable laws, regulations and rules of their relevant jurisdictions of residence. The Overseas Shareholders should observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers in the relevant jurisdictions. It is the responsibility of each Overseas Shareholder who wishes to accept the Offer to satisfy itself, himself or herself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consents which may be required or compliance with other necessary formalities or legal requirements.

According to the Register, as at the Latest Practicable Date, the Company had two Overseas Shareholders with registered office address located in the British Virgin Islands.

No invitation whether directly or indirectly may be made to the public in the British Virgin Islands for the repurchase of any of the Shares. As at the Latest Practicable Date, the Company has obtained advice from a law firm qualified to advise on the laws of the British Virgin Islands, and it had been advised that under the applicable legislations and regulations of the British Virgin Islands, there was no regulatory restriction of any regulatory body or stock exchange in the British Virgin Islands with respect to extending the Offer to the Overseas Shareholders in the British Virgin Islands. Accordingly, the Offer will be extended to the Overseas Shareholders with registered office address in the British Virgin Islands and there were no Excluded Shareholders as at the Latest Practicable Date.

It is the responsibility of each Overseas Shareholder who wishes to accept the Offer to satisfy itself, himself or herself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consents which may be required or compliance with other necessary formalities or legal requirements. Any acceptance of the Offer by any Overseas Shareholder shall be deemed to constitute a representation and warranty from such Overseas Shareholder to the Company that all applicable local laws and requirements have been observed and complied with. For the avoidance of doubt, neither Hong Kong Securities Clearing Company Limited nor HKSCC will give, or be subject to, any of the above representation and warranty. Overseas Shareholders should consult their professional advisers if in doubt.

EFFECT OF ACCEPTANCE OF THE OFFER BY QUALIFYING SHAREHOLDERS

Each Qualifying Shareholder by whom, or on whose behalf, a Form of Acceptance is executed irrevocably undertakes, represents, warrants and agrees to and with the Company and Somerley (so as to bind it/him/her, its/his/her personal representatives, heirs, successors and assigns) to the effect:

1 Representations and Warranties

that by delivery to the Registrar a duly completed Form of Acceptance with the Title Documents, the Accepting Shareholder represents and warrants to the Company and Somerley:

- (a) that it/he/she has full power and authority to tender, sell, assign and transfer all the Shares specified in such Form of Acceptance for buy-back and that the Shares are fully paid, free from all liens, charges, options, claims, equities, adverse interests, rights of pre-emption or third party rights or encumbrances whatsoever and are sold together with all rights accruing or attaching thereto, including, without limitation, the right to receive dividends and other distributions declared, made or paid, if any, on or after the date the Shares are cancelled; and
- (b) that if it/he/she is an Overseas Shareholder, it/he/she has fully observed any of its/his/her applicable legal or regulatory requirements and that the Offer may be accepted by it/him/her lawfully under the laws of the relevant jurisdiction.

2 Appointment and Authority

that the execution of the Form of Acceptance constitutes:

- (a) the irrevocable appointment of any director or officer of the Company or Somerley, or such other person as any of them may direct, as such Accepting Shareholder's agent (the "**Agent**"); and
- (b) an irrevocable instruction to the Agent to complete and execute the Form of Acceptance and/or any other document at the Agent's discretion on behalf of such Accepting Shareholder and to do any other acts or things as may in the opinion of the Agent be necessary, expedient or desirable for the purpose of the Company buying-back some or all of the Shares (as the Company may in its absolute discretion determine) in respect of such Accepting Shareholder.

3 Undertakings

that by executing the Form of Acceptance, it/he/she:

- (a) agrees to ratify and confirm each and every act or thing which may be done or effected by the Company or any Agent in the proper exercise of its or its/his/her powers and/or authorities under the terms of the Offer;
- (b) undertakes to deliver to the Registrar the Title Documents in respect of the Shares for which the Offer is accepted, or an indemnity or indemnities acceptable to the Company in lieu thereof, or to procure the delivery of such document(s) to the Registrar as soon as possible thereafter and, in any event, no later than the Latest Acceptance Time;
- (c) accepts that the provisions of the Form of Acceptance and the other terms and conditions in this Offer Document are deemed to be incorporated into the terms and conditions of the Offer;
- (d) undertakes to execute any further documents, take any further action and give any further assurances which may be required in connection with its/his/her acceptance of the Offer as the Company may consider to be necessary, expedient or desirable, including without limitation, to complete the buy-back of any Shares in respect of which it/he/she has accepted the Offer free from all liens, charges, options, claims, equities, adverse interests, rights of pre-emption or third party rights or encumbrances whatsoever and such Shares are sold together with all rights accruing or attaching thereto, including,

without limitation, the right to receive dividends and other distributions declared, made or paid, if any, on or after the date the Shares are cancelled and/or to perfect any of the authorities expressed to be given hereunder;

- (e) authorises the Company or the Agent to procure the despatch by ordinary post of the consideration to which it/he/she is entitled at its/his/her own risk to the first-named holder at its/his/her registered address in Box 4 of the Form of Acceptance; and
- (f) submits to the jurisdiction of the courts of Hong Kong in relation to all matters arising out of or in connection with the Offer or the Form of Acceptance.

TAXATION

Qualifying Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptances of the Offer. It is emphasised that none of the Company, its ultimate beneficial owners and parties acting in concert with any of them, Somerley, the Independent Financial Adviser, the Registrar or any of their respective directors or any persons involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptances of the Offer.

ANNOUNCEMENTS

1. Following the EGM (or any adjournment or postponement thereof, as the case may be) at which the Offer and the Whitewash Waiver are to be approved by the Independent Shareholders, the Company will announce through the Stock Exchange's website the results of the EGM and whether or not the Offer has become unconditional.
2. By 6:00 p.m. (or such later time as the Executive may permit) on the closing date of the Offer, the Company shall inform the Executive and the Stock Exchange of its decision in relation to the closing and the results of the Offer and shall publish an announcement through the Stock Exchange by 7:00 p.m. on such date stating that the Offer has been closed. A draft of such announcement must be submitted to the Executive and the Stock Exchange by 6:00 p.m. for clearance and publication through the website of the Stock Exchange by 7:00 p.m. on the same day. The announcement shall, among others (except in the case of lapse of the Offer), specify the details as required under Rule 19.1 of the Takeovers Code.
3. In calculating the number of the Shares represented by a Form of Acceptance, acceptances which are not in all respects in order or are subject to verification will be stated separately.

INTERPRETATION

1. A reference in this Offer Document to a Qualifying Shareholder includes a reference to a person(s) who, by reason of an acquisition or transfer of Shares, is entitled to execute a Form of Acceptance and in the event of more than one person executing a Form of Acceptance, the provisions of this Offer Document apply to them jointly and severally.
2. A reference in this Offer Document and the Form of Acceptance to the masculine gender includes the feminine and neuter genders, and a reference to the singular includes the plural, and vice versa.

1. FINANCIAL SUMMARY

This following is a summary of the financial results of the Group for each of the financial years ended 31 December 2020 and 31 December 2021 and for the six months ended 30 June 2022.

	For the year ended 31 December		For the six months ended 30 June
	2020	2021	2022
	(audited)	(audited)	(unaudited)
	(RMB'000)	(RMB'000)	(RMB'000)
Revenue	1,918,562	2,518,474	1,475,072
Profit before income taxation	816,809	1,025,873	578,454
Income tax expense	(63,114)	(102,512)	(46,256)
Profit for the year/period attributable to owners of the Company	753,695	923,361	532,198
Total comprehensive income for the year/period	916,110	991,990	460,466
Total comprehensive income for the year/period attributable to owners of the Company	916,110	991,990	460,466
Earnings per share (RMB)			
Basic	1.38	1.42	0.79
Diluted	1.35	1.33	0.75
Total equity	311,862	2,317,408	2,584,595
Dividends attributable to owners of the Company	N/A	204,545	Nil
Dividend per share (in HK\$)	N/A	0.35	Nil

The Company completed its initial public offering and had its Shares listed on the Main Board of the Stock Exchange on 3 March 2021. The auditor's reports from PricewaterhouseCoopers ("PwC"), in respect of the Group's audited consolidated financial statements for each of the financial years ended 31 December 2020 and 31 December 2021 did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern.

2. CONSOLIDATED FINANCIAL STATEMENTS

The Company is required to set out or refer to in this Offer Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in the audited consolidated financial statements of the Group for the year ended 31 December 2021 (the “**2021 Financial Statements**”), together with the notes to the relevant published financial statements which are of major relevance to the appreciation of the above financial information.

The 2021 Financial Statements are set out on pages 89 to 224 of the annual report of the Company for the year ended 31 December 2021 (the “**Annual Report 2021**”), which was published on 13 April 2022. The Annual Report 2021 is posted on the Company’s website <http://www.sciclone.com> and the website of the Stock Exchange at www.hkexnews.hk. Please also see below a direct link to the Annual Report 2021:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0413/2022041301348.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2020 (the “**2020 Financial Statements**”) are set out on pages 81 to 218 of the annual report of the Company for the year ended 31 December 2020 (the “**Annual Report 2020**”), which was published on 28 April 2021. The Annual Report 2020 is posted on the Company’s website <http://www.sciclone.com> and the website of the Stock Exchange at www.hkexnews.hk. Please also see below a direct link to the Annual Report 2020:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0428/2021042800449.pdf>

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2022 (the “**2022 Interim Financial Statements**”) are set out on pages 56 to 112 of the interim report of the Company for the six months ended 30 June 2022 (the “**Interim Report 2022**”), which was published on 27 September 2022. The Interim Report 2022 is posted on the Company’s website <http://www.sciclone.com> and the website of the Stock Exchange at www.hkexnews.hk. Please also see below a direct link to the Interim Report 2022:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0927/2022092700419.pdf>

The 2021 Financial Statements (but not any other part of the Annual Report 2021), the 2020 Financial Statements (but not any other part of the Annual Report 2020), and the 2022 Interim Financial Statements (but not any other part of the Interim Report 2022) are incorporated by reference into this Offer Document and form part of this Offer Document.

3. STATEMENT OF INDEBTEDNESS AND CONTINGENT LIABILITIES

As of 31 December 2022, being the latest practicable date for the purpose of preparing this indebtedness statement prior to the publication of this Offer Document, the indebtedness of the Group was as follows:

Bank borrowings

The Group had bank borrowings of RMB835.8 million. Such bank loans were secured by substantially all of SciClone Pharmaceuticals International Limited's (and its subsidiaries', as applicable) assets and common stocks. As of the same date, the Group had no committed unutilized banking facilities.

Lease liabilities

The Group's current and non-current lease liabilities were RMB12.7 million and RMB7.4 million respectively. These lease liabilities mainly consisted of rental of offices and warehouses.

Contingent liabilities and guarantees

The Group had no unrecorded significant contingent liabilities or guarantees.

Except as discussed above, the Directors confirm that the Group did not have any outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans, debt securities or other similar indebtedness issued and outstanding or agreed to be issued, hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities outstanding as of 31 December 2022.

4. MATERIAL CHANGES

Save as disclosed below, the Directors confirm that there had been no material change in the financial or trading position or outlook of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Company were made up, and up to the Latest Practicable Date:

- (i) as set out in the interim report of the Company for the six months ended 30 June 2022, it was noted that the Company recorded other losses of approximately RMB129.4 million, which was significant compared to other gains of approximately RMB9.9 million recorded by the Company for the six months ended 30 June 2021. Such significant increase in other losses was mainly attributable to (a) foreign exchange

losses amounting to approximately RMB57.5 million resulted from the translation of RMB monetary assets into US\$ functional currency by the subsidiaries of the Company; and (b) fair value loss of approximately RMB80.5 million recorded in the Company's investment in a biotech company which went into insolvency procedures and ceased its operations during the first half of 2022; and

- (ii) based on a preliminary review of the latest unaudited consolidated management accounts of the Company for the eleven months ended 30 November 2022, it was noted that the Company's long-term borrowings had decreased from approximately RMB762.2 million as at 31 December 2021 to approximately RMB451.6 million, representing a decrease of approximately 40.8%. The reduction in long-term borrowings was mainly due to the repayment of bank loans amounting to approximately RMB430.6 million took place in November 2022.

5. FINANCIAL AND TRADING PROSPECTS

The Group is a biopharmaceutical company with the development goal of becoming a leading specialty pharma in oncology and severe infection, two of the largest and fast-growing therapeutic areas with significant unmet medical needs in China.

Leveraging its integrated platform, the Group has established a balanced product portfolio focusing on high potential therapeutic areas, led by marketed products with strong cash generation ability through effective lifecycle management and novel "Go-To-Patient" model, and supported by an innovative pipeline with first-in-class/best-in-class potential to drive sustainable long-term growth.

War in Ukraine, global supply chain disruption and world-wide record high inflation made the first half of 2022 difficult for businesses with international presence. Domestically as China faced several new waves of Covid-19 outbreak, business activities of various industries were interrupted. However, the Group managed to rise to these challenges and demonstrated great resilience and flexibility in the course of operations. The Group achieved revenue of RMB1,475.1 million for the six months ended 30 June 2022, 10.8% up from the same period last year and its gross profit grew to RMB1,134.1 million for the first half of 2022, 8.4% ahead of the first half of 2021.

Looking forward, the Group is actively searching for opportunities of merger and acquisition and will continue to invest for growth, while remaining cautious in the face of recessionary pressure.

For illustrative purposes, the financial information prepared in accordance with Rule 4.29 of the Listing Rules is set out here to provide further information about how the financial information of the Group might be affected by the assumption of the completion of the Offer as if the Offer had been completed as at 31 December 2021, 1 January 2021 or at any future date.

The following are illustrative and unaudited pro forma statements of adjusted consolidated net assets per Share and adjusted earnings per Share (the “**Unaudited Pro Forma Financial Information**”) of the Group attributable to the equity shareholders of the Company which have been prepared on the basis of the notes set out below, for the purpose of illustrating the effect of the Offer as if it had taken place on 31 December 2021 for the unaudited pro forma adjusted consolidated net assets per Share attributable to the equity shareholders of the Company after completion of the Offer or 1 January 2021 for the unaudited pro forma adjusted earnings per Share attributable to the equity shareholders of the Company after completion of the Offer. This Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position or financial results of the Group had the Offer been taken place at 31 December 2021, 1 January 2021 or at any future date.

Unaudited pro forma statement of adjusted consolidated net assets per Share

	Audited consolidated net assets of the Group attributable to equity shareholders of the Company as at 31 December 2021 <i>(Note 1)</i> <i>RMB'000</i>	Estimated expenditure to be incurred under the Offer <i>(Note 2)</i> <i>RMB'000</i>	Unaudited pro forma adjusted consolidated net assets attributable to equity shareholders of the Company as at 31 December 2021 <i>RMB'000</i>
Non-current assets	1,063,622	—	1,063,622
Current assets*	2,999,060	(701,819)	2,297,241
Current liabilities <i>(Note 3)</i>	956,770	—	956,770
Net current assets <i>(Note 3)</i>	2,042,290	(701,819)	1,340,471
Non-current liabilities <i>(Note 3)</i>	788,504	—	788,504
Net assets	2,317,408	(701,819)	1,615,589
*Including:			—
Cash and cash equivalents	2,127,488	(701,819)	1,425,669
Net assets per Share attributable to owners of the Company	3.40		2.68
	<i>(Note 4)</i>		<i>(Note 5)</i>

Unaudited pro forma statement of adjusted earnings per Share

			Unaudited pro forma adjusted	Unaudited pro forma adjusted
		Diluted	basic earnings	diluted
	Audited profit	Earnings per	per Share	earnings per
	for the year	Share		Share
	attributable to	attributable to	attributable to	attributable to
	owners of the	owners of the	owners of the	owners of the
	Company for	Company for	Company for	Company for
	the year ended	the year ended	the year ended	the year ended
	31 December	31 December	31 December	31 December
	2021	2021	2021	2021
	(Note 1)	(Note 6)	(Note 6)	(Note 7)
	RMB'000	RMB	RMB	RMB
Share buy-back of				
77,534,791 Shares at				
HK\$10.06				
per Share	923,361	1.42	1.33	1.49

Notes:

- (1) The audited consolidated net assets of the Group attributable to the equity shareholders of the Company as at 31 December 2021 and audited profit for the year attributable to owners of the Company for the year ended 31 December 2021 are extracted from the published annual report of the Group for the year ended 31 December 2021.
- (2) The estimated expenditure to be incurred under the Offer is based on 77,534,791 Shares to be bought-back at the offer price of HK\$10.06 per Share and the related expenses of approximately RMB5,068,000, assuming the Maximum Number of Shares to be bought-back by the Company shall be accepted in full under the Offer.
- (3) The estimated expenditure to be incurred under the Offer will be settled by cash and therefore the Offer will not have any effect on the liabilities of the Group, and the working capital (expressed as net current assets) as at 31 December 2021 would be decreased by approximately RMB701,819,000 from approximately RMB2,042,290,000 to approximately RMB1,340,471,000.
- (4) The consolidated net assets per Share attributable to owners of the Company as at 31 December 2021 was approximately RMB3.40, which was based on the audited consolidated net assets of the Group attributable to owners of the Company as at 31 December 2021 of approximately RMB2,317,408,000, and on the basis that 681,374,263 Shares were in issue as at 31 December 2021.
- (5) The unaudited pro forma adjusted consolidated net assets per share attributable to owners of the Company after completion of the Offer is arrived at after taking into account (i) the audited consolidated net assets of the Group attributable to owners of the Company as at 31 December 2021 of approximately RMB2,317,408,000 (*Note 1*) deducted by the estimated expenditure to be incurred under the Offer of approximately RMB5,068,000 (*Note 2*) and (ii) on the basis of 681,374,263 Shares were in issue as at 31 December 2021 and 77,534,791 shares were bought-back under the Offer, resulting in 603,839,472 Shares, assuming the Offer had taken place on 31 December 2021 and that there is full acceptance of the Offer up to the Maximum Number of Shares.
- (6) The audited basic and diluted earnings per Share of the Group for the year ended 31 December 2021 is calculated based on the audited consolidated profit attributable to owners of the Company for the year ended 31 December 2021 of RMB923,361,000 and the weighted average number of ordinary shares of 651,800,589 and 695,358,915 used in the calculation of basic and diluted earnings per Share for the year ended 31 December 2021, respectively.

- (7) The unaudited pro forma adjusted basic and diluted earnings per Share of the Group for the year ended 31 December 2021 is calculated based on the audited consolidated profit attributable to owners of the Company for the year ended 31 December 2021 of RMB923,361,000 for the purpose of basic and diluted earnings per Share, and the adjusted number of 574,265,798 and 617,824,124 pro forma weighted average number of ordinary shares used in the calculation of basic and diluted earnings per Share, respectively, which is the weighted average number of ordinary shares of 651,800,589 and 695,358,915 used in the calculation of basic and diluted earnings per Share for the year ended 31 December 2021, each reduced by 77,534,791 Shares bought back as if the completion of the Offer had taken place at 1 January 2021 and that there is full acceptance of the Offer up to the Maximum Number of Shares. The Directors confirm that the related expenses of approximately RMB5,068,000 will be capitalized in full to equity in accordance with the Company's accounting policies.
- (8) For the purpose of the Unaudited Pro Forma Financial Information, the amounts stated in HK\$ are converted into Renminbi at a rate of HK\$1 to RMB0.89327. No representation is made that HK\$ amounts have been, could have been or may be converted to RMB, or vice versa, at that rate.
- (9) No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2021.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report on the unaudited pro forma financial information of the Group received from PwC, Certified Public Accountants, Hong Kong, for inclusion in this Offer Document.



羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**To the Directors of SciClone Pharmaceuticals (Holdings) Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of SciClone Pharmaceuticals (Holdings) Limited (the **"Company"**) and its subsidiaries (collectively the **"Group"**) by the directors of the Company (the **"Directors"**) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net assets per share attributable to owners of the Company as at 31 December 2021, unaudited pro forma statement of adjusted earnings per share attributable to owners of the Company for the year ended 31 December 2021 and related notes (the **"Unaudited Pro Forma Financial Information"**) as set out on pages III-1 to III-4 of Appendix III to the offer document issued by the Company dated 27 January 2023 (the **"Offer Document"**), in connection with (1) the conditional cash offer by Somerley Capital Limited on behalf of the Company to buy-back up to 77,534,791 shares of the Company at HK\$10.06 per share (the **"Offer"**) and (2) application for whitewash waiver. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages III-1 to III-4 of the Offer Document.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Offer on the Group's financial position as at 31 December 2021 and the Group's financial performance for the year ended 31 December 2021 as if the Offer had taken place at 31 December 2021 and 1 January 2021 respectively. As part of this process, information about the Group's financial position and financial performance has been extracted by the Directors from the Group's financial statements for the year ended 31 December 2021, on which an audit report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or a review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Offer at 31 December 2021 or 1 January 2021 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 27 January 2023

RESPONSIBILITY STATEMENT

This Offer Document includes particulars given in compliance with the Listing Rules and the Codes for the purpose of giving information with regard to the Offer and the Company. All Directors jointly and severally accept full responsibility for the accuracy of information contained in this Offer Document and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Offer Document have been arrived at after due and careful consideration and there are no other facts not contained in this Offer Document, the omission of which would make any statement in this Offer Document misleading.

SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately upon completion of the Offer (assuming full acceptance of the Offer) are set out as follows:

<i>Authorised</i>		<i>US\$</i>
<u>1,000,000,000</u>	Shares as at the Latest Practicable Date	<u>50,000</u>
<i>Issued and fully paid or credited as fully paid</i>		
694,386,763	Shares as at the Latest Practicable Date	34,719.34
<u>(77,534,791)</u>	Shares proposed to be bought-back and cancelled	<u>(3,876.74)</u>
<u>616,851,972</u>	Shares upon completion of the Offer	<u>30,842.60</u>

All the issued Shares rank *pari passu* with each other in all respects including the rights as to voting, dividends and capital.

Since 31 December 2022, being the end of the immediately preceding financial year, and up to the Latest Practicable Date, the Company has issued 31,000 Shares (being 19,000 Shares on 13 January 2023 and 12,000 Shares on 16 January 2023) but has not bought-back any Shares.

There had been no re-organisation of capital of the Company during the two financial years immediately preceding the commencement of the Offer Period on 6 January 2023, save for any re-organisation of capital before the listing of the Company on the Stock Exchange.

As at the Latest Practicable Date, the Company had (i) Share Options entitling their holders to subscribe for a total of 32,033,442 Shares under the Option Incentive Plan and (ii) Share Options entitling their holders to subscribe for a total of 21,510,070 Shares under the Post-IPO Option Plan. Details are set out below:

Option Incentive Plan

Date of grant	Exercise price per Share (HK\$)	Exercise period	Number of Shares subject to the Share Options outstanding as at the Latest Practicable Date
15 December 2018	2.0462	15/12/2020 — 15/12/2026	591,500
		15/12/2021 — 15/12/2026	8,036,000
		15/12/2022 — 15/12/2026	8,796,700
1 April 2019	2.0462	01/04/2020 — 01/04/2027	1,357,000
		01/04/2021 — 01/04/2027	200,000
		01/04/2022 — 01/04/2027	100,000
1 April 2020	2.0462	01/04/2021 — 01/04/2028	3,011,605
		01/04/2022 — 01/04/2028	3,790,637
1 July 2020	2.0462	01/07/2021 — 01/07/2028	6,150,000

Post-IPO Option Plan

Date of grant	Exercise price per Share (HK\$)	Exercise period	Number of Shares subject to the Share Options outstanding as at the Latest Practicable Date
			Date
9 November 2021	10.18	31/08/2022 — 31/08/2031	1,443,420
		31/08/2023 — 31/08/2031	1,676,550
1 December 2021	9.29	30/11/2022 — 30/11/2031	24,400
		30/11/2023 — 30/11/2031	32,600
31 January 2022	8.4	30/01/2023 — 30/01/2032	31,800
		30/01/2024 — 30/01/2032	31,800
19 April 2022	7.892	18/04/2023 — 18/04/2032	8,655,600
		18/04/2024 — 18/04/2032	8,655,600
4 July 2022	8.48	03/07/2023 — 03/07/2032	257,500
		03/07/2024 — 03/07/2032	257,500
8 September 2022	6.832	07/09/2023 — 07/09/2032	158,450
		07/09/2024 — 07/09/2032	158,450
10 November 2022	6.33	09/11/2023 — 09/11/2032	63,200
		09/11/2024 — 09/11/2032	63,200

As at the Latest Practicable Date, save for the Share Options and the 694,386,763 Shares in issue, the Company did not have other class of securities, outstanding options, derivatives, warrants or other securities which are convertible or exchangeable into Shares.

As at the Latest Practicable Date, RSUs representing 2,600,000 Shares were outstanding (none of which is vested). As at the Latest Practicable Date, the trustee of the Post-IPO RSU Plan held 6,689,963 Shares, amongst which 600,000 are to be used to satisfy the share awards granted to Mr. Zhao, 2,000,000 are to be used to satisfy the share awards granted to employees of the Group and the remaining 4,089,963 are to be used to satisfy future grants of share awards.

Save for the Shares issued by the Company before the listing of the Company on the Stock Exchange, details of the Shares issued by the Company during the two-year period immediately preceding the commencement date of the Offer Period are set out as follows:

Date of issuance	No. of Shares	Price per Share (HK\$)	Total consideration (HK\$)
11 November 2021	3,500,000	2.3962	8,386,700.00
14 February 2022	150,000	2.3962	359,430.00
15 February 2022	140,000	2.3962	335,468.00
16 February 2022	4,000	2.3962	9,584.80
21 February 2022	20,000	2.3962	47,924.00
25 February 2022	100,000	2.3962	239,620.00
1 March 2022	70,000	2.3962	167,734.00
2 March 2022	20,000	2.3962	47,924.00
4 March 2022	190,000	2.3962	455,278.00
11 March 2022	3,266,000	2.3962	7,825,989.20
21 April 2022	80,000	2.3962	191,696.00
7 June 2022	42,000	2.0462	85,940.40
10 June 2022	30,000	2.0462	61,386.00
12 August 2022	30,000	2.0462	61,386.00
18 August 2022	20,000	2.0462	40,924.00
24 August 2022	3,500,000	2.0462	7,161,700.00
25 August 2022	100,000	2.0462	204,620.00
30 August 2022	80,000	2.0462	163,696.00
2 September 2022	20,000	2.0462	40,924.00
17 October 2022	12,000	2.0462	24,554.40
4 November 2022	12,000	2.0462	24,554.40
11 November 2022	12,000	2.0462	24,554.40
16 November 2022	40,000	2.0462	81,848.00
8 December 2022	10,000,000	2.0462	20,462,000.00
12 December 2022	20,000	2.0462	40,924.00

APPENDIX IV**GENERAL INFORMATION**

Details of the Shares bought-back by the Company during the 12-month period immediately preceding the date of this Offer Document are set out as follows:

Date of buy-back	No. of Shares	Average price per Share (HK\$)	Total consideration (HK\$)
29 March 2022	15,500	8.1748	126,709.40
30 March 2022	262,000	8.2100	2,151,007.00
31 March 2022	346,000	8.3025	2,872,676.95
11 April 2022	88,500	7.7612	686,866.20
20 April 2022	144,000	8.0098	1,153,413.40
21 April 2022	150,000	8.2360	1,235,395.00
22 April 2022	149,500	8.2086	1,227,186.00
27 April 2022	200,000	7.8827	1,576,545.00
28 April 2022	46,500	7.9329	368,879.85
29 April 2022	50,000	8.0317	401,582.80
3 May 2022	74,000	8.3907	620,909.60
5 May 2022	86,000	8.4373	725,606.20
6 May 2022	94,500	8.3292	787,114.05
10 May 2022	100,000	8.2633	826,330.00
11 May 2022	61,000	8.3836	511,399.60
13 May 2022	100,000	8.5693	856,930.00
20 May 2022	62,500	8.6491	540,568.75
27 May 2022	80,000	8.2363	658,904.00
10 June 2022	120,000	8.3817	1,005,804.00
16 June 2022	100,000	8.0700	807,000.00
23 June 2022	100,000	8.0872	808,720.00
28 June 2022	200,000	8.5483	1,709,660.00
29 June 2022	100,000	8.4574	845,740.00
30 June 2022	96,500	8.5552	825,576.80
8 July 2022	100,000	8.6110	861,100.00
14 July 2022	97,500	8.1186	791,563.50
15 July 2022	120,000	8.0022	960,264.00
18 July 2022	120,000	7.9963	959,556.00
22 August 2022	35,000	7.3216	256,256.00
23 August 2022	90,000	7.3252	659,268.00
26 August 2022	120,000	7.4682	896,184.00
31 August 2022	150,000	7.1727	1,075,905.00

Date of buy-back	No. of Shares	Average price per Share (HK\$)	Total consideration (HK\$)
1 September 2022	100,000	7.0256	702,560.00
2 September 2022	32,500	6.8763	223,479.75
8 September 2022	23,500	6.7077	157,630.95
15 September 2022	59,000	6.7510	398,309.00
21 September 2022	12,500	6.5408	81,760.00
27 September 2022	120,000	6.4468	773,616.00
28 September 2022	28,500	6.1832	176,221.20
29 September 2022	41,500	6.1139	253,726.85
30 September 2022	172,000	6.1208	1,052,783.60
3 October 2022	18,000	6.3014	113,425.20
7 October 2022	50,000	6.3262	316,310.00
10 October 2022	50,000	6.2802	314,012.00
11 October 2022	30,000	6.2380	187,140.00
13 October 2022	50,000	6.2388	311,940.00
20 October 2022	80,000	6.2897	503,175.00
24 October 2022	50,000	6.0198	300,990.00
3 November 2022	100,000	5.9862	598,615.00
21 November 2022	50,000	6.8632	343,160.00
23 November 2022	100,000	6.6135	661,350.00
24 November 2022	50,000	6.5676	328,380.00
30 November 2022	100,000	6.3316	633,160.00

During the two-year period immediately preceding the date of this Offer Document, but excluding the period before the listing of the Company on the Stock Exchange, the Company declared cash dividends in the amount of HK\$0.35 per Share for the year ended 31 December 2021, which were paid on 22 June 2022. Depending on the future results and financial position of the Group, the Company may, on the recommendation of the Board, declare dividends as and when it considers appropriate taking into account the then financial performance of the Group as well as the amount of profits and/or reserves legally available for distribution. As at the Latest Practicable Date, the Company does not intend to announce, declare or pay any dividend, distribution or other return of capital, or alter the dividend policy before the close of the Offer.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the Latest Practicable Date, the interests of the Directors and chief executive of the Company in the Shares, which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be entered in the register required to be kept under section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules, were as follows:

Interest in Shares and underlying Shares

Name of Director/chief executive	Nature of interest	Number of Shares or underlying Shares	Approximate percentage of the issued share capital of the Company (%)
Mr. Li	Interest in controlled corporation (<i>Note 1</i>)	195,104,060	28.10
Mr. Zhao	Interest in controlled corporation (<i>Note 2</i>)	11,979,690	1.73
	Beneficial owner (<i>Note 3</i>)	16,056,210	2.31

Notes:

- (1) GL Trade holds 133,318,370 Shares (including 28,350,000 Shares which are held by GL Trade as a nominee for GL China, whose general partner is GL China Opportunities Carry GP Limited). GL Trade's general partner is GL Capital Management GP II B.C. I Ltd., a company incorporated in Canada which is wholly owned by GL Capital Management Limited, which is held by GL Partners Capital Management Limited as to 51% and Lion River I N.V. as to 49%. Lion River I N.V. is a company incorporated in Netherlands and is wholly owned by Assicurazioni Generali S.p.A, a company listed on Italian Stock Exchange. GL Partners Capital Management Limited is a limited liability company incorporated in the Cayman Islands and is controlled by GL China Opportunities Carry GP Limited as to 70%. GL China Opportunities Carry GP Limited is a limited liability company incorporated in the Cayman Islands and is wholly owned by Mr. Li. As such, Mr. Li is deemed to be interested in Shares held by GL Trade.

GL Glee holds 61,785,690 Shares. GL Glee is a limited liability company incorporated in the Cayman Islands and is wholly owned by GL China Opportunities Fund L.P., a limited partnership registered in Cayman Islands whose general partner is GL Capital Management GP L.P., a limited partnership registered in Cayman Islands, whose general partner is GL Capital Management GP Limited, which is held by GL Partners Capital Management Limited as to 51% and Lion River I N.V. as to 49%. Lion River I N.V. is a company incorporated in Netherlands and is wholly owned by Assicurazioni Generali S.p.A, a company listed on Italian Stock Exchange. GL Partners Capital Management Limited is a limited liability company incorporated in the Cayman Islands and is controlled by GL China Opportunities Carry GP Limited as to 70%. GL China Opportunities Carry GP Limited is a limited liability company incorporated in the Cayman Islands and is wholly owned by Mr. Li. As such, Mr. Li is deemed to be interested in Shares held by GL Glee.

- (2) Convergence International Holdings Ltd holds 11,979,690 Shares. Convergence International Holdings Ltd is wholly owned by Beijing Convergence Management Consulting Partnership Enterprise (Limited Partnership) (北京諾盛衡康管理諮詢合夥企業(有限合夥)), which is in turn owned by its general partner, Juli Information Consulting (Beijing) Co., Ltd. (炬力信息諮詢(北京)有限公司), as to 0.000003957%, and its limited partner, Zhoushan Kangnuo Equity Investment Partnership Enterprise (Limited Partnership) (舟山康諾股權投資合夥企業(有限合夥)), as to 99.999996043%. As Mr. Zhao is interested in 32.44% equity interests in Juli Information Consulting (Beijing)Co., Ltd. (炬力信息諮詢(北京)有限公司) and 40.96% partnership interests in Zhoushan Kangnuo Equity Investment Partnership Enterprise (Limited Partnership) (舟山康諾股權投資合夥企業(有限合夥)), Mr. Zhao is deemed to be interested in Shares held by Convergence International Holdings Ltd.

- (3) Mr. Zhao holds (i) 200,000 Shares personally, (ii) 11,256,210 Share Options under the Option Incentive Plan, (iii) 4,000,000 Share Options under the Post-IPO Option Plan and (iv) 600,000 RSUs under the Post-IPO RSU Plan. Of the 11,256,210 Share Options under the Option Incentive Plan, (a) 5,925,000 Share Options were granted on 15 December 2018 with an exercise price of HK\$2.0462 (which shall be vested equally upon each anniversary of the grant date during a four-year term), (b) 831,210 Share Options were granted on 1 April 2020, with an exercise price of HK\$2.0462 (which shall be vested equally upon each anniversary of the grant date during a two-year term), and (c) 4,500,000 Share Options were granted on 1 July 2020 with an exercise price of HK\$2.0462 (which shall be vested upon first anniversary of the grant date). The 4,000,000 Share Options under the Post-IPO Option Plan were granted on 19 April 2022 with an exercise price of HK\$7.892 (which shall be vested equally upon each anniversary of the grant date during a two-year term). The 600,000 RSUs under the Post-IPO RSU Plan were granted on 19 April 2022 (which shall be vested equally upon each anniversary of the grant date during a two-year term).

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be entered in the register required to be kept under section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, according to the register kept by the Company pursuant to Section 336 of the SFO and, so far as was known to the Directors, the persons or entities, other than a Director or chief executive of the Company, who had an interest in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or in any options in respect of such share capital were as follows:

Name of Shareholder	Nature of interest	Number of Shares or underlying Shares	Approximate percentage of the issued share capital of the Company (%)
Mr. Li	Interest in controlled corporation (<i>Note 1</i>)	195,104,060	28.10
GL China Opportunities Carry GP Limited	Interest in controlled corporation (<i>Note 1</i>)	195,104,060	28.10
GL Partners Capital Management Limited	Interest in controlled corporation (<i>Note 1</i>)	195,104,060	28.10

APPENDIX IV**GENERAL INFORMATION**

Name of Shareholder	Nature of interest	Number of Shares or underlying Shares	Approximate percentage of the issued share capital of the Company (%)
Assicurazioni Generali S.p.A	Interest in controlled corporation (<i>Note 1</i>)	195,104,060	28.10
GL Trade Investment L.P.	Beneficial interest (<i>Note 1</i>)	104,968,370	15.12
	Nominee for another person (other than a bare trustee) (<i>Note 1</i>)	28,350,000	4.08
GL Capital Management GP II B.C. I Ltd.	Interest in controlled corporation (<i>Note 1</i>)	133,318,370	19.20
GL Capital Management Limited	Interest in controlled corporation (<i>Note 1</i>)	133,318,370	19.20
Lion River I N.V.	Interest in controlled corporation (<i>Note 1</i>)	195,104,060	28.10
GL Glee Investment Limited	Beneficial interest (<i>Note 1</i>)	61,785,690	8.90
GL China Opportunities Fund L.P.	Interest in controlled corporation (<i>Note 1</i>)	61,785,690	8.90
GL Capital Management GP L.P.	Interest in controlled corporation (<i>Note 1</i>)	61,785,690	8.90
GL Capital Management GP Limited	Interest in controlled corporation (<i>Note 1</i>)	61,785,690	8.90
GL China Opportunities Carry L.P.	Beneficial interest (<i>Note 1</i>)	28,350,000	4.08
Ocean Falcon Limited	Beneficial interest (<i>Note 2</i>)	81,621,130	11.75
Bank of China Group Investment Limited	Interest in controlled corporation (<i>Note 2</i>)	81,621,130	11.75
Bank of China Limited	Interest in controlled corporation (<i>Note 2</i>)	81,621,130	11.75
Central Huijin Investment Ltd	Interest in controlled corporation (<i>Note 2</i>)	81,621,130	11.75
China Investment Corporation	Interest in controlled corporation (<i>Note 2</i>)	81,621,130	11.75
Ascendent Silver (Cayman) Limited	Beneficial interest (<i>Note 3</i>)	103,497,710	14.90

Name of Shareholder	Nature of Interest	Number of Shares or underlying Shares	Approximate percentage of the issued share capital of the Company (%)
Ascendent Capital Partners II, L.P.	Interest in controlled corporation (<i>Note 3</i>)	103,497,710	14.90
Ascendent Capital Partners II GP, L.P.	Interest in controlled corporation (<i>Note 3</i>)	103,497,710	14.90
Ascendent Capital Partners II GP, Limited	Interest in controlled corporation (<i>Note 3</i>)	103,497,710	14.90
Meng Liang	Interest in controlled corporation (<i>Note 3</i>)	103,497,710	14.90

Notes:

- (1) GL Trade holds 133,318,370 Shares (including 28,350,000 Shares which are held by GL Trade as a nominee for GL China, whose general partner is GL China Opportunities Carry GP Limited). GL Trade's general partner is GL Capital Management GP II B.C. I Ltd., a company incorporated in Canada which is wholly owned by GL Capital Management Limited, which is held by GL Partners Capital Management Limited as to 51% and Lion River I N.V. as to 49%. Lion River I N.V. is a company incorporated in Netherlands and is wholly owned by Assicurazioni Generali S.p.A, a company listed on Italian Stock Exchange. GL Partners Capital Management Limited is a limited liability company incorporated in the Cayman Islands and is controlled by GL China Opportunities Carry GP Limited as to 70%. GL China Opportunities Carry GP Limited is a limited liability company incorporated in the Cayman Islands and is wholly owned by Mr. Li. As such, each of GL Capital Management GP II B.C. I Ltd., GL Capital Management Limited, GL Partners Capital Management Limited, GL China Opportunities Carry GP Limited, Lion River I N.V., Assicurazioni Generali S.p.A and Mr. Li is deemed to be interested in Shares held by GL Trade.

GL Glee holds 61,785,690 Shares. GL Glee is a limited liability company incorporated in the Cayman Islands and is wholly owned by GL China Opportunities Fund L.P., a limited partnership registered in Cayman Islands whose general partner is GL Capital Management GP L.P., a limited partnership registered in Cayman Islands, whose general partner is GL Capital Management GP Limited, which is held by GL Partners Capital Management Limited as to 51% and Lion River I N.V. as to 49%. Lion River I N.V. is a company incorporated in Netherlands and is wholly owned by Assicurazioni Generali S.p.A, a company listed on Italian Stock Exchange. GL Partners Capital Management Limited is a limited liability company incorporated in the Cayman Islands and is controlled by GL China Opportunities Carry GP Limited as to 70%. GL China Opportunities Carry GP Limited is a limited liability company incorporated in the Cayman Islands and is wholly owned by Mr. Li. As such, each of GL China Opportunities Fund L.P., GL Capital Management GP L.P., GL Capital Management GP Limited, GL Partners Capital Management Limited, GL China Opportunities Carry GP Limited, Lion River I N.V., Assicurazioni Generali S.p.A and Mr. Li is deemed to be interested in Shares held by GL Glee.

- (2) Ocean Falcon Limited is a limited company incorporated in Hong Kong on 15 March 2017 and is wholly owned by Bank of China Group Investment Limited, a limited company incorporated in Hong Kong which in turn is wholly owned by Bank of China Limited, a joint stock company established in the PRC with limited liability which in turn is held by Central Huijin Investment Ltd. as to 64.02%, a limited liability company established in the PRC which in turn is wholly owned by China Investment Corporation, a limited liability company which is wholly owned by the State Council of the PRC. As such, each of Bank of China Group Investment Limited, Bank of China Limited, Central Huijin Investment Ltd., China Investment Corporation, and State Council of the PRC is deemed to be interested in our Shares held by Ocean Falcon Limited.
- (3) Ascendent Silver (Cayman) Limited is a limited liability company incorporated in the Cayman Islands and is wholly owned by Ascendent Capital Partners II, L.P., an exempted limited partnership registered under the laws of the Cayman Islands whose general partner is Ascendent Capital Partners II GP, L.P., an exempted limited partnership registered under the laws of the Cayman Islands whose general partner is Ascendent Capital Partners II GP Limited, a limited liability company incorporated in the Cayman Islands and is wholly owned by Mr. Meng Liang. As such, each of Ascendent Capital Partners II, L.P., Ascendent Capital Partners II GP, L.P., Ascendent Capital Partners II GP Limited and Mr. Meng Liang is deemed to be interested in our Shares held by Ascendent Silver (Cayman) Limited.

Save as disclosed herein and so far as was known to the Directors, as at the Latest Practicable Date, no person (not being a Director or chief executive of the Company) had an interest or a short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or in any options in respect of such share capital.

OTHER INTERESTS IN THE COMPANY

As at the Latest Practicable Date:

- (i) save as disclosed in the section headed “*Interests of Directors and Chief Executive in Shares, Underlying Shares and Debentures*”, the Company, the Directors and the persons acting in concert with them are not interested in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
- (ii) save for the Irrevocable Undertakings, no persons have irrevocably committed themselves to accept or reject the Offer;
- (iii) save as disclosed in the section headed “*Interests of Substantial Shareholders*”, there is no Shareholder who holds 10% or more of the voting rights of the Company;
- (iv) none of the Company, the Directors, the GL Capital Group or any person acting in concert with them have borrowed or lent any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
- (v) none of the subsidiaries of the Company, nor pension funds of the Company or of any of the Company’s subsidiaries, nor any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code, but excluding exempt principal traders and exempt fund managers, had any interest in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
- (vi) save for the Irrevocable Undertakings, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company, the GL Capital Group or with any party acting in concert with either of them (including any

person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert”) or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate”;

(vii) save as disclosed in the section headed “*Interests of Substantial Shareholders*” and “*Interests of Directors and Chief Executive in Shares, Underlying Shares and Debentures*”, no person with whom the Company, the GL Capital Group or any party acting in concert with either of them had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares; and

(viii) no shareholding in the Company was managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company.

DEALINGS IN SECURITIES

The Company did not conduct any on-market buy-back of Shares from the date of the Announcement up to and including the Latest Practicable Date. The Company will not conduct any on-market buy-back of Shares from the Latest Practicable Date up to and including the date at which the Offer closes, lapses or is withdrawn, as the case may be.

Each of GL Trade and GL Glee has irrevocably undertaken to the Company that it will not, and will procure the holders of Shares whose Shares it is deemed to be interested in by virtue of Part XV of the SFO not to, accept the Offer. Further, Mr. Zhao has irrevocably undertaken to the Company that (i) he will not, and will procure the holders of Shares whose Shares he is deemed to be interested in by virtue of Part XV of the SFO not to, accept the Offer and (ii) he will not exercise any of the Share Options and RSUs held by him during the Offer Period.

During the Relevant Period, save for the issuances and buy-backs of Shares by the Company as disclosed in the section headed “*Share Capital*” in this Appendix IV and a transfer of 28,350,000 Shares from GL Glee to GL Trade (as a nominee for GL China) at a price of HK\$8.25 per Share on 23 December 2022 (which does not constitute a disqualifying transaction under the Takeovers Code), (i) the Company, the Directors, the GL Capital Group or any persons acting in concert with any of them, (ii) any person who prior to the posting of this Offer Document had irrevocably committed to accept or reject the Offer, and (iii) any person who had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company, the GL Capital Group or with any party acting in concert with either of them, did not deal for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

As at the Latest Practicable Date, the Company had no agreement, arrangement or understanding to transfer, charge or pledge any of the Shares to be acquired pursuant to the Offer to any other persons.

As at the Latest Practicable Date, there was no agreement or arrangement to which the Company or the GL Capital Group was a party which related to circumstances in which it might or might not invoke or seek to invoke a pre-condition or a condition to the Offer or the Whitewash Waiver.

MARKET PRICES

The table below shows the closing prices per Share on the Stock Exchange on (i) the Latest Practicable Date; (ii) 6 January 2023, being the Last Trading Day; and (iii) the last trading day of each of the calendar months during the Relevant Period.

Date	Closing price per Share HK\$
29 July 2022	7.76
31 August 2022	7.14
30 September 2022	6.19
31 October 2022	5.74
30 November 2022	6.31
30 December 2022	8.29
Last Trading Day	8.83
Latest Practicable Date	9.99

HIGHEST AND LOWEST CLOSING PRICES

The highest and lowest closing prices per Share as quoted on the Stock Exchange during the Relevant Period were HK\$10.10 per Share on 16 January 2023 and HK\$5.68 per Share on 28 October 2022, respectively.

ARRANGEMENTS AFFECTING DIRECTORS

No benefit has been or will be given to any Director as compensation for loss of office or otherwise in connection with the Offer.

As at the Latest Practicable Date, there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer.

As at the Latest Practicable Date, there was no agreement, arrangement or understanding (including any compensation arrangement) that existed between (i) the Company, the GL Capital Group or any person acting in concert with any of them; and (ii) any of the Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Offer.

DIRECTORS' INTEREST IN CONTRACTS

As at the Latest Practicable Date, there was no material contract entered into by the GL Capital Group or the Company in which any Director had a material personal interest.

DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into service contracts with any member of the Group or any associated companies of the Company which (i) (including both continuous and fixed term contracts) had been entered into or amended within 6 months before the date of the Announcement; (ii) are continuous contracts with a notice period of 12 months or more; or (iii) are fixed term contracts with more than 12 months to run irrespective of the notice period.

MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any member of the Group was involved 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.

MATERIAL CONTRACTS

No contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) had been entered into by the members of the Group within the two years immediately preceding the commencement date of the Offer Period, which were or might be material.

EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinions or advices in this Offer Document:

Name	Qualification
Somerley	a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities
Opus Capital	a licensed corporation under the SFO, licensed to carry out Type 6 (advising on corporate finance) regulated activity
PwC	certified public accountants under Professional Accountants Ordinance (Cap. 50) registered public interest entity auditor under Accounting and Financial Reporting Council Ordinance (Cap. 588)

Each of Somerley, Opus Capital and PwC has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its opinion or letter (as the case may be) and references to its name, in the form and context in which it is included.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) on the website of the Company (<http://www.sciclone.com>); (ii) on the website of the Securities and Futures Commission (www.sfc.hk); and (iii) at the Company's principal place of business in Hong Kong at 3401A, Windsor House, 311 Gloucester Road, Causeway Bay, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. (except Saturdays, Sundays and public holidays in Hong Kong) from the date of this Offer Document for so long as the Offer remains open for acceptance:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the years ended 31 December 2020 and 2021;
- (c) the written consents as referred to in the paragraph headed "*Experts and Consents*" in this appendix;

- (d) the letter from the Board, the text of which is set out on pages 8 to 20 of this Offer Document;
- (e) the letter from Somerley, the text of which is set out on pages 21 to 31 of this Offer Document;
- (f) the letter from the Independent Board Committee, the text of which is set out on pages 32 to 33 of this Offer Document;
- (g) the letter from Opus Capital, the text of which is set out on pages 34 to 67 of this Offer Document;
- (h) the report from PwC on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix III to this Offer Document; and
- (i) the Irrevocable Undertakings.

MISCELLANEOUS

- (a) The registered office of the Company is situated at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.
- (b) The Company's principal place of business in Hong Kong is situated at 3401A, Windsor House, 311 Gloucester Road, Causeway Bay, Hong Kong.
- (c) The principal place of business of Somerley is situated at 20/F, China Building, 29 Queen's Road Central, Hong Kong.
- (d) The registered office of Opus Capital is situated at 18/F, Fung House, 19-20 Connaught Road Central, Central, Hong Kong.
- (e) The principal members of the concert group of (i) the Company and (ii) the GL Capital Group are:
 - (i) GL Trade, whose address is at Suite 1700, Park Place, 666 Burrard Street, Vancouver, Canada, V6C2X8;
 - (ii) GL Glee, whose address is at International Corporation Services Ltd., Harbour Place, 2nd Floor 103 South Church Street, P.O.Box 472, George Town, Grand Cayman KY1-1106, Cayman Islands;

- (iii) Assicurazioni Generali S.p.A., whose address is at Trieste (Italy), Piazza Duca degli Abruzzi 2; and
- (iv) Mr. Li., whose address is at Unit 3001, China World Tower 2, #1 Jian Guo Men Wai Avenue, Beijing 100004, China.
- (f) The ultimate controlling shareholders of each of GL Trade and GL Glee are Mr. Li and Assicurazioni Generali S.p.A. (which is a company listed on Italian Stock Exchange). The shareholding structure of each of GL Trade and GL Glee is disclosed in the section headed “*Changes in Shareholding Structure*” in the letter from the Board.
- (g) The sole director of GL Capital Management GP II B.C. I Ltd. (GL Trade’s general partner) is Mr. Li.
- (h) The sole director of GL Glee is HU, Chou Hui.
- (i) The directors of Assicurazioni Generali S.p.A. are Andrea Sironi, Philippe Donnet, Marina Brogi, Flavio Cattaneo, Alessia Falsarone, Clara Furse, Umberto Malesci, Stefano Marsaglia, Antonella Mei-Pochtler, Diva Moriani, Lorenzo Pelliccioli, Clemente Rebecchini and Luisa Torchia.
- (j) The English texts of this Offer Document, the form of proxy for the EGM and the Form of Acceptance shall prevail over their respective Chinese texts.

NOTICE OF EGM

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



SciClone Pharmaceuticals (Holdings) Limited

賽生藥業控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6600)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of SciClone Pharmaceuticals (Holdings) Limited (the “**Company**”) will be held at 22/F, Central Plaza, 381 Middle Huaihai Road, Shanghai, PRC on Wednesday, 15 February 2023 at 10:00 a.m. (or any adjournment thereof) for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions as an ordinary resolution and a special resolution of the Company, respectively:

ORDINARY RESOLUTION

“**THAT**, the conditional cash offer (the “**Offer**”) by Somerley Capital Limited on behalf of the Company to buy-back up to 77,534,791 shares of a par value of US\$0.00005 each in the issued share capital of the Company (the “**Shares**”) held by the shareholders of the Company (the “**Shareholders**”) at a price of HK\$10.06 per Share and subject to the terms and conditions as set out in the offer document despatched to the Shareholders on 27 January 2023 together with the accompanying form of acceptance (copies of which marked “A” have been produced to the EGM and initialled by the chairman of the EGM for the purpose of identification) be approved, without prejudice and in addition to the existing authority of the Company under the general mandate to buy-back Shares granted by the Shareholders at the annual general meeting of the Company held on 19 May 2022, and that the directors of the Company be authorised to execute all such documents (and, where necessary, to affix the seal of the Company thereon in accordance with the memorandum and articles of association of the Company) and do all such acts as such directors consider desirable, necessary or expedient to give effect to or otherwise in connection with the Offer, including, without limitation, completion of the buy-back of Shares pursuant to the Offer.”

NOTICE OF EGM

SPECIAL RESOLUTION

“**THAT**, the waiver (the “**Whitewash Waiver**”) in respect of any obligation under the Codes on Takeovers and Mergers and Share Buy-backs of Hong Kong (the “**Codes**”) of GL Trade Investment L.P., GL Glee Investment Limited and Mr. Li Zhenfu to make a mandatory general offer for all the issued Shares other than those already owned by the GL Capital Group (the single largest shareholder of the Company) and parties acting in concert (as defined in the Codes) with it which may, but for the Whitewash Waiver, arise upon completion of the Offer be hereby approved, and that the directors of the Company be authorised to execute all such documents (and, where necessary, to affix the seal of the Company thereon in accordance with the memorandum and articles of association of the Company) and do all such acts as such directors consider desirable, necessary or expedient to give effect to or otherwise in connection with the Whitewash Waiver.”

By order of the Board

SciClone Pharmaceuticals (Holdings) Limited

ZHAO Hong

Executive Director, Chief Executive Officer and President

Hong Kong, 27 January 2023

As at the date of this notice, the Board of the Company comprises Mr. Zhao Hong as executive Director, Mr. Li Zhenfu, Dr. Daniel Luzius Vasella, Ms. Lin Shirley Yi-Hsien, Mr. Shi Cen and Ms. Wang Haixia as non-executive Directors, and Dr. Liu Guoen, Dr. Chen Ping, Mr. Gu Alex Yushao and Ms. Wendy Hayes as independent non-executive Directors.

Registered office:

PO Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

Principal place of business in Hong Kong:

3401A, Windsor House
311 Gloucester Road, Causeway Bay
Hong Kong

Notes:

- (1) Any shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint one or more 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.
- (2) In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy 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 not less than 48 hours before the time appointed for the EGM (i.e. not later than 10:00 a.m. on Monday, 13 February 2023 (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 meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

NOTICE OF EGM

- (3) If two or more persons are jointly registered as holders of a share, the vote of the senior person who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders. For this purpose, seniority shall be determined by the order in which the names of the joint holders stand on the Company's register of members in respect of the relevant shares.
- (4) For determining the entitlement to attend and vote at the meeting, the register of members of the Company will be closed from Friday, 10 February 2023 to Wednesday, 15 February 2023, both dates inclusive, during which period no transfer of shares will be registered. 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, 9 February 2023.
- (5) Subject to the development of COVID-19, the Company may implement further changes and precautionary measures at short notice. Shareholders should check the Company's website at <http://www.sciclone.com> for future announcements and updates on the EGM arrangements.
- (6) References to time and dates in this notice are to Hong Kong time and dates.

* *For identification purpose only*