THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Dongwu Cement International Limited, you should at once hand this circular and the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Dongwu Cement International Limited
東吳水泥國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 695)

DISCLOSEABLE AND CONNECTED TRANSACTION
ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY

Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders

Opus Capital Limited 創富融資有限公司

Unless the context otherwise requires, all capitalised terms used in this circular have the meanings set out in the section headed "Definitions" of this circular.

A letter from the Board is set out on pages 8 to 32 of this circular and a letter from the Independent Board Committee is set out on pages 33 to 34 of this circular. A letter from Opus Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, is set out on pages 35 to 79 of this circular. A notice convening an EGM of Dongwu Cement International Limited to be held at Building 11 No. 2283 Hongqiao Road, Changning District, Shanghai, People's Republic of China on Thursday, 31 December 2020 at 10:00 a.m. or any adjournment thereof is set out on pages EGM-1 to EGM-2 of this circular. A proxy form for use in the EGM is enclosed. Whether or not you propose to attend the EGM, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

15 December 2020

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Shareholder(s) who go to the PRC from Hong Kong or from outside the PRC will have to follow any precautionary measures issued by the PRC government or regulatory authorities (e.g. spend 14 days in self-isolation) at their own cost.

Please see pages ii to iii of this circular for precautionary measures being taken to prevent and control the spread of the novel coronavirus at the EGM, including:

- compulsory body temperature checks and health declarations
- wearing of surgical face masks
- no refreshment will be served
- no souvenirs will be distributed

Any person who does not comply with the above precautionary measures may be denied entry into the EGM venue. The Company will require all attendees to wear surgical face masks before they are permitted to attend, and during their attendance of the EGM at all times, and reminds the Shareholders that they may appoint the chairman of the EGM as their proxy to vote on the relevant resolution at the EGM as an alternative to attending the EGM in person.

In view of the ongoing novel coronavirus epidemic and recent guidelines for prevention and control of its spread, the Company will implement the following precautionary measures at the EGM to protect the Shareholders, staff and other stakeholders who attend the EGM from the risk of infection:

(i) compulsory body temperature checks will be conducted on every Shareholder, proxy and other attendee at the entrance of the EGM venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the EGM venue or be required to leave the EGM venue;

(ii) the Company will require all attendees to wear surgical face masks before they are permitted to attend, and during their attendance of the EGM at all times, and to maintain a safe distance between seats;

(iii) no refreshment will be served at the EGM; and

(iv) no souvenirs will be distributed at the EGM.

Any person who does not comply with above requirements may be denied entry into the EGM venue or be required to leave the EGM venue. To the extent permitted under law, the Company reserves the right to deny entry into the EGM venue or require any person to leave the EGM venue in order to ensure the safety of other attendees at the EGM. In our case, denied entry to the EGM venue also means that person will not be allowed to attend the EGM.

In the interest of all stakeholders' health and safety and in accordance with recent guidelines for prevention and control of the spread of novel coronavirus, the Company reminds all Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. As an alternative, the Shareholders may complete the proxy forms and appoint the chairman of the EGM as their proxy to vote on the relevant resolution at the EGM instead of attending the EGM in person.

The proxy forms were despatched to the Shareholders together with this circular, and can otherwise be downloaded from the websites of the Company at www.dongwucement.com or the Stock Exchange at www.hkexnews.hk. If you are not a registered Shareholder (i.e. if your Shares are held via banks, brokers, custodians or Hong Kong Securities Clearing Company Limited), you should consult directly with your banks, brokers or custodians (as the case may be) to assist you in the appointment of proxy.

If you have any questions relating to the EGM, please contact the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, via the following:

Address	:	Shops 1712 -1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Email	:	hkinfo@computershare.com.hk
Telephone	:	+852 2865 0990
Fax	:	+852 2862 8628

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

"Acquisition"	the purchase of the Sale Shares by the Purchaser as contemplated under the Share Purchase Agreement
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"B cell"	also known as B lymphocytes, a type of white blood cell of the lymphocyte subtype, which functions in the humoral immunity component of the adaptive immune system by secreting antibodies
"BCMA"	B cell maturation antigen, a protein that is highly expressed in a number of hematologic malignancies
"Board"	the board of Directors
"Business Day(s)"	day(s) on which commercial banks are open for business in the PRC (excluding Saturdays, Sundays and public holidays)
"CAR-T-cell therapy"	chimeric antigen receptor T-cell immunotherapy, a new type of precision targeted therapy that activates and expands CAR-T cell in vitro through genetic engineering, and then conducting T-cell infusion to the patients to eliminate cancer cells
"CD3"	a protein complex and T-cell co-receptor that is involved in activating both the cytotoxic T-cell and T helper cells
"CD19"	a cell surface protein expressed on the surface of almost all of "B cell" leukemias and lymphomas
"CD20"	expressed on all stages of B cell development except the first and last; it is present from late pro-B cells through memory cells, but not on either early pro-B cells or plasma blasts and plasma cells. It is found on the surface of B-cell lymphomas, hairy cell leukemia, B-cell chronic lymphocytic leukemia, and melanoma cancer stem cells

"CD22"	a molecule belonging to the Siglecs family of lectins. It is found on the surface of mature B cells and to a lesser extent on some immature B cells. Generally speaking, CD22 is a regulatory molecule that prevents the overactivation of the immune system and the development of autoimmune diseases
"CDE"	the Center for Drug Evaluation
"Company"	Dongwu Cement International Limited, a company incorporated in the Cayman Islands whose issued Shares are listed and traded on the Stock Exchange (stock code: 695)
"Completion"	completion of the Share Purchase Agreement
"Conditions Precedent"	the conditions precedent to Completion
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	RMB32,500,000 (equivalent to approximately HK$38,025,000), being the consideration for the Sale Shares pursuant to the Share Purchase Agreement
"Director(s)"	the director(s) of the Company
"EGM"	an extraordinary general meeting of the Company to be held on Thursday, 31 December 2020 for the purpose of approving, among others, the Share Purchase Agreement and the transactions contemplated thereunder
"Employment Contract"	the employment contract to be entered into between Suzhou Everhealth and Mr. Wu, details of which are set out in the paragraph headed "The Share Purchase Agreement – Employment Contract with Mr. Wu" of this circular
"Goldview"	Goldview Development Limited, a controlling shareholder of the Company, which was wholly-owned by Mr. Tseung as at the Latest Practicable Date
"Graval"	an independent professional valuer
"Group"	the Company and its subsidiaries

"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFN-γ"	interferon gamma, which is a cytokine that is critical for innate and adaptive immunity against viral, some bacterial infections and protozoal infections (infections caused by parasites)
"IL-6"	Interleukin-6, which is an interleukin, a type of cytokine signalling molecule in the immune system to provoke an immune response in the body of a human and other animals (i.e. the ability to induce humoral and/or cell-mediated immune responses)
"Independent Board Committee"	an independent committee of the Board, comprising all the independent non-executive Directors, which has been established for the purpose of advising the Independent Shareholders in respect of the Share Purchase Agreement and the transactions contemplated thereunder
"Independent Financial Adviser" or "Opus Capital"	Opus Capital Limited, a corporation licensed under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Share Purchase Agreement and the transactions contemplated thereunder
"Independent Shareholder(s)"	Shareholder(s) other than Mr. Tseung and its associates who have a material interest in the Share Purchase Agreement and the transactions contemplated thereunder
"in-vitro diagnostics" or "IVD"	a series of products and services used to diagnose diseases and physiological functions by obtaining clinical status information from testing specimens isolated from human blood, bodily fluids and tissue samples
"Latest Practicable Date"	14 December 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange

"Mr. Tseung"	Mr. Tseung Hok Ming, a non-executive Director and the controlling shareholder of the Company through his interests in Goldview
"Mr. Wu"	Mr. Wu Jiong, a shareholder of Suzhou Everhealth holding 35% of its issued share capital as at the Latest Practicable Date, and a director and the general manager of Suzhou Everhealth
"NAD+"	Nicotinamide adenine dinucleotide, an important coenzyme in human body and a substance having close relationship with aging
"NMN"	Nicotinamide Mononucleotide is an inherent molecule in the human body, which has been found to improve aging indicators
"NMPA"	the National Medical Products Administration
"Orient Strait"	Orient Strait Capital Management Company Limited*(東方海峽資本管理有限公司), a company established in the PRC with limited liability, which is ultimately controlled by Mr. Tseung
"Orient Xinmin"	Orient Xinmin Holdings Limited*(東方新民控股有限公司), a company established in the PRC with limited liability, which is ultimately controlled by Mr. Tseung.
"Outstanding Payables"	the outstanding payables due to Orient Strait by Suzhou Everhealth in the amount of RMB60,000 as at 30 September 2020
"Outstanding Receivables"	the outstanding receivables due to (i) the Target Company by Orient Xinmin in the amount of RMB2,542,100; (ii) the Target Company by Orient Strait in the amount of RMB20,000; and (iii) Suzhou Everhealth by Orient Xinmin in the amount of RMB6,157,900, as at 30 September 2020
"PD-1"	programmed cell death protein 1 or programmed death receptor 1, an immune checkpoint receptor expressed on T-cells, B cells and macrophages. The normal function of PD-1 is to turn off the T-cell mediated immune response as part of the process that stops a healthy immune system from attacking other pathogenic cells in the body. When PD-1 on the surface of T-cells binds to PD-L1 on the surface of cancer cells, the T-cell tumor-specific killing ability is inhibited

"PD-L1"	PD-1 ligand 1, which is a protein on the surface of a normal cell or a cancer cell binding to PD-1 on the surface of the T-cell that causes the inhibition of T-cell tumor-specific killing ability
"Phase I Clinical Trial(s)"	phase I clinical trial(s) aim to test the safety of a new drug
"Phase II Clinical Trial(s)"	phase II clinical trial(s) test a new drug on a larger group of patients, to gather information about whether it works and how well it works in the short-term
"Phase III Clinical Trial(s)"	phase III clinical trial(s) are only for a new drug that has already passed Phase I Clinical Trial and Phase II Clinical Trial which tests in larger groups of patients, and compare a new drug against an existing treatment or a placebo to see if it works better in practice and if it has important side effects
"PRC"	the People's Republic of China, excluding Taiwan, Hong Kong and Macau Special Administrative Region of the People's Republic of China for the purpose of this circular
"PRC Legal Adviser"	DeHeng Law Office (Shenzhen), the legal adviser to the Company as to PRC law
"Purchaser"	Xihua Shanghai Investment Management Co., Ltd. *(熙華(上海)投資管理有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company as at the Latest Practicable Date
"RMB"	Renminbi, the lawful currency of the PRC
"ROR1"	Tyrosine-protein kinase transmembrane receptor 1 (ROR1) is a member of the receptor tyrosine kinase-like orphan receptor (ROR) family. ROR1 overexpresses on a wide variety of cancers including a subset of non-small cell lung cancer, triple negative breast cancer and so on
"Sale Shares"	100% of the issued share capital of the Target Company
"SFO"	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)

"Share(s)"	the ordinary share of HK$0.01 each in the share capital of the Company
"Share Purchase Agreement"	a share purchase agreement dated 6 November 2020 entered into between the Purchaser and the Vendor in relation to the Acquisition
"Shares Transfer Base Date"	the date upon the fulfilment (or wavier, if applicable) of all the Conditions Precedent
"Shareholder(s)"	the holder(s) of the Shares
"Shareholders Agreement"	a shareholders agreement to be entered into between Target Company and Mr. Wu prior to Completion
"Suzhou Dongwu"	Suzhou Dongwu Cement Co., Ltd. *(蘇州東吳水泥有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company as at the Latest Practicable Date
"Suzhou Everhealth"	Suzhou Everhealth Biomedical Company Limited*(蘇州恆康生命科學有限公司), a sino-foreign joint venture established in the PRC with limited liability on 25 December 2018, and 65% and 35% of the issued share capital of which was held by the Target Company and Mr. Wu, respectively, as at the Latest Practicable Date
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Orient Everhealth Biomedical Company Limited*(東方恒康生命科學有限公司), a company established in the PRC with limited liability on 21 June 2018, the entire issued share capital of which was held by the Vendor as at the Latest Practicable Date
"TIM-3"	T-cell immunoglobulin domain and mucin domain-3 is a type of T-cell surface inhibitory molecule that can cause T-cell failure during cancer and chronic viral infection
"Target Group"	the Target Company and Suzhou Everhealth

"T-cell(s)"	a lymphocyte of a type produced or processed by the thymus gland and actively participating in the immune response, which plays a central role in cell-mediated immunity. T-cells can be distinguished from other lymphocytes, such as B cells and NK cells, by the presence of CD3 molecule on the cell surface
"Valuation Report"	a valuation report on the 100% equity interests in Suzhou Everhealth as at 30 September 2020 to be issued by Graval, the text of which is set out in Appendix I to this circular
"VEGF"	vascular endothelial growth factor, a gene critical for the growth and development of cancer cells
"VEGFR"	vascular endothelial growth factor receptor
"Vendor"	Orient Hengxin Capital Holding Group Company Limited* (東方恒信資本控股集團有限公司), a company established in the PRC with limited liability, which was directly controlled by Mr. Tseung as at the Latest Practicable Date
"%"	per cent

In this circular, translation of RMB into HK$ based on the exchange rate of RMB1.00 to HK$1.17. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in HK$ or RMB have been, could have been or may be converted at such or any other rates or at all.

* *For identification purposes only*

Dongwu Cement International Limited
東吳水泥國際有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 695)

Executive Directors:
Mr. Liu Dong
Mr. Wu Junxian

Non-executive Directors:
Mr. Tseung Hok Ming
Ms. Xie Yingxia
Mr. Chen Xuanlin

Independent Non-executive Directors:
Mr. Cao Kuangyu
Ms. Yu Xiaoying
Mr. Suo Suo

Registered Office:
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong:
Suite 4308, 43/F,
Far East Finance Centre,
16 Harcourt Road,
Admiralty,
Hong Kong

15 December 2020

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY

INTRODUCTION

Reference is made to the announcement of the Company dated 6 November 2020 in respect of the Acquisition. The Purchaser, a wholly-owned subsidiary of the Company, and the Vendor entered into the Share Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Sale Shares, which represent the entire issued share capital of the Target Company, in the Consideration of RMB32,500,000 (equivalent to approximately HK$38,025,000).

The purpose of this circular is to provide you with, among others,

(i) the particulars of the Share Purchase Agreement and the transactions contemplated thereunder;

(ii) the letter from the Independent Board Committee to the Independent Shareholders with its view on the Share Purchase Agreement and the transactions contemplated thereunder;

(iii) the letter from the Opus Capital, Independent Financial Adviser, with its advice to the Independent Board Committee and the Independent Shareholders in connection with the Share Purchase Agreement and the transactions contemplated thereunder;

(iv) the Valuation Report as set out in Appendix I to this circular;

(v) other information required to be disclosed under the Listing Rules as set out in Appendix II to this circular; and

(vi) the notice of the EGM,

as well as to seek the approval from the Independent Shareholders in respect of the entering into the Share Purchase Agreement and the transactions contemplated thereunder.

THE SHARE PURCHASE AGREEMENT

The major terms of the Share Purchase Agreement are summarised below:

Date	6 November 2020
Parties	(i) The Purchaser (as the purchaser); and (ii) The Vendor (as the vendor).
Assets to be acquired	The Sale Shares which represents the entire issued share capital of the Target Company
Consideration	RMB32,500,000 (equivalent to approximately HK$38,025,000)
Conditions Precedent	Completion is subject to the following Conditions Precedent, unless being waived by both parties in writing, subject to the relevant laws and regulations: (i) the Share Purchase Agreement is signed by both parties and remains in force;

(ii) except for the material matters that have been disclosed by the Vendor to the Purchaser, there is no material change in the principal business of the Target Company and Suzhou Everhealth;

(iii) except for the material matters that have been disclosed by the Vendor to the Purchaser, there is no material adverse change in the composition and positions of the assets of the Target Company and Suzhou Everhealth; there is no event that may have material adverse effects on the financial positions, prospects, assets or obligations of the Target Company and Suzhou Everhealth; there is no circumstance that may lead to the termination of the operation of the Target Company and Suzhou Everhealth; and there is no sequestration or seizure over the share capital of the Target Company and Suzhou Everhealth;

(iv) the representations and warranties under the Share Purchase Agreement having been performed and complied with in all aspects by each of Purchaser and the Vendor;

(v) shareholders' resolution approving the transfer of the Sale Shares having been duly passed by the Vendor;

(vi) the Target Company having entered into the Shareholders Agreement with Mr.Wu;

(vii) the Vendor having procured Mr. Wu to enter into the Employment Contract with Suzhou Everhealth;

(viii) the Company having obtained the approval from the Independent Shareholders at the EGM in respect of the Share Purchase Agreement and the transactions contemplated thereunder;

(ix) the Outstanding Receivables and Outstanding Payables having been fully settled; and

(x) all necessary approvals and consents required under all applicable laws and regulations having been obtained by both parties in respect of the transactions contemplated under the Share Purchase Agreement. *(Note)*

The Conditions Precedent (i), (v) to (x) cannot be waived. In particular, the Condition Precedent (viii) cannot be waived.

Save for Conditions Precedent (i), (v), (vi), (vii), (ix) and (x) stated above were fulfilled, no Conditions Precedent had been fulfilled or waived (as applicable) as at the Latest Practicable Date.

Unless it has been agreed in writing by both parties to the Share Purchase Agreement, the Conditions Precedents shall be completed no later than 60 days from the date of signing the Share Purchase Agreement.

Note: As confirmed by the PRC Legal Adviser, only shareholders' approvals from each of the Purchaser and the Vendor for this transaction are necessary in accordance with the requirements of the Contract Law of the PRC and the Company Law of the PRC.

Consideration and Shares Transfer Base Date

The amount of the Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor and is on normal commercial terms, with reference to, among others, (i) the preliminary valuation prepared by Graval, an independent professional valuer, based on market approach to determine the preliminary appraised value of the 100% equity interests in Suzhou Everhealth of RMB62,400,000 (equivalent to approximately HK$73,008,000) as of 30 September 2020, the market value of the 100% equity interests in the Target Company, which is equivalent to 65% equity interests in Suzhou Everhalth, is RMB40,560,000 (equivalent to approximately HK$47,455,200) as of 30 September 2020 (the "**Preliminary Appraised Value**"). The Consideration represents a discount of approximately 19.9% to the Preliminary Appraised Value; (ii) the registered capital of the Target Company paid up by the Vendor which amounted to RMB26,500,000 (equivalent to approximately HK$31,005,000); and (iii) the potential business opportunities and prospects of the Target Group's business. Please refer to the section headed "Reasons for and Benefits of the Acquisition" below for further details on the potential business opportunities and prospects of the Acquisition.

According to the Valuation Report, the final appraised value of the 100% equity interests in Suzhou Everhealth as of 30 September 2020 is RMB66,400,000 (equivalent to approximately HK$77,688,000), which is translated to a final appraised value of approximately RMB43,160,000 (equivalent to approximately HK$50,497,200) (the "**Final Appraised Value**") when only 65% equity interests in Suzhou Everhealth are taken into account. The Consideration represents a discount of approximately 24.7% to the Final Appraised Value.

The Consideration shall be settled by the Purchaser in cash within five days of the Shares Transfer Base Date, being the date when all Conditions Precedent are fulfilled or waived (as applicable) and where all the rights and obligations of the Sale Shares are transferred to the Purchaser. The Company intends to satisfy the Consideration by way of internal resources.

From the date of the Share Purchase Agreement to Shares Transfer Base Date, the Target Company and Suzhou Everhealth shall not sign any agreements not in their ordinary course of business with external parties, and the originals of any agreements in their ordinary course of business signed with external parties shall be submitted to the Purchaser for review one Business Day before the date of signing the Share Purchase Agreement.

From 30 September 2020 to the Shares Transfer Base Date, the Target Company and Suzhou Everhealth shall not incur any current accounts or indebtedness with connected persons of the Company. Otherwise, both parties shall procure the Target Company, Suzhou Everhealth or the relevant connected person(s) of the Company (as the case maybe) to fully settle the relevant amounts prior to the Shares Transfer Base Date.

Completion

Completion shall take place on the Shares Transfer Base Date. Within ten days from the Shares Transfer Base Date, the Vendor shall procure and assist the Target Company to complete the industrial and commercial registration and filing procedures for the transfer of the Sale Shares under the Share Purchase Agreement.

Upon Completion, the Target Company will become a subsidiary of the Company and accordingly its financial results will be consolidated into that of the Group.

The Company is intended to settle the Consideration by way of internal resources and no further financing activities will be required for the settlement of the Consideration.

Employment Contract with Mr. Wu

It is one of the non-waivable Conditions Precedent that the Vendor shall procure Mr. Wu to enter into the Employment Contract with a term of more than three years with Suzhou Everhealth from the date of signing the Share Purchase Agreement and before the Shares Transfer Base Date. Pursuant to the terms of the Shareholders Agreement, Mr. Wu also undertakes to enter into the Employment Contract with a term of more than three calendar years with Suzhou Everhealth from the date of the Shareholders Agreement. During the period of employment, Mr. Wu shall not unilaterally propose to terminate the employment relationship and he shall not directly or indirectly engage in any commercial activities that compete with Suzhou Everhealth, including but not limited to (i) holding any full-time or part-time positions in any competing companies that engaged in the same or similar business as Suzhou Everhealth; or (ii) through investment relationships or other arrangements, directly or indirectly controlling such companies.

There is no absolute assurance that Mr. Wu will not terminate his employment relationship with Suzhou Everhealth, but any unilateral termination by Mr. Wu of his employment relationship with Suzhou Everhealth will constitute a breach of Mr. Wu's undertaking under the Shareholders Agreement. In such case, the Group and Suzhou Everhealth are entitled to take legal actions against Mr. Wu and seek damages from Mr. Wu for direct losses incurred in relation to such breach, including the actual loss and depletion of assets suffered by Suzhou Everhealth, but not expected profitability forgone, due to Mr. Wu's termination of employment relationship with Suzhou Everhealth, the damage of which can establish a causal relationship with Mr. Wu's termination of employment relationship with Suzhou Everhealth. Nevertheless, considering that Mr. Wu shall remain as the co-founder and management shareholder of Suzhou Everhealth holding 35% of its equity interests and his proposed appointment to the Board after Completion, Mr. Wu's ongoing leadership and employment in Suzhou Everhealth will bring mutual benefits to the Company and Mr. Wu, the Board is of the view that the risk of Mr. Wu unilaterally terminating employment relationship with Suzhou Everhealth is minimal.

Details of Mr. Wu's background is set out in the paragraph headed ''Information on the Target Group – Key personnel of the Target Group'' below.

It is the intention of the parties that the Company will appoint Mr. Wu as a Director and Mr. Wu will join the Board, after Completion should the Acquisition materialise, with an aim to provide the relevant expertise and insights to the Board to supervise the Target Group's business at the Board level.

SHAREHOLDERS AGREEMENT

As one of the Conditions Precedent, the Target Company and Mr. Wu shall enter into the Shareholders Agreement. Material terms of which are set out below:

Capital contribution arrangements	The Target Company shall be entitled to make decisions on the capital contribution plans and proposals of Suzhou Everhealth and promote their implementation and execution at its sole discretion. If the Target Company decides to make the capital contribution to Suzhou Everhealth, Mr. Wu has the priority to make the capital contribution in proportion to his paid-up capital. If Mr. Wu decides not to make the capital contribution, the Target Company shall have the right to decide to make the capital contribution itself and/or bring in other investors at its sole discretion.
Share transfer	Mr. Wu's transfer of the whole or any part of his shares in Suzhou Everhealth shall be subject to the prior written consent of the Target Company.

Employment relationship	Pursuant to the terms of the Shareholders Agreement, Mr. Wu also undertakes to enter into the Employment Contract with a term of more than three calendar years with Suzhou Everhealth from the date of the Shareholders Agreement.
Intellectual property rights	(i) Suzhou Everhealth shall have the absolute ownership, rights and interest in the inventions made by Mr. Wu during execution of his duties or tasks assigned to him; during his tenure mainly by using the material conditions and business information of Suzhou Everhealth; and within one year from the date of his resignation in connection with his duties or assignments or business with Suzhou Everhealth. Such inventions shall be service inventions or service works in accordance with the definitions of the Patent Law and the Copyright Law of the PRC. Mr. Wu understands and agrees that Suzhou Everhealth has the right, at its sole discretion, to commercialise or sell such inventions for the sole benefit of Suzhou Everhealth and/or its affiliates. If certain works are not the aforementioned service inventions or service works, but are related to the business of Suzhou Everhealth and/or its affiliates, Mr. Wu shall make a disclosure to Suzhou Everhealth, and Suzhou Everhealth and/or its affiliates shall have a right of first refusal to acquire all or part of the rights in such results within three months from the date of Mr. Wu's disclosure of such inventions to it. (ii) Mr. Wu shall irrevocably waive any remaining rights (including but not limited to the pre-emption rights under the Contract Law of the PRC) that Mr. Wu may have when Suzhou Everhealth sells, transfers or otherwise disposes of such inventions.

INFORMATION ON THE TARGET GROUP

The Target Company holds 65% issued share capital in Suzhou Everhealth and the remaining 35% issued share capital of Suzhou Everhealth is held by Mr. Wu. The Target Company was established in the PRC with limited liability on 21 June 2018 by the Vendor, with registered capital paid up by the Vendor, amounted to RMB26,500,000 (equivalent to approximately HK$31,005,000), which can be seen as the original investment cost of the Target Group to the Vendor. Suzhou Everhealth was subsequently established by Mr. Wu and the Target Company in the PRC with limited liability on 25 December 2018 and its research facilities and corporate office are situated in Suzhou Industrial Park. The Target Company has contributed RMB19.5 million into the registered capital of Suzhou Everhealth and approximately RMB4.03 million as shareholder loan. The major assets owned by the Target Group include the facilities and equipment used for research and studies of biotechnology.

Suzhou Everhealth is principally engaged in the research and development of innovative drugs and therapy technology for cancers and autoimmune diseases and their commercialisation. The operation model of Suzhou Everhealth is designed to develop high quality innovative drugs and therapy technology at high speed by acquiring potential new drug candidates and conducting research and development by Suzhou Everhealth's internal research team.

For its future development, Suzhou Everhealth's business plan is to focus on its research and development in the medium and long term core projects in relation to antibody drugs and CAR-T cell therapy, while conducting market development and sales of Vitamin D antibody reagents and NMN anti-aging projects as such projects are capable of generating revenue in the short term.

The target customers of Suzhou Everhealth include, among others, (i) biopharmaceutical companies for the sale or co-operation of potential projects; (ii) target patients for the sale of approved drugs or therapy technology; and (iii) hospitals and IVD companies for the sale of diagnostic products such as Vitamin D antibody reagents.

The major projects conducted by Suzhou Everhealth currently include CAR-T-cell therapy, TIM-3 inhibiting antibody drug development project, Vitamin D antibody reagents, NMN anti-aging project, PD-L1 inhibiting antibody drug and IL-6 neutralising antibody drug projects. The table below summarises the information and current status of the major projects:

Core projects in the research and development stage which are subject to pre-clinical trials:

	Projects	Drug description	Targeting disease	Current status
1.	CAR-T-cell therapy	Gene-modified immune cell therapy for cancers	Multiple solid tumors, e.g. colon cancer, breast cancer	Entering the stage of production process development and safety evaluation
2.	TIM-3 antibody drug development project	Inhibitory antibody drug therapy for cancers	Lung cancer, melanoma, hodgkin lymphoma, etc.	At the stage of function and effectiveness evaluation for humanised antibody
3.	PD-L1 antibody drug project	Inhibitory antibody drug therapy for cancers	Lung cancer, melanoma, hodgkin lymphoma, etc.	Obtained antibody hybridoma cell line, pending for subsequent development
4.	IL-6 neutralising antibody drug project	Neutralising antibody drug	Rheumatoid arthritis, treatment of lung cancer in combination of use of TIM-3 antibody, etc.	Feasibility research stage

According to the laws and regulations such as the Law on the Administration of Pharmaceuticals of the PRC (《中華人民共和國藥品管理法》) and the Implementation Regulation of the Law on the Administration of Pharmaceuticals of the PRC (《中華人民共和國藥品管理法實施條例》), the competent authorities implement phased drug supervision from research and development to market launch as follows:

No.	Phase	Regulatory rules/Qualification certificates required
1	Pre-clinical	It shall comply with relevant regulations such as the Administrative Measures for Good Laboratories Practice of Nonclinical Laboratory (《藥物非臨床研究質量管理規範》) and have personnel, venues, equipment, instruments and management systems suitable for the research project to ensure the authenticity of relevant data, information and samples.
2	Clinical trials	It shall truthfully submit relevant data, information and samples such as research and development methods, quality indicators, pharmacological and toxicological trial results in accordance with the regulations of the drug regulatory authorities of the State Council, and be approved by the drug regulatory authorities of the State Council. The relevant drug regulatory authorities include the NMPA and local medical products administrations at all levels, the National Health Commission and local health commissions at all levels, the National Development and Reform Commission, the Ministry of Human Resources and Social Security, the National Healthcare Security Administration, etc.

		It shall be carried out in a clinical trial institution with corresponding conditions. It shall comply with ethical principles, formulate a clinical trial plan, and be reviewed and approved by the Ethics Committee. Specifically, clinical trials consist of three phases, namely Phase I Clinical Trial, Phase II Clinical Trial and Phase III Clinical Trial.
3	The application for drug launch	It shall be approved by the drug regulatory authorities of the State Council and obtain a drug registration certificate.
4	Pharmaceutical production	It shall be approved by the drug regulatory authorities of the people's government of the province, autonomous region, or municipality where it is located, and obtain a pharmaceutical production license.
5	Pharmaceutical trading (also known as ''commercialisation'')	To engage in drug wholesale activities, it shall be approved by the drug regulatory authorities of the people's government of the province, autonomous region, or municipality where it is located, and obtain a pharmaceutical business license. To engage in drug retail activities, it shall be approved by the drug regulatory authorities of the local people's government at or above the county level, and obtain a pharmaceutical business license.

As confirmed by Suzhou Everhealth and the review conducted by the PRC Legal Adviser, as at the Latest Practicable Date, the core projects of Suzhou Everhealth are all in the pre-clinical phase, and have not yet obtained or do not need to obtain a special qualification certificates. As the core projects advance into Phase I Clinical Trial and beyond, it is necessary for Suzhou Everhealth to obtain the corresponding filings, approvals or licenses in accordance with the requirements of the corresponding phases listed in the above table. As confirmed by the PRC Legal Adviser, pursuant to the relevant PRC laws and regulations on drug supervision and the review conducted by the PRC Legal Adviser, as all of Suzhou Everhealth's core projects are currently at pre-clinical phase, Suzhou Everhealth has obtained all the relevant licenses and approvals as disclosed above. Provided that Suzhou Everhealth has fulfilled the pre-requisites of and complied with all the relevant regulatory rules for all of its core projects at later phases, Suzhou Everhealth shall have no expected legal impediments in obtaining the relevant licenses and approvals.

The core projects of Suzhou Everhealth are new immune checkpoint inhibitory antibody drugs with anti-tumor effects, including the second-generation PD-L1 inhibitory antibody drugs and the new immune checkpoint TIM-3 inhibitory antibody drugs. It is currently expected that CAR-T cell therapy, TIM-3 antibody drugs and PD-Ll antibody drugs will be launched within 5 years.

Other projects which are not subject to clinical trials *(Note 1)*:

	Projects	Drug description	Targeting disease	Current status
1.	Vitamin D antibody reagent project	Health diagnostic reagent	Measurement of Vitamin D levels in blood in vitro test	The technology is available for stable production; the negotiation on commercialisation is under way
2.	NMN anti-aging project	Health care product	Anti-aging and health care	There are stable supply channels; the negotiation on commercialisation is under way

Note:

1. As confirmed by Suzhou Everhealth, its produced Vitamin D antibody will be used as raw material for the production of 25-Hydroxy Vitamin D antibody reagent, which is exempted from clinical trials in accordance with the Catalogue of Medical Device Exempted from Clinical Trials (《免於進行臨床試驗醫療器械目錄》) issued by the NMPA. In addition, according to the *Administrative Measures for the Registration of In Vitro Diagnostic Reagents* (《體外診斷試劑註冊管理辦法》), there is no provision requiring the raw materials for in vitro diagnostic reagents to conduct clinical trials. At present, Vitamin D antibody reagents have been available for sale in the PRC. The Vitamin D antibody produced by Suzhou Everhealth will be sold as raw materials, and the potential clients for which shall be the enterprises that conduct research and development and manufacture of reagents rather than the individuals being examined.

   While for NMN anti-aging project, it is a food supplement which has been approved by Food and Drug Administration in the United States. As NMN does not fall under the category of a drug, it is not subject to clinical trials. NMN is functional in promoting energy metabolism, cell health, anti-aging, and promoting NAD+ synthesis. The NMN product planned to launch for sale by Suzhou Everhealth is characteristically different from other products in the market as Suzhou Everhealth has optimised the efficacy of NMN formulation to add anti-aging synergistic components, which could have the beneficial effects of reducing body weight, protecting liver and reducing blood glucose level, etc.

In December 2019, Suzhou Everhealth has developed unpatented Vitamin D antibody hybridoma cell and is currently carrying out marketing plan of the Vitamin D antibody reagents, sufficient quantity of Vitamin D antibody samples will be manufactured for target customers (companies engaged in reagents kit development or reagents kit material supply) to conduct trial and assessment. Once the product quality secures the recognition from these customers, further cooperation with these customers would be commenced. It is expected that the Vitamin D antibody reagents will generate revenue in 2021.

In August 2020, Suzhou Everhealth has agreed on the cooperation with an American pharmaceutical company in relation to a new generation of NMN anti-aging supplements. The aforementioned pharmaceutical company has obtained production qualification of such products in the United States. Currently, Suzhou Everhealth is focusing on the marketing and promotion efforts in the PRC markets, and the said project is expected to generate revenue in 2021.

Key personnel of the Target Group

The Target Group's research and development team is led by Mr. Wu. The team members have different expertises and complement each other with advantages. Among them, Dr. Xia Yulong, ("**Dr. Xia**") a director of the research and development team, is in charge of the research and development of antibody drugs and CAR-T cell therapy. Additionally, the team includes, among others, a specialised experimenter engaged in immune cell culture, supporting gene transfection in cells, selection of cell lines for stable transfection and establishment of cell bank in Suzhou Everhealth; a technician with more than two years' experience in molecular cloning, supporting the construction of recombinant plasmid and improving the plasmid repository of Suzhou Everhealth; a senior researcher who has been trained for five years in the Institute of Genetics and Development Biology of the Chinese Academy of Sciences with deep experience in protein purifications and immunological detections, supporting functional testing of antibody drugs; and two technicians who have been engaged in the research of genesis, development and treatment of tumor in Japan's top medical universities. The relevant team is equipped with the relevant theoretical knowledge of tumor and immune cell as well as possessing in-depth experience in the development and research of antibody drugs and cell therapy drugs.

Mr. Wu

Mr. Wu is a director and the general manager of Suzhou Everhealth. He is a scientist with extensive experience in the areas of immunology and cell biology. He graduated with a bachelor degree of medicine from Tongji Medical College of Huazhong University of Science and Technology in the PRC, and obtained a master degree of immunology from Shanghai Institute of Biochemistry and Cell Biology of the Chinese Academy of Sciences and a Ph.D. from Nanjing University. Mr. Wu also cooperated with Huiyang Life Engineering Stock Co., Ltd to lead the research and development of IFN-γ which was successfully commercialised more than 15 years ago. The outcome won the Ferid Murad Award at the 25th Conference on International Cytokines & Interferons. He served as an assistant professor and a researcher at McGill University, and was involved in the foundation of the Cell Signally Technology, Inc. ("**CST**") where he served as a senior scientist. In addition, Mr. Wu had also served as senior vice president in Cell Applications, Inc. ("**CAI**"). He also served as a scientific consultant for a number of public and private companies and research institutions. He is currently a distinguished professor at Renmin Hospital of Wuhan University and the honorary chairman of Hubei Provincial Society of Clinical Oncology.

Information of CST and Mr. Wu's involvement

CST is engaged in drugs development and the development of new technologies for signaling analysis as well as mechanistic cell biology research.

As CST's senior scientist, Mr. Wu is mainly responsible for the research and development of tumor-related Receptor Tyrosine Kinase (RTK) specific antibodies. These antibodies can be used for tumor research, diagnosis and treatment. The preparation technology of RTK specific antibodies has been one of the core technologies on which CST grew and developed. Commercialised products produced using this technology include phosphorylated antibodies and Elisa kits for phosphorylated antibodies, etc.

Information of CAI and Mr. Wu's involvement

CAI a corporation focusing on the field of primary cells. Primary cells are directly isolated from human and animal tissues, providing strong physiological relevance for drug screening and discovery. CAI's cell biology products and customised services support the basic life sciences of universities and research institutions worldwide, as well as the drug discovery and development of leading pharmaceutical companies in tissue engineering, sphere generation, and protocol development.

As the vice president of CAI, Mr. Wu is responsible for the research and development of cell products for therapeutic applications and the antibody drugs related to primary cell applications. The award-winning induced pluripotent stem cells of Shinya Yamanaka, winner of the 2012 Nobel Prize for Physiology or Medicine, are made from the commercialised primary cell products developed by CAI under Mr. Wu's leadership at CAI.

Dr. Xia

Dr. Xia is a director of the research and development team in Suzhou Everhealth. He is a senior researcher who has been engaged in the research and development of anti-tumor drugs for over 10 years with rich experience in the fields of gene-viral drugs against targeted cancers and antibody drugs against tumors. He graduated with a bachelor degree of biotechnology from Huangshan University in the PRC, and obtained a master degree of biochemistry and molecular biology from Zhejiang Sci-Tech University and a Ph.D. of molecular immunology from Tokyo Medical and Dental University. He had served as a director of the Immune Cell Therapy Department in Bestley Biotechnology Development Co., Ltd and the head of the Antibody Drug Research and Development Department in Superview Biotechnology Co., Ltd*(眾森源生物科技有限公司). He is currently a distinguished professor at the National Key Laboratory of Biotechnology for Medicinal and Edible Plant Resources of Jiangsu Province*(江蘇省藥食植物資源生物技術國家重點實驗室) and a member of the American Association for Cancer Research.

Financial Information of the Target Group

As at Latest Practicable Date, no audited consolidated financial statements had been prepared for the Target Group and the only core assets held by the Target Company are the 65% equity interests in Suzhou Everhealth. Accordingly, the financial information of the Target Company and Suzhou Everhealth has been presented separately below.

Set out below is a summary of the unaudited financial information of the Target Company:

	For the year ended 31 December 2019 *(Note 1)*	For the nine months ended 31 December 2020
	RMB	*RMB*
Net loss before taxation for the year/period	101,851.8	13,250.0
Net loss after taxation for the year/period	101,851.8	13,250.0

As at 30 September 2020, the unaudited net assets of the Target Company were approximately RMB26.2 million. *(Notes 2 and 3)*

Set out below is a summary of the unaudited financial information of Suzhou Everhealth:

	For the year ended 31 December 2019 *(Note 4)*	For the nine months ended 30 September 2020
	RMB	*RMB*
Net loss before taxation for the year/period	2,004,259.3	4,622,670.2
Net loss after taxation for the year/period	2,004,259.3	4,622,670.2

As at 30 September 2020, the unaudited net assets of Suzhou Everhealth were approximately RMB18.5 million. *(Note 2)*

Notes:

(1) The unaudited financial information of the Target Company for the year ended 31 December 2018 is not available as the Target Company was established in June 2018.

(2) The unaudited net assets of the Target Company and Suzhou Everhealth had included the Outstanding Payables as well as the Outstanding Receivables due from Orient Xinmin and Orient Strait (as the case maybe) to the Target Company and Suzhou Everhealth (as the case maybe), which will be settled in full prior to Completion.

(3) Given that as at the Latest Practicable Date, no audited consolidated financial statements had been prepared for the Target Group, the Target Company's investment in Suzhou Everhealth is recorded as an long-term equity investment in the Target Company's financial statements, Accordingly, for illustration purpose, the unaudited net assets of the Target Group were approximately RMB26.2 million as at 30 September 2020.

(4) The unaudited financial information of Suzhou Everhealth for the year ended 31 December 2018 is not available as Suzhou Everhealth was established in December 2018.

Given its core projects were in the research and development stage, Suzhou Everhealth did not generate any revenue from product sales in 2019 and 2020, and the net losses mainly came from research and development and administrative expenses. The net loss (both before and after taxation) of the Suzhou Everhealth increased from RMB2,004,259.3 for the year ended 31 December 2019 to RMB4,622,670.2 for the nine months ended 30 September 2020, mainly due to the increase in expenditures spent on research and development of innovative drugs and therapy technology for cancers and autoimmune diseases.

INFORMATION ON THE VENDOR

The Vendor is an investment holding company established in the PRC with limited liability and is directly controlled by Mr. Tseung.

INFORMATION ON THE COMPANY AND THE PURCHASER

The Group is mainly engaged in manufacture and sale of cement and clinker. The Purchaser, which is a wholly-owned subsidiary of the Company, is an investment holding company established in the PRC with limited liability.

INDUSTRY OVERVIEW FOR INNOVATIVE DRUGS AND THERAPY TECHNOLOGY FOR CANCERS AND AUTOIMMUNE DISEASES

Economic and pricing environment

Drug prices are subject to the macro-control in the PRC. In recent years, with the introduction of a series of drug price control policies such as negotiations on drugs to be covered by national medical insurance, Notice on Issuing the Opinions on Pushing Forward the Pharmaceutical Pricing Reform (《關於印發推進藥品價格改革意見的通知》) and volume-based procurement scheme, the potential revenue from the sales of pharmaceutical products could decrease as a result of the lowered prices due to drug price control policies, which could adversely affect the profitability of the pharmaceutical companies. However, the affordability of drugs is a key to expand the coverage in such a huge market, hence by establishing a reasonable price system could be a way to penetrate the market.

Please refer to the section headed "Prospects of oncology and autoimmune drug market" for details of the economic environment.

Regulatory environment

The PRC has promulgated policies to support and encourage biopharmaceutical research and development from various aspects, such as the Opinions on Deepening the Review & Approval System Reform and Encouraging the Drug and Medical Device Innovation (《關於深化審評審批制度改革鼓勵藥品醫療器械創新的意見》) issued in October 2017. In July 2018, the NMPA released the Announcement on Adjusting Review and Approval Procedures for Clinical Trials of Drugs (《國家藥品監督管理局關於調整藥物臨床試驗審評審批程序的公告》), which states that if the investigational new drug application is declared in the PRC and no negative or questionable comments are received within a certain time frame, the clinical trial may be conducted in accordance with the submitted proposal. It is expected to encourage biopharmaceutical research and development by reforming the management of clinical trials and speeding up the review and approval process.

To regulate the research and declaration of antibody drugs, biosimilar drugs and cell therapy drugs, the NMPA solicited public opinions, and issued the Technical Guidelines for Research and Evaluation of Cell Therapy Products (Trial)(《細胞治療產品研究與評價技術指導原則(試行)》) and the Technical Guidelines for Research and Evaluation of Biosimilar Drugs (Trial) (《生物類似藥研發與評價技術指導原則(試行)》). To support the implementation of the Provisions for Drug Registration (《藥品註冊管理辦法》), the NMPA has organised to formulate the Requirements for Registration Classification and Application Dossiers of Biological Products (《生物製品註冊分類及申報資料要求》), which was issued on 29 June 2020 and formally implemented on 1 July 2020.

Other market players

The well-known companies involved in the research and development of antibody drugs for cancers and autoimmune diseases in the PRC include Innovent Biologics, Inc., Shanghai Henlius Biotech, Inc., Shanghai Junshi biosciences Co., Ltd, Beigene, Ltd. and Jiangsu Hengrui Medicine Co.,Ltd.. The monoclonal antibody therapeutic targets involve VEGF/VEGFR, and PD-1/PD-L1.

The well-known companies involved in CAR-T cell therapy research and development in the PRC include Legendary Biotechnology, Genscript Biotech Corporation and PersonGen BioTherapeutics. Most of them focus on hematological malignancy therapeutics with CD19, CD20, BCMA and CD22 as therapeutic targets.

Prospects of oncology and autoimmune drug market

According to an industry report from a global consulting firm published in 2020, the oncology drug market in the PRC has grown rapidly in recent years and is expectedly to grow in the future. The total sales of oncology drugs in the PRC grew from approximately RMB110.2 billion in 2015 to approximately RMB182.7 billion in 2019. One of the key growth drivers is the large and increasing patient base in the PRC. As a result of changes in life style, diet and the aging population in the PRC, the large and growing cancer patient base in the PRC not only generates substantial market demand for cancer treatments but also provides a favourable clinical trial environment for the rapid development of new therapeutics. The cases of cancer in the PRC have been increasing steadily in the past five years, climbing from approximately 4.0 million cases in 2015 to approximately 4.4 million cases in 2019. Please refer to the industry overview section of the prospectus of Zai Lab Limited (stock code: 9688) dated 17 September 2020 for details.

In addition, the market size and market share of drugs for autoimmune diseases in the PRC is also expected to continue its growth in the next decade according to an industry report from the said global consulting firm published in 2020. The growth is mainly driven by a combination of factors, including the development and improvement of diagnostics for autoimmune disease in the PRC, favorable government programs and policies, increasing affordability of the citizens and growing public awareness of autoimmune diseases. Please refer to the industry overview section of the prospectus of Akeso, Inc. (stock code: 9926) dated 14 April 2020 for details.

CAR-T-cell therapy

Chimeric antigen receptor T-cell immunotherapy, a new type of precision targeted therapy that activates and expands CAR-T cell in vitro through genetic engineering, and then conducting T-cell infusion to the patients to eliminate cancer cells. CAR-T-cell therapies have the following specific advantages over conventional treatment methods:

- Efficacy for patients: The treatment of hematological cancers is challenging as some patients many fail to respond to treatment or are more susceptible to relapse due to drug resistance. CAR-T cell therapies provide an effective treatment option for patients who have failed previous lines of treatment, thereby increasing their chance of survival.

- Shorter course of treatment: Compared to conventional therapies, CAR-T cell therapy generally can be administered with a single infusion with typically less than two weeks of hospitalisation for monitoring, leading to potentially less adverse side effects and better patient tolerance, as well as smaller psychological burden.

- Promising for older age groups: conventional therapies that need to be used in sub-optimal doses to treat older patients due to lower tolerance levels, CAR-T cell therapy have shown promising results indicating that they are well-tolerated in all age groups.

Please refer to the industry overview section of the prospectus of JW(Cayman) Therapeutics Co. Ltd (stock code: 2126) dated 22 October 2020 for the relevant credential of the above information.

In addition, according to internal research conducted by Suzhou Everhealth, the pre-clinical data of the CAR-T cell therapy project regarding ROR1-CAR-T cells demonstrates the following positive effects:

(1) The prepared ROR1-CAR-T cells or the controlled CAR-T cells were co-cultured with the ROR1-positive tumor cell lines at different effector-to-target (E:T) ratios. The experiment showed that ROR1-CAR-T cells had very significant specific cytotoxicity and its lysis effect on target cells was positively correlated to the number of effector cells as compared with the control group.

(2) ROR1-CAR-T cells were intravenously injected into the tumor-bearing mice of the cell line-derived xenografts mouse model while also setting control group. The experiment results showed that after two sessions of treatment, the tumor growth in the ROR1-CAR-T treatment group was slower, and the tumor volume was significantly smaller than the control group. It is worth noting that the tumors in 2 out of 5 tumor-bearing mice completely disappeared after in the ROR1-CAR-T treatment, and the survival rate of mice in such treatment group was much higher than that in the control group.

The above data demonstrated positive pre-clinical pharmaceutical effect of RORI-CAR-T-cell therapy. There are also a number of research papers supporting the positive effects of ROR1-CAR-T cells in cancer therapy including: *Amin Kamrani, et al. "Therapeutic approaches for targeting receptor tyrosine kinase like orphan receptor-1 in cancer cells". Expert Opin Ther Targets. 2019 May;23(5):447-456.* (https://www.tandfonline.com/doi/abs/10.1080/14728222.2019.1602608?journalCode=iett20) and *Mahdi Shabani, et al. "Receptor tyrosine kinase-like orphan receptor 1: a novel target for cancer immunotherapy." Expert Opin Ther Targets. 2015 Jul;19(7):941-55.* (https://pubmed.ncbi.nlm.nih.gov/25835638/).

Currently, the therapeutic targets of CAR-T cell therapy that have formally conducted clinical trials in the PRC are mainly CD19, CD20, BCMA and CD22, mainly for the treatment of hematologic tumors. According to search results from the website of the CDE of the NMPA (http://www.cde.org.cn/index.jsp), few CAR-T cells products have been developed for the treatment of solid tumors. This is mainly due to the challenges in targeting solid tumors. Firstly, in the selection of therapeutic targets for solid tumors, tumor-specific antigens are among the most ideal therapeutic targets, however, there are very few tumor-specific antigens for solid tumors, and off-target effects are inevitable due to the lack of specificity and targeting for the therapeutic targets. On the other hand, due to the heterogeneity of solid tumors, therapeutic efficacy cannot be guaranteed even if a safe therapeutic target is found.

According to an industry report from a global consulting firm published in 2020, after the approval in 2017 of the first two CAR-T products, Yescarta and Kymriah, which are focusing on hematologic tumors, the global CAR-T market expanded from approximately US$13 million in 2017 to approximately US$734 million in 2019. Please refer to the industry overview section of the prospectus of JW(Cayman) Therapeutics Co. Ltd (stock code: 2126) dated 22 October 2020 for details.

Unlike most companies that focus on hematologic tumors in the field of CAR-T cell therapy, the CAR-T cells targeting ROR1 developed by Suzhou Everhealth are targeted at solid tumors. First of all, ROR1 is absent in normal adult tissues, according to Suzhou Everhealth's internal research and published research paper *(Note 1)*, ROR1 is highly expressed in many tumor tissues such as lung cancer, liver cancer, breast cancer, colon cancer, cervical cancer etc. Therefore, it is an ideal target for solid tumors without off-target effect. In addition, Suzhou Everhealth's prepared ROR1 is derived from fully human-derived ROR1 monoclonal antibody, which is non-immunogenic and has higher affinity and safety compared with humanised modified antibody. Moreover, ROR1 expressed on variety of tumors can ensure a wider range of indications for the ROR1 CAR-T cells. According to search results from the website of the CDE of the NMPA (http://www.cde.org.cn/index.jsp), no company has developed CAR-T cells targeting ROR1 targets in the PRC yet. If the clinical trials application of Suzhou Everhealth CAR-T cell therapy project is approved by the CDE, it is likely to be the first CAR-T cell therapeutic product targeting ROR1 in the PRC.

Note:

1. *Mahdi Shabani, et al. "Receptor tyrosine kinase-like orphan receptor 1: a novel target for cancer immunotherapy." Expert Opin Ther Targets. 2015 Jul;19(7):941-55. (https://pubmed.ncbi.nlm.nih.gov/25835638/) and Ryan Kolb, et al. "ROR1 is an Intriguing Target for Cancer Therapy"iMedPub Journals. 2016; Vol.2 No.1:4. (https://www.medt.com.es/biocatalysis/ror1-is-an-intriguing-target-for-cancer-therapy.php?aid=10599).*

REASONS FOR AND BENEFITS OF THE ACQUISITION

Background of the Acquisition

Despite the fact that the steady performance of the existing cement business of the Company can generate reliable revenue and cash flows to the Group, the Board considers the future growth potential of the existing cement business may be limited by overcapacity in the industry and geographical expansion limitation. In addition, given the nature of cement production, the development of the existing cement business has been hindered by the tightening of environmental protection policies in the PRC. For example, the "Overall Plan for the Yangtze River Delta Eco-Green Integrated Development Demonstration Zone"(《長三角生態綠色一體化發展示範區總體方案》)(hereinafter referred to as the "**Plan**") issued by the National Development and Reform Commission of the PRC sets out that by 2025, certain areas in the Yangtze River Delta will be transformed into cultural and ecological lake areas with an aim to strengthen the comprehensive management of the ecological environment.

Suzhou Dongwu, a wholly-owned subsidiary of the Group, is located on the Taipu Riverside in Lili Town, Wujiang mentioned under the Plan. It is principally engaged in the production and sale of cement. Because of Suzhou Dongwu's production characteristics, the Group may have to further invest in its production facilities to upgrade and transform existing machinery and equipment to meet the tightening environmental requirements. As such, to a certain extent, the creation of cultural and ecological lake areas has limited Suzhou Dongwu's ability to expand its scale of cement production.

Against this background, as disclosed in the interim report of the Company for the six months ended 30 June 2020, the Company is in the process of actively exploring investment opportunities in emerging industries and making attempts in capital operation to enhance operating efficiency and improve overall competitiveness. With such aim, in 2015 the Group acquired Shanghai Biofit Environmental Technology Co. Ltd, a company possessing tier-3 professional contractor qualification for environmental engineering, and mainly engaged in organic wastewater treatment, sludge treatment and disposal, comprehensive treatment of urban organic waste and other integrated environment services. The Group is committed to exploring new business opportunities and intends to acquire high quality businesses and assets with good future prospects for the Group's future development. It is expected to achieve the business diversification of the Group, which will not only effectively alleviate the impact caused by the development limitation of the cement industry, but also aim for greater returns for the Group in the long run.

The prospects offered the Acquisition

The Acquisition provides the Group with an opportunity to expand into comprehensive healthcare and biopharmaceutical sectors, which can be seen as a way to diversify the Group's business and enhance Shareholder value. The Target Company holds 65% equity interests in Suzhou Everhealth. Suzhou Everhealth is principally engaged in research and development of innovative drugs and therapy technology for cancers and autoimmune diseases and their commercialisation. Given that (i) there is an emerging market for oncology and autoimmune drugs in the PRC; (ii) Suzhou Everhealth has a strong research team which has the relevant technical expertise and deep experience in the research and development of cell therapy and antibody drugs; and (iii) the CAR-T-cell therapy, a major pre-clinical research project being conducted by Suzhou Everhealth, demonstrates specific advantages over conventional therapies and has an expanding global CAR-T market, the Board (including the independent non-executive Directors whose views have been set out in this circular together with the advice of the Independent Financial Adviser) considers the entering into of the Share Purchase Agreement could help the Group to venture into an exciting business area which has significant growth potential and to diversify the Group's business and to enhance Shareholder value.

The Company also considered that the fact that Mr. Tseung, a non-executive Director and the controlling shareholder of the Company, through his interests in the Vendor, has started up, invested in and operated the Target Group for over two years, which enable him to gain a sound commercial understanding of the Target Group's business and prospects, as well as the biopharmaceutical sector. Leveraging on such understanding, the Company is well-positioned to gain a first-hand knowledge of the Target Group, in contrast to exploring potential acquisition opportunities from any other third party sellers. The Board is also of the view that the Consideration also substantially reflects the investments and capital contributions made by the Vendor into the Target Group since its establishment amounting to approximately RMB 26.5 million, mainly in the form of paid in capital of the Target Company. Having taken into account, among others, (i) the Final Appraised Value of approximately RMB43.2 million; (ii) the potential business opportunities and prospects of the Target Group's business; and (iii) the progress made so far after two years of establishment of Suzhou Everhealth in the pre-clinical research phase of the CAR-T-cell therapy as mentioned in the section headed "Industry overview for innovative drugs and therapy technology for cancers and autoimmune diseases" above, the Board is of the view that the 22.6% premium of the Consideration of RMB32.5 million over the investment costs of approximately RMB26.5 million to be fair and reasonable.

Development and Management of the Target Group

Upon Completion, it is the intention of the parties that the Company will appoint Mr. Wu as a Director and Mr. Wu will join the Board to provide the relevant expertise and insights to the Board to supervise the Target Group's business at the Board level.

It is intended that the key management personnel of Suzhou Everhealth will be assigned by the Company to oversee the management of Suzhou Everhealth upon Completion, while Mr. Wu and the research team will stay focus on the operations. Mr. Liu Dong, currently being an executive Director and the chairman of the Board, will be appointed as the chairman of the board in Suzhou Everhealth, he will be responsible for the overall operation and management of Suzhou Everhealth. Ms. Sun Xin, being the current company secretary and chief financial officer of the Company, will be appointed as the chief financial officer of Suzhou Everhealth, she will be responsible for the financial management of Suzhou Everhealth. It is also the intention of the parties to the Share Purchase Agreement that Mr. Wu will report to the Board regularly on a half-year basis in respect of the progress of the major projects of Suzhou Everhealth in order to have a better supervision on Suzhou Everhealth. Mr. Wu will only be responsible for leading and managing the research and development of the projects conducted by Suzhou Everhealth. Please refer to the section headed "Information of the Target Group" for details of the major projects conducted by Suzhou Everhealth currently.

Details of Mr. Wu's expertise and experience are set out under the paragraph headed "Information on the Target Group – Key personnel of the Target Group" above. The Board is of the view that Mr. Wu has the relevant expertise and experience in managing the major projects conducted by Suzhou Everhealth. The Board is also of the view that Suzhou Everhealth's new management team to be appointed by the Group will provide adequate support to its management and allow the Company to supervise and oversee Suzhou Everhealth's operation and development in a timely manner. Other than the proposal of appointing Mr. Wu as one of the Directors should the Acquisition materialise, currently the Board is actively identifying and considering suitable candidates to join the Board as independent non-executive Directors, to provide further independent advice and expertise in innovative drugs and therapy technology. The Board will focus on candidates who have strong background in bioengineering, scientific research and sound experience in both academic, management, research and clinical experience in the PRC.

It is the Company's strategy and intention that Mr. Wu to remain as the management shareholder of Suzhou Everhealth holding 35% of its equity interests (the "**Wu Management Shareholding Interest**"). It will bring mutual benefits to the Company and Mr. Wu, and is a good way to secure Mr. Wu's ongoing leadership and employment in Suzhou Everhealth. It is of the view of the Board that the Wu Management Shareholding Interest is a more important factor, as compared to the Employment Contract, in aligning the interest of Mr. Wu with the Group. With the Wu Management Shareholding Interest, Mr. Wu's involvement and contribution in Suzhou Everhealth will not only be beneficial to the Group but will also create capital returns for himself. As such, should the core projects be advancing to clinical research phases, the Board is of the view that the risk of Mr. Wu unilaterally terminating employment relationship with Suzhou Everhealth after three years is minimal. Accordingly, in order to align the interest of Mr. Wu with the Group, the Company has no intention to acquire the Wu Management Shareholding Interest from Mr. Wu.

FUTURE FUNDING REQUIREMENTS OF SUZHOU EVERHEALTH

Given the majority of the projects of Suzhou Everhealth are still in the research and development stage, the primary uses of cash resources would be for the development of the project pipeline, clinical trials, procurement of services, payment of licensing fees, payment for the purchase of plant and equipment, administrative expenses and other recurring expenses. To the best knowledge of the Company and based on the preliminary estimate made by Suzhou Everhealth, the preliminarily estimated funding requirements of Suzhou Everhealth's research and development of its four core projects between the current pre-clinical trial phase to the products launches would range from approximately RMB411.8 million to approximately RMB617.7 million. For the other two projects which are not subject to clinical trials, the relevant funding requirements of less than RMB10 million would be mainly related to marketing and promotional expenses of the relevant products during their respective launches in 2021. The Board will closely monitor the progress and status of Suzhou Everhealth's projects, costs of operation and its capital needs, and it is expected that the Company will finance Suzhou Everhealth's costs of operation and the relevant capital commitment as and when appropriate. Subject to the successful

progress and advancement of each phase of the clinical trials of Suzhou Everhealth's core projects, the Board intends to deploy a combination of internal cash resources, bank loans, equity fund raisings from sophisticated investors to fund the research and development activities of Suzhou Everhealth.

With the balance of the Company's cash and cash equivalents as at 30 June 2020 amounting to approximately RMB187.2 million, the Company intends to finance Suzhou Everhealth's costs of operation and the relevant capital commitment by way of internal resources first before resorting to banks, strategic and/or sophisticated investors. As the research and development phases proceed, if there are no reasonable chance of success on the core projects, Suzhou Everhealth may opt not to proceed further and reallocate its resources on projects with better prospects. It can be understood that should the clinical trials of a relevant Suzhou Everhealth's core project become stalled at certain phase, the relevant remaining costs of operations and capital commitments of that particular core project will not be incurred and/or committed. In other words, the Company would only proceed to fund the relevant core project when such core project is able to achieve research milestones. The Company also anticipates that once Vitamin D antibody reagent and NMN anti-aging projects are successfully launched and marketed in 2021, they would generate cashflows for funding some part of the funding requirements of Suzhou Everhealth.

Taking into consideration the Company's internal resources and other financing means to finance the funding requirements of Suzhou Everhealth, the cashflow resources expected to be recovered from the core projects and other projects, and the fact that the Company would only proceed to fund the relevant core project when such core project is able to achieve research milestones, the Board is of the view that the Acquisition is fair and reasonable.

PLAN ON EXISTING CEMENT BUSINESS

As at the Latest Practicable Date, the Company has no intention to scale down or dispose of any part of its existing cement business as the existing cement business is the core business of the Group which contributes steady and a substantial portion of the Group's cash flows and revenue.

The Company had no other contemplated acquisition as at the Latest Practicable Date. However, it has been the strategy of the Group on a constant look out for suitable investment opportunities in emerging industries in order to strengthen the Group's overall competitiveness. The Company will comply with the relevant requirements under the Listing Rules as and when any contemplated acquisition of the Company is confirmed.

FINANCIAL EFFECTS OF THE ACQUISITION

The Board takes the view that the loss making position of the Target Group is attributed to the fact that Suzhou Everhealth was only established in December 2018, with the present state being only its research and development (pre-clinical) stage.

Given the unaudited net asset position of the Target Group, aforementioned, the Board is of the view that there would be no material impact on the net asset value of the Group upon Completion.

LISTING RULES IMPLICATIONS

The Vendor is directly controlled by Mr. Tseung, who is a non-executive Director and the controlling shareholder of the Company, and is a connected person of the Company. Therefore, the Vendor, being an associate of Mr. Tseung, is also a connected person of the Company under Rule 14A.07(4) of the Listing Rules.

As one or more of the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the transactions contemplated under the Share Purchase Agreement are more than 5% but lower than 25%, the transactions contemplated under the Share Purchase Agreement therefore (i) constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules; and (ii) also constitute a connected transaction of the Company under Chapter 14A of the Listing Rules, and are subject to the reporting, announcement, circular and independent shareholders' approval requirements of the Listing Rules.

Mr. Tseung, being a shareholder of the Vendor, who was considered to have material interest in the Acquisition, has abstained from voting on the relevant resolution of the Board in accordance with the articles of association of the Company and the Listing Rules. Other than Mr. Tseung, none of the other Directors is required to abstain from voting on the relevant resolution of the Board.

The EGM will be convened for the Independent Shareholders to consider, if thought fit, to approve the Share Purchase Agreement and the transactions contemplated thereunder. Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder who has a material interest in the Share Purchase Agreement shall abstain from voting to approve the Share Purchase Agreement and the transactions contemplated thereunder at the EGM. As at the Latest Practicable Date, Goldview, which was wholly-owned by Mr. Tseung, held approximately 53.89% of the issued share capital of the Company and, would be required to abstain from voting on the relevant resolution at the EGM accordingly. Save for Goldview, as at the Latest Practicable Date, to the best knowledge of the Directors, no other Shareholder would be required to abstain from voting thereat as no other Shareholder has any interest in the Share Purchase Agreement which is different from the other Shareholders.

The Independent Board Committee, comprising all the non-executive Directors, namely Mr. Cao Kuangyu, Ms. Yu Xiaoying and Mr. Suo Suo, has been established to consider the terms of the Share Purchase Agreement and the transactions contemplated thereunder, and to advise the Independent Shareholders as to whether they are on normal commercial terms, fair and reasonable and whether the Share Purchase Agreement and the transactions contemplated thereunder are entered into in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Opus Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

EGM

A notice convening the EGM to be held at Building 11 No. 2283 Hongqiao Road, Changning District, Shanghai, People's Republic of China on Thursday, 31 December 2020 at 10 a.m. or any adjournment thereof is set out on pages EGM-1 to EGM-2 of this circular.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

RECOMMENDATION

The Board (including the independent non-executive Directors whose views have been set out in this circular together with the advice of the Independent Financial Adviser) considers, while the Share Purchase Agreement and the transactions contemplated thereunder are not entered into in the ordinary and usual course of business of the Group, the terms of the Share Purchase Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Share Purchase Agreement, and the transactions contemplated thereunder.

By Order of the Board
Dongwu Cement International Limited
Liu Dong
Executive Director

Dongwu Cement International Limited
東吳水泥國際有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 695)

15 December 2020

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY

We refer to the circular dated 15 December 2020 (the "**Circular**") issued by the Company to the Shareholders of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

The Independent Board Committee has been formed to advise the Independent Shareholders as to whether, in its opinion, the terms of the Share Purchase Agreement are fair and reasonable, are on normal commercial terms and in the interests of the Company and the Shareholders as a whole and whether the Share Purchase Agreement and the transactions contemplated thereunder are entered into in the ordinary and usual course of business of the Group. Opus Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in the same regard.

We wish to draw your attention to the Letter from the Board, as set out on pages 8 to 32 of the Circular and the text of the letter of advice from Opus Capital, as set out on pages 35 to 79 of the Circular, both of which provide details of the Share Purchase Agreement and the transactions contemplated thereunder.

Having considered (i) the Share Purchase Agreement; (ii) the advice from Opus Capital; (iii) the relevant information contained in the Letter from the Board of the Circular; and (iv) the Valuation Report as set out in Appendix I to the Circular, we are of the opinion that, while the Share Purchase Agreement and the transactions contemplated thereunder are not entered into in the ordinary and usual course of business of the Group, the terms of the Share Purchase Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM.

Yours faithfully,
For and on behalf of
The Independent Board Committee of
Dongwu Cement International Limited

Cao Kuangyu	**Yu Xiaoying**	**Suo Suo**
Independent Non-executive Director	*Independent Non-executive Director*	*Independent Non-executive Director*

The following is the full text of the letter of advice from Opus Capital, the Independent Financial Adviser, to the Independent Board Committee and the Independent Shareholders in respect of the Share Purchase Agreement and the transactions contemplated thereunder for the purpose of inclusion in this circular.

Opus Capital Limited
創富融資有限公司

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

15 December 2020

To: the Independent Board Committee and the Independent Shareholders of Dongwu Cement International Limited

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Share Purchase Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular dated 15 December 2020 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 6 November 2020, the Purchaser, a wholly-owned subsidiary of the Company, and the Vendor entered into the Share Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Sale Shares, which represent the entire issued share capital of the Target Company, in the Consideration of RMB32,500,000 (equivalent to approximately HK$38,025,000). The Target Company holds 65% issued share capital in Suzhou Everhealth. Suzhou Everhealth, situating in Suzhou Industrial Park, is principally engaged in the research and development of innovative drugs and therapy technology for cancers and autoimmune diseases and their commercialisation. The remaining 35% issued share capital of Suzhou Everhealth is held by Mr. Wu.

The Vendor was directly controlled by Mr. Tseung, who is a non-executive Director and the controlling shareholder of the Company, and is a connected person of the Company. Therefore, the Vendor, being an associate of Mr. Tseung, is also a connected person of the Company under Rule 14A.07(4) of the Listing Rules. Accordingly, the Share Purchase Agreement and transactions contemplated thereunder constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the transactions contemplated under the Share Purchase Agreement are more than 5% but lower than 25%, the transactions contemplated under the Share Purchase Agreement therefore (i) constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules; and (ii) also constitute a connected transaction of the Company under Chapter 14A of the Listing Rules, and are subject to the reporting, announcement, circular and independent shareholders' approval requirements of the Listing Rules.

Mr. Tseung, being a shareholder of the Vendor, who was considered to have material interest in the Acquisition, has abstained from voting on the relevant resolution of the Board in accordance with the articles of association of the Company and the Listing Rules. Other than Mr. Tseung, none of the other Directors is required to abstain from voting on the relevant resolution of the Board.

Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder who has a material interest in the Share Purchase Agreement shall abstain from voting to approve the Share Purchase Agreement and the transactions contemplated thereunder at the EGM. As at the Latest Practicable Date, Goldview, which was wholly-owned by Mr. Tseung, held approximately 53.89% of the issued share capital of the Company and, would be required to abstain from voting on the relevant resolution at the EGM accordingly. Save for Goldview, as at the Latest Practicable Date, to the best knowledge of the Directors, no other Shareholder would be required to abstain from voting thereat as no other Shareholder has any interest in the Share Purchase Agreement which is different from the other Shareholders.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the non-executive Directors, namely Mr. Cao Kuangyu, Ms. Yu Xiaoying and Mr. Suo Suo, has been established to consider the terms of the Share Purchase Agreement and the transactions contemplated thereunder, and to advise the Independent Shareholders as to whether they are on normal commercial terms, fair and reasonable and whether the Share Purchase Agreement and the transactions contemplated thereunder are entered into in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. We have been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in the same regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Group, the Vendor, the Target Group or any other parties that could reasonably be regarded as relevant to our independence. During the two years immediately prior to this letter, we have not acted as an independent financial adviser to the Company. Apart from normal independent financial advisory fee payable to us in connection with this appointment, no arrangements exist whereby we had received or will receive any fees or benefits from the Group, the Vendor, the Target Group or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

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

(i) the Company's annual report for the financial year ended 31 December ("**FY**") 2019 (the "**2019 Annual Report**");

(ii) the Company's interim report for the six months ended 30 June ("**HY**") 2020 (the "**2020 Interim Report**");

(iii) the Valuation Report dated 15 December 2020 in relation to the valuation (the "**Valuation**") of the 100% equity interests in Suzhou Everhealth as at 30 September 2020 (the "**Valuation Date**") issued by Graval, the independent professional valuer, as set out in Appendix I to the Circular;

(iv) the management accounts of each of the Target Company and Suzhou Everhealth for FY2019 and the nine months ended 30 September 2019;

(v) the Share Purchase Agreement;

(vi) the Shareholders Agreement; and

(vii) other information as set out in the Circular.

We have also discussed with Graval the valuation methodology, bases and assumptions adopted by them.

We have relied on the truth, accuracy and completeness of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations made to us by the Company, the Directors and the management of the Group (collectively, the "**Management**"). We have assumed that all information and representations contained or referred to in the Circular 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 and up to and including the date of the EGM.

We have also assumed that all statements of belief, opinion, expectation and intention made by the Management in the Circular were reasonably made after due enquiries and careful consideration and there are no other facts not contained in the Circular, the omission of which make any such statement contained in the Circular 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 the Circular, or the reasonableness of the opinions expressed by the Management, which have been provided to us.

We considered 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 and the Independent Shareholders solely in connection for their consideration of the terms of the Share Purchase Agreement and the transactions contemplated thereunder, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Share Purchase Agreement and the transactions contemplated thereunder, we have taken into consideration the following principal factors and reasons:

1. Information of the Group

The Group is principally engaged in the production and sales of cement and provision of sewage and sludge treatment operation and construction services. The principal place of the Group's business is Fenhu Economic Development Zone, Wujiang, Jiangsu Province, the PRC. The Group derives almost all of its revenue from the sales of cement.

Financial performance of the Group

For HY2020, the Group's revenue amounted to approximately RMB174.8 million, representing a decrease of approximately RMB76.9 million or 30.6% from approximately RMB251.7 million in HY2019 which was mainly due to the: (i) the sudden outbreak of COVID-19 which caused delay in operation of customers and a drop in cement sale volume; and (ii) the extra-long rainy season which hindered the recovery of prices and sales. The gross profit of the Group amounted to approximately RMB29.2 million in HY2020, representing a decrease of approximately RMB22.9 million or approximately 44.0% as compared to approximately RMB52.1 million in HY2019 and the gross profit margin of HY2020 was approximately 16.7%, representing a decrease of approximately 4.0% as compared to approximately 20.7% in HY2019. Such decreases in both the gross profit and gross profit margin was mainly attributable to the increase in raw material cost resulting from the outbreak of COVID-19 coupled with the extra-long rainy season in the second quarter during 2020. The profit attributable to the Shareholders decreased significantly by two-thirds from approximately RMB32.1 million in HY2019 to approximately RMB10.8 million in HY2020, which was mainly due to the aforementioned decrease in revenue and increase in cost.

For FY2019, the Group's revenue amounted to approximately RMB571.2 million, representing an increase of approximately RMB51.8 million or 10.0% from approximately RMB519.4 million in FY2018 due to the increase in pricing of cement. However, the gross profit amounted to approximately RMB138.3 million, representing a minimal increase of less than RMB1.0 million or approximately 0.7% as compared to approximately RMB137.4 million in FY2018 and the gross profit margin amounted to approximately 24.2%, representing a decrease of approximately 2.4% as compared to approximately 26.6% in FY2018 which was mainly attributable to the increase in the price of raw materials used in production of cement. The profit attributable to the Shareholders significantly decreased from approximately RMB90.3 million in FY2018 to approximately RMB66.7 million in FY2019, representing a significant decrease of approximately 26.1% which was mainly due to the aforementioned increase in cost.

Financial position of the Group

As disclosed in the 2020 Interim Report, the non-current assets of the Group as at 30 June 2020 amounted to approximately RMB209.8 million which mainly consisted of property, plant and equipment amounted to approximately RMB174.0 million. As at 30 June 2020, the Group recorded a significant decrease in non-current assets from approximately RMB309.7 million as at 31 December 2019, representing a decrease of approximately 32.3% which was mainly due to the decrease of financial assets at fair value through profit and loss from RMB110 million to nil as the perpetual bond subscribed by the Group with the principal amount of RMB110 million was fully redeemed in May 2020 as disclosed in the 2020 Interim Report. The current assets of the Group as at 30 June 2020 amounted to approximately RMB556.6 million which mainly consisted of trade and other receivables amounted to approximately RMB239.1 million and cash and cash equivalents amounted to approximately RMB187.2 million. As at 30 June 2020, the Group recorded an increase in current assets from approximately RMB431.0 million as at 31 December 2019, representing an increase of approximately 29.1% which was mainly due to the increase in cash and cash equivalents from approximately RMB81.8 million as at 31 December 2019 to approximately RMB187.2 million as at 30 June 2020 which was mainly to the redemption of the aforementioned perpetual bond.

As at 30 June 2020, the non-current liabilities of the Group amounted to approximately RMB27.4 million, which solely consisted of deferred tax liabilities, remained at a relatively stable level as compared to approximately RMB26.6 million as at 31 December 2019. The current liabilities of the Group as at 30 June 2020 amounted to approximately RMB209.4 million which mainly consisted of trade and other payables amounted to approximately RMB144.5 million. As at 30 June 2020, the Group recorded a decrease in current liabilities from approximately RMB250.8 million as at 31 December 2019, representing a decrease of approximately 16.5% which was mainly due to the decrease in liabilities of discontinued operation classified as held for sale from approximately RMB33.6 million as at 31 December 2019 to nil as at 30 June 2020.

2. Group Outlook

As stated in the 2020 Interim Report, the cement industry was adversely affected by the outbreak of COVID-19 and the extra-long plum rain season which reduced the domestic demand for cement. The domestic output of cement in China in HY2020 amounted to approximately 998 million tons which was approximately 4.8% lower than that of the corresponding period in 2019. The decrease in domestic demand for cement resulted in the significant increase in inventory which created unprecedented pressure. The national cement production and sales dropped significantly by approximately 23.93% in the first quarter of FY2020. The outbreak of COVID-19 also slowed down the start of cement demand after the first quarter of FY2020. As further set out in the 2020 Interim Report, there were many places in the southern region in China encountered heavy rainfall. The continuously rainy weather significantly affected the infrastructure investment which indirectly reduced the demand for cement. The cement prices showed a downward trend accordingly. In HY2020, infrastructure investment fell by approximately 2.7% on a year-on-year basis. As further noted from the 2020 Interim Report, in June 2020, the average cement prices of provincial capitals of major sales areas of the Group such as Nanjing (provincial capital of Jiangsu), Hangzhou (provincial capital of Zhejiang) and Shanghai, the cement prices decreased by approximately 18.9%, 7.5% and 12.6% respectively on a year-on-year basis.

As stated in the 2020 Interim Report, in the second half of FY2020, the Group will continue to reduce costs, expand market share and increase the profitability of its products for the existing cement business under the adverse impact of COVID-19. On the other hand, it will continue to actively explore investment opportunities in emerging industries and make attempts in capital operation to enhance operating efficiency and improve overall competitiveness. The entering into of the Share Purchase Agreement can be seen as a way to capture investment opportunities outside of the Group's existing business domain.

3. Information of the Target Company

(i) Background information

The Target Company holds 65% issued share capital in Suzhou Everhealth and the remaining 35% issued share capital of Suzhou Everhealth is held by Mr. Wu. The Target Company was established in the PRC with limited liability on 21 June 2018 by the Vendor, with registered capital paid up by the Vendor, amounted to RMB26,500,000 (equivalent to approximately HK$31,005,000), which can be seen as the original investment cost of the Target Group to the Vendor. Suzhou Everhealth was subsequently established by Mr. Wu and the Target Company in the PRC with limited liability on 25 December 2018 and its research facilities and corporate office are situated in Suzhou Industrial Park. The Target Company has contributed RMB19.5 million into the registered capital of Suzhou Everhealth and approximately RMB4.03 million as shareholder loan. The major assets owned by the Target Group include the facilities and equipment used for research and studies of biotechnology.

Suzhou Everhealth is principally engaged in the research and development of innovative drugs and therapy technology for cancers and autoimmune diseases and their commercialisation. The operation model of Suzhou Everhealth is designed to develop high quality innovative drugs and therapy technology at high speed by acquiring potential new drug candidates and conducting research and development by Suzhou Everhealth's internal research team.

For its future development, Suzhou Everhealth's business plan is to focus on its research and development in the medium and long term core projects in relation to antibody drugs and CAR-T-cell therapy, while conducting market development and sales of Vitamin D antibody reagents and NMN anti-aging projects as such projects are capable of generating revenue in the short term.

The target customers of Suzhou Everhealth include, among others, (i) biopharmaceutical companies for the sale or co-operation of potential projects; (ii) target patients for the sale of approved drugs or therapy technology; and (iii) hospitals and IVD companies for the sale of diagnostic products such as Vitamin D antibody reagents.

(ii) Major projects

Core projects in research and development stage which are subject to pre-clinical trials:

The major projects conducted by Suzhou Everhealth currently include CAR-T-cell therapy, TIM-3 inhibiting antibody drug development project, Vitamin D antibody reagents, NMN anti-aging project, PD-L1 inhibiting antibody drug and IL-6 neutralising antibody drug projects. Further details of the core projects in the research and development stage which are subject to pre-clinical trials such as drug description, targeting disease and current status are set out in the Letter from the Board under the section headed "Information on the Target Group".

According to the laws and regulations such as the Law on the Administration of Pharmaceuticals of the PRC (《中華人民共和國藥品管理法》) and the Implementation Regulation of the Law on the Administration of Pharmaceuticals of the PRC (《中華人民共和國藥品管理法實施條例》), the competent authorities implement phased drug supervision from research and development to market launch. Further details are set out in the Letter from the Board under the section headed "Information on the Target Group".

As confirmed by Suzhou Everhealth and the review conducted by the PRC Legal Adviser, as at the Latest Practicable Date, the core projects of Suzhou Everhealth are all in the pre-clinical phase, and have not yet obtained or do not need to obtain a special qualification certificates. As the core projects advance into Phase I Clinical Trial and beyond, it is necessary for Suzhou Everhealth to obtain the corresponding filings, approvals or licenses in accordance with the requirements of the corresponding phases listed in the table in the Letter from the Board under the section headed "Information on the Target Group". As confirmed by the PRC Legal Adviser, pursuant to the relevant PRC laws and regulations on drug supervision and the review conducted by the PRC Legal Adviser, as all of Suzhou Everhealth's core projects are currently at pre-clinical phase, Suzhou Everhealth has obtained all the relevant licenses and approvals as disclosed in the Letter from the Board under the section headed "Information on the Target Group". Provided that Suzhou Everhealth has fulfilled the pre-requisites of and complied with all the relevant regulatory rules for all of its core projects at later phases, Suzhou Everhealth shall have no expected legal impediments in obtaining the relevant licenses and approvals.

The core projects of Suzhou Everhealth are new immune checkpoint inhibitory antibody drugs with anti-tumor effects, including the second-generation PD-L1 inhibitory antibody drugs and the new immune checkpoint TIM-3 inhibitory antibody drugs. It is currently expected that CAR-T-cell therapy, TIM-3 antibody drugs and PD-L1 antibody drugs will be launched within 5 years.

Other projects which are not subject to clinical trials

In December 2019, Suzhou Everhealth has developed unpatented Vitamin D antibody hybridoma cell and is currently carrying out marketing plan of the Vitamin D antibody reagents, sufficient quantity of Vitamin D antibody samples will be manufactured for target customers (companies engaged in reagents kit development or reagents kit material supply) to conduct trial and assessment. Once the product quality secures the recognition from these customers, further cooperation with these customers would be commenced. It is expected that the Vitamin D antibody reagents will generate revenue in 2021.

In August 2020, Suzhou Everhealth has agreed on the cooperation with an American pharmaceutical company in relation to a new generation of NMN anti-aging supplements. The aforementioned pharmaceutical company has obtained production qualification of such products in the United States. Currently, Suzhou Everhealth is focusing on the marketing and promotion efforts in the PRC markets, and the said project is expected to generate revenue in 2021.

Further details of the other projects which are not subject to clinical trials such as drug description, targeting disease and current status are set out in the Letter from the Board under the section headed "Information on the Target Group".

(iii) Research capabilities

The Target Group's research and development team is led by Mr. Wu. The team members have different expertise and complement each other with advantages. Among them, Dr. Xia Yulong ("**Dr. Xia**"), a director of the research and development team, Dr. Xia is in charge of the research and development of antibody drugs and CAR-T-cell therapy. Additionally, the team includes, among others, a specialised experimenter engaged in immune cell culture, supporting gene transfection in cells, selection of cell lines for stable transfection and establishment of cell bank in Suzhou Everhealth; a technician with more than two years' experience in molecular cloning, supporting the construction of recombinant plasmid and improving the plasmid repository of Suzhou Everhealth; a senior researcher who has been trained for five years in the Institute of Genetics and Development Biology of the Chinese Academy of Sciences with deep experience in protein purifications and immunological detections, supporting functional testing of antibody drugs; and two technicians who have been engaged in

the research of genesis, development and treatment of tumor in Japan's top medical universities. The relevant team is equipped with the relevant theoretical knowledge of tumor and immune cell as well as possessing in-depth experience in the development and research of antibody drugs and cell therapy drugs.

Mr. Wu

Mr. Wu is a director and the general manager of Suzhou Everhealth. He is a scientist with extensive experience in the areas of immunology and cell biology. He graduated with a bachelor degree of medicine from Tongji Medical College of Huazhong University of Science and Technology in the PRC, and obtained a master degree of immunology from Shanghai Institute of Biochemistry and Cell Biology of the Chinese Academy of Sciences and a Ph.D. from Nanjing University. Mr. Wu also cooperated with Huiyang Life Engineering Stock Co., Ltd to lead the research and development of IFN-γ which was successfully commercialised more than 15 years ago. The outcome won the 2005 Ferid Murad Award by the International Society for Interferon and Cytokine Research. He served as an assistant professor and a researcher at McGill University, and was involved in the foundation of the Cell Signally Technology, Inc. ("**CST**") where he served as a senior scientist. In addition, Mr. Wu had also served as senior vice president in Cell Applications, Inc. ("**CAI**"). He also served as a scientific consultant for a number of public and private companies and research institutions. He is currently a distinguished professor at Renmin Hospital of Wuhan University and the honorary chairman of Hubei Provincial Society of Clinical Oncology. We have obtained from the Company the 2005 Ferid Murad Award granted by the International Society for Interferon and Cytokine Research granted to Mr. Wu, as well as Mr. Wu's employment record with CAI and we were also able to verify Mr. Wu's appointments with each of Renmin Hospital of Wuhan University and Hubei Provincial Society of Clinical Oncology which provided support for Mr. Wu established and senior expertise with these organisations. Further details of CST, CAI and Mr. Wu's involvement in CST and CAI are set out in the Letter from the Board under paragraphs headed "Information on the Target Group – Information of CST and Mr. Wu's involvement" and "Information on the Target Group – Information of CAI and Mr. Wu's involvement".

Dr. Xia

Dr. Xia is a director of the research and development team in Suzhou Everhealth. He is a senior researcher who has been engaged in the research and development of anti-tumor drugs for over 10 years with rich experience in the fields of gene-viral drugs against targeted cancers and antibody drugs against tumors. He graduated with a bachelor degree of biotechnology from Huangshan University in the PRC, and obtained a master degree of biochemistry and molecular biology from Zhejiang Sci-Tech University and a Ph.D. of molecular immunology from Tokyo Medical and Dental University. He had served as a director of the Immune Cell Therapy Department in Bestley Biotechnology Development Co., Ltd and the head of the Antibody Drug Research and Development Department in Superview Biotechnology Co., Ltd*(眾森源生物科技有限公司). He is currently a distinguished professor at the National Key Laboratory of Biotechnology for Medicinal and Edible Plant Resources of Jiangsu Province*(江蘇省藥食植物資源生物技術國家重點實驗室)and a member of the American Association for Cancer Research. We have obtained from the Company Dr. Xia's educational record of Ph.D. of molecular immunology from Tokyo Medical and Dental University and we were also able to verify Dr. Xia's membership with the American Association for Cancer Research.

(iv) Financial information of the Target Group

As at the Latest Practicable Date, no audited consolidated financial statements had been prepared for the Target Group and the only core assets held by the Target Company are the 65% equity interests in Suzhou Everhealth. Accordingly, the financial information of the Target Company and Suzhou Everhealth has been presented separately below.

Set out below is a summary of the unaudited financial information of the Target Company:

	For the year ended 31 December 2019 *(Note 1)* *RMB*	**For the nine months ended 30 September 2020** *RMB*
Net loss before taxation for the year/period	101,851.8	13,250.0
Net loss after taxation for the year/period	101,851.8	13,250.0

As at 30 September 2020, the unaudited net asset value (the "**NAV**") of the Target Company were approximately RMB26.2 million. *(Notes 2 and 3)*

Set out below is a summary of the unaudited financial information of Suzhou Everhealth:

	For the year ended 31 December 2019 *(Note 4)* *RMB*	**For the nine months ended 30 September 2020** *RMB*
Net loss before taxation for the year/period	2,004,259.3	4,622,670.2
Net loss after taxation for the year/period	2,004,259.3	4,622,670.2

As at 30 September 2020, the unaudited NAV of Suzhou Everhealth were approximately RMB18.5 million. *(Note 2)*

Notes:

1. The unaudited financial information of the Target Company for FY2018 is not available as the Target Company was established in June 2018.

2. The unaudited NAV of the Target Company and Suzhou Everhealth had included the Outstanding Payables as well as the Outstanding Receivables due from Orient Xinmin and Orient Strait (as the case maybe) to the Target Company and Suzhou Everhealth (as the case maybe), which will be settled in full prior to Completion.

3. Given that as at the Latest Practicable Date, no audited consolidated financial statements had been prepared for the Target Group, the Target Company's investment in Suzhou Everhealth is recorded as a long-term equity investment in in the Target Company's financial statements. Accordingly, for illustration purpose, the unaudited net assets of the Target Group were approximately RMB26.2 million as at 30 September 2020.

4. The unaudited financial information of Suzhou Everhealth for FY2018 is not available as Suzhou Everhealth was established in December 2018.

Given its core projects were in the research and development stage, Suzhou Everhealth did not generate any revenue from product sales in 2019 and 2020, and the net losses mainly came from research and development and administrative expenses. The net loss (both before and after taxation) of the Suzhou Everhealth increased from RMB2,004,259.3 for FY2019 to RMB4,622,670.2 for the nine months ended 30 September 2020, mainly due to the increase in expenditures spent on research and development of innovative drugs and therapy technology for cancers and autoimmune diseases.

(v) Industry overview for innovative drugs and therapy technology for cancers and autoimmune diseases

Economic and pricing environment

The PRC monoclonal antibody drugs market is still in the early stage of development and many drugs marketed in the European Union and the United States have not yet obtained approval for marketing in the PRC. According, market for monoclonal antibody drugs have yet to match its potential in the PRC, which is expected to increase to RMB367.8 billion by 2030. However, the monoclonal antibody drugs merely took 6.1% of the market of all biological medicines in the PRC in 2018, which is mainly due to the less types and lower coverage of monoclonal antibody drugs in Chinese market. The expensive imported products currently dominate the huge monoclonal antibody drugs market in the PRC, in view of that, the research and development and marketing of domestic antibody drugs urges for acceleration. As discussed with the Company, such scarcity of locally-produced products present opportunities for the Target Company which is regarded as an emerging market player.

The drug prices are subject to the macro-control in the PRC. In recent years, with the introduction of a series of drug price control policies such as negotiations on drugs to be covered by national medical insurance, Notice on Issuing the Opinions on Pushing Forward the Pharmaceutical Pricing Reform (《關於印發推進藥品價格改革意見的通知》) and volume-based procurement scheme, the potential revenue from the sales of pharmaceutical products could decrease as a result of the lowered prices due to drug price control policies, which could adversely affect the profitability of the pharmaceutical companies. However, the affordability of drugs is a key to expand the coverage in such a huge market, hence by establishing a reasonable price system could be a way to penetrate the market.

Regulatory environment

The PRC has promulgated policies to support and encourage biopharmaceutical research and development from various aspects, such as the Opinions on Deepening the Review & Approval System Reform and Encouraging the Drug and Medical Device Innovation (《關於深化審評審批制度改革鼓勵藥品醫療器械創新的意見》) issued in October 2017. In July 2018, the NMPA released the Announcement on Adjusting Review and Approval Procedures for Clinical Trials of Drugs (《國家藥品監督管理局關於調整藥物臨床試驗審評審批程序的公告》), which states that if the investigational new drug (a drug ready for clinical trials on humans) application is declared in the PRC and no negative or questionable comments are received within a certain time frame, the clinical trial may be conducted in accordance with the submitted proposal. It is expected to encourage biopharmaceutical research and development by reforming the management of clinical trials and speeding up the review and approval process.

To regulate the research and declaration of antibody drugs, biosimilar drugs and cell therapy drugs, the NMPA solicited public opinions, and issued the Technical Guidelines for Research and Evaluation of Cell Therapy Products (Trial)(《細胞治療產品研究與評價技術指導原則(試行)》) and the Technical Guidelines for Research and Evaluation of Biosimilar Drugs (Trial)(《生物類似藥研發與評價技術指導原則(試行)》). To support the implementation of the Provisions for Drug Registration (《藥品註冊管理辦法》), the NMPA has organised to formulate the Requirements for Registration Classification and Application Dossiers of Biological Products (《生物製品註冊分類及申報資料要求》), which was issued on 29 June 2020 and formally implemented on 1 July 2020.

Other market players

The well-known companies involved in the research and development of antibody drugs for cancers and autoimmune diseases in the PRC include Innovent Biologics, Inc., Shanghai Henlius Biotech, Inc., Shanghai Junshi biosciences Co., Ltd, Beigene, Ltd. and Jiangsu Hengrui Medicine Co.,Ltd.. The monoclonal antibody therapeutic targets involve VEGF/VEGFR, and PD-1/PD-L1.

The well-known companies involved in CAR-T-cell therapy research and development in the PRC include Legendary Biotechnology, Genscript Biotech Corporation and PersonGen BioTherapeutics. Most of them focus on hematological malignancy therapeutics with CD19, CD20, BCMA and CD22 as therapeutic targets.

(vi) Prospects of oncology and autoimmune drug market

According to an industry research conducted by Frost & Sullivan Limited ("**Frost & Sullivan**"), an independent global consulting firm, extracted from the prospectus of Zai Lab Limited (stock code: 9688) dated 17 September 2020, China's oncology drug market has grown rapidly in recent years and is expected to grow in the future. The total sales of oncology drugs in China grew from approximately RMB110.2 billion in 2015 to approximately RMB182.7 billion in 2019. One of the key growth drivers is the large and increasing patient base in the PRC. As a result of changes in life style, diet and the aging population in the PRC, the large and growing cancer patient base in the PRC not only generates substantial market demand for cancer treatments but also provides a favourable clinical trial environment for the rapid development of new therapeutics. The cases of cancer in the PRC have been increasing steadily in the past five years, climbing from approximately 4.0 million cases in 2015 to approximately 4.4 million cases in 2019.

In addition, the market size and market share of drugs for autoimmune diseases in the PRC is also expected to continue its growth in the next decade according to an industry research conducted by Frost & Sullivan extracted from the prospectus of Akeso, Inc. (stock code: 9926) dated 14 April 2020. The growth is mainly driven by a combination of factors, including the development and improvement of diagnostics for autoimmune disease in the PRC, favorable government programs and policies, increasing affordability of the citizens and growing public awareness of autoimmune diseases.

As mentioned in the section headed "4. Reasons for and benefits of the Acquisition" below, the Group would like to acquire high quality businesses and assets with good future prospects for the Group's future development. The Acquisition provides the Group with an opportunity to expand into comprehensive healthcare and biopharmaceutical sectors, which can be seen as a way to diversify the Group's business and enhance Shareholder value. Given that the drug market for oncology and autoimmune diseases will continue its growth momentum for the coming 10 years, the Target Group is expected to benefit from the robust market outlook which makes the Acquisition well aligned with the abovementioned development goal of the Group.

(vii) CAR-T-cell therapy

Chimeric antigen receptor T-cell immunotherapy, a new type of precision targeted therapy that activates and expands CAR-T cell in vitro through genetic engineering, and then conducting T-cell infusion to the patients to eliminate cancer cells. CAR-T-cell therapies have the following specific advantages over conventional treatment methods according to an industry research (the "**F&S Industry Report**") conducted by Frost & Sullivan as set out in the prospectus of JW (Cayman) Therapeutics Co. Ltd. (stock code: 2126) dated 22 October 2020:

- Efficacy for patients: The treatment of hematological cancers is challenging as some patients may fail to respond to treatment or are more susceptible to relapse due to drug resistance. CAR-T-cell therapies provide an effective treatment option for patients who have failed previous lines of treatment, thereby increasing their chance of survival.

- Shorter course of treatment: Compared to conventional therapies, CAR-T-cell therapy generally can be administered with a single infusion with typically less than two weeks of hospitalisation for monitoring, leading to potentially less adverse side effects and better patient tolerance, as well as smaller psychological burden.

- Promising for older age groups: conventional therapies that need to be used in suboptimal doses to treat older patients due to lower tolerance levels, CAR-T-cell therapy has shown promising results indicating that they are well-tolerated in all age groups.

In addition, according to internal research conducted by Suzhou Everhealth, the pre-clinical data of the CAR-T cell therapy project regarding ROR1-CAR-T cells demonstrates the following positive effects:

(1) The prepared ROR1-CAR-T cells or the controlled CAR-T cells were co-cultured with the ROR1-positive tumor cell lines at different effector-to-target (E:T) ratios. The experiment showed that ROR1-CAR-T cells had very significant specific cytotoxicity and its lysis effect on target cells was positively correlated to the number of effector cells as compared with the control group.

(2) ROR1-CAR-T cells were intravenously injected into the tumor-bearing mice of the cell line-derived xenografts mouse model while also setting control group. The experiment results showed that after two sessions of treatment, the tumor growth in the ROR1-CAR-T treatment group was slower, and the tumor volume was significantly smaller than the control group. It is worth noting that the tumors in 2 out of 5 tumor-bearing mice completely disappeared after in the ROR1-CAR-T treatment, and the survival rate of mice in such treatment group was much higher than that in the control group.

The above data demonstrated positive pre-clinical pharmaceutical effect of ROR1-CAR-T-cell therapy. We have obtained the summary results of relevant pre-clinical trials of ROR1-CAR-T-cell therapy from Suzhou Everhealth and discussed with Dr. Xia on the abovementioned positive pre-clinical pharmaceutical effect of ROR1-CAR-T-cell therapy.

As disclosed in the Letter from the Board, currently, the therapeutic targets of CAR-T cell therapy that have formally conducted clinical trials in the PRC are mainly CD19, CD20, BCMA and CD22, mainly for the treatment of hematologic tumors. According to search results from the website of the CDE of the NMPA (http://www.cde.org.cn/index.jsp), few CAR-T cells products have been developed for the treatment of solid tumors. This is mainly due to the challenges in targeting solid tumors. Firstly, in the selection of therapeutic targets for solid tumors, tumor-specific antigens are among the most ideal therapeutic targets, however, there are very few tumor-specific antigens for solid tumors, and off-target effects are inevitable due to the lack of specificity and targeting for the therapeutic targets. On the other hand, due to the heterogeneity of solid tumors, therapeutic efficacy cannot be guaranteed even if a safe therapeutic target is found.

According to the F&S Industry Report, after the approval in 2017 of the first two CAR-T products, Yescarta and Kymriah, which are focusing on hematologic tumors, the global CAR-T market expanded from approximately US$13 million in 2017 to approximately US$734 million in 2019. It is expected to further expand to US$4.7 billion in 2024, representing a CAGR of approximately 45.3% from 2019, and to US$18.1 billion in 2030 at a CAGR of approximately 25.0% from 2024.

Unlike most companies that focus on hematologic tumors in the field of CAR-T cell therapy, the CAR-T cells targeting ROR1 developed by Suzhou Everhealth are targeted at solid tumors. The Company has set out in details a number of advantages of ROR1 in the Letter from the Board under the section headed "Information on the Target Group". According to the Company, if the clinical trials application of Suzhou Everhealth's CAR-T-cell therapy project is approved by the CDE, it is likely to be first CAR-T cell therapeutic products targeting ROR1 in the PRC. Given its uniqueness in targeting solid tumors instead of hematologic tumors, we are given to understand from the Management that such CAR-T-cell therapy project, should it proceed to commercialisation, will have find its own position in the market and develop a first-mover advantage.

4. Reasons for and benefits of the Acquisition

Background of the Acquisition

Despite the fact that the steady performance of the existing cement business of the Company can generate reliable revenue and cash flows to the Group, the Board considers the future growth potential of the existing cement business may be limited by overcapacity in the industry and geographical expansion limitation. In addition, given the polluting nature of cement production, the development of the existing cement business has been hindered by the tightening of environmental protection policies in the PRC. For examples the "Overall Plan for the Yangtze River Delta Eco-Green Integrated Development Demonstration Zone"(《長三角生態綠色一體化發展示範區總體方案》(hereinafter referred to as the "**Plan**") issued by the National Development and Reform Commission of the PRC sets out that by 2025, certain areas in the Yangtze River Delta will be transformed into famous cultural and ecological lake areas with an aim to strengthen the comprehensive management of the ecological environment.

Suzhou Dongwu, a wholly-owned subsidiary of the Group engaging in cement production and sale, is located on the Taipu Riverside in Lili Town, Wujiang mentioned under the Plan. It is principally engaged in the production and sale of cement. Because of Suzhou Dongwu's production characteristics, the Group may have to further invest in its production facilities to upgrade and transform existing machinery and equipment to meet the stricter environmental requirements. As such, to a certain extent, the creation of cultural and ecological lake areas has limited Suzhou Dongwu's ability to expand its scale of cement production.

Against this background, as disclosed in the 2020 Interim Report, the Company is in the process of actively exploring investment opportunities in emerging industries and making attempts in capital operation to enhance operating efficiency and improve overall competitiveness. With such aim, as set out in the 2020 Interim Report and the announcement of the Company dated 16 February 2015, the Group acquired Shanghai Biofit Environmental Technology Co. Ltd. ("**Biofit**"), a company possessing tier-3 professional contractor qualification for environmental engineering, and mainly engaged in organic wastewater treatment, sludge treatment and disposal, comprehensive treatment of urban organic waste and other integrated environment services. The Group is committed to exploring new business opportunities and intends to acquire high quality businesses and assets with good future prospects for the Group's future development. It is expected to achieve the business diversification of the Group, which will not only effectively alleviate the impact caused by the development limitation of the cement industry, but also secure greater returns for the Group in the long run.

The prospects offered the Acquisition

The Acquisition provides the Group with an opportunity to expand into comprehensive healthcare and biopharmaceutical sectors, which can be seen as a way to diversify the Group's business and enhance Shareholder value. The Target Company holds 65% equity interests in Suzhou Everhealth. Suzhou Everhealth is principally engaged in research and development of innovative drugs and therapy technology for cancers and autoimmune diseases and their commercialisation. Given that (i) there is an emerging market for oncology and autoimmune drugs in the PRC; (ii) Suzhou Everhealth has a strong research team which has the relevant technical expertise and deep experience in the research and development of cell therapy and antibody drugs; and (iii) the CAR-T-cell therapy, a major pre-clinical research project being conducted by Suzhou Everhealth, demonstrates specific advantages over conventional therapies and has an expanding global CAR-T market, the Board (including the independent non-executive Directors) considers the entering into of the Share Purchase Agreement could help the Group to venture into an exciting business area which has significant growth potential and to diversify the Group's business and to enhance Shareholder value.

The Company also considered that the fact that Mr. Tseung, a non-executive Director and the controlling shareholder of the Company, through his interests in the Vendor, has started up, invested in and operated the Target Group for over two years, which enable him to gain a sound commercial understanding of the Target Group's business and prospects, as well as the biopharmaceutical sector. Leveraging on such understanding, the Company is well-positioned to gain a first-hand knowledge of the Target Group, in contrast to exploring potential acquisition opportunities from any other third-party sellers.

We note from the annual report of the Company for FY2014 that at the time of the acquisition of Biofit, none of the members of the Board had significant experience in the environmental protection segment. Therefore, it can be said that it is not the first time that the Group has explored new business opportunities. We consider the above reasons offered by the Company to be reasonable on the bases that: (i) Mr. Tseung, being a Board member and the controlling shareholder of the Company, has already had more than two years of experience in investing and operating the Target Group; (ii) biopharmaceutical sector is a promising sector as set out in the section headed "4. Reasons for and benefits of the Acquisition" above; and (iii) the Company is not going into the complex business of biopharmaceutical research alone but having teamed up with Mr. Wu, an experienced scientist, who holds a significant shareholding in Suzhou Everhealth.

Development and management of the Target Group

Upon Completion, it is the intention of the parties that the Company will appoint Mr. Wu as a Director and Mr. Wu will join the Board to provide the relevant expertise and insights to the Board to supervise the Target Group's business at the Board level.

It is intended that the key management personnel of Suzhou Everhealth will be assigned by the Company to oversee the management of Suzhou Everhealth upon Completion, while Mr. Wu and the research team will stay focus on the operations. Mr. Liu Dong, currently being an executive Director and the chairman of the Board, will be the chairman of the board in Suzhou Everhealth, he will be responsible for the overall operation and management of Suzhou Everhealth. Ms. Sun Xin, being the current company secretary and chief financial officer of the Company, will be appointed as the chief financial officer of Suzhou Everhealth, she will be responsible for the financial management of Suzhou Everhealth. It is also the intention of the parties to the Share Purchase Agreement that Mr. Wu will report to the Board regularly on a half-year basis in respect of the progress of the major projects of Suzhou Everhealth in order to have a better supervision on Suzhou Everhealth. Mr. Wu will only be responsible for leading and managing the research and development of the projects conducted by Suzhou Everhealth. Please refer to the Letter from the Board under the section headed "Information on the Target Group" for details of the major projects conducted by Suzhou Everhealth currently.

Details of Mr. Wu's expertise and experience are set out in the Circular under the section headed ''Key personnel of the Target Group''. The Board is of the view that Mr. Wu has the relevant expertise and experience in managing the major projects conducted by Suzhou Everhealth. The Board is also of the view that Suzhou Everhealth's new management team to be appointed by the Group will provide adequate support to its management and allow the Company to supervise and oversee Suzhou Everhealth's operation and development in a timely manner. Other than the proposed of appointing Mr. Wu as one of the Directors should the Acquisition materialise, currently the Board is actively identifying and considering suitable candidates to join the Board as independent non-executive Directors, to provide further independent advice and expertise in innovative drugs and therapy technology. The Board will focus on candidates who have strong background in bioengineering, scientific research and sound experience in both academic, management, research and clinical experience in the PRC.

It is the Company's strategy and intention that Mr. Wu to remain as the management shareholder of Suzhou Everhealth holding 35% of its equity interests (the "**Wu Management Shareholding Interest**"). It will bring mutual benefits to the Company and Mr. Wu, and is a good way to secure Mr. Wu's ongoing leadership and employment in Suzhou Everhealth. It is of the view of the Board that the Wu Management Shareholding Interest is a more important factor, as compared to the Employment Contract, in aligning the interest of Mr. Wu with the Group. With the Wu Management Shareholding Interest, Mr. Wu's involvement and contribution in Suzhou Everhealth will not only be beneficial to the Group but will also create capital returns for himself. As such, should the core projects be advancing to clinical research phases, the Board is of the view that the risk of Mr. Wu unilaterally terminating employment relationship with Suzhou Everhealth after three years is minimal. Accordingly, in order to align the interest of Mr. Wu with the Group, the Company has no intention to acquire the Wu Management Shareholding Interest from Mr. Wu.

The Board has considered the future funding requirements of Suzhou Everhealth. Details were set out in the Letter from the Board under section headed ''Future funding requirements of Suzhou Everhealth''.

Having considered the above and that the Acquisition can facilitate the Group's diversification into a new and promising business segment, we concur with the Director that the rationale for the Acquisition is fair and reasonable and in the interests of the Company and its shareholders as a whole.

5. Principal terms of the Share Purchase Agreement

Date	:	6 November 2020
Parties	:	(i) The Purchaser (as the purchaser); and (ii) The Vendor (as the vendor).
Assets to be acquired	:	The Sale Shares which represents the entire issued share capital of the Target Company
Consideration and Shares Transfer Base Date	:	RMB32,500,000 (equivalent to approximately HK$38,025,000) The amount of the Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor and is on normal commercial terms, with reference to, among others, (i) the preliminary valuation prepared by Graval, based on market approach to determine the preliminary appraised value of the 100% equity interests in Suzhou Everhealth of RMB62,400,000 (equivalent to approximately HK$73,008,000) as of 30 September 2020, the market value of the 100% equity interests in the Target Company, which is equivalent to 65% equity interests in Suzhou Everhealth, is RMB40,560,000 (equivalent to approximately HK$47,455,200) as of 30 September 2020 (the "**Preliminary Appraised Value**"). The Consideration represents a discount of approximately 19.9% to the Preliminary Appraised Value; (ii) the registered capital of the Target Company paid up by the Vendor which amounted to RMB26,500,000 (equivalent to approximately HK$31,005,000); and (iii) the potential business opportunities and prospects of the Target Group's business as set out in the section headed "4. Reasons for and benefits of the Acquisition" above.

According to the Valuation Report, the final appraised value of the 100% equity interests in Suzhou Everhealth as of 30 September 2020 is RMB66,400,000 (equivalent to approximately HK$77,688,000), which is translated to a final appraised value of approximately RMB43,160,000 (equivalent to approximately HK$50,497,200) (the "**Final Appraised Value**") when only 65% equity interests in Suzhou Everhealth are taken into account. The Consideration represents a discount of approximately 24.7% to the Final Appraised Value.

The Consideration shall be settled by the Purchaser in cash within five days of the Shares Transfer Base Date, being the date when all Conditions Precedent are fulfilled or waived (as applicable) and where all the rights and obligations of the Sale Shares are transferred to the Purchaser. The Company intends to satisfy the Consideration by way of internal resources and no further financing activities will be required for the settlement of the Consideration.

From the date of the Share Purchase Agreement to Shares Transfer Base Date, the Target Company and Suzhou Everhealth shall not sign any agreements not in their ordinary course of business with external parties, and the originals of any agreements in their ordinary course of business signed with external parties shall be submitted to the Purchaser for review one Business Day before the date of signing the Share Purchase Agreement.

From 30 September 2020 to the Shares Transfer Base Date, the Target Company and Suzhou Everhealth shall not incur any current accounts or indebtedness with connected persons of the Company. Otherwise, both parties shall procure the Target Company, Suzhou Everhealth or the relevant connected person(s) of the Company (as the case maybe) to fully settle the relevant amounts prior to the Shares Transfer Base Date.

Conditions precedent : Completion is subject to the following Conditions Precedent, unless being waived by both parties in writing, subject to the relevant laws and regulations:

(i) the Share Purchase Agreement is signed by both parties and remains in force;

(ii) except for the material matters that have been disclosed by the Vendor to the Purchaser, there is no material change in the principal business of the Target Company and Suzhou Everhealth;

(iii) except for the material matters that have been disclosed by the Vendor to the Purchaser, there is no material adverse change in the composition and positions of the assets of the Target Company and Suzhou Everhealth; there is no event that may have material adverse effects on the financial positions, prospects, assets or obligations of the Target Company and Suzhou Everhealth; there is no circumstance that may lead to the termination of the operation of the Target Company and Suzhou Everhealth; and there is no sequestration or seizure over the share capital of the Target Company and Suzhou Everhealth;

(iv) the representations and warranties under the Share Purchase Agreement having been performed and complied with in all aspects by each of Purchaser and the Vendor;

(v) shareholders' resolution approving the transfer of the Sale Shares having been duly passed by the Vendor;

(vi) the Target Company having entered into the Shareholders Agreement with Mr. Wu;

(vii) the Vendor having procured Mr. Wu to enter into the Employment Contract with Suzhou Everhealth;

(viii) the Company having obtained the approval from the Independent Shareholders at the EGM in respect of the Share Purchase Agreement and the transactions contemplated thereunder;

(ix) the Outstanding Receivables and Outstanding Payables having been fully settled; and

(x) all necessary approvals and consents required under all applicable laws and regulations having been obtained by both parties in respect of the transactions contemplated under the Share Purchase Agreement. *(Note)*

The Conditions Precedent (i), (v) to (x) cannot be waived. In particular, the Condition Precedent (viii) cannot be waived.

Save for Conditions Precedent (i), (v), (vi), (vii), (ix) and (x) stated above were fulfilled, no Conditions Precedent had been fulfilled or waived (as applicable) as at the Latest Practicable Date.

Unless it has been agreed in writing by both parties to the Share Purchase Agreement, the Conditions Precedents shall be completed no later than 60 days from the date of signing the Share Purchase Agreement.

Note:

As confirmed by the PRC Legal Adviser, only shareholders' approvals from each of the Purchaser and the Vendor for this transaction are necessary in accordance with the requirements of the Contract Law of the PRC and the Company Law of the PRC.

Employment Contract with Mr. Wu

It is one of the non-waivable Conditions Precedent that the Vendor shall procure Mr. Wu to enter into the Employment Contract with a term of more than three years with Suzhou Everhealth from the date of signing the Share Purchase Agreement and before the Shares Transfer Base Date. Pursuant to the terms of the Shareholders Agreement, Mr. Wu also undertakes to enter into the Employment Contract with a term of more than three calendar years with Suzhou Everhealth from the date of the Shareholders Agreement. During the period of employment, Mr. Wu shall not unilaterally propose to terminate the employment relationship and he shall not directly or indirectly engage in any commercial activities that compete with Suzhou Everhealth, including but not limited to (i) holding any full-time or part-time positions in any competing companies that engaged in the same or similar business as Suzhou Everhealth; or (ii) through investment relationships or other arrangements, directly or indirectly controlling such companies.

There is no absolute assurance that Mr. Wu will not terminate his employment relationship with Suzhou Everhealth, but any unilateral termination by Mr. Wu of his employment relationship with Suzhou Everhealth will constitute a breach of Mr. Wu's undertaking under the Shareholders Agreement. In such case, the Group and Suzhou Everhealth are entitled to take legal actions against Mr. Wu and seek damages from Mr. Wu for direct losses incurred in relation to such breach, including the actual loss and depletion of assets suffered by Suzhou Everhealth, but not expected profitability forgone, due to Mr. Wu's termination of employment relationship with Suzhou Everhealth, the damage of which can establish a causal relationship with Mr. Wu's termination of employment relationship with Suzhou Everhealth. Nevertheless, considering that Mr. Wu shall remain as the co-founder and management shareholder of Suzhou Everhealth holding 35% of its equity interests and his proposed appointment to the Board after Completion, Mr. Wu's ongoing leadership and employment in Suzhou Everhealth will bring mutual benefits to the Company and Mr. Wu, the Board is of the view that the risk of Mr. Wu unilaterally terminating employment relationship with Suzhou Everhealth is minimal.

Details of Mr. Wu's background is set out in the Letter from the Board under the paragraph headed "Information on the Target Group – Key personnel of the Target Group".

As set out in the Letter from the Board, it is the intention of the parties that the Company will appoint Mr. Wu as a Director and Mr. Wu will join the Board, after Completion should the Acquisition materialise, with an aim to provide the relevant expertise and insights to the Board to supervise the Target Group's business at the Board level.

6. Principal terms of the Shareholders Agreement

Capital contribution arrangements	:	The Target Company shall be entitled to make decisions on the capital contribution plans and proposals of Suzhou Everhealth and promote their implementation and execution at its sole discretion. If the Target Company decides to make the capital contribution to Suzhou Everhealth, Mr. Wu has the priority to make the capital contribution in proportion to his paid-up capital. If Mr. Wu decides not to make the capital contribution, the Target Company shall have the right to decide to make the capital contribution itself and/or bring in other investors at its sole discretion.
Share transfer	:	Mr. Wu's transfer of the whole or any part of his shares in Suzhou Everhealth shall be subject to the prior written consent of the Target Company.
Employment relationship	:	Pursuant to the terms of the Shareholders Agreement, Mr. Wu also undertakes to enter into the Employment Contract with a term of more than three calendar years with Suzhou Everhealth from the date of the Shareholders Agreement.

Intellectual property rights :

(i) Suzhou Everhealth shall have the absolute ownership, rights and interest in the inventions made by Mr. Wu during execution of his duties or tasks assigned to him; during his tenure mainly by using the material conditions and business information of Suzhou Everhealth; and within one year from the date of his resignation in connection with his duties or assignments or business with Suzhou Everhealth. Such inventions shall be service inventions or service works in accordance with the definitions of the Patent Law and the Copyright Law of the PRC. Mr. Wu understands and agrees that Suzhou Everhealth has the right, at its sole discretion, to commercialise or sell such inventions for the sole benefit of Suzhou Everhealth and/or its affiliates. If certain works are not the aforementioned service inventions or service works, but are related to the business of Suzhou Everhealth and/or its affiliates, Mr. Wu shall make a disclosure to Suzhou Everhealth, and Suzhou Everhealth and/or its affiliates shall have a right of first refusal to acquire all or part of the rights in such results within three months from the date of Mr. Wu's disclosure of such inventions to it.

(ii) Mr. Wu shall irrevocably waive any remaining rights (including but not limited to the pre-emption rights under the Contract Law of the PRC) that Mr. Wu may have when Suzhou Everhealth sells, transfers or otherwise disposes of such inventions.

7. Valuation

Introduction

As stated in the Letter from the Board, the Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor with reference to, among others, the preliminary valuation prepared by Graval, based on market approach to determine the final appraised value of the entire equity interests in Suzhou Everhealth, amounting to RMB66,400,000 (equivalent to approximately HK$77,688,000) as of 30 September 2020, while the Final Appraised Value of the 100% equity interests in the Target Company, which is equivalent to Suzhou 65% equity interests in Everhealth, is RMB43,160,000 (equivalent to approximately HK$50,497,200) as of the Valuation Date (i.e. 30 September 2020). The Consideration represents a discount of approximately 24.7% to the Final Appraised Value.

We have reviewed the Valuation Report and interviewed the project team leader of Graval with particular attention to: (i) the terms of engagement of Graval with the Company; (ii) the qualifications and experience of Graval in relation to the preparation of the Valuation Report; (iii) its independence to the Company and the Vendor; and (iv) the steps and due diligence measures taken by Graval in performing the Valuation. After our review of the engagement letter between the Company and Graval, we are satisfied that the scope of work performed by Graval is appropriate to perform the Valuation. We are not aware of any limitation on the scope of work which might have a negative impact on the degree of assurance given by Graval. After our enquiry in relation to the independence of Graval to the Company and the Vendor, we understand that Graval was appointed by the Company to perform a valuation exercise for an issue of perpetual bond which bear no relationship with the Acquisition and such appointment was considered a standard engagement where Graval did not have any material fee reliance issue with the Company. Graval has confirmed that it is independent from the Company, the Vendor, Suzhou Everhealth and its related persons. We further understand that Graval is certified with the relevant professional qualifications required to perform the Valuation. The person in-charge and the project team leader of the Valuation has over 15 years and 10 years of experience in conducting valuation services respectively. We are also given to understand that Graval has relevant experience in business valuations of more than 10 health care companies (including the companies involving drugs, medical equipment and clinical services) and nine of which are acting as independent professional valuer for the companies listed in Hong Kong. As such, we are generally satisfied that Graval has sufficient expertise to perform the Valuation.

In light of the above, we are not aware of any matters that would cause us to question Graval's expertise and independence and we consider that Graval has sufficient expertise and is independent to perform the Valuation.

Valuation methodology

To assess the Valuation, we have reviewed the Valuation Report and have conducted an interview with Graval to discuss and review the methodology, bases and assumptions adopted in arriving at the Valuation. As set in the Valuation Report, market approach, cost approach and income approach are the common valuation approaches.

The market approach provides an indication of value by comparing a business entity with identical or comparable (that is similar) assets for which price information is available. The underlying theory of this approach is that one would not pay more than one would have to pay for an equally desirable alternative. By adopting this approach, the valuer will first look for an indication of value from the prices of other similar companies or equity interest in companies that were sold recently. The right transactions employed in analysing for indications of value need to be sold at an arm's length basis, assuming that the buyers and sellers are well informed and have no special motivations or compulsions to buy or to sell. The derived multiples (such as price-to-earnings, price-to-sales and price-to-book ratios) based on the analysis of those transactions are then applied to the fundamental financial variables of the subject business entity to derive an indication of value.

The cost approach provides an indication of value using the economic principle that a buyer will pay no more for a business entity than the cost to obtain a business entity of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The cost approach provides an indication of value by calculating the current replacement or reproduction cost of a business entity and making deductions for physical deterioration and all other relevant forms of obsolescence. The valuer will restate the values of all types of assets and liabilities of a business entity from book values, i.e. historical cost minus depreciation to appropriate standards of value. After the restatement, the valuer can identify the indicated value of the business entity, or, by applying the accounting principle ''assets minus liabilities'', to arrive at the value of the equity interest of the business entity.

The income approach provides an indication of value by converting future cash flows to a single current value. Under the income approach, the value of a business entity is determined by reference to the value of income, cash flow or cost savings generated by the business entity. The underlying theory of this approach is that the value of a business entity can be measured by the present worth of the economic benefits to be received over the life of the business entity. Based on this valuation principle, the income approach estimates the future economic benefits and discounts these benefits to the present value using a discount rate appropriate for the risks associated with realising those benefits. Alternatively, this can be calculated by capitalising the economic benefits to be received in the next period at an appropriate capitalisation rate. This is subject to the assumption that the business entity will continue to maintain stable economic benefits and growth rate.

As discussed with Graval and as set out in the Valuation Report, Graval considers that the market approach to be the most appropriate valuation approach over the income approach and the cost approach as: (i) the cost approach is not applied as the Valuation is conducted on a going concern basis, therefore, the cost of reproducing and replacing its assets is inappropriate as such method ignores the future economic benefits of the business as a whole. Instead, the cost approach is suitable for asset-intensive business like a real estate company, because the underlying assets make up most of the company value; and (ii) the income approach is inappropriate as this approach requires detailed operational information and long-term financial projections of Suzhou Everhealth but the biotechnology projects of Suzhou Everhealth are at early pre-clinical stage and Suzhou Everhealth has not generated any revenue without any commercialised projects up to the Valuation Date. As such, a lot of assumptions would have to be made and the Valuation could be significantly influenced by any inappropriate assumptions made. Graval has therefore solely relied on the market approach in determining their opinion of value.

We understand that there are guideline public company method and guideline transaction method under the market approach. While the guideline public company method refers to valuation by comparing Suzhou Everhealth with reference to comparable listed companies (the "**Valuation Comparable Companies**"), the guideline transaction method refers to valuation by comparing Suzhou Everhealth with reference to the recent acquisition transactions of comparable companies to arrive at the Final Appraised Value in the Valuation. We understand from Graval that they did not adopt the guideline transaction method due to the lack of recent market transactions of companies being acquired with similar business nature as Suzhou Everhealth. As such, Graval opted for the guideline public company method.

Having considered that: (i) Suzhou Everhealth did not generate any revenue and profit, it will be rather difficult to have an accurate estimation of the future economic benefits for discounting to the present value under the income approach; and (ii)

Suzhou Everhealth is not an asset-intensive business and the cost of reproducing and replacing its assets ignores the future economic benefits upon the commercialisation of its core projects, we consider that the adoption of the market approach by Graval is appropriate and reasonable.

Sample selection

As set out in the Valuation Report, the market value of the 100% equity interests in Suzhou Everhealth was determined with reference to the comparable companies: (i) which are principally engaged in biotechnology industry regarding cancer/tumor related research and development in the PRC; (ii) which were loss making in the latest financial year; (iii) generated minimal operating revenue from sales of their own commercialised product(s) in the latest financial year; and (iv) which are publicly listed with liquid market trading and sufficient information. As set out in the Valuation Report, Graval has, on best effort basis, obtained an exhaustive list of Valuation Comparable Companies extracted from Bloomberg which is a major global market information provider and we consider such source of the information to be credible and reliable. Details of the Valuation Comparable Companies can be referred to paragraph headed "7. Valuation Assumptions – 7.1 Comparable Search" in Appendix I to the Circular.

We have discussed with Graval to understand the appropriateness of the selection criteria of the Valuation Comparable Companies. In the course of our assessment of the Valuation, we understand from Graval that only companies engaged in the biotechnology industry in relation to cancer/tumor in the PRC are included as the core projects of Suzhou Everhealth are mainly focus on cancer/tumor. Furthermore, we understand from Graval that only companies which incurred net loss and generated minimal or nil revenue from the sales of commercialised products are included as Suzhou Everhealth has been incurring net loss and does not have any commercialised products. Although the business scale (i.e. all of the Valuation Comparable Companies' market capitalisation was above HK$1 billion as at the Valuation Date), development status (i.e. most of the Valuation Comparable Companies are engaged in more advanced stages of clinical trials), product type (i.e. although most are in oncology fields, most of the Valuation Comparable Companies are not specialising in CAR-T research) and marketability (i.e. of the Valuation Comparable Companies are all listed companies) varied from Suzhou Everhealth, there remained a number of comparable features such as business nature (i.e. similar to Suzhou Everhealth, the Valuation Comparable Companies are principally engaged in biotechnology industry regarding R&D of drugs and/or therapies for oncology and immunology), financial conditions (i.e. similar to Suzhou Everhealth, the Valuation Comparable Companies all had minimal operating revenue and made a loss in the latest financial year), domicile and location of major assets (i.e. similar to Suzhou Everhealth, the Valuation Comparable Companies' domiciles and major assets are

mainly located in the PRC). In particular, it is argued that given the uniqueness of the principal business activities of the Target Group in the field of research for ROR1, which is a rare space of CAR-T research that focuses on solid tumor unlike many of the market players focus on hematologic tumors, the Independent Valuer advised and we tend to agree that it would be almost impossible to find identical comparable companies with precision, it is therefore important under the current valuation to consider a comprehensive set of the Valuation Comparable Companies that are engaged in similar businesses as much as possible with important features as opposed to stripping down the sample size of the Valuation Comparable Companies to a very minimal which may also adversely affect the accuracy of the Valuation due to the lack of representativeness of the sample size. Having considered the above, we consider that the selection criteria of the Valuation Comparable Companies are appropriate to identify a set of fair and representative comparables to value Suzhou Everhealth.

Choice of valuation multiples

As to the choice of valuation multiple for the Valuation, Graval adopted the measure of price-to-book multiple (the "**P/B Multiple**"). As stated in the Valuation Report, Graval excluded the measures of price-to-sales multiple (the "**P/S Multiple**"), price-to-earnings multiple (the "**P/E Multiple**")and enterprise value-to-earnings before interests and tax multiple (the "**EV/EBIT Multiple**"). Based on our discussion with Graval and as set out in the Valuation Report, the P/S Multiple is not adopted because Suzhou Everhealth does not have revenue and the P/E Multiple and the EV/EBIT Multiple are not adopted as Suzhou Everhealth has been incurring net loss. As such, it is not applicable to apply the P/S Multiple, the P/E Multiple and the EV/EBIT Multiple from the Valuation Comparable Companies to calculate the market value of the 100% equity interests in Suzhou Everhealth. As further advised by Graval, it is a common market practice to adopt the P/B Multiple to appraise the valuation of companies with the principal business in biotechnology companies as it is common for these companies which do not generate revenue or incur net loss, in particular, those with products which are in pre-clinical stage. As such, we concur with the view of Graval that the P/B Multiples of the Valuation Comparable Companies to be the most appropriate valuation multiple for the Valuation and a common market practice.

We further understand from Graval that the P/B Multiples obtained from the Valuation Comparable Companies are relatively evenly distributed after excluding an outlier. As such, the average instead of the median P/B Multiple (excluding the extreme figure) of the Valuation Comparable Companies (with adjustments to be discussed below) was adopted in the Valuation. In this regard, we consider that Graval's adoption of such P/B Multiple to be reasonable.

Based on our review of the Valuation Comparable Companies, there was only one Valuation Comparable Company, being China Biotech Services Holdings Limited (stock code: 8037) ("**China Biotech Services**"), that has the same development stage as Suzhou Everhealth and this sample size is considered as insufficient. China Biotech Services has the following features that made it the closest Valuation Comparable Company for cross-check purpose: (i) one of its main segments (with the largest segment NAV) is principally engaged in the research and development of CAR-T and related cancer treatment products; (ii) all of its core projects are in pre-clinical phases at the Valuation Date; (iii) the bio-tech segment had minimal operating revenue and made a loss in the latest financial year; (iv) the assets of the bio-tech segment are mainly located in the PRC and it focuses on the Chinese market; and (v) being a listed company, its market capitalisation is the lowest among the Valuation Comparable Companies which was approximately HK$1.3 billion as at the Valuation Date. As the core projects of the other Valuation Comparable Companies are currently in different clinical stages compared to the core projects of Suzhou Everhealth which are all in pre-clinical stage, Graval, therefore, applied adjustments to the P/B Multiples between Suzhou Everhealth and the Valuation Comparable Companies to account for difference in development stages. Further details of the development stages of the core projects of each of the Valuation Comparable Companies are set out under paragraph headed "7. Valuation Assumptions – 7.1 Comparable Search" in Appendix I to the Circular. Details of the adjustments will be discussed in the following paragraph.

Success rate

In biotechnology industry, the value of each company is materially influenced by the development status of its projects on hand. The closer the company can commercialise its projects to the market, the faster the company can obtain cash inflows and make operating profit and the higher the company value can achieve. With reference to the research paper named "The Current Status of Drug Discovery and Development as Originated in United States Academia: The Influence of Industrial and Academic Collaboration on Drug Discovery and Development", a study over the phase success rates over 798 projects for which non-clinical researches were begun between 1991 and 2010 has been conducted and the following table shows the relevant statistics for the different probability of success (the "**Success Rate**") for a drug to advance from each phase to the next phase as set out in the Valuation Report:

Table 1: Success Rates

Clinical phase	**Success Rate**
From pre-clinical to phase 1	31.8%
From phase 1 to phase 2	75.1%
From phase 2 to phase 3	50.0%
From phase 3 to new drug application ("**NDA**")/biologics license application ("**BLA**")	58.6%
From NDA/BLA to approval	87.5%

After our discussion with Graval, we understand that the likelihood for a drug to complete all the development stages is a cumulative Success Rates of all four phases which is a compounded probability calculation. Set out below is the cumulative Success Rates from different development stages to approval:

Table 2: Cumulative Success Rates

Development stage	**Cumulative Success Rate**
Pre-clinical	6.1%
Phase 1	19.3%
Phase 2	25.6%
Phase 3	51.3%
NDA/BLA	87.5%

As set out in the Valuation Report, Graval has further investigated the statistical relationship between the P/B Multiples of the Valuation Comparable Companies and the development status of their projects. Regarding the development status for each of the Valuation Comparable Companies, the weighted-average cumulative success rate was estimated by summing the multiplication of the number of projects under each development status and the corresponding cumulative Success Rate, and then dividing by the total number of the projects. By using such weighted-average Success Rate of Valuation Comparable Company, the results are not skewed towards any particular development phase of the Valuation Comparable Company but seeks to have a broad and fair distribution and meaningful representation of all the development phases of the Valuation Comparable Companies. Excluding the extreme data of one Valuation Comparable Company, the correlation coefficient of the P/B Multiples and weighted-average cumulative Success Rates of the Valuation Comparable Companies was arrived at approximately 0.61. Statistically, this indicates a strong positive linear relationship between the P/B Multiples of the Valuation Comparable Companies and development status of their projects as represented by the weighted-average cumulative Success Rates of the Valuation Comparable Companies (i.e. the further the Valuation Comparable Companies can proceed with its projects in terms of the development status, the higher the P/B Multiples it can commend). Based on the diagram provided by Graval, we are able to observe the P/B Multiples and the weighted-average cumulative Success Rates of the Valuation Comparable Companies (excluding the extreme data of one Valuation Comparable Company) plotted on x and y axes and noted that the higher the weighted-average cumulative Success Rates of the Valuation Comparable Companies the higher the P/B Multiples of the Valuation Comparable Companies and vice versa but such trend appears to be consistently across dataset. We are agreeable to the applying of the weighted-average cumulative Success Rates of the Valuation Comparable Companies because it is a consistent mathematical approach which is fairly applied to all the Valuation Comparable Companies, which is arguably a better and more objective approach when compared to any other approaches which may call upon the valuer to decide on the adjustment factors based its professional judgment.

As the six projects held by Suzhou Everhealth are at pre-clinical stage as at the Valuation Date, Graval estimated the discounts to pre-clinical projects regarding the difference in development stages, by comparing the cumulative success rates shown in the above table. Set out below is the discounts to pre-clinical projects from different development stages to approval:

Table 3: Discount to pre-clinical projects from different development stages

Development stage	**Discount**	**Discount calculation**
Pre-clinical	0%	1 – 6.1%/6.1%
Phase 1	68.2%	1 – 6.1%/19.3%
Phase 2	76.1%	1 – 6.1%/25.6%
Phase 3	88.1%	1 – 6.1%/51.3%
NDA/BLA	93.0%	1 – 6.1%/87.5%

For each of the Valuation Comparable Companies, Graval estimated the weighted-average discount regarding the difference in development stages by considering the development status of the biotechnology projects held and the discounts to pre-clinical projects (as shown in the table above)(the "**Discount Adjustment**"). Then, the P/B Multiples of the Valuation Comparable Companies were adjusted by the corresponding Discount Adjustment (the "**Adjust P/B Multiples**"), in order to reflect the difference in project development stages between the projects held by Suzhou Everhealth and the Valuation Comparable Companies.

The average (excluding outlier) of the Adjusted P/B Multiples of approximately 3.77 was applied for the Valuation. Set out below is the details of the Adjusted P/B Multiples of the Valuation Comparable Companies:

Table 4: Adjusted P/B Multiples of the Valuation Comparable Companies

Company Name	P/B Multiples	Weighted-average Discount	Adjusted P/B Multiples
Suzhou Zelgen Biopharmaceutical Co., Ltd.	12.08	62.9%	4.49
Akeso, Inc.	5.34	75.8%	1.29
CStone Pharmaceuticals	16.94	62.7%	6.32
Ascentage Pharma Group International	8.51	55.3%	3.80
Immunotech Biopharm Ltd	26.32	5.4%	24.89 (outlier)
TOT BIOPHARM International Company Limited	3.01	40.1%	1.80
China Biotech Services	4.89	0%	4.89
Average excluding outlier			**3.77**

As all of the key projects of Suzhou Everhealth are in pre-clinical phase as at the Valuation Date, the application of the Discount Adjustment to the P/B Multiples of the Valuation Comparable Companies could enhance the comparability of the development stages of the core projects between the Valuation Comparable Companies and Suzhou Everhealth. Having considered the above, we consider that the adoption of the Adjusted P/B Multiple in the Valuation is appropriate.

Discount of lack of marketability

As set out in the Valuation Report, the marketability refers to the liquidity of an ownership interest, that is how quickly and easily it can be converted to cash if the owner chooses to sell. The discount on lack of marketability ("**DLOM**") reflects the fact that there is no ready market for shares in privately held companies which are typically not readily marketable compared to similar interests in public companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly held company. Accordingly, Suzhou Everhealth being a private company, Graval has applied a DLOM of 24.0% due to its lack of marketability as compared to public companies.

As further set out in the Valuation Report, DLOM was adopted with reference to the 2020 edition of the Stout Restricted Stock Study Companion Guide (the "**Companion Guide**") published by Stout Risius Ross, LLC, a leading global firm offering a broad range of financial advisory services, over 150 private transactions under services industry from July 1980 through December 2019 were examined and the median was taken in order to minimise the effect of extreme data. We have obtained the Companion Guide and referred to the relevant extract of the study and noted that the average and median of DLOM in 759 private placement transactions of unregistered common stock issued by publicly traded companies from July 1980 to December 2019 were approximately 20.6% and 15.8% (the "**Overall Median**") respectively and the median of DLOM in 157 private placement transactions in relation to the services industry of unregistered common stock issued by publicly traded companies from July 1980 to December 2019 was approximately 24.0% (the "**Services Industry Median**").

During the initial stage of the Valuation, we understood Graval had adopted the Overall Median. After our discussion with Graval and as set out in the Valuation Report, the Services Industry Median was adopted instead of the Overall Median because Graval agreed that the Overall Median covered the private placement transactions of all industries and such coverage may be too broad. It was agreed that one should narrow down to only look at DLOM in those companies in the business of research and development in biotechnology. However, it was noted that the Companion Guide do not have a specific subset of DLOM for the biotechnology industry and had to make do with the closest subset of DLOM. Since research and development in biotechnology (which is the principal business activity of Suzhou Everhealth) is classified under services industry based on the Standard Industrial Classification, Graval therefore decided to adopt the Services Industry Median. Graval also explained that it prefers to adopt median instead of average DLOM as it eliminates extreme data considering the large sample size of the study which we agree. Having considered: (i) the reliable and authoritative nature of the Companion Guide; (ii) the reason for adopting the Services Industry Median instead of the Overall Median; and (iii) the decision to remove extreme data by adopting median instead of average DLOM, we consider that DLOM of 24.0% applied by Graval to be fair and reasonable.

Control Premium

As set out in the Valuation Report, the control premium is an amount by which the pro rata value of a controlling interest exceeds the pro rata value of a non-controlling interest a business enterprise that reflects the power of a control. Both factors recognise that control owners have rights that minority owners do not and that the difference in those rights and, perhaps more importantly, how those rights are exercisable and to what economic benefits, cause a differential in the per-share value of a control ownership block versus a minority ownership block. As the numerators of the P/B Multiples adopted in the Valuation were derived from listed companies which represented the minority ownership interest, a control premium of 25.6% (the "**Control Premium**") was applied to reflect the entire controlling interest in the corresponding P/B Multiples. We noted from various business valuation reports in relation to transfers of controlling stakes prepared by independent valuers in the market that it is a common market practice of adjusting for control premium in the valuation multiples obtained from listed companies to arrive at the appraised value of a transaction which involves a transfer of controlling stake in the target company.

As set out in the Valuation Report, the Control Premium was adopted with reference to the 2020 first quarter edition of the Control Premium Study published by Business Valuation Resources, LLC., a leading information provider related to financial information and analytical data, the study has examined over 100 transactions under services and other industry from April 2019 to March 2020 which 50.01 % or more of a company was acquired and the median (excluding negative premiums) was taken in order to minimise the effect of extreme data. We have been provided with the relevant extract of the control premium study. According to aforesaid control premium study provided by Graval, we noted that the control premium for services and other industry ranged from 0% to approximately 90.5%. As the range of control premium for services and other industry is wide, the selection of median instead of the average control premium will minimise the effect of extreme data, which we agree. Having considered: (i) the empirical data supported by a global financial database provider; (ii) the industry classification is consistent with that for DLOM as discussed above; and (iii) the reason of adopting the median instead of the average control premium for services and other industry by Graval, we are of the view that the Control Premium of 25.6% applied by Graval in the Valuation to be fair and reasonable. We further consider Graval's approach of adjusting the Control Premium for the P/B Multiples of the Valuation Comparable Companies to be fair and reasonable.

Calculation of the final appraised value

As shown in the Valuation Report, to arrive at the final valuation figure for the 100% equity interests in Suzhou Everhealth, Graval first multiplied the average Adjusted P/B Multiple (excluding outlier) of the Valuation Comparable Companies of approximately 3.77 times by the NAV of Suzhou Everhealth as at 30 September 2020 of approximately RMB18.46 million to arrive at the 100% equity value (before adjustments of DLOM and Control Premium) of Suzhou Everhealth of approximately RMB69.51 million. Graval then apply the adjustments of Control Premium of 25.6% and DLOM of 24% to the aforementioned 100% equity value (before adjustments of DLOM and Control Premium) of Suzhou Everhealth and rounded up to the nearest million to arrive at the appraised value for the 100% equity interests in Suzhou Everehealth of approximately RMB66.4 million, which is translated to the Final Appraised Value of approximately RMB43.2 million when only 65% equity interests in Suzhou Everhealth are taken into account. The Consideration represents a discount of approximately 24.7% to the Final Appraised Value.

Cross-check

The 100% equity value (after adjustments of DLOM and Control Premium) of Suzhou Everhealth of approximately RMB66.4 million divided by the unaudited NAV of Suzhou Everhealth as at 30 September 2020 of RMB18.5 million effectively implies a price-to-book multiple of 3.59 times. As discussed above, given China Biotech Services is the closest Valuation Comparable Company to Suzhou Everhealth with the same development stage and both are engaged in CAR-T research and development and other features discussed above, we have compared and, as a cross-check, China Biotech Services' P/B Multiple of 4.89 times as at 30 September 2020 with that of Suzhou Everhealth of 3.59 times noted that Suzhou Everhealth's P/B Multiple remains modestly lower than China Biotech Services'.

Our view

Having discussed the above of adopting the market approach by Graval and reviewed the details of their valuation methodology, bases and assumptions, we are of the opinion that the chosen valuation methodology in establishing the Valuation is in line with market practices to value businesses of a similar nature (i.e. which are: (i) in a pre-mature stage of not generating any revenue therefore it is impossibility to establish a meaningful cashflow forecast; (ii) in a net loss position therefore there can be no earnings/profitability-base valuation multiples used for valuing the business; and (iii) the business nature is unique but there remains certain comparable features which can be traced to comparable companies).

8. Financial effects of the Acquisition

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into that of the Group.

The financial effects of the Acquisition on the Group's earnings, NAV, gearing and working capital are set out below. However, it should be noted that the analysis below is for illustrative purposes only and does not purport to represent the actual financial performance and position of the Group upon Completion.

Earnings

According to the Valuation Report, the appraised value for the 100% equity interests in Suzhou Everhealth as of 30 September 2020 is approximately RMB66,400,000 (equivalent to approximately HK$77,688,000). As at the Latest Practicable Date, the 65% equity interest in Suzhou Everhealth held by the Target Company was the only investment held by the Target Company. According to the section above, the Final Appraised Value is approximately RMB43,160,000. As the Consideration of RMB32,500,000 is less than the Final Appraised Value of approximately RMB43,160,000, the purchase of the Sales Shares was a bargain purchase to the Group. As such, the Group would recognise a one-off gain on bargain purchase of approximately RMB10,660,000 (the "**Bargain Gain**"), being the difference between the Final Appraised Value and the Consideration, and would have a one-off positive impact on the earnings of the Group upon Completion.

As advised by the Company, after Completion, as the Target Group would remain to be in research phase and in loss-making positions, as it continues to recognise operating expenses and research and development expenses ("**R&D Expenses**"). Over time, and in the event the Target Group obtains approval documents to commence Phase I clinical trial from relevant regulatory bodies for its projects, the Target Group would officially enter into the development phase and would be eligible to capitalise R&D Expenses. The Target Group may only be able to generate revenue through commercialisation of its core projects after obtaining relevant drug approvals. The long-term benefits of the Acquisition on the earnings of the Group largely hinges on the progress to be delivered by the commercialisation of the Target Group's core projects.

NAV, gearing and working capital

Upon Completion, the Group's NAV is expected to increase as the Consideration is lower than the Final Appraised Value and the Bargain Gain will have positive contribution to the Group's NAV. Any intangible assets with finite useful life in the Target Group will be recognised at their fair values at Completion and be subsequently amortised throughout its useful life. There will be no impairment on the intangible assets if there is no impairment indication to the intangible assets after Completion. As disclosed in the 2020 Interim Report, the debt-to-equity ratio (which is calculated by dividing the debt by the difference between total assets and total liabilities) of the Group as at 30 June 2020 was approximately 44.7%. It is noted that the total liabilities of the Target Group as at 30 September 2020 was lower than Bargain Gain. Therefore, the debt-to-equity ratio of the Group is expected to decrease upon Completion. Lastly, since the Consideration is expected to be settled fully by cash and the Target Group's cash level was minimal as at 30 September 2020, the working capital of the Group is expected to be reduced by the settlement of the Consideration.

OPINION AND RECOMMENDATION

In view of the above principal factors and reasons, we considered that:

(i) the benefits to be derived by the Group from the Acquisition in the section headed "4. Reasons for and benefits of the Acquisition" above;

(ii) the Acquisition is in line with the Company's development goal to look for investment opportunities in emerging industries;

(iii) prospects of oncology and autoimmune drug market is generally positive;

(iv) the methodologies, bases and assumptions adopted by Graval in arriving the Valuation are appropriate;

(v) the Consideration represents a discount of approximately 24.7% to the Final Appraised Value; and

(vi) the Acquisition is expected to yield a one-off Bargain Gain for the Group upon Completion, enhance the NAV while reduce the debt-to-equity ratio of the Group. However, the long-term benefits of the Acquisition on the earnings of the Company depends on whether the Target Group's core projects can be commercialised,

we are of the opinion that although the Acquisition is not conducted in the ordinary and usual course of business of the Group, the terms of the Share Purchase Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the resolution approving the Share Purchase Agreement and the transactions contemplated thereunder at the EGM.

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 and is licensed under the SFO as a Responsible Officer to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Mr. Cheung has over 12 years of corporate finance experience in Asia Pacific and has participated in and completed various financial advisory and independent financial advisory transactions.

* *For identification purposes only*

The following is the text of a letter and valuation report, prepared for the purpose of incorporation in this circular received from Graval, an independent professional valuer, in connection with its valuation as at 30 September 2020 of 100% equity interests in Suzhou Everhealth.

15 December 2020

graval Consulting

The Board of Directors
Dongwu Cement International Limited
Unit 08, 43/F
Far East Finance Centre
No. 16 Harcourt Road
Admiralty, Hong Kong

Our Ref: B12620

Dear Sirs,

Re: Valuation of 100% Equity Interests in Suzhou Everhealth Biomedical Company Limited ("Suzhou Everhealth")

In accordance with your instructions, we have conducted a valuation of the market value of 100% equity interests in Suzhou Everhealth. Suzhou Everhealth is a sino-foreign joint venture established in the People's Republic of China ("PRC") which is engaged in research and development ("R&D") of innovative drugs for cancers and autoimmune diseases and their commercialisation in the PRC. We confirm that we have made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of value as at 30 September 2020 ("Valuation Date").

This report states the purpose of valuation, premise of value, company profile, sources of information, describes the investigation and analysis, methodology and assumptions of our valuation, limiting conditions, remarks, and presents our opinion of value.

1. PURPOSE OF VALUATION

Graval Consulting Limited ("Graval") acknowledges that this report is being solely prepared for the directors and management of Dongwu Cement International Limited ("Company") for public documentation purpose and our valuation report will be inserted into a public circular of the Company.

We must state that this report and exercise is for the use only by the party to whom it is addressed to and no responsibility is accepted with respect to any third party for the whole or any part of its contents. If others choose to rely in any way on the contents of this report they do so entirely on their own risk.

2. PREMISE OF VALUE

Our valuation has been prepared in accordance with the International Valuation Standards published by the International Valuation Standards Council. Our valuation is based on the going concern premise and conducted on a basis of market value. Market value is defined as the ''estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion''.

3. COMPANY PROFILE

3.1. Background of the Company

The Company is a Hong Kong-based investment holding company principally engaged in the production and sales of cement. The Company operates through two segments. Cement segment is engaged in the production and sales of cement and clinker. Sewage and sludge treatment segment is engaged in the provision of the operation and construction services of sewage and sludge treatment. The Company is also engaged in the management and consultancy of investments through its subsidiaries.

3.2. Background of Suzhou Everhealth

Suzhou Everhealth is founded by Mr. Wu Jiong, an experienced scientist in the areas of immunology and cell biology. It was established in the PRC with limited liability on 25 December 2018 and situated in Suzhou Industrial Park.

Suzhou Everhealth is principally engaged in the R&D of innovative drugs for cancers and autoimmune diseases and their commercialisation. The major projects conducted by Suzhou Everhealth currently include CAR-T cell therapy technology, TIM-3 antibody drug development project, Vitamin D antibody reagents, NMN anti-aging project, PD-L1 antibody drug and IL-6 neutralising antibody drug projects. As advised by the Management, these six projects were at pre-clinical stage as at the Valuation Date.

4. SOURCES OF INFORMATION

We relied on the following major documents and information in our valuation analysis. Some of the information and materials are furnished by the management of the Company, Suzhou Everhealth and/or their representative ("Management"). Other information is extracted from public sources such as government sources, HKEX news and Bloomberg.

The major documents and information include but not limited to the following:

- Company background and business description of Suzhou Everhealth;
- Legal registration documents of Suzhou Everhealth, such as memorandum of association, articles of association and business license;
- Information related to the biotechnology projects by Suzhou Everhealth, such as project background, development status and history;
- Historical financial information of Suzhou Everhealth including income statements and balance sheets;
- A research paper named "The Current Status of Drug Discovery and Development as Originated in United States Academia: The Influence of Industrial and Academic Collaboration on Drug Discovery and Development" published in 2018 sourced from the National Center for Biotechnology Information; and
- Financial and economic data sourced from Bloomberg database.

In the course of our valuation, we had discussion with the Management on the industry and business development of Suzhou Everhealth. Furthermore, we have made reference to or reviewed the above information and data and assumed such information and data are true, accurate and complete without independent verification except as expressly described herein. However, we consider that we have obtained adequate information from the sources described above to provide a reliable opinion of value.

We must emphasise that the realisation of the prospective financial information is dependent on the continuing validity of the assumptions on which it is based. Actual results are likely to be different from those shown in the prospective financial information because events and circumstances frequently do not occur as expected, and the differences may be material.

5. INVESTIGATION AND ANALYSIS

Our investigation includes our discussion with the Management in relation to the historical performance, prospect, industry and other relevant information of Suzhou Everhealth. In addition, we have made relevant enquiries and obtained other public sources of financial and business information as we consider necessary for the purpose of this valuation.

The valuation of Suzhou Everhealth requires consideration of all pertinent factors, which may affect the operations of the business and its ability to generate future investment returns. The factors considered in this valuation include the following:

- Business nature and operations of Suzhou Everhealth;
- Historical financial and operational information of Suzhou Everhealth;
- Proposed business development of Suzhou Everhealth;
- Nature and terms of the relevant agreements, contracts, licenses, permits and rights held by Suzhou Everhealth;
- Regulations and rules of the relevant industries;
- Economic and industry data affecting the market and other dependent industries;
- Market-derived investment returns of similar businesses; and
- General economic outlook.

6. VALUATION METHODOLOGY

6.1. Valuation Approaches

There are three generally accepted valuation approaches, namely the market, cost and income approaches.

Market Approach

The market approach provides an indication of value by comparing a business entity with identical or comparable (that is similar) assets for which price information is available. The underlying theory of this approach is that one would not pay more than one would have to pay for an equally desirable alternative. By adopting this approach, we will first look for an indication of value from the prices of other similar companies or equity interests in companies that were sold recently.

The right transactions employed in analysing for indications of value need to be sold at an arm's length basis, assuming that the buyers and sellers are well informed and have no special motivations or compulsions to buy or to sell. The derived multiples (such as price-to-earnings, price-to-sales and price-to-book ratios) based on the analysis of those transactions are then applied to the fundamental financial variables of the subject business entity to derive an indication of value.

Cost Approach

The cost approach provides an indication of value using the economic principle that a buyer will pay no more for a business entity than the cost to obtain a business entity of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of a business entity and making deductions for physical deterioration and all other relevant forms of obsolescence.

From a valuation perspective, we will restate the values of all types of assets and liabilities of a business entity from book values, i.e. historical cost minus depreciation to appropriate standards of value. After the restatement, we can identify the indicated value of the business entity, or, by applying the accounting principle "assets minus liabilities", to arrive at the value of the equity interest of the business entity.

Income Approach

The income approach provides an indication of value by converting future cash flows to a single current value. Under the income approach, the value of a business entity is determined by reference to the value of income, cash flow or cost savings generated by the business entity. The underlying theory of this approach is that the value of a business entity can be measured by the present worth of the economic benefits to be received over the life of the business entity.

Based on this valuation principle, the income approach estimates the future economic benefits and discounts these benefits to the present value using a discount rate appropriate for the risks associated with realising those benefits. Alternatively, this can be calculated by capitalising the economic benefits to be received in the next period at an appropriate capitalisation rate. This is subject to the assumption that the business entity will continue to maintain stable economic benefits and growth rate.

6.2. Selection of Approach

To select the most appropriate approach, we have considered the purpose of this valuation and the resulting premise of value as well as the availability and reliability of information related to Suzhou Everhealth to perform this analysis. We have also considered the relative advantages and disadvantages of each approach having regard to the nature and circumstances of Suzhou Everhealth.

In this valuation, the cost approach is not applied as the valuation of Suzhou Everhealth is conducted on a going concern basis; therefore, the cost of reproducing and replacing its assets is inappropriate as such method ignores the future economic benefits of the business as a whole. Instead, the cost approach is suitable for asset-intensive business like a real estate company, because the underlying assets make up most of the company value. Also, the income approach is inappropriate as this approach requires detailed operational information and long-term financial projections of Suzhou Everhealth. In fact, the biotechnology projects of Suzhou Everhealth are at early pre-clinical stage and Suzhou Everhealth has not generated any revenue without any commercialised projects up to the Valuation Date. A lot of assumptions would have to be made and the valuation could be largely influenced by any inappropriate assumptions made. We have therefore solely relied on the market approach in determining our opinion of value.

There are two common methods under market approach, namely, guideline public company method and guideline transaction method. The valuation of Suzhou Everhealth was developed through the guideline public company method. The guideline transaction method is not adopted due to lack of recent market transactions with similar nature as Suzhou Everhealth. The guideline public company method requires the research of comparable companies' benchmark multiples and selection of an appropriate multiple. Price-to-earnings (''P/E''), price-to-sales (''P/S''), price-to-book (''P/B'') and enterprise value-to-earnings before interest and taxes (''EV/EBIT'') ratios are deemed to be universal pricing multiples under guideline public company method. Based on our market research, it is typical for the companies in biotechnology industry to have minimal revenue from own commercialised products and make loss, thus this makes P/E, P/S and EV/EBIT ratios not appliable. Instead, the book value of equity can be served as a benchmark that how much capital has been invested to conduct R&D work over the biotechnology projects since pre-clinical stage. We have then adopted the P/B ratio of the comparable companies in arriving at the market value of Suzhou Everhealth.

7. VALUATION ASSUMPTIONS

7.1. Comparable Search

In searching for the comparable companies, the following selection criteria have been adopted after considering the business nature and financial conditions of Suzhou Everhealth:

- Principally engaged in biotechnology industry regarding cancer/tumour related R&D in the PRC;
- Loss making in the latest financial year;
- Minimal operating revenue from sales of its own commercialised product(s) in the latest financial year; and
- Publicly listed with liquid market trading and sufficient information.

As sourced from Bloomberg, on best effort basis, we obtained an exhaustive list of comparable companies with their company backgrounds based on the aforementioned selection criteria. The details of Suzhou Everhealth and its comparable companies are illustrated as follows:

Company Name	Stock Code	Market Capitalisation as at the Valuation Date *(RMB million)*	Country of Domicile	Company Description
Suzhou Zelgen Biopharmaceutical Co., Ltd.	688266 CH	21,749	China	The company specialises in the R&D, manufacturing, and distribution of innovative medicines. The goal is to become the leading pharmaceutical company in China focusing on the areas of oncology, hematology, gastroenterology and inflammatory-immune diseases.
Akeso, Inc.	9926 HK	19,311	China	The company is a clinical-stage biopharmaceutical company committed to in-house discovery, development and commercialisation of first-in-class and best-in-class therapies. It is dedicated to addressing global unmet medical needs in oncology, immunology and other therapeutic areas.
JHBP (CY) Holdings Limited	6998 HK	N/A (first listed in 7 October 2020)	China	The company is a commercial-ready biopharmaceutical company focusing on developing and commercialising oncology and autoimmune drugs. The mission is to become a biopharmaceutical engine in discovery, research, development, manufacturing and commercialisation of innovative therapeutics initially for patients in China and gradually for patients globally.

Company Name	Stock Code	Market Capitalisation as at the Valuation Date *(RMB million)*	Country of Domicile	Company Description
CStone Pharmaceuticals	2616 HK	9,095	China	The company is a clinical-stage biopharmaceutical company focused on developing and commercialising innovative immuno-oncology and molecularly targeted drugs to address significant unmet medical needs in cancer treatment.
Ascentage Pharma Group International	6855 HK	5,582	China	The company is a globally-focused, clinical-stage biotechnology company engaged in developing novel therapies for cancers, hepatitis B virus, or HBV, and age-related diseases.
Immunotech Biopharm Ltd	6978 HK	4,744	China	The company is a leading cellular immunotherapy biopharmaceutical company in China focusing on the research, development, and commercialisation of T cell immunotherapy for over 13 years.
I-Mab	IMAB US	22,515	China	The company is a clinical-stage biopharmaceutical company committed to the discovery, development and commercialisation of novel or highly differentiated biologics to treat diseases with significant unmet medical needs, particularly cancers and autoimmune disorders.
TOT BIOPHARM International Company Limited	1875 HK	2,238	China	The company is a clinical-stage biopharmaceutical company dedicated to developing and commercialising innovative oncology drugs and therapies. The mission is to build a leading brand name of oncology treatments trusted by patients and their families as well as medical professionals in China.
China Biotech Services Holdings Limited	8037 HK	1,228	China	The principal activities of the company are (i) provision of tumor immune cell therapy, immune cell storage and health management services in the PRC; (ii) the manufacture, R&D, sale and distribution of health related and pharmaceutical products in the PRC and Hong Kong; (iii) provision of medical laboratory testing services and health check services in Hong Kong; (iv) provision of insurance brokerage services; and (v) trading of securities in Hong Kong.
Average		10,808		
Median		7,338		
Suzhou Everhealth	N/A	N/A	China	Suzhou Everhealth is principally engaged in the R&D of innovative drugs and therapy technology for cancers and autoimmune diseases and their commercialisation.

A detailed comparison between Suzhou Everhealth and the selected comparable companies, in terms of business nature, project development status, financial conditions, geographical location, company size and marketability, is illustrated and summarised as follows:

Aspect	Suzhou Everhealth	Selected Comparable Companies	Our Opinion
Business nature	It is principally engaged in R&D of innovative drugs and therapy technology for cancers and autoimmune diseases and their commercialisation.	They are principally engaged in biotechnology industry regarding R&D of drugs and/or therapies for oncology (i.e. the study of cancer) and immunology (i.e. the study of the immune system).	Based on our understanding, there are not any companies in such industry which produce or plan to produce identical products. Therefore, the comparability should be determined by (i) whether the comparable companies belong to R&D biotechnology companies and (ii) whether they focus on oncology and immunology or not. Regarding these two factors, we considered Suzhou Everhealth and the selected companies are sufficiently comparable in terms of business nature.
Project development stage	All the projects are at pre-clinical stage as at the Valuation Date.	Except for China Biotech Services Holdings Limited, the project development stages of the other comparable companies are not the same as Suzhou Everhealth.	Whenever we realise a difference between a valuation target and its comparable companies, we will investigate if there is any effect towards the valuation metric caused by that difference. Correlation coefficient is a common measure to test strength and direction of the linear relationship between the valuation metric and the difference. We are of the opinion that an adjustment can be made regarding the difference in project development stages, such that Suzhou Everhealth and the selected companies are deemed to be sufficiently comparable after the adjustment.

Aspect	Suzhou Everhealth	Selected Comparable Companies	Our Opinion
Financial conditions	Suzhou Everhealth did not have any operating revenue and it made loss in the latest financial year.	They all had minimal operating revenue from sales of their own commercialised products and made loss in the latest financial year.	We considered Suzhou Everhealth and the selected companies are sufficiently comparable in terms of financial conditions.
Geographical location	The assets of Suzhou Everhealth are located in the PRC.	The assets of the selected companies are mainly located in the PRC.	Since Suzhou Everhealth and the selected companies did not have any operating revenue from sales of their own commercialised products in the latest financial year, their geographical locations were mainly assessed based on their assets. Take Ascentage Pharma Group International as an example, although it claims to be a globally-focused company, its non-current assets are mainly located in the PRC. Therefore, we considered Suzhou Everhealth and the selected companies are sufficiently comparable in terms of geographical location.

Aspect	Suzhou Everhealth	Selected Comparable Companies	Our Opinion
Company size	The valuation result of 100% equity interests in Suzhou Everhealth is estimated as RMB66.4 million.	Their market capitalisations ranged from RMB1,228 million to RMB22,515 million as at the Valuation Date.	The underlying concept of the guideline public company method under the P/B ratio implies that there is a direct relationship between the book value of equity and the market capitalisation. We took the view that the P/B ratio adopted in the valuation had already taken into account the higher value (i.e. higher market capitalisations) of the comparable companies selected by reason of their higher book values of equity. Therefore, we are of the opinion that it is not necessary to adjust the valuation in this regard.
Marketability	Suzhou Everhealth was a private company as the Valuation Date.	They are all publicly listed companies.	The concept of marketability explains that a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly held company. Therefore, a discount for lack of marketability has been applied in the valuation, such that Suzhou Everhealth and the selected companies are deemed to be sufficiently comparable after applying the discount for lack of marketability. This is also a common market practice.

Based on the above comparison, we concluded that the selected companies are sufficiently similar and comparable to Suzhou Everhealth.

Based on the search result of the comparable companies, only one of them (i.e. China Biotech Services Holdings Limited) has the same development stage (i.e. ongoing projects are all pre-clinical) as Suzhou Everhealth and this sample size is deemed to be small. We therefore applied adjustments in the price multiples between Suzhou Everhealth and its comparable companies to account for difference in development stages and the details will be disclosed in section 7.2 of this report. The following table illustrates the development status of the biotechnology projects held by each of the comparable companies, according to the latest annual/interim report and/or prospectus available from HKEX news, www.cninfo.com.cn and/or the company websites.

		Development Stage				
Company Name	**Stock Code**	**Pre-clinical**	**Phase 1**	**Phase 2**	**Phase 3**	**New Drug Application ("NDA")/ Biologic License Application ("BLA")**
Suzhou Zelgen Biopharmaceutical Co., Ltd.	688266 CH	4	0	11	3	1
Akeso, Inc.	9926 HK	0	13	20	6	1
JHBP (CY) Holdings Limited	6998 HK	9	5	4	3	1
CStone Pharmaceuticals	2616 HK	3	6	1	2	3
Ascentage Pharma Group International	6855 HK	5	4	9	0	1
Immunotech Biopharm Ltd	6978 HK	13	0	1	0	0
I-Mab	IMAB US	3	4	2	2	0
TOT BIOPHARM International Company Limited	1875 HK	6	2	1	2	1
China Biotech Services Holdings Limited	8037 HK	8	0	0	0	0

Note: Pre-clinical refers to the study conducted to test a drug on non-human subjects, to gather efficacy, toxicity, pharmacokinetic and safety information and to decide whether the drug is ready for clinical trials. Phase 1 refers to the study in which a drug is introduced into healthy human subjects or patients with the target disease or condition and tested for safety, dosage tolerance, absorption, metabolism, distribution, excretion, and if possible, to gain an early indication of its effectiveness. Phase 2 refers to the study in which a drug is administered to a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted diseases, and to determine dosage tolerance and optimal dosage. Phase 3 refers to the study in which a drug is administered to an expanded patient population generally at geographically dispersed clinical trial sites, in well-controlled clinical trials to generate enough data to statistically evaluate the efficacy and safety of the product for approval, to provide adequate information for the labeling of the product. NDA refers to the relevant authority proposing approval of a new pharmaceutical product for sale and marketing. BLA refers to the request for permission to introduce, or deliver for introduction, a biologic product into interstate commerce.

7.2. Market Multiples

As sourced from Bloomberg, the market multiples of the comparable companies as at the Valuation Date are listed in below table:

Company Name	P/B Ratio
Suzhou Zelgen Biopharmaceutical Co., Ltd.	12.08
Akeso, Inc.	5.34
JHBP (CY) Holdings Limited	N/A
CStone Pharmaceuticals	16.94
Ascentage Pharma Group International	8.51
Immunotech Biopharm Ltd	26.32
I-Mab	N/A
TOT BIOPHARM International Company Limited	3.01
China Biotech Services Holdings Limited	4.89

Note: JHBP (CY) Holdings Limited was first listed in 7 October 2020 and its P/B ratio was not available since the listed stock price was not available as at the Valuation Date. The P/B of I-Mab as at the Valuation Date was unavailable since its common equity was negative according to the latest financial statements.

In biotechnology industry, the value of each company is materially influenced by the development status of its projects on hand. The closer the company can commercialise its projects to the market, the faster the company can obtain cash inflows and then make operating profit, the higher the company value can achieve. With reference to the research paper named ''The Current Status of Drug Discovery and Development as Originated in United States Academia: The Influence of Industrial and Academic Collaboration on Drug Discovery and Development'', a study over the phase success rates over 798 projects for which non-clinical researches were begun between 1991 and 2010 has been conducted and the following table shows the relevant statistics:

Phase Success	Success Rate
Pre-clinical to phase 1	31.8%
Phase 1 to phase 2	75.1%
Phase 2 to phase 3	50.0%
Phase 3 to NDA/BLA	58.6%
NDA/BLA to approval	87.5%

The cumulative success rates to approval under different development stages are estimated and shown as below:

Development Stage	Cumulative Success Rate
Pre-clinical	6.1%
Phase 1	19.3%
Phase 2	25.6%
Phase 3	51.3%
NDA/BLA	87.5%

We have further testified the statistical relationship between the P/B ratios of the comparable companies and their project development status. To investigate the effect caused by the difference in project development status towards the P/B ratio, correlation coefficient between these two variables of the comparable companies was estimated and examined. Correlation coefficient is a common measure of strength and direction of the linear relationship between two variables. With reference to a publication ''Statistics For Dummies'' by Deborah J. Rumsey (Professor of Statistics and Statistics Education Specialist at The Ohio State University), the value of a correlation coefficient is always between +1 and -1. 0 implies no liner relationship; +0.30 implies a weak positive linear relationship; +0.50 implies a moderate positive linear relationship; and +0.70 implies a strong positive linear relationship.

The P/B ratios of the comparable companies are the raw data extracted from Bloomberg as at the Valuation Date. Regarding the development status for each of the comparable companies, the weighted-average cumulative success rate was estimated. The more advanced R&D projects the company has on hand, the higher its weighted-average cumulative success rate is. The formula is illustrated as ''(number of pre-clinical projects × cumulative success rate of pre-clinical stage + number of phase 1 projects × cumulative success rate of phase 1 stage + number of phase 2 projects × cumulative success rate of phase 2 stage + number of phase 3 projects × cumulative success rate of phase 3 stage + number of NDA/BLA projects × cumulative success rate of NDA/BLA stage) ÷ total number of projects''. The correlation coefficient of +0.61 was estimated based on the dataset table below and this implies a strong positive linear relationship between the P/B ratios of the comparable companies and their project development status (i.e. the further the company can proceed with its projects in terms of the development status, the higher the price multiple it will commend).

Company Name	P/B Ratio	Weighted-Average Cumulative Success Rate
Suzhou Zelgen Biopharmaceutical Co., Ltd.	12.08	28.8%
Akeso, Inc.	5.34	29.0%
CStone Pharmaceuticals	16.94	35.0%
Ascentage Pharma Group International	8.51	22.4%
TOT BIOPHARM International Company Limited	3.01	24.2%
China Biotech Services Holdings Limited	4.89	6.1%

As advised by the Management, the six projects held by Suzhou Everhealth are at pre-clinical stage as at the Valuation Date. We estimated the discounts to pre-clinical projects regarding the difference in development stages, by comparing the cumulative success rates shown in the above table.

Development Stage	Discount
Pre-clinical	0% (i.e. 1 – 6.1%/6.1%)
Phase 1	68.2% (i.e. 1 – 6.1%/19.3%)
Phase 2	76.1% (i.e. 1 – 6.1%/25.6%)
Phase 3	88.1% (i.e. 1 – 6.1%/51.3%)
NDA/BLA	93.0% (i.e. 1 – 6.1%/87.5%)

For each of the comparable companies, we estimated the weighted-average discount regarding the difference in development stages by considering the development status of the biotechnology projects held and the discounts to pre-clinical projects (as shown in the table above). Then, the P/B ratios of the comparable companies obtained from Bloomberg were adjusted by the corresponding weighted-average discount, in order to reflect the difference in project development stages between the projects held by Suzhou Everhealth and the comparable companies. The average excluding outlier of the adjusted P/B ratio of 3.77 was applied for the valuation of Suzhou Everhealth.

Company Name	**P/B Ratio**	**Weighted-average Discount**	**Adjusted P/B Ratio**
Suzhou Zelgen Biopharmaceutical Co., Ltd.	12.08	62.9%	4.49
Akeso, Inc.	5.34	75.8%	1.29
CStone Pharmaceuticals	16.94	62.7%	6.32
Ascentage Pharma Group International	8.51	55.3%	3.80
Immunotech Biopharm Ltd	26.32	5.4%	24.89 (outlier)
TOT BIOPHARM International Company Limited	3.01	40.1%	1.80
China Biotech Services Holdings Limited	4.89	0%	4.89
Average excluding outlier			**3.77**

To sum up, the following procedures were conducted regarding the adjustments for the difference in project development status between Suzhou Everhealth and the comparable companies:

1. The difference in project development status between Suzhou Everhealth and the comparable companies was realised. Thus, strength and direction of the linear relationship between the P/B ratios and project development status was further investigated.

2. The correlation coefficient was estimated and examined based on the datasets regarding the P/B ratios and weighted-average cumulative success rates of the comparable companies.

3. A strong positive linear relationship between the P/B ratios of the comparable companies and their project development status was concluded, such that the valuation metric related to pre-clinical projects should be lower than those at more advanced phases.

4. As at the Valuation Date, the projects held by Suzhou Everhealth are at pre-clinical stage, while some of the comparable companies have more advanced projects on hand. The adjustment made to the P/B ratios would be the discounts to pre-clinical projects as compared to those at more advanced stages.

5. For each comparable company, the weighed-average discount relative to Suzhou Everhealth was estimated and the formula is illustrated as ''(number of pre-clinical projects × discount for pre-clinical stage + number of phase 1 projects × discount for phase 1 stage + number of phase 2 projects × discount for phase 2 stage + number of phase 3 projects × discount for phase 3 stage + number of NDA/BLA projects × discount for NDA/BLA stage) ÷ total number of projects''. The rationale of a weighted-average is to assigns weights that determine in advance the relative importance of each data. By taking the weighted-average success rate of each comparable company, more weights will be assigned to the more advanced phases. This is consistent with our concept that the valuation metric at more advanced phases should be higher and vice versa. Also, the results are not skewed towards any particular development phase of the comparable company. This adjustment method is deemed to be fair and objective solely based on facts (i.e. project development status of the valuation target and comparable companies) and historical statistics (i.e. the study over the phase success rates over a large sample pool of 798 projects).

6. The P/B ratios of the comparable companies were multiplied by the corresponding weighted-average discounts to arrive at the adjusted P/B ratios.

7. The average excluding outlier of the adjusted P/B ratios was applied in the valuation.

Based on the above procedures together with the relevant bases, we are of the opinion that the adjustments made for the difference in project development status are representative and meaningful.

7.3. Discount for Lack of Marketability ("DLOM")

The concept of marketability deals with the liquidity of an ownership interest, that is how quickly and easily it can be converted to cash if the owner chooses to sell. The DLOM reflects the fact that there is no ready market for shares in privately held companies which are typically not readily marketable compared to similar interests in public companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly held company.

With reference to the 2020 edition of the Stout Restricted Stock Study Companion Guide published by Stout Risius Ross, LLC, a leading global firm offering a broad range of financial advisory services, over 150 private transactions under services industry from July 1980 through December 2019 were examined and the median was taken in order to minimise the effect of extreme data. Based on the Standard Industrial Classification ("SIC"), R&D in biotechnology is classified under services industry. Therefore, we have adopted the median discount for services industry of 24.0% as the DLOM in this valuation.

7.4. Control Premium

Control premium is an amount by which the pro rata value of a controlling interest exceeds the pro rata value of a non-controlling interest in a business enterprise that reflects the power of a control. Both factors recognise that control owners have rights that minority owners do not and that the difference in those rights and, perhaps more importantly, how those rights are exercisable and to what economic benefits, cause a differential in the per share value of a control ownership block versus a minority ownership block.

With reference to the 2020 first quarter edition of the Control Premium Study published by Business Valuation Resources, LLC, a leading information provider related to financial information and analytical data, the study has examined over 100 transactions under services and other industry from April 2019 to March 2020 which 50.01 percent or more of a company was acquired and the median (excluding negative premiums) was taken in order to minimise the effect of extreme data. As the numerators from the P/B ratios of the comparable companies represent the minority ownership interests, the median premium of 25.6% for services and other industry was adopted in this valuation.

7.5. Calculation Details

Based on the above parameters and inputs, the calculation is shown as follows:

	Parameter	Unit	Formula	Input
1.	Adjusted P/B ratio			3.77
2.	Book value of equity of Suzhou Everhealth as at the Valuation Date	RMB million		18.46
3.	100% equity value before adjustments for DLOM and control premium	RMB million	(1) x (2)	69.51
4.	Adjustment for DLOM			(1 – 24.0%)
5.	Adjustment for control premium			(1 + 25.6%)
6.	100% equity value after adjustments for DLOM and control premium	RMB million	(3) x (4) x (5)	66.35
7.	Rounded	RMB million		66.40

7.6. General Assumptions

Assumptions considered to have significant sensitivity effects in this valuation have been evaluated in order to provide a more accurate and reasonable basis for arriving at our assessed value. The following key assumptions have been made in this valuation:

- The valuation was primarily based on the historical financial information as at the Valuation Date provided to us;
- To continue as a going concern, Suzhou Everhealth has, or will have, the resources (financial, human and physical) needed to successfully carry out current and future business operations;
- The information made available to us by the Company is truthful, accurate and without any hidden or unexpected conditions associated with Suzhou Everhealth that might adversely affect the reported values;
- Interest rates and exchange rates in the localities for the operations of Suzhou Everhealth will not differ materially from those presently prevailing;
- The contractual parties of the relevant agreements will act in accordance with the terms and conditions of the agreements and understandings between the parties and will be renewable upon expiry, if applicable;
- All relevant consents, business certificates, licenses or other legislative or administrative approvals from any local, provincial or national government, or private entity or organisation required to operate in the localities where Suzhou Everhealth operates or intends to operate will be officially obtained and renewable upon expiry unless otherwise stated; and
- There will be no major changes in the political, legal, technological, economic or financial conditions and taxation laws in the localities in which Suzhou Everhealth operates or intends to operate, which would adversely affect the business of Suzhou Everhealth.

8. LIMITING CONDITIONS

Our conclusion of the value is derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. No opinion is intended to be expressed for matters which require legal, audit or other specialised expertise, which is out of valuers' capacity.

In preparing this report, we relied on the accuracy, completeness and reasonableness of the financial information, assumptions and other data provided to us by the Company and/or its representatives. We did not carry out any work in the nature of an audit and neither are we required to express an audit or viability opinion. We take no responsibility for the truth and accuracy of such information. Our report was used as part of the analysis of the Company in reaching their conclusion of value and due to the above reasons, the ultimate responsibility of our derived value rests solely with the Company.

Public industry and statistical information have been obtained from the sources that we deem to be reputable. However, we make no representation as to the accuracy and completeness of such information, and have accepted the information without any verification.

The Management has reviewed and agreed on the report, and confirmed the basis, assumptions, calculations and results are appropriate and reasonable. The use of and/or the validity of the report is subject to the terms of proposal and the full settlement of the fees and all the expenses.

We assume that there are no hidden or unexpected conditions associated with the subject matter under review that might adversely affect the reported result. Further, we assume no responsibility for changes in market conditions, government policy or other events after the Valuation Date. We cannot provide assurance on the achievability of the results estimated by the Company and/or Suzhou Everhealth because events and circumstances frequently do not occur as expected; difference between actual and expected results may be material; and achievement of the forecast results is dependent on actions, plans and assumptions of the Management.

We have not investigated the title to or any legal liabilities of Suzhou Everhealth and have assumed no responsibility for the title to Suzhou Everhealth.

In accordance with our standard practices, we must state that this report is for the exclusive use of the party to whom it is addressed and for the specific purpose stated above. Furthermore, the report and conclusion of value are not intended by the author, and should not be construed by the reader, to be investment advice in any manner whatsoever. The conclusion of value represents the consideration based on information furnished by the Company and other sources. No responsibility is accepted to any third party for the whole or any part of its contents.

Save as and except for the purpose stated above, neither the whole nor any part of this report nor any reference thereto may be included in any document, circular or statement without our written approval of the form and context in which it will appear.

Actual transactions involving the valuation subject might be concluded at a higher or lower value, depending upon the circumstances of the transaction, and the knowledge and motivation of the buyers and sellers at that time.

9. REMARKS

Our opinion of value is presented in renminbi ("RMB") unless otherwise stated.

We hereby confirm that we have neither present nor prospective interests in Suzhou Everhealth, the Company and their associated companies or the value reported herein.

10. OPINION OF VALUE

Based on the investigation and analysis stated above and on the valuation method employed, we are of the opinion that the market value of 100% equity interests in Suzhou Everhealth as at the Valuation Date was stated as **RMB66,400,000 (RENMINBI SIXTY SIX MILLION AND FOUR HUNDRED THOUSAND ONLY)**.

Respectfully submitted,
For and on behalf of
GRAVAL CONSULTING LIMITED

Kelvin C.H. Chan, *FCCA, CFA, MRICS*
Chairman

Analysed and reported by : **Terry S.W. Hui**, *CFA, FRM*
Director

: **Tommy K.H. Lee**
Analyst

Kelvin C.H. Chan, *FCCA, CFA, MRICS*
Chairman

Mr. Kelvin C.H. Chan is a CFA Charterholder, a chartered member of the Royal Institution of Chartered Surveyors (RICS) and a fellow member of the Association of Chartered Certified Accountants (ACCA). He has been working in the financial industry since 1996, with experiences covering the area of corporate banking, equity analysis and business valuation. He has provided a wide range of valuation services to numerous listed and private companies in different industries, including health care companies, for over 15 years.

Terry S.W. Hui, *CFA, FRM*
Director

Mr. Terry S.W. Hui holds the Chartered Financial Analyst (CFA) designation and the Financial Risk Manager (FRM) designation. He has about 10-year experience in providing valuation and related advisory services to listed and private companies of different industries in China, Hong Kong and Singapore in connection with financial reporting and merger and acquisition.

Tommy K.H. Lee
Analyst

Mr. Tommy K.H. Lee is an analyst who has been working in the financial industry since 2018. He possesses experience in valuation aspects of private equity, intangible assets, financial derivatives and insurances.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

Directors' and chief executive's long and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of the Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Director of Listed Issuers were as follows:

Interests and short positions in shares and underlying shares of the Company

Long and short positions in the ordinary shares/underlying shares of the Company:

Name	Capacity	Long position/ Short position	Number of Shares held	Approximate percentage of shareholding
Mr. Tseung *(Note 1)*	Interest of controlled corporation	Long position	297,500,000	53.89%
Mr. Chen Xuanlin	Beneficial owner	Long position	25,650,000	4.65%

Notes:

1. Goldview is wholly-owned by Mr. Tseung Hok Ming, a non-executive Director. Accordingly, Mr. Tseung is deemed to be interested in the same Shares of the Company held by Goldview by virtue of Part XV of the SFO. Goldview is also an associated corporation of the Company.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors is a director or employee of a company which has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Substantial Shareholders who have an interest and/or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO

As at the Latest Practicable Date, the following persons (other than Directors and chief executives of the Company) had, or were deemed or taken to have an interest or short position in the Shares and underlying Shares of the Company, which are required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Capacity	Long position/ Short position	Number of Shares held	Approximate percentage of shareholding
Goldview *(Note 1)*	Beneficial owner	Long position	297,500,000	53.89%
Mr. Huang Yingbiao	Beneficial owner	Long position	67,130,000	12.16%

Note:

1. Goldview is wholly-owned by Mr. Tseung Hok Ming, a non-executive Director. Accordingly, Mr. Tseung is deemed to be interested in the same Shares of the Company held by Goldview by virtue of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the other person (other than the Directors and chief executives of the Company) who had, or was deemed or taken to have, an interest or short position in the Shares and underlying Shares of the Company which are required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

3. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or their respective associates had any interest in a business which competes or may compete, either directly or indirectly, with the business of the Group, or had or might have any other conflicts of interest with the Group.

4. DIRECTORS' SERVICE CONTRACTS

None of the Directors had entered or been proposed to enter into any service contract with the Company or any other member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation) as at the Latest Practicable Date.

5. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which is subsisting as at the date of this circular and which is significant in relation to the business of the Group. As at the Latest Practicable Date, none of the Directors had any interest, directly or indirectly, in any assets which have been, since 31 December 2019 (being the date to which the latest published audited consolidated accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

6. EXPERTS AND CONSENTS

The following are the names and qualifications of the experts who have given opinions or advices contained in this circular:

Name	Qualifications
Graval	Independent professional valuer
Opus Capital	A corporation licensed under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, the Independent Financial Adviser

Graval and Opus Capital have given and have not withdrawn their written consents to the issue of this circular with the inclusion of their letters and references to their names in the form and context in which they respectively appear.

As at the Latest Practicable Date, Graval and Opus Capital did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Graval and Opus Capital were not interested, directly or indirectly, in any assets which have been or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2019, the date to which the latest audited financial statements of the Company were made up.

7. LITIGATION

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

8. MATERIAL ADVERSE CHANGE

The Directors have confirmed that, save for the profit warning announcement dated 22 July 2020 and the interim report for the six months ended 30 June 2020 regarding that the profit attributable to the Shareholders for the six months ended 30 June 2020 decreased to approximately RMB10.8 million (the six months ended 30 June 2019: approximately RMB32.0 million), representing a decrease of approximately 66.3%, they were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited accounts of the Company were made up.

9. GENERAL

(a) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman KYl-1111, Cayman Islands.

(b) The principal place of business in Hong Kong of the Company is situated at Suite 4308, 43/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong.

(c) The share registrar and the transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(d) The company secretary of the Company is Ms. Sun Xin.

(e) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text thereof.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on Business Days at the office of the Company at Suite 4308, 43/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong from the date of this circular up to and including the date of the EGM:

(a) the letter from Opus Capital, the text of which is set out on pages 35 to 79 of this circular;

(b) the Valuation Report, the text of which is set out in Appendix I to this circular;

(c) the letters of consent referred to under the paragraph headed ''Experts and Consents'' in this Appendix;

(d) the Share Purchase Agreement; and

(e) this circular.

Dongwu Cement International Limited
東吳水泥國際有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 695)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "EGM") of Dongwu Cement International Limited. (the "Company") will be held at Building 11 No. 2283 Hongqiao Road, Changning District, Shanghai, People's Republic of China on Thursday, 31 December 2020 at 10:00 a.m. to consider and, if thought fit, pass with or without modification, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**

(a) The Share Purchase Agreement dated 6 November 2020 entered into between Xihua Shanghai Investment Management Co., Ltd. * (熙華(上海)投資管理有限公司), (the "Purchaser"), a wholly-owned subsidiary of the Company and Oriental Hengxin Capital Holding Group Company Limited (東方恒信資本控股集團有限公司), (the "Vendor"), pursuant to which the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Sale Shares, which represent the entire issued share capital of the Target Company, in the Consideration of RMB32,500,000 and a copy of which having been produced to this meeting and marked "A" and initialed by the chairman of this meeting for the purposes of identification and the transactions contemplated thereby be and are hereby approved, confirmed and ratified; and

(b) Any one or more directors of the Company be and are hereby authorised to do all such acts and things as they consider necessary and to sign and execute all such documents, and to take all such steps which in their opinion may be necessary, appropriate, desirable or expedient for the purpose of giving effect to the Share Purchase Agreement and completing the transactions contemplated thereby."

By Order of the Board
Dongwu Cement International Limited.
Liu Dong
Executive Director

Hong Kong, 15 December 2020

Registered office:
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KYl-1111
Cayman Islands

Head office and principal place of business in Hong Kong:
Suite 4308, 43/F,
Far East Finance Centre,
16 Harcourt Road,
Admiralty,
Hong Kong

Notes:

1. Any member of the Company entitled to attend and vote at the EGM shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member of the Company who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the EGM. A proxy need not be a member of the Company. In addition, a proxy or proxies representing either a member of the Company who is an individual or a member of the Company which is a corporation is entitled to exercise the same powers on behalf of the member of the Company which he or they represent as such member of the Company could exercise.

2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the fact.

3. The instrument appointing a proxy and (if required by the board of directors of the Company) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned meeting thereof at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.

4. Delivery of an instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the EGM convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.

5. Where there are joint holders of any share any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the EGM the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

6. Capitalised terms used in this notice shall have the meanings an these defied in the circular of the Company dated 15 December 2020.

7. As at the date of this notice, the Board comprises Mr. Liu Dong and Mr. Wu Junxian as executive Directors; Mr. Tseung Hok Ming, Ms. Xie Yingxia and Mr. Chen Xuanlin as non-executive Directors; and Mr. Cao Kuangyu, Ms. Yu Xiaoying and Mr. Suo Suo as independent non-executive Directors.