

22 September 2025

*To: The Independent Board Committee and the Independent Shareholders
of WuXi XDC Cayman Inc.*

Dear Sir or Madam,

**CONNECTED TRANSACTION IN RELATION TO
SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE**

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 Subscription Agreement and the Specific Mandate, details of which are set out in the circular of the Company dated 22 September 2025 (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 otherwise requires.

On 3 September 2025 (before trading hours of the Stock Exchange), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to issue and allot, and the Subscriber has conditionally agreed to subscribe for, the 24,134,000 Subscription Shares each at the Subscription Price of HK\$58.85 per Subscription Share for a total consideration of approximately HK\$1,420.29 million.

As at the Latest Practicable Date, the Subscriber was a controlling shareholder of the Company and therefore a connected person of the Company under the Listing Rules. Accordingly, the Subscription constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules and will be subject to announcement, reporting, circular and the Independent Shareholders’ approval requirements.

The EGM will be held to consider and, if thought fit, pass the requisite resolution(s) to approve, among other things: (i) the Subscription Agreement and the transactions contemplated thereunder; and (ii) the Specific Mandate. The voting in relation to the Subscription Agreement and the Specific Mandate at the EGM will be conducted by way of a poll, whereby the Subscriber and its associates together with any other Shareholders who are interested or involved in the Subscription Agreement and/or the Specific Mandate shall abstain from voting

on the relevant resolution(s) to be proposed at the EGM to approve the Subscription Agreement and the Specific Mandate. The Subscriber and its respective associates will abstain from voting on the relevant resolution approving the Subscription Agreement and the Specific Mandate at the EGM.

The Independent Board Committee, comprising Dr. Ulf Grawunder and Mr. Hao Zhou, being all the independent non-executive Directors who have no direct or indirect interest in the Subscription and the Specific Mandate has been established to advise the Independent Shareholders as to whether the terms of the Subscription Agreement and the Specific Mandate are fair and reasonable and on how to vote at the EGM.

OUR INDEPENDENCE

As at the Latest Practicable Date, Lego Corporate Finance Limited did not have any relationships or interests with the Company or WuXi Biologics or any of their respective substantial shareholders, directors or chief executives, or any of their respective associates that could reasonably be regarded as relevant to the independence of Lego Corporate Finance Limited. In the last two years, prior to the Latest Practicable Date, we had acted as the independent financial adviser to the then independent board committee and independent shareholders of the Company in respect of the revision of annual cap for certain continuing connected transaction, details of which are disclosed in the circular of the Company dated 9 October 2024. Apart from normal professional fees paid or payable to us in connection with the previous engagement and this appointment as the Independent Financial Adviser, no arrangements existed whereby we had received or would receive any fees or benefits from the Company or WuXi Biologics. Accordingly, we are qualified to give independent advice in respect of the Subscription Agreement and the Specific Mandate.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information and facts supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group (the “**Management**”); and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all material respects at the time they were made and up to the Latest Practicable Date and may be relied upon. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received is sufficient for us to reach our opinion and give the advice and recommendation set out in this letter. We have no reason to believe that any material information has been omitted or withheld, or doubt the truth or accuracy of the information provided. We have also assumed that all representations contained or referred to in the Circular were true at the time they were made and at the Latest Practicable Date and will continue to be true up to the time of the EGM, and that the Independent Shareholders will be informed as soon as reasonably practicable if we become aware of any material change to such information provided and representations made, or if there is any change to our opinion.

We consider that we have reviewed the sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Company, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of any member of the Company or the Subscriber or any of their respective subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation, we have taken into account the following principal factors and reasons:

1. Financial information of the Group

The Group is principally engaged in the provision of integrated and comprehensive services of contract research, development and manufacturing of antibody-drug conjugates and other bioconjugates.

The following table is a summary of the financial information of the Group for the two years ended 31 December 2023 and 2024 and the six months ended 30 June 2024 and 2025 as extracted from the annual report of the Company for the year ended 31 December 2024 (the “**Annual Report 2024**”) and the interim results announcement of the Company for the six months ended 30 June 2025 (the “**Interim Results 2025**”), respectively.

	For the six months ended 30 June		For the year ended 31 December	
	2025	2024	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(audited)	(audited)
Revenue	2,700,869	1,665,199	4,052,320	2,123,839
Profit for the year/period	745,701	488,228	1,069,622	283,538

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)	2023 RMB'000 (audited)
Non-current assets	3,670,941	3,022,636	1,535,341
Current assets	6,952,173	6,101,495	5,199,980
Current liabilities	3,161,595	2,466,492	1,279,410
Net current assets	3,790,578	3,635,003	3,920,570
Non-current liabilities	19,054	18,150	1,595
Net assets	7,442,465	6,639,489	5,454,316

For the year ended 31 December 2024

The Group recorded revenue of approximately RMB4,052.3 million for the year ended 31 December 2024, representing a year-on-year increase of approximately 90.8% as compared to that of approximately RMB2,123.8 million for the year ended 31 December 2023. According to the Annual Report 2024, such growth in revenue was primarily attributable to (i) the growth in the number of customers and projects, driven by continued active development of the global antibody-drug conjugate (“ADC”) and broader bioconjugates market; (ii) the increasing market share through the Group’s established position as a leading ADC CRDMO service provider in that market; and (iii) the steady advancement of the Group’s projects into later stages which typically yield higher contract values.

For the year ended 31 December 2024, the Group recorded profit for the year of approximately RMB1,069.6 million, representing a substantial growth of approximately 277.3% from the profit of approximately RMB283.5 million for the previous year. As disclosed in the Annual Report 2024, such growth in net profit was mainly resulted from (i) the increase in revenue as described in the above paragraph; and (ii) the increase in gross profit margin attributed to improved capacity utilisation rate of production line including the swift ramp-up of new production line, enhanced overall operation and manufacturing efficiency, continuous efforts in cost control and procurement strategy optimisation.

As at 31 December 2024, the Group recorded net current assets and net assets of approximately RMB3,635.0 million and RMB6,639.5 million, respectively.

For the six months ended 30 June 2025

The Group recorded revenue of approximately RMB2,700.9 million for the six months ended 30 June 2025, representing a period-on-period increase of approximately 62.2% as compared to that of approximately RMB1,665.2 million for the previous corresponding period. According to the Interim Results 2025, such growth in revenue was primarily attributable to (i) the growth in the number of customers and projects, driven by continued active development of the global ADC and broader bioconjugates market; (ii) the increasing market share through the Group’s established position as a leading

ADC CRDMO service provider in that market; and (iii) the steady advancement of the Group's projects that have progressed to late-stage development which typically yield higher contract values.

For the six months ended 30 June 2025, the Group recorded profit for the period of approximately RMB745.7 million, representing a substantial growth of approximately 52.7% from the profit of approximately RMB488.2 million for the previous corresponding period. As disclosed in the Interim Results 2025, such growth in net profit was mainly resulted from (i) the increase in revenue as described in the above paragraph; and (ii) the increase in gross profit margin as resulted from enhancement of operation efficiency and optimisation of procurement strategy, improvement of utilisation ratio of existing production facilities and achieving faster ramp-up of newly operating production lines, which outweighed the decrease in net profit margin due to increase in interest expense, decrease in interest income and net foreign exchange loss.

As at 30 June 2025, the Group recorded net current assets and net assets of approximately RMB3,790.6 million and RMB7,442.5 million, respectively.

2. Background information of the Subscriber

The Subscriber is an exempted company incorporated with limited liability in the Cayman Islands, the shares of which are listed on the Stock Exchange (stock code: 2269). WuXi Biologics and its subsidiaries are principally engaged in the provision of end-to-end solutions and services for biologics discovery, development and manufacturing to customers involving in biologics industry in both the PRC and other overseas countries.

As disclosed in the annual report of the Subscriber for the year ended 31 December 2024, the Subscriber recorded revenue of approximately RMB17,034.3 million and RMB18,675.4 million, and net profit of approximately RMB3,570.6 million and RMB3,945.4 million for the year ended 31 December 2023 and 2024, respectively. Based on the interim results announcement of the Subscriber for the six months ended 30 June 2025, its net asset value amounted to approximately RMB49,065.1 million as at 30 June 2025. The Subscriber has established collaborations with the world's leading pharmaceutical companies including but not limited to GSK plc (LSE/NYSE: GSK), Candid Therapeutics, Inc., Medigene AG (FSE: MDG1), Aadi Bioscience, Inc. (NASDAQ: AADI) and BioNTech SE (NASDAQ: BNTX) and most of the largest pharmaceutical companies in the PRC, and had a total of 864 ongoing integrated projects as at 30 June 2025. The Subscriber had also established a multi-region manufacturing network located in Hangzhou, Suzhou and Chengdu, the PRC, Europe, the United States and the Group's production facilities in Singapore which is expected to commence operation in 2026, facilitating an efficient supply chain globally.

Being a subsidiary of the Subscriber, the financial results of the Group have been consolidated into the consolidated financial statements of the Subscriber.

3. Reasons for and benefits of the Subscription and use of proceeds

As stated in the Letter from the Board, the gross proceeds from the Subscription are expected to be HK\$1,420.29 million (equivalent to approximately US\$182.00 million). The net proceeds from the Subscription (after deducting all fees, costs and expenses estimated to be incurred by the Company in connection with the Subscription) will be approximately HK\$1,414.47 million (equivalent to approximately US\$181.25 million), and the net price per Subscription Share will be approximately HK\$58.61.

The Company intends to apply the net proceeds from the Subscription as follows:

- (i) approximately 90% will be used for further expansion of the Group's service capability and capacity including, but not limited to, its production capacity in relation to clinical and commercial manufacturing for bioconjugates, drug substances and drug products. In particular:
 - With operation expected to commence at the Singapore site by mid-2026, the Group will continue to implement its expansion plan in Singapore that will allow further integration of manufacturing functions, expedite timelines and facilitate quality assurance, enabling the Group to keep pace with the growing global demand for bioconjugate CRDMO services;
 - At the same time, the Group is undergoing additional expansion of its capacity at the Wuxi site, with XDP3 and XDP5 currently under construction and expected to commence operation respectively in the second half this year and in 2027. Additionally, the Group is also in the process of formulating plans for further expansion in new areas around the Wuxi region in China; and
 - Meanwhile, the Group is also actively exploring other expansion opportunities in various countries to further boost its much-needed production capacity. Apart from construction and expansion of the existing facilities, the Group is in the process of identifying suitable strategic alliances, investment and acquisition opportunities to further enhance its capabilities and capacity. As at the Latest Practicable Date, it has not yet identified any concrete acquisition target; and
- (ii) approximately 10% will be used for the Group's working capital needs and general corporate purposes.

In assessing the fairness and reasonableness of the Subscription and the proposed allocations of net proceeds, we have primarily taken into consideration of the following factors:

3.1 Market outlook of global bioconjugation market and demand for the Group's CRDMO services

We have performed independent research on the latest development of the global bioconjugation market in order to briefly understand its market outlook. With reference to a market report dated 25 August 2025 published by Jefferies, a leading investment

banking and capital markets firm headquartered in New York with more than 40 offices worldwide offering full-fledged service including, among others, global research and market commentary on global macro strategy and economics covering multiple sectors across regions, the global market size of ADC is expected to register a compound annual growth rate (“CAGR”) of 29% from 2024 to 2030, reaching US\$65 billion by 2030. Moreover, the global market size of ADC CRDMO (covering bioconjugation, payload and linker capabilities) is expected to reach US\$4 billion by 2029, exhibiting a CAGR of 23% over the period from 2024 to 2029, with bioconjugation being the largest service in ADC CRDMO. It is also mentioned that the drug launch rate has reached its highest level since 2016, which is particularly favorable to contract development and manufacturing organisations (“CDMOs”) as each new launch signifies a transition from development to commercial production, marking an important inflection point for revenue realisation. Additionally, the increasing number of drug launches also encourages CDMOs to invest in capacity expansion and advanced technologies to meet the growing client demand.

In view of the growing market size of ADC and the associated CRDMO services and as companies seek scalable and cost-effective solutions, service providers are crucial in accelerating drug development and commercialisation. The Group, as a specialised CRDMO service provider focusing on ADC and broader bioconjugate market, is therefore in an advantageous position to benefit from the rising demand for CRDMO services within the global bioconjugation market.

In line with the growing momentum of the industry, demand for the Group’s CRDMO services has been growing continuously in recent years. As described in the above section headed “1. Financial information of the Group” in this letter, the Group’s CRDMO business has exhibited a significant increase in both of its revenue and net profit attributable to owners of the Company for the two years ended 31 December 2024, and has continued its upward trajectory in 2025 as shown by the period-on-period increase in revenue and net profit attributable to owners of the Company for the six months ended 30 June 2025, primarily resulted from the rising number of customers and projects driven by the continued active development of the global ADC and broader bioconjugates market. In addition, the customer base of the Group has been solid and growing. As disclosed in the Annual Report 2024 and Interim Results 2025, through the provision of integrated CRDMO services backed by its comprehensive capabilities and facilities spanning from drug discovery to commercialisation, the Group’s accumulated customers from across the globe, which includes leading innovative biotechnology companies and global pharmaceutical companies, amounted to 265, 345, 499 and 563 as at 31 December 2022, 2023, 2024 and 30 June 2025, respectively. On the other hand, the Group has moved forward 45 projects from discovery to integrated chemistry, manufacturing and controls (“CMC”) stage cumulatively during 2024 and further advanced 59 projects from discovery to integrated CMC stage during the first half of 2025, while the Group won 23 integrated CMC projects in 2024 and further secured 13 integrated CMC projects in the first half of 2025. The Group also signed 53 integrated projects during 2024 and further signed 37 new integrated projects and added three new process performance qualification (PPQ) projects during the first half of 2025, demonstrating a continuously strong project

signing momentum. Given the constantly growing customer demand and projects pipeline, we consider it is necessary and commercially wise for the Group to equip with sufficient manufacturing capabilities to support its operating needs.

3.2 Existing production facilities and capacities of the Group and its expansion plan

As disclosed in the Interim Results 2025 and advised by the Management, the Group has manufacturing facilities located in Shanghai, Wuxi and Changzhou in the PRC that are currently in operation, offering fully integrated and end-to-end bioconjugates CRDMO service capabilities from drug discovery to commercialisation. In particular, the manufacturing facilities located in Wuxi and the new facility in Singapore are the major production facilities of the Group primarily responsible for conjugation drug substance production and antibody intermediates production and conjugation drug product production. In view of the robust pipeline of projects involving new customers, it is imperative for the Company to enhance its manufacturing capacity and capability to effectively meet the increasing demand for the Group's CRDMO services so as to maintain an industry-leading position. The Group has been continuously expanding its manufacturing facilities in Wuxi and constructing its new facility in Singapore. As at the Latest Practicable Date, the XDP3 facility and XDP5 facility located in the Wuxi manufacturing base and the new facilities in Singapore were under construction, and were expected to complete and commence operation in the second half of 2025, 2027 and mid-2026, respectively. Such active expansion is in line with the business strategy of the Group and a strategic response to the growing demand for ADCs and bioconjugates from its customers. In addition, in view of the surging demand for the Group's CRDMO services, the Group has been formulating plans for further expansion in new areas around the Wuxi region in the PRC.

Based on our review of the breakdown of use of proceeds provided by the Management, we noted that a considerable portion of the net proceeds from the Subscription would be applied as payment of investment costs for the construction and expansion of existing facilities of the Group. In this regard, we have obtained from the Management the breakdown of respective estimated total investment costs in respect of the expansion of facilities in the PRC and Singapore. We further noted that, amid the continuous business growth and the resulted rising operating needs, the Group has been investing in production facility expansion from time to time since the listing of the Shares on the Stock Exchange in 2023. According to the Annual Report 2024 and the Interim Results 2025, approximately HK\$1,140.2 million and approximately HK\$670.6 million had been utilised by the Group for expanding its production facilities in Singapore and the PRC during the year ended 31 December 2024 and the six months ended 30 June 2025, respectively. In addition, based on the utilised net proceeds from the global offering of the Company and the corresponding remaining amount thereof up to 30 June 2025, we noted that the intended fund allocations from the Subscription and the Placing towards further expansion of the Group's capacities fall within the respective aggregate outstanding estimated investment costs with respect to expansion of production facilities in the PRC and Singapore. Notwithstanding that the Group generates sufficient operating cash flow and maintains a relatively healthy cash reserve, we consider that it is

commercially sensible for the Company to pursue equity financing through the Subscription and the Placing to finance its capital expenditures related to facility expansion.

3.3 Alternative fundraising alternatives and the Subscriber's intention

Reference is made to the announcement of the Company dated 2 September 2025 in relation to the Placing. On 2 September 2025, the Company entered into the Placing Agreement with the Placing Agent in respect of the Placing. We understand that the Company has considered various means of fundraising such as bank borrowings or rights issue before resolving to the Placing. The Directors consider that bank borrowings will increase the interest burden of the Group and rights issue is relatively more time consuming, while the Placing would allow the Company to introduce investors to the Group and therefore diversify the shareholder base of the Company. Despite the relatively low gearing ratios of the Group of approximately 7.2% as at 31 December 2024 and approximately 13.7% as at 30 June 2025, bank borrowings will inevitably increase the interest burden of the Group. With respect to other equity financing options like rights issue exercises, considering the lack of certainty in the successful implementation of a rights issue with their relatively longer timetable as compared to the Subscription and the Placing, and the additional underwriting fee involved which would normally depend on the amount of fund raised, while in contrast, the Subscription would allow the Group to raise fund with certainty and relatively less time consuming without incurring underwriting commissions and other professional fees, administrative and legal expenses, we concur with the Directors' view that the entering into of the Subscription and the Placing are fair and reasonable.

The Company also believes that the Subscription, which enables the Subscriber to maintain absolute control of over 50% in the Company, would convey a positive signal to the market regarding the Group's business prospect. In view of the strong background and financial strength of the Subscriber (as described in the above section headed "2. Background information of the Subscriber") and its prolonged position as the Company's largest Shareholder, the Subscription would (i) allow the Subscriber to restore an absolute control of over 50% shareholding interests in the Company following the dilution effect of the Placing and therefore retaining decisive control in the Board; (ii) signal the Subscriber's support and confidence in the Group's strategic development and long-term prospects to the public investors; and (iii) having considered that the Company as a subsidiary has been integral to the Subscriber's business, clearly align the Subscriber's interests with those of the other Shareholders, thereby reinforcing a shared dedication to the Company's future development.

Having considered that (i) the net proceeds from the Subscription would (a) enable the Group to expand its existing capacity which is in line with the positive outlook of the global bioconjugation market and rising demand for CRDMO services and the recent solid financial performance of the Group's business, enlarge its operating scale and improve efficiency so as to meet the surging customer demand; (b) provide additional reserves for possible strategic alliances, investment and acquisition opportunities as they arise; and (c) replenish the general working capital of the Group for operation in its ordinary course of business; and (ii) the

Subscription would signify the support and confidence of the Subscriber in the Company's future development and allow it to restore an absolute control in the Company post Placing, we are of the view that the Subscription is in the interest of the Company and the Shareholders as a whole.

4. Principal terms of the Subscription Agreement

Set out below is a summary of the principal terms of the Subscription Agreement. Further details of the Subscription Agreement are set out in the Letter from the Board.

Date: 3 September 2025 (before trading hours of the Stock Exchange)

Parties: (1) The Company, as the issuer
(2) WuXi Biologics, as the Subscriber

The Subscription Shares

Assuming that there will be no change in the issued share capital of the Company (including that no Shares will be issued and allotted in respect of share options and/or share awards granted under the Share Schemes) between the dates of this circular and the completion of the Subscription, the Subscription Shares represent (i) approximately 1.96% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 1.93% of the issued share capital of the Company as enlarged by the issue and allotment of the Subscription Shares.

The Subscription Shares, when issued, allotted and fully paid, will rank *pari passu* in all respects with the Shares in issue.

The Subscription Shares will be allotted and issued under the Specific Mandate to be sought from the Independent Shareholders at the EGM. Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Evaluation of the Subscription Price

The Subscription Price of HK\$58.85 per Subscription Share (being the same as the placing price under the Placing (“**Placing Price**”)) represents:

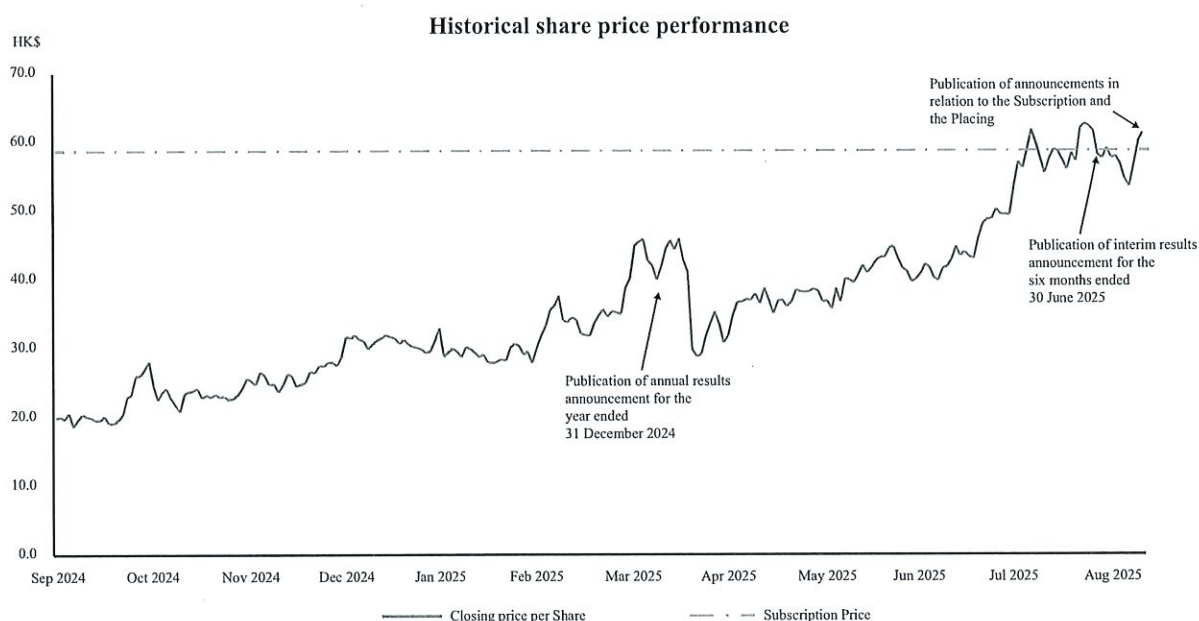
- (i) a discount of approximately 4.00% to the closing price of HK\$61.30 per Share as quoted on the Stock Exchange on the Last Trading Date; and
- (ii) a premium of approximately 2.87% to the average closing price of HK\$57.21 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Date.

As disclosed in the Letter from the Board, the Subscription Price, being the same as the Placing Price, was determined after arm's length negotiations between the Company and the Subscriber with reference to the prevailing market prices of the Shares.

In assessing the fairness and reasonableness of the Subscription Price, we have primarily taken into consideration the following factors:

4.1 Historical closing price of the Shares

The following chart depicts the daily closing price of the Shares as quoted on the Stock Exchange for the period from 3 September 2024, being the date falling one year prior to the date of the Subscription Agreement, up to and including the Last Trading Date (the “**Review Period**”), being a period covering one year which we consider a reasonable and sufficient period to illustrate the historical performance of the closing price of the Shares:



Source: the website of the Stock Exchange (<http://www.hkex.com.hk>)

As shown in the chart above, the closing Share price has been generally on an increasing trend during the Review Period, ranging from the lowest of HK\$18.70 per Share on 10 September 2024 to the highest of HK\$62.60 per Share on 14 August 2025, with an average closing price of approximately HK\$35.79 per Share. The closing Share price has been generally increasing since the beginning of the Review Period and reached a temporary peak during around late March to early April 2025, before tumbling to HK\$29.80 on 7 April 2025. The closing Share price recovered quickly and started to climb thereafter, reaching the peak on 14 August 2025, and continued to fluctuate around the Subscription Price up to the Last Trading Date and closed at HK\$61.30 per Share on the Last Trading Date. The Subscription Price represents a discount of 4.00% to the closing price of HK\$61.30 per Share as quoted on the Stock Exchange on the Last Trading Date.

The Subscription Price of HK\$58.85 per Subscription Share lies within the aforesaid range and at the higher end of the closing Share price during the Review Period, and represents a premium of approximately 214.7% over the lowest closing Share price of HK\$18.70 per Share, a discount of approximately 6.0% to the highest closing Share price of HK\$62.60 per Share and a premium of approximately 64.4% to the average closing Share price of HK\$35.79 per Share during the Review Period. The Subscription Price represents a premium to the closing price of the Shares for over 95% of the trading days throughout the Review Period.

4.2 Market comparable analysis

In assessing the fairness and reasonableness of the Subscription Price, we have also identified connected subscription of new shares (other than issue of A shares) listed on the Stock Exchange under specific mandate for cash consideration which were conducted and announced by Hong Kong listed companies (with a market capitalisation above HK\$10 billion as at the Latest Practicable Date) during the Review Period and completed as at the Latest Practicable Date, excluding subscription which forms part of a restructuring plan and/or related to capital reorganisation of the issuer. However, only 2 comparable subscriptions were identified. In order to obtain a sufficient sample size for a meaningful analysis, we have extended our review period to cover two years prior to the date of the Subscription Agreement, which we consider represents a reasonable period to capture a sufficient and representative number of comparable transactions for our analysis purpose. On this basis, we have identified an exhaustive list of 4 subscription exercises (the “**Comparables**”) which we consider fair and representative. Shareholders should note that the businesses, operations, financial positions and prospects of the Company are not the same as the subject companies underlying the Comparables. Nevertheless, we consider that the Comparables demonstrate the recent market practices of subscription of

new shares under specific mandate in Hong Kong. Set out below is a summary of the Comparables:

Company name (Stock code)	Market capitalisation as at the Latest Practicable Date (HK\$ billion)	Date of announcement	Date of completion	Involved connected transaction (Yes/No)	Premium/ (discount) of subscription price over/ (to) the closing price on the last trading day prior to/on the date of announcement (approximate %)	Premium/ (discount) of subscription price over/ (to) the average closing price for the last five consecutive trading days up to and including the last trading day prior to/ on the date of announcement (approximate %)
Air China Limited (753)	27.60	22 December 2023	7 February 2024	Yes	8.30 (Note)	5.38 (Note)
Sichuan Kelun-Biotech Biopharmaceutical Co., Ltd. (6990)	83.01	8 May 2024	18 December 2024	Yes	(6.83)	(10.19)
China Resources Power Holdings Company Limited (836)	94.38	23 October 2024	16 December 2024	Yes	(5.06)	(3.48)
Kingsoft Cloud Holdings Limited (3896)	36.95	17 April 2025	17 June 2025	Yes	(8.76)	(16.83)
			Maximum		8.30	5.38
			Minimum		(8.76)	(16.83)
			Median		(5.95)	(6.84)
			Average		(3.09)	(6.28)
The Company (2268)	87.51	3 September 2025		Yes	(4.00)	2.87

Source: the website of the Stock Exchange (<http://www.hkexnews.hk>)

Note: The subscription price was compared against the closing price on the date/last five consecutive trading days prior to the date of the relevant board meeting on which the subscription price was fixed.

As illustrated in the above table, it is a normal market practice to set the subscription price at a discount to the prevailing market price. The subscription prices of the Comparables ranged from (i) a discount of approximately 8.76% to a premium of approximately 8.30%, with an average and median discounts of approximately 3.09% and 5.95% respectively, to their respective closing prices as quoted on the date of announcement or the last trading day immediately prior to the date of announcement; and (ii) a discount of approximately 16.83% to a premium of approximately 5.38%, with an average and median discounts of approximately 6.28% and 6.84% respectively, to their respective average closing prices as quoted for the last five consecutive trading days up to and including the last trading day prior to/on the date of announcement.

Taking into consideration that (i) the Subscription Price lies within the range of and at the higher end of the closing price of the Shares during the Review Period; (ii) the Subscription Price is above the closing prices of the Shares during most of the trading days throughout the Review Period; (iii) setting the subscription price at a discount to the prevailing closing price of the Shares is in line with normal market practice; (iv) the discount of the Subscription Price of approximately 4.0% to the closing price on the Last Trading Date was within the range of premium/discount represented by the Comparables; (v) the Subscription Price represents a premium to the average closing price for the five consecutive trading days prior to and including the Last Trading Date, which is within the range of discount/premium represented by the Comparables; and (vi) the Subscription Price is equivalent to the Placing Price offered to the independent investors, reflecting market demand for the Shares and therefore the market value of the Company without creating preferential treatment to the Subscriber, we are of the view that the Subscription Price is fair and reasonable so far as the Company and the Independent Shareholders are concerned.

5. Possible financial effects of the Subscription

Gearing ratio

The gearing ratio, calculated using interest-bearing borrowings of approximately RMB1,020.0 million divided by total equity of the Group of approximately RMB7,442.5 million as disclosed in the Interim Results 2025, was approximately 13.7% as at 30 June 2025. Upon completion of the Subscription, the total assets and net assets of the Group will increase by the net proceeds. Accordingly, the gearing ratio of the Group is expected to decrease.

Working capital

As disclosed in the Interim Results 2025, the aggregate of time deposits, bank balances and cash of the Group amounted to approximately RMB3,835.7 million. Upon completion of the Subscription, the cash level of the Group will increase by the net proceeds from the Subscription of approximately HK\$1,414.5 million, which will help replenish the general working capital of the Group.

Net asset value per Share

The net asset value per Share, calculated based on the net assets of the Group of approximately RMB7,442.5 million as at 30 June 2025 and the 1,228,273,332 Shares in issue as at the Latest Practicable Date, amounted to approximately RMB6.1. Upon completion of the Subscription, the total assets and net assets of the Group will increase. Since the Subscription Price of HK\$58.85 per Subscription Price is above the net asset value per Share, the net asset value per Share of the Company upon completion of the Subscription will increase.

The Independent Shareholders should note that the above expected financial effects are for illustrative purposes only and do not represent how the financial position of the Group will be as a result of the Subscription.

6. Potential dilution effect to the existing public Shareholders

As shown in the table under the section headed “Effect of shareholding structure of the Company” in the Letter from the Board, it is noted that immediately after completion of the Subscription, the shareholding interest of the public Shareholders will be diluted from approximately 28.76% as at the Latest Practicable Date to approximately 28.21%.

Notwithstanding the potential dilution of shareholding interest of the Independent Shareholders as a result of the Subscription and the Placing, in view of (i) the reasons for and benefits of the Subscription to the Group, details of which are set out in the above section headed “3. Reasons for and benefits of the Subscription and use of proceeds” in this letter; (ii) the proposed use of proceeds which is primarily for implementing the expansion plan of the Group’s production facilities in response to the rising customer needs; and (iii) that the terms of the Subscription Agreement including the Subscription Price are fair and reasonable as previously analysed in this letter, we are of the view that the dilution effect on the shareholding of the Independent Shareholders is acceptable so far as the Company and the Independent Shareholders are concerned.

RECOMMENDATIONS

Having considered the principal factors and reasons set out above, we are of the opinion that (i) the terms of the Subscription Agreement are on normal commercial terms, and the terms of the Subscription Agreement and the Specific Mandate are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the entering into of the Subscription Agreement (including the Specific Mandate) are in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favor of the relevant resolution(s) to be proposed at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder (including the Specific Mandate).

Yours faithfully,
For and on behalf of
Lego Corporate Finance Limited



Joshua Liu
Managing Director

Mr. Joshua Liu is a licensed person registered with the Securities and Futures Commission and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in the securities and investment banking industries.