

KANGJI 康基

Kangji Medical Holdings Limited

康基医疗控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9997)

Executive Directors

Mr. ZHONG Ming (*Chairman*)

Ms. SHENTU Yinguang

Mr. YIN Zixin

Non-executive Director

Ms. CAI Li

Independent Non-executive Directors

Mr. JIANG Feng

Mr. GUO Jian

Mr. CHEN Weibo

Registered office

Appleby Global Services (Cayman) Limited

71 Fort Street

P. O. Box 500

George Town

Grand Cayman KY1-1106

Cayman Islands

Corporate headquarters

No. 1668 Chunjiang East Road

Tonglu Economic Development Zone

Hangzhou, Zhejiang Province

PRC

Principal place of business in Hong Kong

Flat 1007B, 10/F, Harbour Crystal Centre

100 Granville Road, Kowloon

Hong Kong

13 October 2025

To the Shareholders

Dear Sir or Madam,

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

UNDER SECTION 86 OF THE COMPANIES ACT

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

AND

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

1. SCHEME OF ARRANGEMENT

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of the Proposal, the Company will become a wholly-owned subsidiary of the Offeror and the listing of the Shares will be withdrawn from the Stock Exchange.

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

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

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

If the Proposal is approved and implemented:

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

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

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

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

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

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

The Cancellation Price of HK\$9.25 represents:

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

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

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

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

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

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

Highest and lowest Share prices

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

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

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

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

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

2. RSU PLAN

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

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

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

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

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

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

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

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

Notes:

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

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

3. CONDITIONS OF THE PROPOSAL

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

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

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

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

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

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

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

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

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

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

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

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

5. IRREVOCABLE UNDERTAKING

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

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

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

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

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

6. SHAREHOLDING STRUCTURE OF THE COMPANY

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

7. ARRANGEMENTS MATERIAL TO THE PROPOSAL

Consortium Agreement

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

Pursuant to the Consortium Agreement:

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

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

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

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

Shareholders’ Agreement

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

Voting rights:

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

Composition of the TopCo Board:

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

Reserved matters:

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

Management:

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

Non-Compete:

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

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

Pre-emptive rights:

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

Exit:

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

Lock-up:

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

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

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

Right of First Offer:

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

Tag Along:

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

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

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

Information and inspection rights:

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

Termination:

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

8. FINANCIAL RESOURCES

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

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

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

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

9. REASONS FOR AND BENEFITS OF THE PROPOSAL

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

10. INTENTION OF THE OFFEROR IN RESPECT OF THE GROUP

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

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

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

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

12. WITHDRAWAL OF LISTING OF SHARES

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

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

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

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

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

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

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

14. OVERSEAS SHAREHOLDERS

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

15. COURT MEETING AND EGM

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

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

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

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

16. INDEPENDENT BOARD COMMITTEE

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

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

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

17. INDEPENDENT FINANCIAL ADVISER

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

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

18. ACTIONS TO BE TAKEN

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

19. REGISTRATION AND PAYMENT

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

20. COSTS OF THE SCHEME

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

21. RECOMMENDATIONS

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

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

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

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

22. FURTHER INFORMATION

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

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

Yours faithfully,
For and on behalf of the Board of
Kangji Medical Holdings Limited

A handwritten signature in black ink, consisting of stylized Chinese characters, positioned above a horizontal line.

ZHONG Ming
Chairman