

April 8, 2025

BY EMAIL AND FED EX

Chairman Jiaqiang Li and
The Board of Directors
Sinovac Biotech Ltd.
No.39, SHANGDI West Road
Haidian District, Beijing, 100085, People's Republic of China (PRC)

Re: Sinovac Dividends to Shareholders

Dear Board of Directors:

I write on behalf of Heng Ren regarding our March 19, 2025 Shareholder Demand for Cash Distribution and Inspection of Books and Records (the "Shareholder Demand") and the Company's press release dated April 1, 2025 (the "Press Release"), in which the Board announced a special cash dividend of US\$55.00 per common share (the "Dividend").¹ Specifically, the Press Release stated that the Board expects to "fund the Dividend from available cash resources of the Company and its subsidiaries, including prior distributions from Sinovac Life Sciences Co., Ltd. and other operating subsidiaries of the Company." Heng Ren also notes that the Board announced that the "Dividend is intended to provide [Company] shareholders with their appropriate share of these prior distributions from the Company's subsidiaries."

Heng Ren is encouraged that the Board has announced the Dividend, which is consistent with its fiduciary obligations to allow shareholders finally to receive some benefit of their investment in Sinovac. But more is required. In order to increase transparency and trust, and ensure that Sinovac shareholders receive the benefit of their investment, **the Board must immediately disclose the exact timing, record date, and mechanics for the payment of the announced Dividend.** This is especially critical given that shareholders still are unable to trade their shares due to the continued trading halt on the Nasdaq. The Board should also provide an update this week on the status of the resumption of trading of Sinovac's stock as it is of critical importance to all shareholders.

Furthermore, even after paying the Dividend, the Company still will be holding more than \$6.3 billion in net cash and cash equivalents. We see no rational business reason for the Company to continue to sit on that much cash. The time to distribute the cash is now. Therefore, the Board must not only cause the Company to pay the Dividend, but also cause the Company to pay an additional

¹ Capitalized terms undefined herein shall have the same meanings ascribed to them in the Shareholder Demand.

special dividend of \$41 per share. Such a dividend payment would leave the Company with more than \$1.3 billion net cash on hand, an amount well above its operating needs.

The issue of excess cash and its distribution is not only a matter of interest to shareholders like us. It also is of interest to the U.S. Securities and Exchange Commission (SEC). As Heng Ren referenced in its letter dated March 19, 2025, in the correspondence from the SEC's Division of Corporate Finance to Sinovac dated June 26, 2023, the SEC specifically asked the Company to describe "any restrictions and limitations on [its] ability to *distribute earnings from the [C]ompany . . . to U.S. investors.*" In response, Sinovac did not identify any limitations on its ability to make distributions to investors, but simply stated it had no intention of distributing dividends in the near future. At that time, the Company was sitting on more than \$10.0 billion in net cash or cash equivalents. This action (or inaction) precluded Sinovac's shareholders from benefiting from the billions of dollars in cash that their investment had created.

Without a clear timeline on the payment of the announced \$55 cash dividend, and Sinovac's problem of excess cash still unaddressed, from a shareholders' perspective the situation hasn't changed since 2023 when the SEC sent its inquiry to Sinovac.

As demonstrated by the Company's June 30, 2024 financial report, Sinovac's cash on hand – without any revenue or operating cash flow, and after distribution of the \$55 cash dividend – would finance nearly nine years of capital expenditures.

Sinovac can responsibly distribute not only the \$55 cash dividend, but an additional special dividend of \$41 per share. The board and shareholders all should be aligned and in agreement for the distributions. These distributions pale in comparison to the opportunity cost of Sinovac's shares being halted from trading when the Company's value peaked in 2021. Long-oppressed shareholders now are entitled to receive this cash.

Heng Ren reiterates its previous demand to inspect and to make copies or extracts from, the books and records set forth in Section II.C (Parts 1-9) of its Shareholder Demand.

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Heng Ren is available to discuss and looks forward to your prompt response. Heng Ren reserves all rights, waiving none.

Very truly yours,

Heng Ren Silk Road Investments LLC

By: 

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