

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ [SEE ATTACHMENT](#)

Blank lines for listing Internal Revenue Code sections.

18 Can any resulting loss be recognized? ▶ [SEE ATTACHMENT](#)

Blank lines for indicating if a resulting loss can be recognized.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ [SEE ATTACHMENT](#)

Blank lines for providing other information necessary for the adjustment.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

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Print your name ▶ **Andrew Chater** Title ▶ **VP - FP&A, Tax and Treasury**

Paid Preparer Use Only	Print/Type preparer's name Branda Wen	Preparer's signature <i>Branda Wen</i>	Date 9/30/2021	PTIN P02228648
	Firm's name ▶ GRANT THORNTON LLP	Firm's EIN ▶ 36-6055558		
	Firm's address ▶ 10 S ALMADEN BLVD, SUITE 800, SAN JOSE, CA 95113	Phone no. ▶ 858-704-8000		



Rockley Photonics, Inc.
EIN: 32-0419695
Form 8937 Attachment

Part II, Box 14 – Description of Organizational Action

On March 19, 2021, SC Health Corporation, a Cayman Islands exempted limited company (“SC Health”) Rockley Photonics Limited, a company incorporated under the laws of England and Wales with company number 08683015 (“Rockley”), Rockley Photonics Holdings Limited, a Cayman Islands exempted company (“HoldCo”), and Rockley Mergersub Limited, a Cayman Islands exempted company and a direct wholly owned subsidiary of HoldCo (“Merger Sub”), entered into a Business Combination Agreement and Plan of Merger (the “Business Combination Agreement”).

On August 11, 2021, pursuant to the Business Combination Agreement, each of the following transactions occurred in the following order: (i) pursuant to a scheme of arrangement approved by the UK courts (the “Scheme”), all of Rockley UK’s Ordinary Shares, including shares issued immediately prior to the Scheme becoming effective as a result of the conversion of then-outstanding convertible loan notes and the exercise of warrants, were transferred by Rockley UK shareholders in exchange for an equivalent number of shares in HoldCo (the “Initial Exchange”); (ii) the holders of options to purchase shares in Rockley UK rolled over their options into new options to purchase shares in HoldCo; (iii) warrants to purchase shares in Rockley UK (other than one warrant instrument that by its terms was replicated at HoldCo) not exercised for shares in Rockley UK prior to the effectiveness of the Scheme described above were cancelled, such that immediately following the Scheme, Rockley UK became a direct wholly-owned subsidiary of HoldCo; (iv) HoldCo completed a stock split of 2.4845 per share such that each pre-split share of Rockley represented 2.4845 shares HoldCo, and such share had a value at the closing of \$10.00 per share on a post-split basis (the “Stock Split” and, together with the Initial Exchange, the “Exchange”); (v) certain investors purchased 15,000,000 Ordinary Shares pursuant to subscription agreements by and among such investors, HoldCo and SC Health for a purchase price of \$10.00 per share, or an aggregate purchase price of \$150,000,000 (the “PIPE Financing”); (vi) Merger Sub was merged with and into SC Health, with SC Health surviving and becoming a direct wholly-owned subsidiary of HoldCo (the “Merger”); and (vii) the Ordinary Shares and warrants in SC Health were exchanged for Ordinary Shares and warrants in HoldCo.

Part II, Box 15 – Description of the Quantitative Effect of the Organizational Action

SC Health received an opinion from Ropes & Gray LLP, counsel to SC Health, as to the material U.S. federal income tax consequences of the Merger to the U.S. Holders of SC Health Class A ordinary shares, to the general effect as follows:

- The Exchange and the Merger should collectively qualify as a transaction described in Section 351 of the Internal Revenue Code of 1986 (the “Code”). However, it is uncertain whether the Merger constitutes a transaction treated as a “reorganization” within the meaning of Section 368(a) of the Code. To qualify as a reorganization, a transaction must satisfy certain requirements, including, among others, that the acquiring corporation (or, in the case of certain reorganizations structured similarly to the Business Combination, its corporate parent) continue, either directly or indirectly through certain controlled corporations, either a significant line of the acquired corporation’s historic business or use a significant portion of the acquired corporation’s historic business assets in a business, in each case, within the meaning of Treasury regulations Section 1.368-1(d). There are significant factual and legal uncertainties as to whether the Merger will satisfy this requirement and, in turn, qualify as a reorganization.
- With respect to U.S. Holders (defined as a beneficial owner of SC Health Class A ordinary shares or SC Health public warrants, or of HoldCo ordinary shares or HoldCo warrants, as the case may be, that is: (1) an individual who is a citizen or resident (for U.S. federal income tax purposes) of the United States; (2) a corporation (or other entity that is treated as a corporation for U.S. federal income tax purposes) that is created or organized (or treated as created or organized) in or under the laws of the United States or any state thereof or the District of Columbia; (3) an estate whose income is subject to U.S. federal income tax regardless of its source; or (4) a trust if (1) a U.S. court can exercise primary supervision over the administration of such trust and one or more United States persons have the authority to control all substantial decisions of the trust or (2) a valid election is in place to treat the trust as a United States person) exchanging SC Health Class A ordinary shares for HoldCo ordinary shares – (i) no gain or loss should be recognized by a U.S. Holder that owns only shares of SC Health Class A ordinary shares and that exchanges such shares solely for HoldCo ordinary shares pursuant to the Merger, and, in such case, the U.S. Holder should have an adjusted tax basis of

the HoldCo ordinary shares received in the Merger equal to the adjusted tax basis of the SC Health Class A ordinary shares surrendered in exchange therefor (determined in U.S. dollars), and (ii) the holding period of the HoldCo ordinary shares received in the Merger by such U.S. Holder should include the period during which such U.S. Holder held such SC Health Class A shares exchanged therefor pursuant to the Merger.

- With respect to U.S. Holders exchanging SC Health public warrants for HoldCo Public Warrants – If the Merger qualifies as a reorganization then such U.S. Holder generally would not recognize gain or loss on such exchange. In such case, such U.S. Holder’s tax basis in a HoldCo Public Warrant received in exchange for an SC Health public warrant would be equal to such U.S. Holder’s tax basis in the SC Health public warrant exchanged therefor (determined in U.S. dollars), and the holding period of such HoldCo Public Warrant would include the holding period of the SC Health public warrant exchanged therefor. If the Merger does not qualify as a “reorganization” within the meaning of Section 368(a) of the Code, such U.S. Holder would recognize gain or loss on such exchange, and, in such case, such U.S. Holder’s tax basis in the HoldCo Public Warrant would be equal to the fair market value of such warrant at the time of the Merger, and such U.S. Holder’s holding period in its HoldCo Public Warrant would begin on the day after the Merger.
- With respect to U.S. Holders exchanging SC Health Class A ordinary shares for HoldCo ordinary shares and SC Health public warrants for HoldCo Public Warrants – The treatment of a U.S. Holder that owns SC Health Class A ordinary shares and SC Health public warrants and that receives HoldCo ordinary shares in exchange for SC Health Class A ordinary shares and whose SC Health public warrants convert to HoldCo Public Warrants in the Merger is unclear because of the factual and legal uncertainties referenced above that create uncertainty as to whether the Merger constitutes a transaction treated as a “reorganization” within the meaning of Section 368(a) of the Code. If the Merger qualifies as a reorganization then such U.S. Holder generally would not recognize gain or loss on such exchange. In such case, the U.S. Holder’s tax basis in the HoldCo ordinary shares and HoldCo Public Warrants received would be equal to such U.S. Holder’s tax basis in the SC Health Class A ordinary shares and SC Health public warrants exchanged therefor (determined in U.S. dollars), and the holding period of such HoldCo ordinary shares and HoldCo Public Warrants would include the holding period of the SC Health ordinary shares and SC Health public warrants exchanged therefor. If the Merger does not qualify as a reorganization then the HoldCo Public Warrants received by such U.S. Holder in exchange for SC Health public warrants pursuant to the merger should be treated as taxable boot received in a transaction under Section 351 of the Code, and such U.S. Holder should accordingly be required to recognize gain (but not loss) in an amount equal to the lesser of (i) the amount of gain realized by such U.S. Holder (generally, the excess of (x) the sum of the fair market values of the HoldCo Public Warrants treated as received by such U.S. Holder and the HoldCo ordinary shares received by such U.S. Holder over (y) such U.S. Holder’s aggregate adjusted tax basis in the SC Health public warrants and SC Health Class A ordinary shares treated as having been exchanged therefor) and (ii) the fair market value of the HoldCo Public Warrants treated as having been received by such U.S. Holder in such exchange.

The Stock Split should be treated as a recapitalization described in Section 368(a)(1)(E) of the Code. As a consequence, (i) no gain or loss should be recognized by U.S. Holders of HoldCo ordinary shares upon the Stock Split, (ii) the U.S. Holder should have an adjusted tax basis in the HoldCo ordinary shares after the Stock Split equal to the adjusted tax basis of the HoldCo ordinary shares prior to the Stock Split, and (iii) the holding period of the HoldCo ordinary shares after the Stock Split should be equal to the holding period of the HoldCo ordinary shares prior to the Stock Split.

Part II, Box 16 – Description of Calculation of the Change

See Part II, Box 15.

Part II, Box 17– List the Applicable Internal Revenue Code Section(s) and Subsection(s) upon which the Tax Treatment is Based.

Sections 351, 358, 368, 1223.

Part II, Box – Can Any Resulting Loss be Recognized?

No

Part II, Box 19 – Provide Any Other Information Necessary to Implement the Adjustment, Such as the Reportable Tax Year.

The merger impacts the calendar tax year ended December 31, 2021.

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