
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Shanghai Junshi Biosciences Co., Ltd.*, you should at once hand this circular, together with the accompanying form of proxy, to the purchaser or transferee or to the bank, a licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.



SHANGHAI JUNSHI BIOSCIENCES CO., LTD.*

上海君實生物醫藥科技股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock code: 1877)

CONNECTED TRANSACTION
STRATEGIC ALLOTMENT TO COLLECTIVE MANAGEMENT PLAN
APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR
AND
NOTICE OF EGM

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

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED
泓博資本有限公司

A letter from the Board is set out on pages 5 to 16 of this circular. The notice convening the EGM to be held at 13th Floor, Building 2, Nos. 36, 58 Haiqu Road, Zhangjiang Hi-Tech Park, Shanghai, the PRC on Friday, 19 June 2020 at 9:00 a.m. are set out on pages 51 to 52 of this circular. The form of proxy for the EGM is enclosed and also published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and of the Company (www.junshipharma.com).

Whether or not you are able to attend the EGM, you are reminded to complete, sign and return the form of proxy in accordance with the instructions printed thereon. For holders of H Shares, the form of proxy for the EGM shall be lodged at the Company's Hong Kong H share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 24 hours before the time fixed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending the EGM and any adjournment thereof and voting in person.

Reference to times and dates in this circular are to Hong Kong local times and dates.

* *For identification purposes only*

27 May 2020

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DEFINITIONS

Unless the context otherwise requires, the following expressions in this circular shall have the following meanings:

“A Share(s)”	the ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company proposed to be allotted, issued and listed on the STAR Market
“A Share Offering”	the proposed initial public offering of not more than 87,130,000 A Shares (including A Shares which may be issued upon any over-allotment arrangement (if any)), to be listed on the STAR Market
“Articles of Association”	the articles of association of the Company as effective at the time
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board of Directors” or “Board”	the board of Directors of the Company
“CICC”	China International Capital Corporation Limited (中國國際金融股份有限公司)
“Collective Management Plan”	Guotai Junan Junxiang STAR Market Junshi Biosciences No. 1 Strategic Placing Collective Asset Management Plan* (國泰君安君享科創板君實生物1號戰略配售集合資產管理計劃)
“Company”	Shanghai Junshi Biosciences Co., Ltd.* 上海君實生物醫藥科技股份有限公司, a joint stock limited company incorporated in the PRC with limited liability, the H Shares of which are listed and traded on the main board of the Hong Kong Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid for in Renminbi

DEFINITIONS

“EGM”	the 2020 second extraordinary general meeting of the Company to be held on Friday, 19 June 2020 (and any adjournment thereof)
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas-listed share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are traded in Hong Kong dollars and are listed on the Hong Kong Stock Exchange
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	an independent board committee of the Company comprising all Independent Non-executive Directors who are independent from related matters to advise the Independent Shareholders in respect of the Strategic Allotment to the Collective Management Plan
“Independent Financial Adviser” or “Rainbow Capital”	Rainbow Capital (HK) Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, and the independent financial adviser of the Company appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Strategic Allotment to the Collective Management Plan
“Independent Non-executive Director(s)”	the independent non-executive Director(s) of the Company
“Independent Shareholders”	Shareholders who are not required to abstain from voting on the resolution in relation to the Strategic Allotment to the Collective Management Plan to be considered and, if thought fit, approved at the EGM
“Issue Price”	issue price of each A Share to be issued to the Collective Management Plan under the Strategic Allotment

DEFINITIONS

“Latest Practicable Date”	21 May 2020, being the latest practicable date prior to the printing of this circular of ascertaining certain information herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules
“Notice of EGM”	the notice of the EGM set out on pages 51 to 52 of this circular
“Participants”	the participants who will participate in the Strategic Allotment under the A Share Offering
“PRC” or “China”	the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“PRC Company Law”	the Company Law of the PRC (《中華人民共和國公司法》) (as amended from time to time)
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai Securities Regulatory Bureau”	the Shanghai Securities Regulatory Bureau of the CSRC
“Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, comprising H Shares and Domestic Shares
“Shareholder(s)”	holder(s) of Share(s)
“SSE”	the Shanghai Stock Exchange
“STAR Market”	the STAR Market of the SSE

DEFINITIONS

“STAR Market Implementation Measures”	Implementation Measures for the Issue and Underwriting of Securities on the STAR Market of the Shanghai Stock Exchange (《上海證券交易所科創板股票發行與承銷實施辦法》)
“STAR Market Listing Rules”	the Rules Governing the Listing of Securities on the STAR Market of the Shanghai Stock Exchange (《上海證券交易所科創板股票上市規則》)
“Strategic Allotment”	the strategic allotment of not more than 10% of the total number of A Shares to be issued under the A Share Offering, i.e., not more than 8,713,000 A Shares, to the Participants via the Collective Management Plan by the Company under the A Share Offering
“Strategic Allotment Agreement”	the strategic investor allotment agreement to be entered into by and among the Company, the Collective Management Plan and CICC
“Supervisor(s)”	the supervisor(s) of the Company
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

* *For identification purposes only*

LETTER FROM THE BOARD



SHANGHAI JUNSHI BIOSCIENCES CO., LTD.*

上海君實生物醫藥科技股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock code: 1877)

Executive Directors:

Mr. Xiong Jun (*Chairman and Legal Representative*)

Dr. Li Ning (*Chief Executive Officer and General Manager*)

Dr. Feng Hui

Mr. Zhang Zhuobing

Dr. Wu Hai

Dr. Yao Sheng

Registered address, headquarters and principal place of business in the PRC:
Level 13, Building 2

Nos. 36 and 58, Hai Qu Road
China (Shanghai) Pilot Free Trade Zone
the PRC

Principal place of business in Hong Kong:
Level 54, Hopewell Centre
183 Queen's Road East, Hong Kong

Non-executive Directors:

Mr. Tang Yi

Mr. Li Cong

Mr. Yi Qingqing

Mr. Lin Lijun

Independent Non-executive Directors:

Dr. Chen Lieping

Dr. He Jia

Mr. Chen Xinjun

Mr. Qian Zhi

Dr. Roy Steven Herbst

27 May 2020

To the Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION
STRATEGIC ALLOTMENT TO COLLECTIVE MANAGEMENT PLAN
APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR
AND
NOTICE OF EGM**

I. INTRODUCTION

Reference is made to the Company's announcements dated 17 April 2020 and 27 May 2020 in relation to the Strategic Allotment, and the Company's announcement dated 30 April 2019 and supplemental circular dated 27 May 2019, which set out further details regarding the A Share Offering.

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Reference is also made to the Company's announcement dated 29 April 2020 in relation to the proposed appointment of an Independent Non-executive Director.

The purpose of this circular is to provide you with further details on the Strategic Allotment and the proposed appointment of an Independent Non-executive Director.

II. STRATEGIC ALLOTMENT

In accordance with the STAR Market Listing Rules, the STAR Market Implementation Measures and other relevant laws, regulations and regulatory documents, certain senior management and core employees of the Group have established the Collective Management Plan to participate in the Strategic Allotment under the A Share Offering. Accordingly, the Company proposes to enter into the Strategic Allotment Agreement with the Collective Management Plan and CICC (as sponsor and a lead underwriter of the A Share Offering). Set out below are the principal terms of the Strategic Allotment.

1. Source of Shares

Shares to be issued under the Strategic Allotment to the Collective Management Plan shall be the A Shares to be issued by the Company pursuant to the A Share Offering. Each of the A Shares has nominal value of RMB1.00. Such A Shares shall be listed on the STAR Market.

2. Number of Shares and Subscription Amount

The total subscription amount for the A Shares under the Strategic Allotment shall be RMB259,110,000 (inclusive of brokerage and taxes).

The actual number of A Shares to be issued to the Collective Management Plan will be determined based on the final Issue Price of the A Shares. The total number of A Shares to be subscribed by the Collective Management Plan shall not exceed 10% of the total number of A Shares proposed to be issued under the A Share Offering. Accordingly, the maximum number of A Shares to be issued under the Strategic Allotment is 8,713,000 A Shares.

3. Issue Price, Pricing Principles and Payment Methods

The Issue Price of the A Shares to be issued to the Collective Management Plan will be the same as the issue price of the A Shares under the A Share Offering.

According to relevant PRC rules and regulations, including the STAR Market Implementation Measures, the issue price of A Shares under the A Share Offering will be determined through a combination of off-line placement to professional institutional investors and offering by way of on-line subscription by public investors based on market value, or by other pricing methods recognized by the CSRC and the SSE.

LETTER FROM THE BOARD

Pursuant to the STAR Market Implementation Measures, the issue price of A Shares under the A Share Offering shall be determined through price inquiry with professional institutional investors (such as securities firms, fund management companies, trust companies, finance companies, insurance companies, qualified foreign institutional investors and private fund managers). The Company and the lead underwriter(s) may then determine the issue price of A Shares through the initial price inquiry or through cumulative bidding inquiry after an issue price range has been determined from the initial price inquiry. The STAR Market Implementation Measures also prohibits the Collective Management Plan, as a strategic investor, to participate in the price inquiry process.

The issue price of A Shares under the A Share Offering will be determined through the above price inquiry mechanism. Based on the PRC Company Law, the issue price of A Shares under the A Share Offering shall be not lower than the nominal value of the Shares of the Company, i.e. RMB1.00 per Share. There are no other legal or regulatory requirements stipulating the price floor in the A Share Offering. The Company does not intend to issue the A Shares at a price lower than the latest audited net asset value per share prior to the A Share Offering. Based on the audited consolidated net asset value of the Company as at 31 December 2019 and the total number of issued Shares as at the Latest Practicable Date, the audited net asset value per Share was RMB3.81 as of 31 December 2019.

The Collective Management Plan shall, at the request of CICC, which is the lead underwriter, transfer the subscription funds to the account designated by the lead underwriter in one go, which will in turn be transferred to the special proceeds account of the Company together with funds raised from the A Share Offering after deduction of sponsor and underwriting fees and other expenses.

4. Lock-up Period

The A Shares subscribed by the Collective Management Plan are subject to a lock-up period of 12 months from the date of completion of the A Share Offering and listing on the STAR Market.

5. The Collective Management Plan

(i) Basic Information

Established in March 2020, the Collective Management Plan was established for the implementation of Strategic Allotment. Set out below are the basic information of the Collective Management Plan:

Name:	Guotai Junan Junxiang STAR Market Junshi Biosciences No. 1 Strategic Placing Collective Asset Management Plan* (國泰君安君享科創板君實生物1號戰略配售集合資產管理計劃)
Administrator:	Shanghai Guotai Junan Securities Asset Management Co., Ltd. (上海國泰君安證券資產管理有限公司)
Trustee:	China Merchants Bank Co., Ltd. Shanghai Branch (招商銀行股份有限公司上海分行)

LETTER FROM THE BOARD

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Administrator and the Trustee is a third party independent of the Company and its connected persons.

(ii) Participants of the Collective Management Plan

The Participants of the Collective Management Plan comprise senior management and core employees of the Group. Participation portions are determined with a view to enhance sustainability and competitiveness of the Company. Set out below is the list of the Participants:

Name	Major position in the Group	Functions	Contribution amount (in RMB'000)	Percentage of interests in the Collective Management Plan (approximately)
Xiong Jun	Executive Director and Chairman of the Board	Overall management of the Group	10,500	4.05%
Li Ning	Executive Director and general manager of the Company	Management of the Group	46,130	17.81%
Zhang Zhuobing	Executive Director and deputy general manager of the Company	Research and development	10,500	4.05%
Feng Hui	Executive Director	Research and development	10,500	4.05%
Sub-total			77,630	29.96%
Other senior management and core employees of the Group			181,480	70.04%
Total			259,110	100%

Note: Certain figures in the above table have been subject to rounding adjustments, or have been rounded to two decimal places. Any discrepancies between the total shown and the sum of the amounts listed are due to rounding.

The Collective Management Plan was established pursuant to the STAR Market Implementation Measures. To be eligible to participate in the Collective Management Plan, participants should be senior management and core employees of the Group. The Collective Management Plan was established to cover participants from every major function of the Group from different backgrounds, with a view to enhance sustainability and competitiveness of the Company. Participants of the Collective Management Plan represent core employees from all important streams of the Group's business, from initial stage of products development (i.e. the Group's research and development, clinical

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research and quality control), production and manufacturing activities (i.e. the Group's production design and planning, and actual production), marketing and sales of the Group's products (i.e. commercialization), general administration of the Group (i.e. administration, finance and investor relations), and overall management.

(iii) Source of Funding

The Participants participate in the Collective Management Plan with their self-owned funds.

(iv) Term of the Collective Management Plan and Exit

The Collective Management Plan has a term of 5 years (extendable by the Administrator). Upon expiry of the Collective Management Plan's term, the assets of the Collective Management Plan shall be sold, and the Administrator will distribute the realized cash to the Participants (after making deductions according to the terms of the Collective Management Plan).

A Participant could not exit the Collective Management Plan prior to the expiry of a 12-month period following the completion of the Strategic Allotment.

(v) Administration of the Collective Management Plan

The Trustee will hold the assets of the Collective Management Plan in accordance with the terms of the Collective Management Plan and the trust agreement between the Trustee and the Administrator, and in accordance with relevant rules and regulations of the PRC. The Collective Management Plan will be administered and controlled by the Administrator.

Among others, the Administrator controls the rights regarding exercise of shareholders' rights by the Collective Management Plan (including voting rights), the independent operation of the Collective Management Plan, and investment decisions.

In respect of the voting rights of A Shares under the Collective Management Plan, Participants shall not exercise or be entitled to any rights to vote in respect of any A Share under the Collective Management Plan. Voting rights of all A Shares under the Collective Management Plan will be exercised by the Administrator, without any requirement of seeking direction or consent from the Participants.

The Administrator also controls the investment decisions and disposal of assets of the Collective Management Plan. It may independently dispose of A Shares under the Collective Management Plan for investment income at any time it considers appropriate after expiry of the lock-up period. It will also be entitled to use the disposal proceeds and surplus cash for further investment with a view to enhance the return rate under the Collective Management Plan. No instruction on disposal would be given by a Participant in respect of the Collective Management Plan's assets. The Administrator may exercise its investment decisions within the investment scope of the Collective Management Plan, which includes: the A Shares to be issued under the Strategic Allotment, bank deposits (including interbank time deposits, agreed deposits, certificates of deposit, structured deposits, etc.), and money market funds.

LETTER FROM THE BOARD

In addition, the Administrator controls the distributions decisions by the Collective Management Plan. The Collective Management Plan may only distribute any revenue after all prior loss of the Collective Management Plan has been made up. Any plan of distribution shall be proposed by the Administrator, and such proposal will be verified by the Trustee.

The Participants have no control over the holding or disposal of A Shares under the Collective Management Plan, and will not have any direct ownership over the A Shares. Participants are only entitled to cash distributions under the Collective Management Plan.

OTHER INFORMATION RELATING TO THE STRATEGIC ALLOTMENT

1. Impact of the A Share Offering and Strategic Allotment to the Collective Management Plan on the Shareholding Structure of the Company

The Company's 601,400,000 Domestic Shares currently in issue will be converted into A Shares on the date of completion of the A Share Offering. For reference and illustration purposes only, assuming that all of the 87,130,000 A Shares under the A Share Offering are to be issued, set out below is the shareholding structure of the Company as at the Latest Practicable Date and immediately after the completion of the A Share Offering:

	As at the Latest Practicable Date		Immediately after the completion of the A Share Offering	
	Number of Shares	Shareholding % in the Company (approximately)	Number of Shares	Shareholding % in the Company (approximately)
Domestic Shares	601,400,000	76.69%	–	–
A Shares	–	–	688,530,000	79.03%
A Shares converted from Domestic Shares in issue	–	–	601,400,000	69.03%
A Shares to be newly issued	–	–	87,130,000	10.00%
– A Shares to be issued and held by the Collective Management Plan	–	–	8,713,000	1.00%
– A Shares to be issued and held by shareholders other than the Collective Management Plan	–	–	78,417,000	9.00%
H Shares	182,746,500	23.31%	182,746,500	20.97%
Total	<u>784,146,500</u>	<u>100%</u>	<u>871,276,500</u>	<u>100%</u>

LETTER FROM THE BOARD

2. Reasons for and Benefits of the Strategic Allotment and Use of Proceeds

The purpose of the establishment of the Collective Management Plan and the Strategic Allotment is to retain, motivate and incentivize the Company's employees, and to align their interests with the Shareholders' interests. The Participants are senior management and core employees of the Company, each of them serves important roles in the operation and management of the Group. The Participants also cover all major functions of the Company. The Company believes that the Collective Management Plan would be beneficial in retaining the Participants, and motivating them in improving the Company's performance. The Company also believes that the Strategic Allotment will allow senior management and core employees of the Company to participate in the Company's shareholding structure, and thereby facilitate the diversification of the Company's shareholding structure and improvement of the corporate governance.

The proceeds obtained by the Company from the Strategic Allotment shall be applied towards the use of proceeds from the A Share Offering, that is, research and development of innovative drugs, the Lingang Production Base (the Group's production base located in Lingang Industrial Park, Fengxian District, Shanghai, the PRC under construction) construction project, repayment of bank loans and replenish cash flow.

In light of the above benefits to the Group, the size of the proceeds to be raised, and terms (in particular the Issue Price which will be the same as the A Share offer price), the Directors (including the Independent Non-executive Directors) consider that the terms of the Strategic Allotment are on normal commercial terms and fair and reasonable, and the Strategic Allotment under the A Share Offering is in the interests of the Company and the Shareholders as a whole, although it is not in the usual and ordinary course of business of the Company due to the nature of such transaction.

OTHER INFORMATION

1. Fund Raising Activities in the Past Twelve Months

The Company has not conducted any fund raising activities involving the issuance of share capital within 12 months immediately preceding the Latest Practicable Date.

2. Information of the Company

The Company is a joint stock limited liability company established in the PRC, whose H Shares are listed on the Hong Kong Stock Exchange (stock code: 1877). The Group is an innovation-driven biopharmaceutical company dedicated to the discovery and development of innovative drugs and their clinical research and commercialization on a global scale.

LETTER FROM THE BOARD

3. Information of the Collective Management Plan

The Collective Management Plan was established in March 2020. It is administered by the Administrator, Shanghai Guotai Junan Securities Asset Management Co., Ltd. (上海國泰君安證券資產管理有限公司), and its assets will be held by the Trustee, China Merchants Bank Co., Ltd. Shanghai Branch (招商銀行股份有限公司上海分行). The Participants of the Collective Management Plan comprise senior management and core employees of the Company.

4. Implications of the Listing Rules

The Participants of the Collective Management Plan include four executive Directors (namely, Mr. Xiong Jun, Dr. Li Ning, Mr. Zhang Zhuobing and Dr. Feng Hui). Mr. Xiong Jun is also a substantial shareholder of the Company for the purpose of the Listing Rules, please also refer to the paragraph headed “V. General” in this letter from the Board. The Collective Management Plan is a connected person of the Company and the Strategic Allotment constitutes a connected transaction of the Company. The Strategic Allotment is subject to the requirements of reporting, announcement and the Independent Shareholders’ approval under the Listing Rules.

5. Independent Board Committee and Independent Financial Adviser

The Independent Board Committee (consisting of all Independent Non-executive Directors, namely, Dr. Chen Lieping, Dr. He Jia, Mr. Chen Xinjun, Mr. Qian Zhi and Dr. Roy Steven Herbst) has been established to advise the Independent Shareholders on the Strategic Allotment. Rainbow Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Strategic Allotment.

6. Board Approval

The resolution in respect of the Strategic Allotment to the Collective Management Plan was considered and approved at the meeting of the Board held on 17 April 2020. Each of Mr. Xiong Jun, Dr. Li Ning, Mr. Zhang Zhuobing and Dr. Feng Hui, who were all executive Directors, were Participants in the Collective Management Plan. They abstained from voting on the resolution in respect of the Strategic Allotment to the Collective Management Plan at the Board meeting as a result of their interests. Save as disclosed, none of the remaining Directors has a material interest in the above proposal and they approved the above proposal unanimously.

LETTER FROM THE BOARD

III. APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Zhang Chun (“**Mr. Zhang**”) is nominated as an Independent Non-executive Director to fill the casual vacancy of Dr. He Jia, who tendered his resignation as an Independent Non-executive Director on 26 April 2020.

The biography of Mr. Zhang is as follows:

Mr. Zhang Chun (張淳), aged 62. Mr. Zhang’s main experience includes: from August 1978 to July 1992, he had held various positions in the Industry and Transport Division of the Department of Finance of Jiangsu Province, including the deputy section chief, section chief and deputy division director; from August 1992 to December 1993, he served as the deputy general manager of Jiangsu High and New Technology Venture Capital Company*; from December 1993 to December 1995, he served as the president of Jiangsu Assets and Equity Exchange and the general manager of Jiangsu Asset Appraisal Company*; from December 1995 to December 1999, he served as the director of Jiangsu Certified Public Accountants Company*; from December 1999 to September 2010, he served as the director of the asset appraisal center under the Department of Finance of Jiangsu Province; from September 2010 to August 2017, he served as the division chief of Jiangsu Rural Comprehensive Reform Working Group Office; he has been retired since August 2017.

Mr. Zhang graduated in accounting from Jiangxi University of Finance and Economics, the PRC in July 1985, and graduated in law from Party School of the Central Committee of C.P.C in December 2001. He has been qualified as a Chinese Certified Public Accountant since 1994 and Senior Accountant since December 1997.

As at the Latest Practicable Date, save as disclosed above, Mr. Zhang has confirmed that he (i) does not hold any position in the Company or any other subsidiaries of the Company, nor did he hold any directorship or positions of supervisor in any other listed companies in Hong Kong or overseas in the last three years; (ii) does not have any relationship with any directors, supervisors, senior management or substantial shareholders (as defined in the Listing Rules) of the Company; and (iii) does not have any interests in the shares or underlying shares of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

If Mr. Zhang is appointed as an Independent Non-executive Director at the EGM, the Company will enter into a service contract with Mr. Zhang in relation to his appointment as an Independent Non-executive Director for a term commencing from the date of approval of his appointment at the EGM and expiring on the conclusion of the Second Session of the Board of Directors, which is determinable by either party serving on the other not less than three months’ written notice, and subject to retirement by rotation and re-appointment in accordance with the Articles of Association and the Listing Rules. Under the terms of the proposed service contract, the director’s fee payable to Mr. Zhang will be RMB200,000 per annum, which was determined with reference to his duties and responsibilities in the Company and prevailing market conditions, and will be subject to review by the Board and the Remuneration Committee

LETTER FROM THE BOARD

of the Company from time to time. Mr. Zhang has not entered into nor proposed to enter into any service contracts, which fall within the meanings of Rule 13.68 of the Listing Rules requiring the prior approval of Shareholders at general meetings, with the Company.

Save as disclosed above, there are no other matters concerning Mr. Zhang's appointment as an Independent Non-executive Director that need to be brought to the attention of the Shareholders nor any information required to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

An ordinary resolution will be proposed at the EGM to consider and, if thought fit, approve the appointment of Mr. Zhang as an Independent Non-executive Director. If approved, the appointment of Mr. Zhang shall take effect on the date of the EGM.

IV. EGM

The EGM will be held at 13th Floor, Building 2, Nos. 36, 58 Haiqu Road, Zhangjiang Hi-Tech Park, Shanghai, the PRC at 9:00 a.m. on Friday, 19 June 2020. The Notice of EGM is set out on pages 51 to 52 of this circular.

The form of proxy for use at the EGM is enclosed herewith and also published on the websites of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and of the Company (www.junshipharma.com).

The register of members of H shares of the Company has been closed from Wednesday, 20 May 2020 to Friday, 19 June 2020, both days inclusive, during which period no transfer of H Shares will be registered, in order to determine the entitlements of the Shareholders of the Company to attend and vote at the EGM. In order to be eligible to attend and vote at the EGM, holders of H Shares whose transfer documents have not been registered are required to deposit all properly completed share transfer forms together with the relevant share certificates to the Company's H Share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (for holders of H shares) for registration before 4:30 p.m. on Tuesday, 19 May 2020.

A shareholder entitled to attend and vote at the meeting may appoint one or more persons as his/her proxy(ies) to attend and vote on his/her behalf. A proxy need not be a shareholder of the Company but must attend the meeting in person to represent the member. Shareholders who intend to attend the meeting by proxy should complete the proxy form.

For holders of H Shares, the proxy form for the EGM should be returned to the Company's H Share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, in person or by post as soon as possible and no later than 24 hours before the time fixed for holding the meeting (i.e. not later than Thursday, 18 June 2020 at 9:00 a.m. (Hong Kong time)) or any adjournment thereof. Completion and return of the proxy form(s) will not preclude you from attending the meeting and any adjournment thereof and voting in person. In such event, the form(s) of proxy shall be deemed to be revoked.

LETTER FROM THE BOARD

According to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the chairman of the EGM will demand a poll for all resolutions to be proposed at the EGM in accordance with Article 87 of the Articles of Association. Poll results will be announced by the Company in the manner prescribed under Rule 13.39(5) of the Listing Rules after the EGM.

To the best of the Directors' knowledge, information and belief, save as disclosed below in this circular, none of the Shareholders are required to abstain from voting at the EGM.

V. GENERAL

To the best knowledge of the Directors and according to applicable PRC laws, regulations and regulatory requirements, (i) Mr. Xiong Jun together with his parties acting in concert, who are interested in an aggregate of 217,231,536 Domestic Shares, representing approximately 27.70% of the Company's total issued share capital as of the Latest Practicable Date, (ii) Mr. Feng Hui, who is interested in 13,140,000 Domestic Shares, representing approximately 1.68% of the Company's total issued share capital as of the Latest Practicable Date, and (iii) Mr. Zhang Zhuobing's spouse, who is interested in 8,608,000 Domestic Shares, representing approximately 1.10% of the Company's total issued share capital as of the Latest Practicable Date, are required to abstain from voting on the above resolution regarding the Strategic Allotment to the Collective Management Plan at the EGM.

To the best of the Directors' knowledge, information and belief, no Shareholder is required to abstain from voting on the resolution regarding the proposed appointment of the Independent Non-executive Director at the EGM.

VI. RECOMMENDATION

The Directors (including the Independent Non-executive Directors) are of the view that the terms of the Strategic Allotment are on normal commercial terms and fair and reasonable, and the Strategic Allotment under the A Share Offering is in the interests of the Company and the Shareholders as a whole, although it is not in the usual and ordinary course of business of the Company due to the nature of such transaction. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the Strategic Allotment to the Collective Management Plan.

The Directors also recommend the Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the appointment of the Independent Non-executive Director.

VII. ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders and the letter from Rainbow Capital to the Independent Board Committee and the Independent Shareholders as set out in this circular.

LETTER FROM THE BOARD

There is no assurance that the A Share Offering and the Strategic Allotment will complete. Shareholders and investors are advised to exercise caution in dealings in the H Shares.

By order of the Board
Shanghai Junshi Biosciences Co., Ltd.*
Xiong Jun
Chairman

* *For identification purposes only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is a full text of the letter from the Independent Board Committee to the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



SHANGHAI JUNSHI BIOSCIENCES CO., LTD.*

上海君實生物醫藥科技股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock code: 1877)

27 May 2020

To the Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION STRATEGIC ALLOTMENT TO COLLECTIVE MANAGEMENT PLAN

We refer to the circular dated 27 May 2020 (the “**Circular**”) of Shanghai Junshi Biosciences Co., Ltd.* (the “**Company**”), of which this letter forms a part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as defined in the Circular.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Strategic Allotment are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Rainbow Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Your attention is drawn to the advice of Rainbow Capital to the Independent Board Committee and the Independent Shareholders in respect of the Strategic Allotment as set out in the “Letter From Rainbow Capital” in the Circular.

Having taking into account the advice of Rainbow Capital, we are of the view that the terms of the Strategic Allotment are entered into on normal commercial terms, and are fair and reasonable, and the Strategic Allotment is in the interests of the Company and the Shareholders as a whole, although it is not in the usual and ordinary course of business of the Company due to the nature of such transaction.

* *For identification purposes only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve, among other things, the Strategic Allotment.

Yours faithfully,
for and on behalf of the Independent Board Committee

Dr. Chen
Lieping

Dr. He Jia

Mr. Chen
Xinjun

Mr. Qian Zhi

Dr. Roy Steven
Herbst

LETTER FROM RAINBOW CAPITAL

The following is the full text of a letter of advice from Rainbow Capital, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Strategic Allotment, which has been prepared for the purpose of incorporation in this circular.

Rainbow Capital (HK) Limited

27 May 2020

To the Independent Board Committee and the Independent Shareholders

Shanghai Junshi Biosciences Co., Ltd.
Level 13, Building 2
Nos. 36 and 58, Hai Qu Road
China (Shanghai) Pilot Free Trade Zone
The PRC

Dear Sir or Madam,

CONNECTED TRANSACTION STRATEGIC ALLOTMENT TO COLLECTIVE MANAGEMENT PLAN

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Strategic Allotment, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular issued by the Company to the Shareholders dated 27 May 2020 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

The Company has applied for an initial public offering and listing of A Shares on the STAR Market. Such application has been considered and approved by the STAR Market Stock Listing Committee. In accordance with the STAR Market Listing Rules, the STAR Market Implementation Measures and other relevant laws, regulations and regulatory documents, certain senior management and core employees of the Group have established the Collective Management Plan to participate in the Strategic Allotment under the A Share Offering. A total of 13 Participants (including four executive Directors) shall take part in the Strategic Allotment with a total subscription amount for A Shares of RMB259,110,000 (inclusive of brokerage and taxes). The total number of A Shares to be subscribed by the Collective Management Plan shall not exceed 8,713,000 A Shares, being 10% of the total number of A Shares proposed to be issued under the A Share Offering.

LETTER FROM RAINBOW CAPITAL

As the Participants of the Collective Management Plan include four executive Directors, the Collective Management Plan is a connected person of the Company. Accordingly, the Strategic Allotment constitutes a connected transaction for the Company, which is subject to the reporting, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Participants who are Shareholders and their respective associates shall abstain from voting on the relevant ordinary resolution to approve the Strategic Allotment at the EGM.

The Independent Board Committee, comprising all the five independent non-executive Directors, namely Dr. Chen Lieping, Dr. He Jia, Mr. Chen Xinjun, Mr. Qian Zhi and Dr. Roy Steven Herbst, has been formed to advise the Independent Shareholders on whether (i) the Strategic Allotment is conducted in the ordinary and usual course of business of the Group; and (ii) the terms of the Strategic Allotment are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and advise the Independent Shareholders as to voting. We, Rainbow Capital, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

As at the Latest Practicable Date, we did not have any relationships or interests with the Group that could reasonably be regarded as relevant to our independence. In the last two years, there was no engagement between the Group and us. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received any fees or benefits from the Group. Accordingly, we are qualified to give independent advice in respect of the Issuance.

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 supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; 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 respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular were true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the management of the Group were true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the Circular.

LETTER FROM RAINBOW CAPITAL

We consider that we have reviewed 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 Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company or its substantial shareholders, 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. Business of the Group and the background to the Strategic Allotment

(i) Business of the Group

Established in December 2012 and listed on the Stock Exchange in December 2018, the Group is a biopharmaceutical company dedicated to the discovery and development of innovative drugs and their clinical research and commercialisation on a global scale with the vision to provide patients with treatment options that work better and cost less. As at the Latest Practicable Date, the Group had a product pipeline comprising 21 drug candidates covering different research and development (“**R&D**”) stages, including 13 original innovative drugs independently developed by the Group and 8 drugs jointly developed with its partners. Product types of the Group include monoclonal antibodies, fusion proteins, antibody-drug conjugates and small molecule drugs. The Group strives to expand its product pipeline through development of both macromolecular and small molecule drugs.

Currently, the Group has two monoclonal antibody production bases located in the Wujiang Economic and Technological Development Zone in Suzhou (the “**Wujiang Production Base**”) and the Lingang Industrial Park in Shanghai Free-Trade Zone (the “**Lingang Production Base**”). The Wujiang Production Base has a fermentation capacity of 3,000L and is currently in the commercial production of the Group’s products and the production of clinical trial drugs, whereas the Lingang Production Base obtained the drug production license in November 2019 and started trial production at the end of 2019 with a fermentation capacity of 30,000L. The Group plans to further increase the fermentation capacity of macromolecular drugs and explore new production processes to further reduce production costs.

In February 2019, the Group commercialised its first product, Toripalimab. As a result, revenue of the Group from continuing operations increased significantly from approximately RMB934,000 for the year ended 31 December 2018 (“**FY2018**”) to approximately RMB775.1 million for the year ended 31 December 2019 (“**FY2019**”). However, the increase in loss attributable to the Shareholders from continuing operations from approximately RMB716.5 million in FY2018 to approximately RMB743.9 million in FY2019 was primarily attributable

LETTER FROM RAINBOW CAPITAL

to the increase in R&D expenses and administrative expenses due to the increase in the number of R&D projects and business expansion, which was partially offset by the booming sales of Toripalimab. The Group will continue to improve the establishment of marketing and commercialisation teams.

As disclosed in the annual report of the Company for the year ended 31 December 2019 (the “**2019 Annual Report**”), the Group is committed to becoming an innovative biopharmaceutical company with global competitiveness by integrating R&D, production and commercialisation, and will continue to (a) focus on the advancement and commercialisation of its existing drug candidates; (b) expand its product pipeline; and (c) scale up its macromolecules fermentation capacity to lower its production costs (collectively, the “**Development Strategies**”).

(ii) Background to the Strategic Allotment

The Company has applied for an initial public offering of not more than 87,130,000 A Shares and listing of the A Shares on the STAR Market. Such application was accepted by the SSE in September 2019 following the approval of the Shareholders in June 2019. The application for the A Share Offering has been considered and approved by the STAR Market Stock Listing Committee. The China Securities Regulatory Commission has approved the Company’s application for the registration of the issue of A Shares. The Domestic Shares were traded on the National Equities Exchange and Quotations (the “**NEEQ**”) prior to delisting from the NEEQ from 8 May 2020 onwards.

As disclosed in the supplemental circular of the Company dated 27 May 2019 (the “**Supplemental Circular**”), the proceeds from the A Share Offering shall be used for (a) the R&D of innovative drugs; (b) the construction of the Lingang Production Base; and (c) repayment of bank loans and replenishment of working capital. We consider that the use of the proceeds from the A Share Offering is in line with the Group’s Development Strategies.

In accordance with the STAR Market Listing Rules, the STAR Market Implementation Measures and other relevant laws, regulations and regulatory documents, certain senior management and core employees of the Group have established the Collective Management Plan to participate in the Strategic Allotment under the A Share Offering in order to subscribe for no more than 10% of the A Shares proposed to be issued under the A Share Offering.

2. Principal terms of the Strategic Allotment

The Company proposes to enter into the Strategic Allotment Agreement with the Collective Management Plan and CICC (as sponsor and a lead underwriter of the A Share Offering). Details of the principal terms of the Strategic Allotment are set out in the section headed “II. Strategic Allotment” in the Letter from the Board, which are summarised below:

Participants	:	Senior management and core employees of the Group.
Source of funding	:	Self-owned funds of the Participants.

LETTER FROM RAINBOW CAPITAL

Source of Shares : The Shares to be issued under the Strategic Allotment to the Collective Management Plan shall be the A Shares to be issued by the Company under the A Share Offering.

Subscription amount : RMB259,110,000 (inclusive of brokerage and taxes).

Number of Shares : The actual number of A Shares to be issued to the Collective Management Plan shall be determined based on the final Issue Price of the A Shares.

The total number of A Shares to be subscribed by the Collective Management Plan shall not exceed 8,713,000, being 10% of the total number of A Shares proposed to be issued under the A Share Offering.

Issue Price : Same as the issue price of the A Shares under the A Share Offering.

Pricing methodology : According to relevant PRC rules and regulations, including the STAR Market Implementation Measures, the issue price of A Shares under the A Share Offering will be determined through a combination of off-line placement to professional institutional investors and offering by way of on-line subscription by public investors based on market value, or by other pricing methods recognised by the CSRC and the SSE.

Pursuant to the STAR Market Implementation Measures, the issue price of A Shares under the A Share Offering shall be determined through price inquiry with professional institutional investors (such as securities firms, fund management companies, trust companies, finance companies, insurance companies, qualified foreign institutional investors and private fund managers). The Company and the lead underwriter(s) may then determine the issue price of A Shares through the initial price inquiry or through cumulative bidding inquiry after an issue price range has been determined from the initial price inquiry. The STAR Market Implementation Measures also prohibits the Collective Management Plan, as a strategic investor, to participate in the price inquiry process.

LETTER FROM RAINBOW CAPITAL

According to the PRC Company Law, the issue price of A Shares under the A Share Offering shall be not lower than the nominal value of the Shares, i.e. RMB1.00 per Share. There are no other legal or regulatory requirements stipulating the price floor in the A Share Offering. As set out in the Letter from the Board, the Company does not intend to issue the A Shares at a price lower than the latest audited net asset value per Share prior to the A Share Offering. Based on the audited consolidated net asset value of the Company as at 31 December 2019 and the total number of issued Shares as at the Latest Practicable Date, the net asset value per Share was approximately RMB3.81.

- | | | |
|--|---|--|
| Lock-up period (the “ Lock-up Period ”) | : | 12 months from the date of completion of the A Share Offering and listing on the STAR Market. |
| Duration of the Collective Management Plan | : | Five years (extendable by the Administrator). |
| Administration of the Collective Management Plan | : | The Trustee shall hold the assets of the Collective Management Plan in accordance with the terms of the Collective Management Plan, the trust agreement between the Trustee and the Administrator and relevant rules and regulations of the PRC, whereas the Administrator shall administer and control the Collective Management Plan, including the voting rights of all A Shares, independent operation, investment and distribution decisions in respect of the Collective Management Plan, without any requirement of seeking direction or consent from the Participants. |

3. Reasons for and benefits of the Strategic Allotment

As set out in the Supplemental Circular, the A Share Offering allows the Company to gain access to a more established platform in the PRC capital market and further enhance its corporate image, future prospects and corporate governance, given that the SSE (i) is more recognised with a wider investor base; (ii) is a more regulated market with stringent requirements on disclosure, corporate governance and internal controls; and (iii) has higher trading liquidity with higher valuation which is expected to strengthen the capital structure of the Company, as compared to the NEEQ. As such, the Directors consider that the A Share Offering is beneficial to the Company and the Shareholders as a whole. As explained in the section headed “1. Business of the Group and the background to the Strategic Allotment – (ii) Background to the Strategic Allotment” above, we also consider that the use of the proceeds from the A Share Offering is in line with the Group’s Development Strategies.

LETTER FROM RAINBOW CAPITAL

As set out in the section headed “1. Business of the Group and the background to the Strategic Allotment – (i) Business of the Group” above, with the support from the Group’s management team as a whole, the Group entered into the commercialisation stage in February 2019. The Directors believe that the future success and continual development of the Group are closely linked to the continual commitment and effort of its management team. As mentioned in the Letter from the Board, the Strategic Allotment serves to retain, motivate and incentivise the Group’s core employees, and to align their interests with the Shareholders’ interests through ownership of Shares. As such, the Directors believe that the Collective Management Plan would be beneficial in retaining the Participants, and motivating them in improving the Group’s performance.

We have reviewed the background and work experience of the Participants and noted that their expertise and experience are relevant to the Group’s operations, details of which are set out in the section headed “4. Information on the Participants” below. We have also discussed with the management of the Group and understand that replacing executive officers or key employees in the biopharmaceutical industry may be difficult and may take a prolonged period of time given the limited number of individuals in the industry with the breadth of expertise and experience required to successfully develop, gain regulatory approval of, manufacture and commercialise drug products. Maintaining a stable and experienced management team is therefore critical to the development and expansion of biopharmaceutical companies. As advised by the management of the Group, the establishment of the Collective Management Plan for the Strategic Allotment was also in response to the regulatory enquires over the Group’s management stability during the vetting procedures of the A Share Offering. Taking into account that the Participants’ entitlement to the benefits of the Collective Management Plan is subject to the Lock-up Period, we consider that this feature is designed to motivate the Participants’ continuing commitment and contribution towards the development of the Group with their expertise and experience and ensure stability of the Group’s operations, promoting the growth in revenue and profitability of the Group. The retention of the Participants through the Strategic Allotment can therefore minimise any potential disruption to the existing operations of the Group resulting from the lack of continuity of leadership.

On the above basis, we consider that the Strategic Allotment is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

4. Information on the Participants

According to the STAR Market Implementation Measures, a listing applicant is allowed to establish asset management plans for senior management and core employees to participate in the strategic allotment. As such, the Participants of the Collective Management Plan comprise the senior management and core employees of the Group. There is a total of 13 Participants who would like to take part in the Strategic Allotment, of which four are executive Directors and therefore connected persons of the Company (the “**Connected Participants**”) and the remaining nine Participants are key employees involving in different functions which are essential to the Group’s operations and future development.

LETTER FROM RAINBOW CAPITAL

The Group is a vertically integrated biopharmaceutical company, spanning from R&D, clinical research and quality control to production and commercialisation. As advised by the Directors, in selecting the Participants, they have considered all the key functions of the Group, comprising R&D, manufacturing, quality control, management, finance, administration and marketing, which are indispensable to the Group's operations and future development. In determining the identities of the Participants and their respective contribution amounts in the Collective Management Plan, the Directors have taken into account various factors including but not limited to (i) the importance of the roles and responsibilities of the Participants; (ii) their past performance and contribution; (iii) their work experience and educational background; and (iv) their expected contribution to the Group's future development. The Participants selected serve as the core management, technical and business backbone of the Group, supervising and leading their respective functions of the Group.

In assessing the basis of selection of the Participants, we have reviewed the background and experience of the Participants, including their positions and responsibilities in the Group, past experience and educational background, as disclosed in the 2019 Annual Report or provided by the Company. The table below summarises the information of the Participants:

Name	Time of joining the Group	Major position in the Group	Function or responsibility	Past work experience related to the Participants' respective functions in the Group	Educational background	Contribution amount (in RMB'000)	Percentage of interests in the Collective Management Plan
(i) Executive Directors (i.e. the Connected Participants)							
Xiong Jun	April 2013	Executive Director and chairman of the Board	Overall management of the Group	- March 2004 – July 2006: Research and fund management - Since February 2007: Chairman of board of directors of Shanghai Baoying Asset Management Co., Ltd. - March 2013 – November 2015: Chairman of board of directors of Shanghai Union Biopharm - Since March 2015: Director of Sichuan Huapu Modern Agriculture Co., Ltd.	MBA	10,500	4.05%

LETTER FROM RAINBOW CAPITAL

							Percentage of interests in the Collective Management Plan	
Name	Time of joining the Group	Major position in the Group	Function or responsibility	Past work experience related to the Participants' respective functions in the Group	Educational background	Contribution amount (in RMB'000)		
Li Ning	January 2018	Executive Director and general manager of the Company	Management of the Group	- Team leader of the Office of Biostatistics, team leader of mathematical statistician and a statistical reviewer at the U.S. Food and Drug Administration (“FDA”) - September 2009 – January 2018: Last position – Vice president of Asia Regulatory Affairs in Global Regulatory Affairs at Sanofi	Ph.D. degree in preventive medicine	46,130	17.81%	
Zhang Zhuobing	December 2012	Executive Director and deputy general manager of the Company	R&D	- Over ten years of experience in the pharmaceutical industry - One of the founders of the Company	Master’s degree in biochemistry	10,500	4.05%	
Feng Hui	January 2014	Executive Director and chief operations officer of the Company	R&D	- Over ten years of experience in biotechnology and drug discovery, spanning across multiple areas of drug development including antibody discovery, protein engineering and immune-oncology - Took part in the invention of certain registered patents and patents in application of the Group	Ph. D. degree in molecular pharmacology	10,500	4.05%	
						Sub-total	77,630	29.96%
(ii) Other senior management and core employees of the Group (Note)						Sub-total	181,480	70.04%
						Total	259,110	100%

LETTER FROM RAINBOW CAPITAL

Note: Other senior management and core employees of the Group comprise the following persons:

Name	Time of joining the Group	Major position in the Group	Function or responsibility	Past work experience related to the Participants' respective functions in the Group	Educational background
Wang Gang	August 2019	Deputy general manager and chief quality officer of the Company	Quality control	- June 2005 – April 2017: Senior policy advisor, an assistant officer at the office in China, a senior auditor and a lead inspector of the FDA - April 2017 – April 2018: Chief scientist of the Center for Drug Evaluation of National Medical Products Administration of China for compliance and inspection - May 2018 – August 2019: Vice president of the Shanghai quality department of WuXi Biologics Co., Ltd.	Doctoral degree in Pharmacology & Toxicology
Duan Xin	June 2019	Deputy general manager of the Company	Clinical research study	- March 1999 – August 2000: Beijing Jianfumeng Healthcare Limited - September 2000 – April 2001: Beijing Qinmai Xinhai Biosciences Co., Ltd. - May 2001 – May 2002: Quintiles, Inc. in the United States - June 2002 – July 2006: Regional sales manager of the cancer division of AstraZeneca Pharmaceutical Co., Ltd. - August 2006 – July 2011: Sales director of the cancer division of Bayer Health Care Co., Ltd. - August 2011 – November 2017: National sales director of Shanghai Roche Pharmaceutical Co., Ltd. - December 2017 – February 2018: Commercial operations director of Amgen Biology Technology Consulting (Shanghai) Co., Ltd. - March 2018 – April 2019: General manager of the sales department of the sales corporation in Qilu Pharmaceutical Co., Ltd.	Master's degree in business administration

LETTER FROM RAINBOW CAPITAL

Name	Time of joining the Group	Major position in the Group	Function or responsibility	Past work experience related to the Participants' respective functions in the Group	Educational background
Han Jing	October 2018	Deputy general manager of the Company	Commercialisation, marketing and sales	- February 2000 – August 2004: Regional sales manager of Shanghai Boehringer Ingelheim Pharmaceutical Co., Ltd. - August 2004 – April 2011: Regional sales director of AstraZeneca Pharmaceutical Co., Ltd. - April 2011 – June 2013: Sales director of Bayer Health Care Co., Ltd. - June 2013 – October 2018: Senior sales director of Shanghai Roche Pharmaceutical Co., Ltd.	EMBA
Xie Wan	April 2016	Responsible person for the Lingang Production Base	Overseeing manufacturing in the Lingang Production Base	Over 20 years of experience in production and management of biopharmaceutical products	Bachelor's degree in microbial pharmacy
Yin Kan	June 2017	Responsible person for the Wujiang Production Base	Overseeing manufacturing in the Wujiang Production Base	Over 30 years of experience in the pharmaceutical industry, among which more than 20 years of experience in drug R&D, production and quality control	Bachelor's degree in medicinal chemistry
Ma Jun	December 2019	Responsible person for construction	Overseeing the Group's planning and construction of production sites and infrastructure	Over 30 years of engineering design, construction and management experience in the pharmaceutical industry	EMBA
Chen Yingge	April 2017	Secretary of the Board and a joint company secretary	Board secretary and administration	- November 2017: Qualification of NEEQ secretary of the board - October 2019: Qualification of secretary of the board of directors of the STAR Market	Master's degree in drug design
Yuan Lu	June 2018	Financial director of the Company	Finance	Over ten years of experience in financial controlling	Master's degree in financial management

LETTER FROM RAINBOW CAPITAL

Name	Time of joining the Group	Major position in the Group	Function or responsibility	Past work experience related to the Participants' respective functions in the Group	Educational background
Yu Wenbing	January 2018	Assistant general manager	Investors relations, external financing and the Group's investment decision	• Over ten years of experience in securities and investment industries	Master's degree in statistics

Source: Letter from the Board, the 2019 Annual Report and information provided by the Company

As shown in the table above, we note that:

- (i) the Participants being selected to participate in the Strategic Allotment represent core employees in all key functions of the Group, from initial stage of product development (i.e. the Group's R&D, clinical research and quality control) and production and manufacturing activities (i.e. the Group's production design and planning and actual production at the Wujiang Production Base and the Lingang Production Base) to marketing and sales of the Group's drug products (i.e. commercialisation), general administration of the Group (i.e. administration, finance and investor relations) and overall management, indicating that the selection of the Participants is sufficiently diversified and does not incline to any specific group of management, in particular the Directors or the substantial Shareholders;
- (ii) the Participants possess related work experience or qualification which we consider relevant to their responsibilities in the respective functions of the Group, and almost all the Participants have over ten years of relevant work experience;
- (iii) the Participants have attained at least a Bachelor's degree or above; and
- (iv) the total number of A Shares to be subscribed by the Connected Participants through the Collective Management Plan represents approximately 29.96% of the maximum number of A Shares to be issued under the Strategic Allotment or approximately 3.0% of the total number of A Shares to be issued under the A Share Offering.

Taking into account that:

- (i) a listing applicant of the STAR Market is allowed to establish asset management plans for senior management and core employees to participate in the strategic allotment under the A share offering according to the STAR Market Implementation Measures;
- (ii) the Company has considered all key functions of the Group in selecting the Participants who possess relevant work experience and educational qualifications and are considered as the core management, technical and business backbone of the Group, supervising and leading their respective functions of the Group; and

LETTER FROM RAINBOW CAPITAL

- (iii) the size of allotment to the Connected Participants under the Strategic Allotment (i.e. 29.96%) is within the range of those of the Strategic Allotment Comparables (as defined below), details of which are set out in the section headed “5. Assessment of the terms of the Strategic Allotment” below,

we consider that the basis of selection criteria of the Participants to be fair and reasonable.

5. Assessment of the terms of the Strategic Allotment

In assessing the terms of the Strategic Allotment, we have, on a best effort basis, searched on the website of the Stock Exchange and identified an exhaustive list of strategic allotment arrangements (the “**Strategic Allotment Comparables**”) involving listed issuers on the Stock Exchange which have proposed to list or have listed on the STAR Market through initial public offering of A shares from 5 November 2018, being the date of the establishment of the STAR Market, to the Latest Practicable Date, with available information relating to the participants and the size of allotment to connected persons (comprising directors, supervisors and general managers of the listed issuers and/or their subsidiaries) under such arrangements. Based on the aforesaid criteria, we identified three companies. We consider the Strategic Allotment Comparables to be highly relevant to the Strategic Allotment given that they have been completed or approved by the independent shareholders and relevant PRC regulatory authority.

The following table sets out the details of the Strategic Allotment Comparables:

	China Railway Signal & Communication Corporation Limited (stock code: 3969) (“CRSC”)	Shanghai Haohai Biological Technology Co., Ltd. (stock code: 6826) (“Haohai”)	Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. (stock code: 1349) (“Fudan”)
Participants	Directors, supervisor and general managers of subsidiaries of CRSC (the “ CRSC Connected Participants ”), and other senior executives and core employees of CRSC There was a total of 572 participants, among which 101 were CRSC Connected Participants.	Directors and a supervisor of Haohai (the “ Haohai Connected Participants ”) and other senior management and core employees of Haohai There was a total of 58 participants, among which six were Haohai Connected Participants.	Directors of Fudan, a director of a subsidiary of Fudan and supervisors of Fudan (the “ Fudan Connected Participants ”), and other senior management and core employees of Fudan The participants include six Fudan Connected Participants.
Source of funding	Self-owned fund	Self-owned fund	Own or self-raised fund

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	China Railway Signal & Communication Corporation Limited (stock code: 3969) (“CRSC”)	Shanghai Haohai Biological Technology Co., Ltd. (stock code: 6826) (“Haohai”)	Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. (stock code: 1349) (“Fudan”)
Source of shares	A shares issued by CRSC and listed on the STAR Market, with a nominal value of RMB1.00 each	A shares issued by Haohai and listed on the STAR Market, with a nominal value of RMB1.00 each	A shares to be issued by Fudan and to be listed on the STAR Market, with a nominal value of RMB0.1 each
Number of shares	Total number of A shares issued under the strategic allotment was 108,733,000, representing approximately 6.0% of the total A shares issued under the A share offering. The total number of A shares subscribed by the CRSC Connected Participants was 20,522,602, representing approximately 18.87% of the total number of A shares issued under the strategic allotment.	Total number of A shares issued under the strategic allotment was 1,780,000, representing approximately 10% of the total A shares issued under the A share offering. The total number of A shares subscribed by the Haohai Connected Participants was 345,676, representing approximately 19.42% of the total number of A shares issued under the strategic allotment.	Total number of A shares under the strategic allotment shall not exceed 10% of the total A shares to be issued under the A share offering, i.e. not more than 12,000,000 A shares. The number of A shares to be allotted to anyone of the participants under the strategic allotment shall not exceed 10% of the total number of A shares issued under the strategic allotment, i.e. not more than 1,200,000 A shares. The maximum number of A Shares to be allotted to the Fudan Connected Participants is 3,800,000, representing approximately 31.67% of the total number of A shares issued under the strategic allotment.
Issue price	RMB5.85 per A share, same as the issue price under the A share offering	RMB89.23 per A share, same as the issue price under the A share offering	Same as the issue price under the A share offering

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	China Railway Signal & Communication Corporation Limited (stock code: 3969) (“CRSC”)	Shanghai Haohai Biological Technology Co., Ltd. (stock code: 6826) (“Haohai”)	Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. (stock code: 1349) (“Fudan”)
Pricing methodology	The issue price shall be determined through preliminary inquiries made with the inquiry targets, and CRSC and the sponsor institution/the lead underwriters determined the final issue price through mutual negotiation based on the results of the preliminary inquiries, or by other methods as recognized by CSRC and the SSE at that time. According to the requirements of state-owned assets supervision and administration, in principle, the issue price shall not be lower than the latest net asset per share available to CRSC on the date when determining the issue price. In addition, the issue price is subject to the relevant requirements of the Listing Rules. The issue price was negotiated and determined by CRSC and the joint lead underwriters based on the results of the preliminary price consultations, taking into account the fundamentals of CRSC, market conditions, valuations of listed companies in the same industry, needs for the proceeds, underwriting risks and other factors.	The issue price shall be determined by the sponsor(s) and the board of Haohai as authorised by the extraordinary general meeting and class meetings through preliminary enquiries or other means approved by the relevant securities regulatory authorities and the local stock exchanges of the PRC. The issue price was determined based on several factors including, among others, results of the preliminary price consultation, the number of shares to be issued, the fundamentals of Haohai, needs for proceeds, valuation of comparable companies, the industry in which Haohai operates, market conditions and underwriting risks.	The issue price shall be determined through market consultation with professional institutional investors including securities companies, fund management companies, trust companies, finance companies, insurance companies, qualified foreign institutional investors or private equity fund managers, or by other methods approved by the securities regulatory authorities. Fudan and the lead underwriter may determine the issue price through initial consultation, or determine the issue price through the book-building process after determining the interval of the issue price by initial consultation. The issue price shall, in any event, not lower than the latest audited net asset value per share prior to the proposed issue of A shares.

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	China Railway Signal & Communication Corporation Limited (stock code: 3969) (“CRSC”)	Shanghai Haohai Biological Technology Co., Ltd. (stock code: 6826) (“Haohai”)	Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. (stock code: 1349) (“Fudan”)
Lock-up period	12 months from the date of completion of the A share offering	12 months from the date of completion of the A share offering	12 months from the date of completion of the A share offering
Duration of the strategic allotment plan	Ten years	Two years	Not disclosed
Dilution effect of H shares	The shareholding of H shares was diluted from 22.40% to 18.59% upon completion of the A share offering, representing a decrease of 17.0%.	The shareholding of H shares was diluted from 25.02% to 22.52% upon completion of the A share offering, representing a decrease of 10.0%.	The shareholding of H shares is expected to be diluted from 36.84% to 32.60% upon completion of the A share offering, representing a decrease of 11.5%.
Status	Listed on the STAR Market on 22 July 2019	Listed on the STAR Market on 30 October 2019	Approved by the independent shareholder of Fudan on 21 June 2019 The proposed issue of A shares and listing on the STAR Market by Fudan was approved on 3 April 2020.

Source: the website of the Stock Exchange

(i) Issue Price and pricing methodology

The Issue Price shall be the same as the issue price of the A Shares under the A Share Offering. According to the STAR Market Implementation Measures, the issue price of A Shares under the A Share Offering shall be determined through a combination of off-line placement to professional institutional investors and offering by way of on-line subscription by public investors based on market value. In the process, the issue price shall be determined through initial price inquiry or cumulative bidding inquiry with a huge number of professional institutional investors (such as securities firms, fund management companies, trust companies, finance companies, insurance companies, qualified foreign institutional investors and private fund managers). On this basis, the Company considers that the determination of the Issue Price is not at the sole discretion of the Directors (including the Connected Participants).

Taking into account that (a) the Issue Price shall be the same as the issue price under the A Share Offering which will also be available to other independent investors; (b) the pricing methodology under the A Share Offering (including the Strategic Allotment) is consistent with

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those of the Strategic Allotment Comparables; (c) the Issue Price is expected to be not lower than the latest audited net asset value per Share prior to the A Share Offering; and (d) the Directors cannot solely determine the Issue Price on their own, we consider the pricing methodology in determining the Issue Price to be fair and reasonable.

(ii) Composition of participants and size of allotment to the Connected Participants

As mentioned above, the Participants of the Collective Management Plan comprise the senior management and core employees of the Group in accordance with the STAR Market Implementation Measures. There is a total of 13 Participants, covering all key functions of the Group including R&D, manufacturing, quality control, management, finance, administration and marketing, of which four are executive Directors (i.e. the Connected Participants) and the remaining nine Participants are key employees of the Group. The total number of A Shares to be subscribed by the Connected Participants through the Collective Management Plan represents approximately 29.96% of the maximum number of A Shares to be issued under the Strategic Allotment.

As for the cases of CRSC, Haohai and Fudan, there are 101 CRSC Connected Participants, six Haohai Connected Participants and six Fudan Connected Participants, who have subscribed or shall subscribe approximately 18.87%, 19.42% and 31.67% of the total number of A shares issued or to be issued under the strategic allotment pursuant to the A share offering, respectively. The number of Connected Participants (i.e. four) and the percentage of interests to be subscribed by the Connected Participants in the Collective Management Plan (i.e. 29.96%) are lower than, and within the range of, those of the Strategic Allotment Comparables, respectively.

As disclosed in the Letter from the Board, all voting rights of the A Shares, independent operation, investment and distribution decisions in respect of the Collective Management Plan are administered and controlled by the Administrator without seeking any direction or consent from the Participants (including the Connected Participants) whereas the assets of the Collective Management Plan are held by the Trustee. To the Directors' best knowledge, information and belief having made all reasonable enquires, each of the Administrator and the Trustee is a third party independent of the Connected Participants, the Company and its connected persons. As such, we consider that the Collective Management Plan is beyond the influence of the Participants (including the Connected Participants).

Taking into account that (a) the Participants comprise the senior management and key employees in all major functions of the Group which are essential to the Group's operations and future development; (b) the STAR Market Implementation Measures have no restriction on the number and composition of the Participants; (c) the pricing methodology in determining the Issue Price is fair and reasonable as explained in the paragraph headed "(i) Issue Price and pricing methodology" above; (d) the number of Connected Participants and the percentage of interests to be subscribed by the Connected Participants in the Collective Management Plan are lower than, and within the range of, those of the Strategic Allotment Comparables, respectively; and (e) the Connected Participants have no influence on the Collective

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Management Plan, we consider that the composition of the Participants is sufficiently diversified across all the key functions of the Group without inclining to any specific group of management (particularly, the Directors or the substantial Shareholders) and the size of allotment to the Connected Participants is acceptable.

(iii) Lock-up Period

Given that a lock-up period of 12 months from the date of completion of an A share offering on the STAR Market for the shares under an asset management plan for the issuer's senior management and core employees pursuant to such A share offering is stipulated in the STAR Market Implementation Measures, as in the case of the Strategic Allotment Comparables, we consider the Lock-up Period to be fair and reasonable.

(iv) Duration of the Collective Management Plan

The five-year duration of the Collection Management Plan is with the range of those of the Strategic Allotment Comparables which we consider fair and reasonable.

(v) Dilution effect of H Shares

Set out below is the shareholding structure of the Company as at the Latest Practicable Date and immediately after completion of the A Share Offering, assuming that 87,130,000 A Shares are approved to be issued under the A Share Offering:

	As at the Latest Practicable Date		Immediately after completion of the A Share Offering	
	Number of Shares	Approximate%	Number of Shares	Approximate%
Domestic Shares	601,400,000	76.69	–	
A Shares	–	–	688,530,000	79.03
H Shares	182,746,500	23.31	182,746,500	20.97
Total	784,146,500	100.00	871,276,500	100.00

As shown in the table above, immediately after completion of the A Share Offering, the shareholding of H Shares is expected to be diluted from approximately 23.31% to 20.97%, representing a decrease of approximately 10.0%, which is in line with that of Haohai and compares favorably to those of CRSC and Fudan.

Taking into account (a) the benefits brought by the A Share Offering as set out in the section headed “3. Reasons for and benefits of the Strategic Allotment” above; and (b) that the Company does not intend to issue the A Shares at a price lower than the latest audited net asset value per Share prior to the A Share Offering, and in such circumstance, the A Share Offering will not result in a dilution in net asset value per Share, we consider the dilution effect of the A Share Offering to be acceptable.

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Based on the above, we are of the view that the terms of the Strategic Allotment are on normal commercial terms and are fair and reasonable.

OPINION AND RECOMMENDATION

Taking into account the above principal factors and reasons, we consider that the terms of the Strategic Allotment are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned. We also consider that the Strategic Allotment, while not in the ordinary and usual course of business of the Group, is in the interest of the Company and the Shareholders as a whole. We therefore advise the Independent Board Committee to recommend, and ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Strategic Allotment.

Yours faithfully,
For and on behalf of
Rainbow Capital (HK) Limited
Larry Choi
Managing Director

Mr. Larry Choi is a licensed person and a responsible officer of Rainbow Capital (HK) Limited registered with the Securities and Futures Commission to carry out type 6 (advising on corporate finance) regulated activity under the SFO. He has over ten years of experience in the corporate finance industry.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

Directors', chief executives' and supervisors' interests and short positions in shares, underlying shares and debentures

As at the Latest Practicable Date, the following Directors, Supervisors or chief executives of the Company had interests and/or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he/she is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or will be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Name of Director/ Supervisor/Chief Executive	Nature of interests	Class of Shares	Number of Shares/ Underlying Shares ⁽¹⁾	Approximate percentage in relevant class of Shares (%) ⁽¹⁾	Approximate percentage in total share capital (%) ⁽¹⁾
Xiong Jun	Beneficial owner	Domestic Shares	87,252,968 (L)	14.51%	11.13%
	Parties acting in concert/Interest in controlled corporations ⁽²⁾	Domestic Shares	129,978,568 (L)	21.61%	16.58%
Feng Hui	Beneficial owner	Domestic Shares	13,140,000 (L)	2.18%	1.68%
Li Cong	Beneficial owner	Domestic Shares	3,657,600 (L)	0.61%	0.47%
Tang Yi	Beneficial owner	Domestic Shares	7,774,500 (L)	1.29%	0.99%
	Interest in controlled corporations ⁽³⁾	Domestic Shares	195,550,736 (L)	32.52%	24.94%

Name of Director/ Supervisor/Chief Executive	Nature of interests	Class of Shares	Number of Shares/ Underlying Shares ⁽¹⁾	Approximate percentage in relevant class of Shares (%) ⁽¹⁾	Approximate percentage in total share capital (%) ⁽¹⁾
Zhang Zhuobing	Interest of spouse ⁽⁴⁾	Domestic Shares	8,608,000 (L)	1.43%	1.10%
Lin Lijun	Interest in controlled corporations ⁽⁵⁾	Domestic Shares	78,852,000 (L)	13.11%	10.06%
	Interest in controlled corporations ⁽⁵⁾	H Shares	37,189,000 (L)	20.35%	4.74%

Notes:

1. As at the Latest Practicable Date, the Company had 784,146,500 issued Shares, comprising 601,400,000 Domestic Shares and 182,746,500 H Shares.
2. Pursuant to (i) a concert party agreement dated 25 December 2017 entered into among Mr. Xiong Jun, Mr. Xiong Fengxiang, Suzhou Ruiyuan Shengben Biological Medicine Management Partnership (LP) (“Suzhou Ruiyuan”), Suzhou Benyu Tianyuan Biological Technology Partnership (LP)* (“Suzhou Benyu”), Shanghai Baoying Asset Management Co., Ltd.* (“Shanghai Baoying”), Meng Xiaojun, Gao Shufang, Zhuhai Huapu Investment Management Co., Ltd.* and Zhao Yun (the “2017 Concert Party Agreement”), Mr. Xiong Jun was deemed to be interested in an aggregate of 108,297,768 Domestic Shares held by the other parties to the 2017 Concert Party Agreement as at the Latest Practicable Date under the SFO (including the 41,060,000 Domestic Shares directly held by Mr. Xiong Fengxiang, the father of Mr. Xiong Jun); and (ii) a concert party agreement dated 26 July 2019 entered into between Mr. Xiong Jun and Ms. Zhou Yuqing (the “2019 Concert Party Agreement”), Mr. Xiong Jun was further deemed to be interested in the 21,680,800 Domestic Shares held by the other party to the 2019 Concert Party Agreement as at the Latest Practicable Date under the SFO.

As at Latest Practicable Date, Mr. Xiong Jun (i) was an executive director and was directly interested in 20% of the equity share capital of Shanghai Baoying, which directly held 4,372,144 Domestic Shares; Shanghai Baoying was also a party to the 2017 Concert Party Agreement; (ii) was the chairman of the board of directors and was directly interested in 40% of the equity share capital of Shenzhen Qianhai Yuanben Equity Investment Fund Management Co., Ltd.* (“Shenzhen Yuanben”), which was the general partner of each of Suzhou Benyu and Suzhou Ruiyuan, which in turn directly held 4,600,000 and 43,584,000 Domestic Shares, respectively, and were each a party to the 2017 Concert Party Agreement. Shenzhen Yuanben also held a limited partner interest of approximately 86.28% of Suzhou Benyu. Mr. Xiong Jun was deemed to be interested in an aggregate of such 52,556,144 Domestic Shares under the SFO.

3. As at Latest Practicable Date, Mr. Tang Yi directly held 7,774,500 Domestic Shares. Mr. Tang Yi was a director of and directly interested in 60% of the equity share capital of Shenzhen Yuanben, which was the general partner of each of Suzhou Benyu and Suzhou Ruiyuan. Shenzhen Yuanben also held a limited partner interest of approximately 86.28% of Suzhou Benyu. Therefore, he was deemed to be interested in Shares in which Suzhou Benyu and Suzhou Ruiyuan were interested (including Shares they are deemed to be interested in pursuant to the 2017 Concert Party Agreement) under the SFO.

4. As at Latest Practicable Date, Mr. Zhang Zhuobing's spouse, Ms. Liu Xiaoling, directly held 8,608,000 Domestic Shares.
5. As at Latest Practicable Date, Shanghai Tanying Investment Partnership ("Shanghai Tanying") was directly interested in 76,590,000 Domestic Shares. Shanghai Tanzheng Investment Partnership ("Shanghai Tanzheng") was directly held 2,262,000 Domestic Shares. Mr. Lin Lijun was a director and wholly interested in Shanghai Shengge Asset Management Co., Ltd. ("Shanghai Shengge"), which was the general partner of Shanghai Tanying and Shanghai Tanzheng. Mr. Lin Lijun was also the general partner of Shanghai Shengdao Investment Partnership, which was the general partner of Shanghai Lejin Investment Partnership, which in turn held 99.99% interest in Shanghai Tanying. Therefore, Mr. Lin Lijun was deemed to be interested in the Shares held by Shanghai Tanying and Shanghai Tanzheng under the SFO.

As at the Latest Practicable Date, Loyal Valley Capital Advantage Fund LP ("LVC Fund I"), Loyal Valley Capital Advantage Fund II LP ("LVC Fund II") and LVC Renaissance Fund LP ("LVC Renaissance Fund", together with LVC Fund I and LVC Fund II, the "LVC Funds") directly held 10,106,000 H Shares, 12,127,000 H Shares and 14,956,000 H Shares, respectively. Loyal Valley Capital Advantage Fund GP Limited ("LVC Fund I GP") was the general partner of LVC Fund I, Loyal Valley Capital Advantage Fund II Limited ("LVC Fund II GP") was the general partner of LVC Fund II and LVC Renaissance Limited ("LVC Renaissance GP") was the general partner of LVC Renaissance Fund. Each of LVC Fund I GP and LVC Fund II GP was wholly-owned by LVC Holdings Limited, which was wholly-owned by LVC Management Holdings Limited. Each of LVC Fund I GP, LVC Fund II GP and LVC Renaissance GP was also wholly-owned by LVC Bytes Limited (now known as LVC Innovate Limited), which was wholly-owned by Jovial Champion Investments Limited, which was in turn wholly-owned by Vistra Trust (Singapore) Pte. Limited, which was controlled by Mr. Lin Lijun. Also, LVC Renaissance Fund was owned as to 20.13% by Golden Valley Global Limited, which was wholly-owned by Shanghai Lehong Investment Partnership ("Shanghai Lehong"). Shanghai Tanying (a controlled corporation of Mr. Lin Lijun) held 99.99% in, and Shanghai Shengge (a corporation wholly-owned by Mr. Lin Lijun) was the general partner of, Shanghai Lehong. Therefore, Mr. Lin Lijun was deemed to be interested in an aggregate of 37,189,000 H Shares held by the LVC Funds under the SFO.

Save as disclosed above, as at Latest Practicable Date, none of the Directors, Supervisors and the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and Hong Kong Stock Exchange pursuant to the Model Code.

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

As at the Latest Practicable Date, so far as is known to the Directors, the following persons (other than the Directors, the Supervisors or chief executives of the Company) had interests or short positions in the Shares or underlying Shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Nature of interests	Class of Shares	Number of Underlying Shares ⁽¹⁾	Approximate percentage in relevant class of Shares (%) ⁽²⁾	Approximate percentage in total share capital (%) ⁽²⁾
Xiong Fengxiang ⁽³⁾⁽⁴⁾	Beneficial owner	Domestic Shares	41,060,000 (L)	6.83%	5.24%
	Parties acting in concert	Domestic Shares	154,490,736 (L)	25.69%	19.70%
Suzhou Ruiyuan Shengben Biological Medicine Management Partnership (LP)* 蘇州瑞源盛本生物醫藥管理合夥企業(有限合夥) ⁽⁴⁾	Beneficial owner	Domestic Shares	43,584,000 (L)	7.25%	5.56%
	Parties acting in concert	Domestic Shares	151,966,736 (L)	25.27%	19.38%
Suzhou Benyu Tianyuan Biological Technology Partnership (LP)* 蘇州本裕天源生物科技合夥企業(有限合夥) ⁽⁴⁾	Beneficial owner	Domestic Shares	4,600,000 (L)	0.76%	0.59%
	Parties acting in concert	Domestic Shares	190,950,736 (L)	31.75%	24.35%
Shanghai Baoying Asset Management Co., Ltd.* 上海寶盈資產管理有限公司 ⁽⁴⁾	Beneficial owner	Domestic Shares	4,372,144 (L)	0.73%	0.56%
	Parties acting in concert	Domestic Shares	191,178,592 (L)	31.79%	24.38%
Meng Xiaojun 孟曉君 ⁽⁴⁾	Beneficial owner	Domestic Shares	4,288,400 (L)	0.71%	0.55%
	Parties acting in concert	Domestic Shares	191,262,336 (L)	31.81%	24.39%
Gao Shufang 高淑芳 ⁽⁴⁾	Beneficial owner	Domestic Shares	3,789,720 (L)	0.63%	0.48%
	Parties acting in concert	Domestic Shares	191,761,016 (L)	31.89%	24.45%
Zhuhai Huapu Investment Management Co., Ltd.* 珠海華樸投資管理有限公司 ⁽⁴⁾	Beneficial owner	Domestic Shares	3,719,504 (L)	0.62%	0.47%
	Parties acting in concert	Domestic Shares	191,831,232 (L)	31.90%	24.46%

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Name of Shareholder	Nature of interests	Class of Shares	Number of Underlying Shares ⁽¹⁾	Approximate percentage in relevant class of Shares (%) ⁽²⁾	Approximate percentage in total share capital (%) ⁽²⁾
Zhao Yun 趙雲 ⁽⁴⁾	Beneficial owner	Domestic Shares	2,884,000 (L)	0.48%	0.37%
	Parties acting in concert	Domestic Shares	192,666,736 (L)	32.04%	24.57%
Zhou Yuqing 周玉清 ⁽⁵⁾	Beneficial owner	Domestic Shares	21,680,800 (L)	3.61%	2.76%
	Parties acting in concert	Domestic Shares	87,252,968 (L)	14.51%	11.13%
Zhuhai Gaoling Equity Investment Management Ltd. * 珠海高瓴股權投資管理有限公司	Investment manager	Domestic Shares	30,750,000 (L)	5.11%	3.92%
Shanghai Tanying Investment Partnership ⁽⁶⁾	Beneficial owner	Domestic Shares	76,590,000 (L)	12.74%	9.77%
Shanghai Shengge Asset Management Co., Ltd. ⁽⁶⁾	Interest of controlled corporation	Domestic Shares	78,852,000 (L)	13.11%	10.06%
Shanghai Lejin Investment Partnership ⁽⁶⁾	Interest of controlled corporation	Domestic Shares	76,590,000 (L)	12.74%	9.77%
Shanghai Shengdao Investment Partnership ⁽⁶⁾	Interest of controlled corporation	Domestic Shares	76,590,000 (L)	12.74%	9.77%
Gong Ruilin 龔瑞琳	Beneficial owner ⁽⁶⁾⁽⁸⁾	Domestic Shares	76,590,000 (L)	12.74%	9.77%
	Interest of spouse ⁽⁸⁾	Domestic Shares	2,262,000 (L)	0.38%	0.29%
	Interest of spouse ⁽⁷⁾⁽⁸⁾	H Shares	37,189,000 (L)	20.35%	4.74%
Loyal Valley Capital Advantage Fund LP ⁽⁷⁾⁽⁹⁾	Beneficial owner	H Shares	10,106,000 (L)	5.53%	1.29%
Loyal Valley Capital Advantage Fund GP Limited ⁽⁷⁾	Interest of controlled corporation	H Shares	10,106,000 (L)	5.53%	1.29%
Loyal Valley Capital Advantage Fund II LP ⁽⁷⁾⁽¹⁰⁾	Beneficial owner	H Shares	12,127,000 (L)	6.64%	1.55%
Loyal Valley Capital Advantage Fund II Limited ⁽⁷⁾	Interest of controlled corporation	H Shares	12,127,000 (L)	6.64%	1.55%
LVC Renaissance Fund LP ⁽⁷⁾	Beneficial owner	H Shares	14,956,000 (L)	8.18%	1.91%
LVC Renaissance Limited ⁽⁷⁾	Interest of controlled corporation	H Shares	14,956,000 (L)	8.18%	1.91%
LVC Holdings Limited ⁽⁷⁾	Interest of controlled corporation	H Shares	22,233,000 (L)	12.17%	2.84%

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STATUTORY AND GENERAL INFORMATION

Name of Shareholder	Nature of interests	Class of Shares	Number of Underlying Shares ⁽¹⁾	Approximate percentage in relevant class of Shares ⁽²⁾	Approximate percentage in total share capital ⁽²⁾
LVC Management Holdings Limited ⁽⁷⁾	Interest of controlled corporation	H Shares	22,233,000 (L)	12.17%	2.84%
LVC Bytes Limited (now known as LVC Innovate Limited) ⁽⁷⁾	Interest of controlled corporation	H Shares	37,189,000 (L)	20.35%	4.74%
Jovial Champion Investments Limited ⁽⁷⁾	Interest of controlled corporation	H Shares	37,189,000 (L)	20.35%	4.74%
Vistra Trust (Singapore) Pte. Limited ⁽⁷⁾	Trustee	H Shares	37,189,000 (L)	20.35%	4.74%
Sun Yongjian 孫勇堅 ⁽⁹⁾	Interest of controlled corporation	H Shares	10,106,000 (L)	5.53%	1.29%
Eminent Azure Limited ⁽⁹⁾	Interest of controlled corporation	H Shares	10,106,000 (L)	5.53%	1.29%
Prosperous Wealth Global Limited ⁽⁹⁾	Interest of controlled corporation	H Shares	10,106,000 (L)	5.53%	1.29%
Highbury Investment Pte Ltd ⁽¹⁰⁾	Beneficial owner	H Shares	18,190,000 (L)	9.95%	2.32%
	Interest of controlled corporation	H Shares	12,127,000 (L)	6.64%	1.55%
GIC (Ventures) Pte. Ltd. ⁽¹⁰⁾	Interest of controlled corporation	H Shares	30,317,000 (L)	16.59%	3.87%
GIC Special Investments Private Limited ⁽¹⁰⁾	Investment manager	H Shares	30,317,000 (L)	16.59%	3.87%
GIC Private Limited ⁽¹⁰⁾	Interest of controlled corporation	H Shares	30,317,000 (L)	16.59%	3.87%
Wang Shujun 王樹君	Beneficial owner	H Shares	13,339,000 (L)	7.30%	1.70%
Yu Jianwu 俞建午	Beneficial owner	H Shares	13,339,000 (L)	7.30%	1.70%
Gaoling Fund, L.P. ⁽¹¹⁾	Beneficial owner	H Shares	10,715,000 (L)	5.86%	1.37%
Hillhouse Capital Advisors, Ltd. ⁽¹¹⁾	Investment manager	H Shares	11,400,000 (L)	6.24%	1.45%
China International Capital Corporation Limited ⁽¹²⁾	Beneficial owner	H Shares	9,271,700 (L)	5.07%	1.18%

Notes:

- The letter “L” denotes the long position in the Shares, the letter “S” denotes short position in the Shares and the letter “P” denotes lending pool.
- As at Latest Practicable Date, the Company had an issued share capital of 784,146,500 Shares, comprising 601,400,000 Domestic Shares and 182,746,500 H Shares.

3. As at Latest Practicable Date, Mr. Xiong Fengxiang directly held 41,060,000 Domestic Shares. Pursuant to the 2017 Concert Party Agreement, Mr. Xiong Fengxiang was deemed to be interested in an aggregate of 154,490,736 Domestic Shares held by the other parties to the 2017 Concert Party Agreement under the SFO (including the 87,252,968 Domestic Shares directly held by Mr. Xiong Jun, son of Mr. Xiong Fengxiang).
4. Each of them is a party to the 2017 Concert Party Agreement, and was therefore deemed to be interested in the Domestic Shares held by the other parties to the 2017 Concert Party Agreement under the SFO.
5. Ms. Zhou Yuqing is a party to the 2019 Concert Party Agreement, and was therefore deemed to be interested in the Domestic Shares held by Mr. Xiong Jun who was the other party to the 2019 Concert Party Agreement under the SFO.
6. As at Latest Practicable Date, Shanghai Tanying Investment Partnership (“Shanghai Tanying”) was directly interested in 76,590,000 Domestic Shares. Shanghai Shengge Asset Management Co., Ltd. (“Shanghai Shengge”) was the general partner of Shanghai Tanying. Ms. Gong Ruilin held 99% interest in Shanghai Shengdao Investment Partnership (“Shanghai Shengdao”), which was the general partner of Shanghai Lejin Investment Partnership (“Shanghai Lejin”), which in turn held 99.99% interest in Shanghai Tanying. Therefore, each of Shanghai Shengge, Shanghai Shengdao and Shanghai Lejin was deemed to be interested in the 76,590,000 Domestic Shares held by Shanghai Tanying under the SFO. Shanghai Shengge was also the general partner of Shanghai Tanzheng Investment Partnership (“Shanghai Tanzheng”), which directly held 2,262,000 Domestic Shares. Therefore, Shanghai Shengge was deemed to be interested in the Domestic Shares held by Shanghai Tanzheng under the SFO.
7. As at Latest Practicable Date, Loyal Valley Capital Advantage Fund LP (“LVC Fund I”), Loyal Valley Capital Advantage Fund II LP (“LVC Fund II”) and LVC Renaissance Fund LP (“LVC Renaissance Fund”, together with LVC Fund I and LVC Fund II, the “LVC Funds”)) directly held 10,106,000 H Shares, 12,127,000 H Shares and 14,956,000 H Shares, respectively. Loyal Valley Capital Advantage Fund GP Limited (“LVC Fund I GP”) was the general partner of LVC Fund I and was deemed to be interested in the H Shares held by it. Loyal Valley Capital Advantage Fund II Limited (“LVC Fund II GP”) was the general partner of LVC Fund II and was deemed to be interested in the H Shares held by it. LVC Renaissance Limited (“LVC Renaissance GP”) was the general partner of LVC Renaissance Fund and was deemed to be interested in the H Shares held by it. Each of LVC Fund I GP and LVC Fund II GP was wholly-owned by LVC Holdings Limited, which was wholly-owned by LVC Management Holdings Limited. Therefore, each of LVC Holdings Limited and LVC Management Holdings Limited was deemed to be interested in the aggregate H Shares held by LVC Fund I GP and LVC Fund II GP under the SFO. Each of LVC Fund I GP, LVC Fund II GP and LVC Renaissance GP was also indirectly wholly-owned by LVC Bytes Limited (now known as LVC Innovate Limited), which was wholly-owned by Jovial Champion Investments Limited, which was in turn wholly-owned by Vistra Trust (Singapore) Pte. Limited. Therefore, each of LVC Bytes Limited, Jovial Champion Investments Limited and Vistra Trust (Singapore) Pte. Limited was deemed to be interested in the aggregate H Shares held by the LVC Funds under the SFO.
8. Ms. Gong Ruilin is the spouse of Mr. Lin Lijun and was therefore deemed to be interested in the Shares in which he was interested under the SFO.
9. As at Latest Practicable Date, Sun Yongjian wholly-owned Eminent Azure Limited, which wholly-owned Prosperous Wealth Global Limited, which held 33.34% interest in LVC Fund I. Each of them was therefore deemed to be interested in the 10,106,000 H Shares held by LVC Fund I under the SFO.
10. As at Latest Practicable Date, Highbury Investment Pte Ltd (“Highbury”) directly held 18,190,000 H Shares. Highbury also held 90.90% interest in LVC Fund II and was deemed to be interested in the 12,127,000 H Shares held by LVC Fund II. Highbury was wholly-owned by GIC (Ventures) Pte. Ltd. (“GIC Ventures”), which was wholly-owned by GIC Special Investments Private Limited (“GIC SIPL”), which was in turn wholly-owned by GIC Private Limited (“GIC Private”). Therefore, each of GIC Ventures, GIC SIPL and GIC Private was interested in the H Shares in which Highbury was interested under the SFO.

11. As at Latest Practicable Date, Hillhouse Capital Advisors, Ltd. controlled Gaoling Fund, L.P. and YHG Investment, L.P. and was therefore deemed to be interested in the 10,715,000 H Shares and 685,000 H Shares held by Gaoling Fund, L.P. and YHG Investment, L.P., respectively under the SFO.
12. As at Latest Practicable Date, China International Capital Corporation Limited (“CICC”) controlled China International Capital Corporation Hong Kong Securities Limited (“CICC Securities”), which directly held 8,871,700 H Shares, and controlled CICC Financial Trading Limited (“CICC Financial Trading”), which directly held 400,000 H Shares. Therefore, CICC was deemed to be interested in the H Shares in which CICC Securities and CICC Financial Trading are interested under the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any persons (other than the Directors, proposed Director, the Supervisors or chief executives of the Company) who had interests and/or short positions in the Shares or underlying Shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

3. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, proposed Director, and their respective associates had any interest in a business which competes or is likely to compete with the business of the Group save as below:

Dr. Chen Lieping, an Independent Non-executive Director, is the chairman of the board of directors and directly interested in 60% of the equity interest of Fuzhou Tuoxin Tiancheng Biological Technology Co., Ltd.* (福州拓新天成生物科技有限公司) (“**Fuzhou Tuoxin**”), which was a limited liability company established in the PRC on 17 April 2017 with a registered capital of RMB2 million. According to its business licence, Fuzhou Tuoxin is licensed to engage in business activities including, among others, R&D in biological and pharmaceutical areas. As confirmed by Dr. Chen, Fuzhou Tuoxin focused on the area of cellular immunotherapy in practice and it currently maintains a minimal operation with no substantial business. The Company is of the view that as Fuzhou Tuoxin has no substantial business operation or R&D activities, Fuzhou Tuoxin is not in competition with the Group. Dr. Chen has undertaken to the Company to keep the Company promptly and fully informed of his business or other activities which would or is likely to be in conflict or in competition (or may potentially compete) with the Group.

Dr. Chen is a director and directly interested in 15% of the equity interest of Dayou Huaxia Biotech Medical Group Co. Ltd.* (大有華夏生物醫藥集團有限公司) (“**Dayou Huaxia**”), which was a limited liability company established in the PRC on 27 September 2016 with a registered capital of RMB300 million. According to its business licence, Dayou Huaxia is licensed to engage in business activities including, among others, R&D in biopharmaceutical technology and diagnostic technology, medical research and tests. As confirmed by Dr. Chen, Dayou Huaxia is engaged in development of new antibody drug candidates and immunotherapy in practice, and it is currently at an early stage of R&D, and as of the Latest Practicable Date, it had not registered or applied for registration of any patents, and there is currently no overlap between the Group’s biologic drug candidates and those of Dayou Huaxia. The Company is of

the view that since Dayou Huaxia is only at an early stage of R&D and with reference to the progress the Group has already achieved, there is no actual competition between the Group and Dayou Huaxia, notwithstanding that there may be potential competition in the future if Dayou Huaxia achieves any significant advancement in their R&D.

4. DIRECTORS' AND SUPERVISORS' INTEREST IN ASSETS OR CONTRACTS

As at the Latest Practicable Date, none of the Directors, proposed Director, or the Supervisors: (a) had any direct or indirect interest in any assets acquired or disposed of by or leased to, or proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up; or (b) was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

5. MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up.

6. SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

As at the Latest Practicable Date, none of the Directors or Supervisors has entered into or intends to enter into a service contract with any member of the Group (other than contracts expiring or terminable by the relevant employer within one year without payment of compensation (other than statutory compensation)).

7. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any material litigation or claims. To the knowledge of the Directors, no member of the Group had any pending or threatened material litigation or claims.

8. MATERIAL CONTRACTS

During the two years prior to the date of this circular, the Group and its subsidiaries had entered into the following material contracts (except those entered into in the Group's ordinary course of business):

- (a) a cooperation framework agreement dated 13 September 2018 entered into between the Company, Zhenhe (Beijing) Technology Co., Ltd.* (臻和(北京)科技有限公司), Beijing Baiyining Medical Technology Co., Ltd.* (北京百益寧醫學科技有限責任公司) (“**Baiyining**”), Shanghai Tanying and Shanghai Qiangang Investment Management Partnership (LP)* (上海乾剛投資管理合夥企業(有限合夥)) in relation to capital increase of Baiyining and establishment of a joint venture company;

- (b) a cornerstone investment agreement dated 9 December 2018, entered into between the Company, Loyal Valley Capital Advantage Fund LP and China International Capital Corporation Hong Kong Securities Limited (“CICC HK”), pursuant to which Loyal Valley Capital Advantage Fund LP agreed to subscribe for the H Shares in the aggregate amount of US\$25,000,000 at the offer price at the Company’s global offering;
- (c) a cornerstone investment agreement dated 9 December 2018, entered into between the Company, Loyal Valley Capital Advantage Fund II LP and CICC HK, pursuant to which Loyal Valley Capital Advantage Fund II LP agreed to subscribe for the H Shares in the aggregate amount of US\$30,000,000 at the offer price at the Company’s global offering;
- (d) a cornerstone investment agreement dated 9 December 2018, entered into between the Company, LVC Renaissance Fund LP and CICC HK, pursuant to which LVC Renaissance Fund LP agreed to subscribe for the H Shares in the aggregate amount of US\$37,000,000 at the offer price at the Company’s global offering;
- (e) a cornerstone investment agreement dated 9 December 2018, entered into between the Company, Highbury Investment Pte Ltd and CICC HK, pursuant to which Highbury Investment Pte Ltd agreed to subscribe for the H Shares in the aggregate amount of US\$45,000,000 at the offer price at the Company’s global offering;
- (f) a cornerstone investment agreement dated 9 December 2018, entered into between the Company, Beijing Dinglianxin Technology Development Co., Ltd.* (北京鼎聯鑫科技發展有限公司) and CICC HK, pursuant to which Beijing Dinglianxin Technology Development Co., Ltd.* (北京鼎聯鑫科技發展有限公司) agreed to subscribe for the H Shares in the aggregate amount of US\$21,000,000 at the offer price at the Company’s global offering;
- (g) a cornerstone investment agreement dated 9 December 2018, entered into between the Company, Yu Jianwu (俞建午) and CICC HK, pursuant to which Yu Jianwu (俞建午) agreed to subscribe for the H Shares in the aggregate amount of US\$33,000,000 at the offer price at the Company’s global offering;
- (h) a cornerstone investment agreement dated 9 December 2018, entered into between the Company, Megastar Investment Management Limited, CICC HK and China Securities (International) Corporate Finance Company Limited (中信建投(國際)融資有限公司) pursuant to which Megastar Investment Management Limited agreed to subscribe for the H Shares in the aggregate amount of US\$15,000,000 at the offer price at the Company’s global offering;

- (i) a cornerstone investment agreement dated 9 December 2018, entered into between the Company, TR Capital III, L.P. and CICC HK, pursuant to which TR Capital III, L.P. agreed to subscribe for the H Shares in the aggregate amount of US\$3,000,000 at the offer price at the Company's global offering;
- (j) a cornerstone investment agreement dated 9 December 2018, entered into between our Company, Wang Shujun (王樹君) and CICC HK, pursuant to which Wang Shujun (王樹君) agreed to subscribe for the H Shares in the aggregate amount of US\$33,000,000 at the offer price at the Company's global offering;
- (k) the Hong Kong underwriting agreement dated 10 December 2018 relating to the Hong Kong public offering of the Company (details of which are set out in the Company's prospectus dated 11 December 2018) entered into among the Company, Xiong Jun, Xiong Fengxiang, CICC HK, Citigroup Global Markets Asia Limited, Credit Suisse (Hong Kong) Limited, Fosun Hani Securities Limited, China Securities (International) Corporate Finance Company Limited and Caitong International Securities Company Limited;
- (l) the international underwriting agreement dated 16 December 2018 relating to the international offering of the Company (details of which are set out in the Company's prospectus dated 11 December 2018) entered into among the Company, Xiong Jun, Xiong Fengxiang, CICC HK, Citigroup Global Markets Asia Limited, Credit Suisse (Hong Kong) Limited and Fosun Hani Securities Limited; and
- (m) a technology transfer and cooperation agreement dated 19 February 2019 entered into between the Company and Runjia (Suzhou) Biosciences Co., Ltd.* (潤佳(蘇州)醫藥科技有限公司) in relation to the acquisition of interests in the drug projects at a consideration of RMB150 million.

9. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given advice and recommendations which are contained in this circular:

Name	Qualification
Rainbow Capital	A licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

The Independent Financial Adviser issued a letter dated 27 May 2020 in respect of its recommendation to the Independent Board Committee and the Independent Shareholders for the purpose of incorporation in this circular. As at the Latest Practicable Date, the Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter in this circular, and the references to its name and opinion in the form and context in which they appear.

10. EXPERT'S INTERESTS

As at the Latest Practicable Date, the Independent Financial Adviser:

- (a) did not have any direct or indirect interest in any assets acquired or disposed of by or leased to, or proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up; and
- (b) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours on any working day (public holidays excepted) at the Company's principal place of business in Hong Kong at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for a period of 14 days (including the day) from the date of this circular:

- (a) the letter from the Independent Board Committee as set out in pages 17 to 18 of this circular;
- (b) the letter from Rainbow Capital as set out in pages 19 to 37 of this circular;
- (c) the material contracts referred to in the paragraph headed "8. Material Contracts" above;
- (d) the written consent of Rainbow Capital, the Independent Financial Adviser, referred to in the paragraph headed "9. Expert's Qualification and Consent" above;
- (e) the trust agreement between the Trustee and the Administrator; and
- (f) this circular.

12. GENERAL INFORMATION

- (a) The joint company secretaries of the Company are Ms. Chen Yingge and Ms. Wong Yik Han. Ms. Wong is a Chartered Secretary and an Associate of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (formerly The Institute of Chartered Secretaries and Administrators).
- (b) The registered address of the Company is Level 13, Building 2, Nos. 36 and 58, Hai Qu Road, China (Shanghai) Pilot Free Trade Zone, the PRC. The principal place of business of the Company in Hong Kong is at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) The H share registrar of the Company is Tricor Investor Services Limited located at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) In the event of any inconsistency, the English version of this circular shall prevail over the Chinese version.

NOTICE OF EGM

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



SHANGHAI JUNSHI BIOSCIENCES CO., LTD.*

上海君實生物醫藥科技股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock code: 1877)

NOTICE OF THE 2020 SECOND EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2020 second extraordinary general meeting (the “EGM”) of Shanghai Junshi Biosciences Co., Ltd.* (the “**Company**”) will be held at 13th Floor, Building 2, Nos. 36, 58 Haiqu Road, Zhangjiang Hi-Tech Park, Shanghai, the People's Republic of China on Friday, 19 June 2020 at 9:00 a.m., for the following purposes:

ORDINARY RESOLUTIONS

1. To consider and approve the appointment of Mr. Zhang Chun (張淳) as an independent non-executive director of the Company.
2. To consider and approve the Strategic Allotment to the Collective Management Plan.

By Order of the Board
Shanghai Junshi Biosciences Co., Ltd.*
Mr. Xiong Jun
Chairman

Shanghai, the PRC, 27 May 2020

Notes:

1. Pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”), any vote of shareholders at a general meeting will be taken by poll. As such, each of the resolutions set out in the notice of EGM will be voted by poll. Results of the poll will be published on the Company's website at www.junshipharma.com and the Stock Exchange's website at www.hkexnews.hk after the EGM in accordance with the Listing Rules.

NOTICE OF EGM

2. The register of members of H shares of the Company has been closed from Wednesday, 20 May 2020 to Friday, 19 June 2020, both days inclusive, during which period no transfer of H shares of the Company will be registered, in order to determine the entitlements of the shareholders of the Company to attend and vote at the EGM to be held on Friday, 19 June 2020. In order to be eligible to attend and vote at the EGM, holders of H shares of the Company whose transfer documents have not been registered are required to deposit all properly completed share transfer forms together with the relevant share certificates to the Company's H Share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (for holders of H shares) for registration before 4:30 p.m. on Tuesday, 19 May 2020.
3. A shareholder entitled to attend and vote at the meeting may appoint one or more persons as his/her proxy(ies) to attend and vote on his/her behalf. A proxy need not be a shareholder of the Company but must attend the meeting in person to represent the member.
4. The instrument appointing a proxy must be in writing and signed by the appointing shareholder or his/her duly authorized attorney in writing. Where the appointing shareholder is a legal entity, such instrument must be either under its common seal or duly signed by its legal representative, director(s) or duly authorized attorney(s).
5. Shareholders who intend to attend the meeting by proxy should complete the proxy form. For holders of H shares, the proxy form should be returned to the Company's H Share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, in person or by post as soon as possible not less than 24 hours before the time fixed for holding the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending the EGM and any adjournment thereof and voting in person. In such event, the form of proxy shall be deemed to be revoked.
6. The EGM is expected to last for less than half a day. Shareholders (in person or by proxy) who attend the EGM should bear their own transportation and accommodation expenses. Shareholders or their proxies attending the EGM shall present their identification documents.
7. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either in person or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting, the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
8. References to times and dates in this notice are to Hong Kong local times and dates.
9. This notice of EGM is despatched to the holders of H Shares only. The notice of EGM to the holders of Domestic Shares is separately published on the Company's website (www.junshipharma.com).

As at the date of this announcement, the board of directors of the Company comprises Mr. Xiong Jun, Dr. Li Ning, Dr. Feng Hui, Mr. Zhang Zhuobing, Dr. Wu Hai and Dr. Yao Sheng as executive Directors; Mr. Tang Yi, Mr. Li Cong, Mr. Yi Qingqing and Mr. Lin Lijun as non-executive Directors; and Dr. Chen Lieping, Dr. He Jia, Mr. Chen Xinjun, Mr. Qian Zhi and Dr. Roy Steven Herbst as independent non-executive Directors.

* *For identification purposes only*