
CONNECTED TRANSACTIONS

OVERVIEW

Prior to the Listing, we entered into certain transactions with parties who will, upon the Listing, become connected persons of the Company. Details of such continuing connected transactions and one-off connected transactions of the Company following the Listing are set out below.

Connected Persons

We have entered into certain transactions with the following connected persons, which will constitute our continuing connected transactions upon Listing:

<u>Connected Person</u>	<u>Connected Relationship</u>
Juno	Following the Global Offering (assuming the Over-allotment Option is not exercised, no additional Shares are issued pursuant to the Share Incentivization Schemes and no Syracuse Holdback Shares and Juno Settlement Shares are issued), we will become directly owned as to 18.67% by Juno. Juno is therefore one of the Substantial Shareholders. Pursuant to Rule 14A.07(1) of the Listing Rules, Juno is a connected person of our Company.
WXAT HK	Following the Global Offering (assuming the Over-allotment Option is not exercised, no additional Shares are issued pursuant to the Share Incentivization Schemes and no Syracuse Holdback Shares and Juno Settlement Shares are issued), we will become directly owned as to 10.16% by WXAT HK. WXAT HK is therefore one of our Substantial Shareholders. Pursuant to Rule 14A.07(1) of the Listing Rules, WXAT HK is a connected person of our Company.

CONNECTED TRANSACTIONS

<u>Connected Person</u>	<u>Connected Relationship</u>
WXAT Shanghai	Following the Global Offering (assuming the Over-allotment Option is not exercised, no additional Shares are issued pursuant to the Share Incentivization Schemes and no Syracuse Holdback Shares and Juno Settlement Shares are issued), we will become directly owned as to 10.16% by WXAT HK. WXAT Shanghai is the holding company of WXAT HK and therefore an associate of our Substantial Shareholder, WXAT HK. Pursuant to Rule 14A.07(4), WXAT Shanghai is a connected person of our Company.
Ms. Xing Gao	Ms. Xing Gao is one of our Directors. Pursuant to Rule 14A.07(1) of the Listing Rules, Ms. Xing Gao is a connected person of our Company.
Shanghai Ju Ming	As at the Latest Practicable Date, Shanghai Ju Ming is held by Ms. Xing Gao, our non-executive Director, as to 50%. Pursuant to Rule 14A.07(4), Shanghai Ju Ming is an associate of our Director and therefore a connected person of our Company.
Syracuse Cayman	Following the Global Offering (assuming the Over-allotment Option is not exercised, no additional Shares are issued pursuant to the Share Incentivization Schemes and no Syracuse Holdback Shares and Juno Settlement Shares are issued), we will become directly owned as to 11.53% by Syracuse Cayman. Syracuse Cayman is one of our Substantial Shareholders. Pursuant to Rule 14A.07(1) of the Listing Rules, Syracuse Cayman is a connected person of our Company.

CONNECTED TRANSACTIONS

CONTINUING CONNECTED TRANSACTIONS

Summary of Our Continuing Connected Transactions

No.	Nature of Transactions	Relevant Listing Rules	Connected Person(s)	Waiver Sought
<i>IT Service Agreement</i>				
1.	IT service provided by WXAT Shanghai	14A.76 <i>de minimis</i> transactions	WXAT Shanghai	Not applicable
<i>Administrative Integrated Service Agreement</i>				
2.	Administrative integrated service with WXAT Shanghai	14A.76 <i>de minimis</i> transactions	WXAT Shanghai	Not applicable
<i>Equipment Lease Framework Agreement</i>				
3.	Equipment lease provided by WXAT Shanghai	14A.35, 14A.36 and 14A.105	WXAT Shanghai	Waiver from strict compliance with reporting and announcement requirements
<i>Vector Supply Agreements</i>				
4.	Viral vectors supplied by Juno	14A.35, 14A.36 and 14A.105	Juno	Waiver from strict compliance with reporting and announcement requirements
<i>Framework Agreement for Clinical Service</i>				
5.	Clinical service provided by WXAT Shanghai	14A.35, 14A.36 and 14A.105	WXAT HK and WXAT Shanghai	Waiver from strict compliance with reporting and announcement requirements
<i>License and Strategic Alliance Agreement</i>				
6.	License and strategic alliance with Juno	14A.35, 14A.36, 14A.52, 14A.53 and 14A.105	Juno	Waiver from strict compliance with reporting, announcement and independent Shareholders' approval requirements, the requirement of limiting the term of agreement to three years or less and the fixed monetary annual cap requirement

CONNECTED TRANSACTIONS

No.	Nature of Transactions	Relevant Listing Rules	Connected Person(s)	Waiver Sought
<i>BCMA License Agreement</i>				
7.	BCMA license with Juno	14A.35, 14A.36, 14A.52 and 14A.105	Juno	Waiver from strict compliance with reporting, announcement and independent Shareholders' approval requirements and the requirement of limiting the term of agreement to three years or less
<i>Contractual Arrangements</i>				
8.	Contractual Arrangements	14A.35, 14A.36, 14A.52, 14A.53 and 14A.105	Ms. Xing Gao and Shanghai Ju Ming	Waiver from strict compliance with reporting, announcement and independent Shareholders' approval requirements, the requirement of limiting the term of agreement to three years or less and the fixed monetary annual cap requirement

FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. IT Service Agreement with WXAT Shanghai

Principal terms

JW Shanghai entered into an IT service agreement on June 1, 2020 with WXAT Shanghai, pursuant to which WXAT Shanghai provided services covering IT platform service and infrastructure service (the “**IT Service Agreement**”). The term of the IT Service Agreement commenced on June 1, 2020 and will expire on May 31, 2021, and upon mutual agreement, may be renewed subject to compliance with all applicable laws and regulations and the Listing Rules.

Pricing policy

The service fees to be incurred by our Group to WXAT Shanghai shall be determined after arm's length negotiation between the parties with reference to the prevailing market rate in respect of similar IT services provided by other independent IT service providers and we will engage WXAT Shanghai to provide such services if they are provided on normal commercial terms or better to the Group when compared with other independent third parties.

CONNECTED TRANSACTIONS

Reasons for and benefits of the transactions

Our Company requires various supporting services in connection with our IT infrastructure and platform to support our business operation that are better handled and outsourced by service providers equipped with better technical services capabilities. As such, it would be more cost effective and efficient to outsource such services to WXAT Shanghai, which is a leading global pharmaceutical research and development services platform that can provide highly responsive and convenient specialized IT support.

Historical amounts

For the two years ended December 31, 2018 and 2019 and the six months ended June 30, 2020, the total amount of service fees incurred by our Group to WXAT Shanghai was approximately RMB272,422, RMB441,699 and RMB207,417 respectively.

Listing Rule Implications

Although the revenue ratio and the profit ratio are not applicable given that the Company is a pre-revenue biopharmaceutical company, the assets ratio remains applicable and does not produce any anomalous result. The transactions contemplated under the IT Service Agreement are conducted in the ordinary and usual course of business on normal commercial terms or better and our Directors currently expect that the asset ratio in respect of such transactions will be less than 5% and the total consideration will be less than HKD3 million. As such, these transactions will be fully-exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. Administrative Integrated Service Agreement with WXAT Shanghai

Principal terms

JW Shanghai entered into an administrative integrated service agreement on August 1, 2020 with WXAT Shanghai, pursuant to which WXAT Shanghai provided services relating to administrative support and environmental protection (the “**Administrative Integrated Service Agreement**”). The term of the Administrative Integrated Service Agreement commences on July 1, 2019 and will expire on December 31, 2021, and upon mutual agreement, may be renewed subject to compliance with all applicable laws and regulations and the Listing Rules.

CONNECTED TRANSACTIONS

Pricing policy

The service fees to be incurred by our Group to WXAT Shanghai shall be determined after arm's length negotiation between the parties with reference to the prevailing market rate in respect of similar administrative integrated services provided by other independent administrative integrated service providers and we will engage WXAT Shanghai to provide such services if they are provided on normal commercial terms or better to the Group when compared with other independent third parties.

Reasons for and benefits of the transactions

Due to the close proximity of WXAT Shanghai and our Group, it would be more convenient and cost effective for the Group to engage WXAT Shanghai to provide such support services in connection with our administrative services to support our business operation. Comparing to other independent third parties, WXAT Shanghai is able to provide comprehensive administrative services around its campus.

Historical amounts

For the two years ended December 31, 2018 and 2019 and the six months ended June 30, 2020, the total amount of service fees incurred by our Group to WXAT Shanghai was approximately RMB466,320, RMB466,320 and RMB233,160 respectively.

Listing Rule Implications

Although the revenue ratio and the profit ratio are not applicable given that the Company is a pre-revenue biopharmaceutical company, the assets ratio remains applicable and does not produce any anomalous result. The transactions contemplated under the Administrative Integrated Service Agreement are conducted in the ordinary and usual course of business on normal commercial terms or better and our Directors currently expect that the asset ratio in respect of such transactions will be less than 5% and the total consideration will be less than HKD3 million. As such, these transactions will be fully-exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

3. Equipment Lease Framework Agreement with WXAT Shanghai

Principal terms

JW Shanghai entered into an equipment lease framework agreement with WXAT Shanghai on August 1, 2020, pursuant to which WXAT Shanghai leased to JW Shanghai certain specialized clinical equipments for the operation of our clinical laboratories (the “**Equipment Lease Framework Agreement**”). The Equipment Lease Framework Agreement commenced from February 1, 2019 to December 31, 2021.

Pricing policy

Under the Equipment Lease Framework Agreement, WXAT Shanghai leases certain specialized clinical equipments to JW Shanghai. The rent of each equipment was determined, after arm’s length negotiations between the parties, with reference to the prevailing market prices in respect of similar equipment as well as the depreciation of the fixed assets of the equipment, plus a profit mark-up of 5%.

Reasons and benefits of the transactions

The Company requires certain specialized clinical equipments for the purpose of research and development from time to time and it would be better and more cost-effective to obtain these equipments through leasing from WXAT Shanghai as compared to purchasing these clinical equipments.

Historical amount

For the two years ended December 31, 2018 and 2019 and the six months ended June 30, 2020, the total amount of rent incurred by our Group to WXAT Shanghai was approximately RMB2,459,516 and RMB2,576,844 and RMB1,387,267.

Annual cap

For the two years ending December 31, 2020 and 2021, the total amount payable by our Group to WXAT Shanghai under the Equipment Lease Framework Agreement is not expected to exceed RMB3.5 million and RMB4 million respectively.

CONNECTED TRANSACTIONS

Basis of cap

The above proposed annual caps are set based on the following factors: (i) the historical transaction amount paid by our Group to WXAT Shanghai and (ii) the anticipation of the increase of rent due to the additional costs arising from increased research and development activities and increasing demand and enhancement for specialized clinical equipment.

Listing Rules Implications

Although the revenue ratio and the profit ratio are not applicable given that the Company is a pre-revenue biopharmaceutical company, the assets ratio remains applicable and does not produce any anomalous result. The transactions contemplated under the Equipment Lease Framework Agreement are conducted in the ordinary and usual course of business on normal commercial terms or better and our Directors currently expect that the asset ratio in respect of such transactions will be more than 0.1% but less than 5%. As such, these transactions will constitute continuing connected transactions exempt from the independent shareholders' approval requirements and would require compliance with the reporting and announcement requirements and annual review requirements under Chapter 14A of the Listing Rules.

4. Vector Supply Agreements

Principal terms

Our Company entered into vector supply agreements with Juno on June 29, 2020 and June 19, 2020, pursuant to which we agree to procure viral vectors from Juno in connection with the clinical development of relma-cel and JWCAR129, as well as the commercialization of relma-cel, subject to the terms and conditions therein (the “**Vector Supply Agreements**”). The Vector Supply Agreements are effective from the date of the agreement and will expire on the later of (i) three years from the date of agreement or (ii) the completion of services provided under the relevant Vector Supply Agreement prior to the third anniversary of the date of agreement. The terms of the Vector Supply Agreements may be extended only upon mutual agreement.

Pricing policy

The prices of the viral vectors are determined on an arm's length standard which includes considerations of (i) Juno's costs for the procurement of viral vectors from independent contractors; (ii) profit mark-up of not exceeding 15% and (iii) specific requirements due to potential commercialization of our drug candidates.

CONNECTED TRANSACTIONS

Reasons for and benefits of the transactions

Juno is a global leading company in the development of cell therapies. Juno procures viral vectors from independent contractors globally for both clinical stage developments as well as anticipated commercialization of its own pipeline products. Our pipeline products, relma-cel and JWCAR129, are developed based on the CAR construct we in-licensed from Juno and share similar characteristics and requirements for viral vector supplies. Accordingly, Juno has been providing the Group with high quality and cost effective supply of viral vectors for our research and development of relma-cel and JWCAR129 during the Track Record Period, as well as the anticipated commercialization of relma-cel.

Historical amounts

For the two years ended December 31, 2018 and 2019 and the six months ended June 30, 2020, the total amount of fees incurred by our Group to Juno was approximately US\$572,646 (equivalent to RMB3,843,944), US\$327,248 (equivalent to RMB2,196,685) and US\$103,560 (equivalent to RMB695,157).

Annual cap

For the three years ending December 31, 2020, 2021 and 2022, the total amount payable by our Group to Juno under the Vector Supply Agreements is not expected to exceed US\$0.6 million (equivalent to RMB4,027,560), US\$3.2 million (equivalent to RMB21,480,320) and US\$12.8 million (equivalent to RMB85,921,280) respectively.

Basis of cap

The above proposed annual caps are set based on the following factors: (i) the historical transaction amount paid by our Group to Juno for the purchase of viral vectors for use in clinical trials; (ii) the anticipated significant increase in the use of viral vectors for both the commercialization of relma-cel in 2021 and expanded clinical trial programs in 2020, 2021 and 2022 as the Group's business continues to grow and expand while approaching commercialization stage; (iii) pricing of viral vectors for commercialization and clinical trial purposes are priced on actual procurement costs incurred by Juno and up to 15% profit mark-up for quality control and other services; (iv) significantly higher unit price of GMP grade viral vectors for commercialization purpose compared to non-GMP grade viral vectors used in clinical trials. GMP grade viral vectors are more costly due to lower production yield as a result of GMP QC testing and sample retention requirements, additional costs for GMP qualification and maintenance, as well as additional costs for securing capacity and supply with qualified suppliers; and (v) the

CONNECTED TRANSACTIONS

Company expects that it does not require GMP grade viral vectors for commercialization purpose for 2020 and the number of GMP grade viral vectors for commercialization purpose required in 2022 is expected to be four times or higher than 2021.

Listing Rule Implications

Although the revenue ratio and the profit ratio are not applicable given that the Company is a pre-revenue biopharmaceutical company, the assets ratio remains applicable and does not produce any anomalous result. The transactions contemplated under the Vector Supply Agreements are conducted in the ordinary and usual course of business on normal commercial terms or better and our Directors currently expect that the asset ratio in respect of such transactions will be more than 0.1% but less than 5%. As such, these transactions will constitute continuing connected transactions exempt from the independent shareholders' approval requirements and would require compliance with the reporting and announcement requirements and annual review requirements under Chapter 14A of the Listing Rules.

5. Framework Agreement for Clinical Service with WXAT HK and WXAT Shanghai

Principal terms

The Company, its subsidiaries and Consolidated Affiliated Entities entered into a framework agreement for clinical service on August 1, 2020 with WXAT HK and WXAT Shanghai, pursuant to which WXAT Shanghai will provide us various clinical services including but not limited to plasmid construction, bacteria banking and clinical research services (the “**Framework Agreement for Clinical Service**”). The Framework Agreement for Clinical Service will be effective from August 1, 2020 until December 31, 2022 and upon mutual agreement, may be renewed subject to compliance with all applicable laws and regulations and the Listing Rules.

Pricing policy

The service fees will be determined on arm's length basis with reference to prevailing market price based on same supply conditions and technical specifications and we will engage WXAT Shanghai to provide such services if they are provided on normal commercial terms or better to the Group when compared with other independent third parties.

Reasons for and benefits of the transactions

It is complementary and beneficial to our Group to enter into the Framework Agreement for Clinical Service to receive quality and specialized clinical services which could be better provided by WXAT Shanghai, which is a leading global pharmaceutical research and development services

CONNECTED TRANSACTIONS

platform with capabilities in providing clinical services. By entering into the Framework Agreement for Clinical Service, our Directors are of the view that WXAT Shanghai could provide us with comprehensive and cost-effective clinical services.

Historical amounts

For the two years ended December 31, 2018 and 2019 and the six months ended June 30, 2020, there were no service fees incurred by our Group to WXAT Shanghai.

Annual cap

For the three years ending December 31, 2020, 2021 and 2022, the total amount payable by our Group to WXAT HK under the Framework Agreement for Clinical Service is not expected to exceed US\$2.0 million (equivalent to RMB13,425,200), US\$4.8 million (equivalent to RMB32,220,480) and US\$5.4 million (equivalent to RMB36,248,040) respectively.

Basis of cap

The above proposed annual caps are set based on (i) the anticipated increase to the number of clinical trials in the second half of 2020, 2021 and 2022, which is primarily driven by our clinical development and increased clinical trial demands in 2020, 2021 and 2022 with more drug candidates as the Group's business continue to grow and expand while approaching commercialization stage and (ii) the estimated costs per trial which is in line with prevailing market price.

Listing Rule Implications

Although the revenue ratio and the profit ratio are not applicable given that the Company is a pre-revenue biopharmaceutical company, the assets ratio remains applicable and does not produce any anomalous result. The transactions contemplated under the Framework Agreement for Clinical Service are conducted in the ordinary and usual course of business on normal commercial terms or better and our Directors currently expect that the asset ratio will be more than 0.1% but less than 5%. As such, these transactions will constitute continuing connected transactions exempt from the independent shareholders' approval requirements and would require compliance with the reporting and announcement requirements and annual review requirements under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

6. License and Strategic Alliance Agreement with Juno

Principal terms of the transaction

The Company entered into the License and Strategic Alliance Agreement with Juno on December 13, 2017, pursuant to which the Company has the right of first negotiation to license or obtain the rights to Juno's engineered T-cell pipeline product candidates in the ROFN Field for further development and commercialization in the Territory. Juno also granted us an exclusive, sublicensable, transferable and fee-bearing license under Juno's interest in or Juno's license rights to certain patent rights and know-how, and a non-exclusive, sublicensable, transferable and fee-bearing license under certain patent rights and know-how covering Juno's platform technology, solely to research, develop, commercialize, and manufacture or have manufactured relma-cel in China, Hong Kong and Macau. For further details, please see the section headed "Business — Collaboration and License Agreements — License Agreements with Juno" in this prospectus. In consideration of the rights granted to us, we are required to make various upfront, milestone, royalty payments and reimbursement to Juno and the Company has set caps for milestone payment, royalty payment and reimbursement under the License and Strategic Alliance Agreement (which does not affect the Company's payment obligations under the License and Strategic Alliance Agreement but merely set for the purpose of complying with the Listing Rules) as follows:

Upfront payment : The Company shall provide Juno upfront share-based payment by (i) issuing Series A1 Preferred Shares to Juno in Series A1 financing with an aggregate value of approximately US\$8.9 million and (ii) issuing such number of Series A2 Preferred Shares to Juno in Series A2 financing such that immediately following closing of the Series A2 financing, Juno will be the holder of such number of Shares, Series A1 Preferred Shares and Series A2 Preferred Shares that together represent an indirect ownership interest of 35% of all of the equity interests in JW Shanghai on a fully-diluted basis.

The Company made the above upfront payment by issuing 641,975 Series A1 Preferred Shares on February 23, 2018 and 3,316,825 Series A2 Preferred Shares to Juno on May 9, 2019. All such Series A1 Preferred Shares and Series A2 Preferred Shares will be converted into ordinary shares upon Listing.

CONNECTED TRANSACTIONS

Milestone payment : The Company to provide Juno milestone payment in cash in an amount of US\$5 million based on earlier occurrence of (i) milestone events relating to certain regulatory approvals and (ii) treatment of 100 patients with relma-cel in clinical trials.

As at the Latest Practicable Date, no milestone payment was made by the Company to Juno.

Royalty payment : We are required to pay Juno royalty payments in cash for relma-cel and any related diagnostic products based on annual net sales in the Territory, subject to certain adjustments in specified circumstances under the License and Strategic Alliance Agreement.

As at the Latest Practicable Date, no royalty payment was made by the Company to Juno.

Reimbursement : We are required to pay to Juno in cash the sum of, among others, all milestone payments and royalties owed by Juno to third parties with respect to relma-cel and related diagnostic products in the Territory pursuant to in-license agreements existing at the time of such development or commercialization.

As at the Latest Practicable Date, no reimbursement was made by the Company to Juno.

CONNECTED TRANSACTIONS

Caps for milestone payment, royalty payment and reimbursement : The annual cap for the milestone payment to be paid to Juno pursuant to the License and Strategic Alliance Agreement will be US\$5 million, US\$5 million and nil for 2020, 2021 and 2022 respectively taking into account the uncertainties on the precise timing of the one milestone event triggering the milestone payment (i.e. earlier of treating 100 patients with relma-cel in clinical trials or certain regulatory approvals) which is likely to occur in either 2020 or 2021 but in any event, such milestone payment will not be more than US\$5 million in aggregate.

(Note 1)

The annual cap for royalty payment and reimbursement to be paid to Juno pursuant to the License and Strategic Alliance Agreement for 2020, 2021 and 2022 will be determined in accordance with the following formula:

Annual cap for royalty payment and reimbursement = 16% × annual net sales of the relevant products

(1) The caps do not affect the Company's payment obligations under the License and Strategic Alliance Agreement and are merely set for the purpose of complying with the Listing Rules.

The License and Strategic Alliance Agreement became effective on December 13, 2017 and continues until the later of (i) the expiration or termination of all then existing Juno pipeline product licenses; or (ii) the expiration of the royalty term. The royalty term applies on a product-by-product and country-by-country basis commencing upon the first commercial sale of relma-cel or a related diagnostic product in the Territory, with the end date varying depending on the type of royalty owed to Juno. It may also be terminated earlier by mutual agreement, by either party for the other party's uncured material breach that has frustrated the fundamental purpose of this agreement, upon our or JW Shanghai's dissolution, by either party upon the bankruptcy of the other party, or by Juno if either party receives notice from the relevant regulatory authority alleging significant concerns regarding a patient safety issue that Juno reasonably believes would seriously impact the long-term viability of relma-cel. For further details of the License and Strategic Alliance Agreement, please see the section headed "Business — License Agreements with Juno — Rights In-licensed from Juno — Relma-cel" in this prospectus.

CONNECTED TRANSACTIONS

Reasons for and benefits of the transactions

As the Company is a clinical and pre-clinical stage cell therapy company in the early stages of development, the licenses, technologies and know-how granted by Juno are essential to our development process. Juno and our Company established a strategic alliance to utilize Shanghai Ming Ju to conduct clinical trials in connection with the research, development, manufacturing and commercialization of certain cellular therapy products, including relma-cel, in China.

The royalty payment is a revenue sharing arrangement which was determined after arm's length negotiations between us and Juno, taking into account that it is common practice to share future sales revenue and proceeds from transfer of sub-licensing rights which in turn lowers the upfront fixed payment payable by the licensee in the Chinese biopharmaceutical market, according to Frost & Sullivan.

Historical amounts

As relma-cel has not been commercialized in China and it is currently at clinical stage, there are no fees paid under the License and Strategic Alliance Agreement. For the two years ended December 31, 2018 and 2019 and the six months ended June 30, 2020, there were no fees paid by our Group to Juno under the License and Strategic Alliance Agreement.

Listing Rules implications

Although the revenue ratio and the profit ratio are not applicable given that the Company is a pre-revenue biopharmaceutical company, the assets ratio remains applicable and does not produce any anomalous result. The asset ratio in respect of the transactions associated with the License and Strategic Alliance Agreement is expected to be more than 5%. As such, the transactions will be subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Waiver from strict compliance with three-year contractual term and annual cap requirements

Rule 14A.52 of the Listing Rules provides that the period for the agreement must be fixed and reflect normal commercial terms or better. It must not exceed three years except in special circumstances where the nature of the transaction requires a longer period. In such case, the listed issuer must appoint an independent financial advisor to explain why the agreement requires a longer period and to confirm that it is normal business practice for agreements of such type to be of such duration.

CONNECTED TRANSACTIONS

Rule 14A.53 requires that the listed issuer must set an annual cap for the continuing connected transactions. The cap must be: (1) expressed in monetary terms; (2) determined by reference to previous transactions and figures in the published information of the listed issuer's group. If there were no previous transactions, the cap must be set based on reasonable assumptions; and (3) approved by shareholders if the transaction requires shareholders' approval.

The Company has applied for a waiver from strict compliance with the requirement under Rule 14A.52 and Rule 14A.53 of the Listing Rules to set a term of not exceeding three years and monetary annual caps under the License and Strategic Alliance Agreement for the following reasons:

- (1) it is impractical and extremely difficult for the Company to set a term of not exceeding three years and monetary annual cap in respect of the License and Strategic Alliance Agreement. The Company cannot accurately estimate the amount of the payment to be paid annually pursuant to the License and Strategic Alliance Agreement as the revenue to be derived from the sale of relevant products depends on the actual addressable market of the Company's products, which will in turn depend on various factors including the acceptance by the medical community and patient access, drug pricing, reimbursement and the number of affordable patients. The business of research, development, production and commercialization of drug candidates underlying the License and Strategic Alliance Agreement is the nature of the transaction that requires a longer contractual term. If the renewal of the License and Strategic Alliance Agreement is subject to the requirements of independent shareholders' approval every three years, even in the absence of any material amendment, change, rescission or re-signing of these agreements, we may face the unnecessary and substantial risks of failing to renew such agreement upon expiry and losing our competitive advantages. This may even prevent us from carrying on our businesses, bringing uncertainty to our continued operation;
- (2) as at the Latest Practicable Date, the Company has not commenced commercialization of relma-cel or related diagnostic products and we have not generated revenue from sales of any of our drug products developed by us. Therefore, our historical financial results are not an appropriate basis for estimating our future transaction volume. The Company does not have sufficient reference to enable it to estimate the future transaction volume and amount. Accordingly, imposing an arbitrary monetary cap would be unduly burdensome and not in the interests of the Company's Shareholders after the Listing;

CONNECTED TRANSACTIONS

- (3) given the revenue from the License and Strategic Alliance Agreement with Juno in respect of the relma-cel and related diagnostic products is expected to account for a significant portion of the Company's revenue before the commercialization of the other products of the Company, the disclosure of the annual caps in monetary terms would in effect provide Shareholders and investors as well as competitors of the Company with an indication of the Company's estimated revenue. The disclosure of such information is highly sensitive and would therefore put the Company in disadvantageous position in relation to its business operation and competition with other market players;
- (4) maintaining a long-term, exclusive cooperative relationship with Juno under the License and Strategic Alliance Agreement is critical to our businesses and developments. The scale of the Chinese biopharmaceutical markets in China is huge. Juno specializes in research, development, production and commercialization of CAR-T product candidates. Our continuous business relationship with Juno provides a strategic advantage for us to expand our drug portfolio covering treatment of immunological diseases to maintain our competitiveness. In addition, the exclusive term to cooperate with Juno under the License and Strategic Alliance Agreement safeguard the interests of our Company and our Shareholders as a whole by providing our Company with exclusivity in the relevant areas of business. Therefore, a contractual arrangement of indefinite term is necessary and critical to the sustainability of our business and to ensure our smooth and continued operations and also stable revenue and cash flows from the future commercialization of relma-cel in terms of indications related to immunological diseases. Subjecting the License and Strategic Alliance Agreement to independent shareholders' approval will expose our Company to the risks of such agreements not being able to be renewed upon the expiry of a fixed term. This will give rise to unnecessary and substantial uncertainty to our business and therefore will not be in the best interests of our Company and our Shareholders as a whole;
- (5) setting a term of not exceeding three years and monetary annual caps in respect of the royalty payment and reimbursement under the License and Strategic Alliance Agreement will unduly hinder our development and operation. We engage in the research, development, manufacturing and commercialization of CAR-T product candidates for the treatment of immunological diseases. We rely on the revenue and profits derived from the commercialization of our drug candidates in the upcoming future. Imposing a monetary cap and a three-year term on the transaction amount under the License and Strategic Alliance Agreement will place an arbitrary ceiling on our future revenue, hence effectively limiting the scale of our business to meet market demands, which will unduly hinder our development and our ability to grow and create value for all of our Shareholders; and

CONNECTED TRANSACTIONS

- (6) our Directors consider that the terms of the License and Strategic Alliance Agreement are consistent with normal business practices for agreements of a similar nature in the biotechnology pharmaceutical industry and are in the best interest of our Group and our Shareholders as a whole, because (i) the indefinite term of the License and Strategic Alliance Agreement can secure long-term license rights for us, thus avoiding unnecessary disruptions to our business and enable long-term development and continuity of our operations and (ii) as confirmed by Frost & Sullivan, it is not uncommon in the biotechnology pharmaceutical industry where similar long-term licensing arrangements are adopted.

The Stock Exchange has granted the waiver from strict compliance with the requirement under Rule 14A.53 of the Listing Rules in respect of the continuing connected transactions under the License and Strategic Alliance Agreement subject to the following conditions:

- (1) the Company will comply with the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules if there is any material change to the terms of the License and Strategic Alliance Agreement;
- (2) the Company will designate a team to execute and ensure that the transactions in relation to the License and Strategic Alliance Agreement are undertaken in accordance with the terms therein;
- (3) our CEO, Dr. Li, will use his best endeavours to supervise the compliance with the terms of the License and Strategic Alliance Agreement and applicable Listing Rules requirements to the extent not waived by the Stock Exchange on a regular basis;
- (4) the independent non-executive Directors and the auditors of the Company will review the transactions in relation to the License and Strategic Alliance Agreement on an annual basis and confirm in our annual reports the matters set out in Rules 14A.55 and 14A.56 of the Listing Rules, respectively;
- (5) the Company will disclose in the prospectus the background for entering into the License and Strategic Alliance Agreement, the terms of the License and Strategic Alliance Agreement, the grounds for the waiver sought and the Directors' and Joint Sponsors' views on the fairness and reasonableness of the transactions under the License and Strategic Alliance Agreement;

CONNECTED TRANSACTIONS

- (6) after three years from the commencement of the commercial sales of relma-cel and related diagnostic products, our Company will set monetary caps by making announcement(s) (where appropriate) for the purpose of Rule 14A.53 of the Listing Rules; and such transaction will be subject to, among others, circular and independent shareholders' approval requirements if the highest applicable percentage ratio is more than 5%. In addition, our Company will disclose in its annual report a clear description of the basis for calculating the fees payable to Juno under the License and Strategic Alliance Agreement and any changes to such basis would be subject to independent shareholders' approval;
- (7) in the event of any future amendments to the Listing Rules imposing more stringent requirements than those as at the date of this prospectus on the above continuing connected transactions, the Company will take immediate steps to ensure compliance with such new requirements;
- (8) apart from complying with reporting, announcement and independent Shareholders' approval requirements, setting a term of not exceeding three years and setting fixed monetary annual cap for which waivers are sought, our Company will comply with other requirements under Chapter 14A of the Listing Rules;
- (9) The entering into the License and Strategic Alliance Agreement with Juno, as long as Juno remains as the connected person of the company, will comply in full with all applicable reporting, annual review, disclosure and independent shareholders' approval requirement under Chapter 14A of the Listing Rules; and
- (10) if there is any material deviation on the arrangement under the License and Strategic Alliance Agreement and the Company has more certainty on the expected milestone, the Company will re-apply for a cap in compliance with Chapter 14A.

The waiver set out above is for a term of three years ending on December 31, 2022. The Company will, after taking into account, among other things, the addressable market, the drug pricing and the historical transaction amount of the relevant products, re-assess whether a further waiver is required at the expiry of such initial term.

CONNECTED TRANSACTIONS

7. BCMA License Agreement with Juno

Principal terms

The Company entered into a license agreement with Juno on April 11, 2019 pursuant to which Juno granted the Company an exclusive, sublicensable, transferable and fee-bearing license under certain patent rights and know-how covering Juno's platform technology, solely to research, develop, commercialize, and manufacture or have manufactured JWCAR129, or related diagnostic products, in the JWCAR129 Field in the Territory. For further details, please see the section headed "Business — Collaboration and License Agreements — License Agreements with Juno" in this prospectus. In consideration of the rights granted to us, we are required to make various upfront, milestone, royalty payments and reimbursement to Juno and the Company has set caps for milestone payment, royalty payment and reimbursement under the BCMA License Agreement (which does not affect the Company's payment obligations under the BCMA License Agreement but merely set for the purpose of complying with the Listing Rules) as follows:

Upfront payment : The Company shall provide Juno upfront payment comprising of (i) issuing 466,553 Series X Preferred Shares to Juno shortly after closing of Series A2 financing and (ii) issuing 4,665,530 (as adjusted after the Share Subdivision) Shares at nil consideration by June 11, 2022 if no product failure as defined in the BCMA License Agreement has occurred prior to April 2022, being to the third anniversary of the date of the BCMA License Agreement.

The Company has issued 466,553 Series X Preferred Shares to Juno on November 20, 2019 under (i) above and as at the Latest Practicable Date, no Shares have been issued under (ii) above. All such Series X Preferred Shares will be converted into ordinary shares upon Listing. For further details, please see "— One-off Connected Transactions" in this section.

Milestone payment : The Company shall provide Juno milestone payments in cash in an aggregate amount of up to US\$35 million which are contingent on the occurrence of (i) milestone events relating to obtaining regulatory approvals for JWCAR129 and (ii) a milestone event relating to sales in the Territory relating to JWCAR129.

As at the Latest Practicable Date, no milestone payment has been made by the Company to Juno.

CONNECTED TRANSACTIONS

Royalty payment : We are required to pay Juno royalty payments in cash for JWCAR129 and any related diagnostic products based on annual net sales in the Territory, subject to certain adjustments in specified circumstances under the BCMA License Agreement.

As at the Latest Practicable Date, no royalty payment was made by the Company to Juno.

Reimbursement : We are required to pay to Juno in cash the sum of, among others, all milestone payments and royalties owed by Juno to third parties with respect to JWCAR129 and related diagnostic products in the Territory pursuant to in-license agreements existing at the time of such development or commercialization.

As at the Latest Practicable Date, no reimbursement was made by the Company to Juno.

Caps for milestone payment, royalty payment and reimbursement : The annual cap for the milestone payment to be paid to Juno pursuant to the BCMA License Agreement will be nil, nil and US\$35 million for 2020, 2021 and 2022 respectively taking into account the estimated timing of the milestone events triggering milestone payments which is likely to occur in 2022 or later.
(Note 1)

Taking into account that setting annual cap formula may not be meaningful for JWCAR129 which is currently under pre-clinical development, the royalty payment and reimbursement to be paid to Juno pursuant to the BCMA License Agreement will not be more than US\$10 million in aggregate for 2020, 2021 and 2022.

(1) The caps do not affect the Company's payment obligations under the BCMA License Agreement and are merely set for the purpose of complying with the Listing Rules.

The BCMA License Agreement became effective on April 11, 2019 and will remain in effect and until the expiration of the royalty term. The royalty term applies on a product-by-product and country-by-country basis commencing upon the first commercial sale of JWCAR129 or a related diagnostic product in the Territory, with the end date varying depending on the type of royalty owed to Juno. It may also be terminated earlier by mutual agreement, by either party for the other party's uncured material breach that has frustrated the fundamental purpose of this agreement, upon our or JW Shanghai's dissolution, by either party upon the bankruptcy of the other party, by Juno if either party receives notice from the relevant regulatory authority alleging significant concerns regarding a patient safety issue that Juno reasonably believes would impact the long-term

CONNECTED TRANSACTIONS

viability of JWCAR129 if attributable to the CAR construct licensed from Juno, by Juno if the additional preferred shares are not issued by the timeline set forth in the BCMA License Agreement, or by us for Juno's termination, suspension, or clinical hold of development in the United States of the licensed CAR construct related to JWCAR129 for longer than 180 days. For further details of the BCMA License Agreement, please see the section headed "Business — License Agreements with Juno — Rights In-licensed from Juno — BCMA License Agreement" in this prospectus.

Reasons for and benefits of the transactions

As the Company established a stable strategic alliance with Juno, it entered into the BCMA License Agreement to develop JWCAR129 further strengthen such alliance and expand the Company's pipeline products.

The royalty and milestone payment is a revenue sharing arrangement which was determined after arm's length negotiations between us and Juno, taking into account that it is common practice to share future sales revenue and proceeds from transfer of sub-licensing rights which in turn lowers the upfront fixed payment payable by the licensee in the Chinese biopharmaceutical market, according to Frost & Sullivan.

Historical amounts

As JWCAR129 has not been commercialized in China and it is currently at pre-clinical stage, there are no fees paid under the BCMA License Agreement. For the two years ended December 31, 2018 and 2019 and the six months ended June 30, 2020, there were no fees paid by our Group to Juno under the BCMA License Agreement.

Listing Rules implications

Although the revenue ratio and the profit ratio are not applicable given that the Company is a pre-revenue biopharmaceutical company, the assets ratio remains applicable and does not produce any anomalous result. The asset ratio in respect of the transactions associated with the BCMA License Agreement is expected to be more than 5%. As such, the transactions will be subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

Waiver from strict compliance with contractual term requirements

Under Rule 14A.52 of the Listing Rules, a listed issuer is required to set a contractual term not exceeding three years. It is impracticable and extremely difficult for us to set a contractual term not exceeding three years in respect of the BCMA License Agreement. Therefore, the Company applied to the Stock Exchange for, and the Stock Exchange has granted to the Company, a waiver under Rule 14A.52 of the Listing Rules from strict compliance with the contractual term requirements

The Company has applied for a waiver from strict compliance with the requirement under Rule 14A.52 of the Listing Rules to set a term of not exceeding three years under the BCMA License Agreement for the following reasons:

- (1) the business of research, development, production and commercialization of drug candidates underlying the BCMA License Agreement is the nature of the transaction that requires a longer contractual term. If the renewal of the BCMA License Agreement is subject to the requirements of independent shareholders' approval every three years, even in the absence of any material amendment, change, rescission or re-signing of these agreements, we may face the unnecessary and substantial risks of failing to renew such agreement upon expiry and losing our competitive advantages. This may even prevent us from carrying on our businesses, bringing uncertainty to our continued operation;
- (2) maintaining a long-term, exclusive cooperative relationship with Juno under the BCMA License Agreement is critical to our businesses and developments. The scale of the Chinese biopharmaceutical markets in China is huge. Juno specializes in research, development, production and commercialization of CAR-T product candidates. Our continuous business relationship with Juno provides a strategic advantage for us to expand our drug portfolio covering treatment of immunological diseases to maintain our competitiveness. In addition, the exclusive term to cooperate with Juno under the BCMA License Agreement safeguard the interests of our Company and our Shareholders as a whole by providing our Company with exclusivity in the relevant areas of business. Therefore, a contractual arrangement of indefinite term is necessary and critical to the sustainability of our business and to ensure our smooth and continued operations and also stable revenue and cash flows from the future commercialization of JWCAR129 in terms of indications related to immunological diseases. Subjecting the BCMA License Agreement to independent shareholders' approval will expose our Company to the risks of such agreements not being able to be renewed upon the expiry of a fixed term. This will give rise to unnecessary and substantial uncertainty to our business and therefore will not be in the best interests of our Company and our Shareholders as a whole;

CONNECTED TRANSACTIONS

- (3) setting a term of not exceeding three years under the BCMA License Agreement will unduly hinder our development and operation. We engage in the research, development, manufacturing and commercialization of CAR-T product candidates for the treatment of immunological diseases. We rely on the revenue and profits derived from the commercialization of our drug candidates in the upcoming future. A three-year term on the transaction amount under the BCMA License Agreement will place an arbitrary ceiling on our future revenue, hence effectively limiting the scale of our business to meet market demands, which will unduly hinder our development and our ability to grow and create value for all of our Shareholders;
- (4) the BCMA License Agreement is of an indefinite term longer than three years as otherwise normally permitted for the continuing connected transactions under the Listing Rules. Our Directors consider that the terms of the BCMA License Agreement are consistent with normal business practices for agreement of similar nature in the biotechnology pharmaceutical industry and are in the best interest of our Group and our Shareholders as a whole, because (i) the indefinite term of the BCMA License Agreement can secure long-term license rights for us, thus avoiding unnecessary disruptions to our business and enable long-term development and continuity of our operations and (ii) as confirmed by Frost & Sullivan, it is not uncommon in the biotechnology pharmaceutical industry where similar long-term licensing arrangements are adopted;
- (5) the performance of the BCMA License Agreement with Juno will comply in full with all applicable reporting, annual review, disclosure and independent shareholders' approval requirement under Chapter 14A of the Listing Rules; and
- (6) if there is any material deviation on the arrangement under the BCMA License Agreement and the Company has more certainty on the expected milestones, the Company will re-apply for a cap in compliance with Chapter 14A.

8. Contractual Arrangements

As disclosed in “Contractual Arrangements”, due to regulatory restrictions on foreign ownership in the PRC, we conduct certain businesses through Shanghai Ju Ming, being our Consolidated Affiliated Entity, which holds the requisite licence, permit and approval required for clinical trial of CAR-T therapies which involve the development and application of gene diagnostic and therapeutic technologies in the PRC. The Contractual Arrangements entered into among JW Shanghai, Shanghai Ju Ming and the Registered Shareholders of Shanghai Ju Ming enable us to (i) receive substantially all of the economic benefits from Shanghai Ju Ming in consideration for the services provided by JW Shanghai to Shanghai Ju Ming under the Exclusive

CONNECTED TRANSACTIONS

Business Cooperation Agreement; (ii) exercise effective control over Shanghai Ju Ming to conduct the relevant business; and (iii) hold an exclusive option to purchase all or any part of equity interests in Shanghai Ju Ming and/or assets or interests in any of the assets of Shanghai Ju Ming. The transactions contemplated under the Contractual Arrangements are continuing connected transactions of our Group and are subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Principal terms of the transactions

The Contractual Arrangements comprise the following agreements: Exclusive Business Cooperation Agreements, Powers of Attorney, Exclusive Option Agreements, Loan Agreements, Equity Interest Pledge Agreements and Spouse Undertaking made by the spouse of a Registered Shareholder. For further details of the Contractual Arrangements, please see the section headed "Contractual Agreements" in this prospectus.

Listing Rules implications

Although the revenue ratio and the profit ratio are not applicable given that the Company is a pre-revenue biopharmaceutical company, the assets ratio remains applicable and does not produce any anomalous result. The asset ratio in respect of the transactions associated with the Contractual Arrangements is expected to be more than 5%. As such, the transactions will be subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Our Directors, including our independent non-executive Directors, are of the view that (i) the Contractual Arrangements are fundamental to our Group's legal structure and business operations; and (ii) the Contractual Arrangements are on normal commercial terms or on terms more favorable to our Group in the ordinary and usual course of our Group's business and are fair and reasonable or to the advantage of our Group and are in the interests of our Shareholders as a whole. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, our Directors consider that, given that our Group is placed in a special situation in relation to the connected transactions rules under the Contractual Arrangements, it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to our Company, for all the transactions contemplated under the Contractual Arrangements to be subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among other things, the announcement and approval of independent Shareholders.

CONNECTED TRANSACTIONS

Waiver relating to Contractual Arrangements

In relation to the Contractual Arrangements, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with (i) the announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions under the Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules; (ii) setting a maximum aggregate annual value, i.e. an annual cap, for the fees payable to JW Shanghai from Shanghai Ju Ming under the Contractual Arrangements; and (iii) fixing the term of the Contractual Arrangements to three years or less, for so long as our Shares are listed on the Hong Kong Stock Exchange subject to the following conditions. If any terms of the Contractual Arrangements are altered or if we enter into any new agreements with any connected persons in the future, we must comply with the relevant requirements under Chapter 14A of the Listing Rules and, where appropriate, obtain a separate waiver from the Hong Kong Stock Exchange.

(a) No change without independent non-executive Directors' approval

No changes to the terms of any of the agreements constituting the Contractual Arrangements will be made without the approval of our independent non-executive Directors.

(b) No change without independent shareholders' approval

Save as described in paragraph (d) below, no changes to the terms of any of the agreements constituting the Contractual Arrangements will be made without the approval of the independent Shareholders. Once independent Shareholders' approval of any change has been obtained, no further announcement or approval of the independent Shareholders, will be required under Chapter 14A of the Listing Rules unless and until further changes are proposed. The periodic reporting requirement regarding the Contractual Arrangements in the annual reports of our Company (as set out in paragraph (e) below) will however continue to be applicable.

(c) Economic benefits flexibility

The Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by the Consolidated Affiliated Entity through: (i) our Group's potential right (if and when so allowed under the applicable PRC laws) to acquire the equity interests in and/or assets of the Consolidated Affiliated Entity; (ii) the business structure under which the net profits generated by the Consolidated Affiliated Entity (after deducting the necessary costs, expenses, taxes and other statutory contribution in relation to the respective fiscal year) is substantially retained by us (such that no annual caps shall be set on the amount of services fees payable to JW

CONNECTED TRANSACTIONS

Shanghai under the Exclusive Business Cooperation Agreement); and (iii) our right to control the management and operation of, as well as, in substance, all of the voting rights of the Consolidated Affiliated Entity.

(d) Renewal and reproduction

On the basis that the Contractual Arrangements provide an acceptable framework for the relationship between our Company and our subsidiaries in which our Company has direct shareholding, on one hand, and the Consolidated Affiliated Entity, on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as described in “Contractual Arrangements” in this prospectus. The directors, chief executive or substantial shareholders of any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group may establish when justified by business expediency will, upon renewal and/or cloning of the Contractual Arrangements, however be treated as our Group’s connected persons and transactions between these connected persons and our Group other than those under similar Contractual Arrangements shall comply with Chapter 14A of the Listing Rules. This condition is subject to the relevant PRC laws, regulations and approvals.

(e) Ongoing reporting and approvals

We will disclose details relating to the Contractual Arrangements on an ongoing basis as follows:

- (1) The Contractual Arrangements in place during each financial period will be disclosed in our annual report in accordance with the relevant provisions of the Listing Rules.
- (2) Our independent non-executive Directors will review the Contractual Arrangements annually and confirm in our annual report for the relevant year that: (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements; (ii) no dividends or other distributions have been made by the Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group; and (iii) any new contracts entered into, renewed or reproduced between our Group and the

CONNECTED TRANSACTIONS

Consolidated Affiliated Entity during the relevant financial period under paragraph (d) above are fair and reasonable, or advantageous, so far as our Group is concerned and in the interests of the Company and the Shareholders as a whole.

- (3) Our auditors will carry out review procedures annually on the transactions carried out pursuant to the Contractual Arrangements and will provide a letter to our Directors with a copy to the Stock Exchange confirming that the transactions carried out pursuant to the Contractual Arrangements have received the approval of our Directors and that no dividends or other distributions have been made by the Consolidated Affiliated Entity to the holders of its equity interests which are not otherwise subsequently assigned/transferred to our Group.
- (4) For the purposes of Chapter 14A of the Listing Rules, and in particular the definition of “connected person,” the Consolidated Affiliated Entities will be treated as the Company’s wholly-owned subsidiary, and the directors, chief executives or Substantial Shareholders of the Consolidated Affiliated Entity and its associates will be treated as the Company’s “connected persons”. As such, transactions between these connected persons and our Group (including, for this purpose, the Consolidated Affiliated Entity) other than those under the Contractual Arrangements shall comply with Chapter 14A of the Listing Rules.
- (5) The Consolidated Affiliated Entities further undertakes that, for so long as the Shares are listed on the Hong Kong Stock Exchange, the Consolidated Affiliated Entities will provide our Group’s management and our auditors with full access to its relevant records for the purpose of procedures to be carried out by our auditors’ on the connected transactions.

Waiver Applications

We expect the non-exempt and partially-exempt continuing connected transactions disclosed above will be carried out on a continuing basis and will extend over a period of time, and our Directors consider that strict compliance with the announcement, circular and independent shareholders’ approval (as applicable) requirements under the Listing Rules would be impractical, unduly burdensome and would impose unnecessary administrative costs on our Company.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver to us under Rule 14A.105 of the Listing Rules from compliance with the announcement and independent shareholders’ approval requirements (if applicable) in respect of the above non-exempt and partially-exempt continuing connected transactions in respect of the Equipment Lease Framework Agreement, Vector Supply Agreements, Framework Agreement for

CONNECTED TRANSACTIONS

Clinical Service, the License and Strategic Alliance Agreement and the BCMA License Agreement. In addition, we confirm that we will comply with the Listing Rules in relation to the non-exempt and partially-exempt continuing connected transactions.

In addition, we have applied for, and the Stock Exchange has granted us, in respect of the Contractual Arrangements and the License and Strategic Alliance Agreement, a waiver from strict compliance with the requirements to set monetary annual caps under Rule 14A.53(1) of the Listing Rules. We have also applied for, and the Stock Exchange has granted us, in respect of the Contractual Arrangements, the License and Strategic Alliance Agreement and the BCMA License Agreement, a waiver from strict compliance with the requirements to set contractual term not exceeding three years under Rule 14A.52 of the Listing Rules.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the continuing connected transactions referred to in this prospectus, our Company will take immediate steps to ensure compliance with such new requirements within a reasonable time.

Apart from the requirements for three-year contractual term, setting annual cap, announcement, and/or independent Shareholders' approval (where applicable), of which waivers are sought above, we will comply at all times with the other applicable provisions under Chapter 14A of the Listing Rules in respect of the non-exempt continuing connected transactions.

Directors' views

The Directors (including the independent non-executive Directors) are of the view that (i) the continuing connected transactions as set out above have been and will be entered into in the ordinary and usual course of business of the Company and on normal commercial terms, and are fair and reasonable and in the interest of the Company and the Shareholders as a whole, and the absence of annual caps or the proposed annual caps for those transactions (as applicable) is fair and reasonable and in the interests of the Company and the Shareholders as a whole; (ii) the indefinite term of those transactions under the Contractual Arrangements, the License and Strategic Alliance Agreement and the BCMA License Agreement is in accordance with normal business practice, and the purpose of the agreements is to provide stability and certainty to the business of the Company and that therefore the indefinite term of those transactions is fair and reasonable, and in the interests of Shareholders as a whole; (iii) the proposed monetary caps or alternative caps (where applicable) (which does not affect the Company's payment obligations under the License and Strategic Alliance Agreement and the BCMA License Agreement but merely set for the purpose of complying with the Listing Rules) for the non-exempt and partially-exempt continuing connected transactions as described above are fair and reasonable and in the interests of our

CONNECTED TRANSACTIONS

Shareholders as a whole; and (iv) the absence of the cap for non-exempt continuing connected transactions on the Contractual Arrangements is fair and reasonable and in the interests of our Shareholders as a whole.

Joint Sponsors' confirmation

Based on the documentation and data provided by the Company and the Joint Sponsors' participation in the due diligence and discussions with the management of the Company, the Joint Sponsors are of the view that (i) the non-exempt and partially-exempt continuing connected transactions set out above have been entered into in the ordinary and usual course of business of the Group on normal commercial terms or better, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole; (ii) the indefinite tenure of the Contractual Arrangements, the License and Strategic Alliance Agreement and the BCMA License Agreement is normal business practice for agreement of their types, as comparable contractual arrangements have similar long-term arrangements; (iii) the proposed monetary caps or alternative caps (where applicable) (which does not affect the Company's payment obligations under the License and Strategic Alliance Agreement and BCMA License Agreement but merely set for the purpose of complying with the Listing Rules) for the non-exempt and partially-exempt continuing connected transactions as described above are fair and reasonable and in the interests of our Shareholders as a whole; and (iv) the absence of the cap for non-exempt continuing connected transactions on the Contractual Arrangements is fair and reasonable and in the interests of our Shareholders as a whole.

In forming a view on the above matters, the Joint Sponsors have considered, among others, the historical terms and arrangements, the basis of the historical amounts and their importance to the business and operations of the Company, the nature and coverage of the licenses, the rationale and basis for determining the pricing policies or mechanism, measures to review and adjust the pricing policies on a regular basis, the duration for similar arrangements for other companies, the business plan of the company, information and data in the public domain, as well as the views and opinions of Industry Consultant, Frost & Sullivan and the internal controls and measures to monitor the non-exempt and partially-exempt continuing connected transactions.

CONNECTED TRANSACTIONS

ONE-OFF CONNECTED TRANSACTIONS

1. Juno Settlement Shares relating to BCMA License Agreement

Pursuant to the BCMA License Agreement and a warrant issued by the Company, the Company shall provide Juno upfront share-based payment by issuing 4,665,530 Shares (adjusted after the Share Subdivision) at nil consideration if no product failure as defined in the BCMA License Agreement has occurred prior to the third anniversary of the date of the BCMA License Agreement. As at the Latest Practicable Date, the warrant has not been exercised. For further details, please see “— BCMA License Agreement with Juno” in this section.

The allotment of the Juno Settlement Shares under the BCMA License Agreement to be issued to Juno as part of upfront share-based payment under the agreement should be regarded as a one-off connected transaction entered into by the Company prior to Listing and in which case, the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules will not be applicable.

2. Syracuse Holdback Shares relating to Asset Purchase Agreement

As part of the Asset Purchase Agreement, we set aside in the form of the Syracuse Holdback Shares, an initial holdback amount of US\$10.5 million from Syracuse Cayman for any future adjustments, including net working capital adjustment and taxes to be paid by us in connection with the Asset Purchase Agreement. The holdback after adjustments on the Share Subdivision will be settled by issuance of our Company’s Shares by June 30, 2021 at nil consideration. For further details, please see the section headed “Financial Information — Contingent Liabilities” in this prospectus.

The allotment of the Syracuse Holdback Shares under of the Asset Purchase Agreement should be regarded as a one-off connected transaction entered into by the Company prior to Listing rather than a continuing connected transaction and in which case, the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules will not be applicable to the Syracuse Holdback Shares in respect of the Asset Purchase Agreement.