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)

OVERSEAS REGULATORY ANNOUNCEMENT

This announcement is made pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Reference is made to the "Shanghai Junshi Biosciences Co., Ltd.* Announcement on Reply to the Enquiry Letter of the Shareholders from the China Securities Investor Services Center" (《上海君實生物醫藥科技股份有限公司關於中證中小投資者服務中心〈股東質詢函〉的回覆公告》) published by Shanghai Junshi Biosciences Co., Ltd.* on the website of the Shanghai Stock Exchange, which is for reference purpose only.

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

Shanghai, the PRC, 20 October 2023

As at the date of this announcement, the Board of the Company comprises Mr. Xiong Jun, Dr. Li Ning, Mr. Zhang Zhuobing, Dr. Yao Sheng, Mr. Li Cong, Dr. Zou Jianjun and Dr. Wang Gang as executive directors; Dr. Feng Hui, Mr. Tang Yi and Dr. Li Xin as non-executive directors; and Dr. Roy Steven Herbst, Mr. Qian Zhi, Mr. Zhang Chun, Dr. Feng Xiaoyuan and Dr. Meng Anming as independent non-executive directors.

* *For identification purpose only*

Stock code: 688180 Stock abbreviation: Junshi Bio Announcement No.: Lin 2023-068

Shanghai Junshi Biosciences Co., Ltd. Announcement on Reply to the Enquiry Letter of the Shareholders from the China Securities Investor Services Center

The Board of Directors and all Directors of the Company warrant that there are no false records, misleading statements or material omissions in this announcement, and assume legal responsibility for the truthfulness, accuracy and completeness of the contents herein.

Shanghai Junshi Biosciences Co., Ltd.* (上海君實生物醫藥科技股份有限公司, hereinafter referred to as the "Company") received the Enquiry Letter of the Shareholders (Tou Fu Zhong Xin Xing Quan Han [2023] No. 75) from the China Securities Investor Services Center. The Company attaches great importance to the relevant issues mentioned in the enquiries and promptly conducts a thorough verification. The questions set out in the Enquiry Letter of the Shareholders and the respective replies are hereby disclosed as follows.

Unless otherwise requires, the capitalized terms or abbreviations used herein shall have the same meanings as those defined in the "Shanghai Junshi Biosciences Co., Ltd.* Announcement on External Investment and Related Party Transaction" (《上海君實生物醫藥科技股份有限公司關於對外投資暨關聯交易的公告》) (Announcement No.: Lin 2023-059).

I. According to the 2023 Interim Report, out of the 52 projects included in the Company's research and development (R&D) pipeline, 39 are focused on oncology therapeutics, with oncology being the primary indication of the Company's product portfolio. As an R&D candidate project of oncology treatment, the Target

Intangible Assets are highly relevant to the Company's principal business, and the Company will lose control over the project after the Transaction. Please explain whether the Target Intangible Assets are the Company's core R&D projects, and explain the impact of the Transaction on the Company's principal business in the light of the progress of R&D of the Target Intangible Assets and the future business prospects.

Reply:

(I) The Target Intangible Assets are still at the preclinical development stage and are not the Company's core R&D projects

Among our self-developed products in pipeline, our current core R&D projects include toripalimab (anti-PD-1 monoclonal antibody), tifcemalimab (anti-BTLA monoclonal antibody), JS005 (anti-IL-17A monoclonal antibody) and other products under commercialization or in clinical Phase II and Phase III, having passed the clinical POC (Proof of Concept) study. The Target Intangible Assets are not prioritized according to the early product development plan of the Company and therefore are not the Company's core R&D projects as they are at the early preclinical development stage and the final candidate molecules corresponding to the project have not been confirmed, which results in high uncertainty in turning the candidate molecules into a drug and an unclear prospect for commercialization.

(II) The Target Intangible Assets will not generate sales revenue in the short term due to the long development cycle of innovative drugs

The preliminary R&D of innovative drugs and the cycle of products from development, clinical trial approval to production take a long time and involve numerous steps, which may be easily affected by a lot of uncertain factors. According to "Clinical Development Success Rates and Contributing Factors 2011-2020" jointly published by Biotechnology Innovation Organization, Informa Pharma Intelligence and QLS Advisors LLC, anti-tumor drugs take an average of 10.3 years from the Phase I clinical trial to the successful approval of marketing, of which approximately 48.8% complete the Phase I clinical trial and enter the Phase II clinical trial, approximately 24.6% complete the Phase II clinical trial and enter the Phase III clinical trial, and

approximately 47.7% complete the Phase III clinical trial and marketing application is submitted. The products related to the Target Intangible Assets are at the early preclinical development stage and the final candidate molecules corresponding to the project have not been confirmed. Even if the final molecule sequence can be established, it is still necessary to complete Phase I, II and III clinical trials and obtain regulatory approval for registration after the early development products are advanced to the clinical stage. Therefore, it is uncertain whether approval for marketing can be obtained and no sales revenue will be generated in the short term.

(III) The Company has excellent capabilities in drug discovery and development with a pipeline of extensive drug candidates

Since its establishment in December 2012, the Company has developed over 50 drug candidates. Among them, 4 drugs have been commercialized (TUOYI®, JUNMAIKANG (君邁康®), MINDEWEI (民得維®) and etesevimab), nearly 30 drug candidates are in clinical trials, and over 20 drug candidates are in preclinical development. The Company has four R&D centers worldwide. Leveraging its strong research capabilities in tumor immunotherapy and its proprietary drug molecular screening platform, the Company has independently developed multiple drug candidates with global first-in-class potential. The Company possesses strong capabilities in innovation at sources, that is, the ability to independently conduct the discovery and validation of new targets in early-stage drug development, indicating a higher level of drug research, greater potential for drug discovery and success, and broader coverage in various disease areas. As the Company continues to explore and validate more innovative targets, more drug candidates will enter the future development pipeline, thereby providing innovative momentum for the Company's sustainable growth. Additionally, the Company's R&D team regularly reviews project data and competitive landscape for projects in early R&D stage, aiming to improve the efficiency of R&D and conversion of drug candidates.

(IV) The Transaction has been approved at the 2023 first extraordinary general meeting of the Company

The Company has held its 2023 first extraordinary general meeting on 20 October 2023, at which the Resolution on External Investment and Related Party Transaction has been approved, with 329,166,561 shares voting for the resolution, accounting for 99.9778%, 57,588 shares voting against the resolution, accounting for 0.0175%, and 15,601 shares abstained from voting, accounting for 0.0047%.

In conclusion, the Company estimates that the Transaction will not have a significant impact on the principal business since no sales revenue will be generated in the short term as the products involved in the Target Intangible Assets are still in the early preclinical development stage and the final candidate molecules of the corresponding projects have not yet been identified, and the Company has numerous anti-tumor product pipelines.

II. According to the Announcement, one of the purposes of the Transaction is to provide financial support for the R&D of the Target Intangible Assets to mitigate the pressure on the Company's R&D investments. In 2022, the Company recorded revenue of RMB1.453 billion and invested RMB2.384 billion in R&D, with the R&D-to-revenue ratio of 164.07%. As at 31 December 2022, the Company had monetary capital of RMB6.031 billion. For the six months ended 30 June 2023, the Company recorded revenue of RMB670 million and invested RMB949 million in R&D, with the R&D-to-revenue ratio of 141.64%. As at 30 June 2023, the Company had monetary capital of RMB4.881 billion. The proportion of the Company's R&D investments to revenue remains relatively stable, and the current monetary capital is much higher than the average R&D investments made in the previous years. Therefore, please explain how the Transaction can mitigate the pressure on the Company's R&D investments taking into account the R&D investments already made and to be made by the Company to the Target Intangible Assets and the proportion of R&D investments in the Target Intangible Assets to the Company's total R&D investments.

Reply:

(I) As at the valuation date (30 June 2023), the accumulated R&D investments in the Target Intangible Assets was RMB21,533,800 from 2020 to 2023, representing

approximately 0.30% of the total R&D investments of the Company. According to the R&D plan and historical data, it is preliminarily estimated that the R&D expense still required to be invested before the launch of products in the future is approximately RMB530 million.

(II) As at 30 June 2023, the balance of the Company's monetary capital was RMB4.881 billion, primarily including proceeds of the Initial Public Offering of A Shares and the Issuance of A Shares to Target Subscribers, and the investments of minority shareholders raised by non-wholly-owned subsidiaries in merger activities. In accordance with the requirement of laws and regulations, and regulative documents, such as "Regulatory Guidance for Listed Companies No. 2 – Regulatory Requirements for the Administration and Use of Proceeds of the Listed Companies" (《上市公司監管指引第 2 號——上市公司募集資金管理和使用的監管要求》), the relevant proceeds shall be utilized in the R&D and construction of specific projects financed by the proceeds, which do not include the abovementioned Target Intangible Assets. Therefore, the Company's own funds will be required for the R&D of the Target Intangible Assets, and the estimated investment in the R&D of the target project accounts for a relatively high proportion of the Company's owned capital. By virtue of the Transaction, the Target Intangible Assets will be transferred to the JV Company, which will serve as a financing platform to attract external capital to finance the R&D of the Target Intangible Assets. As such, the efficiency of R&D capital will be improved by allowing the Company to focus on advancing its core R&D projects, and the capital pressure on the Company regarding the future R&D will also be reduced. From a long-term perspective, the Company will also benefit from the equity appreciation brought about by the improvement on the operation scale and profitability of the JV Company, and achieve return on investment.

For details of the use of proceeds raised by the Company, please refer to the interim reports, annual reports, the special reports on the use of previous proceeds and other public information.

III. According to the provisions of the Announcement on External Investment

by Listed Companies on the STAR Market* (《科創板上市公司對外投資公告》) in Annex No. 2 of the Self-Regulatory Guideline No. 3 for Listed Companies on the STAR Market — Regular Information Disclosure* (《科創板上市公司自律監管指南第 3 號——日常信息披露》), if a major investor or shareholder contributes in physical assets or intangible assets, it should explain whether the valuation of the relevant assets is fair based on information such as the name, book value, appraised value, and operation status of the assets. The announcement of the Transaction only disclosed the valuation conclusion of the Target Intangible Assets, which did not comply with the above provisions. Please disclose in detail the name, book value, valuation method, valuation basis, valuation appreciation rate and other information of the Target Intangible Assets based on the details of the Target Intangible Assets.

Reply:

(I) Since the drug targets and technologies related to the Target Intangible Assets are business secrets, and the JV Company may lose its first-mover advantage in R&D due to the leakage of business secrets, thereby damaging the interests of the Company and the JV Company, the Company has been exempted from disclosing the specific details of the products after fulfilling the corresponding internal approval procedures according to the Management System for Information Disclosure Deferral and Exemption of Shanghai Junshi Biosciences Co., Ltd.* (《上海君實生物醫藥科技股份有限公司信息披露暫緩與豁免業務管理制度》).

(II) The Company has engaged Tongzhi Xinde (Beijing) Assets Appraisal Co., Ltd. to appraise the Target Intangible Assets. The appraisal professionals issued the Assets Appraisal Report (Tongzhi Xinde Ping Bao Zi (2023) No. 080004) based on the economic behavior of the Transaction, relevant laws and regulations, appraisal criteria, ownership status, pricing basis, etc., stating that as of the valuation date (30 June 2023) and based on the multiplication factor method, the valuation conclusion of the Target Intangible Assets is RMB30.5978 million. The details are as follows:

1. Book value: As the above project is still in the early stage of R&D and the corresponding R&D investments are recognized as R&D expenses, the book value is RMB0. As of the valuation date, R&D investments amounting to a total of RMB21.5338 million had been invested in the Target Intangible Assets. The above accumulated R&D investments have been aggregated in accordance with the Company's accounting policy and accounting method for R&D expenses, which meets the requirements of enterprise accounting standards and serves as a pricing basis during the valuation.

2. Valuation method: cost method - multiplication factor method.

The basic methods of asset appraisal include the market approach, the income method and the cost method. In performing appraisal of a single asset or a portfolio of assets, the applicability of the three basic methods, namely the market method, the income method and the cost method, shall be analyzed based on the purpose of the appraisal, the subject of the appraisal, the type of value and the collected information, so as to appropriately select one or more basic methods of asset appraisal.

Meanwhile, in selecting valuation methods, factors that should be fully considered include: (1) the purpose of the appraisal and the type of value; (2) the subject of the appraisal; (3) the conditions for the application of valuation methods; (4) the quality and quantity of the data on which the application of valuation methods is based; (5) other factors affecting the selection of valuation methods.

In assessing the Target Intangible Assets, the appraisal professionals consider that: in respect of the appraisal of new drugs, as the R&D of the Target Intangible Assets are all at an early stage, the revenue to be generated from the new drugs is highly uncertain. Besides, cases of the transaction of the same or similar new drugs are not available as such drugs are not traded in an active market. However, the R&D cost of the Target Intangible Assets can be identified and reliably measured, so the replacement cost method is applied to assess the Target Intangible Assets after comprehensive consideration. Secondly, in the light of the features of biopharmaceutical industry, the traditional replacement cost method cannot reflect the value of high and new technology. Therefore, the multiplication factor method under the replacement cost method has

been adopted for the valuation after taking into account various factors.

3. Formula for multiplication factor method:

Appraised value of patent and technical know-how of new drugs = replacement cost of patent and technical know-how × (1 - depreciation rate)

Of which, replacement cost of patent and technical know-how: $P = C + R$

In the formula, P—appraised value of full replacement price of patent and technical know-how;

C—development cost of patent and technical know-how;

R—opportunity cost of patent and technical know-how investment.

Where, $C = (C1 + \beta 1V) / (1 - \beta 2)$

In the formula, C1—materialized labor consumption in the development of patent and technical know-how;

V—living labor consumption in the development of patent and technical know-how;

β1—multiplication ratio of creative labor of scientific researchers;

β2—average risk coefficient of scientific research;

$R = \sum Ci * Ri$

In the formula, Ci—investment cost in the i-th year of the development of patent and technical know-how;

Ri—return on opportunity cost.

β1—multiplication ratio of creative labor of scientific researchers:

The multiplication ratio of creative labor of scientific researchers is determined by many factors, including the education requirement for and experience of researchers of the project; it is calculated by the appraiser after scoring five selected key factors and in consideration of their weights;

β2—average risk coefficient of scientific research:

For patent and technical know-how portfolio investment, the average risk coefficient of scientific research is determined by the sum of technical risk coefficient, market risk coefficient, financial risk coefficient, and management risk coefficient. The valuation calculates the average risk coefficient of scientific research by scoring each

risk factor with experts in consideration of the overall risk coefficient of the patent and technical know-how portfolio.

Ri is derived from the reference coefficient of comparable companies in the same industry in the open market.

Depreciation rate = the service life of patent and technical know-how / (the service life of patent and technical know-how + the remaining service life of patent and technical know-how) × 100%. Where, service life is the period from the patent application date to the valuation date, and remaining service life is determined based on the product characteristics of patent and technical know-how, in consideration of expert appraisal analysis and prediction. As the assets involved in this valuation are still in the R&D stage and there are no depreciation factors, the depreciation rate is determined at zero.

4. Basis of valuation: The valuation was based on the economic behavior of the transaction, relevant laws and regulations, valuation criteria, ownership and basis of pricing, taking into full consideration the complexity of R&D activities and the risks associated with the R&D of new drugs. Type of value selected in this appraisal is the market value.

5. Valuation appreciation rate: Indicators of the valuation appreciation rate are not applicable as the book value of the Target Intangible Assets is RMB0.

In view of the aforesaid, the valuation has adopted necessary valuation procedures and complied with the principles of independence, objectivity, scientificity and impartiality, the conclusion of which has objectively and truthfully reflected on the actual situation of the Target Intangible Assets as of the valuation date. The valuation method adopted is appropriate, and the valuation conclusion is fair.

IV. According to the transaction plan, the Company shall subscribe for the enlarged registered capital of the JV Company amounting to RMB140,000 by contributing the Target Intangible Assets at a consideration of RMB30.5978 million, and the series angel investors shall subscribe for the enlarged registered capital of the JV Company amounting to RMB547,847 at a consideration of US$23.4792 million or the equivalent amount of RMB. Upon the completion of the

Transaction, the Company will hold a 9.45% equity interest of the JV Company, and the pre-investment valuation of the JV Company shall be approximately RMB122 million based on the exchange rate of US$1 = RMB7.3. As the JV Company has been established for only 3 months with a registered capital of RMB793,300, how did the pre-investment valuation increase from RMB793,300 to RMB122 million without any drug in commercial sales stage prior to the Transaction? Please explain the basis and reasonableness of the pre-investment valuation of RMB122 million for the JV Company.

Reply:

The parties to the Capital Increase have followed the principles of voluntary negotiation, fairness and reasonableness. The pre-investment valuation was negotiated and confirmed by the parties to the Transaction based on the valuation results of the Target Intangible Assets, the overall business value judgment and the subsequent finance of the JV Company, which is commercially reasonable and in line with the industry practice without prejudice to the interests of the Company, as analysed below:

(I) The pre-investment valuation of the Transaction is lower than the valuation of the series angel financing of the JV Company

Pursuant to the Joint Venture Agreement, the Company subscribed for the enlarged registered capital of the JV Company amounting to RMB140,000 by contributing the Target Intangible Assets at a consideration of RMB30.5978 million, and the subscription price for each RMB1 of the registered capital shall be approximately RMB218.56. Pursuant to the Series Angel Capital Increase Agreement, the series angel investors will subscribe for the enlarged registered capital of the JV Company amounting to RMB547,847, by contributing US$23,479,181 and/or the equivalent amount of RMB, and the subscription price for each RMB1 of the registered capital shall be approximately RMB307.95. In view of the proximity of the series angel investment to the Transaction, the valuation of the Transaction is lower than the valuation of the series angel financing, so it does not prejudice the interests of the Company.

(II) All the series angel investors are professional venture capital firms

The four series angel investors of the JV Company are Med-Fine Capital, Gaorong Capital and two related entities of Jifeng Ventures. According to the introduction on the official websites of the above institutions: Med-Fine Capital focuses on investment in the fields of medical health and life sciences and its management team has broad international vision, profound industrial background, rich industry resources and professional investment experience. Currently, it manages four RMB funds and two US dollar funds. The fund focuses on "early value and on-track opportunity discovery", and mainly seeks investment opportunities in biomedicine, device diagnosis, digital medical care and health technology. The fund has invested in around 60 pharmaceutical companies, including Hanyu Medical, Mabworks, ImmVira, Zion Pharma, Lynk Pharmaceuticals, Pharma Legacy, MagAssist, Alebund, Allorion Therapeutics, SAFE Pharmaceutical, Arthrone Technology, AccuPulse and Shuimu Medical. Gaorong Capital is one of the most active venture capital firms in China, dedicated to identifying outstanding entrepreneurs and building long-term value with them. Deeply engaged in the fields of new technology, new consumption and healthcare, Gaorong Capital invests in innovative and growing start-ups to support the entrepreneurship and innovation and serve the real economy. At present, Gaorong Capital has invested in over 300 companies. Jifeng Ventures is a pre-eminent healthcare-focused venture capital firm that empowers companies and drives innovation through a full range of value-added services and a global perspective. It aims to developing long-term value to the development of the healthcare industry and human health.

The four series angel investors are mature and professional venture capital firms, and their investment decisions and valuations made for the JV Company are market decisions based on their independent judgment.

(III) The pre-investment valuation is based on the R&D strength of the JV Company

The JV Company has strong R&D strength and development potential, and has established a core team led by Dr. FENG HUI (冯辉). All core members of the team have extensive experience in drug discovery and development or corporate

management. Dr. FENG HUI (馮輝) will be responsible for the operation of the JV Company and the R&D of the relevant products. Dr. FENG HUI (馮輝) has extensive background and experience in R&D of drugs, and has obtained his bachelor's degree in biological sciences and technology from Tsinghua University in July 1997 and his Ph.D. degree in molecular pharmacology from Albert Einstein College of Medicine, the United States in September 2003; from September 2003 to 2007, he worked at Albert Einstein College of Medicine; from October 2007 to 2010, he was a scientist in HumanZyme Inc.; from October 2010 to 2013, he was a scientist in MedImmune, Inc. (a subsidiary of AstraZeneca); from 2013 to August 2023, he served at the Company. During his tenure with the Company, Dr. FENG HUI (馮輝) was mainly involved in the early stage R&D of more than ten antibody drug projects of the Company, specializing in pre-clinical research and discovery of drugs, and was awarded the first prize of Shanghai Science and Technology Progress Award for the year 2020, and has relatively rich experience in the R&D of innovative drugs. In addition, Dr. FENG HUI (馮輝) agrees and acknowledges that for a period of five years from the closing date, he shall not directly or indirectly assign, give, pledge or otherwise create any encumbrances on or otherwise dispose of his equity interests held in the JV Company without the consent of the Company.

(IV) The pricing of the Transaction is commercially reasonable and in line with the industry practice

According to searches in respect of cases in the pharmaceutical manufacturing industry, there are also cases where a listed company invests in the subject company that has not yet achieved product commercialization or is not yet profitable in the market. In these cases, the pre-investment valuations are all above RMB100 million and determined through comprehensive consideration and negotiation by all parties, details of which are as follows:

1. Case regarding Sunshine Guojian Pharmaceutical (Shanghai) Co., Ltd. (hereinafter referred to as "Sunshine Guojian")

With reference to the "Announcement on Joint Investment and Related Party Transaction of Sunshine Guojian Pharmaceutical (Shanghai) Co., Ltd." (Announcement No.: 2022-001, hereinafter referred to as the "Sunshine Guojian Announcement") disclosed by Sunshine Guojian on 13 January 2022, in order to integrate and optimize the professional ability of drug R&D in respect of bispecific antibody with specific targets, Sunshine Guojian established Dan Sheng Pharmaceutical Technology (Shanghai) Co., Ltd. (hereinafter referred to as "Dan Sheng Pharmaceuticals") by contributing the target intangible assets with an appraised value of RMB229.4 million, which has been incorporated into Grand Joint Limited, a wholly-owned subsidiary of Sunshine Guojian (hereinafter referred to as "Grand Joint"). With Grand Joint as a financing platform, external investors are introduced to jointly promote project development and the process of new drug application. Grand Joint was established on 28 July 2021, with authorized capital as at the date of the Sunshine Guojian Announcement amounted to US$50,000, and without any drugs in the commercial sales stage. Following negotiations between the parties, Sunshine Guojian and external investors purchased shares at the same subscription price.

2. Case regarding Jiangsu Sinopep Allsino Biopharmaceutical Co., Ltd. (hereinafter referred to as "Sinopep")

With reference to the "Announcement on the External Investment by a Wholly-owned Subsidiary of Jiangsu Sinopep Allsino Biopharmaceutical Co., Ltd." (Announcement No.: 2022-050, hereinafter referred to as the "Sinopep Announcement") disclosed by Sinopep on 28 September 2022, Hangzhou Allsino Chemicals Co., LTD. (hereinafter referred to as "Allsino"), a wholly-owned subsidiary of Sinopep, made capital increase to Hangzhou Healthytide Biotechnology Co., LTD. (hereinafter referred to as "Healthytide") with the ownership of the patented technology of "GIP and GLP-1 dual agonist polypeptide compounds, and the pharmaceutically acceptable salts and uses thereof" at a consideration of RMB20 million. Upon completion of the capital increase, Allsino held 9.0909% of the equity interest in Healthytide. Healthytide was established on 20 May 2021, with registered capital as at the date of the Sinopep Announcement amounted to RMB2,884,848, and its drug candidates were all at the pre-

clinical research stage.

3. Case regarding Hubei Jumpcan Pharmaceutical Co., Ltd. (hereinafter referred to as "Jumpcan Pharmaceutical")

With reference to the "Announcement on the Progress of External Equity Investment by a Wholly-owned Subsidiary of Hubei Jumpcan Pharmaceutical Co., Ltd." (Announcement No.: 2023-061, hereinafter referred to as the "Jumpcan Pharmaceutical Announcement") disclosed by Jumpcan Pharmaceutical on 18 September 2023, Jumpcan Pharmaceutical Group Co., Ltd. (hereinafter referred to as "Jumpcan Limited"), a wholly-owned subsidiary of Jumpcan Pharmaceutical, made equity investment in Nanjing Zenshine Pharmaceuticals Co., Ltd (hereinafter referred to as "Zenshine Pharmaceuticals") with its own funds of RMB60 million. Upon completion of the transaction, Jumpcan Limited held 3.4052% of the shares of Zenshine Pharmaceuticals. As at the date of the Jumpcan Pharmaceutical Announcement, Zenshine Pharmaceuticals was still at the stage of continuous investment in R&D, and had yet to become profitable as its products were still at the early stage of commercialization. It is principally engaged in the business of "research and development of innovative pharmaceuticals in the fields of oncology, anti-infective, immunity and other diseases." As at 31 December 2022, Zenshine Pharmaceuticals had total assets of RMB81.42 million, total liabilities of RMB30.09 million and owner's equity of RMB51.33 million. In 2022, the revenue of Zenshine Pharmaceuticals amounted to RMB50,000, with net profit of RMB-145.15 million (the above figures have not been audited).

(V) The Company has anti-dilution rights with respect to the price of the Transaction and the right to unilaterally terminate the Transaction

Pursuant to the Joint Venture Agreement which stipulates that conditional upon the Company having equity interest in the JV Company, without the consent of the Company, the JV Company shall not issue enlarged registered capital to other investors at a subscription price lower than the unit price of the Company's investment (The unit price of the Company's investment = the appraised value of the target assets/the amount of registered capital corresponding to the equity interest held by the Company). If the

JV Company fails to complete a valuation of no less than US$30 million and obtain financing of no less than US$15 million from new investors within 18 months after the closing date as agreed in the Joint Venture Agreement, the financing target cannot be achieved or the JV Company's overall valuation within 18 months after the closing date as agreed in the Joint Venture Agreement is less than US$30 million, the Company has the right to terminate the Joint Venture Agreement unilaterally. If the Company notifies the JV Company or Dr. FENG HUI (馮輝) to terminate the Joint Venture Agreement, the JV Company shall return the assets to be transferred and the rights and interests of patents to be shared at nil consideration to the Company.

Therefore, the pre-investment valuation of the JV Company is reasonable. The Transaction will not harm the interests of the Company and all of the shareholders, especially the minority shareholders.

The announcement is hereby made.

Shanghai Junshi Biosciences Co., Ltd.

The Board of Directors

21 October 2023

* *For identification purposes only*