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## **CANbridge Pharmaceuticals Inc.**

**北海康成製藥有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1228)**

# **ANNOUNCEMENT RELATING TO THE ENTERING INTO OF CONTRACTUAL ARRANGEMENTS FOR THE OPERATION OF GENE THERAPY AND RELATED PRODUCTS BUSINESSES**

## **THE CONTRACTUAL ARRANGEMENTS**

The Board is pleased to announce that to facilitate business involving gene therapy solutions in the PRC, the Company's wholly-owned subsidiary CANbridge (Suzhou) Bio-Pharma Co., Ltd (北海康成(蘇州)生物製藥有限公司) entered into contractual arrangements on June 10, 2022 with CANbridge Care Pharma (Suzhou) Biotechnology Co., Ltd (康成諾愛(蘇州)生物科技有限公司), a company incorporated in the PRC with a registered capital of RMB5 million, to gain the economic benefit and control of the VIE. The VIE will engage in businesses which involve research, development and commercialization of gene therapy and related products, which falls under the "prohibited" category of the Negative List in the PRC according to the Foreign Investment Law. For the avoidance of doubt, as of the date of this announcement, the Group has not commenced the business of gene therapy solutions in the PRC.

Through the Contractual Arrangements, the WFOE will have effective control over the finance and operation of the VIE, and will enjoy the economic interests and benefits generated by the VIE. Upon the entering into of the Contractual Arrangements, the financial results of the VIE will be consolidated into the consolidated financial statements of the Group and the VIE will become an indirect non-wholly owned subsidiary of the Company.

## **IMPLICATIONS UNDER THE LISTING RULES**

As a result of the Contractual Arrangements, Mr. Xue, as sole shareholder of the VIE (a subsidiary of the Company), will become a connected person of the Company at subsidiary level. As such, the transactions contemplated under the Contractual Arrangements will constitute continuing connected transactions under Chapter 14A of the Listing Rules and are subject to the reporting and announcement requirements but are exempt from the circular, independent financial adviser and shareholders' approval requirement pursuant to Rule 14A.101 of the Listing Rules.

## APPLICATION FOR AND CONDITIONS OF WAIVER

The Company has applied for, and the Stock Exchange has granted a waiver pursuant to Rule 14A.102 of the Listing Rules from strict compliance with the requirement of (i) fixing the term of the Contractual Arrangements for a period of not exceeding three years pursuant to Rule 14A.52 of the Listing Rules and (ii) setting a maximum aggregate annual cap for the fees payable to the WFOE under the Contractual Arrangements pursuant to Rule 14A.53 of the Listing Rules, subject to the conditions as set out in more details in this announcement.

## INTRODUCTION

The Board is pleased to announce that to facilitate business involving gene therapy solutions in the PRC, the Company's wholly-owned subsidiary CANbridge (Suzhou) Bio-Pharma Co., Ltd (北海康成(蘇州)生物製藥有限公司) (the "**WFOE**") entered into contractual arrangements (the "**Contractual Arrangements**") on June 10, 2022 with CANbridge Care Pharma (Suzhou) Biotechnology Co., Ltd (康成諾愛(蘇州)生物科技有限公司) (the "**VIE**"), a company incorporated in the PRC with a registered capital of RMB5 million, to gain the economic benefit and control of the VIE. The VIE will engage in businesses which involve research, development and commercialization of gene therapy and related products, which falls under the "prohibited" category of the Negative List in the PRC according to the Foreign Investment Law (the "**FIL**"). For the avoidance of doubt, as of the date of this announcement, the Group has not commenced the business of gene therapy solutions in the PRC.

Through the Contractual Arrangements, the WFOE will have effective control over the finance and operation of the VIE, and will enjoy the economic interests and benefits generated by the VIE. Upon the entering into of the Contractual Arrangements, the financial results of the VIE will be consolidated into the consolidated financial statements of the Group and the VIE will become an indirect non-wholly owned subsidiary of the Company.

## INFORMATION ON THE CONTRACTUAL ARRANGEMENTS

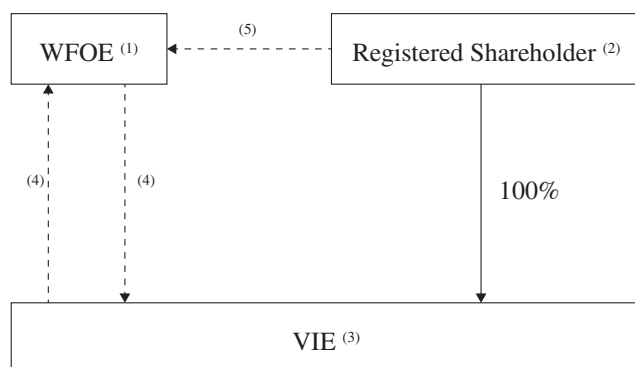
### Background and reasons for the use of the Contractual Arrangements

Foreign investment activities in the PRC are mainly governed by the Provisions for Guiding the Foreign Investment Direction (《指導外商投資方向規定》), the Industry Guidelines on Encouraged Foreign Investment (2020) (《鼓勵外商投資產業目錄(2020年版)》) and the Special Administrative Measures (Negative List) for the Access of Foreign Investments (2021) (《外商投資準入特別管理措施(負面清單)(2021年版)》) (the "**Negative List**") (collectively, the "**Relevant PRC Regulations**"), pursuant to which the industries listed therein are divided into four categories in terms of foreign investment, namely, "encouraged", "permitted", "restricted" and "prohibited". Foreign investors shall not invest in any industry forbidden by the Negative List for access of foreign investment. As advised by the Company's PRC Legal Adviser, the development and application of gene therapeutic technologies and products falls into the scope of the "prohibited" category of the Relevant PRC Regulations. As such, according to the Relevant PRC Regulations, foreign investment is prohibited in the development and application of human stem cells and genes diagnosis and treatment technologies.

In order to comply with the relevant PRC laws and regulations while achieving the commercial intention of the parties, the Contractual Arrangements will be entered into among the WFOE, the VIE and the Registered Shareholder, pursuant to which the WFOE will have effective control over the finance and operations of the VIE and will enjoy the entire economic interests and benefits generated by the VIE despite the lack of registered equity ownership.

## THE VIE STRUCTURE

The following simplified diagram illustrates the flow of economic benefits from the VIE and its future subsidiaries (if any) to our Group under a series of Contractual Arrangements entered into among the WFOE, the VIE and the shareholders of the VIE:



“ ——— ” Denotes legal and beneficial ownership in the equity interest

“ - - - - - ” Denotes the Contractual Arrangements

### Notes:

- (1) As of the date of this announcement, the WFOE is wholly-owned by Cambridge Care Pharma Hongkong Limited, which is in turn wholly-owned by our Company. Please refer to the section headed “History, Reorganization and Corporate Structure – Our Structure Immediately Following the Global Offering” in the prospectus of the Company dated November 30, 2021 for more details of the structure of the Group.
- (2) As of the date of this submission, the VIE is wholly-owned by Xue Yintong (“**Mr. Xue**” or the “**Registered Shareholder**”), an independent third party of our Group prior to the entering into of the Contractual Arrangements.
- (3) As of the date of this submission, the VIE has no subsidiary.
- (4) The WFOE will provide consultancy, technology and other services in exchange for service fees from the VIE under the Exclusive Business Cooperation Agreement (as defined below). The Registered Shareholder will execute the Exclusive Option Agreement (as defined below) in favour of the WFOE for the acquisition of 100% equity interests and/or assets in the VIE.
- (5) The Registered Shareholder will pledge as first charge all of its respective equity interests in the VIE to the WFOE as security for his performance and the performance of the VIE under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement, and Power of Attorney (as defined below), as applicable. The Registered Shareholder will execute the Power of Attorney in favour of the WFOE in respect of its rights as the shareholder of the VIE.

## Details of the Contractual Arrangements

Principal terms of each of the Contractual Arrangements are set out as follows:

### *(i) Exclusive Business Cooperation Agreement*

- Parties:                   (1) The WFOE;
- (2) the VIE; and
- (3) the Registered Shareholder
- Term:                      The Exclusive Business Cooperation Agreement shall remain effective from the execution date until it is terminated by the WFOE, the VIE and the Registered Shareholder unanimously or the WFOE is allowed to conduct the development and application of gene therapeutic technologies and products in accordance with PRC laws and regulations pursuant to the terms of the Exclusive Business Cooperation Agreement.
- Subject Matter:        The VIE will agree to engage the WFOE as its exclusive service provider of technology consultation, technical services and other related services, including but not limited to:
- (a) Consulting service in relation to asset management and business operation;
  - (b) Consulting service in relation to debt management;
  - (c) Consulting service in relation to entering into material contracts;
  - (d) Consulting service in relation to mergers and acquisition;
  - (e) Consulting service in relation to drug development and technical support;
  - (f) Consulting service in relation to pre-employment training and on-the-job training;
  - (g) Consulting service in relation to technology development, technology transfer and technical support;
  - (h) Consulting service in relation to public relations;
  - (i) Consulting service in relation to market research, marketing promotion and customer services;
  - (j) Consulting service in relation to short-term and medium-term market development and market planning services;
  - (k) Consulting service in relation to human resource management, internal information management and administrative services;

- (l) Consulting service in relation to website/software development, upgrade and routine maintenance;
- (m) Consulting service in relation to sales of self-produced products;
- (n) Consulting service in relation to the authorized use of various intellectual property rights such as software, trademarks, domain names, and technical secrets; and/or
- (o) Other services that are negotiated by the WFOE and the VIE from time to time according to business needs and ability to provide such services.

Without the prior consent of the WFOE, the VIE and its future subsidiaries (if any) shall not directly or indirectly accept any same or similar service provided by any third party and shall not establish same or similar cooperative relationships with any third party, except for the service provided by third parties in the ordinary course of business.

The WFOE has the exclusive proprietary rights and interests in any and all intellectual property rights created or developed by the VIE and its future subsidiaries (if any) during the performance of the Exclusive Business Cooperation Agreement.

Fee: The service fee shall be paid to the WFOE and shall consist of 100% of the total consolidated profit of the VIE and its future subsidiaries (if any) after deduction of any accumulated deficit in respect of the preceding financial year(s), taxes, the profits obtained by the VIE in accordance with the arm's length principle and dividends gained from the VIE in any financial year.

***(ii) Exclusive Option Agreement***

Parties: (1) The WFOE;  
 (2) the Registered Shareholder; and  
 (3) the VIE

Term: The Exclusive Option Agreement shall remain effective from the execution date until all of the equity interest in and the assets of the VIE have been transferred to the WFOE or a third party designated by it (the "Nominee"), or it is terminated by the WFOE at any time with 30 days' advance written notice.

Subject Matter and Consideration: The WFOE (or the Nominee) will be granted an irrevocable and exclusive right to acquire 100% of the equity interest in and/or assets of the VIE, in whole or in part at the sole and absolute discretion of the WFOE (the “**Exclusive Option**”), to the extent permitted under the PRC laws and regulations.

The purchase price shall be at nil consideration or the lowest price permitted by applicable PRC laws and regulations and the Registered Shareholder shall, subject to the relevant PRC laws and regulations, return to the VIE or the WFOE or the Nominee(s) any consideration received in full.

Undertakings: The VIE and the Registered Shareholder shall covenant, among other things, that: (i) without the prior written consent of the WFOE or as otherwise provided by the Share Pledge Agreement (as defined below), they shall not sell, transfer, mortgage or dispose of any assets or equity interests of the VIE, or encumber such assets or equity interests; (ii) without the prior consent of the WFOE, they shall not supplement, change, or amend the articles of association of the VIE or increase or reduce the registered capital of the VIE, or otherwise change the structure of the registered capital of the VIE; (iii) they shall maintain the corporate existence of the VIE in accordance with the good financial and business standards and practices, conduct its operations in the ordinary course of business and take all necessary or appropriate actions to maintain its asset value, and shall not take or omit to take any actions which may adversely affect its operating status and asset value; (iv) without the prior written consent of the WFOE, they shall not appoint or replace any director, supervisor and/or senior management member of the VIE or declare or distribute any dividend or enter into any other contracts in conflict with the existing material contracts or that may adversely affect the assets and financial status of the VIE (other than those contracts entered into in the ordinary course of business); (v) the VIE shall immediately inform the WFOE of any litigation, arbitration or administrative proceedings involving, or any other circumstances, which may have significant impacts on its assets, business or revenue and shall not reach any settlement without the prior written consent of the WFOE; and (vi) without the prior written consent of the WFOE, the VIE shall not be dissolved or liquidated, unless required under the laws of the PRC.

***(iii) Share Pledge Agreement***

- Parties:
- (1) The WFOE (as the pledgee);
  - (2) the Registered Shareholder (as the pledger); and
  - (3) the VIE

**Term:** The share pledge takes effect upon the completion of registration with the relevant administration for market regulation and shall remain valid until all the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement and the Power of Attorney (as defined below) have been fully performed, or becomes invalid or expired, or terminated (whichever is later) pursuant to the terms of the Share Pledge Agreement.

**Subject Matter:** The Registered Shareholder will agree to pledge all of his equity interests in the VIE to secure his performance and the performance of the VIE under the Exclusive Business Cooperation Agreement, Exclusive Option Agreement and Power of Attorney.

The Registered Shareholder will agree that the rights of the WFOE with respect to the pledge thereunder shall not be interrupted or impacted by the Registered Shareholder or its successors, heirs or representatives, or any other persons through any legal proceedings.

If the VIE declares any dividend during the term of the pledge, the WFOE is entitled to receive all such dividends distributed on the pledged equity interest, if any.

Pursuant to the Share Pledge Agreement, the Registered Shareholder has undertaken to the WFOE, among other things, not to transfer or encumber its equity interest in the VIE without the prior written consent of the WFOE.

The Company and the Registered Shareholder will register the share pledges under the Share Pledge Agreement with the relevant PRC governmental authority in accordance with PRC laws and regulations within thirty(30) business days or as soon as practical after the execution of the Share Pledge Agreement.

***(iv) Power of Attorney***

**Parties:** (1) The Registered Shareholder; and  
(2) the WFOE

**Term:** The Power of Attorney shall remain effective from the execution date and shall have the same validity term as that of Exclusive Business Cooperation Agreement (as provided above) pursuant to the terms of the Power of Attorney.

**Subject Matter:** The Registered Shareholder irrevocably and exclusively shall grant the WFOE or its Nominee(s) (including but not limited to the directors of the offshore parent company of the WFOE but except for any persons who may have conflicts of interest) the power to exercise all rights of the shareholders as set out in the then valid articles of association of the VIE and relevant laws and regulations, including but not limited to the rights:

- (a) to execute any documents as the shareholder of the VIE and to file any required documents to relevant government authorities;
- (b) to exercise all the shareholder's rights and shareholder's voting rights pursuant to the relevant PRC laws and regulations and the then effective articles of association of the VIE;
- (c) to act on behalf of the shareholder of the VIE in submission or registration of any required documents with governmental authorities;
- (d) to receive dividend, to sell or transfer the equity interest in and/or assets of the VIE, in whole or in part, to deal with the asset of the VIE including but not limited to managing its asset-related business and accessing and acquiring its revenue and assets, in the capacity of a shareholder;
- (e) to exercise voting rights in relation to insolvency proceedings and to manage the asset of following the dissolution or bankruptcy of the VIE; and
- (f) to inspect the resolutions, account or book or other document of the VIE according to relevant law.

**(v) *Spouse Undertakings***

Parties: the spouse of Registered Shareholder being an individual

Subject Matter: The spouse of Registered Shareholder being an individual shall irrevocably agree that all the equity interest held by the Registered Shareholder in the VIE and all the benefits generated from these equity interest do not form part of his or her matrimonial property and he/she as the spouse has no rights thereto.

**REASONS FOR AND BENEFITS OF ENTERING INTO THE CONTRACTUAL ARRANGEMENTS**

The Company has a track record of successfully developing and commercializing rare disease therapies across the key markets including China. Enabled by new technologies, gene therapies have become an emerging solution for rare diseases and serve as a promising solution for a broad spectrum of rare diseases by fundamentally addressing the underlying cause of the diseases.



The Company has been developing its strategic layout and has been investing in its expansion into gene therapies, and expects to conduct gene therapy related activities. As part of our early-stage exploration and preparation, the Company (1) entered into research collaboration with world-renowned scientist Dr. Jeffery Chamberlain of University of Washington to develop DMD gene therapy; (2) entered into a strategic collaboration and licensing agreement with LogicBio Therapeutics, Inc. (“**LogicBio**”), wherein LogicBio granted to us (i) a worldwide, royalty-bearing, sublicensable through multiple tiers (subject to certain conditions), exclusive license to certain LogicBio patents and know-how to develop, manufacture and commercialize gene therapy candidates for two targets for the treatment of Fabry and Pompe diseases, such LogicBio patents and know-how being inclusive of LogicBio’s adeno-associated virus (AAV) sL65, a capsid produced from the LogicBio sAAVy™ platform; (ii) options for the development of AAV sL65-based treatments for two additional targets; and (iii) an option to obtain an exclusive, royalty-bearing, sublicensable through multiple tiers (subject to certain conditions) license to LogicBio patents and know-how to LB-001, an investigational in-vivo gene editing technology based on GeneRide™ platform for the potential treatment of methylmalonic academia (MMA), in Greater China (collectively, the “**LogicBio Licensed Products**”); (3) entered into a research collaboration and license agreement with Scriptr Global, Inc., which granted us exclusive worldwide rights to develop, manufacture and commercialize a gene therapy candidate for the treatment of dystrophinopathies; (4) is working with University of Massachusetts Medical School, its research partner, on sponsored research programs to develop gene therapy solutions for neuromuscular disorders, with the exclusive option to license-in the assets for development; and (5) is internally developing an adeno-associated virus (AAV) delivery platform targeting different tissues such as the central nervous system (CNS) and muscle.

As discussed under the section headed “INFORMATION ON THE CONTRACTUAL ARRANGEMENTS – Background and reasons for the use of the Contractual Arrangements” in this announcement, the research, development and commercialization of each of the aforementioned gene therapy and related products, including in particular, the CAN201 and CAN202, which are devised based on the LogicBio Licensed Products, are subject to foreign ownership restriction imposed by the Relevant PRC Regulations, the Company proposes to operate the Relevant Business through the VIE. The Company will adjust or unwind (as the case may be) the Contractual Arrangements as soon as practicable in respect of the operation of the Relevant Business to the extent permissible and will directly hold the maximum percentage of ownership interests permissible under relevant PRC laws and regulations which allow the Relevant Business to be conducted and operated by our subsidiaries without such arrangements in place.

In light of the above, the Directors believe that the entering into of the Contractual Arrangements are in the interests of the Company and its shareholders as a whole.

## **COMPLIANCE OF THE CONTRACTUAL ARRANGEMENTS WITH PRC LAWS, RULES AND REGULATIONS**

The PRC Legal Adviser, after taken all possible actions or steps to enable it to reach its legal conclusions, is of the following legal opinions:

- (i) each of the agreements under the Contractual Arrangements do not violate the mandatory and prohibitive provisions of the laws enacted by the National People’s Congress and its Standing Committee and the administrative regulations formulated by the State Council currently in effect;

- (ii) each of the agreements under the Contractual Arrangements would not be deemed as “violation of the mandatory provisions of laws and administrative regulations”, “offence of the public order or good morals” or “malicious collusion and thus harms the lawful rights and interests of another person” under Civil Code of PRC;
- (iii) according to the interviews conducted with the officer of Jiangsu Medical Products Administration (江蘇省藥品監督管理局) and the officer of Department of Commerce of Jiangsu Province (江蘇省商務廳), the execution and performance of each of the agreements under the Contractual Arrangements do not fall within the competence of them; and each of the agreements under the Contractual Arrangements is legally binding towards all parties to each of the agreements under the PRC laws once such agreements are duly executed by the relevant parties, except that:
  - (1) the exercise of the option by the WFOE of its rights under the Exclusive Option Agreement to acquire all or part of the equity interest in or assets of the VIE and/or the Corporate Registered Shareholder may be subject to the approvals of and/or registrations with the PRC regulatory authorities under the then-valid PRC laws and regulations (if applicable); and
  - (2) the Contractual Arrangements provide that the arbitral tribunal may award remedies over the equity interest in or assets of the VIE and its future subsidiaries (if any); injunctive relief (e.g. to compel the transfer of related business or assets); or order the winding up of the VIE and its future subsidiaries (if any), and that competent courts of the PRC, Hong Kong, the Cayman Islands and other jurisdictions (being the places where the principal assets of the VIE and its future subsidiaries (if any) or the WFOE are located) will also have jurisdiction for the grant or enforcement of the arbitral award and the interim remedies against the equity interest or property interest of the VIE and its future subsidiaries (if any). However, our PRC Legal Advisor has advised that the interim remedies or enforcement orders granted by the arbitral tribunal and overseas courts such as those of Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC.

However, the PRC Legal Advisor has also advised us that there are substantial uncertainties regarding the interpretation and application of current PRC laws, rules and regulations, and that there is no guarantee that any PRC laws, rules and regulations, or the interpretation thereof or enforcement therefor, will not be changed, amended or replaced in the immediate future or in the longer term with or without retrospective effect (especially provisions on industrial policies regarding foreign investment). Accordingly, the PRC legislative, administrative and judicial authorities and the arbitral tribunal may take a view that is contrary to the opinion of our PRC legal advisor.

## **DISPUTES RESOLUTION, SUCCESSION AND LIQUIDATION UNDER THE CONTRACTUAL ARRANGEMENTS**

### **Disputes resolution**

The Contractual Arrangements are governed by and shall be construed in accordance with the PRC laws. Any dispute arising from the Contractual Arrangements between the parties should first be resolved through negotiation. In case the dispute cannot be resolved, any party may submit the said dispute to the China International Economic and Trade Arbitration Commission (中國國際經濟貿易仲裁委員會) in accordance with its arbitration rules. The arbitration tribunal of arbitrators may award any remedies or relief measures including temporary and permanent injunctive relief (such as injunctive relief for the conduct of business or to compel the transfer of assets) in accordance with the provision of the Contractual Arrangements and the applicable PRC laws, and the specific performance of any obligations under the Contractual Arrangements, award remedies over the equity interest and the tangible/intangible assets of the VIE, prohibition of disposal and an order for the winding up of the VIE. The results of the arbitration shall be final and binding. In support of the arbitration pending formation of the arbitral tribunal or in appropriate cases, the courts in Hong Kong, the Cayman Islands, the PRC and the location where the VIE's principal assets are located shall have the jurisdiction to grant interim remedies over the assets of the VIE.

### **Succession**

The provisions set out in the Contractual Arrangements are also binding on the successors of the Registered Shareholder, as if the successors were a signing party to the Contractual Arrangements. Although the Contractual Arrangements do not specify the identity of successors to the Registered Shareholder, under the Civil Code of the PRC, the statutory successors include the spouse, children, parents, brothers, sisters, paternal grandparents and the maternal grandparents, and any breach by the successors would be deemed to be a breach of the Contractual Arrangements.

### **Liquidation**

Pursuant to the Exclusive Option Agreement, in the event of the VIE's liquidation or dissolution, to the extent permitted by the PRC laws and regulations, the Registered Shareholder and VIE shall appoint the persons recommended by WFOE to form the liquidation committee to manage the assets of VIE. The Registered Shareholder shall deliver all remaining assets obtained from the liquidation of VIE in accordance with the PRC laws and regulations to WFOE or third party designated by WFOE.

### **Death, bankruptcy and divorce**

Appropriate provisions have been incorporated in the Contractual Arrangements to protect the Group's interests in the event of death, bankruptcy or divorce of the Registered Shareholder. The Contractual Arrangements have certain provisions which set out that the respective agreement shall be binding on the assignees or successors of the Registered Shareholder, details of which are set out in the section above headed "Details of the Contractual Arrangements" in this announcement.

## **Conflict of interests**

The Company confirms that appropriate arrangements have been made to address the potential conflict of interests between the Registered Shareholder and the Group. In particular, the Registered Shareholder had undertaken that they will neither, directly or indirectly (either on its own or through any other individual or legal entity), participate or engage in any business which is or may be in competition with the business of the VIE or its associated company, or acquire or hold any such business, nor enter into any other agreement or arrangement which conflicts with the Contractual Arrangements or may damage the rights and interests of WFOE.

## **Unwinding the structure under the Contractual Arrangements**

The Company will unwind the structure created as a result of the Contractual Arrangements as soon as the PRC laws allow the Relevant Business to be operated without such structure, and the WFOE may acquire the equity interest in the VIE held by the Registered Shareholder and/or the assets of the VIE to the extent as permitted by the then applicable PRC laws. In the event the WFOE exercises the right under the Exclusive Option Agreement to acquire the equity interest in the VIE held by the Registered Shareholder and/or the assets of VIE, at nil consideration or the lowest price permitted by the PRC laws, to unwind the structure under the Contractual Arrangements, the Registered Shareholder shall donate all the consideration received to VIE, or the WFOE or its designated entity.

## **INTERNAL CONTROL MEASURES TO BE IMPLEMENTED BY THE GROUP**

The Contractual Arrangements contain certain provisions in order to exercise effective control over and to safeguard the assets of the VIE.

In addition to the internal control measures as provided in the Contractual Arrangements, it is the intention of the Company, to implement, through the WFOE, additional internal control measures against the VIE as appropriate, having regard to the internal control measures adopted by the Group from time to time, which may include but not limited to:

- (i) as part of the internal control measures, major issues arising from the implementation of and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion on a continuous basis;
- (ii) our Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;
- (iii) our Company will disclose the overall performance and compliance with the Contractual Arrangements in our annual reports and interim reports to update the Shareholders and potential investors;
- (iv) our Company and our Directors undertake to provide periodic updates in our annual and interim reports regarding (a) our status of compliance with the FIL, and (b) the latest regulatory development in relation with the FIL;

- (v) our Company will engage external legal advisors or other professional advisors, if necessary, to assist our Board to review the implementation of the Contractual Arrangements and both legal and compliance issues in relation to the WFOE and the VIE and its future subsidiaries (if any) in order to deal with specific issues or matters arising from the Contractual Arrangements; and
- (vi) our Group will adjust or unwind (as the case may be) the Contractual Arrangements as soon as practicable in respect of the operation of the Relevant Business to the extent permissible and we will directly hold the maximum percentage of ownership interests permissible under relevant PRC laws and regulations which allow the Relevant Business to be conducted and operated by our subsidiaries without such arrangements in place.

## **RISKS AND LIMITATIONS IN RELATION TO THE CONTRACTUAL ARRANGEMENTS**

**There is no assurance that the Contractual Arrangements could comply with future changes in the regulatory requirements in the PRC and the PRC government may determine that the Contractual Arrangements do not comply with applicable regulations**

Despite there is currently no indication that the Contractual Arrangements will be interfered or objected to by any PRC regulatory authorities, there is a possibility that the relevant PRC regulatory authorities may have different opinions on the interpretation of the relevant regulations and would not agree that the Contractual Arrangements comply with the current PRC laws or those that may be adopted in future, and the authorities may deny the validity, effectiveness and enforceability of the Contractual Arrangements.

### ***Development of Foreign Investment Law in the PRC***

On 15 March 2019, the National People's Congress approved the Foreign Investment Law, which came into effect on 1 January 2020 and replaced the trio of existing laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law (中華人民共和國中外合資經營企業法), the Sino-foreign Cooperative Joint Venture Enterprise Law (中華人民共和國中外合作經營企業法) and the Wholly Foreign-invested Enterprise Law (中華人民共和國外資企業法), together with their implementation rules and ancillary regulations. The Foreign Investment Law embodies an expected PRC regulatory trend to unify the corporate legal requirements for both foreign and domestic investments and by way of having a Negative List. The Negative List, which shall be issued and amended by or upon approval by the Ministry of Commerce of the PRC and National Development and Reform Commission of the PRC from time to time, refers to special administrative measures for access of foreign investment in specific fields in PRC. A foreign investor shall not invest in any field prohibited from foreign investment under the Negative List.

On December 26, 2019, the State Council issued the Implementation Regulations for the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法實施條例》), or the Implementation Regulations, which became effective on January 1, 2020. Pursuant to the Implementation Regulations, in the event of any discrepancy between the Foreign Investment law and the Implementation Regulations and relevant requirements for foreign investment promulgated prior to January 1, 2020, the Foreign Investment Law and the Implementation Regulations shall prevail. A foreign investor shall meet the investment conditions stipulated under the Negative List for any restricted fields under the Negative List. For fields not mentioned in the Negative List, domestic and foreign investments shall be treated equally. However, while the Foreign Investment Law and the Implementation Regulations stipulate different forms of investment as foreign investment, it does not explicitly stipulate the structure of the Contractual Arrangements as a form of foreign investments, neither does it explicitly prohibit or restrict a foreign investor to rely on the structure of the Contractual Arrangements to control the majority of its business that is subject to foreign investment restrictions or prohibitions in the PRC. Instead, it includes a catch-all provision to the definition of foreign investment so that foreign investment, by its definition, includes “foreign investor makes investment in any other way stipulated under laws or administrative regulations or provisions of the State Council” without elaboration on the meaning of “other way”. Therefore, it still leaves leeway for future laws, administrative regulations or provisions promulgated by the State Council to provide for contractual arrangements as a form of foreign investment. In any of these cases, it will be uncertain whether our contractual arrangements will be deemed to be in violation of the market access requirements for foreign investment under the PRC laws and regulations. Furthermore, if future laws, administrative regulations or provisions prescribed by the State Council mandate further actions to be taken by companies with respect to existing contractual arrangements, we may face substantial uncertainties as to whether we can complete such actions in a timely manner, or at all.

### ***The Potential Impact of the Foreign Investment Law on the Target Group***

It is possible that contractual control arrangement (including the Contractual Arrangements) will be regarded as foreign investment under the aforesaid limb of “foreign investor makes investment in any other way stipulated under laws or administrative regulations or provisions of the State Council” or the State Council or other authorities may prescribe new laws, administration regulations or provisions or exercise to provide for the same or exercise its broad discretion of interpretation to the same effect. Whether the contractual control arrangements will be found or deemed to be in violation of the foreign investment access requirements and how the contractual control arrangements will be handled in such scenarios are uncertain. Therefore, it may be possible that the Contractual Arrangements and the VIE's business will be adversely affected in the future due to the development and changes in PRC laws and regulations.

### ***Measures adopted by the Target Group to mitigate against any potential risk arising from the Foreign Investment Law***

The Foreign Investment Law does not contain a concrete guidance to deal with the contractual arrangements. As such, the Board will monitor the implementation of the Foreign Investment Law and discuss with the PRC Legal Adviser on a regular basis in order to assess any possible impact arising from the implementation of the Foreign Investment Law on the Contractual Arrangements and the business operation of the Target Group. In case there would be material and adverse effect on the Target Group or the business of the Target Group arising from the Foreign Investment Law, the Company will timely publish announcements in relation to (i) any amendments to or interpretations of the Foreign Investment Law; and (ii) any material impact of the Foreign Investment Law on the Target Group's operations and financial position.

***The Contractual Arrangements may not be as effective as direct ownership in providing control over the VIE***

The WFOE will rely on the Contractual Arrangements to operate the business of the VIE. Such contractual arrangement may not be as effective in providing the WFOE with control over the VIE as direct ownership. If the WFOE has direct ownership of the VIE, it will be able to exercise its rights as a shareholder to effect changes in the board of directors of the VIE, which in turn could effect changes, subject to any applicable fiduciary obligations, at the management level. However, under the Contractual Arrangements, the Group will only rely on the WFOE's contractual rights and the performance by the Registered Shareholder of their obligations under the Contractual Arrangements to exercise control over the VIE. Therefore, the Contractual Arrangements may not be as effective in ensuring the WFOE's control over the VIE as direct ownership would be. In addition, if the Registered Shareholder or the VIE fail to perform their respective obligations under the Contractual Arrangements or otherwise have disputes with the WFOE, the WFOE may have to initiate arbitration or other legal proceedings and rely on legal remedies under PRC laws which may be limited and involve significant uncertainty. There can be no assurance that the outcome will be in the WFOE's favour and it may adversely affect the WFOE's ability to control the VIE Group.

***The Registered Shareholder may potentially have a conflict of interests with the Group***

The Group's control over the VIE is based on the contractual arrangements under the Contractual Arrangements. Therefore, conflict of interests of the Registered Shareholder will adversely affect the interests of the Company. However, under the Contractual Arrangements, the Registered Shareholder will irrevocably appoint any person as designated by the WFOE (including its liquidator, if any) as their representative to exercise the voting rights of the shareholders of the VIE. Therefore, it is unlikely that there will be potential conflict of interests between the Company and such Registered Shareholder. However, in the unlikely event that conflict of interests arises and cannot be resolved, the Company will consider removing and replacing the registered shareholders of the VIE.

***The Contractual Arrangements may be subject to scrutiny of the PRC tax authorities and transfer pricing adjustments and additional tax may be imposed***

Under the laws and regulations of PRC, arrangements and transactions may be subject to audit and/or challenge by the PRC tax authorities. The Group may face material adverse tax consequences if the PRC tax authorities determine that the Contractual Arrangements does not represent arm's length negotiations between the parties and they may adjust income and expenses of the WFOE and/or the Target Group for PRC tax purposes, which could result in higher tax liabilities on the WFOE and/or the Target Group. The operating and financial results of the Group may be materially and adversely affected if the tax liabilities of the WFOE and/or Target Group increase significantly or if they are required to pay interest and other penalties on late payments.

***Economic risks the Group bears as the primary beneficiary of the Target Group, financial support to the Target Group and potential exposure of the Group to losses***

As the primary beneficiary of the Target Group, the Group will share both profit and loss of the Target Group and bear economic risks which may arise from difficulties in the operation of the Target Group's businesses. The Group may have to provide financial support in the event of financial difficulty of the Target Group. Under these circumstances, the Group's financial results and financial position may be adversely affected by the worsening financial performance of the Target Group and the need to provide financial support to it. In any event, since the Group conducts the Relevant Business through the VIE, its financial results would be reflected in the Group's consolidated financial statements and the Group's consolidated financial position such as the consolidated earnings and profits may be adversely affected.

***Limitations in acquiring ownership in the equity interest of the VIE***

In case the WFOE exercises its option to acquire all or part of the equity interest in the VIE under the Exclusive Option Agreement, such acquisition may only be conducted to the extent as permitted by the applicable PRC laws and will be subject to necessary approvals and relevant procedures under applicable PRC laws. In addition, the aforementioned acquisitions may be subject to the permissible minimum price (such as an appraised value for the equity interest in the VIE) or other limitations as imposed by applicable PRC laws. Further, a substantial amount of other costs (if any), and time may be involved in acquiring and transferring the ownership of the VIE, which may have a material adverse impact on the WFOE and/or the VIE's businesses, prospects and profitability.

***Certain terms of the Contractual Arrangements may not be enforceable under the PRC laws***

The Contractual Arrangements provide that the arbitration tribunal of the PRC may award remedies over the equity interest or assets of the VIE or injunctive relief (such as injunctive relief for the conduct of business or to compel the transfer of assets) or order the winding up of the VIE. The Contractual Arrangements also include a clause in relation to dispute resolution among the parties where, when awaiting the formation of the arbitration tribunal or otherwise under appropriate conditions, the parties thereto may seek temporary injunctive relief or other temporary remedies from the courts in Hong Kong, the Cayman Islands, the PRC, and the location where the VIE's principal assets are located. However, the PRC Legal Adviser is of the view that pursuant to the PRC laws, the arbitration tribunal may have no power to grant the aforementioned remedies or injunctive relief or to order the winding up of the VIE. In addition, even though the VIE Agreements provide that overseas courts (e.g., courts in Hong Kong and the Cayman Islands) shall have the power to grant certain relief or remedies, such relief or remedies may not be recognised or enforced under the PRC laws. As a result, in the event that the VIE or any of the Registered Shareholder breaches the terms of the Contractual Arrangements, the WFOE may not be able to obtain sufficient remedies in a timely manner, and its ability to exert effective control over the VIE could be materially and adversely affected.



***The Company does not have any insurance which covers the risks relating to the Contractual Arrangements and the transactions contemplated thereunder***

The insurance of the Group does not cover the risks relating to the Contractual Arrangements and the transactions contemplated thereunder and the Company has no intention to purchase any new insurance in this regard. If any risk arises from the Contractual Arrangements in the future, such as those affecting the enforceability of the Contractual Arrangements and the relevant agreements for the transactions contemplated thereunder and the operation of Contractual Arrangements, the results of the Group may be adversely affected. However, the Group will monitor the relevant legal and operational environment from time to time to comply with the applicable laws and regulations. The Company will continue evaluating the feasibility, the cost and the benefit of insuring the transactions contemplated under the Contractual Arrangements.

**CONSOLIDATION OF THE FINANCIAL RESULTS OF THE VIE**

The financial results of the VIE will be consolidated into the financial statements of the Group under the prevailing accounting principles upon entering into of the Contractual Arrangements. On the basis of the aforesaid confirmation and pursuant to Rule 1.01 of the Listing Rules, the Company further confirms that the VIE will be a non-wholly owned subsidiary of the Company.

**THE BOARD'S VIEW ON THE CONTRACTUAL ARRANGEMENTS**

Based on the above, the Board (including the independent non-executive Directors) is of the view that:

- (i) the Contractual Arrangements are narrowly tailored to achieve the Company's business purpose and has minimized the potential conflict with relevant PRC laws and regulations;
- (ii) the Contractual Arrangements enable the WFOE to gain control over the VIE and to be entitled to the economic interests and benefits of the VIE;
- (iii) as advised by the PRC Legal Adviser, each of the agreements under the Contractual Arrangements is legally binding towards all parties to each of the agreements under the PRC laws once such agreements are duly executed by the relevant parties, except for some special circumstances. Reference is made to the sections headed "COMPLIANCE OF THE CONTRACTUAL ARRANGEMENTS WITH PRC LAWS, RULES AND REGULATIONS" in this announcement for further details;
- (iv) the Contractual Arrangements will provide a mechanism that enables the WFOE to exercise effective control over the VIE; and
- (v) the Contractual Arrangements and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interests of the Company and its shareholders as a whole.

As none of the Directors have a material interest in the transactions contemplated under the Contractual Arrangements, none of the Directors have abstained from voting on the relevant Board resolutions.

To the best knowledge, information and belief of the Directors, having made all reasonable enquires, as at the date of announcement, the VIE has not encountered any interference or encumbrance from any governing bodies in operating its business.

## **INFORMATION ON THE VIE**

The VIE is a company established under the laws of the PRC with limited liability in March 2022. As at the date of this announcement, the VIE is held as to 100% by Mr. Xue. The VIE will be principally engaged in the research, development and commercialization of gene therapy and related products.

## **INFORMATION ON THE REGISTERED SHAREHOLDER**

Mr. Xue is an independent third party of the Group prior to the entering into of the Contractual Arrangements. Mr. Xue has a long term relationship with the Group, and has been a private investor supporting our Group since 2015. As disclosed in the Company's prospectus dated November 30, 2021, Mr. Xue was one of the private investors invested in the Group in the Series A2 Financing in 2015, pursuant to which Mr. Xue held an equity stake in our Group of 2.43%. Although Mr. Xue's stake in our Group, which was held through his wholly owned investment vehicle, had been diluted to 0.72% upon completion of the Company's reorganization and various rounds of pre-IPO investments, and its global offering on December 10, 2021, Mr. Xue remained supportive of our Group's operations and development, offering his time and resources to take up the role as registered shareholder and supervisor of the VIE to facilitate the Group's development in gene therapy solutions.

## **INFORMATION ON THE GROUP**

The Group is principally engaged in the research, development and commercialization of biotech therapies targeting rare diseases in large underserved global markets. As disclosed under "History, Reorganization and Corporate Structure – Our Major Subsidiaries and Operating Entities" and "History, Reorganization and Corporate Structure – Reorganization" of the Prospectus, the WFOE (a company incorporated in Suzhou, PRC) was established in April 2021. The WFOE is a holding company with control over the Company's certain PRC subsidiaries and has engaged in certain research and development activities excluding gene therapy solutions. The Company expects to position the WFOE as its headquarters in the PRC. Reference is made to the section headed "Corporate Information" in the Prospectus, where the Company disclosed such expectation to relocate its China headquarters to Suzhou.

## **IMPLICATIONS UNDER THE LISTING RULES**

As a result of the Contractual Arrangements, Mr. Xue, as sole shareholder of the VIE (a subsidiary of the Company), will become a connected person of the Company at subsidiary level. As such, the transactions contemplated under the Contractual Arrangements will constitute continuing connected transactions under Chapter 14A of the Listing Rules and are subject to the reporting and announcement requirements but are exempt from the circular, independent financial adviser and shareholders' approval requirement pursuant to Rule 14A.101 of the Listing Rules.

## **OPINION OF THE INDEPENDENT FINANCIAL ADVISER**

According to Rule 14A.52 of the Listing Rules, the term of the Contractual Arrangements must not exceed three years except in special circumstances where the nature of the transaction requires a longer period. Taking into account the terms of the Contractual Arrangements, Altus Capital Limited (the "**Independent Financial Adviser**") has been appointed as the independent financial adviser of the Company to explain why the Contractual Arrangements require a longer period and to confirm that it is normal business practice for agreements of such type to be of such duration.

The Independent Financial Adviser is of the view and confirm that (i) a term of longer than three years is required for the Contractual Arrangements; and (ii) it is a normal business practice for this type of Contractual Arrangements to be of such duration.

In arriving at its opinion, the Independent Financial Adviser has considered the following principal factors and reasons:

- (i) the Group is principally engaged in the research, development and commercialisation of biotech therapies targeting rare disease with a goal to pioneer the development of rare disease products in China. As disclosed in this announcement, the Group has been investing in its expansion into gene therapies, and expects to conduct gene therapy related activities, and thus setting up the Contractual Arrangements in relation to the VIE to carry out the Relevant Business.

We noted from the annual report of the Company for the year ended December 31, 2021 that the Company looks to invest in next generation technologies such as gene therapies, and have entered into strategic global partnerships and research collaborations in these aspects. It is also our understanding from the Company that gene therapies are a potential one-time, durable treatment for various rare diseases currently with limited options.

According to the PRC Legal Adviser, the development and application of gene therapeutic technologies and products falls into the scope of the “prohibited” category of the relevant PRC laws and regulations. As such, according to the relevant PRC laws and regulations, foreign investment is prohibited in the development and application of human stem cells and genes diagnosis and treatment technologies. In order to comply with the relevant PRC laws and regulations and future-proof the Group’s portfolio of programme by investing in the next generation of technologies, the Contractual Arrangements were entered into among the WFOE, the VIE and the Registered Shareholder. In this respect, we note that the entering into and transactions contemplated under the Contractual Arrangements are in line with the Group’s overall growth strategy;

- (ii) it is not uncommon for foreign company to enter into similar arrangements, such as the Contractual Arrangements, in order to comply with the relevant laws and regulations in the PRC to conduct businesses which is related to development and application of human stem cells and genes diagnosis and treatment technologies. Through the Contractual Arrangements, the WFOE will have effective control over the finance and operations of the VIE and will enjoy the entire economic interests and benefits generated by the VIE despite the lack of registered equity ownership;
- (iii) the Contractual Arrangements will provide long-term binding contractual relationship which the Company will able to enjoy the future economic interests and benefits derived from the VIE while complying with the relevant laws and regulations; and
- (iv) having identified and reviewed not less than six prospectuses issued by companies listed on the Stock Exchange with arrangements similar to Contractual Arrangements relating to the prohibition in the Relevant Business within 2 years from the date of entering into the Contractual Arrangements (the “**Market Contractual Arrangements**”). We considered the Market Contractual Arrangements to be an appropriate reference for general market practice, and noted that out of the Market Contractual Arrangements, four of which are without a fixed term and the remaining have a term of 10 and 15 years with automatic renewal upon expiry respectively. As such, the Company’s Contractual Arrangements, without a fixed term, are in line with the normal business practice for transactions of this nature.

## **APPLICATION FOR AND CONDITIONS OF WAIVER**

The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with (i) fixing the term of the Contractual Arrangements for a period of not exceeding three years pursuant to Rule 14A.52 of the Listing Rules; and (ii) setting a maximum aggregate annual cap for the fees payable by the VIE to the WFOE under the Contractual Arrangements pursuant to Rule 14A.53 of the Listing Rules, subject to the following conditions. Except as described in condition (iii) below, and except for any mandatory change required under applicable laws and regulations, where there are any material changes to the terms of the Contractual Arrangements or if the Company enter into any new agreements with any connected persons in the future, the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules and, where appropriate, obtain a separate waiver from the Stock Exchange.

### **(i) No change without independent non-executive Directors' approval**

Save for any mandatory change required under applicable laws and regulations, no changes to the terms of any of the Contractual Arrangements will be made without the approval of the independent non-executive Directors.

### **(ii) Economic benefits flexibility**

The Contractual Arrangements shall continue to enable the Group to receive the economic benefits derived by the VIE and its future subsidiaries (if any) through (i) the potential right of the WFOE and the Group (if and when so allowed under the applicable PRC laws) to acquire the entire equity interest in and/or assets of the VIE, (ii) the business structure under which the total consolidated profit of the VIE and its future subsidiaries (if any) after deduction of any accumulated deficit in respect of the preceding financial year(s), taxes and dividends gained from the VIE in any financial year is retained by WFOE and the Group (such that no annual caps shall be set on the amount of the services fees payable to the WFOE under the Exclusive Business Cooperation Agreement), and (iii) the right of the WFOE and the Group to control the management and operation of, as well as, in substance, all of the voting rights of the VIE.

### **(iii) Renewal and reproduction**

On the basis that the Contractual Arrangements provide an acceptable framework for the relationship between the Company and its subsidiaries in which the Company has direct shareholding, on the one hand, and the VIE, on the other hand, such 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 in the PRC as that of the VIE which the Group might wish to establish when justified by business expediency, without obtaining the approval of the Company's shareholders, on substantially the same terms and conditions as those of the Contractual Arrangements. 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 the VIE that the Company may establish upon renewal and/or reproduction of the Contractual Arrangements will be treated as the connected persons of the Company, and transactions between these connected persons and the Company other than those under similar contractual arrangements shall comply with Chapter 14A of the Listing Rules. (VIE and its future subsidiaries (if any), and such other new wholly foreign owned enterprise or operating company (including branch company) which are or will be subsidiaries of the Company shall not however be connected persons of the Company.) This condition is subject to relevant PRC laws, regulations and approvals from the relevant PRC authorities.

**(iv) Ongoing reporting and approvals**

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

- (3) The Contractual Arrangements in place during each financial period will be disclosed in the Company's annual report in accordance with the relevant provisions of the Listing Rules;
- (4) The Company's independent non-executive Directors will review the Contractual Arrangements annually and confirm in the Company's annual report for the relevant year that the transactions carried on during such year have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the Contractual Arrangements on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole;
- (5) The Company's auditors will carry out review procedures annually on the transactions carried out pursuant to the Contractual Arrangements and will provide a letter to the Directors with a copy to the Stock Exchange confirming whether anything has come to their attention that causes them to believe that the continuing connected transactions under the Contractual Arrangements (i) have not been approved by the Board; and (ii) were not entered into, in all material respects, in accordance with the Contractual Arrangements governing the transactions;
- (6) For the purposes of Chapter 14A of the Listing Rules, and in particular the definition of "connected person", the VIE and each of its future subsidiaries (if any) will be treated as the Company's subsidiaries, but at the same time, the directors, chief executives or substantial shareholders (as defined in the Listing Rules) of the VIE or its future subsidiaries (if any) and their respective associates (as defined in the Listing Rules) (excluding for this purpose, the VIE and its future subsidiaries (if any)) will be treated as the Company's connected persons at subsidiary level. As such, the transactions between these connected persons and the Group (including for this purpose, the VIE and its future subsidiaries (if any)), other than those under the Contractual Arrangements, will be subject to the requirements under Chapter 14A of the Listing Rules; and
- (7) The VIE undertakes that, during the term of the relevant Contractual Arrangements, it will provide the Group's management and the Company's auditors with full access to its relevant records, and (where applicable) relevant records of its future subsidiaries (if any), for the purpose of the Company's auditors' review on the continuing connected transactions.

**(v) No changes without independent shareholders' approval**

Except as described in condition (iii) above, and except for any mandatory change required under applicable laws and regulations, no changes to the terms of the Contractual Arrangements will be made without the approval of the Independent Shareholders.

## DEFINITIONS

In this announcement, unless the context otherwise requires or unless otherwise defined, the following terms shall have the following meanings:

“Altus” or “Independent Financial Adviser”	Altus Capital Limited, a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser appointed by the Company to explain why the Contractual Arrangements require a longer period and to confirm that it is normal business practice for agreements of such type to be of such duration
“Board”	the board of Directors
“Company”	CANbridge Pharmaceuticals Inc. (北海康成製藥有限公司), an exempted company incorporated in the Cayman Islands with limited liability on January 30, 2018
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Contractual Arrangement(s)”	Collectively, the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement, the Share Pledge Agreement, the Power of Attorney and the Spouse Undertakings
“continuing connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Exclusive Business Cooperation Agreement”	the exclusive management consultancy and business cooperation agreement (獨家管理顧問及業務合作協議) between the WFOE, the VIE and the Registered Shareholder, details of which are set out under the section headed “Details of the Contractual Arrangements – (i) Exclusive Business Cooperation Agreement” in this announcement
“Exclusive Option Agreement”	the exclusive option agreement (獨家購股權協議) between the WFOE, the Registered Shareholder and the VIE, details of which are set out under the section headed “Details of the Contractual Arrangements – (ii) Exclusive Option Agreement” in this announcement
“Group”	the Company and its subsidiaries
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any entity or person who is not a connected person of our Company or its subsidiaries, or any of their respective associates

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Power of Attorney”	the power of attorney (授權委託書) granted by the Registered Shareholder in favour of the WFOE, details of which are set out under the section headed “Details of the Contractual Arrangements – (iv) Power of Attorney” in this announcement
“PRC Legal Adviser”	the PRC legal adviser of our Company
“Relevant Business”	research, development and commercialization of gene therapy and related products
“Registered Shareholder”	Mr. Xue Yintong (薛殷彤), an independent third party of the Group prior to the entering into of the Contractual Arrangements
“Share Pledge Agreement”	the share pledge agreement (股權質押協議) between the WFOE, the Registered Shareholder and the VIE, details of which are set out under the section headed “Details of the Contractual Arrangements – (iii) Share Pledge Agreement” in this announcement
“Spouse Undertakings”	the spouse undertakings (配偶同意函) issued by the spouse of Registered Shareholder, details of which are set out under the section headed “Details of the Contractual Arrangements – (v) Spouse Undertakings” in this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Group”	the VIE and its future subsidiaries (if any)
“VIE”	CANbridge Care Pharma (Suzhou) Biotechnology Co., Ltd (康成諾愛(蘇州)生物科技有限公司), a company incorporated in the PRC with limited liability
“WFOE”	CANbridge (Suzhou) Bio-Pharma Co., Ltd (北海康成(蘇州)生物製藥有限公司), a company incorporated in the PRC with limited liability and a subsidiary of the Company
“%”	per cent

By order of the Board  
**CANbridge Pharmaceuticals Inc.**  
**Dr. James Qun Xue**  
*Chairman*

Hong Kong, July 8, 2022

*As at the date of this announcement, the board of directors of the Company comprises Dr. James Qun Xue as executive director; Dr. Kan Chen, Dr. Derek Paul Di Rocco and Mr. Edward Hu as non-executive directors; and Mr. James Arthur Geraghty, Dr. Richard James Gregory, Mr. Peng Kuan Chan and Dr. Lan Hu as independent non-executive directors.*