
CORNERSTONE INVESTORS

THE CORNERSTONE PLACING

We have entered into four cornerstone investment agreements with the following investors (each a “**Cornerstone Investor**”, collectively the “**Cornerstone Investors**”).

Based on the Offer Price of HK\$17.80 per Offer Share (being the low-end of the Offer Price range), the total number of H Shares to be subscribed for by the Cornerstone Investors would be 39,984,200, representing approximately (i) 12.5% of the Shares in issue upon the completion of the Global Offering and 50.0% of the Offer Shares, assuming that the Over-allotment Option is not exercised; or (ii) 12.0% of the Shares in issue upon completion of the Global Offering and 43.5% of the Offer Shares, assuming that the Over-allotment Option is fully exercised.

Based on the Offer Price of HK\$24.20 per Offer Share (being the high-end of the Offer Price range), the total number of H Shares to be subscribed for by the Cornerstone Investors would be 39,267,000, representing approximately (i) 12.3% of the Shares in issue upon the completion of the Global Offering and 49.1% of the Offer Shares, assuming that the Over-allotment Option is not exercised; or (ii) 11.8% of the Shares in issue upon completion of the Global Offering and 42.7% of the Offer Shares, assuming that the Over-allotment Option is fully exercised.

Each Cornerstone Investor has agreed that, if the requirement of not more than 50% of the Shares in public hands at the time of the Listing being beneficially owned by the three largest public Shareholders as set out in Rule 8.08(3) of the Listing Rules cannot be met, the Company and the Joint Global Coordinators have the right to, in their sole and absolute discretion, adjust the allocation of the number of the Offer Shares to be purchased by it so as to satisfy such requirement.

Details of the actual number of the Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment result announcement to be issued by the Company on or around Thursday, July 5, 2018.

To the best knowledge of our Company, each of the Cornerstone Investors is an Independent Third Party and is not our connected person.

The Cornerstone Placing forms part of the International Offering. None of the Cornerstone Investors will subscribe for any Offer Shares under the Global Offering other than pursuant to the respective cornerstone investment agreements. The Offer Shares to be subscribed for by the Cornerstone Investors will rank *pari passu* in all respects with the other fully paid H Shares in issue and will be counted towards the public float of our Company. None of the Cornerstone Investors has a representative on our Board. The Offer Shares to be subscribed for by the Cornerstone Investors will not be affected by any reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the section headed “Structure of the Global Offering — The Hong Kong Public Offering” in this prospectus.

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We have entered into cornerstone investment agreements with each of the following Cornerstone Investors in respect of the Cornerstone Placing:

Cornerstone Investor	Investment amount/ Number of H Shares to be subscribed for by the Cornerstone Investor	Based on the Offer Price of HK\$21.0 (being the mid-point of the Offer Price range)			
		Approximate percentage of the Shares in issue immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised)	Approximate percentage of the Shares in issue immediately following the completion of the Global Offering (assuming that the Over-allotment Option is exercised in full)	Approximate percentage of the H Shares in issue immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised)	Approximate percentage of the H Shares in issue immediately following the completion of the Global Offering (assuming that the Over-allotment Option is exercised in full)
Sure Advance Holdings Limited	11,906,400	3.7%	3.6%	14.9%	12.9%
Shanghai Pharmaceuticals (HK) Investment Limited	8,006,000	2.5%	2.4%	10.0%	8.7%
Beijing Industrial Developing Investment Management Co., Ltd.	US\$30 million	3.5%	3.4%	14.0%	12.2%
China Structural Reform Fund Corporation Limited	US\$30 million ⁽¹⁾	2.8% ⁽²⁾	2.7% ⁽²⁾	11.1% ⁽²⁾	9.6% ⁽²⁾

Note:

- (1) Including brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% and in any event, the number of Offer Shares to be purchased will not exceed 15,993,600 H Shares
- (2) Taking into account the possible reduction of such number of the Offer Shares so as to satisfy the requirement of not more than 50% of the Shares in public hands at the time of the Listing being beneficially owned by the three largest public Shareholders as set out in Rule 8.08(3) of the Listing Rules

Information about our Cornerstone Investors is set forth below.

Sure Advance Holdings Limited

Sure Advance Holdings Limited (“**Sure Advance**”) has agreed to subscribe for 11,906,400 H Shares at the Offer Price, representing approximately (i) 3.7% of the Shares, and (ii) 14.9% of the H Shares, in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

Sure Advance is a company incorporated in Hong Kong with limited liability and serves as an investment platform of its parent company. Sure Advance is indirectly wholly-owned by Shanghai Industrial Holdings Limited (“**SIHL**”), a company listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 363) which is principally engaged in the business of infrastructure facilities, real estate and consumer products. SIHL is in turn beneficially owned as to approximately 59% by Shanghai Industrial Investment (Holdings) Company Limited (“**SIIC**”), which is a company incorporated in Hong Kong with limited liability and an overseas conglomerate controlled by the Shanghai municipal government in China.

As non-wholly-owned fellow subsidiaries, Sure Advance and SPH HK (as defined below) are connected persons of SIIC (as defined below) under the Listing Rules and as such, are not independent from each other. Please refer to the section headed “Substantial Shareholders” for details of SIIC’s interest in the H Shares immediately following the completion of the Global Offering.

Shanghai Pharmaceuticals (HK) Investment Limited

Shanghai Pharmaceuticals (HK) Investment Limited (“**SPH HK**”) has agreed to subscribe for 8,006,000 H Shares, representing approximately (i) 2.5% of the Shares, and (ii) 10.0% of the H Shares, in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

SPH HK is a company incorporated in Hong Kong with limited liability and a directly wholly-owned subsidiary of Shanghai Pharmaceuticals Holding Co. Ltd (“**SPH**”). SPH is a joint stock company incorporated in the PRC with limited liability (the shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 2607) and the Shanghai Stock Exchange (Stock Code: 601607)). SPH HK is the offshore investment and financing platform of SPH, and engages in overseas investment and related business based on SPH’s strategic and development plans. SPH is indirectly held as to 33.6% by SIIC and is mainly involved in four pharmaceutical segments: research and development, manufacturing, distribution and retail. SPH and its subsidiaries are core enterprises within SIIC’s health segment.

As non-wholly-owned fellow subsidiaries, Sure Advance and SPH HK are connected persons of SIIC and as such, are not independent from each other. Please refer to the section headed “Substantial Shareholders” for details of SIIC’s interest in the H Shares immediately following the completion of the Global Offering.

Beijing Industrial Developing Investment Management Co., Ltd.

Beijing Industrial Developing Investment Management Co., Ltd. (“**BIDIMC**”) has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 200 H Shares) as may be purchased with an amount of approximately US\$30 million at the Offer Price. Assuming an Offer Price of HK\$21.0, being the mid-point of the indicative range of the Offer Price of HK\$17.80 to HK\$24.20 per Share, BIDIMC will subscribe for 11,208,000 H Shares, which would represent approximately (i) 3.5% of the Shares, and (ii) 14.0% of the H Shares, in issue upon completion of the Global Offering, assuming the Over-allotment Option is not exercised.

BIDIMC is a directly wholly-owned subsidiary of Beijing State-owned Assets Management Co., Ltd. (“**BSAM**”), which serves as an investment platform of BSAM in the science and technology and modern manufacturing sector. BIDIMC is also an important investment and financing platform for the development of high-tech industries in Beijing. BSAM is a large-size state-owned investment holding company authorized by the Beijing Municipal People’s Government, which specializes in capital operation.

China Structural Reform Fund Corporation Limited

China Structural Reform Fund Corporation Limited (“**China Structural Reform Fund**”) has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 200 H Shares) as may be purchased with an amount of approximately US\$30 million (before deducting the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable) at the Offer Price which in any event shall not exceed 15,993,600 H Shares. Assuming an Offer Price of HK\$21.0, being the mid-point of the indicative range of the Offer Price of HK\$17.80 to HK\$24.20 per Offer Share, China Structural Reform Fund will subscribe for 8,863,800 H Shares, which would represent approximately (i) 2.8% of the Shares, and (ii) 11.1% of the H Shares, in issue upon completion of the Global Offering, assuming the Over-allotment Option is not exercised.

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China Structural Reform Fund is a company established in the PRC with limited liability, which is indirectly held as to 58% by SASAC and the remaining 42% by a group of certain other state-owned enterprises. China Structural Reform Fund is mainly engaged in the business of private fund-raising, equity investment, investment consulting, project investment, asset management and business management consulting.

CONDITIONS PRECEDENT

The subscription obligation of each Cornerstone Investor is subject to, among other things, the following conditions precedent:

- (1) the Hong Kong Underwriting Agreement and the International Underwriting Agreement having been entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in such agreements;
- (2) neither the Hong Kong Underwriting Agreement nor the International Underwriting Agreement having been terminated;
- (3) the Listing Committee having granted the approval for the listing of, and permission to deal in, the H Shares and such approval or permission not having been revoked;
- (4) the Offer Price having been agreed between the Company and the Joint Global Coordinators;
- (5) no Laws (as defined in the relevant cornerstone investment agreement) shall have been enacted or promulgated to prohibit the consummation of the transactions contemplated in the Hong Kong Public Offering, the International Offering or the relevant cornerstone investment agreement, and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions.

RESTRICTIONS ON DISPOSAL BY THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that, it will not and will procure its affiliates not to, at any time during the period of six months following the Listing Date, directly or indirectly, (i) dispose of, in any way, any of the H Share subscribed by it under the relevant cornerstone investment agreement (the “**Relevant Shares**”) or any interest in any company or entity holding any of the Relevant Shares; (ii) agree or contract to, or publicly announce an intention to, enter into any such transaction; or (iii) allow itself to undergo a change of control (as defined in the Takeovers Code) at the level of its ultimate beneficial owner.