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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)

DISCLOSEABLE TRANSACTION FORMATION OF A JOINT VENTURE COMPANY

FORMATION OF A JOINT VENTURE COMPANY

The Board is pleased to announce that on 19 August 2020, the Company and IMPACT Therapeutics entered into the JV Agreement for the formation of the JV Company. The JV Company will mainly engage in the R&D and commercialization of small molecule anti-tumour drugs. The JV Company will be owned as to 50% by the Company and 50% by IMPACT Therapeutics upon its formation.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in relation to the transaction contemplated under the JV Agreement exceeds 5% but is less than 25%, the entering into of the JV Agreement and the transactions contemplated thereunder constitute a discloseable transaction of the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

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THE JV AGREEMENT

Key terms of the JV Agreement are summarized below:

Date : 19 August 2020

Parties : (1) the Company
(2) IMPACT Therapeutics

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, IMPACT Therapeutics and its ultimate beneficial owners are independent of the Company and its connected persons.

Formation of the JV Company : The JV Company will be a limited liability company incorporated under the laws of the PRC and registered in Shanghai, the PRC.

The Chinese name of the JV Company is proposed to be Ying Shi Jun Pai Pharmaceutical Co., Ltd.* (英實君派藥業有限公司), subject to approval by the Administration for Market Regulation.

Business of the JV Company : The JV Company will be mainly engaged in the R&D and commercialization of small molecular anti-tumour drugs (mainly through outsourcing contract research, manufacturing or sales organizations).

The scope of business of the JV Company will include: medical research and trial development (except for human stem cell, genetic diagnosis and treatment technologies); R&D and sales of new materials for medical use, medical devices, bio-technology products and new drugs; development and transfer of bio-technologies, R&D of and technical services for bio-analysis and chemical synthesize technologies; wholesale of machinery and reagents (exclusive of dangerous articles), import and export of technologies; import and export of commodities.

Registered capital of the JV Company and contributions to the JV Company : The registered capital of the Company shall not exceed RMB200,000,000.

Each of the Company and IMPACT Therapeutics shall make their respective contribution to the JV Company in the following manner:

The Company will contribute RMB100,000,000 in cash, representing 50% of the registered capital of the JV Company, the subsequent contribution would be accounted towards the capital reserves of the JV Company.

IMPACT Therapeutics will contribute RMB100,000,000 by way of injection of the IMP4297 Assets, representing 50% of the registered capital of the JV Company, any excess amount would be accounted towards the capital reserves of the JV Company.

The valuation of the IMP4297 Assets will be determined by a PRC registered accountant or a valuer with securities business assessment qualifications to be agreed between the Parties or to be engaged by the board of directors of the JV Company. In the event that the appraised valuation of the IMP4297 Assets exceeds RMB100,000,000, the excess amount will count towards the JV Company's capital reserves. In the event that the valuation of the IMP4297 Assets is lower than RMB300,000,000, the Parties shall maintain their respective shareholding in the JV Company (i.e., 50% owned by the Company and 50% owned by IMPACT Therapeutics) by means such as reducing the registered capital of the JV Company. Any excess contribution paid by the Company will count towards the JV Company's capital reserves.

Subsequent contribution: The Company will also make additional contributions to the JV Company in cash based on the progress of the R&D Plan and project carried out by the JV Company, such contribution will in principle not exceed RMB200,000,000. The Company confirms that such contribution will not affect the shareholding or consolidation of the JV Company.

The Company intends to satisfy the payment of its portion of the registered capital and subsequent contributions from the Group's internal resources.

The financial results of the JV Company will be consolidated into that of IMPACT Therapeutics.

The registered capital of the Company was determined at arm's length negotiations between the Parties with reference to, among others, the JV Company's research and development needs in the near future.

Use of contribution : The contributions made by the Company will be applied solely towards the initial phase of the IMP4297 Project, which will include conducting clinical trials, drug dosage clinical trials, CMC pharmaceutical research, filing for the commercialization of new drugs, manufacturing (through CMO) and preparation for commercialization, for certain indications in the JV Territory (the "**Initial Phase**").

Conditions precedent : The Parties' obligations to make their respective contributions to the JV Company is conditional upon the satisfaction (or waiver (if applicable)) of, among others, the following conditions:

- (i) the Company and IMPACT Therapeutics having completed all their respective internal approval procedures and relevant legal procedures in relation to the performance of the JV Agreement;

- (ii) (for the Company only) the Asset Transfer Agreement, the Product Development Collaboration Agreement and the Transition Services and Contract Sales Organization Services Agreement having been signed and that the IMP4297 Assets are not subject to any encumbrances; and
- (iii) (for IMPACT Therapeutics only) the Company having made its initial contribution.

Upon the satisfaction (or waiver (if applicable)) of all conditions precedent under the JV Agreement, the Parties shall make all their contributions to the JV Company no later than 31 December 2021 (or such other date as agreed in writing by both Parties).

Post-contribution undertakings : Among others, IMPACT Therapeutics undertakes to, promptly after having made its capital contribution to the JV Company, transfer the ownership of the patent rights in the JV Territory in respect of the relevant IMP4297 Assets, the business contracts relating to the IMP4297 Project and IMPACT Therapeutics' know-how relevant to the IMP4297 Assets to the JV Company, and to commence procedures for the transfer of the clinical trial approvals for IMP4297 to the JV Company.

The JV Company undertakes to reimburse the Company and IMPACT Therapeutics for their respective costs incurred for the establishment of the JV Company. The JV Company also undertakes to, after the initial contribution having been made by the Company, reimburse IMPACT Therapeutics for its costs incurred in advance for the Initial Phase of cooperation (including phase II/III clinical trials costs). IMPACT Therapeutics will also be reimbursed for other costs incurred in advance for the Initial Phase after filing of the NDA for the IMP4297 Project.

Priority rights : The Company shall have priority rights in the contract manufacturing and exclusive promotion rights and sales rights in relation to the JV Company's products (including products of various specifications under the IMP4297 project) pursuant to the Transition Services and Contract Sales Organization Services Agreement.

Composition of the board of directors and appointment of supervisor : The board of directors of the JV Company will comprise five directors. The Company may nominate two directors and IMPACT Therapeutics may nominate three directors. The director nominated by the Company shall also act as the chairman of the board of directors and the legal representative of the JV Company.

The JV Company will have one supervisor, which shall be nominated by the Company.

Ownership of intellectual property rights : The JV Company shall own all patent application rights and all relevant rights in the patents and the know-how in relation to the IMP4297 Project in the JV Territory. The JV Company will also be granted a perpetual, license fee free, irrevocable and exclusive rights and license (including sub-licensing rights) in the JV Territory in respect of the modifications gained outside the JV Territory under the IMP4297 Project. If the Company and/or IMPACT Therapeutics cooperate in the R&D in relation to the IMP4297 Project in the JV Territory with the JV Company, the intellectual property rights generated shall be owned by the relevant collaborators. If a Party licenses its intellectual property to the JV Company, such licensed intellectual property remains owned by the relevant Party.

Restrictions on share transfers : A shareholder of the JV Company may transfer its interests in the JV Company to the other shareholder(s). The transfer price shall be calculated based on the appraised value of the Company as agreed by the parties to the transfer.

Prior to the first product under the IMP4297 Project obtaining approval for commercialization or within 5 years after the establishment of the JV Company (whichever is earlier, the “**Lock-up Period**”), shareholders of the JV Company shall not, without the prior written consent of the other shareholder(s), transfer or pledge its equity interests in the JV Company, or otherwise dispose of its equity interests in the JV Company which would result in a change in control of the JV Company, provided that such restriction does not apply to any change of control of a shareholder resulting from a financing, merger and acquisition, reorganization or a public offering.

After the expiry of the Lock-up Period, shareholders may dispose of its equity interests in the JV Company, subject to pre-emptive rights and co-sale rights.

A shareholder of the JV Company shall not, without the consent of the other shareholder(s) of the JV Company, incur (or allow such incurrence of) any encumbrance on its equity interests in the JV Company within the Lock-up Period.

Non-competition undertaking : Save for performance of the obligations and exercise of the rights under the Product Development Collaboration Agreement or the Transition Services and Contract Sales Organization Services Agreement, each shareholder of the JV Company and its affiliates, shareholders, directors and employees shall not, without the consent of the board of directors of the JV Company, carry out any activities related to the research, development, production and commercialization of small molecule anti-tumour drugs targeting PARP, or providing any capital, technical and/or commercial assistance, services or recommendation to third parties in relation to the aforesaid matters in the JV Territory.

- Distribution of profits : The profits available for distribution of the JV Company will be distributed to its shareholders in proportion to their respective shareholding in the JV Company.
- Term of business : The JV Company's term of business shall be 30 years from the date of incorporation (subject to extension by the shareholders and registration with the Administration for Market Regulation).

GENERAL INFORMATION OF IMPACT THERAPEUTICS

IMPACT Therapeutics is a privately held clinical-stage biopharmaceutical company incorporated in Nanjing, China, and dedicated to the discovery and development of targeted anti-cancer therapeutics based on synthetic lethality. IMPACT Therapeutics has assembled a most comprehensive global DNA damage response (DDR) pipeline of novel drug candidates generated by in-house discovery platform, and is expanding to other novel synthetic lethality targets to broaden its pipeline. IMPACT Therapeutics has been invested by recognized venture capital firms including Lilly Asia Ventures.

ABOUT IMP4297

IMP4297 (Senaparib) is a novel agent targeting PARP (poly-ADP ribose polymerase) developed by IMPACT Therapeutics. IMPACT Therapeutics completed two Phase I studies of Senaparib in China and Australia, respectively. The Phase I data readout was first presented at the 2019 ASCO annual meeting, showing that Senaparib had the potential to be the best-in-class PARP inhibitor with better safety profile and wider therapeutic window. IMPACT Therapeutics is conducting a Phase II pivotal study of Senaparib monotherapy in treating advanced ovarian cancer patients with BRCA mutation who have received at least 2 prior lines of standard treatment, and a Phase III study of Senaparib as the first-line maintenance treatment in platinum-sensitive advanced ovarian cancer patients.

BENEFITS OF AND REASONS FOR ENTERING INTO THE JV AGREEMENT

The Company is a joint stock limited liability company established in the PRC, whose H Shares are listed on the Hong Kong Stock Exchange (stock code: 1877) and A Shares are listed on the STAR Market (stock code: 688180).

The Group is an innovation-driven biopharmaceutical company dedicated to the discovery and development of innovative drugs and their clinical research and commercialization on a global scale.

As shareholders of the JV Company, IMPACT Therapeutics has developed the novel PARP inhibitor that has shown the safety profile, while and the Company could contribute towards the JV Company in terms of the clinical development and commercialization. The Company is of the view that the establishment of the JV Company could create synergy, and the Company can enjoy the long term benefits from the IMP4297 Project by entering into the JV Agreement.

Having considered the above factors, the Directors (including the independent non-executive Directors) are of the view that the terms of the JV Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in relation to the JV Agreement and the transactions contemplated thereunder exceeds 5% but is less than 25%, the entering into of the JV Agreement and the transaction contemplated thereunder constitute a discloseable transaction of the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless the context otherwise requires, capitalized terms used in this announcement shall have the following meanings:

“A Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid for in Renminbi
“Administration for Market Regulation”	the Administration for Market Regulation of the PRC (國家市場監督管理局)
“Asset Transfer Agreement”	the asset transfer agreement to be entered into between IMPACT Therapeutics and the JV Company in relation to the patents and material contracts relating to the IMP4297 Assets which represent IMPACT Therapeutics’ capital contribution to the JV Company
“Board of Directors” or “Board”	the board of Directors of the Company
“Company”	Shanghai Junshi Biosciences Co., Ltd.* 上海君實生物醫藥科技股份有限公司, a joint stock limited company incorporated in the PRC with limited liability, the A Shares and H Shares of which are listed and traded on the STAR Market and the main board of the Hong Kong Stock Exchange, respectively
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas-listed share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are traded in Hong Kong dollars and are listed on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC

“IMP4297 Assets”	all rights (including patent rights, trademarks, patent application rights and know-how) in the pre-clinical research results, clinical R&D, regulatory filings, manufacturing and commercialization within the JV Territory in relation to the IMP4297 Project owned, controlled or authorized by IMPACT Therapeutics and/or its affiliates as of the effective date of the JV Agreement
“IMP4297 Project”	the project of R&D, proposed manufacturing and commercialization of small molecular anti-tumour drugs PARP inhibitor conducted by IMPACT Therapeutics and/or its affiliates in the JV Territory
“IMPACT Therapeutics”	IMPACT Therapeutics, Inc.* (南京英派藥業有限公司), a limited liability company incorporated in the PRC
“JV Agreement”	the JV Agreement in relation to the formation of the JV Company entered into on 19 August 2020 between the Company and IMPACT Therapeutics
“JV Company”	a limited liability company to be formed under the JV Agreement and to be incorporated under the laws of the PRC
“JV Territory”	the PRC (for the purpose of the JV Agreement, including Hong Kong and the Macau Special Administrative Region of the PRC but excluding Taiwan region)
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Parties”	parties to the JV Agreement, namely the Company and IMPACT Therapeutics, and a “Party” shall mean any one of them
“PRC” or “China”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Product Development Collaboration Agreement”	the product development collaboration agreement entered into between IMPACT Therapeutics and the JV Company in relation to the R&D cooperation for the IMP4297 Project
“R&D”	research and development
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, comprising H Shares and A Shares
“Shareholder(s)”	holder(s) of Share(s)
“STAR Market”	the STAR Market of the Shanghai Stock Exchange

“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Transition Services and Contract Sales Organization Services Agreement”	the transition services and contract sales organization services agreement to be entered into between the Company and the JV Company in relation to the cooperation on clinical trials, filings, manufacturing and sales matters for the IMP4297 Project in the JV Territory
“%”	per cent

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

Shanghai, the PRC, 20 August 2020

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

* *For identification purpose only*