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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 WITH IMMORNA

FORMATION OF A JOINT VENTURE COMPANY

The Board is pleased to announce that on 19 July 2021, the Company and Immorna entered into the JV Agreement in relation to the formation of the JV Company. The JV Company will mainly engage in the R&D, clinical research, application for approval, production and commercialization of product development projects in the fields of tumors, infectious diseases, rare diseases and other diseases agreed by both Parties on the mRNA Technology Platform in the JV Territory. The JV Company will be owned as to 50% by the Company and 50% by Immorna 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.

The Board is pleased to announce that on 19 July 2021, the Company and Immorna entered into the JV Agreement in relation to the formation of the JV Company. The JV Company will mainly engage in the R&D, clinical research, application for approval, production and commercialization of product development projects in the fields of tumors, infectious diseases, rare diseases and other diseases agreed by both Parties on the mRNA Technology Platform in the JV Territory. The JV Company will be owned as to 50% by the Company and 50% by Immorna upon its formation.

THE JV AGREEMENT

Key terms of the JV Agreement are summarized below:

Date : 19 July 2021

Parties : (1) the Company
(2) Immorna

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 上海君實西海生物科技有限公司 (Shanghai Junshi Xihai Biotechnology Co., Ltd.). The name approved by the Administration for Market Regulation shall prevail.

Business of the JV Company : The principal business of the JV Company is to engage in the R&D, clinical research, application for approval, production and commercialization of product development projects in the fields of tumors, infectious diseases, rare diseases and other diseases agreed by both Parties on the mRNA Technology Platform in the JV Territory.

Registered capital of the JV Company and contributions to the JV Company : The initial registered capital of the JV Company shall be RMB100 million.

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

(1) The Company's total contribution towards the JV Company shall be no more than RMB799 million in cash, comprising the first installment as to RMB200 million and subsequent milestone contributions of no more than RMB599 million.

Out of the first installment of capital contribution, RMB50 million will be used to subscribe for 50% of the JV Company's registered capital. The portion of capital contribution in excess of the registered capital of the JV Company payable by the Company and the Company's subsequent contribution will be accounted towards the capital reserves of the JV Company.

The Company shall contribute the first installment of RMB200 million to the JV Company within thirty (30) working days from the date on which the following matters are satisfied and the written confirmation is issued by the JV Company upon completion of the last item (the "**First Installment Term**"):

- (1) the Parties having formally signed the JV Agreement and the articles of association of the JV Company;
- (2) the Parties having signed various documents required by the government authorities for the establishment and registration of the JV Company;

- (3) the registration authority having duly issued the business license to the JV Company;
- (4) the JV Company having opened a bank account.

The Company will make subsequent milestone contributions of no more than RMB599 million in accordance with the progress of the following matters:

- (1) capital requirements corresponding to the annual budget approved at the annual general meeting of the JV Company;
 - (2) capital contribution to the products approved by the JV Board for project establishment for development, subject to a cap of RMB80 million if there are more than two (excluding two) new projects of the JV Company in the year; and
 - (3) the IND approval from the NMPA China or the US FDA obtained by the JV Company for the first pipeline project or first phase II clinical research.
- (2) During the First Installment Term, Immorna will contribute with the right to use the intellectual property rights of its mRNA Technology Platform. Immorna will enter into the Technology License Agreement with the JV Company, pursuant to which Immorna shall grant a license to the JV Company for the JV Company to use the intellectual property rights involved in the mRNA Technology Platform, the self-developed intellectual property rights of Immorna, in the JV Territory during the term of the JV Company to develop the Collaborative Products that the Parties have agreed for project establishment. RMB50 million of the appraised value of the mRNA Technology Platform will be used to subscribe for 50% of the JV Company's registered capital, and the excess amount will be accounted towards the capital reserves of the JV Company.

The intangible asset valuation of the Injection Assets will be determined based on the asset valuation report issued by an asset valuer with securities business valuation qualifications unanimously agreed between the Parties. If the valuation of the Injection Assets exceeds RMB50 million, the surplus will be accounted towards the JV Company's capital reserves. In the event that the valuation of the Injection Assets is lower than RMB50 million, the Parties shall reduce the registered capital of the JV Company but maintain their respective shareholding percentage in the JV Company (i.e., 50% owned by the Company and 50% owned by Immorna by reducing the JV Company's registered capital. Any excess contribution paid by the Company as a result will be accounted towards the JV Company's capital reserves.

If the appraised value of the Injection Assets is less than RMB799 million, the Company may reduce subsequent cash investment, i.e. the total investment of the Company is in principle the same as the appraised value of the Injection Assets. The ownership of and/or control over the mRNA Technology Platform in the JV Territory will remain with Immorna.

The JV Company will be owned as to 50% by the Company and 50% by Immorna upon its formation.

If the Company's total investments in the JV Company reach RMB799 million (including the Company's first installment of RMB200 million and its subsequent milestone contributions in aggregate), the Company and Immorna may increase the JV Company's registered capital by making capital contributions in proportion to their then respective shareholding percentage. In such case, the Parties will separately enter into an agreement.

The registered capital of the JV Company and the contributions payable by each Party were determined at arm's length negotiations between the Parties with reference to, among others, the JV Company's R&D needs in the near future.

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

- Other investments : Following the approval of a project by the JV Company, the Company and the JV Company will reach an agreement pursuant to which the Company will grant a license to the JV Company (on a non-exclusive license basis) for the use of antibodies sequence self-developed by the Company with its own intellectual property.
- Use of contributions : Unless otherwise provided in the JV Agreement, the amount of contributions made by the Parties shall only be applied towards activities of the JV Company in the JV Territory pursuant to the JV Agreement in relation to the Collaborative Products in the fields of tumors, infectious diseases, rare diseases and other diseases agreed by both Parties on the mRNA Technology Platform and other technology platforms recognized by the Parties.
- Priority rights : The Company and its affiliates shall have priority rights in the exclusive promotion and sales rights in relation to the JV Company's products in the JV Territory. In the event that the JV Company, as the marketing authorization holder of the products in the JV Territory, needs to engage a third party to commission the manufacturing of antibody products, the Company and its related parties shall have the priority rights to manufacture and to commission the manufacturing of such products on an exclusive basis.

In the event that the JV Company, as the marketing authorization holder of the products in the JV Territory, needs to engage a third party to commission the manufacturing of any products other than antibody products, Immorna and its affiliates shall have the priority rights to manufacture and to commission the manufacturing of such products on an exclusive basis.

Composition of the board of directors, appointment of supervisor and nomination of general manager and financial controller : The JV Board will comprise five directors. The Company may nominate two directors and Immorna may nominate three directors.

The director nominated by the Company will act as the chairman and the director nominated by Immorna will act as the vice-chairman of the JV Board.

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

The general manager of the JV Company will be nominated by Immorna and the financial controller of the JV Company will be nominated by the Company, both subject to approval from the JV Board.

Ownership of intellectual property rights : The JV Company shall own the patent application rights, all patent-related rights and all rights in relation to the possession, use, revenue and dealing with of the exclusive technology in relation to the Collaborative Product projects in the JV Territory. For improvements independently obtained by Immorna in respect of the intellectual property rights involved in the mRNA Technology Platform and required for project development of the Collaborative Products (excluding improvements made by the partner of Immorna and improvements made jointly by the partner of Immorna and Immorna), during the term of the Technology License Agreement, the JV Company may use such improvements for the purpose of development of the Collaborative Products free of charge in the JV Territory and the JV Company shall have the right to sub-license for the purpose of self-development of the Collaborative Products in the JV Territory.

Any intellectual property developed by or for the JV Company during its daily operations shall be owned by the JV Company. If a Party licenses its intellectual property to the JV Company, unless otherwise agreed, such licensed intellectual property remains owned by the relevant Party.

In the event that Immorna withdraws from the JV Company for any reason stated in the JV Agreement, the Technology License Agreement shall be terminated immediately and the JV Company shall forthwith cease to use such technology. In the event that Immorna withdraws from the JV Company not due to the Company's default (except for the transfer as agreed by the Parties), with respect to type of Collaborative Products obtained by the JV Company for project establishment and research and the intellectual property rights corresponding to the type of Collaborative Products, Immorna will enter into a license agreement separately with the JV Company for a license fee equivalent to 8% to 15% of the net sales proceeds generated by the JV Company from the free implementation of the Collaborative Products.

Restrictions on
share transfers

- : A shareholder of the JV Company may transfer its interests in the JV Company to the other shareholder(s):
- (a) The parties to the transfer shall engage an appraisal institution agreed by the JV Board to assess the value of the JV Company, and the consideration for the share transfer shall be determined by multiplying the value of the JV Company jointly determined by the parties to the transfer by the proportion of the registered capital attributable to the interest in the registered capital to be transferred.
 - (b) If the JV Company has not completed the development of any products beyond the concept stage within 6 years after its formation, the Company has the right to request Immorna to sell all of its equity interests in the JV Company to the Company. The transfer consideration shall be the value of the shares determined in the manner described in sub-paragraph (a) above minus the then accumulated cash contribution by the Company to the JV Company.

Prior to the implementation of the share transfer, for the mRNA products initiated by Immorna for cooperation and other Collaborative Products introduced by Immorna that do not involve the intellectual property rights of the Company, Immorna shall have the priority rights (but not the obligation) to require the JV Company to (i) transfer; or (ii) exclusively license and re-transfer upon payment of 50% of the fee all the rights, interests and benefits of all or part of the Collaborative Products, including but not limited to the relevant technologies and intellectual property rights involved in such Collaborative Products, to Immorna within 2 months upon the Company's written notice of intention to purchase such shares, and Immorna can independently promote the project research and development and commercialization of such products thereafter. In respect of the above transfer of product rights, the transfer fee shall be the direct research and development expenses actually invested by the Company in the Collaborative Products then. Upon completion of the share transfer, the JV Company shall still have the right to freely implement such Collaborative Products and the JV Company shall share with Immorna in respect of such implementation total revenue generated by the products freely implemented by it (after deducting the accumulated cash contribution by the Company to such products) in the proportion of no less than 8% of the total revenue. After the completion of the share transfer, if the JV Company and the first third party reach an agreement on the licensing of the product, the JV Company shall issue a written notice to Immorna within 5 working days after the signing of the term sheet, and Immorna shall still have the option to reach a licensing agreement with the JV Company within 20 working days on a priority basis in no less favorable terms than the licensing conditions granted to the third party, otherwise it shall be deemed that Immorna has waived the priority licensing of the product and agreed to share the revenue with the JV Company on the aforesaid ratio of no less than 8%. The JV Company shall not enter into any of the above-mentioned product licensing transactions (up to 10 companies and their related companies) with the companies and their related companies with competing relationship stated and updated from time to time in the JV Agreement.

Prior to the first Collaborative Product developed for a tumor, infectious disease, rare disease and other diseases agreed by both Parties based on the mRNA Technology Platform obtaining any approval for commercialization in the JV Territory or within 8 years after the establishment of the JV Company (whichever is earlier, the "**Lock-up Period**"), no shareholder of the JV Company shall, without the prior written consent of the other shareholders, 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 (i) the transfer of shareholding to its related party companies; and (ii) any change in the upper-level shareholding of the shareholders of the JV Company (provided that it does not affect its control) resulting from a financing, merger and acquisition, reorganization or a public offering.

No shareholder of the JV Company shall, without the consent of the other shareholder(s) of the JV Company, create (or allow such creation of) any encumbrance on its equity interests in the JV Company within the Lock-up Period.

Each of the Parties may dispose of its equity interests in the JV Company, subject to the other Party's right of first refusal and co-sale right. If any of the Parties transfers, sells, transfers or otherwise disposes of all or part of its interest in the registered capital to a third party that is not a related party, the other Party may choose to exercise the right of first refusal or the co-sale right under the same conditions. Any of the Parties may sell its equity interest to its related parties with the written consent of the other Party, and such related parties shall agree in writing to be bound by the JV Agreement and the articles of association of the JV Company.

Non-competition undertaking : Each shareholder of the JV Company and its related parties, directors and employees shall not, without the consent of more than two-thirds of the JV Board, carry out any activities related to the research, development, production and commercialization of drugs with the same technology path or target as the Collaborative Products approved by the JV Company, 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.

The above non-competition undertaking shall cease to have effect on the non-defaulting shareholders if any of the other shareholders withdraws from the JV Company due to the default of any shareholders of the JV Company.

Distribution of profits : Subject to the PRC laws and regulations and the JV Company's articles of association and the unanimous approval from all shareholders of the JV Company, the after-tax profits of the JV Company shall be distributed in the following order: (i) recovery of losses incurred; (ii) withdrawal of statutory common reserve and surplus reserve; and (iii) distribution to the shareholders of the JV Company in proportion to their respective actual capital contributions.

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 upon unanimous agreement and registration with the Administration for Market Regulation).

GENERAL INFORMATION OF IMMORNA

Immorna is an innovative drug research company that focuses on developing self-replicating and conventional mRNA-based therapeutics and vaccines. It has maintained stable and fast growth since its incorporation in 2019. Currently, it has built a comprehensive set of mRNA synthesis, purification and analytical quality control processes well suited for commercial production, and developed a common mRNA platform with higher expression effectiveness (including self-replicating and non-self-replicating mRNA). With the aid of its efficient screening tools, Immorna has developed an arsenal of mRNA delivery vehicles including polymers and lipid nanoparticles. Immorna possesses multiple independent intellectual property right applicable to cationic lipids suitable for intramuscular, intravenous or tissue-targeting delivery. Immorna has a diverse pipeline spanning cancer immunotherapy, infectious diseases, rare genetic diseases and cosmetology. Immorna is fast advancing into clinical stage for its oncology and infectious disease projects.

Immorna is held by the following individuals or entities: Wang Zihao (26.93%), Hangzhou Yimona Biotechnology Partnership (Limited Partnership)* (杭州依莫納生物技術合夥企業(有限合夥)) (19.57%), Guo Zhijun (12.52%), Ningbo Meishan Bonded Port Huishen Investment Management Partnership (Limited Partnership)* (寧波梅山保稅港區匯莘投資管理合夥企業(有限合夥)) (10.00%), Hangzhou Kaifeng Huize Venture Capital Partnership (Limited Partnership)* (杭州凱風惠澤創業投資合夥企業(有限合夥)) (9.62%), Beijing Yahui Qianfeng Equity Investment Partnership (Limited Partnership)* (北京雅惠乾灃股權投資合夥企業(有限合夥)) (9.62%), Hangzhou Qizhen Future Innovation Equity Investment Partnership (Limited Partnership)* (杭州啟真未來創新股權投資合夥企業(有限合夥)) (5.22%), Shanghai Kaifeng Zhide Venture Capital Partnership (Limited Partnership)* (上海凱風至德創業投資合夥企業(有限合夥)) (3.26%) and RAINBOW CHOICE LIMITED (3.26%).

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

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 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.

The Company is of the view that by entering into the JV Agreement and forming the JV Company, it can complement each other's respective technological advantages, capitalize on the application potential of the mRNA general platform technology in the fields of tumors, infectious diseases and rare diseases in a more efficient manner, and continuously explore new directions of application.

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 traded in Renminbi and are listed on the STAR Market
“Administration for Market Regulation”	the Administration for Market Regulation of the PRC (國家市場監督管理總局) or its local authority
“Board of Directors” or “Board”	the board of Directors of the Company
“Collaborative Product(s)”	pipeline product(s) which are jointly decided by the Company and Immorna and whose project approval, pre-clinical R&D, regulatory filings, clinical development and commercialization are carried out by the JV 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 H Shares and A Shares of which are listed and traded on the main board of the Hong Kong Stock Exchange and the STAR Market, 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 Hong Kong Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Listing Rules” or “Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange

“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Injection Assets”	the intellectual property rights involved in the mRNA Technology Platform to be contributed by Immorna to the JV Company by way of entering into the Technology License Agreement
“Immorna”	Immorna (Hangzhou) Biotechnology Co., Ltd.* (嘉晨西海(杭州)生物技術有限公司), 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 July 2021 between the Company and Immorna
“JV Board”	the board of directors of the JV Company
“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”	global coverage
“mRNA Technology Platform”	the technology platform owned, controlled or licensed by Immorna as at the date of the JV Agreement and used for the purposes of mRNA drug design and delivery
“Parties”	parties to the JV Agreement, namely the Company and Immorna, 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)
“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 Hong Kong Listing Rules

“Technology License Agreement” the technology license agreement to be entered into between the JV Company and Immorna

“%” per cent

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

Shanghai, the PRC, 19 July 2021

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 and Dr. Yao Sheng as executive Directors; Dr. Wu Hai, Mr. Tang Yi, Mr. Li Cong and Mr. Lin Lijun as non-executive Directors; and Dr. Chen Lieping, Mr. Qian Zhi, Mr. Zhang Chun, Dr. Jiang Hualiang and Dr. Roy Steven Herbst as independent non-executive Directors.

* *For identification purpose only*