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JW (Cayman) Therapeutics Co. Ltd

藥明巨諾（開曼）有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2126)

CONNECTED TRANSACTION FINANCIAL ASSISTANCE TO CONNECTED PERSON

PROVISION OF FINANCIAL ASSISTANCE

The Board announces that on March 6, 2022 (after trading hours), the Company, JW Shanghai (an indirect wholly-owned subsidiary of the Company) and Dr. Li entered into the Tri-Party Agreement, pursuant to which JW Shanghai agrees to withhold the individual income tax in China for Dr. Li in respect of the restricted share units and share options granted to Dr. Li by the Company, which will be funded by the Loan in an aggregate principal amount of up to HK\$43 million at an interest rate of 3.6% per annum for a term of one year provided by the Company to Dr. Li. The Loan is secured by the Charged Shares.

LISTING RULES IMPLICATION

As Dr. Li, an executive Director, is a connected person of the Company, the transaction contemplated under the Tri-Party Agreement, i.e. the Loan, constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined in the Listing Rules) for the Loan exceed 0.1% but less than 5%, the transaction contemplated thereunder is subject to reporting and announcement requirements but is exempt from the circular and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE LOAN UNDER THE TRI-PARTY AGREEMENT

The principal terms of the Loan under the Tri-Party Agreement are as follows:

Date: March 6, 2022

Lender: the Company

Borrower: Dr. Li

The Borrower is an executive Director, therefore a connected person of the Company under Chapter 14A of the Listing Rules

Loan: In an aggregate principal amount of up to HK\$43 million, and will entirely be funded by the Group's internal resources and not by any net proceeds of the IPO

Loan term: One year

Interest rate and payment: 3.6% per annum (which is comparable to the current market rate and the Board believes that it is on normal commercial terms and is fair and reasonable) and payable by Dr. Li to the Company on the Final Repayment Date. The interest shall be calculated based on the principal amount of the Loan outstanding as of the date on which such interests are calculated and basis of the actual number of days elapsed and a year of 365 days from the applicable Disbursement Date

Repayment: The principal amount of the Loan shall be repaid on the maturity date of the Loan

Early repayment: Dr. Li may repay the principal amount of the Loan, in whole or in part, without any premium or penalty, ahead of the maturity date of the Loan by serving the Lender no less than 10 days' prior written notice

Security: The repayment obligations of Dr. Li under the Loan are secured by the Charged Shares

SHARES TO BE CHARGED PURSUANT TO THE LOAN

The Charged Shares represent approximately 1.37% of the total number of 407,727,267 Shares in issue as at the date of the Tri-Party Agreement and this announcement. Based on the closing price per Share on March 4, 2022, being the trading day immediately prior to the date of the Tri-Party Agreement and this announcement, the Charged Shares had a market value of HK\$53,483,256.1.

The Board, after considering that (i) upon assessment, Dr. Li has good creditworthiness and sufficient repayment ability; (ii) the positive prospects and development potential of the Group under the continuous leadership of Dr. Li; and (iii) the liquidity of the Charged Shares, was of the view that the acceptance of the Charged Shares as security to the Loan is fair, reasonable and in the interests of the Company and its Shareholders as a whole.

Pursuant to the Share Charges to be executed, the Company has identified an independent third party to serve as a security agent whereby the Charged Shares shall be charged in favor of the Security Agent. The Security Agent shall hold the Charged Shares on trust for the benefit of the Company. The Security Agent shall act as trustee on the terms and conditions of a trust deed which shall be entered into among the Company, Dr. Li, the relevant chargors and the Security Agent in relation to the Charged Shares. The legal title to the Charged Shares (including the underlying Shareholder's rights (including voting right and right to dividend)) still remains with the relevant chargors who grant a security interest in favor of the Security Agent unless there is a default of the Loan by Dr. Li and the Share Charges become enforceable. If, at any time, the fair market value of the Charged Shares falls below the amounts outstanding under the Tri-Party Agreement and no event of default has occurred and is continuing, the Company may request Dr. Li (or to procure another party) to grant further security as to top up any shortfall in the value of the Charged Shares. In the event that the Loan defaults and the Share Charges become enforceable, the Security Agent shall be entitled to dispose of the Charged Shares by itself, or through engaging receivers or placing agents via on or off-market sales in accordance with the terms of the Share Charges and the instructions of the Company.

In the event that the Loan defaults and the Charged Shares are enforced as security of the Loan, Dr. Li shall have the right to request the Security Agent and upon receiving such request, the Security Agent may agree to release or partially release the Charged Shares under the Share Charges provided that as conditions to such release or partial release, Dr. Li shall ensure that (i) the relevant obligors shall sell the released Charged Shares at a market price which is agreed by the Company; and (ii) all proceeds of such sale shall be applied towards the repayment of the Loan within the time stipulated after such release.

Dr. Li will file the relevant DI Forms to reflect that the Charged Shares will be provided as security to the Loan in accordance with Part XV of the SFO. The Company will publish any further update announcement regarding the subsequent status of the Loan as and when required in accordance with the requirements of the Listing Rules and Part XIVA of the SFO. Apart from the aforementioned, the Company is not aware of any other implication of the Listing Rules, the SFO, the Takeovers Code and other rules and regulations applicable to the Company relating to the provision of the Loan.

INFORMATION OF THE PARTIES TO THE TRI-PARTY AGREEMENT

The Group is a leading development, manufacturing and early commercial stage cell therapy company in China.

Dr. Li is an executive Director, the Chairman and the Chief Executive Officer of the Company.

REASONS FOR AND BENEFIT OF THE LOAN

Dr. Li joined the Group in 2016 and is an executive Director, the Chairman and the Chief Executive Officer of the Company. He has played a pivotal and irreplaceable role in the Group since the founding of the Group up to the present. Under his leadership, the Company completed its IPO. Dr. Li has taken comprehensive responsibilities for the Group's overall corporate management, strategic planning, business development, day-to-day management and product research and development with his in-depth knowledge and extensive experience in the biopharmaceutical industry. He also led the Group to achieve various milestones after the IPO, which have laid a solid foundation for the Company's long-term sustainable development and growth, including obtaining the New Drug Application approval from the National Medical Products Administration of China for the Company's anti-CD19 autologous chimeric antigen receptor T cell immunotherapy product relmacabtagene autoleucel injection (R&D code: JWCAR029) for the treatment of adult patients with relapsed or refractory large B-cell lymphoma after two or more lines of systemic therapy. Dr. Li has continued to spend tremendous effort to lead the Group to develop breakthrough cell-based immunotherapies to bring hope to patients, it is necessary for the Group to support and retain key management personnel, in particular, Dr. Li, so that he can continue to lead and make valuable contribution to the Group in the future. The provision of the Loan is important and relevant to supporting Dr. Li's continual leadership in the Group.

The terms of the Loan, including the interest rate charged and the security for the Loan, are determined after arm's length negotiation between the Group and Dr. Li with reference to the current costs of fund of the Group and prevailing market interest rate for loans in similar nature and tenure in the PRC. Having considered that (i) the provision of the Loan is for JW Shanghai to withhold Dr. Li's individual income tax in China up to an aggregate amount of RMB34.7 million (equivalent to approximately HK\$43 million) to the relevant tax authority in the PRC in respect of the restricted share units and share options granted to Dr. Li by the Company; (ii) the interest rate of the Loan is higher than the interest rate received by the Group by placing cash deposits with commercial banks in the PRC; and (iii) the repayment obligations of Dr. Li arising from the Loan are secured by the Charged Shares, the Directors (including all the independent non-executive Directors) consider that the Tri-Party Agreement, including the Loan, has been entered into on normal commercial terms and the terms thereof are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Notwithstanding that the Company shall bear the cost of approximately HK\$275,000 for services to be rendered by the Security Agent which is negotiated on an arm's length basis and of market standard, the Board is of the view that, taking into account of the Group's cash balance, current operational needs and the tenure of the Loan, the Group has sufficient resources to provide for the Loan, and the provision of the Loan shall not have a material impact on the Group's future development and operations.

LISTING RULES IMPLICATION

As Dr. Li, an executive Director, is a connected person of the Company, the transaction contemplated under the Tri-Party Agreement, i.e. the Loan, constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined in the Listing Rules) for the Loan exceed 0.1% but less than 5%, the Loan Agreement and the transaction contemplated thereunder are subject to reporting and announcement requirements but are exempt from the circular and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Dr. Li, an executive Director and the borrower of the Loan, is materially interested in the transaction contemplated under the Tri-Party Agreement, i.e. the Loan, and has abstained from voting on the relevant resolutions of the Board for approving the Tri-Party Agreement and the transaction contemplated thereunder.

DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context requires otherwise:

“Board”	the board of Directors
“Chairman”	the chairman of the Board
“Charged Shares”	a total of 5,588,637 Shares, legally and beneficially owned by Dr. Li himself or through JDI Capital (a company wholly-owned by Dr. Li) or Park Place (a company indirectly wholly-owned by Dr. Li), which shall be charged in favor of the Security Agent as security for the Loan
“Company”	JW (Cayman) Therapeutics Co. Ltd (Stock code: 2126), a company with limited liability incorporated under the laws of the Cayman Islands on September 6, 2017, the shares of which are listed on the Main Board of the Stock Exchange
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consolidated Affiliated Entities”	the entities the Group controls through the Contractual Arrangements, namely Shanghai Ju Ming and its subsidiary, Shanghai Ming Ju Biotechnology Co., Ltd.* (上海明聚生物科技有限公司)
“Contractual Arrangements”	a series of contractual arrangements entered into among Shanghai Ju Ming, JW Shanghai and the registered shareholders of Shanghai Ju Ming for control over the Consolidated Affiliated Entities, details of which are described in the section headed “Contractual Arrangements” in the prospectus of the Company dated October 22, 2020
“DI Forms”	Disclosure of interests notice
“Director(s)”	the director(s) of the Company
“Dr. Li”	Dr. Yiping James Li, an executive Director, the Chairman and the Chief Executive Officer of the Company

“Disbursement Date”	each of the dates on which JW Shanghai withholds and pays the Income Tax (in whole or in part) due to the relevant tax authority in the PRC on behalf of Dr. Li with the first withholding and payment expected to take place on or before mid-April 2022
“Final Repayment Date”	the date of the accrued interests shall be paid by Dr. Li to the Company
“Group”	the Company, its subsidiaries and the Consolidated Affiliated Entities from time to time
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Income Tax”	the individual income tax to be paid to the relevant tax authority in the PRC by Dr. Li
“IPO”	initial public offering of the Company in Hong Kong in November 2020
“JDI Capital”	JDI Capital Management Limited, a limited liability company established under the laws of the British Virgin Islands, a direct wholly-owned company of Dr. Li
“JW Shanghai”	JW Therapeutics (Shanghai) Co., Ltd. (上海藥明巨諾生物科技有限公司), a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“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
“Loan”	the secured loan in an aggregate principal amount of up to HK\$43 million granted by the Company to Dr. Li pursuant to the Tri-Party Agreement
“Park Place”	Park Place Capital Management & Consulting Limited, a limited liability company established under the laws of Hong Kong, an indirect wholly-owned company of Dr. Li
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of PRC
“SFO”	the Securities and Futures Ordinances (Chapter 571 of the Laws of Hong Kong)

“Shanghai Ju Ming”	Shanghai Ju Ming Medical Technology Co., Ltd.* (上海炬明醫療技術有限公司), a limited liability company established under the laws of the PRC and a Consolidated Affiliated Entity
“Share(s)”	ordinary share(s) of US\$0.00001 each in the capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Share Charges”	the share charge agreements to be executed in favor of the Security Agent by each of JDI Capital and Park Place
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it thereto in section 15 of the Companies Ordinance
“Security Agent”	an independent third party acting as security agent and trustee for the Company under the Share Charges to be executed pursuant to the Loan
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs
“Tri-Party Agreement”	the agreement entered into between the Company, Dr. Li and JW Shanghai on March 6, 2022 in relation to the Loan
“United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“%”	per cent

By order of the Board
JW (Cayman) Therapeutics Co. Ltd
藥明巨諾（開曼）有限公司*
Yiping James Li
Chairman

Shanghai, PRC, March 6, 2022

As at the date of this announcement, the Board comprises Dr. Yiping James Li as Chairman and executive director, Dr. Krishnan Viswanadhan, Ms. Xing Gao, Dr. Ann Li Lee, Mr. Jinyin Wang, Dr. Cheng Liu as non-executive directors, and Mr. Chi Shing Li, Mr. Yiu Leung Andy Cheung, Mr. Kin Cheong Kelvin Ho as independent non-executive directors.

* For identification purposes only