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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)

**SUPPLEMENTAL ANNOUNCEMENT
CONNECTED TRANSACTION
FINANCIAL ASSISTANCE TO CONNECTED PERSON**

Reference is made to the announcement of JW (Cayman) Therapeutics Co. Ltd (the “**Company**”, or “**JW Therapeutics**”, together with its subsidiaries, the “**Group**”) dated March 6, 2022 in relation to the financial assistance offered to Dr. Li, an executive Director, the Chairman and Chief Executive Officer of the Company, pursuant to the Tri-Party Agreement entered into between Dr. Li and JW Shanghai, an indirect wholly-owned subsidiary of the Company (the “**Announcement**”). Unless otherwise defined, capitalized terms used herein shall have the same meaning as ascribed to it in the Announcement.

The Company would like to provide further information in respect of the Loan as follows.

REASONS FOR THE LOAN

During Dr. Li’s entire tenure serving as the Chief Executive Officer of the Company, Dr. Li has been receiving an equity-heavy remuneration package with cash representing a small portion of his overall remuneration. The equity portion of Dr. Li’s remuneration package took the form of the restricted share units and/or share options granted to him under the employee stock ownership plan of the Company, which serves as an incentive to motivate and to retain talents of the Company in a highly competitive cell therapy industry (the “**ESOP**”). Given Dr. Li’s multiple key roles within the Company considering his enormous contributions made to the Company, the Company has considered that it is crucial and necessary to assist and provide support to Dr. Li to meet his potential PRC income tax obligations arising from the restricted share units and/or share options granted to him by the Company under the ESOP (the “**Tax Liability**”). The Company believes that the provision of the Loan is important and relevant to maintaining Dr. Li’s continual leadership in the Group.

Given the sensitivity of this matter, the Company would prefer to enter into the Loan itself than leaving it with a third party lender, bearing in mind that the provision of the Loan involves sensitive information of the Company and there are the Charged Shares under the Share Charge as collateral/security that could expose the Company to undesirable risks. Therefore, Dr. Li did not approach any external money lenders and/or financial institutions by himself for the Loan.

ASSESSMENT ON DR. LI'S CREDITWORTHINESS

The Company has carefully reviewed and considered the following in terms of Dr. Li's creditworthiness:

- (a) Dr. Li has approximately 11.0 million Shares (the “**Available Shares**”), of which approximately 5.6 million Shares will be made available as the Charged Shares as initial collateral for the Loan. Based on the closing price of HKD8.42 of the Shares on April 14, 2022, the Charged Shares have a total value of approximately HKD47.1 million. The remaining of the Available Shares are readily available for monetization to cover repayment obligations of the Loan, and to cater for the potential exercise of the upside option of the Company to require further Charged Shares to make up any shortfall in the fair market value of the collateral held by the Company, in safeguarding the Company's collateral position if necessary;
- (b) while the exact amount of the Tax Liability will depend on the then prevailing market value of the Shares, in addition to the Available Shares, the total number of additional Shares to be credited to Dr. Li's account in April and May 2022 under the ESOP shall be in aggregate approximately 7.5 million Shares (the “**Expected Shares**”). Without taking into account of the value of the Charged Shares, the remaining of the Available Shares of approximately 5.4 million Shares and the Expected Shares of approximately 7.5 million Shares have a total value of approximately HKD108.8 million based on closing price of HKD8.42 of the Shares on April 14, 2022; and
- (c) Dr. Li has modest external indebtedness, comprising principally a mortgage loan not exceeding USD150,000 for his real estate property in the United States and Dr. Li confirms he has been in good standing with his creditors.

Based on the aforementioned, together with Dr. Li's long-standing and established relationship with the Company and the proposed loan repayment plan mentioned below, the Company has faith in Dr. Li's repayment ability and that Dr. Li's equity holdings in the Company should be comfortably above the needs for his Loan repayment obligations as well as for the Share Charge's purposes.

PROPOSED LOAN REPAYMENT PLAN

The repayment obligations of Dr. Li under the Loan are secured by the Charged Shares. The Company has appointed an independent third party, licensed under the Trustee Ordinance (Cap. 29 of the Laws of Hong Kong), to serve as the Security Agent to hold the benefits of the Charged Shares in trust for the benefit of the Company. Should the occasion ever arise where the Company requires to enforce the security of the Loan, the Security Agent will ensure any disposal or realization of the Charged Shares will be implemented to maximize the recoverability of the Loan for the benefit of the Company. The Security Agent may dispose of the Charged Shares by itself, or through brokers or placing agents to be appointed in accordance with the terms of the Share Charges and the instructions of the Company. The Security Agent shall ensure all proceeds of such disposal or realization of the Charged Shares will be applied towards the repayment of the Loan.

Due to the recent volatility of the financial market, Dr. Li has indicated to the Board that he intends to commence repayment of the Loan toward the end of 2022 at the earliest, either by a one-off payment or by several instalments. Dr. Li is of the view that (i) any excessive selling of his equity holdings in the Company near term will add to the current volatility of the Share price of the Company, which will not be in interest of the Company and (ii) any improvement in the broader market conditions later in 2022 or early 2023 will be conducive to his planned disposal of his Shares before the one-year term of the Loan expires.

EXTENSION OF THE LOAN

Dr. Li confirms that he has currently no intention to extend the Loan beyond the one-year tenure of the Loan. In the event there is unexpected material deterioration in the broader market conditions making it impracticable for Dr. Li to dispose of his Shares in an orderly manner for repayment of the Loan, Dr. Li will initiate further discussions with the Company to agree alternative arrangements provided always that the Company's and its Shareholders' interests will take precedence over his personal interest. As of the date of this announcement, the Company has no intention to, or has not entered into any negotiation, undertaking and understanding regarding other financial assistance or loan agreement to Dr. Li.

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, April 14, 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