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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)

GRANT OF EXTENSION OF WAIVER FROM STRICT COMPLIANCE WITH RULES 14A.52 AND 14A.53 OF THE LISTING RULES UNDER THE LICENSE AND STRATEGIC ALLIANCE AGREEMENT

Reference is made to the audited consolidated financial statements for the year ended December 31, 2021 of JW (Cayman) Therapeutics Co. Ltd (the “**Company**” or “**JW Therapeutics**”) published on April 29, 2022 (the “**2021 Annual Report**”) in relation to the non-exempt continuing connected transactions under the license and strategic alliance agreement entered into between the Company and Juno Therapeutics, Inc. (“**Juno**”), one of the Company’s substantial shareholders. Capitalized terms used in this announcement shall have the same meanings as those defined in the 2021 Annual Report unless otherwise defined.

BACKGROUND OF THE LICENSE AND STRATEGIC ALLIANCE AGREEMENT

Pursuant to the License and Strategic Alliance Agreement, Juno granted the Company a series of rights and licenses in Juno’s certain engineered T-cell pipeline product candidates and platform technology in the field of treatment or amelioration of cancer or auto-immune disorders for further development and commercialization in the Territory. The License and Strategic Alliance Agreement became effective on December 13, 2017 and shall continue until the later of (i) the expiration or termination of all then existing Juno pipeline product licenses; or (ii) the expiration of the royalty term.

In consideration of the rights granted to the Company, the Company is required to make various upfront, milestone, royalty payments and reimbursement to Juno under the License and Strategic Alliance Agreement.

PRINCIPAL TERMS OF THE LICENSE AND STRATEGIC ALLIANCE AGREEMENT

For details of the principal terms on the upfront payment, milestone payment, royalty payment and reimbursement, please refer to the section headed “Report of Directors — Non-exempt Continuing Connected Transactions — License and Strategic Alliance Agreement with Juno” in the 2021 Annual Report.

THE ANNUAL CAPS

For details of the annual caps for milestone payment, royalty payment and reimbursement, please refer to the section headed “Report of Directors — Non-exempt Continuing Connected Transactions — License and Strategic Alliance Agreement with Juno” in the 2021 Annual Report.

LISTING RULES IMPLICATIONS AND WAIVER GRANTED BY THE STOCK EXCHANGE

Pursuant to Rule 14A.07(1) of the Listing Rules, Juno is a connected person of the Company. Therefore, the transactions contemplated under the License and Strategic Alliance Agreement with Juno constitute continuing connected transactions of the Company under the Listing Rules.

According to Rule 14A.52 of the Listing Rules, it is provided that, “the period for the agreement must be fixed and reflect normal commercial terms or better. It must not exceed three years except in special circumstances where the nature of the transaction requires a longer period. In this case, the listed issuer must appoint an independent financial advisor to explain why the agreement requires a longer period and to confirm that it is normal business practice for agreements of such type to be of such duration”.

According to Rule 14A.53 of the Listing Rules, it is provided that, “the listed issuer must set an annual cap for the continuing connected transactions. The cap must be: (1) expressed in monetary terms; (2) determined by reference to previous transactions and figures in the published information of the listed issuer’s group. If there were no previous transactions, the cap must be set based on reasonable assumptions; and (3) approved by shareholders if the transaction requires shareholders’ approval”.

On October 21, 2020, the Company applied to the Stock Exchange, and the Stock Exchange granted to the Company, waiver from strict compliance with the requirement under Rule 14A.52 and Rule 14A.53 of the Listing Rules in respect of the non-exempt continuing connected transactions under the License and Strategic Alliance Agreement subject to a series of conditions for a term of three years ending on December 31, 2022 (the “**Waiver**”). For details of the series of conditions, please refer to the section headed “Report of Directors — Non-exempt Continuing Connected Transactions — License and Strategic Alliance Agreement with Juno” in the 2021 Annual Report.

GROUND FOR APPROVAL SOUGHT IN RELATION TO AN EXTENSION TO THE WAIVER

The Company applied to the Stock Exchange for an extension to the Waiver based on the following grounds:

- one of the conditions that the Waiver was subject to is as follows:

“after three years from the commencement of the commercial sales of relma-cel and related diagnostic products, the Company will set monetary caps by making announcement(s) (where appropriate) for the purpose of Rule 14A.53 of the Listing Rules; and such transaction will be subject to, among others, circular and independent shareholders’ approval requirements if the highest applicable percentage ratio is more than 5%. In addition, the Company will disclose in its annual report a clear description of the basis for calculating the fees payable to Juno under the License and Strategic Alliance Agreement and any changes to such basis would be subject to independent shareholders’ approval.”;

- there are a total of 6 indications of relma-cel covered under the License and Strategic Alliance Agreement (the “**Indications**”). Please refer to the diagram headed “Our Product Pipeline” under the “Management Discussion and Analysis” section in the 2021 Annual Report for details of the development stages of each of the Indications;
- as of the date of this announcement, only one of the six Indications of relma-cel, namely 3L LBCL, has been commercialized on September 1, 2021 and none of the remaining Indications has commenced commercialization. Any informed estimates of the Royalty Payment for the next three financial years against which a monetary cap (the “**Proposed Monetary Caps**”) that the Company may be able to provide would only be pertaining to the 3L LBCL indication. Therefore, the Company’s historical sales of relma-cel are far from being complete and indicative for the purpose of preparing the Proposed Monetary Caps for all six Indications; and

- the schedules of commercialization of the remaining Indications remain uncertain since they shall be affected by factors which the Company has no control of, such as feasibility and progress of relevant clinical trials, regulatory approval processes by the NMPA and other comparable authorities in China, potential changes in governmental regulations and other unforeseeable circumstances such as the COVID-19 pandemic.

On July 21, 2022, the Stock Exchange has granted to the Company an extension to the Waiver which shall cover the period from January 1, 2023 to August 31, 2024, subject to the following conditions:

- the Company will comply with the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules if there is any material change to the terms of the License and Strategic Alliance Agreement;
- the Company will designate a team to execute and ensure that the transactions in relation to the License and Strategic Alliance Agreement are undertaken in accordance with the terms therein;
- the Company's CEO, Dr. Yiping James Li, will use his best endeavours to supervise the compliance with the terms of the License and Strategic Alliance Agreement and applicable Listing Rules requirements to the extent not waived by the Stock Exchange on a regular basis;
- the independent non-executive directors and the auditors of the Company will review the transactions in relation to the License and Strategic Alliance Agreement on an annual basis and confirm in the Company's annual reports the matters set out in Rules 14A.55 and 14A.56 of the Listing Rules, respectively;
- the Company will disclose in this announcement the background for entering into the License and Strategic Alliance Agreement, the terms of the License and Strategic Alliance Agreement, the grounds for the waiver sought and the Directors' views on the fairness and reasonableness of the transactions under the License and Strategic Alliance Agreement;
- after three years from the commencement of the commercial sales of relma-cel and related diagnostic products, the Company will set monetary caps by making announcement(s) (where appropriate) for the purpose of Rule 14A.53 of the Listing Rules; and such transaction will be subject to, among others, circular and independent shareholders' approval requirements if the highest applicable percentage ratio is more than 5%. In addition, the Company will disclose in its annual report a clear description of the basis for calculating the fees payable to Juno under the License and Strategic Alliance Agreement and any changes to such basis would be subject to independent shareholders' approval;

- in the event of any future amendments to the Listing Rules imposing more stringent requirements than those as at the date of this announcement on the above continuing connected transactions, the Company will take immediate steps to ensure compliance with such new requirements;
- apart from complying with reporting, announcement and independent shareholders' approval requirements, setting a term of not exceeding three years and setting fixed monetary annual cap for which waivers are sought, the Company will comply with other requirements under Chapter 14A of the Listing Rules;
- the entering into the License and Strategic Alliance Agreement with Juno, as long as Juno remains as the connected person of the Company, will comply in full with all applicable reporting, annual review, disclosure and independent shareholders' approval requirement under Chapter 14A of the Listing Rules; and
- if there is any material deviation on the arrangement under the License and Strategic Alliance Agreement and the Company has more certainty on the expected milestone, the Company will re-apply for a cap in compliance with Chapter 14A of the Listing Rules.

REASONS FOR ENTERING INTO THE LICENSE AND STRATEGIC ALLIANCE AGREEMENT AND DIRECTORS' VIEWS

The licenses, technologies and know-how granted by Juno are essential to the Company's development process since Juno specializes in research, development, production and commercialization of CAR-T products. The long-term and exclusive cooperative relationship between Juno and the Company under the License and Strategic Alliance Agreement provides a strategic advantage for the Company to expand its drug portfolio covering treatment of immunological diseases to maintain the Company's competitiveness. The Directors are of the view that the transactions under the License and Strategic Alliance Agreement are fair and reasonable and are in the best interests of the Company and its shareholders as a whole.

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, July 26, 2022

As at the date of this announcement, the Board of Directors of the Company 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 purpose only