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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)**

**CONNECTED TRANSACTION  
ENTERING INTO OF THE JOINT VENTURE AGREEMENT**

**THE JOINT VENTURE AGREEMENT**

Reference is made to the overseas regulatory announcement of the Company dated 10 September 2023. On 8 September 2023, the Company entered into the Joint Venture Agreement with Junshi Biotechnology, Suzhou Junmeng, Dr. Feng and the JV Company, pursuant to which the Company conditionally agreed to inject RMB30,597,800 by way of contribution of the Contributed Assets into the JV Company, of which RMB140,000 will be contributed to the registered capital of the JV Company, which accounts for approximately 9.45% of the enlarged equity interest in the JV Company, and the balance amounting to RMB30,457,800 will be accounted as capital reserve of the JV Company.

**LISTING RULES IMPLICATIONS**

Dr. Feng, being a non-executive Director, is the general partner of Shanghai Lingke Yixin and Shanghai Anling Xixu. As such, each of Dr. Feng, Shanghai Lingke Yixin and Shanghai Anling Xixu is a connected person of the Company, and the entering into of the Joint Venture Agreement constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratios in respect of the transactions contemplated under the Joint Venture Agreement exceeds 0.1% but is less than 5%, the entering into of the Joint Venture Agreement is subject to the reporting and announcement requirements, but is exempted from the circular (including independent financial advice) and independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

According to the laws and regulations applicable to the A Shares, the Joint Venture Agreement and the transactions contemplated thereunder have to be submitted to the general meeting of the Company for consideration and approval. An ordinary resolution will be proposed at the EGM to seek for the approval thereof. Dr. Feng is interested in 13,652,000 A Shares within the meaning of Part XV of the SFO, representing 1.78% and 1.39% of the total number of issued A Shares and issued share capital of the Company, respectively. As Dr. Feng is materially interested in the transactions contemplated under the Joint Venture Agreement, he will abstain from voting on the resolutions at the EGM to approve, among other things, the Joint Venture Agreement and the transactions contemplated thereunder. Save as disclosed above, so far as the Company is aware, having made all reasonable enquiries, no Shareholder has a material interest in, and would be required to abstain from voting on, the resolutions at the EGM to approve, among other things, the Joint Venture Agreement and the transactions contemplated thereunder.

## **GENERAL**

A circular containing details of the Joint Venture Agreement, a notice convening the EGM and other information required under relevant laws, rules and regulations will be despatched to the Shareholders on or before 31 October 2023 so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

**As the completion of the transactions contemplated under the Joint Venture Agreement is subject to certain conditions precedent, it may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## **INTRODUCTION**

The Board is pleased to announce that, on 8 September 2023, the Company entered into the Joint Venture Agreement with Junshi Biotechnology, Suzhou Junmeng, Dr. Feng and the JV Company, pursuant to which the Company conditionally agreed to inject RMB30,597,800 by way of contribution of the Contributed Assets into the JV Company, of which RMB140,000 will be contributed to the registered capital of the JV Company, which accounts for approximately 9.45% of the enlarged equity interest in the JV Company, and the balance amounting to RMB30,457,800 will be accounted as capital reserve of the JV Company.

# **THE JOINT VENTURE AGREEMENT**

## **Date**

8 September 2023

## **Parties**

- (i) The Company;
- (ii) Junshi Biotechnology;
- (iii) Suzhou Junmeng;
- (iv) Dr. Feng; and
- (v) JV Company.

## **Subject matter**

Pursuant to the Joint Venture Agreement, the Company conditionally agreed to inject RMB30,597,800 by way of contribution of the Contributed Assets into the JV Company, of which RMB140,000 will be contributed to the registered capital of the JV Company, which accounts for approximately 9.45% of the enlarged equity interest in the JV Company, and the balance amounting to RMB30,457,800 will be accounted as capital reserve of the JV Company.

## **Basis of the consideration**

The amount of the consideration was determined after arm's length negotiations between the Parties with reference to, among other things, the appraised value of the Contributed Assets conducted by a valuer as agreed by the Parties with 30 June 2023 as the reference date, the financial situation, operation, development and growth prospects of the JV Company.

## **Conditions precedent**

The Completion is conditional upon fulfilment of, among other things, the following conditions precedent, unless otherwise waived by the relevant parties of the respective conditions precedent:

- (i) the respective representations and warranties given by the JV Company, Dr. Feng and the Company under the Joint Venture Agreement remain true and accurate in all material respects and are free from misleading and false statements or omissions from the date of the Joint Venture Agreement to the Completion Date;
- (ii) the JV Company, Dr. Feng and the Company having, in all respects, properly performed and complied with the undertakings and obligations as set out under the Joint Venture Agreement prior to or at the time of Completion;
- (iii) the completion of the procedures for the valuation of the Contributed Assets, and the Parties having agreed with the appraised value of the Contributed Assets and the amount of the corresponding new registered capital in the JV Company to be subscribed by the Company;

- (iv) the passing of the requisite resolutions by the board of directors and/or shareholders of the Company and the JV Company, or other third parties (if applicable) approving the transactions contemplated under the Joint Venture Agreement;
- (v) the completion of the industrial and commercial registration for the change in respect of the transactions contemplated under the Joint Venture Agreement;
- (vi) there being no restriction, prohibition, or applicable law or governmental action that would cancel the transactions contemplated under the Joint Venture Agreement;
- (vii) there being no material adverse change to the Contributed Assets or the JV Company from the date of the Joint Venture Agreement; and
- (viii) each of the JV Company and Dr. Feng having issued a letter to the Company confirming the satisfaction of the above respective conditions precedent, and the Company having issued a letter to the JV Company confirming the satisfaction of the above respective conditions precedent.

### **Completion**

The Completion shall take place on the fifth business day after the date on which the above conditions precedents have been fulfilled or waived. As at the date of this announcement, condition precedent (ii) has been completed.

It is expected that the Group will realize a gain of RMB 30,597,800 (unaudited) on the contribution of the Contributed Assets to the JV Company, which is calculated with reference to the difference between the appraised value of the Contributed Assets as at 30 June 2023 pursuant to a valuation report issued by a valuer and the carrying amount of the Contributed Assets prior to the contribution. The exact profit or loss impact can only be determined upon the completion of the transactions contemplated under the Joint Venture Agreement and the Capital Increase Agreement.

### **Post-completion undertaking by the JV Company**

After the Completion, as long as the Company is the shareholder of the JV Company, the JV Company shall not, among other things, issue additional registered capital to other investors, whereby the subscription price of the other investors in respect of each RMB1 of the registered capital in the JV Company is lower than that of the Company.

The subscription price in respect of each RMB1 of the registered capital in the JV Company is calculated based on the below formula:

$$A = \frac{B}{C}$$

Where:

“A” refers to the subscription price in respect of each RMB1 of the registered capital in the JV Company

“B” refers to the aggregate subscription price / investment amount

“C” refers to the amount of registered capital attributable to the percentage of equity interest held by the Company

As the Company has conditionally agreed to inject RMB30,597,800 by way of contribution of the Contributed Assets into the JV Company, of which RMB140,000 will be contributed to the registered capital of the JV Company, the Company’s subscription price for each RMB1 of the registered capital in the JV Company amounts to approximately RMB218.56.

On 8 September 2023, the JV Company has entered into the Capital Increase Agreement with Dr. Feng, Shanghai Lingke Yixin, Shanghai Anling Xixu and the Angel Investors, pursuant to which the JV Company conditionally agrees to increase its registered capital to RMB1,481,180 and the Angel Investors conditionally agree to subscribe for the new registered capital in the JV Company in an aggregated amount of RMB547,847 at the total consideration of US\$23,479,181 or the equivalent RMB amount (the “**Capital Increase**”). The Angel Investors’ subscription price for each RMB1 of the registered capital in the JV Company amounts to approximately RMB307.95, which is higher than that of the Company.

The Capital Increase will occur in two tranches. Upon completion of the first tranche of the Capital Increase, the registered capital of the JV Company shall be increased to RMB1,207,257; and upon the completion of the second tranche of the Capital Increase, the registered capital of the JV Company shall be increased to RMB1,481,180. The completion of the first tranche of the Capital Increase shall take place on or after the Completion Date.

### **Exit right of the Company**

In the case where the JV Company fails to obtain a valuation of no less than US\$30 million or fails to obtain financing of no less than US\$15 million from new investors within 18 months after the Completion Date, the Company shall have the right to unilaterally terminate the Joint Venture Agreement. Upon the notification by the Company to the JV Company or Dr. Feng, the JV Company shall return the Contributed Assets to the Company with nil consideration.

### **REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE JOINT VENTURE AGREEMENT**

The drugs in connection with the Contributed Assets are still in the early stage of research and development. In order to promote the research and development, registration, production and commercialization of such drugs as soon as possible, it is necessary for the Company to conduct clinical trials and invest sufficient funds. The Company plans to use the JV Company as a financing platform to introduce external funds through the Capital Increase, so as to provide financial support for the research and development of such drugs, promote the smooth development of such drugs, and achieve commercialization as soon as possible to benefit patients. At the same time, the transactions contemplated under the Joint Venture Agreement and the Capital Increase Agreement enable the Company to enjoy the benefits brought by the subsequent research and development, marketing and commercialization of such drugs. The Company has a rich research and development pipeline and the transactions contemplated under the Joint Venture Agreement and the Capital Increase Agreement can also effectively alleviate the pressure of future research and development investment and improve the efficiency of capital use, such that focus can be placed on promoting the research and development of the Company’s core projects. The transactions contemplated under the Joint Venture Agreement and the Capital Increase Agreement are not expected to have a material adverse impact on the Company’s operating results.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Joint Venture Agreement are conducted in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of the Joint Venture Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## INFORMATION ON THE PARTIES

### Information on the JV Company

The JV Company is a company established in the PRC with limited liability and is principally engaged in the business of technical services, technology development, technology consultation, technology exchange, technology transfer, technology promotion; medical research and experimental development (except human stem cell, gene diagnosis and treatment technology development and application); technology import and export; import and export of goods; sales of Class I medical devices; and leasing of Class I medical devices.

As at the date of this announcement, the shareholding structure of the JV Company is set out below:

<b>Shareholder</b>	<b>Registered capital (RMB)</b>	<b>Shareholding percentage (%)</b>
Dr. Feng	560,000	70.59
Shanghai Lingke Yixin	140,000	17.65
Shanghai Anling Xixu	93,333	11.76
<b>Total</b>	<b>793,333</b>	<b>100.00</b>

Upon completion of the transactions contemplated under the Joint Venture Agreement and the Capital Increase Agreement, the shareholding structure of the JV Company will be as follows:

<b>Shareholder</b>	<b>Registered capital (RMB)</b>	<b>Shareholding percentage (%)</b>
Dr. Feng	560,000	37.81
The Company	140,000	9.45
Shanghai Lingke Yixin	140,000	9.45
Shanghai Anling Xixu	93,333	6.30
Angel Investors	547,847	36.98
<b>Total</b>	<b>1,481,180</b>	<b>100.00</b>

*Note:* Any discrepancies in the above tables between the totals and sums of amounts listed herein are due to rounding adjustments.

Since the JV Company was newly established on 27 June 2023 and has not commenced operation as at the date of this announcement, the JV Company did not record any profit or revenue prior to the date of the Joint Venture Agreement.

### **Information on the Group**

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.

### **Information on Junshi Biotechnology**

Junshi Biotechnology is a company established in the PRC with limited liability and is a wholly-owned subsidiary of the Company. It is principally engaged in the business of the operation of the Lingang production base of the Company and the production of drug candidates.

### **Information on Suzhou Junmeng**

Suzhou Junmeng is a company established in the PRC with limited liability and is a wholly-owned subsidiary of the Company. It is principally engaged in the business of research and development of biopharmaceuticals.

### **Information on Dr. Feng**

Dr. Feng is a non-executive Director. He served as an executive Director from March 2015 to August 2023 and took part in the invention of certain registered patents and patents in application in relation to JS001, JS002 and JS004 of the Group.

## **LISTING RULES IMPLICATIONS**

Dr. Feng, being a non-executive Director, is the general partner of Shanghai Lingke Yixin and Shanghai Anling Xixu. As such, each of Dr. Feng, Shanghai Lingke Yixin and Shanghai Anling Xixu is a connected person of the Company and the entering into of the Joint Venture Agreement constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratios in respect of the transactions contemplated under the Joint Venture Agreement exceeds 0.1% but is less than 5%, the entering into of the Joint Venture Agreement is subject to the reporting and announcement requirements, but is exempted from the circular (including independent financial advice) and independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

According to the laws and regulations applicable to the A Shares, the Joint Venture Agreement and the transactions contemplated thereunder have to be submitted to the general meeting of the Company for consideration and approval. An ordinary resolution will be proposed at the EGM to seek for the approval thereof. Dr. Feng is interested in 13,652,000 A Shares within the meaning of Part XV of the SFO, representing 1.78% and 1.39% of the total number of issued A Shares and issued share capital of the Company, respectively. As Dr. Feng is materially interested in the transactions contemplated under the Joint Venture Agreement, he will abstain from voting on the resolutions at the EGM to approve, among other things, the Joint Venture Agreement and the transactions contemplated thereunder. Save as disclosed above, so far as the Company is aware, having made all reasonable enquiries, no Shareholder has a material interest in, and would be required to abstain from voting on, the resolutions at the EGM to approve, among other things, the Joint Venture Agreement and the transactions contemplated thereunder.

## **GENERAL**

A circular containing details of the Joint Venture Agreement, a notice convening the EGM and other information required under relevant laws, rules and regulations will be despatched to the Shareholders on or before 31 October 2023 so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

**As the completion of the transactions contemplated under the Joint Venture Agreement is subject to certain conditions precedent, it may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## **DEFINITIONS**

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

“A Shares”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are traded in RMB and are listed on the Shanghai Stock Exchange
“Angel Investors”	four angel investors, all of whom are third parties independent of the Company and its connected persons
“Board”	the board of Directors
“Capital Increase”	has the meaning ascribed to it under the section headed “Post-completion undertaking by the JV Company”



“Capital Increase Agreement”	the capital increase agreement entered into by the JV Company, Dr. Feng, Shanghai Lingke Yixin, Shanghai Anling Xixu and the Angel Investors on 8 September 2023 in respect of the increase of registered capital of the JV Company to RMB1,481,180 and the subscription of new registered capital of the JV Company by the Angel Investors in an aggregated amount of RMB547,847 at the total consideration of US\$23,479,181 or the equivalent RMB amount
“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 established 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 Shanghai Stock Exchange, respectively
“Completion”	completion of the Joint Venture Agreement
“Completion Date”	the date on which the Completion takes place
“connected person(s)”	has the meaning as ascribed to it in the Hong Kong Listing Rules
“Contributed Assets”	relevant assets of two drug candidates in the field of oncology treatment at the pre-clinical development stage and certain patent rights
“Director(s)”	the director(s) of the Company
“Dr. Feng”	Feng Hui (馮輝), a non-executive director of the Company and the general partner of Shanghai Anling Xixu and Shanghai Lingke Yixin
“EGM”	the extraordinary general meeting of the Company to be convened and held by the Company for the Shareholders, among other things, to consider and, if thought fit, approve the Joint Venture Agreement and the transactions contemplated thereunder
“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 main board of the Hong Kong Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Joint Venture Agreement”	the joint venture agreement dated 8 September 2023 and entered into by the Company, Junshi Biotechnology, Suzhou Junmeng, Dr. Feng and the JV Company
“Junshi Biotechnology”	Shanghai Junshi Biotechnology Co., Ltd.* (上海君實生物工程有限公 司), a wholly-owned subsidiary of the Company
“JV Company”	Shanghai Anlingke Biopharmaceutical Co., Ltd.* (上海安領科生物醫 藥有限公司), a company established in the PRC with limited liability, the shareholders of which shall include the Company, Dr. Feng, the Angel Investors, Shanghai Anling Xixu, Shanghai Lingke Yixin upon the completion of the transactions contemplated under the Joint Venture Agreement and the Capital Increase Agreement
“Parties”	parties to the Joint Venture Agreement
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai Anling Xixu”	Shanghai Anling Xixu Biopharmaceutical Technology Partnership (Limited Partnership)* (上海安領西旭生物醫藥科技合夥企業(有限合 夥)), a limited partnership established in the PRC
“Shanghai Lingke Yixin”	Shanghai Lingke Yixin Biopharmaceutical Technology Partnership (Limited Partnership)* (上海領科屹鑫生物醫藥科技合夥企業(有限合 夥)), a limited partnership established in the PRC
“Shanghai Stock Exchange”	the Shanghai Stock Exchange (上海證券交易所)
“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

“Suzhou Junmeng” Suzhou Junmeng Biosciences Co., Ltd.\* (蘇州君盟生物醫藥科技有限  
公司), a wholly-owned subsidiary of the Company

“%” per cent

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

Shanghai, the PRC, 13 September 2023

*As at the date of this announcement, the board of directors of the Company comprises Mr. Xiong Jun, Dr. Li Ning, Mr. Zhang Zhuobing, Dr. Yao Sheng, Mr. Li Cong and Dr. Zou Jianjun as executive Directors; Dr. Feng Hui and Mr. Tang Yi as non-executive Directors; and Dr. Roy Steven Herbst, Mr. Qian Zhi, Mr. Zhang Chun, Dr. Feng Xiaoyuan and Dr. Meng Anming as independent non-executive Directors.*

\* *For identification purpose only*