THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in JW (Cayman) Therapeutics Co. Ltd, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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)

CONTINUING CONNECTED TRANSACTION IN RELATION TO VECTOR SUPPLY AGREEMENT AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to the Independent Board Committee and Independent Shareholders

SOMERLEY CAPITAL LIMITED

A letter from the Board is set out on pages 6 to 24 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on pages 25 to 26 of this circular. A letter from Somerley Capital Limited containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 27 to 47 of this circular.

A notice convening the extraordinary general meeting of the Company to be held at Show Room, 5F, Building B, No. 699 Zhong Ke Road, Pudong New District, Shanghai, China on June 26, 2023 at 9: 00 a.m. is set out on pages 54 to 55 of this circular. A form of proxy for use at the extraordinary general meeting is also enclosed. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited (**www.hkexnews.hk**) and the Company (**www.jwtherapeutics.com**).

Whether or not you are able to attend the extraordinary general meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the extraordinary general meeting (or any adjournment thereof) if they so wish.

* *For identification purpose only*

June 9, 2023

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

"ALL"	acute lymphoblastic lymphoma
"associates"	has the meaning ascribed thereto under the Listing Rules
"BMS"	Bristol Myers Squibb Company, a company incorporated in Delaware, the U.S. on August 11, 1933 and whose shares are listed on the New York Stock Exchange (NYSE: BMY), and parent company of Celgene and Juno
"Board"	the board of Directors
"CAR"	chimeric antigen receptor
"CAR-T"	CAR T-cell
"Carteyva®"	the Company's anti-CD 19 autologous CAR-T cell immunotherapy product (relmacabtagene autoleucel)
"Celgene"	Celgene Corporation, a company incorporated in Delaware, the U.S. on April 17, 1986, a wholly-owned subsidiary of BMS and parent company of Juno
"China" or "PRC"	the People's Republic of China, which for purposes of the Vector Supply Agreement consists of mainland China, Hong Kong and Macau but excludes Taiwan
"Company"	JW (Cayman) Therapeutics Co. Ltd (藥明巨諾(開曼)有限公司*), an exempted company with limited liability incorporated under the laws of the Cayman Islands on September 6, 2017
"connected person"	has the meaning ascribed thereto under the Listing Rules
"Director(s)"	the director(s) of the Company

"Effective Date"	the date when the Company obtains the requisite approval from the Shareholders in respect of the transactions contemplated under the Vector Supply Agreement pursuant to the Listing Rules
"EGM"	the extraordinary general meeting of the Company to be held at Show Room, 5F, Building B, No. 699 Zhong Ke Road, Pudong New District, Shanghai, China on June 26, 2023 at 9:00 a.m., or any adjournment thereof and notice of which is set out on pages 54 to 55 of this circular
"Existing Vector Supply Agreement"	the Vector Supply Agreement dated June 29, 2020 entered into between the Company and Juno in relation to, among other things, the Company's purchases of Vector from Juno in connection with the clinical development and commercialization of Carteyva®
"FL"	follicular lymphoma
"Group"	the Company, its subsidiaries and the consolidated affiliated entities from time to time
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IND"	investigational new drug
"Independent Board Committee"	the independent board committee, comprising Mr. Yiu Leung Andy Cheung, Mr. Kin Cheong Kelvin Ho and Dr. Debra Yu, being all the independent non-executive Directors, established to advise the Independent Shareholders in relation to the Vector Supply Agreement and the transactions contemplated thereunder

"Independent Financial Adviser" or "Somerley"	Somerley Capital Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities and being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Vector Supply Agreement and the transactions contemplated thereunder
"Independent Shareholders"	Shareholders other than Juno and its associates
"Juno"	Juno Therapeutics, Inc., a company incorporated in Delaware, the U.S. on August 5, 2013 under its former name, FC Therapeutics, Inc., a wholly-owned subsidiary of Celgene which is in turn wholly-owned by BMS, and one of the Substantial Shareholders
"Latest Practicable Date"	June 7, 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
"LBCL"	large B-cell lymphoma
"License and Strategic Alliance Agreement"	the license and collaboration agreement dated December 13, 2017 entered into between the Company and Juno in relation to, among other things, licensing of a proprietary CAR construct controlled by Juno to the Company, which is used by the Company to develop Carteyva®
"Listing"	the Company's listing on the Stock Exchange in November 2020
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"Macau"	the Macau Special Administrative Region of the PRC
"MCL"	mantle cell lymphoma

"NDA"	new drug application
"NMPA"	National Medical Products Authority of China
"Prospectus"	prospectus dated October 22, 2020 relating to the Listing
"Restricted Share Unit(s)"	share unit(s) granted pursuant to the Restricted Share Unit Scheme
"Restricted Share Unit Scheme"	the Restricted Share Unit Scheme adopted by the Company on September 4, 2019
"r/r"	relapsed or refractory
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the capital of the Company with nominal value of US$0.00001 each
"Shareholder(s)"	the holder(s) of the Share(s)
"SLE"	systemic lupus erythematosus
"sNDA"	supplemental NDA
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Substantial Shareholders"	has the meaning ascribed thereto under the Listing Rules
"U.S."	the United States of America
"US$"	United States dollar, the lawful currency of the U.S.
"Vector"	a cell-culture derived virus recombinant anti-CD-19 viral agent intended to deliver a nucleotide sequence for Carteyva®

"Vector Supply Agreement"	the Vector Supply Agreement dated May 19, 2023 entered into between the Company and Juno in relation to, among other things, the Company's purchases of Vector from Juno in connection with the ongoing commercialization and further clinical development of Carteyva®
"%"	per cent

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)

Executive Director:
Dr. Yiping James Li *(Chairman)*

Non-executive Directors:
Dr. Krishnan Viswanadhan
Ms. Xing Gao (高星)
Dr. Ann Li Lee
Mr. Jinyin Wang (王金印)
Dr. Cheng Liu

Independent Non-executive Directors:
Dr. Debra Yu
Mr. Yiu Leung Andy Cheung (張耀樑)
Mr. Kin Cheong Kelvin Ho (何建昌)

Registered Office in the Cayman Islands:
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Headquarters in the PRC:
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Principal Place of Business in Hong Kong:
31/F, Tower Two, Times Square
1 Matheson Street, Causeway Bay
Hong Kong

June 9, 2023

To the Shareholders

Dear Sir or Madam

CONTINUING CONNECTED TRANSACTION IN RELATION TO THE VECTOR SUPPLY AGREEMENT AND NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the announcement of the Company dated May 21, 2023 in relation to, among other things, the entering into of the Vector Supply Agreement by the Company (the "**Announcement**").

The purpose of this circular is to provide you with, among other things, (i) further details of the Vector Supply Agreement and the transactions contemplated thereunder, (ii) a letter from the Board containing its opinion and recommendations to the Shareholders in respect of, among other things, the Vector Supply Agreement and the transactions contemplated thereunder, (iii) a letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of, among other things, the Vector Supply Agreement and the transactions contemplated thereunder, (iv) a letter from the Independent Financial Adviser containing its opinion and recommendations to the Independent Board Committee and the Independent Shareholders in respect of, among other things, the Vector Supply Agreement and the transactions contemplated thereunder, (v) other general information required to be disclosed under the Listing Rules, and (vi) a notice convening the EGM.

THE VECTOR SUPPLY AGREEMENT

Background

Introduction

The Company is an independent, innovative biotechnology company focused on developing, manufacturing and commercializing cell immunotherapy products. Since its founding in 2016, the Company has built an integrated platform for product development in cell immunotherapy, as well as a product pipeline covering hematologic malignancies, solid tumors and autoimmune diseases. The Company is committed to bringing breakthrough and quality cell immunotherapy products and the hope of a cure to patients in China and worldwide, and to leading the healthy and standardized development of China's cell immunotherapy industry.

The Company's lead product, Carteyva®, is an autologous CAR-T cell immunotherapy product directed at a tumor antigen called CD-19, which is a cell surface protein expressed on the surface of nearly all B cell leukemias and lymphomas. Carteyva® was independently developed by the Company based on a CAR construct that the Company in-licensed from Juno pursuant to the License and Strategic Alliance Agreement. Juno's product based on that same CAR construct, Breyanzi®, was approved by the U.S. FDA as a third-line treatment for LBCL in February 2021, and as a second-line treatment for LBCL in June 2022.

Commercial and Clinical Manufacturing of relma-cel

In September 2021, the NMPA approved the Company's NDA with respect to Carteyva® as a treatment for adult patients with r/r LBCL after two or more lines of systemic therapy, and in October 2022 the NMPA approved the Company's sNDA with respect to Carteyva® as a treatment for adult patients with FL that is refractory or relapses within 24 months after second-line or above systemic treatment.

In the year ended December 31, 2021, the Company generated revenue of RMB30 million in 2021, all of which was generated from sales of Carteyva® as a third-line treatment for LBCL after receipt of NMPA approval in September 2021. In the year ended December 31, 2022, the Company generated revenue of RMB145.7 million, primarily from sales of Carteyva® as a third-line treatment for LBCL.

Based on the prevalence of LBCL and FL in China, the efficacy of currently approved first- and second-line treatments for these indications and the efficacy and safety profile of Carteyva® relative to other approved treatments for these indications, the Company anticipates significant revenue growth in the years ending December 31, 2023, 2024 and 2025 from commercial sales of Carteyva® for third-line treatment for both LBCL and FL. To meet the anticipated demand, the Company must engage in continuous commercial manufacturing of Carteyva®.

In addition, the Company is currently engaged in clinical development of Carteyva® as a treatment for several other indications that have substantial commercial potential, including the following:

- Third-line treatment for MCL: the Company is currently conducting a Phase II registrational clinical trial of Carteyva® as a third-line treatment for MCL pursuant to an IND application that was approved by the NMPA, and in April 2022 the NMPA granted Breakthrough Therapy Designation with respect thereto.

- Third-line treatment for ALL: the Company is currently conducting a Phase I/II registrational clinical trial of Carteyva® as a third-line treatment for ALL pursuant to an IND application that was approved by the NMPA in April 2022.

- Second-line treatment for LBCL: in March 2022, the NMPA approved the Company's IND application relating to a multi-center, randomized, Phase III registrational clinical trial comparing Carteyva® to second-line LBCL standard of care therapy, including salvage chemotherapy +/- high dose chemotherapy followed by autologous stem cell

transplant. The design of this trial is similar to that of the TRANSFORM study conducted by BMS with respect to Breyanzi® in the United States, on the basis of which the U.S. FDA approved Breyanzi as a second-line treatment for r/r LBCL in June 2022.

- Treatment for SLE: The Company initiated the clinical study of Carteyva® as a potential treatment for SLE, a widely prevalent autoimmune disease characterized by the production of autoantibodies and abnormal B-lymphocyte function. Based on the prevalence of SLE in China, the severity of the symptoms of SLE and the effectiveness and safety of current standards of care, SLE represents a significant unmet medical need in China. Available evidence indicates that CD-19 targeted CAR-T cells may target and deplete B cells or plasma cells that are directly responsible for autoantibody production, and thus anti-CD19 CAR-T cell therapies such as Carteyva® may have significant potential as a means of addressing this significant unmet medical need.

To support clinical development of Carteyva® for these additional indications on schedule during the years ending December 31, 2023, 2024 and 2025, with the goal of obtaining NMPA approval of sNDAs relating to these indications as soon as possible, the Company must also engage in continuous clinical manufacturing of Carteyva®. Moreover, the Company currently anticipates that sNDAs relating to one or more of these additional indications will be approved by the NMPA prior to December 31, 2025, which would give rise to a need for an even higher volume of commercial manufacturing of Carteyva®.

Viral Vector as a Factor in the CAR-T Therapy Manufacturing Process

Carteyva® is an "autologous" CAR-T therapy. Autologous CAR-T treatments generally provide personalized therapy for patients by altering the patients' T-cells ***ex vivo***, or outside the body, so that the T-cells can better recognize specific proteins on the surface of cancer cells or other diseased cells in order to kill those cells. Production of CAR-T therapies such as Carteyva® generally involves the following steps: 1) harvesting of a patient's white blood cells in a process called leukapheresis; 2) selection and activation ***ex vivo*** of certain T-cells that are of interest; 3) transfer of gene sequences for the relevant CAR construct into the T-cell DNA using a viral vector, such as a lentivirus, which creates a CAR-T cells; 4) expansion of the number of CAR-T cells until it reaches the desired dose; and 5) reinfusion of the CAR-T cells back into the patient.

As evidenced by the foregoing, an appropriate viral vector is a central and indispensable factor in the process whereby a CAR-T therapy is manufactured, and accordingly, the Company cannot manufacture Carteyva®, whether for commercial sale or for clinical use, without an appropriate viral vector. Manufacturing of viral vector, in turn, is a highly advanced biotechnological process involving the transfer of gene sequences for the relevant CAR construct into the viral DNA using a plasmid. As the owner of the proprietary CAR construct which is use

for the development of Carteyva®, Juno has repeatedly demonstrated its ability to provide Vector that could meet the quality requirements and other specifications specified by the Company for clinical development and commercialization of Carteyva® at a reasonable price. Accordingly, ever since the Company commenced clinical development of Carteyva® in June 2018, the Company has purchased from Juno the Vector that it requires for the manufacturing of Carteyva®.

In recent years, the Company's purchases of viral vector from Juno have been made pursuant to the Existing Vector Supply Agreement, which is scheduled to expire on June 28, 2023. In connection with the Listing, the Company established annual caps of US$0.6 million, US$3.2 million and US$12.8 million for total amounts payable by the Group to Juno under two vector supply agreements, including the Existing Vector Supply Agreement, in the years ended December 31, 2020, 2021 and 2022 respectively, and the Company disclosed these annual caps in the Prospectus. See "Connected Transactions — Partially-Exempt Continuing Connected Transactions — 4. Vector Supply Agreements" in the Prospectus for further details. The total amounts paid by the Company to Juno under the Existing Vector Supply Agreement in the three years ended December 31, 2020, 2021 and 2022 were approximately RMB3.1 million (equivalent to approximately US$0.5 million), approximately RMB9.0 million (equivalent to approximately US$1.4 million) and approximately RMB14.6 million (equivalent to approximately US$2.2 million), respectively.

The total amount payable by the Company for Vector in the year ended December 31, 2022 was lower than the announced cap for that year as a result of the combination of various factors, including the following:

- Compared to what was anticipated at the time of the IPO and reflected in the annual cap for 2022, the disturbance caused by the COVID-19 pandemic had some effect on (a) the Company's manufacturing plans and schedules; and (b) the timing of various steps in the Company's operations such as patient enrollment in clinical trials, recruitment of commercial patients, patient infusion, procurement of raw material and delivery of finished products; and

- The annual caps for 2021 and 2022 reflected the possibility that NMPA approval of Carteyva® as a treatment for r/r LBCL could have been received in the first half of 2021, leading to more rapid ramp-up of commercial sales of Carteyva®, whereas in fact such approval was received on September 1, 2021.

The Company believes that, with the strong demand for Carteyva® as demonstrated in 2022 and the expansion of applicable indications, the sales of Carteyva® will continue to grow in the coming years.

Request for Shareholder Approval

Pursuant to Chapter 14A of the Listing Rules, the Company now requests shareholder approval of (i) a new Vector Supply Agreement to replace the Existing Vector Supply Agreement and (ii) annual caps on the total amount payable by the Company to Juno for Vector in the years ending December 31, 2023, 2024 and 2025. Details of the Vector Supply Agreement, including the proposed annual caps, are set forth below.

Principal Terms of the Vector Supply Agreement

On May 19, 2023, (Eastern Time) (being May 20, 2023 Hong Kong time), the Company entered into the Vector Supply Agreement with Juno, the principal terms of which are as follows:

Parties	:	(i) the Company; and (ii) Juno As of the Latest Practicable Date, Juno directly held approximately 17.07% equity interests in the Company, and therefore Juno is one of the Substantial Shareholders and a connected person of the Company as defined under the Listing Rules.
Date	:	May 19, 2023 (Eastern Time) (being May 20, 2023 Hong Kong time)
Term	:	The Vector Supply Agreement will take effect as of the Effective Date and will expire on the later of (a) December 31, 2025 or (b) the completion of Activities under all project plans executed by the parties prior to December 31, 2025 The Company confirms that pursuant to the terms of the Vector Supply Agreement, activities under the Vector Supply Agreement will be completed prior to December 31, 2025.

Manufacturing	:	In the Vector Supply Agreement, Juno undertakes to use, or to ensure that, with prior written notice to Company, a third party manufacturer acting on Juno's behalf shall use, commercially reasonable efforts to manufacture Vector in accordance with the terms and conditions of the Vector Supply Agreement and any applicable project plan (as amended by any applicable change order) for the Company's use in connection with the ongoing commercialization and further clinical development of Carteyva®.
Quantity of Vector to be Purchased	:	The quantity of Vector to be purchased by the Company during the term is not fixed at the outset of the term. Rather, the quantity of Vector to be purchased by the Company during the term will be determined by the parties on the basis of quarterly rolling forecasts of the Company's requirements for Vector. Juno shall have no obligation to manufacture or deliver more batches of Vector in any quarter, or more batches of Vector in any consecutive twelve (12)-month period than are reasonably necessary for Company to continue clinical development of Carteyva® as contemplated as of the Effective Date and for commercialization of Carteyva® as contemplated by the parties pursuant to the License and Strategic Alliance Agreement.

Price of Vector : The price to be paid to Juno by the Company during the term for each batch of Vector is not fixed at the outset of the term. Rather, the cost for each batch of Vector shall be determined based on a cost-plus basis reflecting principally (i) the relevant costs incurred by Juno for such Vector which Juno from time to time determines to charge to the Company, up to Juno's fully loaded costs, including the normal manufacturing costs of Juno and its third party manufacturers with respect to such Vector, taking into account quality requirements and other specifications mutually agreed by the parties, and (ii) a profit mark-up, with a view to generating an arm's-length return for Juno over the three year term of the Vector Supply Agreement. The actual price for each batch of Vector shall be set forth in the applicable Project plan.

Details of internal control measures for the vectors purchased under the Vector Supply Agreement are disclosed under the section "Internal Control Measures" below.

Shipping : Unless otherwise set forth in a Project plan, the shipping terms for all shipments of Vector from Juno to Company under the Vector Supply Agreement shall be CIP (Port of Arrival) (Incoterms 2020). Notwithstanding anything to the contrary in the Vector Supply Agreement, from the time Juno passes the Vector to the carrier for pick up at Juno's designated storage facility, the Company shall bear all risk of loss and assume all risk and responsibility for handling, storing, loading and shipping all such Vector and Juno shall not be responsible for Vector in transit or customs delays, or third party storage and handling. All shipping costs and expenses paid by Juno shall be reimbursed to Juno by the Company, as applicable. The destination for each batch of Vector shall be designated by the Company in writing to Juno. Juno will use commercially reasonable efforts to ensure that each Batch will be available for pick up by the Company or its designated carrier (a) on the agreed shipping date; and (b) in accordance with the instructions for shipping and packaging specified by the Company in the applicable project plan or as otherwise agreed to by the parties in writing.

Other terms	:	The Vector Supply Agreement also contains customary terms with respect to matters such as subcontracting, delays, record and sample retention, regulatory issues, testing and acceptance, dispute resolution, remedies for non-compliance, invoicing, payment, taxes, indemnification and representations and warranties.
Condition Precedent	:	The Vector Supply Agreement shall become effective upon the Company having obtained the Independent Shareholders' approval at the EGM in relation to the Vector Supply Agreement and the transactions contemplated thereunder.

Historical Figures and Existing Caps

For the three years ended December 31, 2020, 2021 and 2022 and the period commencing from January 1, 2023 to the Latest Practicable Date, the total amount paid by the Group to Juno under the Existing Vector Supply Agreement was approximately RMB3.1 million (equivalent to approximately US$0.5 million), approximately RMB9.0 million (equivalent to approximately US$1.4 million), approximately RMB14.6 million (equivalent to approximately US$2.2 million) and nil, respectively. The aggregate annual amount paid by the Group to Juno under the Existing Vector Supply Agreement for the three years ended December 31, 2020, 2021 and 2022 did not exceed the annual caps as disclosed in the Prospectus.

Proposed Annual Caps

For the period commencing from the date when the Vector Supply Agreement and the transactions contemplated thereunder are approved by the Shareholders and ending on December 31, 2023, the total amount payable by the Company to Juno under the Vector Supply Agreement is expected not to exceed approximately RMB76.8 million (equivalent to approximately US$11.0 million). For the two years ending December 31, 2024 and 2025, the total amount payable by the Company to Juno under the Vector Supply Agreement is expected not to exceed approximately RMB137.6 million (equivalent to approximately US$19.8 million) and approximately RMB220.1 million (equivalent to approximately US$31.6 million), respectively.

Basis for the Proposed Annual Caps

The above proposed annual caps have been set on the basis of the following factors:

(i) The historical amounts payable by the Company to Juno in the years ended December 31, 2020, 2021 and 2022 in connection with the purchase of Vector for the manufacturing of Carteyva® a) for use in clinical trials and b) commencing upon receipt of NMPA approval of the Company's NDA relating to Carteyva® as a third-line treatment for LBCL, for use commercially in the treatment of patients;

(ii) The quantity of Vector that the Company expects to require for both commercial manufacturing and clinical manufacturing in the years ending December 31, 2023, 2024 and 2025 in a reasonable best case scenario, in light of a) anticipated growth in sales of Carteyva® for indications currently approved by the NMPA (i.e., third-line treatment for both LBCL and FL), b) anticipated approval by the NMPA of sNDAs relating to additional indications for Carteyva® (such as third-line treatment for MCL and ALL, second-line treatment for LBCL and SLE) and the incremental increase in manufacturing requirements that would be associated with commercial manufacturing of Carteyva® for such indications, and c) manufacturing requirements related to ongoing clinical trials of Carteyva®; and

(iii) The Company's best estimate as of the date of this circular concerning the price per batch of Vector that will prevail from time to time throughout the Term as determined in accordance with the terms of the Vector Supply Agreement, reflecting principally (a) the relevant costs incurred by Juno for such Vector which Juno from time to time determines to charge to the Company, up to Juno's fully loaded costs, including the normal manufacturing costs of Juno and its third party manufacturers with respect to such Vector, taking into account quality requirements and other specifications mutually agreed by the parties (the "Costs"); and (b) a profit mark-up determined in accordance with the terms of the Vector Supply Agreement (which the Company, based on its best knowledge, information and belief as of the date hereof, estimates will not exceed 15% of the Costs over the term of the Vector Supply Agreement). Quality requirements for a given batch of Vector, in turn, depend on whether such Vector will be used for commercial manufacturing or clinical manufacturing. GMP grade viral vectors are required for commercial manufacturing and are more costly than the non-GMP grade viral vectors that are used for clinical manufacturing, due to lower production yield as a result of GMP QC testing and sample retention requirements, additional costs for GMP qualification and maintenance, as well as additional costs for securing capacity and supply with qualified suppliers. The Company expects that the quantity of GMP grade viral vector for commercialization purpose required in 2023, 2024 and 2025 will

continue to grow in light of the substantial demand demonstrated in 2022 and the Group's intention to advance Carteyva® for treatment of a wider spectrum of indications.

To ensure that the profit mark-up to be charged by Juno under the Vector Supply Agreement will not exceed 15% of the Costs over the term of the Vector Supply Agreement, the Company has adopted internal control measures as disclosed under the section "Internal Control Measures" below. In the event that the Company expects the profit mark-up to be charged by Juno will exceed 15% of the Costs, the Company undertakes to re-comply with the announcement and shareholders' approval requirements before placing a new purchase order with Juno pursuant to the Vector Supply Agreement, even if the annual cap for the relevant financial year has not been exceeded.

Reasons for entering into the Vector Supply Agreement

As described in greater detail above under the heading "— Background":

- The Company must engage in continuous commercial manufacturing of Carteyva® in order to meet the anticipated demand for Carteyva® as a treatment for the current NMPA-approved indications of third-line treatment for both LBCL and FL;

- To support uninterrupted clinical development of Carteyva® on schedule during the years ended December 31, 2023, 2024 and 2025, with the goal of obtaining NMPA approval of sNDAs relating to additional indications for Carteyva® as soon as possible, the Company must also engage in continuous clinical manufacturing of Carteyva®;

- The Company currently anticipates that sNDAs relating to one or more additional indications for Carteyva® will be approved by the NMPA prior to December 31, 2025, which would give rise to a need for an even higher volume of commercial manufacturing of Carteyva®;

- An appropriate viral vector is a central and indispensable factor in the process whereby a CAR-T therapy is manufactured, and therefore the Company cannot manufacture Carteyva®, whether for commercial sale or for clinical use, without an appropriate viral vector;

- Juno is the owner of the proprietary CAR construct and technology which are used for the development and manufacturing of Carteyva® and it has not authorized any third parties to undertake the comprehensive manufacturing process (including production and quality control) relating to the Vector; and

- The Company has procured Vector from Juno since the commencement of clinical manufacturing of Carteyva® in July 2018. The Company is of the view that continuing to partner with Juno on the manufacture of Vector will be in the best interest of the Company and its Shareholders as a whole, considering the years of working relationship, cost effectiveness and the consistently high quality of Vector supplied by Juno all the years under the Existing Vector Supply Agreement. Therefore, it is both necessary and appropriate for the Company to continue to procure Vector from Juno for the manufacturing of Carteyva®.

For the foregoing reasons, and given that the Existing Vector Supply Agreement is scheduled to expire on June 28, 2023, the Company has entered into the Vector Supply Agreement to replace the Existing Vector Supply Agreement.

The Board is of the view that the transactions contemplated under the Vector Supply Agreement are conducted in the ordinary and usual course of business of the Company and on normal commercial terms, and that the terms of the Vector Supply Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. None of the Directors has a material interest in the Vector Supply Agreement, and therefore none of the Directors is required to abstain from voting on the board resolutions relating to the Vector Supply Agreement and the transactions contemplated thereunder.

Internal Control Measures

Despite the fact that the Company will not obtain quotations from independent third parties before entering into individual Vector supply contract with Juno since Juno is currently the only viable supplier of Vector (for details, please refer to the section headed "Reasons for entering into the Vector Supply Agreement"), the Group has adopted the following measures to ensure that (i) the terms of the Vector Supply Agreement and the transactions contemplated thereunder are on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) the annual caps will not be exceeded:

— The Company will designate a team to execute and ensure that the transactions contemplated by the Vector Supply Agreement are undertaken in accordance with the terms thereof;

— Dr. Yiping James Li, the Company's Chief Executive Officer, will use his best endeavors to supervise the compliance with the terms of the Vector Supply Agreement and applicable Listing Rules requirements;

— The independent non-executive Directors, the internal audit team and the auditors of the Company will review the transactions in relation to the Vector Supply Agreement on an annual basis and confirm in the annual reports the matters set out in Rules 14A.55 and 14A.56 of the Listing Rules, respectively;

— The Company will perform the following regular oversight to ensure that the prices of Vector set out in the project plans are in compliance with the pricing policy:

(i) All project plans will be reviewed by the Company's supply chain department to ensure that the prices of Vector set out in the project plans are in compliance with the pricing policy;

(ii) All changes in price of Vector will be presented to the legal department and finance department of the Company for approval. The chief financial officer and legal counsel of the Company will consider the changes from internal control perspective to ensure that any changes in price of Vector are in compliance with the pricing policy; and

(iii) If there is a 10% or more change in *price of Vector*, the management of the Company will notify the Board, including the independent non-executive Directors. If the Board is of the view that such change may not conform with the pricing policy, it will organize and carry out an assessment on whether the transactions are in accordance with the pricing policy, taking into account information on cost provided by Juno and the Company's own understanding of market rates. If deemed necessary, the Board will request the Company to exercise its inspection right to examine underlying cost records to ensure the pricing policy is being adhered to.

— In order to enable the Company to timely comply with the undertaking it made as set out in the section headed "Basis for the Proposed Annual Caps", the Company has adopted the following preventive controls to ensure that the profit mark-up will not exceed 15% of the Costs throughout the term of the Vector Supply Agreement:

Map:

(i) Based on the discussion with Juno, the Company has identified the following key components contributing to changes in cost structure, namely, procurement cost payable by Juno to third party manufacturer(s), materials and labour cost for quality control services and inflation in the United States.

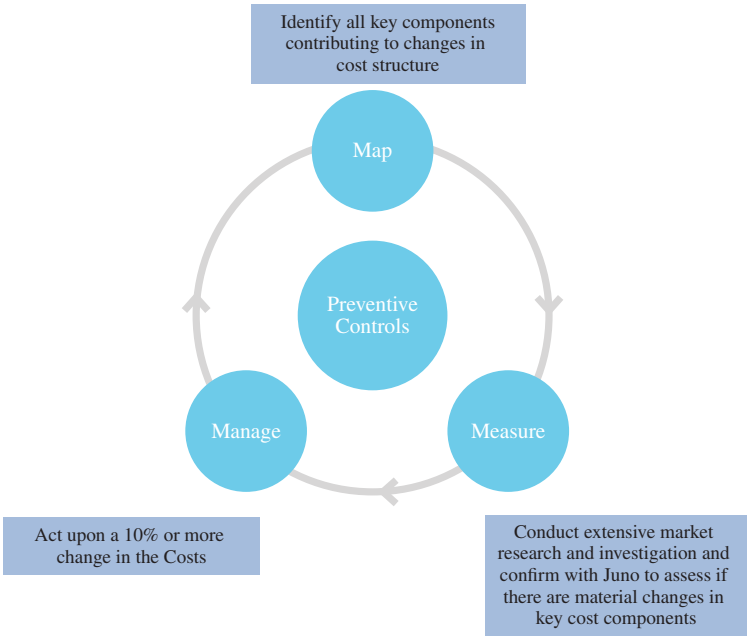
Measure:

(ii) The management of the Company will conduct extensive market research and investigation on a quarterly basis based on publicly available official or government sources and/or industry reports prepared and issued by external independent market researchers to assess if there are material changes in key cost components as described in paragraph (i) above that might cause the profit mark-up to exceed 15% of the Costs; and

(iii) The Company will confirm with Juno that there have been no material changes in the Costs that might cause the profit mark-up to exceed 15% of the Costs on a quarterly basis.

Manage:

(iv) Pursuant to the Vector Supply Agreement, Juno is required to keep accurate records on all invoice calculations for the manufacturing of Vector. If the Company envisages that there will be a 10% or more change in *the Costs* based on the extensive market research and investigation conducted or based on indication from Juno, the Company will request to examine such records for the purpose of verifying the correctness of all such calculations. Juno is required to promptly refund any overcharge discovered by such audit and the Company is required to promptly pay any undercharge discovered by such audit.



— The legal department, finance department and the internal audit team of the Company will review the transactions in relation to the Vector Supply Agreement on a quarterly basis, so as to consider (a) the effective implementation of the pricing policy and the payment method as well as the appraisal of the balance of the annual cap; (b) identifying management weakness, and making recommendations for improvement to ensure that the internal control measures in respect of the transactions under the Vector Supply Agreement remain complete and effective and the Company will take measures to address the weakness identified, if any, as soon as practicable.

The Company did not request to examine records on all invoice calculations for the manufacturing of Vector historically considering the long-trusted and sustained working relationship it has established with Juno. The Company has benefited from this relationship with Juno having been supplied Vector to the Company at a fairly stable price in the past three years and continued to supply Vector during the pandemic notwithstanding the logistics and practical challenges it had to overcome. The Company and Juno remain fully committed to continuing with the long-term supply and procurement of Vector. Furthermore, there was no substantial increment in price of GMP grade Vector in the past three years. The information on cost provided by Juno had been consistently credible based on the Company's understanding of market rates, such as inflation and other market factors including increase in labour costs. The Company also noted that Juno is a member of a US-listed conglomerate which is one of the world's largest pharmaceutical group and its operations are subject to high standards of governance and ethnics. Based on the above considerations, the Company did not consider that it was necessary to exercise the inspection right to examine records on all invoice calculations for the manufacturing of Vector. The Company will evaluate this need from time to time and if deemed necessary, it will exercise its inspection right to examine cost records to ensure the terms of the Vector Supply Agreement and the transactions contemplated thereunder are on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Given the above, the Board considers that there are appropriate internal controls and procedures in place to ensure that the transactions contemplated under the Vector Supply Agreement will be conducted on normal commercial terms and are not prejudicial to the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE PARTIES

The Company

The Company is an independent, innovative biotechnology company focused on developing, manufacturing and commercializing cell immunotherapy products. Since the Company's founding in 2016, the Company has built an integrated platform for product development in cell

immunotherapy, as well as a product pipeline covering hematologic malignancies, solid tumors and autoimmune diseases. The Company is committed to bringing breakthrough and quality cell immunotherapy products and the hope of a cure to patients in China and beyond, and to leading the healthy and standardized development of China's cell immunotherapy industry. For more information, please visit **www.jwtherapeutics.com**.

Juno

Juno is a biotechnology company incorporated in Delaware, the U.S. It is a wholly-owned subsidiary of Celgene, which is in turn wholly-owned by BMS, a U.S. multinational company listed on the New York stock exchange in the U.S. (NYSE: BMY) and one of the world's largest pharmaceutical companies. Juno focuses on developing innovative cellular immunotherapies for the treatment of cancer.

BMS is engaged in the discovery, development, licensing, manufacturing, marketing, distribution and sale of biopharmaceutical products on a global basis. Its principal strategy is to combine the resources, scale and capability of a pharmaceutical company with the speed and focus on innovation of the biotech industry. Its focus as a biopharmaceutical company is on discovering, developing and delivering transformational medicines for patients facing serious diseases in areas such as oncology (both solid tumors and hematology), immunology, cardiovascular and neurology.

As of the Latest Practicable Date, Juno directly held 70,231,140 Shares, representing approximately 17.07% of the equity interests in the Company, and therefore Juno is one of the Substantial Shareholders and a connected person of the Company as defined under the Listing Rules.

IMPLICATIONS UNDER THE LISTING RULES

Juno is one of the Substantial Shareholders and therefore a connected person of the Company under Chapter 14A of the Listing Rules. As a result, the transactions contemplated under the Vector Supply Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the annual caps proposed above exceeds 5%, the transactions contemplated by the Vector Supply Agreement are subject to the reporting, announcement and shareholder approval requirements under Chapter 14A of the Listing Rules.

Juno and its associates are required to abstain from voting on the resolutions in respect of the Vector Supply Agreement and the transactions contemplated thereunder at the EGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for Juno, none of the Shareholders has any material interest in the transactions contemplated under the Vector Supply Agreement, and therefore, no other Shareholder is required to abstain from voting at the EGM in respect of the resolutions approving the Vector Supply Agreement and the transactions contemplated thereunder.

As the transactions contemplated under the Vector Supply Agreement are subject to the terms and conditions thereunder, such transaction may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An independent board committee comprising the existing independent non-executive Directors will be established to advise the Independent Shareholders on the Vector Supply Agreement and the transactions contemplated thereunder. None of the members of the Independent Board Committee has any material interest in the Vector Supply Agreement. A letter from the Independent Board Committee is set out on pages 25 to 26 in this circular. Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on Vector Supply Agreement and the transactions contemplated thereunder. A letter from the Independent Financial Adviser is set out on pages 27 to 47 of this circular.

EGM

The EGM originally scheduled to be convened and held on June 12, 2023 as set out in the Announcement will be postponed to June 26, 2023 for the Independent Shareholders to consider and, if thought fit, to approve Vector Supply Agreement and the transactions contemplated thereunder.

A notice convening the EGM to be held at 9:00 a.m. on June 26, 2023 at Show Room, 5F, Building B, No. 699 Zhong Ke Road, Pudong New District, Shanghai, China is set out on pages 54 to 55 of this circular for the purpose of considering and, if thought fit, passing the resolutions as set out therein.

A form of proxy for use by the Shareholders at the EGM is enclosed herewith. Whether or not you are able to attend and vote at the EGM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to

the share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e., at or before 9:00 a.m. on June 24, 2023), or any adjourned meeting thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof (as the case may be) should you so wish.

Pursuant to the Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the Company will procure that the chairman of the EGM shall demand voting on the resolutions set out in the notice of EGM be taken by way of poll.

CHANGE OF BOOK CLOSURE PERIOD

Due to the postponement of the EGM, the closure period of the register of members of the Company for ascertaining Shareholders' entitlement to attend and vote at the EGM will be changed to a period from Friday, June 23, 2023 to Monday, June 26, 2023 (both days inclusive), during which period no share transfers will be registered. To be eligible to attend the EGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, June 21, 2023.

RECOMMENDATION

After taking into account the reasons and benefits of the Vector Supply Agreement, the Directors, including the independent non-executive Directors, are of the view that the terms of the Vector Supply Agreement are on normal commercial terms, fair and reasonable, in the ordinary and usual course of business of the Company, and in the interests of the Company and the Shareholders as a whole. As such, the Board is of the view that there is no material disadvantage of entering into the Vector Supply Agreement. Accordingly, the Directors recommend the Independent Shareholders to vote in favor of the ordinary resolution to be proposed at the EGM to approve the entering into of the Vector Supply Agreement and the transactions contemplated thereunder. Your attention is also drawn to the letter from the Independent Board Committee as set out on pages 25 to 26 of this circular which contains the recommendation from the Independent Board Committee to the Independent Shareholders and the letter from the Independent Financial Adviser as set out on pages 27 to 47 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

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

* *For identification purpose only*

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)

June 9, 2023

To the Independent Shareholders

CONTINUING CONNECTED TRANSACTION IN RELATION TO VECTOR SUPPLY AGREEMENT AND NOTICE OF EXTRAORDINARY GENERAL MEETING

We refer to the circular of the Company dated June 9, 2023 (the "**Circular**") of which this letter forms a part. Unless otherwise defined, capitalized terms used in this letter shall have the same meanings as those defined in the Circular.

We have been appointed by the Board as members of the Independent Board Committee to advise the Independent Shareholders in respect of the Vector Supply Agreement. Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board on pages 6 to 24 of the Circular, which sets out details of the Vector Supply Agreement. We also wish to draw your attention to the letter from the Independent Financial Adviser set out on pages 27 to 47 of the Circular, which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the Vector Supply Agreement and the transaction contemplated thereunder.

Having considered the reasons for and benefits of the entering into the Vector Supply Agreement and the advice of the Independent Financial Adviser, we consider that the matters in relation to the Vector Supply Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, in the ordinary and usual course of business of the Company, and in the interests of the Company and the Shareholders as a whole. Accordingly, we

recommend the Independent Shareholders to vote in favor of the ordinary resolution to approve the Vector Supply Agreement and the transaction contemplated thereunder, particulars of which are set out in the notice of EGM set out on pages 54 to 55 of this Circular.

Yours faithfully
For and on behalf of the Independent Board Committee
Dr. Debra Yu
Mr. Yiu Leung Andy Cheung
Mr. Kin Cheong Kelvin Ho
Independent non-executive Directors

* *For identification purpose only*

The following is the text of a letter of advice from Somerley Capital Limited prepared for the purpose of inclusion in this circular, setting out its advice to the Independent Shareholders in respect of the Vector Supply Agreement.

SOMERLEY CAPITAL LIMITED
20th Floor
China Building
29 Queen's Road Central
Hong Kong

9 June 2023

To: The Independent Board Committee and the Independent Shareholders

Dear Sirs or Madam,

CONTINUING CONNECTED TRANSACTION IN RELATION TO VECTOR SUPPLY AGREEMENT

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and Independent Shareholders in connection with the Vector Supply Agreement and the proposed annual caps (the "**Transactions**"). Details of the Transactions are set out in the letter from the Board contained in the circular of the Company (the "**Circular**") to its shareholders dated 9 June 2023, of which this letter form part. Unless otherwise defined, terms used in this letter shall have the same meanings as those defined in the Circular.

On 19 May 2023 (Eastern Time) (being 20 May 2023 Hong Kong time), the Company entered into the Vector Supply Agreement with Juno where Juno undertakes to use, or to ensure that, with prior written notice to Company, a third party manufacturer acting on Juno's behalf shall use, commercially reasonable efforts to manufacture the Vector in accordance with the terms and conditions of the Vector Supply Agreement and any applicable project plan (as amended by any applicable change order) for the Company's use in connection with the ongoing commercialisation and further clinical development of Carteyva®.

As at the Latest Practicable Date, Juno, being one of the substantial Shareholders holding 17.07% of the equity interests in the Company, is therefore a connected person of the Company under Chapter 14A of the Listing Rules. As a result, the transactions contemplated under the Vector Supply Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the annual caps proposed above exceeds 5%, the transactions contemplated by the Vector Supply Agreement are subject to the reporting, announcement and shareholder approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Yiu Leung Andy Cheung and Mr. Kin Cheong Kelvin Ho and Dr. Debra Yu, has been established to advise the Independent Shareholders on the Vector Supply Agreement and transactions contemplated thereunder. We, Somerley Capital Limited, have been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Transactions. Details of the Transactions are set out in the Circular.

We are not associated or connected with the Company, Juno or their respective substantial shareholders or associates and, accordingly, are considered eligible to give independent advice on the Transactions. Apart from normal professional fees payable by the Company to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, Juno or their respective substantial shareholders or associates. In the two years prior to this appointment, we did not have other engagement with the Company or its associates except for having been the independent financial adviser to the Company relating to the license and collaboration agreement entered into between the Company and Juno, details of which were set out in the Company's circular dated 30 December 2022. We do not consider the past engagement as independent financial adviser gives rise to any conflict for Somerley Capital Limited to act as the independent financial adviser for the Transactions. Accordingly, we are independent from the Company and Juno for the purpose of Rule 13.84 of the Listing Rules and are considered eligible to give independent advice on the Transactions. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, Juno or their respective core connected persons or associates.

In formulating our advice and recommendation, we have reviewed information on the Company, including but not limited to, the Vector Supply Agreement, the Prospectus, annual reports of the Company for the year ended 31 December 2021 ("**FY2021**") (the "**2021 Annual Report**") and annual report for the year ended 31 December 2022 ("**FY2022**") (the "**2022 Annual Report**") and other information contained in the Circular.

In addition, we have relied on the information and facts supplied, and the opinions expressed by the Directors and management of the Company (collectively, the "**Management**"), which we have assumed to be true, accurate and complete in all material aspects at the time they were made and will remain true, accurate and complete in all material aspects up to the date of the general meeting. We have also sought and received confirmation from the Company that no material facts have been omitted from the information supplied by them and that their opinions expressed to us are not misleading in any material respect. We consider that the information we have received is sufficient for us to formulate our opinion and recommendation as set out in this letter and have no reason to believe that any material information has been omitted or withheld, nor to doubt the truth or accuracy or completeness of the information provided to us. We have not, however, conducted any independent investigation into the businesses and affairs of the Group or Juno, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regard to the Transactions, we have considered the following principal factors and reasons:

1. Information on the Group

1.1 Background information of the Group

As disclosed in the letter from the Board set out in the Circular, the Company is an independent innovative biotechnology company focused on developing, manufacturing and commercialising cell immunotherapy products. Since the Company's founding in 2016, the Company has built an integrated platform for product development in cell immunotherapy, as well as product pipeline covering hematologic malignancies, solid tumors, and autoimmune diseases. The Company is committed to bringing breakthrough and quality cell immunotherapy products and the hope of a cure to patients in China and beyond, and leading the healthy and standardized development of China's cell immunotherapy industry.

The Company's lead product is Carteyva® (relmacabtagene autoleucel (the "**relma-cel**")) which is a potential superior anti-CD19 chimeric antigen receptor T-cell (the "**CAR-T**") therapy intended for the treatment of a range of hematological cancers. The successful approval of Carteyva® by the National Medical Products Administration of China in 2021 and the establishment of the commercialisation team marked another major milestone on the Company's journey, as it made the transition from the clinical development stage into commercialisation stage and confirmed its status as a leading cell therapy company in China. For more information, please visit **www.jwtherapeutics.com**.

1.2 Financial performance of the Group

Set out below is key financial information on the Group as extracted from the consolidated income statement for the financial year ended 31 December 2020 ("**FY2020**"), FY2021 and FY2022, details of which are set out in the 2021 Annual Report and 2022 Annual Report.

	Financial years ended 31 December		
	2022	**2021**	**2020**
	(Audited)	**(Audited)**	**(Audited)**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	145,702	30,797	—
Cost of sales	(86,946)	(21,752)	—
Gross profit	58,756	9,045	—
Other income	23,380	6,444	1,322
Other (losses)/gains, net	(159,561)	12,075	27,617
Selling expenses	(190,877)	(170,732)	(13,268)
General and administrative expenses	(179,763)	(201,518)	(231,294)
Research and development expenses	(407,818)	(414,397)	(225,215)
Operating Loss	**(855,883)**	**(759,083)**	**(440,838)**
Finance income, net	9,748	5,604	2,671
Fair values loss of preferred shares	—	—	(1,190,797)
Fair values gain/(loss) of warrants	—	51,151	(34,839)
Loss before income tax	**(846,135)**	**(702,328)**	**(1,663,803)**
Income tax expense	—	—	—
Loss for the year attributable to equity holders of the Company	**(846,135)**	**(702,328)**	**(1,663,803)**

Revenue and cost of sales

Revenue of the Group was recorded with significant improvement over the past three consecutive financial years between FY2020 and FY2022. Although the Group did not record any revenue in FY2020, during FY2021, it generated its first revenue of approximately RMB30.8 million attributable to the commencement of commercialisation of Carteyva® as a third-line treatment for relapsed or refractory LBCL in the last four months of 2021. Revenue further drove up to approximately RMB145.7 million in FY2022 primarily attributable to the sales of Carteyva®.

Cost of sales, which primarily consists of raw material costs, staff costs, depreciation and amortization, manufacturing overhead and others was approximately RMB21.8 million in FY2021. The Company disclosed in its 2021 Annual Report that it expected the gross profit margin, at around 29.4% in FY2021, to grow continuously in the second half of 2022 with the implementation of its cost reduction plan and more patients to be treated with Carteyva®. During FY2022, cost of sales increased to approximately RMB86.9 million with the gross profit margin improved significantly to around 40.3% primarily attributable to the implementation of cost reduction plan and more patients treated.

Operating losses

The Group reported an operating loss of approximately RMB759.1 million in FY2021, which was an increase from the operating loss of around RMB440.8 million in FY2020 mainly due to (i) increases in selling expenses from approximately RMB13.3 million in FY2020 to approximately RMB170.7 million in FY2021 as a result of the increase in promotion fees and commercial activities carried out to support the commercialisation of Carteyva®; and (ii) increase in research and development expenses. Operating loss of approximately RMB855.9 million was recorded in FY2022 and the increase was primarily due to net other losses amounted to approximately RMB159.6 million in FY2022 as compared to net other gains of approximately RMB12.1 million in FY2021 primarily resulted from net foreign exchange loss; and this effect was partially offset by: (i) the increased revenue and gross profit; and (ii) the increased other income from government subsidies and net finance income, in FY2022.

Loss before income tax

The Group has been recording significant financial performance improvement amid its loss-making situation for the past three consecutive financial years.

Loss attributable to equity holders of the Company narrowed to approximately RMB702.3 million in FY2021 as compared with FY2020 mainly due to the net effect from (i) the increase in gross profit in FY2021 for reasons discussed above; (ii) the de-recognition of fair value loss of preferred shares as a result of the listing of the Company's shares on the Stock Exchange in 2020; (iii) the de-recognition of warrants of upfront payment due to the decision made by BMS to discontinue clinical development of orvacabtagene autoleucel; and (iv) increase in research and development expenses. Loss attributable to equity holders of the Company increased to approximately RMB846.1 million in FY2022 which was primarily due to higher operating loss incurred during the year.

2. Information on Juno

Juno is a biotechnology company incorporated in Delaware, the U.S.. It is a wholly-owned subsidiary of Celgene, which is in turn wholly-owned by BMS, a U.S. multinational company listed on the New York stock exchange in the U.S. (NYSE: BMY) in 1929 as Bristol-Myers, which later merged with ER Squibb & Sons and became one of the world's largest pharmaceutical companies with a market capitalisation of approximately US$136.9 billion as of the Latest Practicable Date. Juno focuses on developing innovative cellular immunotherapies for the treatment of cancer. As of the Latest Practicable Date, Juno directly held approximately 17.07% equity interests in the Company, therefore, Juno is one of the substantial Shareholders and a connected person of the Company as defined under the Listing Rules.

BMS is engaged in the discovery, development, licensing, manufacturing, marketing, distribution and sale of biopharmaceutical products on a global basis. Its principal strategy is to combine the resources, scale and capability of a pharmaceutical company with the speed and focus on innovation of the biotech industry. Its focus as a biopharmaceutical company is on discovering, developing and delivering transformational medicines for patients facing serious diseases in areas such as oncology (both solid tumors and hematology), immunology, cardiovascular and neurology.

According to the annual report of BMS for FY2022, it recorded total revenue of approximately US$46.2 billion in FY2022, which is remained strong comparing with the total revenue of approximately US$46.4 billion in FY2021. BMS also invested heavily in the R&D in its pipeline with approximately US$9.5 billion spent during FY2022 and its equity attributable to shareholders of the company being approximately US$31.1 billion as at 31 December 2022. Further to the launch of 9 new products between the second half of 2019 and at the end of 2022, the existing pipelines of BMS involves 6 high potential mid-late stage registrational assets and more than 50 early-stage assets, demonstrating its strong and leading position in the field.

3. Background of and reasons for the Transactions

As disclosed in the letter from the Board in the Circular, the Company's lead product, Carteyva®, is an autologous CAR-T cell immunotherapy product directed at a tumor antigen called CD-19, which is a cell surface protein expressed on the surface of nearly all B cell leukemias and lymphomas. Carteyva® was independently developed by the Company based on a CAR construct that the Company in-licensed from Juno pursuant to the License and Strategic Alliance Agreement. Juno's product based on that same CAR construct, Breyanzi®, was approved by the U.S. FDA as a third-line treatment for LBCL in February 2021 and as a second-line treatment for LBCL in June 2022.

As disclosed in the letter from the Board in the Circular, in September 2021, the NMPA approved the Company's NDA with respect to Carteyva® as a treatment for adult patients with r/r LBCL after two or more lines of systemic therapy, and in October 2022 the NMPA approved the Company's sNDA with respect to Carteyva® as a treatment for adult patients with FL that is refractory or relapses within 24 months after second-line or above systemic treatment.

During FY2021, the Company generated revenue of approximately RMB30.8 million in 2021, all of which was generated from sales of Carteyva® as a third-line treatment for LBCL after receipt of NMPA approval in September 2021. During FY2022, the Company generated revenue of approximately RMB145.7 million, primarily from sales of Carteyva® as a third-line treatment for LBCL. Based on the prevalence of LBCL and FL in China, the efficacy of currently approved first- and second-line treatments for these indications and the efficacy and safety profile of Carteyva® relative to other approved treatments for these indications, the Company anticipates significant revenue growth in the years ending 31 December 2023, 2024 and 2025 from commercial sales of Carteyva® as a third-line treatment for both LBCL and FL.

In addition, the Company is currently engaged in clinical development of Carteyva® as a treatment for several other indications including but not limited to, third-line treatments for MCL and ALL, second-line treatment for LBCL and treatment for SLE, that have substantial commercial potential. Please refer to the section headed "Commercial and clinical manufacturing of relma-cel" in the Circular for further details.

To support clinical development of Carteyva® for these additional indications on schedule during the years ending 31 December 2023, 2024 and 2025, with the goal of obtaining NMPA approval of sNDAs relating to these indications as soon as possible, the Company must also engage in continuous clinical manufacturing of Carteyva®. Moreover, we understand the Company currently anticipates that sNDAs relating to one or more of these additional indications will be approved by the NMPA prior to 31 December 2025, which would give rise to a need for an even higher volume of commercial manufacturing of Carteyva®.

We have discussed with the Company and as stated in the letter from the Board in the Circular, that an appropriate viral vector is a central and indispensable factor in the process whereby a CAR-T therapy such as Carteyva® is manufactured, whether for commercial sale or for clinical use. As also understood from the Company, manufacturing of viral vector, in turn, is a highly advanced biotechnological process involving the transfer of gene sequences for the relevant CAR construct into the viral DNA using plasmids. We understand the Company would be effectively required at present to purchase such Vector from Juno, given that Juno is the owner of the proprietary CAR construct and technology which are used for the development and manufacturing of Carteyva® and has repeatedly demonstrated its ability to provide Vector that could meet the quality requirements and other specifications specified by the Company for clinical

development and commercialisation of Carteyva® at a reasonable price. Furthermore, as at the Latest Practicable Date, it is our understanding that Juno has not authorized any third parties to undertake the comprehensive manufacturing process (including production and quality control) relating to the Vector. Accordingly, and as disclosed in the letter from the Board in the Circular, ever since the Company commenced clinical development of Carteyva® in June 2018, the Company has purchased from Juno the Vector that it requires for the manufacturing of Carteyva®.

The current purchases of Vector used for the manufacturing and continuous clinical development of Carteyva® have been made pursuant to the Existing Vector Supply Agreement. For the reasons outlined above, in particular, (i) Carteyva® is currently the only revenue-generating product of the Company; (ii) it is crucial for the Company to enter into the Vector Supply Agreement in order to replace the Existing Vector Supply Agreement, which is scheduled to expire on 28 June 2023, to ensure the continuation of the further clinical development and commercial manufacturing of Carteyva®; (iii) the Company is of the view that procuring the Vector from Juno which has repeatedly demonstrated its ability to provide the Vector that meets the quality requirements and other specifications of the Company for clinical development and commercialisation of Carteyva®, is appropriate and in the interests of the Company and the Shareholders as a whole; and (iv) there are no alternative independent suppliers for the same Vector as at the Latest Practicable Date, we would concur that the entering into of the Vector Supply Agreement is in the interests of the Company and the Shareholders as a whole.

4. Terms of the Vector Supply Agreement

Term	:	The Vector Supply Agreement will take effect as of the Effective Date and will expire on the later of (a) December 31, 2025 or (b) the completion of activities under all project plans executed by the parties prior to December 31, 2025. The Company confirms that pursuant to the terms of the Vector Supply Agreement, activities under the Vector Supply Agreement will be completed prior to December 31, 2025.

Manufacturing	:	In the Vector Supply Agreement, Juno undertakes to use, or to ensure that, with prior written notice to Company, a third party manufacturer acting on Juno's behalf shall use, commercially reasonable efforts to manufacture Vector in accordance with the terms and conditions of the Vector Supply Agreement and any applicable project plan (as amended by any applicable change order) for the Company's use in connection with the ongoing commercialisation and further clinical development of Carteyva®.
Quantity of Vector to be Purchased	:	The quantity of Vector to be purchased by the Company during the term is not fixed at the outset of the term. Rather, the quantity of Vector to be purchased by the Company during the term will be determined by the parties on the basis of quarterly rolling forecasts of the Company's requirements for Vector. Juno shall have no obligation to manufacture or deliver more batches of Vector in any quarter, or more batches of Vector in any consecutive twelve (12)-month period than are reasonably necessary for Company to continue clinical development of Carteyva® as contemplated as of the Effective Date and for commercialisation of Carteyva® as contemplated by the parties pursuant to the License and Strategic Alliance Agreement.
Price of Vector	:	The price to be paid to Juno by the Company during the term for each batch of Vector is not fixed at the outset of the term. Rather, the cost for each batch of Vector shall be determined based on a cost-plus basis reflecting principally (i) the relevant costs incurred by Juno for such Vector which Juno from time to time determines to charge to the Company, up to Juno's fully loaded costs, including the normal manufacturing costs of Juno and its third party manufacturers with respect to such Vector, taking into account quality requirements and other specifications mutually agreed by the parties (the "**Costs**"), and (ii) a profit mark-up, with a view to generating an arm's-length return for Juno over the three year term of the Vector Supply Agreement. The actual price for each batch of Vector shall be set forth in the applicable project plan.

Shipping	:	Unless otherwise set forth in a project plan, the shipping terms for all shipments of Vector from Juno to Company under the Vector Supply Agreement shall be CIP (Port of Arrival) (Incoterms 2020). Notwithstanding anything to the contrary in the Vector Supply Agreement, from the time Juno passes the Vector to the carrier for pick up at Juno's designated storage facility, the Company shall bear all risk of loss and assume all risk and responsibility for handling, storing, loading and shipping all such Vector and Juno shall not be responsible for Vector in transit or customs delays, or third party storage and handling. All shipping costs and expenses paid by Juno shall be reimbursed to Juno by the Company, as applicable. The destination for each batch of Vector shall be designated by the Company in writing to Juno. Juno will use commercially reasonable efforts to ensure that each Batch will be available for pick up by the Company or its designated carrier (a) on the agreed shipping date; and (b) in accordance with the instructions for shipping and packaging specified by the Company in the applicable project plan or as otherwise agreed to by the parties in writing.
Other terms	:	The Vector Supply Agreement also contains customary terms with respect to matters such as subcontracting, delays, record and sample retention, regulatory issues, testing and acceptance, dispute resolution, remedies for non-compliance, invoicing, payment, taxes, indemnification and representations and warranties.

As discussed in the section above headed "3. Background of and reasons for the Transactions", the Vector used by the Company for continual clinical development and manufacturing of Carteyva® can only be purchased from Juno as at the Latest Practicable Date. We are also given to understand that other than the Vector, the Group has not purchased other viral vector that is considered as comparable to the Vector from Juno or independent third parties and as such, there is also no meaningful indicative or referencing terms, including pricing terms and market price for the Vector.

We note that, as disclosed in the Circular, prices charged by Juno for the Vector comprise (a) the Costs incurred by Juno for the Vector, and (b) a profit mark-up charged by Juno determined in accordance with the terms of the Vector Supply Agreement (which the Company, based on its best

knowledge, information and belief as of the date hereof, estimates that it will not exceed 15% of the Costs over the term of the Vector Supply Agreement) (the "**Margin**", together with the Costs, the "**Vector Price**").

Costs

As provided by the Company, the Costs are the actual purchase cost of the vectors acquired by Juno from independent third parties and further processing costs incurred by Juno in relation to the Vector. We have discussed and understand from Management that the Company reserves the right to request Juno to provide additional documentation to substantiate the Juno's calculation of and financial records of the invoiced Vector Price, including the procurement cost and the manufacturing cost portions of the Vector Price charged. If difference is noted, upon the verification from the audit, such difference shall be promptly settled by the responsible party (i.e. if such cost is overcharged by Juno, Juno would promptly pay the difference to the Company, vice versa).

Margin

As discussed above, in the absence of similar vector supply transactions between the Company and independent third parties, we consider that a comparison between the Margin and the segment profit margins of vector suppliers in the market could provide a meaningful reference for our assessment on the fairness and reasonableness of the Margin.

In this regard, we have firstly conducted market research and noted,on a best effort basis, two companies listed on the Hong Kong Stock Exchange which are engaged in, amongst others, the development of viral vector with a relevant reportable segment involving vectors supply (the "**HK Comparable Business(es)**") for comparison purposes.

In addition, given Juno is an U.S. incorporated pharmaceutical company, we have also researched, on a best effort basis, companies listed on the U.S. stock market whose businesses include vector supply and/or manufacturing business with necessary/relevant segment financial information available in their respective annual reports (the "**U.S. Comparable Business(es)**"). Details of the HK Comparable Businesses and U.S. Comparable Businesses are set out below:

Company Name	Stock Code	Segment margins (Note 1) 2022	2021	2020
HK Comparable Businesses				
Genscript Biotech Corporation	1548.HK	34.3%	31.4%	24.5%
WuXi AppTec Co., Ltd.* ("**WuXi Apptec**")	2359.HK	-8.1% *(Note 2)*	-2.1% *(Note 2)*	14.0% *(Note 2)*
U.S. Comparable Businesses				
Thermo Fisher Scientific Corporation ("**Thermo Fisher**")	NYSE: TMO	12.8%	12.4%	10.4%
Charles River Laboratories ("**Charles River**")	NYSE: CRL	21.2%	33.2%	35.2%
Catalent, Inc. ("**Catalent**")	NYSE: CTLT	31.3%	31.5%	23.2%

* *For identification purpose only*

Notes:

(1) The segment margins for the two HK Comparable Businesses were segment gross profit margins as disclosed in their respective latest annual reports. Based on the respective latest annual reports, the segment margin for (i) Thermo Fisher was presented as segment income margin (ii) Charles River was presented as segment operating income margin; and (iii) Catalent was presented as segment earnings before interest, tax, depreciation and amortisation.

(2) WuXi Apptec reported gross profit margins of -2.1% and -8.1% for FY2021 and FY2022 respectively. Based on the disclosures in its annual report for year ended 31 December 2021, the negative gross profit margin for FY2021 was due to project delays and impact of the COVID-19 pandemic in the U.S. and based on the disclosures in its annual report for year ended 31 December 2022, the negative gross profit margin for FY2022 was due to the under-utilisation of capacities of its newly built Shanghai Lingang site.

As shown in the table above, we note that the average of the HK Comparable Businesses' segment gross profit margins were approximately 19.3%, 14.7% and 13.1% for each of FY2020, FY2021 and FY2022, respectively, which are comparable to the Margin. As regard the U.S. Comparable Businesses, we noted from our review of their annual reports that their vector supply business normally forms part of a larger segment, and there are differences between how the U.S. Comparable Businesses report and present their segmental results (for example some of the U.S. Comparable Businesses reports a segment operating income whereas certain other U.S. Comparable Business refers to a similar concept as segment earnings before interest, tax, depreciation and amortisation). Notwithstanding the differences, we consider it still meaningful to refer to the U.S. Comparable Businesses and their respective segment margins (the "**U.S.**

Comparable Margins") in considering the fairness and reasonableness of the Margin because the financial information published by the U.S. Comparable Businesses is still able to shed light on an overview of market performances of similar businesses. In this respect we noted that, the range of the U.S. Comparable Margins as disclosed and extracted from the U.S. Comparable Businesses' annual reports for FY2020, FY2021 and FY2022 were approximately 10.4% to 35.2%, 12.4% to 33.2% and 12.8% to 31.3% respectively. As such, the Margin is not unreasonable and we consider it not without basis.

In addition to the above, we have also reviewed the internal pricing and procedures as discussed under the section headed "6. Internal control measures" below, further to the rights of the Company to request Juno to provide documentation to substantiate the Juno's calculation of and financial records of the invoiced Vector Price, regular monitoring and assessment by different departments on the Vector Supply Agreement would be conducted to ensure the Transactions are on normal commercial terms. In this respect, as part of our due diligence exercise, we have also examined other independent information by reviewing the letters issued by the auditors of the Company (the "**Auditors**") addressed to the Board for each of the past three years and note that the Auditors had performed procedures in accordance with Hong Kong Standard on Assurance Engagements 3000 and with reference to Practice Note 740 and confirmed that they are satisfied that nothing had come to their attention that causes them to believe the continuing connected transactions conducted were not entered into, in all material respects, in accordance with the relevant agreements governing the continuing connected transactions. Additionally, we have also interviewed representatives of the Company's internal audit, legal and finance departments responsible for the review of transactions entered into pursuant to the Existing Vector Supply Agreement and based on our discussions, we understand that the relevant staff members of the departments are aware of the internal approval and control procedures relating to transactions entered into under the Existing Vector Supply Agreement and the Vector Supply Agreement and have been complying and will continue to comply with the procedures. We have further obtained sample approval documents and noted that the applicable procedures were adhered to.

Having considered all the above factors, we are of the view that the terms of the Vector Supply Agreement are on normal commercial terms and are fair and reasonable.

5. Historical amounts and proposed annual caps

As disclosed in the Prospectus, for FY2020, FY2021 and FY2022 and the period from January 1, 2023 up to the Latest Practicable Date, the total amount paid by the Group to Juno under the Existing Vector Supply Agreement was approximately RMB3.1 million (equivalent to approximately US$0.5 million), approximately RMB9.0 million (equivalent to approximately US$1.4 million), approximately RMB14.6 million (equivalent to approximately US$2.2 million)

and nil, respectively. The aggregate annual amount paid by the Group to Juno under the Existing Vector Supply Agreements for FY2020, FY2021 and FY2022 did not exceed the annual caps as disclosed in the Prospectus.

As disclosed in the letter from the Board in the Circular, for the period commencing from the Effective Date and ending on 31 December 2023 ("**FY2023**"), the total amount payable by the Company to Juno under the Vector Supply Agreement is expected not to exceed approximately RMB76.8 million (equivalent to approximately US$11.0 million). For the two years ending on 31 December 2024 ("**FY2024**") and 2025 ("**FY2025**"), the total amount payable by the Company to Juno under the Vector Supply Agreement is expected not to exceed approximately RMB137.6 million (equivalent to approximately US$19.8 million) and approximately RMB220.1 million (equivalent to approximately US$31.6 million), respectively.

As discussed in the letter from the Board of the Circular, in determining the annual caps, the Company has considered the following principal factors:

(i) The historical amounts payable by the Company to Juno in FY2020, FY2021 and FY2022 in connection with the purchase of Vector for the manufacturing of Carteyva® a) for use in clinical trials and b) commencing upon receipt of NMPA approval of the Company's NDA relating to Carteyva® as a third-line treatment for LBCL, for use commercially in the treatment of patients;

(ii) The quantity of Vector that the Company expects to require for both commercial manufacturing and clinical manufacturing in FY2023, FY2024 and FY2025 in a reasonable best case scenario, in light of a) anticipated growth in sales of Carteyva® for indications currently approved by the NMPA (i.e., third-line treatment for both LBCL and FL), b) anticipated approval by the NMPA of sNDAs relating to additional indications for Carteyva® (such as third-line treatment for MCL and ALL, second-line treatment for LBCL, and treatment for SLE) and the incremental increase in manufacturing requirements that would be associated with commercial manufacturing of Carteyva® for such indications, and c) manufacturing requirements related to ongoing clinical trials of Carteyva®; and

(iii) The Company's best estimate as of the date of this circular concerning the price per batch of Vector that will prevail from time to time throughout the Term as determined in accordance with the terms of the Vector Supply Agreement, reflecting principally (a) the Costs, and (b) the Margin (which the Company, based on its best knowledge, information and belief as of the date hereof, estimates that it will not exceed of 15% of the Costs over the term of the Vector Supply Agreement). Quality requirements for a given batch of Vector, in turn, depend on whether such Vector will be used for

commercial manufacturing or clinical manufacturing. GMP grade viral vectors are required for commercial manufacturing and are more costly than the non-GMP grade viral vectors that are used for clinical manufacturing, due to lower production yield as a result of GMP QC testing and sample retention requirements, additional costs for GMP qualification and maintenance, as well as additional costs for securing capacity and supply with qualified suppliers. The Company expects that the quantity of GMP grade viral vector for commercialisation purpose required in 2023, 2024 and 2025 will continue to grow in light of the substantial demand demonstrated in 2022 and the Group's intention to advance Carteyva® for treatment of a wider spectrum of indications.

To ensure that the profit mark-up to be charged by Juno under the Vector Supply Agreement will not exceed 15% of the Costs over the term of the Vector Supply Agreement, the Company has adopted internal control measures as disclosed under the section headed "6. Internal control measures" below. In the event that the Company expects the profit mark-up to be charged by Juno will exceed 15% of the Costs, the Company undertakes to re-comply with the announcement and shareholders' approval requirements before placing a new purchase order with Juno pursuant to the Vector Supply Agreement, even if the annual cap for the relevant financial year has not been exceeded.

In assessing the fairness and reasonableness of the proposed annual caps for FY2023, FY2024 and FY2025, we have reviewed the calculations provided by the Company in determining the annual caps for FY2023, FY2024 and FY2025 and considered the factors provided by the Company, in particular:

Utilisation and quantity of Vector

We note the annual cap for FY2023 of approximately RMB76.8 million (equivalent to approximately US$11.0 million) represents a growth rate of approximately 426.0% as compared to the actual transacted amount for FY2022. As disclosed in the letter from the Board in the Circular, the total amount payable by the Company for Vector in FY2022 was significantly lower than the announced cap for that year, primarily because, among others, NMPA approval of Carteyva® as a third-line treatment for r/r LBCL was not received until September 2021, somewhat later than that had been expected at the time of the Listing, such that sales of Carteyva® as a third-line treatment for LBCL ramped up somewhat later than that was expected at the time of the Listing.

We have discussed with the Company and understand that demand for Vector is directly related to the dispatch/production of Carteyva®. The low rate of utilisation regarding the annual cap for FY2022 was partially caused by the disturbance from the COVID-19 pandemic with effects

on: (a) the Company's manufacturing plans and schedules; and (b) the timing of various steps in the Company's operations such as patient enrollment in clinical trials, recruitment of commercial patients, patient infusion, procurement of raw material and delivery of finished products. Regarding the annual cap for FY2021, since the approval for Carteyva® was not received until the last quarter of 2021, the utilisation of the annual cap for FY2021 was also lower than expected.

As disclosed in the letter from the Board in the Circular, the proposed annual caps for FY2023, FY2024 and FY2025 have been determined after taking into account, amongst others, the quantity of Vector that the Company expects to require for both commercial manufacturing and clinical manufacturing in FY2023, FY2024 and FY2025 in a reasonable best case scenario, in light of (a) anticipated growth in sales of Carteyva® for indications currently approved by the NMPA (i.e., third-line treatment for both LBCL and FL), (b) anticipated approval by the NMPA of sNDAs relating to additional indications for Carteyva® (such as MCL, ALL and LBCL) and the incremental increase in manufacturing requirements that would be associated with commercial manufacturing of Carteyva® for such indications, and (c) manufacturing requirements related to ongoing clinical trials of Carteyva®.

As regard the anticipated growth in sales of Carteyva® for indications currently approved by the NMPA (i.e., third-line treatment for both LBCL and FL), we have considered that (i) revenue of the Group has demonstrated a remarkable growth by around 373.1% in FY2022 since the commencement of commercialisation of Carteyva® as a third-line treatment for relapsed or refractory LBCL; (ii) historical transacted amounts with Juno pursuant to the Existing Vector Supply Agreement have demonstrated notable year-on-year growth of approximately 190.3% in 2021 and approximately 62.2% in 2022, with an average growth of approximately 126.3% (the "**Average Historical Growth Rate**"); and (iii) the Company expects that the NMPA would be more permissive on the production capacity approval in the next 3 years as evidenced by the gradual increment in production capacity granted by the NMPA to the Company over the past 2 years. Based on the above, we concur with the Company that the assumed growth in sales of Carteyva® for indications currently approved by the NMPA is justifiable.

In addition to the above, we note that the quantity of Vector demanded is also expected to increase in relation to the clinical use of Vector, as mentioned in the Circular, since additional indications for Carteyva® including but not limited to third-line treatments for MCL and ALL, second-line treatment for LBCL and treatment for SLE on top of ongoing clinical trials of Carteyva®, are expected to be developed in the next 3 years with corresponding clinical testing required. The Company has planned numbers of patients required for each test based on its prior product development experience. In this regard, we have reviewed the development plan and understand that the numbers of patients assigned, and in turn, the quantity of Vector required, to

each indication for testing purpose are in line with its prior products development. In this regard, we concur with the Management that such amount of Vector required for the next 3 years as assumed in arriving at the annual caps are not unreasonable.

The expected Vector Price

In determining the annual caps for FY2023, FY2024 and FY2025, the Company has also considered the expected Vector Price and assumed that there is a price increase which is predominately attributable to the expected increase in cost of Vector acquired by Juno from independent third parties. As provided by the Company, such assumption was adopted after enquiring Juno who has received indications from its independent third-party supplier(s). We have discussed and was given to understand that these increases in procurement cost on Juno by third party manufacturers will be directly passed on to the Company. We note that rising production costs could possibly be resulting from factors such as prevailing high inflation rate and rising labour costs. For example, in the United States, the annual inflation rate in the US had once reached 9.1% in June 2022 and was still maintained at around 4.9% in April 2023. It was also reported by US Bureau of Economic Analysis that wages in the US have increased 7.04% in March 2023 over the same month in the previous year. Against such backdrop, and given the proposed increment is provided by independent third party suppliers of Juno, and such increased procurement cost will also be passed onto the Group by Juno, we consider this assumption of price increase in arriving at the proposed annual caps to be not unreasonable. We have also been confirmed that the Vector Price implied by the Margin used for the calculation of annual caps for the coming three years is with reference to the Vector Supply Agreement. As regard the expected increase in Vector Price in the future, with references to the 2022 Annual Report, we understand the Company has been putting into effect strategies to reduce total cost in a view to improve its gross profit margin.

In view of the above, in particular, considering the factors that (i) the NMPA approval of Carteyva® was not received until September 2021 and the previous effect of COVID-19 pandemic on the Company's manufacturing plans and operations; (ii) the Company expects that the NMPA would be more permissive on the production capacity approval in the next 3 years as demonstrated by the gradual increment in production capacity granted by the NMPA to the Company over the past 2 years; (iii) the expected upward adjustment in the Costs and therefore impacting the Vector Price; (iv) the Average Historical Growth Rate; and (v) the size of the Chinese CAR-T cell therapy market is expected to grow from RMB3.0 billion in 2023 to RMB5.3 billion in 2024 and further to RMB8.0 billion in 2025, which is roughly equivalent to an annual growth rate of approximately 63.8% according to the prospectus published in June 2021 by CARsgen Therapeutics Holdings Limited (stock code: 2171), which is a biopharmaceutical company with focus on innovative CAR-T cell therapies for treatment of haematological malignancies and solid tumours, we consider it not unreasonable to embed the slight decrement of approximately 14% in

the FY2023 annual cap comparing with the prior year's annual cap and the respective increment of approximately 79% and 60% in the FY2024 and FY2025 annual caps comparing with the respective prior years' annual caps.

6. Internal control measures

As disclosed in the letter from the Board in the Circular, the Company has established internal control measures to ensure that the continuing connected transactions contemplated under the Vector Supply Agreement are in accordance with the pricing policies and internal procedures adopted by the Group, and that the terms of the Vector Supply Agreement and price of the Vector provided by Juno are on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole. Such internal control policies include the following:

— The Company will designate a team to execute and ensure that the transactions contemplated by the Vector Supply Agreement are undertaken in accordance with the terms thereof;

— Dr. Yiping James Li, the Company's chief executive officer, will use his best endeavors to supervise the compliance with the terms of the Vector Supply Agreement and applicable Listing Rules requirements;

— The independent non-executive Directors, the internal audit team and the auditors of the Company will review the transactions in relation to the Vector Supply Agreement on an annual basis and confirm in the annual reports the matters set out in Rules 14A.55 and 14A.56 of the Listing Rules, respectively;

— The Company will perform the following measures and procedures to ensure that the prices of Vector set out in the project plans are in compliance with the pricing policy:

(i) All project plans will be reviewed by the Company's supply chain department to ensure that the prices of Vector set out in the project plans are in compliance with the pricing policy;

(ii) All changes in price of Vector will be presented to the legal department and finance department of the Company for approval. The chief financial officer and legal counsel of the Company will consider the changes from internal control perspective to ensure that any changes in price of Vector are in compliance with the pricing policy; and

(iii) If there is a 10% or more change in price of Vector, the management of the Company will notify the Board, including the independent non-executive Directors. If the Board is of the view that such change may not conform with the pricing policy, it will organize and carry out an assessment on whether the transactions are in accordance with the pricing policy, taking into account information on cost provided by Juno and the Company's own understanding of market rates. If deemed necessary, the Board will request the Company to exercise its inspection right to examine underlying cost records to ensure the pricing policy is being adhered to.

— In order to enable the Company to timely comply with the undertaking it made as set out in the section headed "Basis for the Proposed Annual Caps" in the letter from the Board in the Circular, the Company has adopted the following preventive controls to ensure that the profit mark-up will not exceed 15% of the Costs throughout the term of the Vector Supply Agreement:

Map:

(i) Based on the discussion with Juno, the Company has identified the following key components contributing to changes in cost structure, namely, procurement cost payable by Juno to third party manufacturer(s), materials and labour cost for quality control services and inflation in the United States.

Measure:

(ii) The management of the Company will conduct extensive market research and investigation on a quarterly basis based on publicly available official or government sources and/or industry reports prepared and issued by external independent market researchers to assess if there are material changes in key cost components as described in paragraph (i) above that might cause the profit mark-up to exceed 15% of the Costs; and

(iii) The Company will confirm with Juno that there have been no material changes in the Costs that might cause the profit mark-up to exceed 15% of the Costs on a quarterly basis.

Manage:

(iv) Pursuant to the Vector Supply Agreement, Juno is required to keep accurate records on all invoice calculations for the manufacturing of Vector. If the Company envisages that there will be a 10% or more change in the Costs based on the extensive market research and investigation conducted or based on indication from Juno, the Company will request to examine such records for the purpose of verifying the correctness of all such calculations. Juno is required to promptly refund any overcharge discovered by such audit and the Company is required to promptly pay any undercharge discovered by such audit; and

— The legal department, finance department and the internal audit team of the Company will review the transactions in relation to the Vector Supply Agreement on a quarterly basis, so as to consider (a) the effective implementation of the pricing policy and the payment method as well as the appraisal of the balance of the annual cap; and (b) identifying management weakness, and making recommendations for improvement to ensure that the internal control measures in respect of the transactions under the Vector Supply Agreement remain complete and effective and the Company will take measures to address the weakness identified, if any, as soon as practicable.

We consider the requirements of regular monitoring and assessment by different departments (including regular market research) on the Vector Supply Agreement, regular confirmation of the profit mark-up by Juno and the rights to request Juno to provide documentation to substantiate the Juno's calculation and financial records of the invoiced Vector Price are reasonable for the Company to assess the then prevailing market terms of continuing connected transaction, we concur with the view of the Directors that the internal control procedures and policies relating to the Vector Supply Agreement has demonstrated the Group's practices of having regular assessment on the terms of the Vector Supply Agreement so as to ensure that the terms offered by Juno will be conducted on normal commercial terms.

OPINION AND RECOMMENDATION

Having considered the principal factors and reasons set out above we are of the view that the terms of the Vector Supply Agreement (including the proposed annual caps) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned. We also consider the entering into of the Vector Supply Agreement is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Transactions.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
Lyan Tam
Director

Ms. Lyan Tam is a licensed person registered with the Securities and Futures Commission and as a responsible officer of Somerley to carry out Type 6 (advising on corporate finance) regulated activities under the SFO and has over 20 years of experience in corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors and Chief Executive

As of the Latest Practicable Date, the interests or short positions of the Directors or chief executives of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of SFO) or were required, pursuant to section 352 of the SFO, to be recorded in the register required to be kept by the Company or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules were as follows:

Name of Director/chief executive	Capacity/nature of interest[(1)]	Number of Shares	Approximate percentage of shareholding[(2)]
Dr. Yiping James Li[(3)]	Beneficial interest	18,623,515	4.53%
	Interest in controlled corporation	9,206,460	2.24%
Mr. Liu Cheng	Beneficial interest	5,764,582	1.40%

Notes:

(1) All interests stated are long position.

(2) The calculation is based on the total number of 411,411,057 Shares in issue as of the Latest Practicable Date.

(3) Dr. Yiping James Li ("**Dr. Li**") held (i) 7,500,000 Shares through his direct interests in JDI Capital Management Limited, and (ii) 1,706,460 Shares through his indirect interests in Park Place Capital Management & Consulting Limited. Park Place Capital Management & Consulting Limited is wholly-owned by JDI Capital Management Limited which in turn is wholly-owned by Dr. Li.

An aggregate total of 3,090,956 Restricted Share Units granted to Dr. Li, consisting of 2,586,670 Restricted Share Units granted on June 30, 2020 and 504,286 Restricted Share Units granted on September 30, 2021, was vested on April 1, 2022. As of the Latest Practicable Date, Dr. Li is interested in a total of 7,053,489 underlying Shares in the Company, which comprises 3,035,740 Restricted Share Units granted to him pursuant to the Restricted Share Unit Scheme and 4,017,749 share options granted to him pursuant to the post-IPO share incentivization scheme adopted by the Company on October 14, 2020.

Accordingly, Dr. Li is interested in an aggregate of 27,829,975 Shares.

Save as disclosed above, none of the Directors or the chief executive of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV to the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO), or were required, pursuant to Section 352 of the SFO, to be recorded in the register required to be kept by the Company, or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

(b) Interests of Substantial Shareholders

As of the Latest Practicable Date, so far as was known to the Directors, the persons or entities, other than a Director or chief executive of the Company, who had an interest or a short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of Shareholder	Capacity/nature of interest[(1)]	Number of Shares	Approximate percentage of shareholding[(2)]
Juno[(3)]	Beneficial interest	70,231,140	17.07%

Name of Shareholder	Capacity/nature of interest[(1)]	Number of Shares	Approximate percentage of shareholding[(2)]
Celgene[(3)]	Interest in controlled corporation	70,231,140	17.07%
BMS[(3)]	Interest in controlled corporation	70,231,140	17.07%
Ms. Li Dan[(4)]	Interest of spouse	27,829,975	6.77%

Notes:

(1) All interests stated are long position.

(2) The calculation is based on the total number of 411,411,057 Shares in issue as of the Latest Practicable Date.

(3) As of the Latest Practicable Date, Juno directly held 70,231,140 Shares. Pursuant to the license agreement entered into between the Company and Juno dated April 11, 2019 ("**BCMA License Agreement**"), the 4,665,530 Juno Settlement Shares may be issued to Juno upon exercise of the second warrant as part of the second upfront payment in relation to Juno's orvacabtagene autoleucel ("**orva-cel**"). In February 2021, BMS announced that it would discontinue clinical development of orva-cel and therefore, the 4,665,530 Juno Settlement Shares shall no longer be issued to Juno. Juno is wholly-owned by Celgene which is in turn wholly-owned by BMS. As such, under the SFO, BMS (through its interest in a controlled corporation) is deemed to be interested in 70,231,140 Shares held by Juno. For the purpose of this note, "**Juno Settlement Shares**" means the 4,665,530 Shares to be issued to Juno at nil consideration upon exercise of warrant by Juno pursuant to the BCMA License Agreement as part of the upfront payment.

(4) Ms. Li Dan's spouse, Dr. Li, was interested in 27,829,975 Shares and therefore Ms. Li Dan is deemed to be interested in the same number of Shares.

Save as disclosed above, as of the Latest Practicable Date, the Directors were not aware of any other person or corporation having an interest or short position in the Shares and underlying Shares of the Company as recorded in the register required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

3. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OF THE GROUP

As of the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group.

As of the Latest Practicable Date, none of the Directors has any direct or indirect interest in any assets which have been, since December 31, 2022 (the date to which the latest published audited consolidated financial statements of the Company were made up), (i) acquired or disposed of by; (ii) leased to; or (iii) are proposed to be acquired or disposed of by; or (iv) are proposed to be leased to any member of the Group.

4. DIRECTORS' SERVICE CONTRACTS

As of the Latest Practicable Date, none of the Directors of the Company has any existing or proposed service contract with any member company of the Group which is not expiring or terminable by the Group within one year without payment of compensation (other than statutory compensation).

5. COMPETING INTERESTS

As of the Latest Practicable Date, none of the Directors or their respective close associates were interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group, as required to be disclosed pursuant to the Listing Rules.

6. MATERIAL ADVERSE CHANGE

As of the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since December 31, 2022 (being the date to which the published audited consolidated financial statements of the Group were made up) and up to and including the Latest Practicable Date.

7. MATERIAL CONTRACTS

There were no contracts (not being contracts entered into in the ordinary course of business) that had been entered into by the members of the Group within two years immediately preceding the issue of this circular and are material.

8. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given opinion or advice, which are contained or referred to in this circular:

Name	Qualifications
Somerley	A corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As of the Latest Practicable Date, Somerley does not have any shareholding, direct or indirect, in any member of the Group or any right (whether legally enforceable or not), to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As of the Latest Practicable Date, Somerley does not have any interest, direct or indirect, in any assets which have been since December 31, 2022, the date up to which the latest published audited financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

Somerley has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter of advice and/or references to its names in the form and context in which they appear.

9. DOCUMENTS ON DISPLAY

The following document will be available on the websites of the Stock Exchange (**www.hkexnews.hk**) and the Company (**www.jwtherapeutics.com**) during the period of 14 days from the date of this circular:

(a) the Vector Supply Agreement;

(b) the letter from the Independent Board Committee as set out in this circular;

(c) the letter from the Independent Financial Adviser as set out in this circular;

(d) the written consent of the expert as referred to in the section headed "Qualification and Consent of Expert" of this appendix; and

(e) this circular.

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting of **JW (Cayman) Therapeutics Co. Ltd** (the "**Company**") will be held at Show Room, 5F, Building B, No. 699 Zhong Ke Road, Pudong New District, Shanghai, China on June 26, 2023 at 9:00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications the following as ordinary resolutions of the Company. Unless otherwise defined, capitalized terms used in this notice shall have the same meaning as those defined in the circular of the Company dated June 9, 2023.

ORDINARY RESOLUTIONS

"**That:**

(i) the Vector Supply Agreement and the execution thereof and implementation of the transactions contemplated thereunder be and are hereby approved, ratified and confirmed; and

(ii) any Director or any other person authorised by the Directors be and is hereby authorised to sign, execute, perfect and deliver all such documents, instruments and agreements and do all such deeds, acts, matters and things as they consider necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the Vector Supply Agreement and the transactions contemplated thereunder."

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

Hong Kong, June 9, 2023

Notes:

(i) All resolutions at the meeting will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Listing Rules. The results of the poll will be published on the websites of the Stock Exchange and the Company in accordance with the Listing Rules.

(ii) Any shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or if he/she is the holder of two or more shares, more than one proxy to attend and on a poll, vote instead of him/her. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by him/her.

(iii) Where there are joint registered holders of any shares, any one of such persons may vote at the above meeting (or at any adjournment of it), either personally or by proxy, in respect of such shares as if he/she were solely entitled thereto but the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.

(iv) In order to be valid, the completed form of proxy, must be deposited at the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority (such certification to be made by either a notary public or a solicitor qualified to practice in Hong Kong), at least 48 hours before the time appointed for holding the above meeting or any adjournment thereof (as the case may be). The completion and return of the form of proxy shall not preclude shareholders of the Company from attending and voting in person at the above meeting (or any adjourned meeting thereof) if they so wish.

(v) The register of members of the Company will be closed from June 23, 2023 to June 26, 2023, both days inclusive, in order to determine the eligibility of shareholders to attend the above meeting, during which period no share transfers will be registered. To be eligible to attend the above meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on June 21, 2023.

(vi) References to time and dates in this notice are to Hong Kong time and dates.

As of the date of this notice, 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. Yiu Leung Andy Cheung, Mr. Kin Cheong Kelvin Ho and Dr. Debra Yu as independent non-executive Directors.

* *For identification purpose only*