ALPHAMAB ONCOLOGY
康寧傑瑞生物製藥
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 9966)

CONNECTED TRANSACTION ANNOUNCEMENT TECHNOLOGY DEVELOPMENT AGREEMENT WITH SUZHOU ALPHAMAB ON PROCESS OPTIMIZATION AND TRANSFER OF KN019, KN026 AND KN035 AND TECHNOLOGY DEVELOPMENT AGREEMENT WITH SUZHOU ALPHAMAB ON PROCESS SCALE-UP RESEARCH OF KN052

This announcement is made by Alphamab Oncology (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to the provisions in relation to connected transactions under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

INTRODUCTION

The board of directors (the "**Board**") of the Company is pleased to announce that on March 31, 2020, Jiangsu Alphamab Biopharmaceuticals Co., Ltd. (江蘇康寧傑瑞生物製藥有限公司) ("**Jiangsu Alphamab**"), a wholly-owned subsidiary of the Company, and Suzhou Alphamab Co., Ltd. (蘇州康寧傑瑞生物科技有限公司) ("**Suzhou Alphamab**") entered into a technology development agreement ("**Technology Development Agreement A**") for the optimization and transfer of processes for three drug candidates of the Company, namely KN019, KN026 and KN035 (the "**Cooperative Product(s)**"), and a technology development agreement ("**Technology Development Agreement B**", together with the Technology Development Agreement A, "**Technology Development Agreements**") for process scale-up research of KN052, a drug candidate of the Company.

TECHNOLOGY DEVELOPMENT AGREEMENT A

The principal terms of the Technology Development Agreement A are as follows:

Date of Agreement

March 31, 2020

Parties

(1) Jiangsu Alphamab

(2) Suzhou Alphamab

Objective

Suzhou Alphamab will use the existing cell lines of KN019, KN026 and KN035 owned by Jiangsu Alphamab to develop new culture media, optimize cell cultivation and purification process to reduce the antibody production costs of relevant products of Jiangsu Alphamab.

Service Contents

According to the Technology Development Agreement A, Suzhou Alphamab agrees:

(1) to develop the upstream process of Cooperative Products: select the most suitable culture media, and develop and optimize cell culture process;

(2) to develop and optimize the downstream process of Cooperative Products; and

(3) once the process optimization of any of the Cooperative Products is completed, to transfer the optimized process to Jiangsu Alphamab, and to assist the related process transfer, drug approval applications and on-site inspections.

Service Charge and Pricing Basis

The total service fee for product technology development of KN019, KN026 and KN035 projects amounted to RMB6.3 million (RMB2.1 million for each project).

The service fee for technology development under the Technology Development Agreement A is determined after arm's length negotiations with reference to the current market prices of similar technology development services provided by an independent third-party supplier.

Term of Agreement

The term of the Technology Development Agreement A commenced on March 31, 2020 and shall expire one year after the completion of process optimization and process transfer of the Cooperative Products.

Payment Method

(1) Within ten working days after the Technology Development Agreement A becomes effective, Jiangsu Alphamab shall pay to Suzhou Alphamab RMB3.15 million in cash as the down payment for the technology development service.

(2) Within ten working days after Jiangsu Alphamab issues confirmation of process transfer for each Cooperative Product, Jiangsu Alphamab shall pay to Suzhou Alphamab the remaining service fee of RMB1.05 million in cash for the technology development of such Cooperative Product.

Termination

The Technology Development Agreement A may be terminated on an earlier date upon the written consent of both parties. If either party fails to comply with, perform or cannot substantially comply with and perform the agreement, or seriously violates the terms of the agreement and fails to take remedial measures within the agreed period, the other party may terminate the agreement immediately by written notice.

TECHNOLOGY DEVELOPMENT AGREEMENT B

The principal terms of the Technology Development Agreement B are as follows:

Date of Agreement

March 31, 2020

Parties

(1) Jiangsu Alphamab

(2) Suzhou Alphamab

Objective

Suzhou Alphamab will carry out trial production and finalize production process of KN052 on its own 15L cell culture reactor to confirm whether the process is suitable for larger-scale reactors.

Service Contents

According to the Technology Development Agreement B, Suzhou Alphamab agrees:

(1) to run the cell culture process of KN052 on the 15L cell culture reactor in its laboratory to purify the cytochylema obtained and to obtain the target proteins;

(2) to make necessary adjustments to the existing cell culture process of KN052 in order to fit for 250L or larger bioreactors;

(3) to optimize the existing purification process of KN052; and

(4) to deliver the adjusted process, related research reports and actual obtained target proteins to Jiangsu Alphamab, and to assist the related process, drug approval applications and on-site inspections.

Service Charge and Pricing Basis	The total service fee for the product technology development of KN052 project amounted to RMB0.2 million. The service fee for technology development under the Technology Development Agreement B is determined after arm's length negotiations with reference to the current market prices of similar technology development services provided by independent third-party suppliers.
Term of Agreement	The term of the Technology Development Agreement B commenced on March 31, 2020 and shall expire one year after the completion and delivery of the project.
Payment Method	Within ten working days after the Technology Development Agreement B becomes effective, Jiangsu Alphamab shall pay to Suzhou Alphamab in cash on a lump-sum basis.
Termination	The Technology Development Agreement B may be terminated on an earlier date upon the written consent of both parties. If either party fails to comply with, perform or cannot substantially comply with and perform the agreement, or seriously violates the terms of the agreement and fails to take remedial measures within the agreed period, the other party may terminate the agreement immediately by written notice.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

In line with industry practice, the Company engages contract research organizations and other related suppliers to provide certain services in our pre-clinical research and clinical trials. Jiangsu Alphamab was a subsidiary of Suzhou Alphamab prior to the reorganization as disclosed in the prospectus of the Company and therefore, it is very familiar with the Company's needs and requirements. Suzhou Alphamab has extensive experience and industry-leading capabilities in process optimization services related to the Technology Development Agreements. Considering the quality of relevant technology development services provided by Suzhou Alphamab, its quotation for the transactions is more competitive than the other independent third-party suppliers. The Company believes that this cooperation will help optimize the existing production process of relevant products and reduce the production costs. The Company believes that the implementation of these agreements will have a positive impact on the research and development, manufacturing and commercialization of the Company's relevant products.

The directors of the Company (including independent non-executive directors) believe that (i) the Technology Development Agreements and the transactions contemplated thereunder are entered into on normal commercial terms and the terms of the agreements are fair and reasonable, and (ii) the Technology Development Agreements and the transactions contemplated thereunder are carried out in the ordinary and usual course of business of the Company and are in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE PARTIES

ABOUT JIANGSU ALPHAMAB

Jiangsu Alphamab was established in China on July 14, 2015, primarily engaging in research and development, manufacturing and commercialization of biologics of oncology. It is a wholly-owned subsidiary and the principal operating subsidiary of the Company.

ABOUT SUZHOU ALPHAMAB

Suzhou Alphamab was established in China on November 6, 2008, primarily engaging in research and development, manufacturing and commercialization of biologics for oncology treatment of autoimmune diseases, hematology, infertility etc. As of the date of this announcement, Suzhou Alphamab is controlled by Dr. Xu Ting ("**Dr. Xu**"), the chairman, executive director, chief executive officer and a controlling shareholder of the Company. Suzhou Alphamab is owned by Dr. Xu as to 51.0% and by Mr. Xue Chuanxiao and Mr. Zhang Xitian as to 24.5% and 24.5%, respectively. As of the date of this announcement, neither of Mr. Xue Chuanxiao and Mr. Zhang Xitian is a connected person of the Company under the Listing Rules.

LISTING RULES IMPLICATIONS

As of the date of this announcement, Suzhou Alphamab is owned by Dr. Xu, the chairman, executive director, chief executive officer and a controlling shareholder of the Company, as to 51.0%. Pursuant to Chapter 14A of the Listing Rules, Suzhou Alphamab is an associate of Dr. Xu and a connected person of the Company. Therefore, the transactions contemplated under the Technology Development Agreements constitute connected transactions for the Company under the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, the relevant amounts under the Technology Development Agreement A and the Technology Development Agreement B will be calculated on an aggregate basis. The highest applicable percentage ratio of the transactions under the Technology Development Agreement A and the Technology Development Agreement B, on an aggregated basis, is less than 5%, and the total consideration exceeds HK$3 million but is less than HK$10 million. Therefore, in accordance with Rule 14A.76 (2) of the Listing Rules, the transactions were exempted from the circular (including the independent financial advisory opinion) and the shareholders' approval requirements.

As Ms. LIU Yang, an executive director of the Company, is the spouse of Dr. Xu, Suzhou Alphamab is a close associate of Dr. Xu and Ms. LIU Yang as defined under the Listing Rules, Dr. Xu and Ms. LIU Yang are deemed to have material interests in the Technology Development Agreements and the transactions contemplated thereunder. In accordance with the Listing Rules, they have abstained from voting on the resolution considering and approving the Technology Development Agreements and the transactions contemplated thereunder at the Board meeting. Except for Dr. Xu and Ms. LIU Yang, there are no directors of the Company who have any material interests in the Technology Development Agreements or shall abstain from voting on relevant Board resolution.

ABOUT KN026

KN026 (a Fc-based anti-human epidermal growth factor receptor 2 ("**HER2**") bispecific monoclonal antibody ("**BsAb**")) is potentially a global next-generation HER2-targeted therapy that can simultaneously bind two distinct clinically-validated epitopes of HER2, resulting in (i) a dual blockade of HER2-related signaling pathways, (ii) strengthened binding to HER2 receptors, (iii) a reduction of HER2 proteins on the cell surface, and (iv) increased tumor killing effect. These binding mechanisms may make KN026 show excellent tumor suppressive effect. Currently, several phase II clinical trials of KN026 have been conducting in China and a phase I clinical trial has been conducting in the United States of America ("**U.S.**"). KN026 has shown good initial efficacy in patients with advanced breast cancer.

The Group received an umbrella investigational new drug ("**IND**") approval[Note] for KN026 from the National Medical Products Administration of China ("**NMPA**") and an IND approval from the U.S. Food and Drug Administration ("**FDA**") in March 2018 and October 2018, respectively. The Group is currently conducting a phase II clinical trial of KN026 in China for breast cancer at a high level of HER2 expression in tumors and gastric/gastroesophageal junction cancer ("**GC/GEJ**") and is also conducting a phase II clinical trial for HER2-overexpressing GC/GEJ in China and a phase I clinical trial for HER2-overexpressing solid tumors, including but not limited to breast cancer and GC/GEJ, in the U.S.

Note: Pursuant to the Announcement of the NMPA Concerning Several Policies on Drug Registration Evaluation and Approval (國家食品藥品監督管理總局關於藥品註冊審評審批若干政策的公告) issued by the NMPA on November 11, 2015, the IND approval for new drugs shall be an overall approval of all phases of a new drug's clinical trials, instead of a phase-by-phase approval for each phase of a new drug's clinical trial

ABOUT KN019

KN019, self-developed by the Company, is a cytotoxic T-lymphocyte-associated protein 4 ("**CTLA-4**") based immunosuppressant fusion protein drug candidate. CTLA-4 is a protein expressed on T cell, which competes with CD28 in binding to B7.1 and B7.2. As the binding of CD28 to B7.1 and B7.2 is a critical co-priming event for T cell activation, KN019 could inhibit of T cell activation. Globally, the only two approved CTLA-4-Fc fusion proteins are Nulojix (belatacept) and Orencia (abatacept). KN019 is the only CTLA-4-Fc fusion protein drug candidate in China with the same amino acid sequence as belatacept. Currently, the Company has performed comprehensive pre-clinical research on KN019, and the phase I clinical trial for KN019 completed in China has exhibited favorable safety and pharmacokinetics ("**PK**") profiles and indicated good pharmacological effects in healthy subjects. In addition, the first patient has been successfully dosed in a phase II clinical trial of KN019 in China to evaluate its effectiveness and safety for the treatment of active rheumatoid arthritis patients. The Company plans to develop KN019 for a variety of indications including autoimmune diseases, kidney transplant rejection and oncology supportive care.

ABOUT KN035

KN035 is a recombinant single domain antibody against programmed death ligand 1 ("**PD-L1**") fused with human Fc, a drug independently invented by the Company and co-developed with 3D Medicines (Beijing) Co., Ltd. (思路迪(北京)醫藥科技有限公司) since 2016. It is likely to become the first PD-1/PD-L1 antibody with subcutaneous injection to be marketed globally. KN035 has undergone clinical trials for multiple tumor indications in China, the U.S. and Japan, with a total of more than 900 patients enrolled. Currently, phase II pivotal clinical trial for advanced solid tumors with microsatellite instability-high (MSI-H)/deficient mismatch repair (dMMR) and phase III pivotal clinical trial for advanced biliary tract cancer (BTC) are being conducted in China. On January 18, 2020, the FDA rewarded KN035 with orphan drug designation in treating advanced biliary tract cancer (BTC).

ABOUT KN052

KN052 is a bispecific immunomodulator based on KN035 and has exhibited favorable PK profiles and indicated good antitumor effectiveness in preclinical studies.

ABOUT THE COMPANY

The Company is a leading clinical-stage biopharmaceutical company in China with a fully integrated proprietary biologics platform in bispecific and protein engineering. Differentiated in-house pipeline of the Company consists of eight oncology drug candidates, including four in the phase I-III clinical trial development stage. The Company has developed various technologies and platforms of antibody-based therapies for oncology treatment and expertise in this regard.

Cautionary Statement required by Rule 18A.05 of the Listing Rules: The Company cannot guarantee that it will be able to develop, or ultimately market, KN019, KN026, KN035 and KN052 successfully. Shareholders and potential investors of the Company are advised to exercise due care when dealing in the shares of the Company.

By Order of the Board
Alphamab Oncology
Dr. XU Ting
Chairman and Executive Director

Hong Kong, March 31, 2020

As of the date of this announcement, the Board comprises Dr. XU Ting as the Chairman and Executive Director and Ms. LIU Yang as Executive Director, Mr. XU Zhan Kevin and Mr. QIU Yu Min as Non-executive Directors, and Dr. JIANG Hualiang, Mr. WEI Kevin Cheng and Mr. WU Dong as Independent Non-executive Directors.