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康宁杰瑞

ALPHAMAB ONCOLOGY

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康寧傑瑞生物製藥

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9966)

CONNECTED TRANSACTION ANNOUNCEMENT

RENEWAL OF THE LEASE AGREEMENT

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

Reference is made to the prospectus of the Company dated December 2, 2019 in relation to the existing property and equipment lease agreement entered into by 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 (as lessee), and Suzhou Alphamab Co., Ltd. (蘇州康寧傑瑞生物科技有限公司) (“**Suzhou Alphamab**”) (as lessor) for a term commencing from June 1, 2019 to December 31, 2021 (the “**Existing Lease Agreement**”). As the Existing Lease Agreement will expire on December 31, 2021, Jiangsu Alphamab (as lessee) has entered into a renewed lease agreement in relation to the leased premises with Suzhou Alphamab (as lessor) for a term commencing from January 1, 2022 to March 31, 2024 (the “**Renewed Lease Agreement**”).

THE RENEWED LEASE AGREEMENT

Details of the Renewed Lease Agreement are as follows:

Date of Agreement January 1, 2022

Parties (i) Jiangsu Alphamab (as lessee)
(ii) Suzhou Alphamab (as lessor)

Premises The premises with a total gross area of approximately 2,235 sq.m. located at 4th floor and 5th floor of Building C23, SIP BioBay, No. 218 Xinghu Street, Suzhou, Jiangsu Province, the PRC* (中國江蘇省蘇州市星湖街218號生物納米園C23樓) (the “**Leased Premises**”), which is rented from an Independent Third Party, Suzhou Industrial Park bioBAY Assets Operation Management Co., Ltd. (蘇州工業園區百諾資產營運管理有限公司) (“**bioBAY**”) (previously known as Suzhou Industrial Park Biotech Development Co., Ltd. (蘇州工業園區生物產業發展有限公司))

Term of Agreement	The term shall commence on January 1, 2022 and will expire on March 31, 2024.
Principal Terms	Suzhou Alphamab agreed to lease the Leased Premises, together with relevant workshops and warehouses that are located in the Leased Premises, to Jiangsu Alphamab, for the purpose of biologics manufacturing and storage of relevant materials.
Rental Fee	RMB838,900 per month (inclusive of decoration and maintenance fee) to be paid quarterly
Other Fees	The utilities fees (including water and electricity expenses), with reference to the local government-prescribed unit price, shall be borne by Jiangsu Alphamab on a monthly basis at its own cost and expenses.
Pricing Policy	The Renewed Lease Agreement was entered into (i) in the ordinary and usual course of business of our Group, (ii) on arm's length basis, and (iii) on normal commercial terms with the rent being determined with reference to the prevailing market rates for similar properties in the same area and the corresponding property management costs for the Leased Premises.

ACCOUNTING IMPLICATION AND TREATMENT UNDER THE LISTING RULES

In accordance to the International Financial Reporting Standards 16 (the “**IFRS 16**”), the Company will recognize a right-of-use asset on its balance sheet in connection with the lease of the properties from Suzhou Alphamab. Therefore, the lease of the Leased Premises from Suzhou Alphamab under the Renewed Lease Agreement will be regarded as an acquisition of a capital asset and a one-off connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to IFRS 16, the right-of-use asset will be recognized in the consolidated financial statements of the Group in respect of the Leased Premises under the Renewed Lease Agreement with an estimated value of approximately RMB21.57 million.

LISTING IMPLICATIONS

As one or more of the applicable percentages ratios set out in Rule 14.07 of the Listing Rules in respect of the estimated value of the right-of-use asset to be recognized by the Group in connection with the Renewed Lease Agreement exceeds 0.1% but less than 5%, the Renewed Lease Agreement is subject to the reporting and announcement requirements but is exempt from the circular (including independence financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

REASONS FOR AND BENEFITS OF THE RENEWED LEASE AGREEMENT

The Company has been using the Leased Premises for biologics manufacturing for a long period. Any relocation of manufacturing facilities may cause material disruption to our business operations and incur additional costs. The continuation of such leases is cost efficient and is beneficial to our operations. As (i) the equipment therein is located at and customized for the Leased Premises, and (ii) the lease of the Leased Premises between Suzhou Alphamab and bioBAY will expire on March 31, 2024 and Suzhou Alphamab shall have the priority right to renew the lease for a further term of five years, we lease the Leased Premises from Suzhou Alphamab rather than directly from bioBAY.

In light of the above, the directors of the Company (the “**Directors**”) are of the view that such arrangement is in the best interest of the Group and the shareholders of the Company (the “**Shareholders**”) as a whole. Notwithstanding the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Renewed Lease Agreement are no less favorable than the terms available from independent third parties and will save the unnecessary relocation and administration costs, which is beneficial to the Group.

The Directors (including the independent non-executive Directors) are of the view that, as far as the Shareholders are concerned, the Renewed Lease Agreement is entered into in the ordinary course of business of the Company, on normal commercial terms, fair and reasonable and in the interest of the Company and the 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 treatment of, among others, autoimmune diseases, hematology and infertility. As of the date of this announcement, Suzhou Alphamab was owned by Dr. XU Ting (“**Dr. XU**”) as to approximately 48.45%, by Mr. XUE Chuanxiao and Mr. ZHANG Xitian as to approximately 23.3% and 23.3%, respectively, and by Suzhou Dingfu Jinshang Enterprise Management Partnership (Limited Partnership) (蘇州丁孚錦上企業管理合夥企業(有限合夥)) (“**Dingfu Jinshang**”) as to approximately 5.0%. Dr. XU is the chairman, executive Director, chief executive officer and a controlling Shareholder of the Company. Dingfu Jinshang was held by Dr. XU, who also served as its general partner, as to 51.0%, by Mr. XUE Chuanxiao as to 24.5% and Mr. ZHANG Xitian as to 24.5%. Therefore, Dr. XU is entitled to exercise voting rights attaching to approximately 53.45% of the total issued and outstanding shares of Suzhou Alphamab. As such, Suzhou Alphamab is controlled by Dr. XU and therefore is our connected person pursuant to Chapter 14A of the Listing Rules. 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.

ABOUT THE COMPANY

The Company is a leading clinical-stage biopharmaceutical company in China with a fully-integrated proprietary biologics platform in bispecific antibody and protein engineering. Differentiated in-house pipeline of the Company includes fifteen oncology drug candidates with one approved for marketing by National Medical Products Administration (國家藥品監督管理局), three in late clinical stage, and three in schedule for or that have submitted investigation new drug submission, and a COVID-19 multifunctional antibody. The Company has developed various technologies and platforms of antibody-based therapies for oncology treatment and expertise in this regard. Benefitting from the proprietary protein engineering platforms and structure-guided molecular modeling expertise, the Company is able to create a new generation of multi-functional biological new drug candidates that could potentially benefit patients globally.

* *For identification purpose only.*

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

Hong Kong, January 3, 2022

As at 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. Guo Zijian, Mr. WEI Kevin Cheng and Mr. WU Dong as Independent Non-executive Directors.