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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 announcements of the Company dated January 3, 2022 and March 28, 2024 in relation to the existing property and equipment lease agreement (the “**Existing 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股份有限公司) (“**Suzhou Alphamab**”) (as lessor) for a term commencing from January 1, 2022 to March 31, 2024, and further extended to August 31, 2024 pursuant to a supplement lease agreement dated March 28, 2024 entered into by Jiangsu Alphamab and Suzhou Alphamab (the “**Previous Renewed Lease Agreement**”). As the Existing Lease Agreement, as amended by the Previous Renewed Lease Agreement, will expire on August 31, 2024, Jiangsu Alphamab (as lessee) has entered into a supplemental lease agreement in relation to the Leased Premises (as defined below) with Suzhou Alphamab (as lessor) for a further extended term commencing from September 1, 2024 to December 31, 2024 (the “**Renewed Lease Agreement**”).

THE RENEWED LEASE AGREEMENT

Details of the Renewed Lease Agreement are as follows:

Date of Agreement	August 28, 2024
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, China* (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) (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 September 1, 2024 and will expire on December 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 monthly.
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 the 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 with 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 the 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 RMB3.33 million.

LISTING RULES IMPLICATIONS

According to Rule 14A.81 of the Listing Rules, if a series of connected transactions are entered into or completed within a 12-month period or are otherwise related, such transactions shall be calculated on an aggregate basis and treated as a single transaction. As both the Previous Renewed Lease Agreement and the Renewed Lease Agreement are related to the same premises that Jiangsu Alphamab leased from Suzhou Alphamab and have been entered into in the past 12 months, such transactions shall be calculated on an aggregate basis.

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 (whether on a stand-alone basis or together with the Previous Renewed Lease Agreement on an aggregated basis) 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

Subject to its current business needs and stockpiles conditions, the Company will still use the Leased Premises for biologics manufacturing and storage. The Company has been using the Leased Premises for biologics manufacturing and storage for a long period. And the continuation of such the Leased Premises is, among others, cost efficient and beneficial to the operations of the Company, and could better cater for the Company's future development.

In light of the above, the directors of the Company (the “**Directors**”) are of the view that such arrangement is in the best interests 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 39.006%, by Mr. XUE Chuanxiao and Mr. ZHANG Xitian as to approximately 20.194% and 20.194%, respectively, by Suzhou Ruiyou Jincheng Enterprise Management Partnership (Limited Partnership)* (蘇州瑞友錦成企業管理諮詢合夥企業(有限合夥)) (“**Ruiyou Jincheng**”) and 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 9.697% and 4.848%, respectively, and by Hainan Qishen No.1 Pharmaceutical Venture Investment Fund Partnership (Limited Partnership)* (海南啓申一號醫藥創業投資基金合夥企業(有限合夥)), Xiamen Amoytop Biotech Co., Ltd.* (廈門特寶生物工程股份有限公司), Jiequan Mingyuan (Suzhou) Venture Capital Center (Limited Partnership)* (捷泉明源(蘇州)創業投資中心(有限合夥)) and Hangzhou Xiaoquan No.7 Equity Investment Partnership (Limited Partnership)* (杭州曉泉七號股權投資合夥企業(有限合夥)) as to 2.121%, 1.818%, 1.515% and 0.606%, respectively. Dr. XU is the chairman, executive Director, chief executive officer and a controlling Shareholder of the Company. Both of Ruiyou Jincheng and Dingfu Jinshang were held by Dr. XU, who also served as their respective general partner, as to 51.00%, by Mr. XUE Chuanxiao as to 24.50% and Mr. ZHANG Xitian as to 24.50%, respectively. Therefore, Dr. XU is entitled to exercise voting rights attaching to approximately 53.55% of the total issued and outstanding shares of Suzhou Alphamab. As such, Suzhou Alphamab is controlled by Dr. XU and therefore is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. As of the date of this announcement, save for Dr. XU, Ruiyou Jincheng and Dingfu Jinshang, none of the remaining shareholders of Suzhou Alphamab is a connected person of the Company under the Listing Rules.

ABOUT THE COMPANY

The Company is a leading biopharmaceutical company in China with a fully integrated proprietary technology platform in bispecific antibodies, multifunctional protein engineering and antibody-drug conjugate. The Company’s highly differentiated in-house pipeline consists of monoclonal antibodies, bispecific antibodies, and antibody drug conjugates in staggered development status in oncology, including, among others, one approved for marketing by the National Medical Products Administration of China (國家藥品監督管理局) and three in late clinical stage. 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 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, August 28, 2024

As at the date of this announcement, the board of Directors comprises Dr. XU Ting as the chairman of the Board and executive Director and Ms. LIU Yang as executive Director, and Dr. GUO Zijian, Mr. WEI Kevin Cheng and Mr. WU Dong as independent non-executive Directors.