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VIVA BIOTECH HOLDINGS

维亚生物科技控股集团

(Incorporated in the Cayman Islands as an exempted company with limited liability)

(Stock code: 1873)

DISCLOSEABLE TRANSACTION ENTRY INTO THE INVESTMENT AGREEMENT WITH HANGZHOU QIANTANG NEW AREA MANAGEMENT COMMITTEE

The Board is pleased to announce that on September 22, 2020, Viva Hong Kong, a direct wholly-owned subsidiary of the Company, signed the Investment Agreement with the Hangzhou Qiantang New Area Management Committee in relation to the Project. Pursuant to the Investment Agreement, Viva Hong Kong has agreed, through the Project Company, to construct laboratory facilities on the Project Land in Qiantang New Area, Hangzhou, the PRC and has committed to invest RMB700 million (equivalent to approximately HK\$798 million) as fixed asset investment into the Project, which will be completed gradually over the next few years. It is anticipated that the operations of the laboratory facilities on the Project Land will commence in 2024.

PRINCIPAL TERMS OF THE INVESTMENT AGREEMENT

Date September 22, 2020

Parties (1) Viva Hong Kong; and
(2) Hangzhou Qiantang New Area Management Committee (杭州錢塘新區管理委員會)

Scope of the Project

Pursuant to the Investment Agreement, Viva Hong Kong will establish the Project Company which will construct and establish a medical chemistry research and development laboratory and an accompanying analytical laboratory. The Project Company will introduce and support the incubation of innovative research and development projects.

Hangzhou Qiantang New Area Management Committee has agreed that upon completion of the Project Company's corporate registration, foreign investment filing and tax registration, it will initiate the land auction process for the Project Land (for a 50-year land use right period) by no later than the end of November 2020. The Project Land is a piece of land located within the Hangzhou Pharmaceutical Port of the PRC (杭州醫藥港小鎮) for industrial use and has a total land area of approximately 40 mu (equivalent to approximately 26,666 square meters).

Investment Amount

Viva Hong Kong has committed to invest RMB700 million (equivalent to approximately HK\$798 million) as fixed asset investment into the Project (including the price for the land use rights of the Project Land) by stages between 2020 to 2025. It is expected that the total investment amount of the Project may reach approximately RMB1 billion over the course of the Project. The land use right for the Project Land will be offered through a land auction process.

The investment amount of the Project was determined after arm's length negotiation between the parties with reference to the estimated construction and capital investment cost of the Project Company and the price for the land use right in respect of the Project Land.

The Company intend to that the investment amount will be funded in the following manner:

- (i) approximately RMB179.0 million, representing 25.56% of the investment amount, from proceeds of the Company's convertible bond issuance in February 2020;
- (ii) approximately RMB171.0 million, representing 24.43% of the investment amount, from proceeds of the Company's initial public offering in May 2019;
- (iii) approximately RMB350.0 million, representing 50.00% of the investment amount to be satisfied using other resources (including internal resources, equity and debt facilities) available to the Group.

Other Key Rights and Obligations

Hangzhou Qiantang New Area Management Committee shall assist Viva Hong Kong in the development of the Project by, *inter alia*, (i) initiating the land auction process for the Project Land (expected by no later than the end of November 2020); and (ii) providing the Project Company with administrative assistance and facilitative measures in relation to its development and operation within the Hangzhou Qiantang New Area.

Viva Hong Kong shall establish the Project Company with a registered capital of no less than US\$35 million (with at least US\$10 million of paid up capital by the end of 2020). Additionally, Viva Hong Kong has agreed that, *inter alia*, (i) its fixed asset investment for the Project Land will be no less than RMB8 million per mu; (ii) upon reaching carrying capacity, its annual operating revenue shall be no less than RMB10 million per mu and such amount shall further increase by no less than RMB3 million per mu thereafter; and (iii) upon reaching carrying capacity, its annual tax contribution shall be no less than RMB800,000 per mu.

Default and Suspension

In the event that Viva Hong Kong fails to fulfill the economic performance indicators as set out in the Investment Agreement, such failure will be deemed as a default on Viva Hong Kong and Hangzhou Qiantang New Area Management Committee shall be entitled to demand a liquidated damage equivalent to the difference between the auction price of the Project Land and the prevailing minimum offering price of comparable industrial land. Viva Hong Kong shall not be deemed as defaulting on its obligation if the failure to fulfill economic performance indicators as set out in the Investment Agreement arises from reasons relating to Hangzhou Qiantang New Area Management Committee, other government departments or force majeure events.

If reasons relating to Hangzhou Qiantang New Area Management Committee, other government departments or force majeure events render Viva Hong Kong unable to fulfill the economic performance indicators as set out in the Investment Agreement, Viva Hong Kong may suspend fulfilling its obligations under the Investment Agreement until a mutual consensus is reached.

REASONS FOR AND BENEFIT OF ENTRY INTO THE INVESTMENT AGREEMENT

The Group is an integrated drug discover platform in the PRC and it is expected that the Project will provide the Group with additional laboratory facilities and incubator space for its incubation of innovative research and development projects in Hangzhou. The Project presents an opportunity for the Group to establish presence within government supported pharmaceutical ports and expand on its existing business. The Group expects that the Project will allow the Group to further strengthen its contract research and development capabilities, identify additional potential incubation portfolio companies and meet its future business development needs.

The Board is of the view that the Investment Agreement is entered into on normal commercial terms, and that the terms of the Investment Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE GROUP, VIVA HONG KONG AND HANGZHOU QIANTANG NEW AREA MANAGEMENT COMMITTEE

The Group and Viva Hong Kong

The Company is incorporated in the Cayman Islands with limited liability and its Shares are listed on the Main Board of the Stock Exchange. The Group is an integrated drug discovery platform in the PRC.

Viva Hong Kong is an investment holding company established in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company.

Hangzhou Qiantang New Area Management Committee

Hangzhou Qiantang New Area Management Committee is a local government authority in the PRC and is in charge of, inter alia, planning, promoting and coordinating investment projects in Qiantang New Area, Hangzhou, the PRC.

To the best of the Directors' knowledge, Hangzhou Qiantang New Area Management Committee is a third party independent of the Company and the connected persons of the Company (as defined under the Listing Rules).

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated in accordance with Rule 14.07 of the Listing Rules in respect of the committed fixed asset investment amount under the Investment Agreement is more than 5% but less than 25%, the entry into of the Investment Agreement constitutes a discloseable transaction and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

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| “Board” | the board of Directors |
| “Company” | Viva Biotech Holdings, a company incorporated in the Cayman Islands as an exempted company with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1873) |
| “Directors” | the director(s) of the Company |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “HK\$” | Hong Kong dollar, the lawful currency of Hong Kong |
| “Investment Agreement” | the investment agreement dated September 22, 2020 entered into between Hangzhou Qiantang New Area Management Committee and Viva Hong Kong in relation to the Project |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “mu” | a measuring unit which is equal to approximately 666.66 square meters |

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| “PRC” | the People’s Republic of China, which for the sole purpose of this announcement excludes Hong Kong, Macau Special Administrative Region and Taiwan |
| “Project” | the proposed investment by the Group, through Viva Hong Kong and the Project Company, for the establishment of laboratory facilities as well as introducing and supporting the incubation of innovative research and development projects |
| “Project Company” | the foreign investment company to be established by Viva Hong Kong as a project company to the Project |
| “Project Land” | a parcel of land with a total land area of approximately 40 mu located in Hangzhou Pharmaceutical Port of the PRC (杭州醫藥港小鎮) |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Share(s)” | the shares of the Company |
| “Shareholder(s)” | the holders of Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “US\$” | US dollar(s), the lawful currency of the United States of America |
| “Viva Hong Kong” | Viva Biotech Limited, a company established in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company |
| “%” | per cent. |

For the purpose of this announcement and for illustrative purposes only, unless the context otherwise requires, conversion of RMB to HK\$ is based on the exchange rate of HK\$1.14 to RMB1.00.

By order of the Board
Viva Biotech Holdings
Mao Chen Cheney
Chairman and Executive Director

Hong Kong, September 22, 2020

As at the date of this announcement, the Board comprises four Executive Directors, namely, Mr. Mao Chen Cheney (Chairman), Mr. Wu Ying, Mr. Hua Fengmao and Mr. Ren Delin; two Non-executive Directors, namely, Ms. Mao Jun and Ms. Sun Yanyan; and three Independent Non-executive Directors, namely, Mr. Fu Lei, Ms. Li Xiangrong and Mr. Wang Haiguang.