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Immunotech Biopharm Ltd

永泰生物製藥有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6978)

MAJOR TRANSACTION

CONSTRUCTION AGREEMENT IN RELATION TO THE CONSTRUCTION OF THE NEW BIOLOGICAL DRUG R&D AND INDUSTRIALISATION BASE IN BEIJING

CONSTRUCTION AGREEMENT

The Board hereby announces that on 26 March 2021 (after trading hours), the Company, through its indirect wholly-owned subsidiary, Beijing Yongtai, entered into the Construction Agreement with CCTEB in relation to the construction of the R&D and Industrialisation Base in Beijing, the PRC at the Contract Sum of RMB664,999,999.33.

LISTING RULES IMPLICATION

Since the highest applicable percentage ratio under Rule 14.07 of the Listing Rules exceeds 25% but all of them are lower than 100%, the Construction and transactions contemplated under the Construction Agreement constitute a major transaction of the Company and is subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

The Company has received written Shareholders' approval in respect of the Construction from the Relevant Shareholders (through their respective investment holding companies) in accordance with Rule 14.44 of the Listing Rules. Accordingly, no Shareholders' meeting will be convened by the Company to approve the Construction.

A circular containing, amongst other things, further details about the Construction Agreement and the Construction will be despatched to the Shareholders for information purposes only. As it is expected that additional time will be required to prepare the relevant information to be included in the circular, the Company will apply to the Stock Exchange for an extension of time for despatch of the circular by no later than 21 April 2021.

INTRODUCTION

The Board hereby announces that on 26 March 2021 (after trading hours), the Company, through its indirect wholly-owned subsidiary, Beijing Yongtai, entered into the Construction Agreement with CCTEB in relation to the construction of the R&D and Industrialisation Base in Beijing, the PRC at the Contract Sum of RMB664,999,999.33.

THE CONSTRUCTION AGREEMENT

The principal terms of the Construction Agreement are summarised as follows:

Date: 26 March 2021

Parties: (i) Beijing Yongtai, as the owner of the Land
(ii) CCTEB, as the contractor

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the CCTEB and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Subject matter: CCTEB shall be responsible for the construction and engineering works of the R&D and Industrialisation Base with a total site area of 34,995.92 sq.m and total construction area of 121,191.10 sq.m based on the technical specifications as required under the Construction Agreement.

The contracted work includes, among other things, engineering work relating to the foundation, building structural, decorations, roof, building water supply and drainage, electricity and fire safety and outdoors.

The Construction includes buildings for quality inspection, comprehensive-use, cell therapy and other production workshops, warehouse and rainwater collection tank.

Expected construction period: From 15 March 2021 to 1 September 2023

Contract sum and payment terms: The fixed Contract Sum payable by CCTEB under the Construction Agreement is RMB664,999,999.33, which comprises of the costs of construction works, the construction waste transportation and disposal, provisional evaluation and professional engineering and other provisional amounts for the Construction.

The Contract Sum shall be paid to CCTEB in the following manner:

- (i) 20% of the Contract Sum, by way of a prepayment; and
- (ii) the remainder of 80% of the Contract Sum, in accordance with the work progress of the Construction:
 - up to 80% of the total Contract Sum (inclusive of the prepayment) in accordance with the payment requisitions of CCTEB based on progress of the construction;
 - up to 90% of the total Contract Sum after completion and acceptance of the construction project;
 - up to 97% of the reviewed contract sum within 30 days after the construction project review; and
 - the remainder of 3% shall be a quality assurance sum, payable at the end of an agreed quality assurance period.

Basis for determining the Contract Sum

The Contract Sum payable by Beijing Yongtai under the Construction Agreement was arrived at after arm's length negotiation with CCTEB as they have the relevant experience in construction and engineering works. The Contract Sum payable by the Group under Construction Agreement was arrived at from a tender process whereby invitation to bid for the Construction on the Land was solicited by Beijing Yongtai through an independent third party tendering agency, and the tender submitted by CCTEB was considered the most appropriate taking into account various factors including, among other things, its experience, market position and construction related qualifications.

The Company intends fund the Contract Sum by external financing, the net proceeds from its initial public offering in accordance with such use as disclosed in the Prospectus, or a combination of both sources of such funding.

INFORMATION ON THE GROUP AND CCTEB

The Company was incorporated in the Cayman Islands with limited liability, with its shares listed on the Main Board of the Stock Exchange. The Group is a leading cellular immunotherapy biopharmaceutical company in China focusing on the research, development, and commercialisation of T cell immunotherapy. Since its establishment in 2006, it has focused on R&D and clinical applications of cellular immunotherapy drugs for cancers and other major diseases, by applying advanced theories in immunology, cell biology, and genetics.

Beijing Yongtai is an operating subsidiary of the Group which is principally engaged in the R&D of the Group's core product candidate EAL[®]. It is an indirectly wholly-owned subsidiary of the Company.

To the best of the knowledge, information and belief of the Directors, (i) CCTEB is a contractor based in the PRC which is principally engaged in the undertaking of construction and engineering works; (ii) CCTEB has reputation and experience in the construction market; and (iii) CCTEB is indirectly and ultimately controlled by 中國建築工程總公司 (China State Construction Engineering Corporation), a state-owned corporation organised and existing under the laws of the PRC.

REASONS FOR AND BENEFITS OF THE CONSTRUCTION AGREEMENT

As disclosed in the Prospectus, in 2020, the Group won the bid for a parcel of land situated at Lunan District, Beijing Economic and Technological Development Zone, Beijing, the PRC for purpose of establishing a sizeable production centre as part of the Group's growth plans. Moreover, as the production of EAL[®], the Group's core product candidate, is based on living human cells which requires a limitation on delivery time, it has been the Group's plan to establish production centres in major cities in the PRC, including Beijing, with a close proximity to densely-populated areas in China.

To cater for and for the purposes of preparing for the commercialisation of the Group's core product candidate and other product candidates, the Group intends to construct the R&D and Industrialisation Base on the parcel of Land located in Beijing. In particular, the Construction includes buildings for cell therapy and other production workshops and quality inspection use, which will allow the Group to carry out necessary R&D work, testing and quality assurance procedures for purposes of the commercialisation of the Group's core product candidate and other product candidates.

Accordingly, the entering into the of the Construction Agreement by Beijing Yongtai is in line with the aforesaid intention and business strategies of the Group, and as such, the Board considers that the Construction Agreement was entered into after arm's length negotiation between Beijing Yongtai and CCTEB on normal commercial terms and the Construction is 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 Construction Agreement or was required to abstain from voting on the Board resolutions approving the Construction Agreement.

LISTING RULE IMPLICATIONS

Since the highest applicable percentage ratio under Rule 14.07 of the Listing Rules exceeds 25% but all of them are lower than 100%, the Construction and transactions contemplated under the Construction Agreement constitute a major transaction of the Company and is subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Construction. As such, no Shareholders would be required to abstain from voting in favour of the resolution approving the Construction. As at the date of this announcement, the Relevant Shareholders, being a closely allied group of Shareholders, control an aggregate of 315,428,571 Shares, which represents approximately 61.3% of the total number of issued shares of the Company. Accordingly, pursuant to Rule 14.44 of the Listing Rules, written Shareholders' approval may be accepted in lieu of holding a general meeting of the Company to approve the terms of the Construction Agreement and the transactions contemplated thereunder upon satisfaction of the conditions set out under Rule 14.44 of the Listing Rules. The Company has received written Shareholders' approval in respect of the Construction from the Relevant Shareholders (through their respective investment holding companies) in accordance with Rule 14.44 of the Listing Rules. Accordingly, no Shareholders' meeting will be convened by the Company to approve the Construction.

Under the Proxy Agreement, Tan Zheng Ltd, an investment holding company of Mr Tan was irrevocably entrusted with the voting rights of the Passive Minority Shareholders at any general meeting of the Company, representing approximately 30.3% voting rights in the Company, such that Tan Zheng Ltd may exercise such voting rights with absolute discretion. The Relevant Shareholders, namely Mr Tan and Mr Jung who are a closely allied group of Shareholders, through their respective investment holding companies, as such, hold approximately 35.1% and approximately 26.2% of the Company's voting rights, respectively, as at the date of this announcement.

A circular containing, amongst other things, further details about the Construction Agreement and the Construction will be despatched to the Shareholders for information purposes only. As it is expected that additional time will be required to prepare the relevant information to be included in the circular, the Company will apply to the Stock Exchange for an extension of time for despatch of the circular by no later than 21 April 2021.

DEFINITIONS

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

“Beijing Yongtai”	Immunotech Applied Science Limited (北京永泰生物製品有限公司), a limited liability company established in the PRC on 20 November 2006 and an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors
“CCTEB”	China Construction Third Engineering Bureau Group Co. Ltd. (中建三局集團有限公司), a limited liability company established in the PRC

“Construction”	the construction of the R&D and Industrial Base pursuant to the Construction Agreement and the transactions contemplated thereunder
“Contract Sum”	the total contract sum payable to CCTEB under the Construction Agreement, being RMB664,999,999.33
“Company”	Immunotech Biopharm Ltd, incorporated in the Cayman Islands with limited liability, with its shares listed on the Main Board of the Stock Exchange (stock code: 6978)
“Construction Agreement”	the agreement dated 26 March 2021 entered into between Beijing Yongtai and CCTEB in relation to the construction of the R&D and Industrialisation Base located on the Land
“Director(s)”	the director(s) of the Company
“Group”	the Company together with its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Land”	the piece of land located at Lot N5M4, Lunan District, Beijing Economic and Technological Development Zone in Beijing, PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr Jung”	Mr Jung Hyun Chul (鄭鉉哲), an executive Director and the chief strategy officer of the Group
“Mr Tan”	Mr Tan Zheng (譚錚), chairman, an executive Director and a controlling shareholder of the Company
“Passive Minority Shareholders”	include Tan Xiaoyang, Zhang Junzheng, Song Aiping, Ke Shaobin, Ma Xiaou, Wang Yuning, Wang Shuhui, Li Yunhui, Tan Yueyue, and their respective investment holding companies
“Prospectus”	the Company’s prospectus dated 29 June 2020
“Proxy Agreement”	the proxy agreement dated 29 August 2019 entered into among Mr Tan and the Passive Minority Shareholders
“PRC”	means the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region and Taiwan

“R&D”	research and development
“R&D and Industrialisation Base”	the R&D and industrialisation base to be constructed on the Land pursuant to the Construction Agreement
“Relevant Shareholders”	Mr Tan and Mr Jung
“Shareholders”	shareholder(s) of the Company
“sq.m”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

In this announcement, the terms “associate”, “connected person”, “controlling shareholder”, “percentage ratios” and “subsidiary” have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

The English names of the PRC entities referred to in this announcement are translations from their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese name shall prevail.

By order of the Board
Immunotech Biopharm Ltd
Tan Zheng
Chairman and executive Director

Hong Kong, 29 March 2021

As at the date of this announcement, the Board of the Company comprises Mr Tan Zheng as Chairman and executive Director, Dr Wang Yu and Mr Jung Hyun Chul as executive Directors, Mr Si Xiaobing, Mr Lu Yuan and Mr Li Yuezhong as non-executive Directors, and Mr Wang Yingdian, Mr Ng Chi Kit and Ms Peng Sujiu as independent non-executive Directors.