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SinoMab BioScience Limited
中國抗體製藥有限公司
(Incorporated in Hong Kong with limited liability)
(Stock code: 3681)

**CONNECTED TRANSACTION
SUPPLEMENTAL AGREEMENT TO THE BTK TRANSFER
AND COLLABORATION AGREEMENT**

Reference is made to the prospectus of SinoMab BioScience Limited (中國抗體製藥有限公司) (the “**Company**”) dated 31 October 2019 (the “**Prospectus**”) in relation to, among other things, the BTK Transfer and Collaboration Agreement. Details of the BTK Transfer and Collaboration Agreement have been disclosed in the “Connected Transactions – One-Off Transactions Before Listing – (1) Subject Transfer under the BTK Transfer and Collaboration Agreement” and “Connected Transactions – Potential Non-Exempt Continuing Connected Transactions – (3) Revenue Sharing Arrangements under the BTK Transfer and Collaboration Agreement” sections in the Prospectus. Unless the context otherwise requires, capitalised terms used in this announcement shall bear the same meanings as defined in the Prospectus.

Pursuant to the revenue sharing arrangement under the BTK Transfer and Collaboration Agreement, the Company will pay one-third (approximately 33%) of the proceeds from transferring any rights to sub-license in respect of the techniques and applications of BTK inhibitor (which was subsequently named SN1011) in terms of indications related to immunological diseases and all proprietary rights and interests attaching to it (the “**Immunological Rights**”). Suzhou Sinovent retains the ownership of all the techniques and applications of BTK inhibitor in relation to other diseases (the “**Remaining IP Rights**”, together with the Immunological Rights, the “**BTK Rights**”).

The Board has closely monitored the progress of research and development on the BTK inhibitor and seize every business opportunity to maximize the profitability of BTK inhibitor in the interests of the Company and the Shareholders as a whole. With a view to enabling more flexibility to the Company to license-out the Immunological Rights under the BTK Rights, the Company has entered into a supplemental agreement with Suzhou Sinovent to amend the BTK Transfer and Collaboration Agreement on 16 September 2021 after trading hours (the “**Supplemental Agreement**”).

PRINCIPAL TERMS OF THE SUPPLEMENTAL AGREEMENT

A summary of the principal terms of the Supplemental Agreement is as follows:

- Parties : (i) the Company; and
(ii) Suzhou Sinovent
- Date : 16 September 2021 (after trading hours)
- Principal terms amended : – The Company and Suzhou Sinovent may together or separately license-out the BTK Rights (including the Immunological Rights and/or the Remaining IP Rights), such that Suzhou Sinovent will be entitled to two-thirds (approximately 66%) and the Company will be entitled to one-third (approximately 33%) of the proceeds arising from the aforesaid license-out.

The Company has been advised by Frost & Sullivan, an industry research expert, of the estimated market size of the global oncology drug market and the estimated market size of the global autoimmune drugs and has taken into account of aforesaid information when determining the above apportionment.

- Suzhou Sinovent will have the right to represent itself and the Company in negotiating with any third party for the license-out, including but not limited to: (i) signing a list of intentions with relevant third parties; (ii) negotiating the cooperation methodology and consideration of the BTK Rights; (iii) negotiating with relevant third parties on the specific terms of technology transfer agreement, license agreement or cooperation agreement of similar nature; and (iv) engaging intermediary service agencies for the aforesaid purposes.
- Suzhou Sinovent has the obligation to negotiate on behalf of itself and the Company for the best cooperation and pricing terms from third parties, and shall not prejudice the interest of itself and the Company by accepting such cooperation and pricing terms from third parties which are significantly worse than terms generally accepted in the market.

After Suzhou Sinovent has negotiated the commercial terms, the Company has the right to agree or not agree to any such proposed terms, and the Directors will have fiduciary duties to review and assess the fairness and reasonableness of such proposed terms.

- Either the Company or Suzhou Sinovent may independently enter into an agreement with a third party depends on its commercial needs. The party entered into such agreement shall fully disclose to the other party the details of the agreement with the third party, including but not limited to the subject rights, considerations and other arrangements.
- The payment method of revenue sharing under the Supplemental Agreement shall be determined afterwards by parties during negotiation with relevant third party. If either Suzhou Sinovent or the Company is entitled to collect all the revenue on the other party's behalf, the receiving party shall timely transfer the relevant revenue to the other party within a reasonable period of time.

For the avoidance of doubt, the revenue sharing arrangement as disclosed in the Prospectus in section "Connected Transactions – Potential Non-exempt Continuing Connected Transactions – (3) Revenue Sharing Arrangements under the BTK Transfer and Collaboration Agreement" will be no longer effective upon the approval of the Supplemental Agreement.

Save for the above amendments, all other major terms of the BTK Transfer and Collaboration Agreement remain unchanged.

The Supplemental Agreement is conditional upon:

- (1) the Company having made an announcement on and obtained independent Shareholders' approval as to the Supplemental Agreement; and
- (2) the Company having obtained a confirmation from the Stock Exchange that the Company's entering into the Supplemental Agreement will not affect the waiver granted by the Stock Exchange to the Company as disclosed on pages 227 to 232 of the Prospectus (except for the waiver for the (3) Revenue Sharing Arrangements under the BTK Transfer and Collaboration Agreement – (iii) In the event that we transfer any rights to sub-license in respect of the product of the Subject in the overseas markets (other than the PRC market) as disclosed in the Prospectus).

REASONS FOR AND BENEFITS OF THE SUPPLEMENTAL AGREEMENT

As of today, the Company has had stronghold in both products and technologies in the treatment of immunological diseases. Nevertheless, the Company has continuously looked into the feasibility to widen the scope in both products and technologies resulting in (i) exposure to fields other than immunology; (ii) enrichment of our product portfolio; and (iii) increase in revenue due to success in aforesaid (i) and (ii). The Board believes that entering into of the Supplemental Agreement could achieve the above goals with the reasons entailed below:

By way of entering into of the Supplemental Agreement, the potential licensing-out opportunities for Immunological Rights could be increased, given that (i) most potential investors on market are looking for the complete BTK Rights; (ii) but for the Supplemental Agreement, Suzhou Sinovent retains the Remaining IP Rights (including but not limited to, in terms of indications related to oncological diseases); (iii) the market demand for the treatment of oncology is larger than for immunology and the commercialized BTK in the existing market is mainly for the treatment of oncological diseases; and (iv) Suzhou Sinovent possesses rich resources in introducing cooperation channel and experience in pharmaceutical field.

Secondly, the Company will have financial benefit from license-out together with Suzhou Sinovent for the BTK Rights, for the reason that the Company will have a share of any proceeds (including upfront payment, development milestone payments, sales milestone payments and royalties) even the indication under the development of the licensee is not for immunological diseases. The revenue sharing arrangement between the Company and Suzhou Sinovent (as set out in the previous section “Principal terms amended” in this announcement) under the Supplemental Agreement is not limited to the licensing-out of the Company’s Immunological Rights but allows the Company to benefit from the revenue generated from the Remaining IP Rights (including but not limited to, in terms of indications related to oncological diseases) owned by Suzhou Sinovent. This is expected to generate substantial income to the Company.

Suzhou Sinovent also possesses rich experience in pharmaceutical field and rich resources in business development including but not limited to introducing cooperation channel. Suzhou Sinovent has also paid much efforts in sourcing out and carrying out negotiation with potential investor for licensing-out BTK Rights. As at the date of this Announcement, Suzhou Sinovent has already identified a potential investor for licensing-out the BTK Rights (“**Potential licensing-out**”), for which the Company has to license-out its Immunological Rights and Suzhou Sinovent has to license-out the Remaining IP Rights together.

In view of the above reasons and benefits to the Company, Suzhou Sinovent and the Company have consensus of implementing another revenue sharing arrangement when licensing-out the BTK Rights together. Please refer to the announcement of the Company in relation to connected transaction and continuing connected transactions under the License Agreement dated 16 September 2021 for the Potential licensing-out.

In addition, given that SM03, the Company’s flagship product, is expected to be commercialized by the second half of 2023, the Board is of the view that successful licensing-out can generate revenue and bring cash to the Company before the commercialization of the Company’s first product.

The Directors (excluding the independent non-executive Directors), are of the view that the transaction under the BTK Transfer and Collaboration Agreement (as amended by the Supplemental Agreement) is conducted in the ordinary and usual course of business of the Group and on normal commercial terms or better, and the terms of the Supplemental Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

The Company

The Company is a limited liability company incorporated under the laws of Hong Kong. The Shares have been listed on the Main Board of the Stock Exchange since 12 November 2019. The Group is principally engaged in the research, development, manufacturing and commercialisation of therapeutics for the treatment of immunological diseases, primarily monoclonal antibody-based biologics. Shareholding structure of the Company is set out as below:

Name of Shareholder	As at the date of this announcement <i>Number of Shares</i>	<i>Approx. %</i>
Skytech Technology Limited ¹	153,341,196	15.24
Forbest Capital Investment Group Limited ²	31,313,528	3.11
Apricot Entities ³	212,889,400	21.16
Hainan Haiyao Co., Ltd. (海南海藥股份有限公司) ⁴	158,882,115	15.79
Grogene Technology Limited ⁵	46,711,640	4.64
Public Shareholders	<u>403,102,521</u>	<u>40.06</u>
Total	<u><u>1,006,240,400</u></u>	<u><u>100.00</u></u>

1. Skytech Technology Limited is a company wholly owned by Dr. Shui On LEUNG, the chairman of the Company.
2. Forbest Capital Investment Group Limited is wholly held by For Best Holding Capital Group Investment Inc. which is controlled by Ms. Huimin TIAN. Ms. Tian is the spouse of Mr. Huiyuan MA, a non-executive Director.
3. Shares held by Apricot Capital (上海杏澤投資管理有限公司) and Shanghai Yueyi Investment Centre (Limited Partnership)* (上海月溢投資中心(有限合夥)) are through Apricot Oversea Holdings Limited, West Biolake Holdings Limited, Apricot BioScience Holdings, L.P., Le Rong Limited and Zliverland Holdings Limited (collectively, the “**Apricot Entities**”), which are ultimately controlled by Ms. Wenyi LIU, a non-executive Director. Ms. Liu is the spouse of Mr. Jing QIANG (“**Mr. Qiang**”, a non-executive Director).
4. Pursuant to a share charge where Hainan Haiyao Co., Ltd (海南海藥股份有限公司) (“**Hainan Haiyao**”) charged 158,882,115 Shares to China Citic Bank Co., Ltd., Haikou Branch (“**China Citic Bank**”), China Citic Bank had a security interest in 158,882,115 Shares which were beneficially owned by Hainan Haiyao.
5. Grogene Technology Limited is a company wholly owned by Mr. Qiang.

Suzhou Sinovent

Suzhou Sinovent is a limited liability company incorporated under the law of the PRC and is principally engaged in the development of innovative medicines to fulfill unmet clinical needs for the treatment of cancer, metabolic diseases and infectious disease, with its headquarters located in Suzhou with a global presence of branches established in Beijing, Shanghai, Australia and Boston. As of the date of this announcement, Mr. Jing QIANG (“**Mr. Qiang**”), one of the non-executive Directors and the spouse of Ms. Wenyi LIU (“**Ms. Liu**”), another non-executive Director, controlled over 30% of the voting power at the shareholders meeting of Suzhou Sinovent.

Specifically, as of the date of this announcement, Mr. Qiang directly held approximately 0.52% in Suzhou Sinovent; Mr. Qiang indirectly controlled in aggregate approximately 38.75% in Suzhou Sinovent, through Shanghai Lipan Enterprise Management Center (Limited Partnership)* (上海勵攀企業管理中心(有限合夥)), Ningbo Meishan bonded port Youxiao Business Management Center, L.P.* (寧波梅山保稅港區猷霄企業管理中心(有限合夥)) (formerly known as Ningbo Meishan Bonded Port Yinji Equity Investment Partnership (Limited Partnership)* (寧波梅山保稅港區胤基股權投資合夥企業(有限合夥))), Suzhou Youyao Business Management Center, L.P.* (蘇州佑曜企業管理中心(有限合夥)) (formerly known as Ningbo Meishan Bonded Port Boyu Jian'n Equity Investment Partnership (Limited Partnership)* (寧波梅山保稅港區博裕儉安股權投資合夥企業(有限合夥))) and Ningbo Meishan bonded port Chenghuaiyangguan Business Management Center, L.P.* (寧波梅山保稅港區騁懷仰觀企業管理中心(有限合夥)) (formerly known as Ningbo Meishan Bonded Port Baichuan Lecheng Equity Investment Partnership (Limited Partnership)* (寧波梅山保稅港區百川樂成股權投資合夥企業(有限合夥))) and Shanghai Xingwei Investment Partnership (Limited Partnership)* (上海杏微投資合夥企業(有限合夥)), each a limited partnership incorporated in the PRC and was ultimately controlled by Mr. Qiang as its general partner.

In addition, as of the date of this announcement, Suzhou Sinovent was held as to 4.70% by Shanghai Xingze Xinghe Startup Investment Center (Limited Partnership)* (上海杏澤興禾創業投資中心(有限合夥)), and as to 0.53% by Hangzhou Xingze Xingfu Investment Management Partnership (Limited Partnership)* (杭州杏澤興福投資管理合夥企業(有限合夥)), a limited partnership incorporated in the PRC with Apricot Capital (上海杏澤投資管理有限公司), which was ultimately controlled by Ms. Liu, as its general partner, respectively. Save as disclosed above, Suzhou Sinovent was held by independent third parties as to 55.50% as of the date of this announcement.

IMPLICATIONS UNDER THE LISTING RULES

Each of Mr. Qiang and Ms. Liu has abstained from voting on the board resolutions approving the Supplemental Agreement. Save as disclosed above, none of the other Directors has a material interest in or is required to abstain from voting on the Supplemental Agreement.

Suzhou Sinovent is a close associate of Mr. Qiang and Ms. Liu, both are non-executive Director and are therefore, the Company's connected person. Accordingly, the transaction under the BTK Transfer and Collaboration Agreement constitutes connected transactions for the Company under Chapter 14A of the Listing Rules.

As disclosed in the "Connected Transactions – Application for Waivers – (i) Waiver from Strict Compliance with the Three-Year Contractual Term and Annual Caps Requirements" in the Prospectus, the Company will re-comply with the announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules if there is any material change to the terms of the BTK Transfer and Collaboration Agreement. As the Supplemental Agreement amends the material terms of the BTK Transfer and Collaboration Agreement, it is subject to the announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

An extraordinary general meeting will be convened and held for the independent Shareholders to consider and, if thought fit, to approve the Supplemental Agreement and the transactions contemplated thereunder. A circular containing, among others, further details of (i) the Supplemental Agreement and the transactions contemplated thereunder; (ii) a letter of recommendations from the independent Board committee to the independent Shareholders in respect of the Supplemental Agreement; (iii) a letter of advice from the independent financial adviser to the independent Board committee and the independent Shareholders in respect of the Supplemental Agreement; and (iv) a notice convening the extraordinary general meeting, will be despatched to the Shareholders on or before 12 October 2021.

By Order of the Board
SinoMab BioScience Limited
Dr. Shui On LEUNG

Executive Director, Chairman and Chief Executive Officer

Hong Kong, 17 September, 2021

As at the date of this announcement, the executive director of the Company is Dr. Shui On LEUNG, the non-executive directors of the Company are Dr. Haigang CHEN, Mr. Xun DONG, Mr. Senlin LIU, Ms. Wenyi LIU, Mr. Huiyuan MA and Mr. Jing QIANG, and the independent non-executive directors of the Company are Mr. George William Hunter CAUTHERLEY, Mr. Ping Cho Terence HON, Dr. Chi Ming LEE and Mr. Dylan Carlo TINKER.

* *For identification purposes only*