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## **东曜药业**

### **TOT BIOPHARM International Company Limited**

#### **東曜藥業股份有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 1875)**

### **CONNECTED TRANSACTION IN RELATION TO DISPOSAL OF LISTED SECURITIES**

#### **INTRODUCTION**

The Board is pleased to announce that on 7 December 2021 (after trading hours of the Stock Exchange and the Taipei Exchange), the Company entered into the Transfer Agreement with Centerlab, pursuant to which the Company agreed to sell, and Centerlab agreed to purchase, the Sale Shares, being 1,000,000 Lumosa Shares, at a price of NTD36.5 per Lumosa Share for a total consideration (excluding transaction costs) of NTD36,500,000 (equivalent to approximately RMB8,402,000) by way of an off-market block trade.

#### **PRINCIPAL TERMS OF THE TRANSFER AGREEMENT AND THE DISPOSAL**

##### **Date**

7 December 2021 (after trading hours of the Stock Exchange and the Taipei Exchange)

##### **Parties**

- (1) The Company as the seller
- (2) Centerlab as the purchaser

##### **Subject Matter**

The Company agreed to sell, and Centerlab agreed to purchase, the Sale Shares, being 1,000,000 Lumosa Shares, at a price of NTD36.5 per Lumosa Share for a total consideration (excluding transaction costs) of NTD36,500,000 (equivalent to approximately RMB8,402,000) by way of an off-market block trade.

Based on public information, as at 30 September 2021, Lumosa Therapeutics had 151,972,825 outstanding Lumosa Shares in issue and circulation. On this basis, the Sale Shares represent approximately 0.658% of the total issued share capital of Lumosa Therapeutics.

Following the settlement and completion of the Disposal, the Group will no longer hold any Lumosa Shares.

### **Transaction Price**

The transaction price of NTD36.5 per Lumosa Share was determined after arm's length negotiations between the Company and Centerlab, and is equal to the closing price of the Lumosa Shares as quoted on the Taipei Exchange on 30 November 2021, being the last Taipei Exchange trading day of the calendar month in which the respective boards of directors of the Company and Centerlab resolved to submit the transaction proposal to the Investment Commission of the Ministry of Economic Affairs (經濟部投資審議委員會) of Taiwan for approval.

### **Settlement and Completion**

It is expected that the Disposal will be settled and completed within one Taipei Exchange trading day after the date of the Transfer Agreement.

### **REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS THEREFROM**

The Sale Shares were a long-term equity investment held by the Company over the years. As explained in the section headed "Financial Effect of the Disposal" below, the prevailing market value of the Sale Shares has been significantly higher than the historical acquisition cost borne by the Group. The Company therefore decided to dispose of the Sale Shares to concentrate its resources in funding the Group's ongoing working capital requirements, especially its research and development expenses.

Based on the above and given that the transaction price is equal to the prevailing closing price of the Lumosa Shares as quoted on the Taipei Exchange, the Directors (including the independent non-executive Directors) consider that the terms of the Transfer Agreement and the Disposal are fair and reasonable, and that the Disposal, although not in the ordinary and usual course of business of the Group, is on normal commercial terms and is in the interest of the Company and its shareholders as a whole.

### **FINANCIAL EFFECT OF THE DISPOSAL**

The Sale Shares were classified as financial assets at fair value through other comprehensive income in the Group's consolidated financial statements, where the fair value is measured by the quoted market price of the Lumosa Shares. Subject to final audit, and not taking into account transaction costs and any applicable taxation, the Group currently expects to recognize in its consolidated statement of comprehensive loss a gain through other comprehensive income for the year ending 31 December 2021 of approximately RMB326,000, which is the difference between (i) the proceeds from the Disposal of NTD36,500,000 (equivalent to approximately RMB8,402,000); and (ii) the fair value of the Sale Shares as at 31 December 2020 of approximately RMB8,076,000.

As a result of the Disposal, the cumulative gain from investment in the Sale Shares through other comprehensive income up to the date of the settlement and completion of the Disposal will be realized. Subject to final audit, and not taking into account transaction costs and any applicable taxation, the Group currently expects such cumulative gain to be approximately RMB7,188,000, which is the difference between (i) the proceeds from the Disposal of NTD36,500,000 (equivalent to approximately RMB8,402,000); and (ii) the historical acquisition cost of the Sale Shares of approximately RMB1,214,000. Such cumulative gain, once realized, will be reclassified from other reserves to accumulated losses in the Group's consolidated statement of changes in equity.

The exact amounts of gain or loss on the Disposal to be recorded in the Group's consolidated financial statements for the year ending 31 December 2021 will be subject to audit, and will take into account transaction costs and any applicable taxation as well as foreign exchange conversions, and therefore may vary from the figures provided above.

## **CONFIRMATION IN RELATION TO CENTERLAB AND MR. LIN, JUNG-CHIN**

As disclosed on pages 282 to 283 of the prospectus dated 29 October 2019 published by the Company, as part of the measures adopted by the Company to address any potential competition and conflict of interest between the Company on one hand and Centerlab and its chairman Mr. Lin, Jung-Chin on the other hand, the Company has undertaken to the Stock Exchange to include the following statement in this announcement.

The Company confirms that, as at the date of this announcement, (i) none of Mr. Lin, Jung-Chin or any of his associates and relatives as defined in Rules 14A.12 and 14A.21(1)(a) of the Listing Rules respectively (the “**Relevant Persons**”) had discussed or voted on any matters relating to the entering into of the Transfer Agreement between the Company and Centerlab (the “**Relevant Matters**”) at any relevant meeting of the board of directors of Centerlab; and (ii) where the Relevant Matters involved the approval or deliberation by the board of directors or the investment committee of Centerlab, none of Mr. Lin, Jung-Chin or any of the Relevant Persons was a member of the investment committee of Centerlab at the material time.

## **LISTING RULES IMPLICATIONS**

Centerlab (together with its associate BioEngine Technology) is the controlling shareholder of the Company, and is hence a connected person of the Company pursuant to Rule 14A.07(1) of the Listing Rules. Therefore, the Disposal constitutes a connected transaction of the Company. As the highest applicable percentage ratio (as defined under Rules 14.04(9) and 14A.77 of the Listing Rules) in respect of the Disposal is 0.1% or more but is less than 5%, the Disposal is exempt from the circular (including independent financial advice) and shareholders' approval requirements pursuant to Rule 14A.76(2)(a), but is nonetheless subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

## **INFORMATION ON THE PARTIES**

### **The Company**

The Company is an investment holding company incorporated in Hong Kong with limited liability, whose shares are listed on the Stock Exchange (stock code: 1875). The Group is principally engaged in research and development, manufacturing, and marketing of oncology drugs in China.

### **Centerlab**

Centerlab is Taiwan's largest manufacturer of oral liquid pharmaceuticals, with a market share of about 70%. Its products are mainly oral solutions, including syrups, suspensions, emulsions and other dosage forms. It also engages in new drug research and development, active pharmaceutical ingredients, minimally invasive medical devices and other businesses through investments in other corporations. Its shares are listed on the Taipei Exchange (stock code: 4123).

Based on public information, as at the date of this announcement, Centerlab (together with its associate BioEngine Technology) holds approximately 30.85% of the total issued share capital of the Company.

### **Lumosa Therapeutics**

Lumosa Therapeutics is a clinical-stage biopharmaceutical company in Taiwan, dedicated to the development of new drugs in the fields of neurological disorders, inflammatory diseases and others. Its main products being researched and developed include an opioid analgesic and an innovative drug for the treatment of acute ischemic stroke. Its shares are listed on the Taipei Exchange (stock code: 6535).

Based on public information, as at 30 September 2021, Centerlab (together with its non-wholly-owned subsidiary BioEngine Capital) held approximately 33.59% of the total issued share capital of Lumosa Therapeutics.

According to the audited consolidated financial statements of Lumosa Therapeutics prepared in accordance with International Financial Reporting Standards (IFRS), the consolidated total assets and net assets of Lumosa Therapeutics as at 31 December 2020 amounted to NTD1,784,317,000 (equivalent to approximately RMB414,140,000) and NTD1,582,689,000 (equivalent to approximately RMB367,342,000) respectively, and the consolidated net loss before and after taxation of Lumosa Therapeutics for the financial years ended 31 December 2019 and 2020 was as follows:

	<b>For the financial year ended 31 December 2019</b>	<b>For the financial year ended 31 December 2020</b>
Net loss before taxation	NTD226,251,000 (equivalent to approximately RMB50,635,000)	NTD322,564,000 (equivalent to approximately RMB75,738,000)
Net loss after taxation	NTD240,938,000 (equivalent to approximately RMB53,922,000)	NTD322,564,000 (equivalent to approximately RMB75,738,000)

## DEFINITIONS

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

“BioEngine Capital”	BioEngine Capital Inc. (玉晟生技投資股份有限公司), a company incorporated in Taiwan with limited liability on 13 August 2014, which is a non-wholly-owned subsidiary of Centerlab
“BioEngine Technology”	BioEngine Technology Development Inc. (玉晟管理顧問股份有限公司), a company incorporated in Taiwan with limited liability on 27 September 2007, which is an associate of Centerlab
“Board”	the board of Directors of the Company
“Centerlab”	Center Laboratories Inc. (晟德大藥廠股份有限公司), a company incorporated in Taiwan with limited liability on 4 November 1959 whose shares are listed on the Taipei Exchange (stock code: 4123), which (together with BioEngine Technology) is the controlling shareholder of the Company

“Company”	TOT BIOPHARM International Company Limited (東曜藥業股份有限公司) (formerly known as TOT BIOPHARM International Company Limited (東源國際醫藥股份有限公司)), a company incorporated in Hong Kong with limited liability on 4 December 2009 whose shares are listed on the Stock Exchange (stock code: 1875)
“Director(s)”	the director(s) of the Company
“Disposal”	the sale of the Sale Shares by the Company to Centerlab pursuant to the Transfer Agreement
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Lumosa Share(s)”	ordinary share(s) of Lumosa Therapeutics with a par value of NTD10 each
“Lumosa Therapeutics”	Lumosa Therapeutics Co., Ltd. (順天醫藥生技股份有限公司), a company incorporated in Taiwan with limited liability on 13 November 2000 whose shares are listed on the Taipei Exchange (stock code: 6535), which is an associate of Centerlab
“NTD”	New Taiwan dollar(s), the lawful currency of Taiwan
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Sale Shares”	1,000,000 Lumosa Shares being disposed of by the Company pursuant to the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taipei Exchange”	Taipei Exchange (證券櫃檯買賣中心) in Taiwan

“Transfer Agreement”

the registered account shareholding details adjustment application form (登錄專戶持股明細調整申請書) dated 7 December 2021 entered into between the Company as the seller and Centerlab as the purchaser in relation to the Disposal

By order of the Board  
**TOT BIOPHARM International Company Limited**  
**Dr. Liu, Jun**  
*Chief Executive Officer and Executive Director*

Hong Kong, 7 December 2021

*In this announcement, the conversion of NTD into RMB is based on the exchange rate of NTD1 to RMB0.2302 (in respect of the Disposal), RMB0.2321 (in respect of financial data as at 31 December 2020), RMB0.2348 (in respect of financial data for 2020) or RMB0.2238 (in respect of financial data for 2019) for illustration purposes only.*

*As at the date of this announcement, the executive Directors of the Company are Ms. Yeh-Huang, Chun-Ying and Dr. Liu, Jun; the non-executive Directors of the Company are Mr. Fu, Shan, Dr. Kung, Frank Fang-Chien, Mr. Kang, Pei and Mr. Qiu, Yu Min; and the independent non-executive Directors of the Company are Ms. Hu, Lan, Dr. Sun, Lijun Richard and Mr. Chang, Hong-Jen.*