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邁博藥業
Mabpharm Limited
迈博药业有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2181)

CONNECTED TRANSACTIONS
RENEWAL OF EXISTING TENANCY AGREEMENT

BACKGROUND

Reference is made to the section headed “Connected Transactions” of the Prospectus. On September 1, 2018, Biomabs and Shengheng Biotech entered into a tenancy agreement pursuant to which Biomabs agreed to lease the Premises to Shengheng Biotech for a term ending on December 31, 2020. On February 28, 2019, Biomabs and Shengheng Biotech entered into a supplemental agreement to extend the term to December 31, 2021.

As the Existing Tenancy Agreement will expire on December 31, 2021, Biomabs and Shengheng Biotech have on December 10, 2021 entered into the 2021 Tenancy Agreement to renew the terms of tenancy for a term of three (3) years commencing from January 1, 2022 and ending on December 31, 2024.

LISTING RULES IMPLICATIONS

In accordance with IFRS 16 “Leases”, the Group is required to recognise the tenancy of the premises as right-of-use assets. Hence the entering into of the 2021 Tenancy Agreement and the transaction contemplated thereunder will be regarded as an acquisition of assets by the Group.

As at the date of this announcement, Mr. Guo Jianjun, one of the non-executive Directors and controlling shareholders of the Company, together with Ms. Guo Hua (an associate of Mr. Guo Jianjun), indirectly controls 66.67% of the voting rights of Sinomab and Biomabs is the direct wholly-owned subsidiary of Sinomab. Accordingly, Biomabs is a connected person of the Company, and the entering into of the 2021 Tenancy Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the estimated value of the right-of-use assets to be recognised by the Group under the 2021 Tenancy Agreement is more than 0.1% and less than 5%, the entering into of the 2021 Tenancy Agreement falls within the ambit of Rule 14A.76(2) of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the section headed "Connected Transactions" of the Prospectus. On September 1, 2018, Biomabs and Shengheng Biotech entered into a tenancy agreement pursuant to which Biomabs agreed to lease the Premises to Shengheng Biotech for a term ending on December 31, 2020. On February 28, 2019, Biomabs and Shengheng Biotech entered into a supplemental agreement to extend the term to December 31, 2021.

As the Existing Tenancy Agreement will expire on December 31, 2021, Biomabs and Shengheng Biotech have on December 10, 2021 entered into the 2021 Tenancy Agreement to renew the terms of tenancy for a term of three (3) years commencing from January 1, 2022 and ending on December 31, 2024.

THE 2021 TENANCY AGREEMENT

The principal terms of the 2021 Tenancy Agreement are set forth below:

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| Date: | December 10, 2021 |
| Parties: | (i) Shengheng Biotech, as tenant; and (ii) Biomabs, as landlord |
| Term: | For a period of three years commencing from January 1, 2022 and ending on December 31, 2024. |
| Premises: | No. 301 Libing Road, Zhangjiang Hi-Tech Park, Shanghai (上海市張江高科技園區李冰路301號) with a gross area 3,218m ² |
| Monthly Rental: | RMB411,099.50 per month |

The Group estimates that the value of the right-of-use assets to be recognised by the Group under the 2021 Tenancy Agreement shall be approximately RMB12.3 million, being the present value of the aggregate tenancy payments using the rate applicable at the commencement date of the 2021 Tenancy Agreement in accordance with IFRS 16 as discounted using a discount rate which is equivalent to the incremental borrowing rate. Right-of-use assets are depreciated on a straight-line basis over the lease terms. The value of right-of-use assets is based on the preliminary assessment of the Board and subject to adjustment.

REASONS FOR AND BENEFIT OF THE 2021 TENANCY AGREEMENT

Shengheng Biotech had in the past been leasing the Premises from Biomabs. The Existing Tenancy Agreement is going to expire on December 31, 2021. The Directors believe that the entering into of the 2021 Tenancy Agreement is necessary for the continuous use of the Premises and uninterrupted operations and growth of the Group.

The terms of the 2021 Tenancy Agreement were negotiated on an arm's length basis. The rent chargeable under the 2021 Tenancy Agreement was agreed by making reference to (i) the monthly rental rate under the Existing Tenancy Agreement of RMB411,099.50 per calendar month; (ii) the prevailing market rate for similar premises in the vicinity; and (iii) the current economic environment.

Based on the above, the Directors (excluding Mr. Guo Jianjun who is required to abstain from voting but including all independent non-executive Directors) are of the view that the 2021 Tenancy Agreement was entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better and the terms of the 2021 Tenancy Agreement are fair and reasonable and in the interests of the shareholders of the Group as a whole.

LISTING RULES IMPLICATIONS

In accordance with IFRS 16 "Leases", the Group is required to recognise the tenancy of the premises as right-of-use assets. Hence the entering into of the 2021 Tenancy Agreement and the transaction contemplated thereunder will be regarded as an acquisition of assets by the Group.

As at the date of this announcement, Mr. Guo Jianjun, one of the non-executive Directors and controlling shareholders of the Company, together with Ms. Guo Hua (an associate of Mr. Guo Jianjun), indirectly controls 66.67% of the voting rights of Sinomab and Biomabs is the direct wholly-owned subsidiary of Sinomab. Accordingly, Biomabs is a connected person of the Company, and the entering into of the 2021 Tenancy Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the estimated value of the right-of-use assets to be recognised by the Group under the 2021 Tenancy Agreement is more than 0.1% and less than 5%, the entering into of the 2021 Tenancy Agreement falls within the ambit of Rule 14A.76(2) of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Mr. Guo Jianjun is considered to have material interests in the 2021 Tenancy Agreement by virtue of his interests in Biomabs, he had abstained from voting on the resolution of the Board for approving the 2021 Tenancy Agreement. Save as disclosed above, none of the Directors attended the Board meeting has any material interests in this transaction.

INFORMATION ABOUT THE COMPANY, SHENGHENG BIOTECH AND BIOMABS

The Company is a leading biopharmaceutical company in China, focusing on the research, development and production of new drugs and biosimilar for cancers and autoimmune diseases. Mr. Guo Jianjun, one of the non-executive Directors of the Company, is the ultimate controlling shareholder of the Company.

Shengheng Biotech is an indirect wholly-owned subsidiary of the Company and one of the Company's major operating subsidiaries. It is principally engaged in the research and development of new drugs and biosimilar for cancers and autoimmune diseases.

Biomabs is principally engaged in CRO business in the PRC. Biomabs is a direct wholly-owned subsidiary of Sinomab. Mr. Guo Jianjun, one of the non-executive Directors and controlling shareholders of the Company, together with Ms. Gao Hua (an associate of Mr. Guo Jianjun), indirectly controls 66.67% of the voting rights of Sinomab.

DEFINITIONS

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

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| “2021 Tenancy Agreement” | the tenancy agreement dated December 10, 2021 entered into between Biomabs and Shengheng Biotech in respect of the lease of the Premises during the period from January 1, 2022 to December 31, 2024 |
| “Biomabs” | Shanghai Biomabs Pharmaceuticals Co., Ltd. (上海百邁博製藥有限公司), a limited liability company incorporated in the PRC on October 16, 2009 and a direct wholly-owned subsidiary of Sinomab as of the date of this announcement |
| “Board” | the board of Directors of the Company |
| “Company” | Mabpharm Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “CRO” | a contract research organization, which provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research and development services outsources on a contract basis |
| “Director(s)” | the director(s) of the Company |
| “Existing Tenancy Agreement” | The tenancy agreement dated September 1, 2018 and supplemental tenancy agreement dated February 28, 2019, entered into between Biomabs and Shengheng Biotech in respect of the lease of the Premises during the period from September 1, 2018 to December 31, 2021 |

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| “Group” | the Company and its subsidiaries |
| “IFRS” | International Financial Reporting Standard(s) issued by the International Accounting Standards Board from time to time |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time) |
| “PRC” | the People’s Republic of China |
| “Premises” | No. 301 Libing Road, Zhangjiang Hi-Tech Park, Shanghai (上海市張江高科技園區李冰路301號) with a gross area 3,218m ² |
| “Prospectus” | the prospectus of the Company dated May 20, 2019 |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Shareholder(s)” | holder(s) of the shares of the Company |
| “Shengheng Biotech” | Shanghai Shengheng Biotechnology Limited* (上海晟珩生物技術有限公司), a limited liability company incorporated in the PRC on August 28, 2018 and an indirect wholly-owned subsidiary of the Company as of the date of this announcement |
| “Sinomab” | Sinomab Limited (formerly known as Mabtech Limited), a limited liability company incorporated in the Cayman Islands on September 4, 2014, and is a connected person of the Company as Mr. Guo Jianjun and Ms. Guo Hua, together indirectly controls 66.67% voting rights of Sinomab as of the date of this announcement |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “%” | per cent |

By Order of the Board
Mabpharm Limited
Jiao Shuge
Chairman

Hong Kong, December 10, 2021

As at the date of this announcement, the Board of Directors of the Company comprises Dr. Wang Hao, Mr. Tao Jing, Mr. Li Yunfeng, and Dr. Li Jing as executive Directors; Mr. Jiao Shuge and Mr. Guo Jianjun as non-executive Directors; and Mr. Guo Liangzhong, Dr. Zhang Yanyun and Dr. Liu Linqing as independent non-executive Directors.

* For Identification Only