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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)

DISCLOSEABLE TRANSACTION IN RELATION TO CONSTRUCTION AGREEMENT FOR THE GLOBAL RESEARCH AND DEVELOPMENT CENTRE

INTRODUCTION

The Board is pleased to announce that on 31 December 2021, TOT Suzhou (a wholly-owned subsidiary of the Company) entered into the Construction Agreement with Shanghai Baoye for the construction of the Global Research and Development Centre at the Group's headquarters in Suzhou Industrial Park, Suzhou, Jiangsu Province, the PRC, with the Contract Sum for the construction works being RMB83,500,000.14.

THE CONSTRUCTION AGREEMENT

The principal terms of the Construction Agreement are set forth below.

Date 31 December 2021

Parties (i) TOT Suzhou, as the client
(ii) Shanghai Baoye, as the contractor

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Shanghai Baoye and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Subject Matter	<p>Shanghai Baoye shall be responsible for the construction and engineering works of the Global Research and Development Centre at the Group's headquarters in Suzhou Industrial Park, Suzhou, Jiangsu Province, the PRC, with a gross floor area of approximately 25,000 square meters based on the technical specifications as required under the Construction Agreement.</p> <p>The construction works include, among other things, the construction of building units, mechanical and electrical installation and embedment, and concrete roads.</p> <p>The scope of contracted works includes but is not limited to demolition engineering, pile foundation engineering, foundation pit enclosure engineering, construction engineering, structural engineering and facade engineering.</p>
Expected Construction Period	From 31 December 2021 to 31 December 2022
Contract Sum and Payment Terms	<p>The Contract Sum payable to Shanghai Baoye is RMB83,500,000.14 in total. The Contract Sum was determined with reference to the cost of labour and raw materials, and will not be adjusted unless circumstances fall out of the agreed risk range.</p> <p>The Contract Sum shall be paid to Shanghai Baoye in the following manner:</p> <ul style="list-style-type: none"> (i) prepayment of 20% of the Contract Sum within 15 days after entering into the Construction Agreement; (ii) monthly payments of 80% of the construction fees for work done based on the construction progress of each month, which in part will be set off by the prepayment in (i) above by 6 installments of monthly payments; (iii) payment up to 85% (cumulative of (ii) above) of the Contract Sum after the construction project is accepted as qualified; (iv) payment up to 95% (cumulative of (ii) and (iii) above) of the settlement sum (which will be equal to the Contract Sum unless circumstances fall out of the agreed risk range) after the completion of settlement audit of the construction project; and (v) interest-free payment of the remaining 5% of the aforesaid settlement sum in a lump sum at the end of the two-year quality assurance period. <p>It is expected that the Contract Sum will be paid out of the Group's own funds and project loans from banks.</p>

Basis for Determining the Contract Sum

The Contract Sum payable by TOT Suzhou under the Construction Agreement was determined based on the engineering design plan and approved construction pricing list issued by a qualified third-party company and the Pricing Thresholds for Construction Projects in Jiangsu Province (2014)* (《江蘇省建設工程費用定額》(2014 年)).

REASONS FOR AND BENEFITS OF THE CONSTRUCTION AGREEMENT

The Global Research and Development Centre is to be used by the Group in its daily operations and will serve the functions of early research and development, process development, quality research as well as head office, among others. The completion of the Global Research and Development Centre will consolidate and reinforce the strengths of the Group in the field of bio-innovative pharmaceuticals and achieve seamless connection between its research and development area and production area, thereby strengthening the Group's innovative drug research and development and collaboration in the PRC and around the world.

The Board is of the view that the terms of the Construction Agreement are fair and reasonable, meet the needs of the Group's business development, and are in the interests of the Company and its shareholders as a whole.

INTRODUCTION OF THE GLOBAL RESEARCH AND DEVELOPMENT CENTRE

The Global Research and Development Centre will have a gross floor area of approximately 25,000 square meters. Its research and development core experimental area can simultaneously carry out multiple research and process development experiments on monoclonal antibody (mAb) drugs, antibody drug conjugates (ADC), oncolytic virus drugs and special small molecule anti-tumor drugs. The main construction body is expected to be completed in 2023, and the proposed total investment for the project is approximately RMB180 million.

INFORMATION ON THE PARTIES

About TOT Suzhou

TOT Suzhou is a limited liability company incorporated in the PRC and is a wholly-owned subsidiary of 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 the PRC.

About Shanghai Baoye

The predecessor of Shanghai Baoye was founded in 1954. The holding company of Shanghai Baoye is Metallurgical Corporation of China Ltd.* (中國冶金科工股份有限公司), whose shares are listed on the Stock Exchange (stock code: 1618) and Shanghai Stock Exchange (stock code: 601618) and which is a core backbone subsidiary of China Minmetals Corporation* (中國五礦集團有限公司), a Global 500 company and a PRC central state-owned enterprise. Shanghai Baoye has the first batch of premium qualifications for general contracting of housing construction and smelting projects in the PRC, as well as the highest qualifications for many national construction general contracting and professional contracting. Its business covers the entire industry chain of research and development, design, production, and construction.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under Rule 14.04(9) of the Listing Rules) in respect of the transactions contemplated under the Construction Agreement is 5% or more but is less than 25%, the transactions contemplated under the Construction Agreement constitute a discloseable transaction of the Company and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules. The Construction Agreement is the main agreement in connection with the construction works of the Global Research and Development Centre. The Company will comply with the applicable requirements under Chapter 14 of the Listing Rules (with particular attention to Rules 14.22, 14.23 and 14.23A) on an ongoing basis.

DEFINITIONS

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

“Board”	the board of the Directors
“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)
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Construction Agreement”	the construction agreement dated 31 December 2021 entered into between TOT Suzhou and Shanghai Baoye
“Contract Sum”	the total contract sum payable to Shanghai Baoye under the Construction Agreement, being RMB83,500,000.14
“Director(s)”	the director(s) of the Company

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan regions
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Baoye”	Shanghai Baoye Group Corp., Ltd.* (上海寶冶集團有限公司), a company incorporated in the PRC with limited liability on 15 January 2003, details of which are set forth in the section headed “Information on the Parties – About Shanghai Baoye” of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TOT Suzhou”	TOT BIOPHARM Co., Ltd.* (東曜藥業有限公司), a company incorporated in the PRC with limited liability on 5 July 2010, which is a wholly-owned subsidiary of the Company

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

Hong Kong, 31 December 2021

As at the date of this announcement, the executive Directors of the Company are Dr. Liu, Jun and Ms. Yeh-Huang, Chun-Ying; 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.

* For identification purpose only