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维亚生物科技控股集团
VIVA BIOTECH HOLDINGS

(Incorporated in the Cayman Islands as an exempted company with limited liability)

(Stock code: 1873)

CONNECTED TRANSACTION

MANAGEMENT CO-INVESTMENT AND DEEMED DISPOSAL OF EQUITY INTEREST IN VIVA SHANGHAI

MANAGEMENT CO-INVESTMENT AND DEEMED DISPOSAL

The Board is pleased to announce that on December 15, 2023, amongst others, VIVA Shanghai, the Participating Employees entered into the Capital Increase Agreement, pursuant to which the Participating Employees will inject RMB30,016,000 to the capital of VIVA Shanghai (of which US\$501,412 will be accounted for as registered capital of VIVA Shanghai, representing approximately 0.75% of its registered capital upon completion of the Management Co-investment).

Assuming that the December 2023 Equity Transfer (as announced by the Company on December 15, 2023) is completed in accordance with its terms, the Group's equity interest in VIVA Shanghai will be diluted from approximately 73.46% to 72.91%.

LISTING RULES IMPLICATIONS

VIVA Shanghai is an indirect non-wholly owned subsidiary of the Company and assuming that the December 2023 Equity Transfer is completed in accordance with its terms, the Group's equity interest in VIVA Shanghai will be diluted from approximately 73.46% to 72.91%. As such, the Connected Employee's Management Co-Investment will constitute a deemed disposal of 0.10% of the Group's interest in VIVA Shanghai. As all applicable percentage ratios for the Management Co-investment is less than 5%, the Management Co-investment is not subject to the requirements under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratios for the Connected Employee's Management Co-Investment and the resulting deemed disposal of equity interest in VIVA Shanghai is more than 0.1% but less than 5%, the Connected Employee's Management Co-Investment is subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Board is pleased to announce that on December 15, 2023, amongst others, VIVA Shanghai, the Participating Employees entered into the Capital Increase Agreement, pursuant to which the Participating Employees will inject RMB30,016,000 to the capital of VIVA Shanghai (of which US\$501,412 will be accounted for as registered capital of VIVA Shanghai, representing approximately 0.75% of its registered capital upon completion of the Management Co-investment).

Principal terms of the Capital Increase Agreement are as follow:

Date

December 15, 2023

Parties

- (1) The Company Side, including the Company, Viva Biotech, Viva Investment, VIVA Shanghai;
- (2) Mr. Mao Chen Cheney;
- (3) The Investing Shareholders; and
- (4) The Participating Employees (including the Connected Employees and Non-Connected Employees).

The Management Co-investment

The Participating Employees has conditionally agreed to make the following capital injection in VIVA Shanghai:

| Participating Employees | Registered capital subscription (US\$) | Approximate percentage of the equity interest in VIVA Shanghai upon completion of the Management Co-investment¹ | Consideration (RMB) |
|--------------------------------|---|---|--------------------------------|
| Ren Delin ² | 71,831 | 0.11% | 4,300,000 |
| Zhao Huixin ² | 21,549 | 0.03% | 1,290,000 |
| Bu Xianyong ³ | 170,992 | 0.26% | 10,236,000 |
| Wang Zheren ³ | 86,197 | 0.13% | 5,160,000 |
| Cai Jianhua ³ | 21,549 | 0.03% | 1,290,000 |
| Qian Dongming ³ | 21,549 | 0.03% | 1,290,000 |
| Shen Jian ³ | 21,549 | 0.03% | 1,290,000 |
| Zhao Yanlong ³ | 21,549 | 0.03% | 1,290,000 |
| Wang Lishan ³ | 21,549 | 0.03% | 1,290,000 |
| Cai Mengting ³ | 21,549 | 0.03% | 1,290,000 |
| Fei Xiaoyu ³ | 21,549 | 0.03% | 1,290,000 |
| Total | 501,412 | 0.75% | 30,016,000 |

Notes:

- (1) Rounded to two decimal places.
- (2) Denotes a Connected Employee. Mr. Ren Delin is an executive Director of the Company and Ms. Zhao Huixin is the spouse of Mr. Wu Ying, an executive Director of the Company.
- (3) Denotes a Non-connected Employee.

Subscription price and basis of determination

The subscription price of the Management Co-investment was determined based on arm's length negotiation between VIVA Shanghai and the Participating Employees, with reference to, among other things, the valuation of VIVA Shanghai from the June 2023 Equity Investment and December 2023 Equity Transfer, as well as the Participating Employee's continuing contribution to the Company. The Equity Transfer was made at an implied valuation representing a moderate discount of approximately 10.00% and 14.29% as compared with the implied valuation of the June 2023 Equity Investment and December 2023 Equity Transfer (being approximately RMB4,388 million and RMB4,607 million, respectively). Given that (i) the Participating Employees' equity interest in VIVA Shanghai will not be subject to the same investors rights (such as the right to require the Group to repurchase their equity interest upon the occurrence of specified events) as the aforementioned investors; and (ii) having regards to Participating Employee's ability to contribute to the ongoing success of VIVA Shanghai as well as the alignment effect that the Management Co-investment is expected to have on the Participating Employees, the Company is of the view that the implied valuation and consideration is fair and reasonable.

The total capital injection of RMB30,016,000 shall be settled by the Participating Employees in cash on or before January 31, 2024.

Completion and covenants

Upon entering into the Capital Increase Agreement, VIVA Shanghai shall promptly procure that (i) its Investing Shareholders shall waive their pre-emptive or anti-dilution rights in relation to the Management Co-investment; (ii) the board of directors and shareholders of VIVA Shanghai approve of the capital increase; and (iii) update its constitution documents and shareholders agreement to reflect the terms and transactions contemplated under the Capital Increase Agreement.

Prior to payment of the capital injection, the Participating Employees shall also execute, and agree to be subject to, the updated constitution documents and shareholders agreement pertaining to VIVA Shanghai to reflect the terms and transactions contemplated under the Capital Increase Agreement. The Investing Shareholders and the Participating Employees agree that the Participating Employees shall rank *pari passu* with the Investing Shareholders during liquidation and enjoy the same liquidation preference and liquidation rights as the Investing Shareholders.

Completion of the Management Co-investment shall take place after the Participating Employees' payment of the subscription amount to such bank account as designated by VIVA Shanghai, or any other date as agreed between VIVA Shanghai and the Participating Employees. Upon receipt of the funds, VIVA Shanghai shall update its register of members and confirm that the Participating Employees has made the requisite capital injection, and attend to registration or relevant industrial and commercial changes and other filing and registration as required by other applicable regulatory body.

The Management Co-investment is conducted independent of the December 2023 Equity Transfer and the transactions are not inter-conditional or otherwise associated.

EFFECTS OF THE MANAGEMENT CO-INVESTMENT

The table below illustrates (i) the amount of registered capital of VIVA Shanghai held as at the date of this announcement; (ii) the amount of registered capital of VIVA Shanghai held upon completion of the Management Co-investment; and (iii) the percentage of the equity interest of VIVA Shanghai held upon completion of the Management Co-investment, each assuming that the December 2023 Equity Transfer will be completed in accordance with its terms:

| Shareholders | Amount of registered capital held as at the date of this announcement (US\$) | Amount of registered capital held upon completion of the Management Co-investment (US\$) | Percentage of the equity interest held upon completion of the Management Co-investment ¹ |
|--|---|---|---|
| Viva Biotech ^{2,3} | 48,463,389 | 48,463,389 | 72.91% |
| HLC VGC Partners HK II Limited | 2,891,359 | 2,891,359 | 4.35% |
| Qingdao Hongyi Investment Partnership Enterprise (Limited Partnership) (青島弘燿投資合夥企業(有限合夥)) | 1,503,450 | 1,503,450 | 2.26% |
| Daxue Investments Pte. Ltd. | 9,261,250 | 9,261,250 | 13.93% |
| True Light Investments P Pte. Ltd. | 2,315,312 | 2,315,312 | 3.48% |
| Raed Capital Holdings 2 Ltd ² | 1,536,611 | 1,536,611 | 2.31% |
| Ren Delin | – | 71,831 | 0.11% |
| Zhao Huixin | – | 21,549 | 0.03% |
| Bu Xianyong | – | 170,992 | 0.26% |
| Wang Zheren | – | 86,197 | 0.13% |
| Cai Jianhua | – | 21,549 | 0.03% |
| Qian Dongming | – | 21,549 | 0.03% |
| Shen Jian | – | 21,549 | 0.03% |
| Zhao Yanlong | – | 21,549 | 0.03% |
| Wang Lishan | – | 21,549 | 0.03% |
| Cai Mengting | – | 21,549 | 0.03% |
| Fei Xiaoyu | – | 21,549 | 0.03% |
| Total | <u>65,971,371</u> | <u>66,472,783</u> | <u>100.00%</u> |

Notes:

- (1) Rounded to two decimal places.
- (2) On December 15, 2023, Viva Biotech has agreed to transfer US\$1,536,611 in VIVA Shanghai's registered capital (representing approximately 2.33% of VIVA Shanghai's registered capital) to Raed Capital Holdings 2 Ltd for a consideration of US\$15 million, completion of the equity transfer is subject to fulfillment or waiver of certain conditions. Please refer to the Company's announcement dated December 15, 2023 for further details of the December 2023 Equity Transfer.
- (3) Immediately upon completion of the Management Co-investment (and assuming completion of the December 2023 Equity Transfer), VIVA Shanghai will remain as an indirect non-wholly owned subsidiary of the Company.

INFORMATION OF THE PARTIES

The Group

The Group provides one-stop services, consisting of CRO business and CDMO business, ranging from early-stage structure-based drug research and development to commercial drug delivery to global biopharmaceutical innovators. The services of CRO business cover customers' needs for early stage drug discovery, including target protein expression and structure research, hit screening, lead optimization and drug candidate determination. The services of CDMO business offer worldwide pharmaceutical and biotech partners comprehensive services from drug development through commercial drug manufacturing.

VIVA Shanghai

VIVA Shanghai is a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company as at the date of this announcement, which is principally engaged in the CRO Business. Set out below is a summary of the unaudited consolidated financial information of VIVA Shanghai for the two years ended December 31, 2021 and December 31, 2022 respectively, prepared in accordance with International Financial Reporting Standards:

| | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|------------------------|---|---|
| | (Unaudited) <i>RMB'000</i> | (Unaudited) <i>RMB'000</i> |
| | <i>(approximately)</i> | <i>(approximately)</i> |
| Profit before taxation | 248,713 | 250,295 |
| Profit after taxation | 202,193 | 206,297 |
| Net assets | 1,158,764 | 731,836 |

Subsequent to date of the financial statements, the Group underwent a corporate restructuring in order to better delineate its (i) CRO Business, and (ii) CDMO Business, and all of the Group's assets and related personnel of the Group's CRO Business was transferred to VIVA Shanghai and its subsidiaries, while all assets and relevant personnel of the Group's CDMO Business was transferred from VIVA Shanghai to other wholly-owned subsidiaries.

The Participating Employees

Mr. Ren Delin is an executive Director of the Company and the general management and chief executive officer of VIVA Shanghai, he is a connected person of the Company.

Ms. Zhao Huixin is a vice president of VIVA Shanghai, she is also the spouse of Mr. Wu Ying, an executive Director of the Company and therefore an associate of the Company's connected person.

The Non-connected Employees (being other Participating Employees), are members of the management team of VIVA Shanghai and the Group.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, and saved as disclosed herein, as of the date of this announcement, the Non-connected Employees are independent third parties.

REASONS FOR AND BENEFITS OF THE MANAGEMENT CO-INVESTMENT AND USE OF PROCEEDS

The Management Co-investment will provide additional funding to support VIVA Shanghai's long-term business expansion plan and growth strategies. Since the Participating Employees are the management team of VIVA Shanghai, the Management Co-investment can significantly enhance their commitment to VIVA Shanghai and align their interest with VIVA Shanghai and the Group's interest by enabling them to be personally invested in the success of VIVA Shanghai. The Company considers that the alignment of interests can enhance dedication and commitment of the Participating Employees and would be beneficial for the Group's long term development.

Taking into account the factors mentioned above, the Board (excluding Mr. Ren Delin and Mr. Wu Ying who each has a material interest and has abstained from voting on the relevant Board resolution, but including the independent non-executive Directors) considers that the terms and conditions of the Capital Increase Agreement (including the Management Co-investment by the Connected Employees) as contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Save as disclosed, none of the other Directors have any interest and therefore no other Directors abstained from voting on the relevant Board resolution in respect of the Management Co-investment.

The gross and net proceeds from the Management Co-Investment is approximately RMB30.0 million, VIVA Shanghai intends to apply such proceeds for its general working capital.

LISTING RULES IMPLICATIONS

VIVA Shanghai is an indirect non-wholly owned subsidiary of the Company and assuming that the December 2023 Equity Transfer is completed in accordance with its terms, the Group's equity interest in VIVA Shanghai will be diluted from approximately 73.46% to 72.91%. As such, the Connected Employee's Management Co-Investment will constitute a deemed disposal of 0.10% of the Group's interest in VIVA Shanghai. As all applicable percentage ratios for the Management Co-investment is less than 5%, the Management Co-investment is not subject to the requirements under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratios for the Connected Employee's Management Co-Investment and the resulting deemed disposal of equity interest in VIVA Shanghai is more than 0.1% but less than 5%, the Connected Employee's Management Co-Investment is subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

| | |
|---------------------------------|---|
| “Board” | the board of Directors of the Company |
| “Capital Increase Agreement” | the capital increase agreement dated December 15, 2023 between, amongst others, VIVA Shanghai and the Participating Employees in relation to the Management Co-investment |
| “CDMO Business” | contract development and manufacturing organization, and commercialization business |
| “Company” | Viva Biotech Holdings (维亚生物科技控股集团), a company incorporated in the Cayman Islands as an exempted company with limited liability, the issued shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 1873) |
| “Company Side” | the Company, Viva Biotech, Viva Investment and VIVA Shanghai |
| “Connected Employee(s)” | Mr. Ren Delin and Ms. Zhao Huixin, each being connected to the Company |
| “CRO Business” | contract research organization business |
| “December 2023 Equity Transfer” | Viva Biotech's proposed transfer of US\$1,536,611 in VIVA Shanghai's registered capital (representing approximately 2.33% of VIVA Shanghai's registered capital) to Raed Capital Holdings 2 Ltd, the details of which are set out in the Company's announcement dated December 15, 2023 |

| | |
|--------------------------------|---|
| “Director(s)” | the director(s) of the Company |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollar(s), the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Hong Kong Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “independent third party(ies)” | the independent third party who is, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, independent of and not connected with the Company and the connected person(s) of the Company |
| “Investing Shareholders” | the investing shareholders of VIVA Shanghai who participated in the June 2023, Equity Investment, namely, HLC VGC Partners HK II Limited, Qingdao Hongyi Investment Partnership Enterprise (Limited Partnership) (青島弘熠投資合夥企業(有限合夥)), Daxue Investments Pte. Ltd. and True Light Investments P Pte. Ltd. |
| “June 2023 Equity Investment” | the equity investment by the Investing Shareholders in VIVA Shanghai, the details of which are set out in the Company’s announcements dated June 11, 2023, July 27, 2023, November 20, 2023, and the Company’s circular dated August 9, 2023 |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “Management Co-investment” | the proposed capital injection of RMB30,016,000 by the Participating Employees to VIVA Shanghai |
| “Non-connected Employee(s)” | Bu Xianyong, Wang Zheren, Cai Jianhua, Qian Dongming, Shen Jian, Zhao Yanlong, Wang Lishan, Cai Mengting, Fei Xiaoyu, each being an employee of the Group and VIVA Shanghai, and an independent third party |
| “Participating Employees” | the Connected Employees and Non-connected Employees |
| “PRC” | the People’s Republic of China, excluding for the purpose of this announcement, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan |
| “RMB” | renminbi, the lawful currency of the PRC |
| “Shares” | the shares of the Company |

| | |
|-------------------|---|
| “Shareholders” | the holders of Shares |
| “Transferee” | Raed Capital Holdings 2 Ltd, being the transferee under the Equity Transfer Agreement |
| “US\$” | US dollar(s), the lawful currency of the United States of America |
| “Viva Biotech” | Viva Biotech Limited (維亞生物科技有限公司), a limited company incorporated in Hong Kong and a direct wholly-owned subsidiary of the Company |
| “Viva Investment” | Viva Biotech Investment Management Limited, a limited company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company |
| “VIVA Shanghai” | Viva Biotech (Shanghai) Ltd. (維亞生物科技(上海)有限公司), a limited liability company established in the PRC and an indirect non-wholly owned subsidiary of the Company |
| “%” | percentage |

By order of the Board
Viva Biotech Holdings
Mao Chen Cheney
Chairman and Chief Executive Officer

Hong Kong, December 15, 2023

As at the date of this announcement, the Board comprises three Executive Directors, namely, Mr. Mao Chen Cheney (Chairman), Mr. Wu Ying and Mr. Ren Delin; a Non-executive Director, namely, Mr. Wu Yuting; and three Independent Non-executive Directors, namely, Mr. Fu Lei, Ms. Li Xiangrong and Mr. Wang Haiguang.