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SHENZHEN HEPALINK PHARMACEUTICAL GROUP CO., LTD.

(深圳市海普瑞藥業集團股份有限公司)

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 9989)

VOLUNTARY ANNOUNCEMENT DISPOSAL OF SHARES OF KYMAB

THE DISPOSAL

This is a voluntary announcement made by Shenzhen Hepalink Pharmaceutical Group Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that, on January 11, 2021, Hepalink (Hong Kong) Limited (a wholly-owned subsidiary of the Company) (the “**Vendor**”) entered into the share transfer agreement (the “**Share Transfer Agreement**”) with, among others, Sanofi Foreign Participations BV (the “**Purchaser**”) pursuant to which the Purchaser conditionally agreed to acquire and the Vendor conditionally agreed to sell 8,920,639 shares of Kymab Group Company Limited (“**Kymab**”), representing approximately 8.66% equity interest of Kymab.

The transactions contemplated under the Share Transfer Agreement do not constitute a notifiable transaction or connected transaction of the Company under Chapter 14 or Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

INTRODUCTION

This announcement is made by the Company on a voluntary basis.

The Board is pleased to announce that on January 11, 2021, the Vendor and the Purchaser entered into the Share Transfer Agreement, pursuant to which the Purchaser conditionally agreed to acquire the entire issued shares of Kymab from all the shareholders of Kymab including the Vendor. The upfront total payment of the consideration is US\$1,100 million and up to US\$350 million upon achievement of certain milestones.

As at the date of this announcement, Hepalink (Hong Kong) Limited (a wholly-owned subsidiary of the Company) holds 8,920,639 shares of Kymab, representing approximately 8.66% of the entire issued share capital of Kymab.

The principal terms of the Share Transfer Agreement are set out below.

THE SHARE TRANSFER AGREEMENT

Date January 11, 2021

Parties

1. Hepalink (Hong Kong) Limited, a wholly-owned subsidiary of the Company (as the Vendor);
2. Sanofi Foreign Participations BV, a wholly-owned subsidiary of Sanofi (a multinational pharmaceutical company listed on Euronext Paris (Stock Code: SAN)) (as the Purchaser); and
3. Other shareholders of Kymab.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and all the shareholders of Kymab (excluding the Vendor), and their ultimate beneficial owners are third parties independent of the Company and of connected persons of the Company.

Subject Matter of the Disposal

The Vendor and the Purchaser entered into the Share Transfer Agreement, pursuant to which the Purchaser conditionally agreed to acquire the entire issued shares of Kymab from all the shareholders of Kymab including the Vendor. The upfront total payment of the consideration is US\$1,100 million, and up to US\$350 million upon achievement of certain milestones.

As at the date of this announcement, the Vendor holds 8,920,639 shares of Kymab, representing approximately 8.66% of the entire issued share capital of Kymab.

Consideration

- Upfront total payment to acquire all of the equity interest of Kymab will be US\$1,100 million.
- Up to US\$350 million will be paid by the Purchaser upon achievement of certain milestones.
- According to the Share Transfer Agreement, the Company will receive the cash payment of approximately US\$117.0 million as the upfront payment, and up to US\$30.3 million upon achievement of certain milestones.

Investment Cost

The Group acquired a total of 8,920,639 shares of Kymab through Series C preference shares and convertible preference shares from 2017 to 2020, at a total investment cost of US\$40.57 million. The unaudited fair value of the Group's investment in Kymab was approximately RMB284 million as at September 30, 2020.

Completion

The completion is subject to the expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and other customary closing conditions. The purchaser expects to complete the acquisition in the first half of 2021.

Upon completion, the Group will cease to have any interests in Kymab.

BENEFITS OF THE DISPOSAL

The Group reviews its existing strategic investment portfolio from time to time. The Company considers that the consideration offered by the Purchaser meets the expectation of the Group and the disposal will also generate a rather sizable inflow of cash to the Group. The Company considers that the terms of the Share Transfer Agreement have been made on normal commercial terms and are fair and reasonable and the disposal is in the interest of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

The transactions contemplated under the Share Transfer Agreement do not constitute a notifiable transaction or connected transaction of the Company under Chapter 14 or Chapter 14A of the Listing Rules.

INFORMATION ON KYMAB

Kymab, based in Cambridge, the UK, is a clinical stage biopharmaceutical company focused on the discovery and development of fully human monoclonal antibody drugs using its proprietary antibody platforms (IntelliSelect[®]) which contain the entire repertoire of human antibodies. Kymab's platform has been designed to maximise the diversity of human antibodies produced in response to immunisation with antigens. Kymab is using its platforms for a number of internal drug discovery programmes and in partnership with pharmaceutical companies. It has a broad pipeline of therapeutic antibody programmes, with four leading drug candidates of immunotherapy in the anti-inflammation, oncology and other areas, namely, KY1005, KY1044, KY1043 and KY1051, with significant growth potential.

Announcement is hereby given.

By order of the Board
Shenzhen Hepalink Pharmaceutical Group Co., Ltd.
Li Li
Chairman

Shenzhen, PRC
January 11, 2021

As at the date of this announcement, the executive directors of the Company are Mr. Li Li, Ms. Li Tan, Mr. Shan Yu and Mr. Sun Xuan; the non-executive director of the Company is Mr. Bu Haihua; and the independent non-executive directors of the Company are Dr. Lu Chuan, Mr. Chen Junfa and Mr. Wang Zhaohui.