

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Immunotech Biopharm Ltd

永泰生物製藥有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6978)

DISCLOSEABLE TRANSACTION IN RELATION TO THE LEASE AGREEMENT

THE LEASE AGREEMENT

The Board hereby announces that on 9 October 2021 (after trading hours), the Company, through its indirect wholly-owned subsidiary, Beijing Yongtai as the tenant, entered into the Lease Agreement with Leadman as the landlord in relation to the lease of the Premises.

IMPLICATION UNDER THE LISTING RULES

Pursuant to IFRS 16, as a result of the entering into the Lease Agreements, the Group will recognise additions to right-of-use assets in the consolidated financial statements of the Group in respect of the Premises. As such, the transactions will be regarded as acquisitions of assets by the Group under the definition of transaction set out in Rule 14.04(1)(a) of the Listing Rules. Based on preliminary estimation of the Company, the value of the right-of-use assets in respect of the Premises, after the relevant addition adjustments, shall amount to approximately RMB70 million in aggregate.

The value of the right-of-use assets represents the present value of aggregated lease payments, with the lease in accordance with IFRS 16.

Since the highest applicable percentage ratios (as defined in the Listing Rules) in respect of the Lease Agreement is more than 5% and below 25%, the Lease Agreement constitutes a discloseable transaction for the Company, and is therefore subject to the notification and announcement requirement but exempt from Shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules.

BACKGROUND

The Board hereby announces that on 9 October 2021 (after trading hours), the Company, through its indirect wholly-owned subsidiary, Beijing Yongtai, entered into the Lease Agreement with Leadman in relation to the leasing of the Premises.

THE LEASE AGREEMENT

A summary of the principal terms of the Lease Agreement is set forth below:

- Date : 9 October 2021
- Parties : (i) Beijing Yongtai, as the tenant; and
(ii) Leadman, as the landlord.
- Premises : The premises, being the five floors of the factory, partial area of the fourth floor of the plant, first floor of the sewage treatment facility area, basement and machinery room (the “**Rentable Factory Area**”) with an aggregate rentable area of approximately 17,235 sq.m.; and (ii) the partial area of the sixth floor (the “**Rentable Office Area**”, together with the Rentable Factory Area, the “**Premises**”) with an aggregate rentable area of approximately 1,600 sq.m., at Building 1, No. 5 Xinghai Road, Beijing Economic and Technological Development Zone (the “**Building**”), which shall be leased by Leadman to Beijing Yongtai under and in accordance with the terms of the Lease Agreement.
- Term : For a fixed term of five (5) calendar years commencing on the date of the Lease Agreement (the “**Term**”).
- Uses : For carrying out the engineering modification and manufacturing of our core product, EAL[®] and incidental office use related thereto.
- Security deposit : A security deposit of approximately RMB1.5 million (the “**Security Deposit**”) shall be payable by Beijing Yongtai to Leadman for securing the performance of Beijing Yongtai’s obligations under the Lease Agreement.

Leadman may deduct from the Security Deposit for any outstanding Base Rent, management fees and other fees.

Total rent payable : The total rent (inclusive of park property fees) shall be payable in accordance with the terms of the Lease Agreement, the particulars of which are set forth below (the “**Base Rent**”):

Rentable Factory Area

- (i) no Base Rent payable for the period commencing 9 October 2021 and ending on 8 January 2022;
- (ii) the amount of Base Rent payable for the period commencing on the 9 January 2022 and ending on 8 October 2024 shall be approximately RMB38 million; and
- (iii) the amount of Base Rent payable for the period commencing on the 9 October 2024 and ending on 8 October 2026 shall be approximately RMB25 million;

Rentable Office Area

- (i) the amount of Base Rent payable for the period commencing on the 1 April 2022 and ending on 8 October 2024 shall be approximately RMB4 million; and
- (ii) the amount of Base Rent payable for the period commencing on the 9 October 2024 and ending on 8 October 2026 shall be approximately RMB3 million.

The Base Rent shall be payable by Beijing Yongtai on a monthly basis.

Options to extend : Both parties shall have the option to extend the Term for a period of five (5) years (the “**Option**”) provided that either party shall provide to the other a written notice of its exercise of the Option on a date which is at least three (3) calendar months prior to the expiration date of the Term and the renewal conditions and rent will be negotiated and determined separately.

The terms of the Lease Agreement were determined after arm's length negotiations between the parties thereto. The Base Rent payable by Beijing Yongtai under the Lease Agreement was determined with reference to, among other things, (i) the location of the Premises and the Building; (ii) the prevailing market rent of comparable properties in the proximity; and (iii) the general market conditions, and is expected to be financed by the net proceeds generated from the Listing.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LEASE AGREEMENT

To cater for and for the purposes of preparing the commercialisation of the Group's core product candidate, EAL[®], the Group intends to rent additional factory and office space to increase the production capacity and initial market demand for EAL[®] and satisfy the initial market demand for EAL[®]. Moreover, as the production of EAL[®], the Group's core product candidate, is based on living human cells which requires a limitation on delivery time, it has been the Group's plan to establish production centres in major cities in the PRC, including Beijing, with a close proximity to densely-populated areas in China.

The Premises will allow the Group to carry out the necessary testing and quality assurance procedures and production for the purposes of the commercialisation of the Group's core product candidate. Accordingly, the entering into the of the Lease Agreement by Beijing Yongtai is in line with the aforesaid intention and business strategies of the Group, and as such, the Board considers that the Lease Agreement was entered into after arm's length negotiation between Beijing Yongtai and Leadman on normal commercial terms and the terms of the Lease Agreement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP AND LEADMAN

The Company was incorporated in the Cayman Islands with limited liability, with its shares listed on the Main Board of the Stock Exchange. The Group is a leading cellular immunotherapy biopharmaceutical company in China focusing on the research, development, and commercialisation of T cell immunotherapy. Since its establishment in 2006, it has focused on R&D and clinical applications of cellular immunotherapy drugs for cancers and other major diseases, by applying advanced theories in immunology, cell biology, and genetics.

Beijing Yongtai is an operating subsidiary of the Group which is principally engaged in the R&D of the Group's core product candidate EAL[®]. It is an indirectly wholly-owned subsidiary of the Company.

To the best of the knowledge, information and belief of the Directors, (i) Leadman is a biotechnology company listed on the Shenzhen Stock Exchange (stock code: 300289) which is principally engaged in the R&D, manufacturing and sales of in vitro diagnostic products; and (ii) Leadman and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to IFRS 16, as a result of the entering into the Lease Agreements, the Group will recognise additions to right-of-use assets in the consolidated financial statements of the Group in respect of the Premises. As such, the transactions will be regarded as acquisitions of assets by the Group under the definition of transaction set out in Rule 14.04(1)(a) of the Listing Rules. Based on preliminary estimation of the Company, the value of the right-of-use assets in respect of the Premises, after the relevant addition adjustments, shall amount to approximately RMB70 million in aggregate.

The value of the right-of-use assets represents the present value of aggregated lease payments with the lease in accordance with IFRS 16.

Since the highest applicable percentage ratios (as defined in the Listing Rules) in respect of the Lease Agreement is more than 5% and below 25%, the Lease Agreement constitutes a discloseable transaction for the Company, and is therefore subject to the notification and announcement requirement but exempt from Shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules.

Cautionary Statement required by Rule 18A.05 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited: The Group cannot guarantee that EAL[®] will ultimately be successfully developed and marketed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

DEFINITIONS

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

“Beijing Yongtai”	Immunotech Applied Science Limited (北京永泰生物製品有限公司), a limited liability company established in the PRC on 20 November 2006 and an indirect wholly-owned subsidiary of the Company
“Board”	the Board of Directors
“Company”	Immunotech Biopharm Ltd, incorporated in the Cayman Islands with limited liability, with its shares listed on the Main Board of the Stock Exchange (stock code: 6978)
“connected person”	has the meaning ascribed to it under the Listing Rules
“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

“IFRS”	International Financial Reporting Standard(s) issued by the International Accounting Standards Board from time to time
“Leadman”	Beijing Leadman Biochemistry Co., Ltd, a company incorporated in the PRC, being the landlord under the Lease Agreement
“Lease Agreement”	the formal lease agreement dated 9 October 2021 entered into between Beijing Yongtai as the tenant and Leadman as the landlord in relation to the lease of the Premises
“Listing”	listing of the shares of the Company on the Main Board of the Stock Exchange on 10 July 2020
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“PRC”	means the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“R&D”	research and development
“RMB”	Renminbi Yuan, the lawful currency of China
“Shareholder(s)”	shareholder(s) of the Company
“sq.m”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board
Immunotech Biopharm Ltd
Tan Zheng
Chairman and executive Director

Hong Kong, 11 October 2021

As at the date of this announcement, the Board of the Company comprises Mr Tan Zheng as Chairman and executive Director, Dr Wang Yu and Mr Jung Hyun Chul as executive Directors, Mr Tao Ran, Mr Si Xiaobing and Mr Lu Yuan as non-executive Directors, and Professor Wang Yingdian, Mr Ng Chi Kit and Ms Peng Sujiu as independent non-executive Directors.