

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company 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.



绿竹生物
LUZHU BIOTECH

Beijing Luzhu Biotechnology Co., Ltd.
北京綠竹生物技術股份有限公司

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

(Stock Code: 2480)

DISCLOSEABLE TRANSACTION CONSTRUCTION CONTRACT

The Board hereby announces that, after a tendering process, on August 30, 2023 (after trading hours), Beijing Luzhu (a wholly-owned subsidiary of the Company) entered into the Construction Contract with Hebei Construction, the successful bidder, pursuant to which Hebei Construction undertakes to provide construction services for the Development Project at a consideration of RMB75,175,955.00 (equivalent to approximately HK\$80,893,838.14), subject to adjustment (if any).

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Construction Contract exceeds 5% but is less than 25%, the Construction Contract and the transactions contemplated thereunder constitute a discloseable transaction of the Company, and is subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

INTRODUCTION

The Board hereby announces that, after a tendering process, on August 30, 2023 (after trading hours), Beijing Luzhu (a wholly-owned subsidiary of the Company) entered into the Construction Contract with Hebei Construction, the successful bidder, pursuant to which Hebei Construction undertakes to provide construction services for the Development Project at the consideration of RMB75,175,955.00 (equivalent to approximately HK\$80,893,838.14), subject to adjustment (if any).

THE CONSTRUCTION CONTRACT

The principal terms of the Construction Contract are as follows:

- Date** : August 30, 2023 (after trading hours)
- Parties** : (1) Beijing Luzhu (as project owner); and
(2) Hebei Construction (as contractor)
(collectively the “**Parties**”).
- Subject matter** : Hebei Construction as the contractor shall be responsible for the construction works of the Development Project in accordance with the relevant construction blueprints and engineering work schedule.
- Construction period** : The construction works are expected to be completed within 275 calendar days after commencement. The expected commencement date is September 1, 2023 (subject to the commencement order signed by the supervisor) and the expected completion date is June 1, 2024.
- If there are any delays to the construction timetable which are attributable to Hebei Construction, Hebei Construction shall be subject to a daily delay fee equivalent to 0.2% of the consideration, and the total sum of delay fee payable shall not exceed 3.0% of the consideration. Beijing Luzhu shall also be entitled to terminate the Construction Contract and receive compensation equivalent to 10.0% of the consideration if the construction timetable is delayed for more than 30 calendar days due to reasons attributable to Hebei Construction.
- Consideration** : The consideration payable by Beijing Luzhu to Hebei Construction shall be RMB75,175,955.00 (equivalent to approximately HK\$80,893,838.14) inclusive of tax, and subject to adjustment based on the actual work to be undertaken and certain customary adjustment mechanism with reference to, among others, market price in raw material costs and prevailing PRC laws and regulations. It is expected that the adjustment in consideration, if any at all, will not be significant, particularly as the construction period is less than one year. The Company will make further announcement (at the time if any material adjustments are made) if and as required under the Listing Rules.

The consideration will be funded by the internal resources of the Group. For the avoidance of doubt, the proceeds from the Global Offering will not be utilized for payment of the consideration.

- Payment terms** : The consideration shall be paid by Beijing Luzhu to Hebei Construction in the following manner:
- (1) Beijing Luzhu shall pay 20.0% of the consideration to Hebei Construction as advance payment after signing of the Construction Contract and Beijing Luzhu's receipt of the performance guarantee (as detailed below). Such advance payment will be applied to offset the monthly payments in paragraph (2) below;
 - (2) in the course of construction, Beijing Luzhu shall make monthly payments to Hebei Construction, and the 20.0% advance payment in paragraph (1) above will be applied to offset such monthly payments in the manner specified in the Construction Contract. The amount of each monthly payment shall be calculated based on 75.0% of the assessed value of the construction works completed in that month. Taking into account the 20.0% advance payment, up to 85.0% of the consideration will be settled through the monthly payments at this stage;
 - (3) after completion of the construction settlement procedure, up to 97.0% of the consideration shall be paid (i.e. Beijing Luzhu shall pay an additional 12.0% of the consideration to Hebei Construction at this stage); and
 - (4) the remaining 3.0% of the consideration will be withheld by Beijing Luzhu as quality assurance fee. Such quality assurance fee will only be payable upon expiry of the quality assurance period of 24 months after completion of the construction settlement procedure, after deduction of expenses incurred in the relevant maintenance works in relation to quality issues of the construction works during the quality assurance period.
- Basis of consideration** : The consideration was determined based on the bidding price offered by Hebei Construction in an open tendering process, with reference to, among others, the draft construction blueprints, the expected scope and complexity of the construction works to be carried out, the costs of materials and labour costs estimated to be incurred.
- Performance guarantee** : Hebei Construction shall give a performance guarantee in favor of Beijing Luzhu in respect of the performance of its obligations under the Construction Contract, in an amount equivalent to 10% of the consideration, by way of a guarantee letter to be issued by a bank.

INFORMATION ABOUT THE PARTIES

Information of the Group

The Company is a biotechnology company committed to developing innovative human vaccines and therapeutic biologics to prevent and control infectious diseases and treat cancer and autoimmune diseases, and Beijing Luzhu is a wholly-owned subsidiary of the Company.

The Group focuses on human medicine and has established technology platforms with its understanding of immunology and protein engineering, which empowers the Group to develop its recombinant vaccine and antibody product candidates with favorable efficiency, high purity and improved stability.

Information of Hebei Construction

To the best of knowledge of the Company, Hebei Construction is a joint stock company incorporated in the PRC on April 7, 2017 with limited liability and listed on the Main Board of the Stock Exchange (stock code: 1727), and is primarily engaged in the provision of integrated solutions mainly for the construction contracting of buildings and infrastructure projects. As of the date of this announcement, Hebei Construction is an Independent Third Party.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONSTRUCTION CONTRACT

As disclosed in the prospectus of the Company dated April 25, 2023, the Group plans to commence construction of a new R&D and manufacturing facility in Beijing to enhance the production capacity of the Group. With a total gross floor area of approximately 45,072.87 sq.m., the Development Project, when completed, will on one hand strengthen the R&D and manufacturing capability of the Group, and thereby accelerate the development and commercialization of product candidates of the Group, and on the other hand provide additional office space to cater for the Group's expansion.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Construction Contract exceeds 5% but is less than 25%, the Construction Contract and the transactions contemplated thereunder constitute a discloseable transaction of the Company, and is subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Beijing Luzhu”	Luzhu Biologics (Beijing) Co., Limited (綠竹生物製品(北京)有限公司), a company established in the PRC with limited liability on March 31, 2022, and a direct wholly-owned subsidiary of our Company
“Board”	the board of Directors
“Company”	Beijing Luzhu Biotechnology Co., Ltd. (北京綠竹生物技術股份有限公司), a joint stock company established in the PRC with limited liability on July 19, 2013, the H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 2480)
“Construction Contract”	the construction contract dated August 30, 2023 entered into between Beijing Luzhu (as project owner) and Hebei Construction (as contractor) in respect of the construction of the Development Project
“Development Project”	the development project of a new R&D and manufacturing facility with total gross floor area of approximately 45,072.87 sq.m. locating in the Southern New District of the Beijing Economic and Technological Development Zone, Beijing, the PRC (中國北京經濟技術開發區南部新區)
“Director(s)”	the director(s) of the Company
“Global Offering”	the global offering of the H Shares of the Company for listing on the Main Board of the Stock Exchange
“Group”	the Company and its subsidiaries
“H Share(s)”	ordinary share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each
“Hebei Construction”	Hebei Construction Group Corporation Limited (河北建設集團股份有限公司), a joint stock company incorporated in the PRC on April 7, 2017 with limited liability, the H shares of which are listed on the Main Board of the Stock Exchange (stock code: 1727)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	person(s) or entity(ies) who is not a connected person of the Company under the Listing Rules
“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

“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“sq.m.”	square metres
“%”	per cent.

In this announcement, the terms “associate”, “connected person”, “controlling shareholder”, “percentage ratios” and “subsidiary” have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

For ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this document in both the Chinese and English languages; in the event of any inconsistency, the Chinese versions shall prevail.

For the purpose of this announcement and solely for ease of reference, the exchange rate used in translations between RMB and HK\$ above was RMB1.00 = HK\$1.07606. No representation is made that the amounts denominated in one currency could actually be converted into the amounts denominated in another currency at the rate indicated or at all.

By order of the Board
Beijing Luzhu Biotechnology Co., Ltd.
Mr. KONG Jian
Chairman and Executive Director

Hong Kong, August 30, 2023

As at the date of this announcement, the Board comprises Mr. KONG Jian, Ms. JIANG Xianmin and Ms. ZHANG Yanping as executive Directors; Mr. MA Biao and Mr. KONG Shuangquan as non-executive Directors; and Mr. LEUNG Wai Yip, Mr. LIANG Yeshe and Ms. HOU Aijun as independent non-executive Directors.