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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)

DISCLOSEABLE TRANSACTION DISPOSAL OF EQUITY INTEREST IN A SUBSIDIARY

EQUITY TRANSFER AGREEMENT

The Board is pleased to announce that on December 15, 2023, the Company (together with certain subsidiaries), Mr. Mao and the Transferee entered into an Equity Transfer Agreement, pursuant to which the Transferee will acquire US\$1,536,611 in the registered capital of VIVA Shanghai (representing approximately 2.33% of its registered capital) from Viva Biotech for a consideration of US\$15,000,000.

LISTING RULES IMPLICATIONS

VIVA Shanghai is an indirect non-wholly owned subsidiary of the Company and the Group holds 75.79% of VIVA Shanghai's share capital as of the date of this announcement. It is contemplated that the percentage of the Group's shareholding in VIVA Shanghai will reduce to 73.46% following completion of the Equity Transfer. As the highest applicable percentage ratios (as defined under the Listing Rules) in respect of the Equity Transfer and the transactions contemplated thereunder is more than 5% but less than 25%, the Equity Transfer constitutes a discloseable transaction and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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Principal terms of the Equity Transfer 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; and
- (3) the Transferee.

Subject matter to the Equity Transfer

The Transferee has conditionally agreed to acquire US\$1,536,611 of the registered capital of VIVA Shanghai (representing approximately 2.33% of its registered capital) from Viva Biotech for a consideration of US\$15,000,000.

VIVA Shanghai is an indirect non-wholly owned subsidiary of the Company and the Group holds 75.79% of VIVA Shanghai's share capital as of the date of this announcement. It is contemplated that the percentage of the Group's shareholding in VIVA Shanghai will reduce to 73.46% following completion of the Equity Transfer.

The relevant parties to the Equity Transfer Agreement has also executed a shareholders' agreement relating to VIVA Shanghai and restated articles of association of VIVA Shanghai. Upon Completion of the Equity Transfer, the Transferee shall enjoy shareholders right in VIVA Shanghai and rights granted to investors of VIVA Shanghai in accordance with its articles of association and the shareholders' agreement amongst its existing shareholders. Such rights include the rights to demand VIVA Shanghai, Viva Biotech and the Company to repurchase the equity interest acquired by the Transferee upon the occurrence of certain events, including where VIVA Shanghai fails to complete the Qualified IPO on or before December 31, 2026. For further details of the terms of the shareholders' agreement and the repurchase obligation, please refer to the announcements of the Company dated June 11, 2023, July 27, 2023 and the circular of the Company dated August 9, 2023.

Consideration and basis of determination

The total consideration of the Equity Transfer was determined based on arm's length negotiations between the parties with reference to, among other things, the valuation of VIVA Shanghai with reference to Viva Biotech's disposal of equity interest in VIVA Shanghai to certain investors and the investors' capital injection to VIVA Shanghai (as initially announced by the Company on June 11, 2023 and completed on November 20, 2023, collectively, the "**Prior Disposal**"). The Equity Transfer was made at an implied valuation representing a premium of 5.0% as compared with the implied valuation of the Prior Disposal. Given the proximity of timing between the Equity Transfer and the Prior Disposal as well as the premium attached to the Equity Transfer, the Company is of the view that the implied valuation and consideration is fair and reasonable.

The Transferee shall settle the total consideration of the Equity Transfer upon Completion in cash.

Conditions precedents

Completion of the Equity Transfer is conditional upon fulfillment of, among other things, the following conditions (the “**Conditions Precedent**”), unless otherwise agreed to be waived by the relevant parties of the respective Conditions Precedent:

- (1) the representations and warranties made by the Company Side and Mr. Mao are true, accurate, complete, without omission and not misleading in all material respects at the time they are made and at and as of the date of Completion, with the same effect as if such representations and warranties had been made at and as of the time of the Completion, except in any case where the representations and warranties are made with respect to matters as of a particular date only, such representations shall be true, accurate and not misleading in all material respects as of that particular date;
- (2) each party of the Company Side and Mr. Mao has performed and complied in all respects with all commitments and obligations contained in the transaction documents relating to the Equity Transfer that are required to be performed or complied with by such party on or before the date of Completion;
- (3) (i) all transaction documents relating to the Equity Transfer (including the shareholder agreements of VIVA Shanghai and other facilitative documents) having been duly executed by the relevant parties; (ii) all governmental agency approvals, notifications, filings or registrations and third-party consents or notification required for the execution or performance of the Equity Transfer Agreement or completion of the Equity Transfer by each party of the Company Side and Mr. Mao have been obtained from or given to the appropriate governmental agencies or third parties; and (iii) no applicable laws or governmental orders have been enacted, promulgated, enforced or approved by any governmental agencies that would render the Equity Transfer unlawful or otherwise restrict or prohibit the Equity;
- (4) the entering into of the transaction documents relating to the Equity Transfer and completion of the transaction contemplated therein, as well as the amendment of VIVA Shanghai’s articles of association having been approved by its board of directors and shareholders at a general meeting;
- (5) VIVA Shanghai has obtained the new business license and completed the company registration and change procedures in connection with the Equity Transfer, including (i) the registration and filing of the articles of association of VIVA Shanghai, (ii) the registration of the Transferee as shareholders of VIVA Shanghai, and (iii) the change of foreign investment information with the competent department of commerce;
- (6) the entering into of the transaction documents relating to the Equity Transfer and completion of the transaction contemplated therein having been approved by Viva Biotech’s board of directors and shareholder;

- (7) there has been no material adverse change in the condition (financial or otherwise, but shall not include the effect of fluctuations in the share price of the Company), results of operations, assets, regulatory status, business or prospects of the Target Group and the Company Side as a whole; and no event or events have occurred that, individually or in combination, have had a material adverse effect and it is reasonable to expect that no such event or events will occur that could, individually or in combination, have a material adverse effect;
- (8) Mr. Mao and Ms. Mao Jun entering into certain undertakings in connection with the Equity Transfer;
- (9) the representations and warranties made by the Transferee are true, accurate and not misleading in all material respects at the time they are made, and are true, accurate, and not misleading in all material respects at and as of the date of the Completion, with the same effect as if such representations and warranties had been made at and as of the time of the Completion, except in any case where the representations and warranties are made with respect to matters as of a particular date only, such representations shall be true, accurate and not misleading in all material respects as of that particular date; and
- (10) the Transferee has performed and complied in all material respects with all commitments and obligations contained in the transaction documents relating to the Equity Transfer that must be performed or complied with by such party on or before the date of Completion.

Completion

Completion of the Equity Transfer will take place on the tenth business days after the date on which all of the Conditions Precedent (save for those to be fulfilled or waived on the date of Completion) have been fulfilled (or waived by the Transferee), or any other date as agreed with the Transferee.

Pre-Completion undertakings

Each party of the Company Side has provided certain pre-Completion undertakings, including (but not limited to): (i) promptly notifying the Investors upon the occurrence of certain material adverse events; (ii) each member of the Target Group conducting its business operations in a manner consistent with past practice and in the normal course of business operations; (iii) procuring members of the Target Group not to take certain actions (including but not limited to amending its articles of association, issue of securities, change of principal business, distribution of dividend and change of accounting standards) without obtaining prior written consents of the Transferee; and (iv) cooperating with the due diligence exercise of the Investors and its advisers.

Post-Completion undertakings

Mr. Mao and members of the Company Side has provided certain post-Completion undertakings, including (but not limited to): (i) complying with applicable laws and regulations in its business operation; (ii) using its reasonable efforts to file the application for the Qualified IPO as agreed with the Investors by June 30, 2024 and making pre-consultation with the relevant stock exchange as soon as possible and within three months after the date of Completion on VIVA Shanghai's suitability for the Qualified IPO; (iii) completing the share pledge registration procedures as required under VIVA Shanghai's shareholders agreement; (iv) adopting and implementing the share incentive plan and management subscription plan; (v) Target Group to comply with the relevant Qualified IPO application and suitability requirements implemented by the relevant stock exchange based on the progress of its Qualified IPO application preparation; (vi) using its best efforts to procure that VIVA Shanghai's proposed Qualified IPO application shall be conducted in accordance with the requirements under the Listing Rules (including but not limited to the Practice Note 15 of the Listing Rules); (vii) completing the registration of change in foreign exchange with the competent department of foreign exchange; and (viii) ensuring that the Target Group will comply with the applicable laws, listing rules of the relevant stock exchange in connection with the Qualified IPO, the Listing Rules and the requests of the intermediaries of the listing application to rectify the issues that may affect the Target Group's Qualified IPO.

Termination

The Equity Transfer Agreement shall be effective upon the date of execution and may be terminated under the following circumstances before Completion:

- (1) Equity Transfer Agreement may be terminated by unanimous written consent of the parties thereto;
- (2) If the Conditions Precedent are not satisfied or waived on or before March 31, 2024 (or a later date as agreed by the parties), any party of the Company Side or any Investor who have fulfilled all the applicable Conditions Precedents shall be entitled to terminate the Equity Transfer and Capital Injection Agreement;
- (3) If, during the period from the date of the Equity Transfer Agreement to the date of Completion, (i) an event or circumstance occurs which has caused or is likely to cause a material adverse effect or any of the Conditions Precedent has been determined as unable to be satisfied or has been breached and is not waived by the Investors, or (ii) VIVA Shanghai has been assigned for the benefit of its creditors, or VIVA Shanghai initiates or is subject to any legal proceedings with a view to declaring VIVA Shanghai in criminal proceedings, bankruptcy or insolvency, or with a view to liquidation, winding up, reorganization or restructuring of its liabilities under any law in connection with bankruptcy, insolvency or reorganization, the Equity Transfer Agreement may be unilaterally terminated by any Investor; and
- (4) If any governmental agency issues an order, decree or ruling, or takes any other action, restricting, preventing or otherwise prohibiting the transactions contemplated under the Equity Transfer Agreement, and such order, decree, ruling or other action is final and not subject to review, prosecution or appeal, then either the Transferee, or the Company Side and Mr. Mao may terminate the Equity Transfer Agreement.

Certain provisions relating to confidentiality, expenses and taxation, liabilities of breach and remedies, governing law and other ancillary provisions in the Equity Transfer Agreement shall still be legally binding on parties to the Equity Transfer Agreement after its termination.

FINANCIAL EFFECTS OF THE EQUITY TRANSFER

Upon the completion of the Equity Transfer, the total registered capital of VIVA Shanghai will be owned by the Company through Viva Biotech, 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., True Light Investments P Pte. Ltd., and the Transferee as to 73.46%, 4.38%, 2.28%, 14.04%, 3.51% and 2.33%, respectively. Hence, the Group's interest in VIVA Shanghai will be diluted from 75.79% to 73.46% after the completion of the Equity Transfer and VIVA Shanghai will remain a subsidiary of the Company.

The Equity Transfer is expected to be recorded as an equity transaction in accordance with International Financial Reporting Standards and the accounting policies of the Group. The Directors do not expect to recognize any gain/loss from the transactions contemplated under the Equity Transfer Agreement. Shareholders should note that the actual amount of gain/loss from the Equity Transfer to be recorded by the Company (if any) will be subject to review by the auditor 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)	(Unaudited)
	<i>RMB'000</i>	<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 Transferee

Raed Capital Holdings 2 Ltd is a private company incorporated in the Dubai International Financial Centre of the United Arab Emirates and is wholly-owned by Investment Corporation of Dubai ("ICD").

ICD is the principal investment arm of the Government of Dubai. Established in 2006, ICD manages a broad portfolio of assets, both locally and internationally, across a wide spectrum of sectors that support Dubai's dynamic economy.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, as of the date of this announcement, the Transferee and its ultimate beneficial owner(s) are independent third parties.

Use of proceeds

The gross proceeds from the Equity Transfer is approximately US\$15.0 million and the net proceeds (after the deduction of related transaction expenses) are expected to be approximately US\$14.9 million. The Company intends to apply such proceeds for its general working capital.

REASONS FOR AND BENEFITS OF THE EQUITY INVESTMENT

In accordance with the Company's development strategy of CRO Business, separating the CRO Business and CDMO Business into two distinct companies will deliver benefits to both businesses as they grow. Each business group shall also have enhanced financial flexibility when running the different businesses that have distinct capital allocation needs, this also enables the management of each to pursue their own specific and focused strategy. The Qualified IPO is still in its early discussion and no concrete plan has yet crystallized as of the date of this announcement. By introducing the Investors as shareholders of VIVA Shanghai, the Group will be able to benefit from the Investors' industry resources, further promote its industry positioning and broaden its independent financing channels.

Taking into account the factors mentioned above, the Board considers that the terms and conditions of the Equity Transfer Agreement the Equity Transfer as contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

VIVA Shanghai is an indirect non-wholly owned subsidiary of the Company and the Group holds 75.79% of VIVA Shanghai's share capital as of the date of this announcement. It is contemplated that the percentage of the Group's shareholding in VIVA Shanghai will reduce to 73.46% following completion of the Equity Transfer. As the highest applicable percentage ratios (as defined under the Listing Rules) in respect of the Equity Transfer and the transactions contemplated thereunder is more than 5% but less than 25%, the Equity Transfer constitutes a discloseable transaction and is subject to the reporting and announcement requirements under Chapter 14 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
“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
“Completion”	completion of the Equity Transfer as contemplated in the Equity Transfer Agreement
“Conditions Precedent”	the conditions precedent to Completion as detailed in the paragraph headed “Conditions precedents” of this announcement
“CRO Business”	contract research organization business
“Director(s)”	the director(s) of the Company
“Equity Transfer”	the proposed acquisition of equity interest in VIVA Shanghai by the Transferee as contemplated under the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated December 15, 2023 entered into among the Company Side, Mr. Mao and the Transferee in connection with the transfer of equity interest in VIVA Shanghai
“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
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Mao”	Mr. MAO Chen Cheney (毛晨), the chief executive officer, an executive Director and chairman of the Board
“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
“Prior Disposal”	Viva Investment’s prior disposal of equity interest in VIVA Shanghai to certain investors and the investors’ prior capital injection to VIVA Shanghai as detailed in the paragraph headed “Consideration and basis of determination” of this announcement
“Qualified IPO”	an initial public offering of the shares of VIVA Shanghai on a domestic stock exchange in the PRC (excluding a listing on the National Equities Exchange and Quotations System and the Beijing Stock Exchange)
“RMB”	renminbi, the lawful currency of the PRC
“Shares”	the shares of the Company
“Shareholders”	the holders of Shares
“Target Group”	VIVA Shanghai and its subsidiaries
“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
“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.