

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.



VIVA BIOTECH HOLDINGS

维亚生物科技控股集团

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

(Stock code: 1873)

DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF 100% EQUITY INTEREST IN A PRC COMPANY HOLDING PROPERTY IN SHANGHAI

DISCLOSEABLE TRANSACTION

The Board is pleased to announce that on January 21, 2020 (after trading hours), Viva Biotech Shanghai (an indirect wholly-owned subsidiary of the Company) (as purchaser) entered into the Equity Transfer Agreement with the Vendors, whereby Viva Biotech Shanghai conditionally agreed to acquire 100% equity interest of the Target Company from the Vendors at the Consideration of RMB120,000,000. Upon completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Acquisition under the Equity Transfer Agreement is/are more than 5% but less than 25%, the entering into of the Equity Transfer Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on January 21, 2020 (after trading hours), Viva Biotech Shanghai (an indirect wholly-owned subsidiary of the Company) (as purchaser) entered into the Equity Transfer Agreement with the Vendors, whereby Viva Biotech Shanghai conditionally agreed to acquire 100% equity interest of the Target Company from the Vendors at the Consideration of RMB120,000,000. Upon completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company.

THE EQUITY TRANSFER AGREEMENT

The salient terms of the Equity Transfer Agreement are set out as follows:

Date

January 21, 2020

Parties

- (1) Viva Biotech Shanghai;
- (2) Ms. Huang; and
- (3) Ms. Tao

Subject assets to be acquired

As at the date of this announcement, the Target Company has a registered capital of RMB8,591,496 (fully paid up). The entire equity interest of the Target Company was held by the Vendors. Pursuant to the terms of the Equity Transfer Agreement, Viva Biotech Shanghai conditionally agreed to acquire 100% equity interest of the Target Company from the Vendors at the Consideration of RMB120,000,000.

The Target Company holds the Property located at Shanghai with the total site area of 7,576 square meters, which contains four blocks of buildings located at No. 50, Lane 63, Faladi Road, Pudong, Shanghai.

Consideration

The aggregate Consideration payable by Viva Biotech Shanghai for the Acquisition is RMB120,000,000. The Consideration was agreed after arm's length negotiations between the parties to the Equity Transfer Agreement on normal commercial terms with reference to, among other things, the prevailing market price of land and properties in the vicinity of the Property.

Under the Equity Transfer Agreement, unless otherwise waived by Viva Biotech Shanghai, the Consideration shall be payable by Viva Biotech Shanghai in cash as described below:

(1) *First instalment of RMB50,000,000*

Subject to the terms of the Equity Transfer Agreement, including termination of certain lease agreements on the Property and delivery of relevant documentary evidence from the Vendors, delivery of certain corporate documents from the Vendors, there having been no material adverse change on the Target Company and Property and the Vendors' representations and warranties under the Equity Transfer Agreement remaining true, accurate, complete and not misleading, the first installment of RMB50,000,000 shall be paid to the Vendors.

(2) Second instalment of RMB40,000,000

Subject to the terms of the Equity Transfer Agreement, including the discharge of certain share charges on the Target Company's shares, encumbrances on the Property, the registration of Viva Biotech Shanghai's interest in the Target Company, delivery of certain facilities and information related to the Property to Viva Biotech Shanghai, there having been no material adverse change on the Target Company and Property and the Vendors' representations and warranties under the Equity Transfer Agreement remaining true, accurate, complete and not misleading, the second installment of RMB40,000,000 shall be paid to the Vendors within 10 business days of the satisfaction of the payment conditions.

In the event that the Vendors and the Target Company fail to discharge the aforesaid share charge and encumbrances before February 15, 2020 or procure registration of Viva Biotech Shanghai's interest in the Target Company before February 29, 2020, the Vendors will be deemed to be in default of the Equity Transfer Agreement and shall pay a defaulting fee equivalent to 0.5% of the Consideration for each day that it remains in default. Viva Biotech Shanghai may also, subject to the time frame as prescribed by the Equity Transfer Agreement, terminate the agreement and recover money paid to the Vendors if the payment conditions remains outstanding after the expiry of such prescribed time frame, provided that it was not a result of Viva Biotech Shanghai's conduct.

(3) Third instalment of RMB30,000,000

Upon expiry of one year of the second instalment payment and subject to the terms of the Equity Transfer Agreement, including there having been no material adverse change on the Target Company and Property and the Vendors' representations and warranties under the Equity Transfer Agreement remaining true, accurate, complete and not misleading, the third installment of RMB30,000,000 shall be paid to the Vendors within 10 business days of the satisfaction of the payment conditions.

Viva Biotech Shanghai has previously paid a refundable earnest money in the amount RMB50,000,000 to the Vendors on November 25, 2019 and such amount will be applied to offset payment of the first instalment of Consideration in accordance with the terms of the Equity Transfer Agreement. As the applicable percentage ratios (as defined under the Listing Rules) for the payment of the earnest money are less than 5%, the payment of the earnest money does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules or advance to an entity under Chapter 13 of the Listing Rules. The Consideration will be funded by proceeds from our Global Offering allocated for building up our commercial and research manufacturing capabilities and capacities.

Completion

Subject to the terms of the Equity Transfer Agreement, completion of transfer of the entire equity interest in the Target Company shall take place on the date when the second instalment is paid to the Vendors.

Upon registration of Viva Biotech Shanghai's interest in the Target Company, it will become an indirect wholly owned subsidiary of the Company and its financial results will be consolidated into the accounts of the Group.

INFORMATION ABOUT THE GROUP AND VIVA BIOTECH SHANGHAI

The Company is incorporated in the Cayman Islands with limited liability and its Shares are listed on the Main Board of the Stock Exchange. The Group is an integrated drug discovery platform in the PRC.

Viva Biotech Shanghai is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is our principal operating subsidiary in the PRC.

INFORMATION ABOUT THE VENDORS

Ms. Huang and Ms. Tao controls 57.17% and 42.83% of the Target Company's registered capital respectively. To the best knowledge, information and belief of the Board after making all reasonable enquiries, the Vendors are Independent Third Parties.

INFORMATION ABOUT THE TARGET COMPANY AND THE PROPERTY

The Target Company is a company established in the PRC with limited liability. As at the date of this announcement, it has a registered capital of RMB8,591,496 (fully paid up). It currently has no substantive business operations and the Property is its principal asset.

Set out below is the unaudited financial information of the Target Company for the two years ended 31 December 2018 and 2019 prepared according to the PRC accounting standards:

	For the year ended 31 December 2018	For the year ended 31 December 2019
	<i>RMB('000)</i>	<i>RMB('000)</i>
Net profit/(loss) before tax	(6,142)	(1,120)
Net profit/(loss) after tax	(6,616)	(676)

The net asset value of the Target Company as at December 31, 2019 was approximately RMB16.7 million.

The Target Company holds the land use rights to the Property located at China (Shanghai) Pilot Free Trade Zone with the total site area of 7,576 square meters and has a construction site area of 4,978.01 square meters. As at the date of this announcement, the Property contains four blocks of buildings located at No. 50, Lane 63, Faladi Road, Pudong, Shanghai.

REASONS FOR AND BENEFIT OF ENTERING INTO THE EQUITY TRANSFER AGREEMENT

The Group is an integrated drug development platform in the PRC and is currently leasing the Property at an annual rent of approximately RMB11.5 million. It believes that the Acquisition will allow the Group to meet its business development plans, reduces rental expenses and provide the Group with stable office and operation space. The Property is intended to be held by the Group for its own use.

The Board is of the view that the terms of the Equity Transfer Agreement are on normal commercial terms after arm's length negotiations among the parties, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Acquisition under the Equity Transfer Agreement is/are more than 5% but less than 25%, the entering into of the Equity Transfer Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of the entire equity interest of the Target Company pursuant to the terms and conditions of the Equity Transfer Agreement
“Board”	the board of Directors
“Company”	Viva Biotech Holdings, 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 Stock Exchange (stock code: 1873)
“Consideration”	the consideration payable by the Group for the Acquisition in the amount of RMB120,000,000
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated January 21, 2020 entered into between Viva Biotech Shanghai (as purchaser) Ms. Huang and Ms. Tao (as vendor) relating to the Acquisition
“Global Offering”	the global offering of Shares as stipulated in the Company’s prospectus dated April 25, 2019
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) and their ultimate beneficial owner(s) (if applicable) which are independent of the Company and its connected persons (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Ms. Huang”	Ms. Huang Chunyan (黃春豔)
“Ms. Tao”	Ms. Tao Meihua (陶妹華)
“Property”	A parcel of land with the total site area of 7,576 square meters containing four blocks of office/manufacturing buildings located in the China (Shanghai) Pilot Free Trade Zone
“PRC”	the People’s Republic of China, which for the sole purpose of this announcement excludes Hong Kong, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the shares of the Company
“Shareholder(s)”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Shanghai Shenyu Wires Co., Ltd (上海申裕導線有限公司), a limited liability company established in the PRC
“Vendors”	Ms. Huang and Ms. Tao
“Viva Biotech 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 on August 14, 2008, and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

In this announcement, the English names of the PRC entities are translation of their Chinese names, and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.

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

Hong Kong, January 21, 2020

As at the date of this announcement, the Board comprises four Executive Directors, namely, Mr. Mao Chen Cheney (Chairman), Mr. Wu Ying, Mr. Hua Fengmao and Mr. Ren Delin; two Non-executive Directors, namely, Ms. Mao Jun and Mr. John Wu Jiong; and three Independent Non-executive Directors, namely, Mr. Fu Lei, Ms. Li Xiangrong and Mr. Wang Haiguang.