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SINO BIOPHARMACEUTICAL LIMITED

中國生物製藥有限公司

(Incorporated in the Cayman Islands with limited liability)

Website: www.sinobiopharm.com

(Stock code: 1177)

CONNECTED TRANSACTION IN RELATION TO

(1) ACQUISITION OF 29.99% EQUITY INTEREST IN THE TARGET COMPANY;

AND

**(2) POSSIBLE VOLUNTARY PARTIAL OFFER TO ACQUIRE A MAXIMUM OF
25.01% EQUITY INTEREST IN THE TARGET COMPANY**

EQUITY TRANSFER

On 30 October 2024, among other parties, Beijing Runkang, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Hob Biotech HK, pursuant to which Beijing Runkang agreed to acquire, and Hob Biotech HK agreed to sell, the Subject Shares held by Hob Biotech HK, subject to the terms and conditions set out therein. As at the date of this announcement, Hob Biotech HK holds a total of 56.38% equity interest in the Target Company. Upon completion of the Equity Transfer, (i) Beijing Runkang will hold 29.99% equity interest; and (ii) the Concerted Parties will together hold 39.18% equity interest and 16.17% voting rights, in the Target Company, respectively (taking into account the giving up of voting rights in relation to the Pre-acceptance Shares and excluding the shares of the Target Company in its share repurchase account). Accordingly, the Group will obtain the control of the Target Company subsequent to the completion of the Equity Transfer.

POSSIBLE VOLUNTARY PARTIAL OFFER

Conditional upon the Equity Transfer, Shuangrun Zhengan, being a non wholly-owned subsidiary of the Company, shall make a voluntary Partial Offer to the shareholders of the Target Company other than Beijing Runkang, i.e. the Proposed Offerees, to acquire the Offer Shares pursuant to the Equity Transfer Agreement. In particular, the following steps shall be carried out in relation to the making of the voluntary Partial Offer:

(a) Change in shareholding of Shuangrun Zhengan

On 23 October 2024, Auspicious Choice acquired 48.9802% equity interest in Shuangrun Zhengan, a non wholly-owned subsidiary of the Company, from the other shareholder of Shuangrun Zhengan, namely the Shuangrun Zhengan Minority Shareholder. As at the date of this announcement, the Company indirectly holds 51.0198% and Auspicious Choice holds 48.9802% equity interest in Shuangrun Zhengan, respectively, and the relevant change of industrial and commercial (filing) registration is in progress.

(b) Making of the voluntary Partial Offer

Pursuant to the Equity Transfer Agreement, conditional upon the Equity Transfer, (i) Shuangrun Zhengan shall make a voluntary Partial Offer to the Proposed Offerees to acquire the Offer Shares; (ii) Hob Biotech HK agreed and irrevocably undertook that it shall apply for the pre-acceptance of the Partial Offer with respect to its 14.13% equity interest in the Target Company (excluding the shares of the Target Company in its share repurchase account); and (iii) Suzhou Wairun agreed and irrevocably undertook that it shall apply for the pre-acceptance of the Partial Offer with respect to its 8.88% equity interest in the Target Company (excluding the shares of the Target Company in its share repurchase account). Upon the completion of the Partial Offer (if proceeded with), Shuangrun Zhengan will directly hold a maximum of 25.01% equity interest in the Target Company (excluding the shares of the Target Company in its share repurchase account).

Subsequent to the completion of the Partial Offer, the Company shall indirectly hold a maximum of 55.00% equity interest in the Target Company (excluding the shares of the Target Company in its share repurchase account) through its subsidiaries Beijing Runkang and Shuangrun Zhengan.

LISTING RULES IMPLICATIONS

As both the Equity Transfer and the possible voluntary Partial Offer involve the transfer of equity interests in the Target Company by Hob Biotech HK to the Group and the transactions contemplated thereunder are related to the same subject matter, i.e. the equity interests in the Target Company, Hob Biotech HK is considered as a “deemed connected person” of the Company pursuant to Rule 14A.20(1) of the Listing Rules. Accordingly, the Equity Transfer and the possible voluntary Partial Offer will collectively constitute a connected transaction of the Group under Chapter 14A of the Listing Rules. Nevertheless, as all the applicable percentage ratios in respect of the Equity Transfer as well as the possible voluntary Partial Offer in aggregate are less than 5%, pursuant to Rule 14A.76(2) (a) of the Listing Rules, the Equity Transfer and the possible voluntary Partial Offer together are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules but are exempted from the circular (including independent financial advice) and independent shareholders’ approval requirements.

1. INTRODUCTION

On 30 October 2024, Beijing Runkang entered into the Equity Transfer Agreement with, among other parties, Hob Biotech HK. A summary of the principal terms of the Equity Transfer Agreement is set out below.

2. EQUITY TRANSFER AGREEMENT

Date: 30 October 2024.

Parties:

- (1) Hob Biotech HK (as the seller);
- (2) Beijing Runkang (as the buyer);
- (3) Mr. John Li, a shareholder of Hob Biotech HK;
- (4) Mrs. Weijun Li, a shareholder of Hob Biotech HK;
- (5) Mr. Chen Tao, the general partner of Suzhou Wairun;
- (6) Suzhou Wairun, a shareholder of the Target Company who agrees to act in concert with Hob Biotech HK; and
- (7) Shuangrun Zhengan.

Subject Matter: Beijing Runkang has conditionally agreed to purchase, and Hob Biotech HK has agreed to sell, the Subject Shares.

Consideration:	Regarding the Equity Transfer, the price of each Subject Share is RMB33.74 and the total consideration is RMB630.0 million.
Conditions Precedent:	<p>The Equity Transfer Agreement is subject to the following conditions precedent:</p> <ul style="list-style-type: none"> (a) the Equity Transfer Agreement and the transactions contemplated thereunder have been properly approved by the Board; (b) the exemption of Mr. John Li's compliance with the voluntary undertakings of restrictions on shares disposal has been properly approved on the shareholders' meeting of the Target Company; and (c) the strategic cooperation among the Company, Hob Biotech HK, the Target Company and Mr. John Li has been properly approved on the shareholders' meeting of the Target Company.
Completion of the Equity Transfer:	The Completion Date shall be the date on which the registration of transfer of the Subject Shares with respect to the Equity Transfer has been completed.
Terms of Payment:	<p>The Consideration will be settled by instalments as follows:</p> <ul style="list-style-type: none"> (a) within twenty (20) Business Days from the completion of the Registration or, if the date of tax clearance is later than such period, five (5) Business Days from the date of tax clearance, Beijing Runkang shall pay a sum of RMB441.0 million to Hob Biotech HK; (b) subject to the completion of the Registration, Beijing Runkang shall pay a sum of RMB109.0 million to Hob Biotech HK by 30 April 2025 or twenty (20) Business Days from the completion of the Registration, whichever is later; and

- (c) Beijing Runkang shall pay a sum of RMB80.0 million to Hob Biotech HK within twenty (20) Business Days from (i) the date on which the Target Company having completed certain undertakings as to its financial performance for the financial years 2024, 2025 and 2026 as evidenced by the specific audit report in respect of its financial performance for the financial year 2026 and confirmed by Beijing Runkang; or (ii) failing which, the date Hob Biotech HK having completed its compensation obligations in respect of the Target Company's failure to meet the undertakings as to financial performance.

Board Composition:

Upon the completion of the Equity Transfer, there will be seven (7) executive directors of the Target Company, consisting of four (4) non-independent executive directors and three (3) independent directors. Among all directors in the board of the Target Company, Beijing Runkang is entitled to nominate or recommend three (3) non-independent executive directors and three (3) independent directors while Hob Biotech HK is entitled to nominate or recommend one (1) non-independent director. The chairman of the executive directors shall be the non-independent executive director nominated or recommended by Beijing Runkang.

**Pre-acceptance of the
Partial Offer**

Hob Biotech HK agreed and irrevocably undertook that it shall apply for the pre-acceptance of the Partial Offer with respect to its 8,797,683 shares in the Target Company and go through all the relevant procedures for the pre-acceptance.

Suzhou Wairun agreed and irrevocably undertook that it shall apply for the pre-acceptance of the Partial Offer with respect to its 5,527,657 shares in the Target Company (together with Hob Biotech HK's 8,797,683 shares, the "**Pre-acceptance Shares**") and go through all the relevant procedures for the pre-acceptance.

Hob Biotech HK and Suzhou Wairun irrevocably undertake that, upon the completion of the Equity Transfer, they shall give up the voting rights of the Pre-acceptance Shares for the period commencing from the completion of the transfer of the Subject Shares to the completion of the Partial Offer.

**Financial performance
undertakings**

Upon the completion of the Equity Transfer, Hob Biotech HK undertakes that (i) the Target Company's net profit attributable to shareholders of parent company shall be no less than RMB49.70 million, RMB52.18 million and RMB54.79 million for the financial years 2024, 2025 and 2026, respectively; and (ii) the Target Company's net profit attributable to shareholders of parent company after deducting extraordinary gains and losses shall no less than RMB45.47 million, RMB47.74 million and RMB50.13 million for the financial years 2024, 2025 and 2026, respectively.

3. THE BASIS FOR DETERMINING THE CONSIDERATION OF THE EQUITY TRANSFER

The Purchase Price of RMB33.74 per Subject Share was determined after arm's length negotiations between Beijing Runkang and Hob Biotech HK on normal commercial terms with reference to (i) the prevailing and historical trading prices of the shares of the Target Company on the Shanghai Stock Exchange; (ii) the secondary market share prices and market value of comparable publicly traded companies; and (iii) the relevant PRC statutory requirements in connection with the transfer price of the Target Company's shares.

The total consideration of RMB630.0 million for the Equity Transfer will be funded by the internal resources of the Company and/or self-raised fund.

4. INFORMATION OF THE TARGET COMPANY

The Target Company is a joint stock company incorporated in the PRC with limited liability and listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange. The Target Company is one of the leading companies in the in vitro diagnostics (IVD) industry, focusing on the research, development, production and sales of diagnostic reagents for allergy and autoimmune disease. Its products cover a wide range of allergen and autoantibody tests, with extensive market applications and multiple prestigious certifications. Meanwhile, the Target Company is actively expanding into allergy therapeutics, pursuing an integration solution of allergy diagnosis and treatment to establish a closed-loop system for allergy disease management.

Pursuant to the latest audited financial statements of the Target Company, the book value of the net assets of the Target Company as at 31 December 2023 was RMB811 million.

Set out below are the audited net profits of the Target Company (before and after taxation) for the financial years ended 31 December 2022 and 31 December 2023:

	For the year ended 31 December 2023 (RMB'000)	For the year ended 31 December 2022 (RMB'000)
Net profit before taxation	56,626	46,479
Net profit after taxation	47,331	41,651

The Purchase Price per each Subject Share is RMB33.74, which represents (i) a premium of approximately 5.3% to the closing price of RMB32.05 per share of the Target Company as quoted on the Shanghai Stock Exchange on 23 October 2024, being the last trading day prior to the execution of the Equity Transfer Agreement; and (ii) a premium of approximately 15.7% to the average closing price of RMB29.15 per share in the Target Company as quoted on the Shanghai Stock Exchange for the last five trading days including and up to the last trading day prior to the execution of the Equity Transfer Agreement.

As at the date of this announcement, Hob Biotech HK and Suzhou Wairun hold 56.38% and 12.42% equity interests in the Target Company, respectively. Upon completion of the Equity Transfer, (i) Beijing Runkang will hold 29.99% equity interest; and (ii) the Concerted Parties will hold 39.18% equity interest and 16.17% voting rights, in the Target Company, respectively (taking into account the giving up of voting rights in relation to the Pre-acceptance Shares and excluding the shares of the Target Company in its share repurchase account). Accordingly, the Group will obtain the control of the Target Company subsequent to the completion of the Equity Transfer.

5. POSSIBLE VOLUNTARY PARTIAL OFFER

Conditional upon the Equity Transfer, Shuangrun Zhengan shall make a voluntary Partial Offer to the Proposed Offerees. In particular, the following steps shall be carried out in relation to the making of the voluntary Partial Offer:

(a) Change in Shareholding of Shuangrun Zhengan

Shuangrun Zhengan has been a non wholly-owned subsidiary of the Company. Prior to 23 October 2024, Shuangrun Zhengan was owned as to 51.0198% to the Company indirectly and 48.9802% to the Shuangrun Zhengan Minority Shareholder. On 23 October 2024, Auspicious Choice, being an associate of Mr. Tse and hence a connected person of the Group, acquired 48.9802% equity interest in Shuangrun Zhengan from the Shuangrun Zhengan Minority Shareholder. As at the date of this announcement, the Company indirectly holds 51.0198% and Auspicious Choice holds 48.9802% equity interest in Shuangrun Zhengan, respectively, and the relevant change of industrial and commercial (filing) registration is in progress.

(b) Making of the voluntary Partial Offer

Pursuant to the Equity Transfer Agreement, subject to the completion of the Equity Transfer, Shuangrun Zhengan shall make a voluntary Partial Offer to the Proposed Offerees. In particular:

- (1) Shuangrun Zhengan shall make a voluntary Partial Offer to the Proposed Offerees to acquire the Offer Shares;
- (2) Hob Biotech HK agreed and irrevocably undertook that it shall apply for the pre-acceptance of the Partial Offer with respect to its 8,797,683 shares in the Target Company and go through all the relevant procedures for the pre-acceptance;
- (3) Suzhou Wairun agreed and irrevocably undertook that it shall apply for the pre-acceptance of the Partial Offer with respect to its 5,527,657 shares in the Target Company and go through all the relevant procedures for the pre-acceptance;
- (4) Unless with the written approval by Shuangrun Zhengan, Hob Biotech HK and Suzhou Wairun cannot withdraw or modify their undertakings in connection with the Pre-acceptance Shares;
- (5) the share offer price shall be equal to the Purchase Price;
- (6) the possible voluntary Partial Offer is conditional upon the Equity Transfer; and
- (7) the possible voluntary Partial Offer is not for the purpose of terminating the listing status of the Target Company.

Regarding the source of fund for financing the voluntary Partial Offer, Shuangrun Zhengan intends to use its internal fund or self-raised fund which (i) is in compliance with all applicable laws, regulations and rules in the PRC; (ii) does not directly or indirectly attributable to the Target Company or its subsidiaries; and (iii) does not directly or indirectly involve the pledging of any shares of the Target Company involved in the Equity Transfer or the voluntary Partial Offer.

Upon the completion of the Partial Offer (if proceeded with), Shuangrun Zhengan will directly hold a maximum of 25.01% equity interest in the Target Company (excluding the shares of the Target Company in its share repurchase account). Accordingly, the Company shall indirectly hold a maximum of 55.00% equity interest in the Target Company (excluding the shares of the Target Company in its share repurchase account) through its subsidiaries Beijing Runkang and Shuangrun Zhengan.

6. INFORMATION RELATING TO THE PARTIES

The Company is principally engaged in pharmaceutical business with the focus on the research and development, manufacturing and selling of biopharmaceutical and chemical medicines.

Beijing Runkang is a private company incorporated in the PRC with limited liability. It is a wholly-owned subsidiary of the Company.

Shuangrun Zhengan is a private company incorporated in the PRC with limited liability. It is a non wholly-owned subsidiary of the Company.

Hob Biotech HK is a private company incorporated in Hong Kong with limited liability. As at the date of this announcement, it is the controlling shareholder of the Target Company. It mainly serves as a shareholding platform for controlling shareholders of the Target Company.

Suzhou Wairun is a limited partnership established under the laws of the PRC. As at the date of this announcement, it is a shareholder of the Target Company. It mainly serves as a shareholding platform for the employee incentive scheme of the Target Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save that Hob Biotech HK is considered as a "deemed connected person" of the Company for the reasons set out under the paragraph headed "8. Listing Rules Implications" below, each of Suzhou Wairun, other members of the Proposed Offerees and their ultimate beneficial owners is an Independent Third Party.

7. REASONS FOR AND BENEFITS OF THE EQUITY TRANSFER AND THE POSSIBLE VOLUNTARY PARTIAL OFFER

The Group is confident about the future of China's economy. Upon completion of the Equity Transfer and the Partial Offer, the Target Company will become the first subsidiary of the Group listed in the A share securities market. Being one of the leading companies in the Chinese diagnostics industry, its diagnostics business operates in collaboration with the Group's pharmaceutical business, the synergy arising therefrom will be further strengthened by the Group's commitment in empowering the Target Company through innovative research and development platform as well as the market.

Taking into account the factors mentioned above, the Directors (including the independent non-executive Directors) consider that the terms of the Equity Transfer Agreement and the possible voluntary Partial Offer, including the transactions contemplated thereunder, are fair and reasonable, entered into on normal commercial terms or better, and in the interests of the Company and its Shareholders as a whole. Considering the interests of Mr. Tse in Auspicious Choice and as part of good corporate governance measures, Mr. Tse together with Ms. Tse, Theresa Y Y, Mr. Tse Ping and Ms. Cheng Cheung Ling have abstained from voting on the relevant board resolutions.

8. LISTING RULES IMPLICATIONS

As both the Equity Transfer and the possible voluntary Partial Offer involve the transfer of equity interests in the Target Company by Hob Biotech HK to the Group and the transactions contemplated thereunder are related to the same subject matter, i.e. the equity interests in the Target Company, Hob Biotech HK is considered as a “deemed connected person” of the Company pursuant to Rule 14A.20(1) of the Listing Rules. Accordingly, the Equity Transfer and the possible voluntary Partial Offer will collectively constitute a connected transaction of the Group under Chapter 14A of the Listing Rules. Nevertheless, as all the applicable percentage ratios in respect of the Equity Transfer as well as the possible voluntary Partial Offer in aggregate are less than 5%, pursuant to Rule 14A.76(2)(a) of the Listing Rules, the Equity Transfer and the possible voluntary Partial Offer together are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules but are exempted from the circular (including independent financial advice) and independent shareholders’ approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

9. DEFINITIONS

“associate”	has the meaning ascribed thereto under the Listing Rules
“Auspicious Choice”	Auspicious Choice Limited, a company incorporated in the British Virgin Islands with limited liability, which is owned and controlled by Mr. Tse
“Board”	the board of Directors of the Company
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which commercial banks are generally open for transaction of normal banking business in the PRC
“Beijing Runkang”	Beijing Huihuang Runkang Medicines Co., Ltd. (北京輝煌潤康醫藥發展有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Completion Date”	the date on which the Equity Transfer is completed in accordance with the terms of the Equity Transfer Agreement
“Company”	Sino Biopharmaceutical Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1177)

“Concerted Parties”	the parties acting in concert in relation to the possible voluntary Partial Offer, namely, Hob Biotech HK, Suzhou Wairun and Mr. John Li
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Director”	the director(s) of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Equity Transfer”	the transfer of 29.99% equity interest in the Target Company from Hob Biotech HK to the Company pursuant to the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated 30 October 2024 entered into between, among other parties, Hob Biotech HK, Beijing Runkang, Suzhou Wairui and Shuangrun Zhengnan
“Group”	the Company and its subsidiaries
“Hob Biotech HK”	Hob Biotech Group Limited (海瑞祥天生物科技(集團)有限公司), a company incorporated in Hong Kong with limited liability and the controlling shareholder of the Target Company as at the date of this announcement
“Independent Third Party”	an individual or a company which, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is not a connected person of the Company within the meaning of the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Tse”	Mr. Tse, Eric S Y, an executive Director and a Substantial Shareholder
“Offer Shares”	15,570,480 shares in the Target Company which represents 25.01% of the equity interest in the Target Company (excluding the shares of the Target Company in its share repurchase account)

“Partial Offer”	the possible voluntary partial offer by Shuangrun Zhengan to the Proposed Offerees to acquire the Offer Shares
“PRC”	the People’s Republic of China, but for the purposes of this announcement only, excludes Hong Kong, Macau and Taiwan
“Pre-acceptance Shares”	has the meaning ascribed thereto in the paragraph headed “2. Equity Transfer Agreement – Pre-acceptance of the Partial Offer”
“Purchase Price”	RMB33.74 per Subject Share
“Proposed Offerees”	all the shareholders of the Target Company other than Beijing Runkang as at the date of making the Partial Offer by Shuangrun Zhengan
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Substantial Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Shuangrun Zhengan”	Shuangrun Zhengan Information Consulting (Beijing) Co., Ltd. (雙潤正安信息諮詢(北京)有限公司), a company incorporated in the PRC with limited liability and a non wholly-owned subsidiary of the Company
“Shuangrun Zhengan Minority Shareholder”	the minority shareholder of Shuangrun Zhengan holding 48.9802% of the equity interest in Shuangrun Zhengan before 23 October 2024, being an employee of the Group
“Suzhou Wairun”	Suzhou Wairun Investment Management Limited Partnership (蘇州外潤投資管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC and a shareholder of the Target Company as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject Shares”	18,670,878 shares of the Target Company, which represents 29.99% of the equity interest in the Target Company (excluding the shares of the Target Company in its share repurchase account)

“Target Company”

Hob Biotech Group Corp., Ltd. (江蘇浩歐博生物醫藥股份有限公司), a joint stock company incorporated in the PRC with limited liability and the shares of which are listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange (stock code: 688656)

“%”

“per cent”

By order of the Board
Sino Biopharmaceutical Limited
Tse, Theresa Y Y
Chairwoman

Hong Kong, 30 October 2024

As at the date of this announcement, the Board of the Company comprises six executive directors, namely Ms. Tse, Theresa Y Y, Mr. Tse Ping, Ms. Cheng Cheung Ling, Mr. Tse, Eric S Y, Mr. Tse Hsin, and Mr. Tian Zhoushan, and five independent non-executive directors, namely Mr. Lu Zhengfei, Mr. Li Dakui, Ms. Lu Hong, Mr. Zhang Lu Fu and Dr. Li Kwok Tung Donald.