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LEPU BIOPHARMA CO., LTD.

樂普生物科技股份有限公司

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

(Stock Code: 2157)

CONTINUING CONNECTED TRANSACTION CDMO SERVICES FRAMEWORK AGREEMENT

CDMO SERVICES FRAMEWORK AGREEMENT

On November 13, 2023, the Company and Lepu Medical entered into the CDMO Services Framework Agreement, pursuant to which the Company and/or its subsidiaries agreed to provide Lepu Medical and/or its subsidiaries with CDMO technical services.

LISTING RULES IMPLICATIONS

As of the date of this announcement, as Lepu Medical holds approximately 13.58% of the issued share capital of the Company, and Dr. Pu Zhongjie, the controlling shareholder of the Company, is its actual controller, Lepu Medical is, accordingly, a connected person of the Company, and the CDMO Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the amount of the highest Proposed Cap is more than 5%, the continuing connected transactions contemplated under the CDMO Services Framework Agreement are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Zhou Demin, Mr. Yang Haifeng and Mr. Fengmao Hua, has been established to advise the Independent Shareholders in relation to the terms of the CDMO Services Framework Agreement and the continuing connected transactions contemplated thereunder (including the Proposed Caps for those transactions). None of the Independent Board Committee members have any material interest in the CDMO Services Framework Agreement or the continuing connected transactions contemplated thereunder.

Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the continuing connected transactions as to whether the terms of the CDMO Services Framework Agreement and the Proposed Caps are fair and reasonable insofar as the Independent Shareholders are concerned, whether the transactions contemplated under the CDMO Services Framework Agreement are conducted on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, as well as how to vote on the CDMO Services Framework Agreement and the transactions contemplated thereunder.

THE EGM

The Company will convene and hold the EGM for the purpose of, among other things, considering, and if thought fit, approving the CDMO Services Framework Agreement (including the Proposed Caps) and the transactions contemplated thereunder. Lepu Medical and Ningbo Houde Yimin shall abstain from voting at the EGM for the resolutions to approve the CDMO Services Framework Agreement and the Proposed Caps thereunder.

A circular containing, among other things, (i) a letter from the Board; (ii) a letter of recommendation from the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) further details on the continuing connected transactions (including the Proposed Caps); and (v) a notice to convene the EGM is expected to be despatched to the Shareholders within 15 business days after the publication of this announcement, that is, on or before December 4, 2023. However, the Company may not be able to despatch the circular within such period as additional time is required to finalize the circular. The Company will issue further announcement regarding the expected despatch date of the circular in due course.

CDMO SERVICES FRAMEWORK AGREEMENT

On November 13, 2023, the Company and Lepu Medical conditionally entered into the CDMO Services Framework Agreement in respect of GLP-1 and related products, pursuant to which the Company and/or its subsidiaries conditionally agreed to provide Lepu Medical and/or its subsidiaries with CDMO technical services. The CDMO Services Framework Agreement is conditional upon the approval by the Independent Shareholders of the CDMO Services Framework Agreement and the Proposed Caps in relation thereto.

The terms of the CDMO Services Framework Agreement are set out below:

Date: November 13, 2023

Parties: (i) The Company; and

(ii) Lepu Medical

Duration: From the date on which the CDMO Services Framework Agreement is approved by the Independent Shareholders at the EGM to December 31, 2024 (both dates inclusive)

Subject Matter

The CDMO services to be provided by the Company and/or its subsidiaries to Lepu Medical and/or its subsidiaries include CMC technical services.

The CDMO Services Framework Agreement is a framework agreement which contains the principles, mechanisms and terms and conditions upon which the parties thereto are to carry out the transactions contemplated thereunder. The Company and/or its subsidiaries and Lepu Medical and/or its subsidiaries may from time to time enter into specific agreements in respect of the specific CDMO services required for the development of a particular drug undertaken by Lepu Medical and/or its subsidiaries, provided that the terms and conditions of such specific agreements shall not be inconsistent with the terms of the CDMO Services Framework Agreement. The provision of CDMO services by the Company and/or its subsidiaries to Lepu Medical and/or its subsidiaries will be carried out in accordance with such specific agreements to be entered into between the Company and/or its subsidiaries and Lepu Medical and/or its subsidiaries from time to time.

Pricing basis

The fees payable by Lepu Medical and/or its subsidiaries to the Company and/or its subsidiaries under the CDMO Services Framework Agreement and the specific agreements will be determined at arm's length and on a fair and reasonable basis based on a number of factors, including but not limited to (i) the scope and volume of tasks to be performed at each stage of each area of work; (ii) the volume, nature, complexity and value of the service involved, and the materials required to complete the work order; (iii) the expected operational costs (including, among others, laboratory costs, labor costs (which is determined by the number of personnel and hours expected to be scheduled and utilized for providing the particular service, the historical hourly rates of the relevant operations and management personnel)); and (iv) the then prevailing market rates by obtaining and comparing against fees charged by other independent comparable CDMO service providers for similar services in respect of similar types of tasks in the market.

The payment and settlement terms of such fees payable by Lepu Medical and/or its subsidiaries to the Company and/or its subsidiaries in respect of such CDMO service transaction shall be separately agreed upon between the relevant parties in the implementation agreements to be entered into pursuant to the terms of the CDMO Services Framework Agreement.

Historical transaction amount

Prior to entering into the CDMO Services Framework Agreement, the Group has not conducted transactions of the same nature with Lepu Medical and/or its subsidiaries.

Proposed Caps and basis

The Proposed Caps of the transactions contemplated under the CDMO Services Framework Agreement and the basis of determination of such Proposed Caps are set out as follows:

	For the period ended December 31, 2023 (RMB '000)	For the year ended December 31, 2024 (RMB '000)
Aggregate transaction amount under the CDMO Services Framework Agreement	10,000	36,000

The above Proposed Caps are determined with reference to the estimated demand for CDMO services by Lepu Medical and/or its subsidiaries, which is based on the anticipated clinical trial development plan for the drug candidates of Lepu Medical and/or its subsidiaries, and the corresponding volume of drugs required to be manufactured to satisfy clinical drug supply and batch release testing services, and the expected costs for the services (including labor costs to be incurred) at each stage of each area of work during the provision of the CDMO services to Lepu Medical and/or its subsidiaries.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CDMO SERVICES FRAMEWORK AGREEMENT

The Group is primarily engaging in the research and development of its drug candidates, and there is a GMP-compliant bioreactor production line, which was put into operation since late 2019. The Group is well-equipped with an antibody drug substance production line, which includes individual upstream and downstream lines, a drug production line, as well as other production facilities. The fact that the Group's manufacturing facility is in compliance with GMP standards also demonstrates that the Group's drug manufacturing functions are of a high quality and standard. Complementary with its manufacturing facility, the Group is well equipped with a complete production management organizational structure and houses a professional production team backed by rich experience.

Taking into account the needs of the Group for drugs manufacturing to cater for its clinical trials and commercialization, the Group can utilize its excess production capacity to provide CDMO services for appropriate business. By entering into the CDMO Services Framework Agreement, the Directors believe this will enable a more effective use of the Group's excess production capacity and can generate supplementary cashflow for the Group as a whole.

Based on the foregoing, the Board (excluding independent non-executive Directors who will advise the Independent Shareholders in relation to the terms of the CDMO Services Framework Agreement and the continuing connected transactions contemplated thereunder (including the Proposed Caps for those transactions)) is of the view that the transactions contemplated under the CDMO Services Framework Agreement will be conducted in the ordinary and usual course of business of the Company and on normal commercial terms, and that the terms of the CDMO Services Framework Agreement are fair and reasonable and in the interests of both parties thereto and the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Company

The Company is a joint stock company incorporated in the PRC on January 19, 2018 as a limited liability company, whose H Shares are listed on the Stock Exchange (stock code: 2157). The Company is a biopharmaceutical company focusing on the research, development and commercialization of oncology therapeutics drug candidates. Dr. Pu Zhongjie is the ultimate beneficial owner and controlling shareholder of the Company.

Lepu Medical

Lepu Medical is a medical device and pharmaceutical company listed on the Shenzhen Stock Exchange (stock code: 300003) dedicated to the development, manufacturing and sales of cardiovascular products. Lepu Medical is also engaged in the research and development of insulin drugs. Dr. Pu Zhongjie, an executive Director and Controlling Shareholder of the Company, is its actual controller¹.

IMPLICATIONS UNDER THE LISTING RULES

As of the date of this announcement, as Lepu Medical holds approximately 13.58% of the issued share capital of the Company, and Dr. Pu Zhongjie, the controlling shareholder of the Company, is its actual controller Lepu Medical is, accordingly, a connected person of the Company, and the CDMO Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the amount of the highest Proposed Cap is more than 5%, the continuing connected transactions contemplated under the CDMO Services Framework Agreement are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, save for Dr. Pu Zhongjie, none of the Directors has any material interest in the CDMO Services Framework Agreement. Therefore, Dr. Pu Zhongjie was required to abstain from voting on the Board resolutions for considering and approving the CDMO Services Framework Agreement and the transaction contemplated thereunder, and none of the other Directors is required to abstain from voting on the board resolutions relating to the CDMO Services Framework Agreement and the transactions contemplated thereunder.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, save for Lepu Medical and Ningbo Houde Yimin which held an aggregate of 658,591,549 Shares, representing approximately 39.69% of the issued share capital of the Company as of the date of this announcement and will be required to abstain from voting at the EGM, no other Shareholders have a material interest and will be required to abstain from voting at the EGM in respect of the resolution in relation to the CDMO Services Framework Agreement and the transactions contemplated thereunder.

¹ Refers to the individual or entity that can control a company by way of investment, contract or other arrangements according to the Listing Rules of the Growth Enterprise Market* (《創業板股票上市規則》) published by Shenzhen Stock Exchange, where Lepu Medical is listed.

GENERAL

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Zhou Demin, Mr. Yang Haifeng and Mr. Fengmao Hua, has been established to advise the Independent Shareholders in relation to the terms of the CDMO Services Framework Agreement and the continuing connected transactions contemplated thereunder (including the Proposed Caps for those transactions). None of the Independent Board Committee members have any material interest in the CDMO Services Framework Agreement or the continuing connected transactions contemplated thereunder.

Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the continuing connected transactions as to whether the terms of the CDMO Services Framework Agreement and the Proposed Caps are fair and reasonable insofar as the Independent Shareholder are concerned, whether the transactions contemplated under the CDMO Services Framework Agreement are conducted on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, as well as how to vote on the CDMO Services Framework Agreement and the transactions contemplated thereunder.

THE EGM

The Company will convene and hold the EGM for the purpose of, among other things, considering, and if thought fit, approving the CDMO Services Framework Agreement (including the Proposed Caps) and the transactions contemplated thereunder. Lepu Medical and Ningbo Houde Yimin shall abstain from voting at the EGM for the resolutions to approve the CDMO Services Framework Agreement and the Proposed Caps thereunder.

A circular containing, among other things, (i) a letter from the Board; (ii) a letter of recommendation from the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) further details on the continuing connected transactions (including the Proposed Caps); and (v) a notice to convene the EGM is expected to be despatched to the Shareholders within 15 business days after the publication of this announcement, that is, on or before December 4, 2023. However, the Company may not be able to despatch the circular within such period as additional time is required to finalize the circular. The Company will issue further announcement regarding the expected despatch date of the circular in due course.

DEFINITIONS

“Audit Committee”	the audit committee of the Company
“Beijing Houde Yimin”	Beijing Houde Yimin Investment Management Co., Ltd. (北京厚德義民投資管理有限公司), a limited liability company incorporated in the PRC on August 17, 2009
“Board”	the board of Directors of the Company

“CDMO”	contract development and manufacturing organization, a pharmaceutical company that develops and manufactures drugs for other pharmaceutical companies on a contractual basis
“CDMO Services Framework Agreement”	an agreement dated November 13, 2023 entered into between the Company and Lepu Medical in relation to the provision of CDMO services by the Company and/or its subsidiaries to Lepu Medical and/or its subsidiaries
“CMC”	chemistry, manufacturing and control process
“Company”	Lepu Biopharma Co., Ltd. (樂普生物科技股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Stock Exchange (stock code: 2157)
“connected person(s)”, “controlling shareholder(s)”, and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder”	unless the context otherwise requires, refers to Dr. Pu Zhongjie
“Director(s)”	the director(s) of the Company
“Domestic Shares”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB and are unlisted shares which are currently not listed or traded on any stock exchange
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of, among other things, considering, and if thought fit, approving the CDMO Services Framework Agreement (including the Proposed Caps) and the transactions contemplated thereunder, the notice of which will be despatched to the Shareholders in due course
“GLP-1”	glucagon-like peptide-1
“GMP”	a system for ensuring that products are consistently produced and controlled according to quality standards, which is designed to minimize the risks involved in any pharmaceutical production that cannot be eliminated through testing the final product. It is also the practice required in order to conform to the guidelines recommended by agencies that control the authorization and licensing of the manufacture and sale of pharmaceutical products
“Group”	the Company and its subsidiaries from time to time

“H Share(s)”	overseas listed foreign invested ordinary Share(s) in the ordinary Share capital of the Company, with a nominal value of RMB1.00 each, listed on the Main Board of the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Board, comprising all the independent non-executive Directors, namely Mr. Zhou Demin, Mr. Yang Haifeng and Mr. Fengmao Hua, established for the purpose of advising the Independent Shareholders in respect of the CDMO Services Framework Agreement and the Proposed Caps
“Independent Financial Adviser”	Somerley Capital Limited, a licensed corporation under the SFO to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the CDMO Services Framework Agreement and the Proposed Caps
“Independent Shareholders”	the Shareholders other than Lepu Medical and Ningbo Houde Yimin
“Lepu Medical”	Lepu Medical Technology (Beijing) Co., Ltd. (樂普(北京)醫療器械股份有限公司), a joint stock company incorporated in the PRC on June 11, 1999 and listed on the Shenzhen Stock Exchange (stock code: 300003)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Ningbo Houde Yimin”	Ningbo Houde Yimin Information Technology Co., Ltd. (寧波厚德義民信息科技有限公司), a limited liability company incorporated in the PRC on March 29, 2017
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding the regions of Hong Kong, Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Proposed Cap(s)”	the proposed monetary cap(s) for the continuing connected transactions under the CDMO Services Framework Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, comprising the Domestic Shares and H Shares

“Shareholder(s)” holder(s) of the Shares

“Stock Exchange” The Stock Exchange of Hong Kong Limited

By order of the Board
Lepu Biopharma Co., Ltd.
Dr. Pu Zhongjie
Chairman and Executive Director

Shanghai, the PRC
November 13, 2023

As at the date of this announcement, the Board comprises Dr. Pu Zhongjie (chairman), Dr. Sui Ziyue (chief executive officer) and Dr. Hu Chaohong (co-chief executive officer) as executive Directors; Mr. Lin Xianghong, Mr. Yang Hongbing and Ms. Pu Jue, as non-executive Directors; and Mr. Zhou Demin, Mr. Yang Haifeng and Mr. Fengmao Hua as independent non-executive Directors.

* *For identification purposes only*