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CSPC PHARMACEUTICAL GROUP LIMITED

石藥集團有限公司

(Incorporated in Hong Kong under the Companies Ordinance)

(Stock Code: 1093)

VOLUNTARY ANNOUNCEMENT

ACQUISITION OF 100% INTEREST IN YONG SHUN TECHNOLOGY DEVELOPMENT LIMITED

This announcement is made by the Company on a voluntary basis.

THE AGREEMENT

On 4 January 2019, Dragon Merit, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor pursuant to which Dragon Merit will acquire all the issued shares in Yong Shun on and subject to the terms and conditions of the Agreement at the consideration of RMB252,880,000.

INFORMATION ON THE YONG SHUN GROUP

The Yong Shun Group is principally engaged in the business of researching and developing innovative monoclonal antibodies for targeting tumor antigens and immunotherapy of various kinds of cancers. Currently, the Yong Shun Group has received three IND approvals from NMPA in relation to the following two research projects, namely the JMT101 and the JMT103.

The JMT101 is a humanized monoclonal antibody targeting epidermal growth factor receptor (EGFR), with proprietary intellectual property rights. JMT101 received the IND approval from NMPA in May 2016 without supplementary filing demanded. JMT101 showed higher affinity and efficacy, and much lower immunogenicity and side effects than its congeneric products including cetuximab and panitumumab. At present, the phase I clinical trial of JMT101 in PRC has been almost completed for the potential indication of metastatic colon cancer.

The JMT103 is a novel fully human anti-RANKL monoclonal antibody developed against the shortcomings of anti-RANKL monoclonal antibody drugs that are marketed abroad. The product received the IND approval from NMPA for prevention of skeletal-related events in patients with bone metastases from solid tumors in March 2017 without supplementary filing demanded. At present, the phase I clinical study of JMT103 in PRC of this indication is almost completed. Further, the IND for treatment of osteoporosis was approved in June 2017 and the phase I clinical trial of JMT103 in PRC relating to treatment of osteoporosis is currently on going.

In addition to the above research projects in clinical stage, the Yong Shun Group also has mammalian host cell lines with high-level expression of ADCC-enhanced antibody obtained through the biallelic knockout technology of a target gene with independent intellectual property rights, as well as an innovative immunomodulatory bispecific antibody screening platform which has been patented and several preclinical drug candidates have been elected.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company considers biopharmaceutical drugs have promising prospects in the pharmaceutical market. With a view to expanding the Group's presence in biopharmaceutical drug market, one of the development strategies is to seek for acquisition targets with strong research and development capabilities in this area. Since its formation in 2012, Yong Shun Group has developed into a company with strong research and development capabilities in biopharmaceutical drugs and has established a strong product pipeline in the PRC. The Company believes that the investment in Yong Shun Group would provide a good opportunity to expand the Group's presence in the biopharmaceutical drug market in the PRC.

DEFINITIONS

“Acquisition”	the acquisition of 100% interest in Yong Shun by Dragon Merit from the Vendor pursuant to the Agreement
“Agreement”	the conditional agreement dated 4 January 2019 entered into between Dragon Merit and the Vendor in relation to the Acquisition
“Company”	CSPC Pharmaceutical Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1093)
“Directors”	the directors of the Company
“Dragon Merit”	Dragon Merit Holdings Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China

“IND”	Investigational New Drug
“NMPA”	National Medical Products Administration of the PRC
“PRC”	the People’s Republic of China which, for the purpose of this announcement excludes Hong Kong, the Macao Special Administrative Region and Taiwan
“RMB”	Renminbi yuan, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	an independent third party of the Company and its connected persons as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Yong Shun”	Yong Shun Technology Development Limited, a company incorporated in Hong Kong with limited liability
“Yong Shun Group”	Yong Shun and its subsidiaries
“%”	per cent.

By Order of the Board
CSPC Pharmaceutical Group Limited
CAI Dongchen
Chairman

Hong Kong, 7 January 2019

As at the date of this announcement, the Board comprises Mr. CAI Dongchen, Mr. WANG Zhenguo, Mr. PAN Weidong, Mr. WANG Huaiyu, Dr. LU Hua, Dr. LI Chunlei, Mr. ZHANG Cuilong, Dr. WANG Qingxi and Mr. CHAK Kin Man as executive directors; Mr. LEE Ka Sze, Carmelo as non-executive director; and Mr. CHAN Siu Keung, Leonard, Mr. WANG Bo, Professor LO Yuk Lam, Dr. YU Jinming and Mr. CHEN Chuan as independent non-executive directors.