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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)**

### **ANNOUNCEMENT**

#### **CONNECTED TRANSACTION ACQUISITION OF 21.43% EQUITY INTEREST IN UNIGENE BIOTECHNOLOGY CO. LTD.**

On 29 January 2014, the Company (as purchaser) entered into the Unigene Equity Transfer Agreement with CCPCL (as vendor) in relation to the sale and purchase of 21.43% equity interest in Unigene, at the total consideration of US\$800,000. Upon completion of the Acquisition, Unigene will become a wholly-owned subsidiary of the Company.

CCPCL is a wholly-owned subsidiary of MTL, which is a controlling shareholder of the Company holding approximately 72.72% of the total issued share capital of the Company as at the date of this announcement. Therefore CCPCL is a connected person of the Company pursuant to Rule 14A.11 of the Listing Rules and the Acquisition thus constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As some of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition, whether on a stand-alone or aggregated basis, are more than 0.1% but all of them are less than 5%, the Acquisition is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## THE ACQUISITION

### Summary of the principal terms of the Unigene Equity Transfer Agreement

The principal terms of the Acquisition pursuant to the Unigene Equity Transfer Agreement are summarised below:

- Date** : 29 January 2014
- Parties:** : CCPCL, which is a connected person of the Company, as vendor  
the Company, as purchaser
- Subject Matter** : CCPCL has agreed to sell and the Company has agreed to purchase 21.43% equity interest in Unigene.
- Consideration** : The consideration payable by the Company to CCPCL for the Acquisition is US\$800,000 and shall be paid by the Company to CCPCL in full within 10 days from the date of the Unigene Equity Transfer Agreement.

The consideration for the Acquisition was arrived at after arm's length negotiations between the parties having taken into account, amongst other things, the net tangible asset value of Unigene as at 31 December 2013, and the financial and operating conditions of Unigene. The consideration will be funded by the internal resources of the Group.

The original investment cost of CCPCL in the 21.43% equity interest in Unigene was approximately US\$1,050,000.

- Completion** : After signing of the Unigene Equity Transfer Agreement, CCPCL, the Company and Unigene shall cooperate with each other and endeavour to obtain approvals from relevant PRC authorities for completion of the Acquisition, by 31 March 2014 or such later date as the parties may otherwise agree in writing.

The Acquisition will take effect upon obtaining of approvals from the relevant authorities in the PRC. Upon completion of the Acquisition, Unigene will become a wholly-owned subsidiary of the Company.

## Information on Unigene

Unigene is a foreign equity joint venture company established under the laws of the PRC with limited liability and is principally engaged in biopharmaceutical technology development, transfer and consulting. As at the date of this announcement, the total registered and paid-up capital of Unigene is US\$4,900,000, which is held as to 78.57% by the Company and as to 21.43% by CCPCL.

Based on the audited financial statements prepared in accordance with the PRC GAAP, the audited net asset value of Unigene as at 31 December 2012 was RMB26,056,290. The audited net loss (before and after taxation) of Unigene for the two years ended 31 December 2012, based on its audited financial statements prepared in accordance with the PRC GAAP, are as follows:

	<b>For the year ended 31 December 2012 (RMB) (Audited)</b>	<b>For the year ended 31 December 2011 (RMB) (Audited)</b>
Net loss before taxation of Unigene	326,557	820,014
Net loss after taxation of Unigene	326,557	820,014

Unigene has not commenced any business since its establishment and has therefore not generated any revenue.

## Reasons for and Benefits of the Acquisition

Currently, Unigene is a non wholly-owned subsidiary of the Company. After completion of the Acquisition, Unigene will be a wholly-owned subsidiary of the Company. Therefore, the Acquisition will enable the Company to have complete control over Unigene. Unigene intends to provide research and development services to the Group upon completion of the Acquisition.

## OPINION OF THE BOARD

The Directors (including the independent non-executive directors) are of the opinion that the Acquisition (i) was entered into in the ordinary and usual course of business of the Group; (ii) are on normal commercial terms agreed after arm's length negotiations between the parties; and (iii) are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

CCPCL is a wholly-owned subsidiary of MTL, which is a controlling shareholder of the Company holding approximately 72.72% of the total issued share capital of the Company as at the date of this announcement. Therefore, CCPCL is a connected person of the Company pursuant to Rule 14A.11 of the Listing Rules and the Acquisition thus constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As some of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition, whether on a stand-alone or an aggregated basis, are more than 0.1% but all of them are less than 5%, the Acquisition is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Given that each of Mr. Cai Dongchen, Mr. Feng Zhenying, Mr. Pan Weidong, Mr. Zhao John Huan, Mr. Wang Huaiyu, Mr. Lu Jianmin, Mr. Wang Zhenguo and Mr. Wang Jinxu is indirectly interested in MTL, each of them was required to abstain from and did abstain from voting on the board resolution of the Company in respect of the Acquisition. Save as the aforesaid, none of the Directors have a material interest in the Acquisition.

## **GENERAL**

The principal activity of the Company is investment holding. The subsidiaries of the Company are principally engaged in the manufacture and sales of pharmaceutical products.

The principal activity of CCPCL is investment holding.

## **DEFINITIONS**

Unless the context otherwise requires, the following terms in this announcement shall have the meanings set out below:

“Acquisition”	the acquisition of 21.43% equity interest in Unigene by the Company pursuant to the Unigene Equity Transfer Agreement
“Board”	the board of Directors
“CCPCL”	中國詩薇製藥有限公司 (China Charmaine Pharmaceutical Company Limited), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of MTL

“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
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MTL”	Massive Top Limited, a company incorporated in Hong Kong with limited liability and a controlling shareholder of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“PRC GAAP”	the Generally Accepted Accounting Principles of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Unigene”	優金生物技術有限公司 (Unigene Biotechnology Co. Ltd.*), a foreign equity joint venture company established under the laws of the PRC with limited liability and owned as to 78.57% by the Company and 21.43% by CCPCL as at the date of this announcement
“Unigene Equity Transfer Agreement”	the agreement dated 29 January 2014 entered into between the Company and CCPCL in relation to the Acquisition, details of which are more particularly set out in this announcement

\* *For identification purposes only*

“US\$” United States dollars, the lawful currency of the United States of America

“%” per cent.

By Order of the Board  
**CSPC Pharmaceutical Group Limited**  
**Cai Dongchen**  
*Chairman*

Hong Kong, 29 January 2014

*As at the date of this announcement, the Board comprises Mr. Cai Dongchen, Mr. Feng Zhenying, Mr. Chak Kin Man, Mr. Pan Weidong, Mr. Zhao John Huan, Mr. Wang Shunlong, Mr. Wang Huaiyu, Mr. Lu Jianmin, Mr. Wang Zhenguo and Mr. Wang Jinxu as executive Directors; Mr. Lee Ka Sze, Carmelo as non-executive Director and Mr. Huo Zhenxing, Mr. Qi Moujia, Mr. Guo Shichang, Mr. Chan Siu Keung, Leonard, Mr. Wang Bo and Mr. Zhang Fawang as independent non-executive Directors.*