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## **CSPC PHARMACEUTICAL GROUP LIMITED**

**石藥集團有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 1093)**

### **PROPOSED ISSUE OF RMB SHARES UNDER SPECIFIC MANDATE PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION**

#### **PROPOSED DOMESTIC ISSUE UNDER SPECIFIC MANDATE**

Reference is made to the announcement of the Company dated 27 May 2020. The Company is pleased to announce that, on 1 February 2021, the Board approved the Proposed Domestic Issue, the Specific Mandate and related matters, conditional upon and subject to market conditions, approval by Shareholders at the EGM as well as the necessary Regulatory Approvals.

#### **SHAREHOLDERS' APPROVAL AND GENERAL INFORMATION**

The Company will convene the EGM to propose the resolutions for consideration and approval of, among other things, the Proposed Domestic Issue, the Specific Mandate and related matters (including proposed amendments to the Articles of Association), by the Shareholders. A circular of the EGM containing, among other things, details on the aforesaid resolutions, together with the notice of EGM will be despatched to the Shareholders as soon as practicable in accordance with the requirements under the Listing Rules.

As the Proposed Domestic Issue and the Specific Mandate are subject to approval by Shareholders at the EGM and the necessary Regulatory Approvals and may or may not proceed, Shareholders and investors should exercise caution when dealing in the Shares of the Company. Further announcement(s) will be made to disclose any material updates and developments in respect of the Proposed Domestic Issue and the Specific Mandate in accordance with the Listing Rules and other applicable laws and regulations as and when appropriate. This announcement is for information only and is not intended to and does not constitute, or form part of, an invitation or offer to acquire, purchase or subscribe for any securities of the Company.

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## **PROPOSED DOMESTIC ISSUE AND THE SPECIFIC MANDATE**

### **Proposed Domestic Issue and the Specific Mandate**

The Proposed Domestic Issue is detailed as follows:

- (1) Nature of RMB Shares : Common Shares to be subscribed for in RMB by the target subscriber(s), listed on the Sci-Tech Board and traded in RMB. Such RMB Shares shall also be in the same class of Shares as the Hong Kong Shares.
- (2) Nominal value of RMB Shares : Pursuant to section 135 of the Companies Ordinance (Cap 622 of the Laws of Hong Kong), the RMB Shares, being shares in a company incorporated in Hong Kong, have no nominal value.
- (3) Number of RMB Shares : The RMB Shares to be issued under the Proposed Domestic Issue shall not exceed 1,330,418,859 Shares, representing no more than 10% of the aggregate of the total number of issued Shares of the Company as at 31 January 2021, being the date immediately prior to the date of the Board meeting held on 1 February 2021 approving, among others, the Proposed Domestic Issue and the number of RMB Shares contemplated under the Proposed Domestic Issue. In compliance with the applicable laws and regulations of the PRC, an over-allotment option may be granted in respect of such number of RMB Shares not exceeding 15% of that initially issued. The RMB Shares will all be new Shares, and no conversion of the existing Shares will be involved.

The final issue size of the Proposed Domestic Issue shall be negotiated with and determined by the Board as authorised by the general meeting of the Company, together with the sponsor and the underwriters subject to the communication with the relevant securities regulatory authorities, market conditions and actual capital needs of the Company.

- (4) Target subscribers : Qualified off-line investors as well as natural persons, legal persons, other institutional investors (except persons prohibited by PRC laws and regulations, rules and regulatory documents) and such other target subscribers meeting the relevant qualification requirements of the CSRC, who maintain stock accounts with the SSE.

If any of the aforesaid target subscribers of the Proposed Domestic Issue are connected persons of the Company, the Company will take reasonable measures to comply with the requirements of relevant regulatory authorities.

- (5) Method of issuance : The Company will adopt a combination of off-line placement and on-line subscription, or such other methods of issuance as approved by the relevant securities regulatory authorities in the PRC.

- (6) Number of Shares offered by the Shareholders : The Proposed Domestic Issue does not involve any Shares offered by the Shareholders.

- (7) Method of pricing : The Shareholders at the EGM will authorise the Board to work with the underwriters of the Company to (i) determine the price range through marketing and preliminary price enquiries with potential investors; and (ii) finalise the offer price in accordance with the relevant laws and regulations and the rules of relevant securities regulatory authorities in the PRC.

To ensure the offer price is in the interests of the Company and the Shareholders as a whole, the Board and the underwriters of the Company will take into account (i) the operational and financial conditions of the Company; (ii) the average price-to-earning ratio of the pharmaceutical industry in the secondary market; (iii) the trading prices of the Hong Kong Shares on the Stock Exchange; (iv) the market conditions of the PRC stock markets; and (v) the applicable laws and regulations, when determining the final offer price.

If the offer price is lower than the trading price of the Hong Kong Shares on 29 January 2021, being the trading day immediately prior to the date of the Board meeting held on 1 February 2021 approving, among others, the Proposed Domestic Issue, the Board will decide whether to proceed with the Proposed Domestic Issue after considering the market conditions, the Company's actual capital needs and development strategies at the relevant time, the trading prices of comparable companies in the secondary market, and other relevant factors.

- (8) Sponsor and underwriter(s) : Huatai United Securities Co., Ltd.
- (9) Principal terms of underwriting : Standby underwriting
- (10) Use of proceeds : After deducting the issuance expenses, the proceeds of the Proposed Domestic Issue are intended to be used for (a) construction of research and development center and production facility; (b) research and development of new drugs; and (c) replenishment of working capital.

If the actual funds raised from the Proposed Domestic Issue exceed the total investments needed for the above projects, the Company will apply the surplus to the principal business of the Company upon going through the necessary procedures in accordance with the relevant requirements. If there is any insufficiency in the actual funds raised from the Proposed Domestic Issue, the Company will make up the shortfall by its own funds.

Within the scope of the investment projects with the funds raised from the Proposed Domestic Issue, the Company can make proper adjustments to the sequence and specific amounts of investment projects according to the progress, capital requirements, timing and the relevant circumstances of the projects. Prior to receiving the proceeds from the Proposed Domestic Issue, the Company may support the implementation of the aforesaid projects with its own funds based on the actual progress of such projects. Upon receiving the proceeds, the Company will use such proceeds to reimburse the funds previously committed and then to cover for the outstanding investments needed for the above projects.

- (11) Distribution plan of accumulated profits before the issuance : After completion of the Proposed Domestic Issue, the undistributed profits of the Company accumulated before the Proposed Domestic Issue will be available for distribution to all the Shareholders, including the holders of RMB Shares and the holders of Hong Kong Shares, pro-rated to their respective shareholding.
- (12) Place of listing : The Sci-Tech Board
- (13) Valid period of the resolutions : The Specific Mandate for the Proposed Domestic Issue is proposed to be valid for 12 months from the date of approval at the EGM.

The issue of the RMB Shares pursuant to the Proposed Domestic Issue is conditional upon:

- (1) the grant of the proposed Specific Mandate by the Shareholders to the Board having been obtained at the EGM; and
- (2) the necessary Regulatory Approvals for the Proposed Domestic Issue being obtained.

### **Proposed Authorisation to the Board to Exercise Full Powers to Deal with Matters Relating to the Proposed Domestic Issue**

In accordance with the relevant laws, regulations and regulatory documents, as well as the Articles of Association, it is proposed that at the EGM, approval will be sought from the Shareholders to authorise the Board to exercise full powers to deal with all matters relating to the Proposed Domestic Issue, the scope of authorisation includes without limitation:

- (1) determine and implement, through negotiation with the underwriters, the specific plan for the Proposed Domestic Issue based on the terms approved at the EGM and pursuant to the relevant

- requirements of securities regulatory authorities as well as the actual circumstances of the Company, including but not limited to the size of the issue, specific plan for the exercise of the over-allotment option, potential strategic placement (including proportion and places), method of pricing, method of issuance, method of underwriting, time of issuance, target subscribers and material undertakings to be made by the Company; and make corresponding adjustments (including the suspension and termination of the implementation of the plan) to matters in relation to the specific plan for the Proposed Domestic Issue, save for those matters required to be voted again at a general meeting under the requirements of the relevant laws, regulations, regulatory documents, and the Articles of Association;
- (2) handle the matters in relation to the application for the Proposed Domestic Issue, including but not limited to processes of registration, filing, or obtaining approval or consent from the relevant governmental departments, domestic and overseas regulatory authorities, the SSE and the CSDC;
  - (3) draft, modify, supplement, sign, submit, publish, disclose, execute, suspend and terminate any agreements, contracts, announcement, circular or other documents related to the Proposed Domestic Issue, including but not limited to the prospectus, sponsorship agreements, underwriting agreements, listing agreements and service contracts with intermediary organisations; engagement and changing of sponsors, underwriters, law firms, accounting firms and other intermediary organisations involved in the Proposed Domestic Issue; and determining and paying the fees related to the Proposed Domestic Issue;
  - (4) make adjustments to the projects for which the proceeds are to be invested and the use of proceeds pursuant to the opinion of the domestic and overseas regulatory authorities with respect to the application for, and approval of, the Proposed Domestic Issue as well as the actual circumstances of the Company, including but not limited to the specific uses of the proceeds raised from the exercise of the over-allotment option and adjustments of the progress and proportion of investments of the proceeds in the relevant projects, and to sign the material agreements or contracts in respect of such projects;
  - (5) analyse, consider and substantiate the impacts of the Proposed Domestic Issue on the Company's immediate financial indicators and the Shareholders' immediate return in accordance with the requirements under relevant laws and regulations and of the relevant regulatory authorities; revise, enhance and implement relevant measures and policies, and take full responsibility for handling the relevant matters;
  - (6) determine the specific account for the proceeds as required prior to the Proposed Domestic Issue; and execute relevant documents;
  - (7) formulate, modify or amend the Articles of Association and relevant terms of the internal management policies (where relevant) pursuant to the actual circumstances of the Proposed Domestic Issue;

- (8) handle the matters in relation to the security registration and settlement at the CSDC upon completion of the Proposed Domestic Issue and in accordance with the undertakings of the Shareholders, including but not limited to the registration of security custody;
- (9) make corresponding adjustments to the Proposed Domestic Issue and related matters pursuant to any new provisions in the regulations or policies in respect of the Proposed Domestic Issue as promulgated by relevant securities regulatory authorities; and
- (10) handle, and authorise the delegation of power to the chairman of the Board, the chief executive officer or the company secretary to handle (individually or collectively), any other matters in relation to the Proposed Domestic Issue.

The authorisation shall be valid for 12 months from the date of approval at the EGM.

### **Proposed Plan for Distribution of Profits Accumulated before the Proposed Domestic Issue**

Prior to the completion of the Proposed Domestic Issue, the Company may distribute profits in accordance with the Articles of Association and relevant internal rules. After completion of the Proposed Domestic Issue, the undistributed profits of the Company accumulated before the Proposed Domestic Issue will be available for distribution to all the Shareholders, including the holders of RMB Shares and the holders of Hong Kong Shares, pro-rated to their respective shareholding.

### **Proposed Policy for Stabilisation of the Price of the RMB Shares for the Three Years after the Proposed Domestic Issue**

To better protect the interests of the Shareholders, a policy for the stabilisation of the price of the RMB Shares for the three years after the Proposed Domestic Issue formulated in accordance with and subject to applicable laws and regulations, including the Opinions of the China Securities Regulatory Commission on Further Promoting the IPO System Reform (中國證監會關於進一步推進新股發行體制改革的意見) and the Securities and Futures Ordinance of Hong Kong, will be submitted to the Shareholders for approval at the EGM. The relevant details will be set out in the circular to be despatched to the Shareholders.

### **Proposed Profits Distribution Policy and the Dividend Return Plan for the Three Years after the Proposed Domestic Issue**

To further improve the profits distribution mechanism, ensure the stability of the profits distribution policy, enhance the transparency and operability of the profits distribution decisions and protect the interests of the Shareholders, a profits distribution policy and a dividend return plan for the three years after the Proposed Domestic Issue are proposed to be adopted by the Shareholders in accordance with the relevant laws, regulations and regulatory documents, including the PRC Securities Law (證券法), the Notice on Further Implementation of Cash Dividends of Listed Companies (關於進一步落實上市公司現金分紅有關事項的通知) and Guidelines No. 3 on the

Supervision and Administration of Listed Companies — Distribution of Cash Dividends of Listed Companies (上市公司監管指引第3號 — 上市公司現金分紅). The relevant details will be set out in the circular to be despatched to the Shareholders.

### **Proposed Use of Proceeds from the Proposed Domestic Issue**

Since the issue price of the RMB Shares has yet to be determined, as described in paragraph (7) of the above section headed “Proposed Domestic Issue and the Specific Mandate”, the total amount of proceeds from the Proposed Domestic Issue cannot be determined at the present stage.

After deducting the issuance expenses, such proceeds are proposed to be used towards the total investments needed for the following projects in the following manner:

- (1) approximately 20% for the construction of research and development center and production facility;
- (2) approximately 40% for the research and development of new drugs; and
- (3) approximately 40% for the replenishment of working capital.

If the actual funds raised from the Proposed Domestic Issue exceed the total investments needed for the above projects, the Company will apply the surplus to the principal business of the Company upon going through the necessary procedures in accordance with the relevant requirements. If there is any insufficiency in the actual funds raised from the Proposed Domestic Issue, the Company will make up the shortfall by its own funds.

Within the scope of the investment projects with the funds raised from the Proposed Domestic Issue, the Company can make proper adjustments to the sequence and specific amounts of investment projects according to the progress, capital requirements, timing and the relevant circumstances of the projects. Prior to receiving the proceeds from the Proposed Domestic Issue, the Company may support the implementation of the aforesaid projects with its own funds based on the actual progress of such projects. Upon receiving the proceeds, the Company will use such proceeds to reimburse the funds previously committed and then to cover for the outstanding investments needed for the above projects.

### **Proposed Remedial Measures for the Potential Dilution of Immediate Returns by the Proposed Domestic Issue**

To counter the potential dilution effect of the Proposed Domestic Issue on the Shareholders’ return for the current period, specific measures for such return are proposed to be approved by the Shareholders in accordance with applicable laws, regulations and regulatory documents, including the Opinions of the General Office of the State Council on Further Strengthening the Work of Protection of the Legitimate Rights and Interests of Minority Investors in the Capital Markets (國務院辦公

廳關於進一步加強資本市場中小投資者合法權益保護工作的意見) and the Announcement No. 31 2015 of the CSRC — Guiding Opinions on Matters concerning the Dilution of Immediate Return in Initial Public Offering, Refinancing and Material Asset Restructuring (關於首發及再融資、重大資產重組攤薄即期回報有關事項的指導意見). The relevant details will be set out in the circular to be despatched to the Shareholders.

### **Proposed Undertakings and the Corresponding Binding Measures in connection with the Proposed Domestic Issue**

To better protect the interests of the Shareholders, the Company will provide undertakings in the listing documents with respect to the Proposed Domestic Issue and propose corresponding binding measures in the event of failure to perform the relevant undertakings in accordance with applicable laws, regulations and regulatory documents, including the Standards for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No.41 — Prospectuses of Companies Listed on the Science and Technology Innovation Board (公開發行證券的公司信息披露內容與格式準則第41號 — 科創板公司招股說明書), and the requirements of the securities regulatory authorities and other relevant authorities. Such undertakings will take effect upon the listing of the RMB Shares on the Sci-Tech Board. The specific contents of the undertakings and the corresponding binding measures related to the Proposed Domestic Issue are authorized to the Board and its authorized persons to determine.

### **Proposed Amendments to the Articles of Association**

Based on the following principal reasons and the actual circumstances of the Company, amendments are proposed to be made to the Articles of Association:

- (1) To cater for the RMB Shares to be issued, provisions relating to the issuance, listing, deposit, transfer and other matters relating to the RMB Shares are proposed to be added;
- (2) To satisfy the relevant requirements under the Rules Governing the Listing of Shares on the Science and Technology Innovation Board of the Shanghai Stock Exchange (上海證券交易所科創板股票上市規則) that the overall level of investor protection offered by the Company should not be lower than what is required under the laws and regulations of the PRC, provisions relating to the respective authorities and duties of the Board and the general meetings of the Company, Shareholders' rights to convene general meetings and nominate candidates for election as Directors, the scope of matters to be approved by special resolutions at general meetings, domestic remedies of investors holding the RMB Shares and other matters are proposed to be added or amended; and
- (3) To reflect the Company's latest corporate information, provisions relating thereto are proposed to be updated.

The adoption of the Articles of Association incorporating the proposed amendments will take effect upon the listing of the RMB Shares on the Sci-Tech Board. Prior to that, the Articles of Association currently in force shall apply. The relevant details of the proposed amendments to the Articles of Association in English and Chinese respectively will be set out in the circular to be despatched to the Shareholders.

### **Proposed Adoption of Policy Governing the Procedures for the Holding of General Meetings**

To satisfy the relevant requirements of laws, regulations and regulatory documents in respect of the Proposed Domestic Issue, including the Rules Governing the Listing of Shares on the Science and Technology Innovation Board of the Shanghai Stock Exchange (上海證券交易所科創板股票上市規則), a policy governing the procedures for the holding of general meetings of the Company is proposed to be approved by the Shareholders. Such policy will take effect upon the listing of the RMB Shares on the Sci-Tech Board. The relevant details will be set out in the circular to be despatched to the Shareholders.

### **Proposed Adoption of Policy Governing the Procedures for the Holding of Board Meetings**

To satisfy the relevant requirements of laws, regulations and regulatory documents in respect of the Proposed Domestic Issue, including the Rules Governing the Listing of Shares on the Science and Technology Innovation Board of the Shanghai Stock Exchange (上海證券交易所科創板股票上市規則), a policy governing the procedures for the holding of Board meetings is proposed to be approved by the Shareholders. Such policy will take effect upon the listing of the RMB Shares on the Sci-Tech Board. The relevant details will be set out in the circular to be despatched to the Shareholders.

### **Approval of Formulation of Internal Policies**

To satisfy the relevant requirements of laws, regulations and regulatory documents in respect of the Proposed Domestic Issue, including the Measures for the Administration of the Registration of IPO Stocks on the Science and Technology Innovation Board (for Trial Implementation) (科創板首次公開發行股票註冊管理辦法(試行)), the Rules Governing the Listing of Securities on the Science and Technology Innovation Board of the Shanghai Stock Exchange (上海證券交易所科創板股票上市規則), the Measures for the Administration of Proceeds Raised by Listed Companies of Shanghai Stock Exchange (上海證券交易所上市公司募集資金管理辦法), the Guidelines on the Relationship between Listed Companies and Investors (上市公司與投資者關係工作指引) and the Administrative Measures for Information Disclosure of Listed Companies (上市公司信息披露管理辦法), the Board resolved to conditionally approve the formulation of the following internal policies:

- (a) strategy committee charter;
- (b) policy on duty of independent directors;
- (c) policy on disclosure of information by onshore officer;
- (d) policy on external guarantee;
- (e) policy on management of connected (related-party) transactions;

- (f) policy on management of proceeds;
- (g) policy on management of investor relations;
- (h) policy on independent directors' responsibility relating to annual report;
- (i) policy on fund transfers with related parties;
- (j) policy on investigation system relating to materials disclosure errors in annual report;
- (k) external investment charter;
- (l) internal audit charter;
- (m) policy on registration of insider; and
- (n) policy on management of disclosure of information.

These policies will become effective upon the listing of the RMB Shares on the Sci-Tech Board.

The Board also approved the establishment of the strategy committee and the securities department, which will become effective upon the listing of the RMB Shares on the Sci-Tech Board.

## OTHER INFORMATION RELATED TO THE PROPOSED DOMESTIC ISSUE

### Impact of the Proposed Domestic Issue on the Shareholding Structure of the Company

For reference and illustration purposes only, assuming that the issue of all the 1,330,418,859 RMB Shares under the Proposed Domestic Issue is approved and carried out, and all are issued to non-connected persons of the Company and there are no changes in the share capital of the Company prior to the completion of the Proposed Domestic Issue, the shareholding structure of the Company as at the Latest Practicable Date and immediately after the completion of the Proposed Domestic Issue (assuming no over-allotment option is exercised) are set out as follows:

	As at the Latest Practicable Date		Immediately after the completion of the Proposed Domestic Issue (assuming no over-allotment option is exercised)	
	Number of Shares	Approximate percentage of the Company's issued share capital	Number of Shares	Approximate percentage of the Company's issued share capital
<b>RMB Shares to be issued under the Proposed Domestic Issue</b>	—	—	1,330,418,859	10.00%
<b>Hong Kong Shares</b>	11,973,769,732	100%	11,973,769,732	90.00%
— Hong Kong Shares held by core connected persons	3,545,645,663	29.61%	3,545,645,663	26.65%
— Hong Kong Shares held by the public	8,428,124,069	70.39%	8,428,124,069	63.35%
<b>Total</b>	11,973,769,732	100%	13,304,188,591	100%

As at the date of this announcement, according to the information publicly available to the Company, the public held no less than 70.38% of Shares issued by the Company. Assuming that the issue of all the 1,330,418,859 RMB Shares under the Proposed Domestic Issue is approved and all are issued to non-connected persons of the Company, and no over-allotment option is exercised, the percentage of RMB Shares held by the public with respect to the total number of Shares after the issuance is expected to be 10.00%, the percentage of Hong Kong Shares held by the public with respect to the total number of Shares after the issuance is expected to be 63.35% and the percentage of Shares (both RMB Shares and Hong Kong Shares in aggregate) held by the public with respect to the total number of Shares after the issuance is expected to be 73.35%.

As at the date of this announcement, the Company had not entered or proposed to enter into any agreement in relation to subscription of RMB Shares with any connected persons of the Company.

### **Fund Raising Activities in the Past 12 Months**

The Company has not conducted any fund raising activities involving issue of equity securities in the past twelve months prior to the date of this announcement.

### **Application for Listing**

An application for the Proposed Domestic Issue will be made to the SSE. The SSE, after approving the application, will apply to the CSRC for the registration of the Proposed Domestic Issue. The Company will make another application to the SSE for the listing of, and permission to deal in, the RMB Shares on the Sci-Tech Board after the CSRC agrees with the registration and the public offering of the RMB Shares has been completed. The RMB Shares will not be listed on the Hong Kong Stock Exchange.

### **Reasons for the Proposed Domestic Issue**

The Board considers that the Proposed Domestic Issue will enable the Company to access the PRC capital market by way of equity financing and improve its capital structure while maintaining its international development strategy.

The Board considers that the Proposed Domestic Issue is in line with the interests of the Company and the Shareholders as a whole, and is beneficial to strengthen the sustainable development of the Company.

### **Grant of Waivers from Strict Compliance with Certain Provisions of the Listing Rules**

For the purpose of the Proposed Domestic Issue, the Company has applied for, and the Hong Kong Stock Exchange has granted on 1 December 2020, the following waivers from strict compliance with the relevant provisions of the Listing Rules:

**(1) One-off waiver relating to no listing of the RMB Shares on the Hong Kong Stock Exchange**

As the RMB Shares will be of the same class as the Hong Kong Shares but will not be listed on the Hong Kong Stock Exchange, the Company has applied for, and the Hong Kong Stock Exchange has granted, a one-off waiver so that there is no need to seek listing of the RMB Shares to be issued under the Proposed Domestic Issue on the Hong Kong Stock Exchange under Rules 8.20 and 13.26 of the Listing Rules, on the following conditions:

- (a) Rule 6.12 of the Listing Rules is modified such that the requirement of obtaining the prior approval of shareholders for voluntary withdrawal of listing on the Hong Kong Stock Exchange by (i) at least 75% of the votes attaching to any class of listed securities held by holders voting either in person or by proxy at the meeting before voluntarily withdrawing its listing on the Hong Kong Stock Exchange; and (ii) the number of votes cast against the resolution is not more than 10% of the votes attaching to any class of listed securities held by holders permitted under Rule 6.12(1) of the Listing Rules to vote in person or by proxy at the meeting, shall apply to holders of the Hong Kong Shares only;
- (b) Rule 6.15 of the Listing Rules is modified such that the requirement of fulfilling shareholders' approval requirements under the Code on Takeovers and Mergers for voluntary withdrawal of listing on the Hong Kong Stock Exchange shall apply to holders of the Hong Kong Shares only;
- (c) Rule 13.36(2)(b) of the Listing Rules is modified such that the Shareholders (including both holders of Hong Kong Shares and holders of RMB Shares) can by ordinary resolution in a general meeting give a general mandate to the Directors under which (i) the aggregate number of Hong Kong Shares allotted or agreed to be allotted must not exceed 20% of the number of the issued Hong Kong Shares as at the date of the resolution granting the general mandate; and (ii) the aggregate number of RMB Shares allotted or agreed to be allotted must not exceed 20% of the number of the issued RMB Shares as at the date of the resolution granting the general mandate; and
- (d) Rule 13.36(2)(b) of the Listing Rules is further modified such that the Shareholders (including both holders of Hong Kong Shares and holders of RMB Shares) can by ordinary resolution in general meeting give a repurchase mandate to the Directors under which (i) only the Hong Kong Shares may be repurchased; and (ii) the maximum number of Hong Kong Shares repurchased by the Company since the granting of the general mandate will be 10% of the number of the issued Hong Kong Shares as at the date of the resolution granting the repurchase mandate.

For avoidance of doubt, given this is a one-off waiver, the Company would need to apply for waiver from Rules 8.20 and 13.26 for any further issue of new RMB Shares.

**(2) *Waiver relating to corporate communications***

As the Company is not required to (i) seek an express and positive written confirmation from each holder of the RMB Shares that corporate communications may be made available using electronic means; and (ii) physically send a circular to the holders of the RMB Shares under the relevant rules and regulations in the PRC (as the publication of corporate communications, including circulars, on the websites of the SSE and the Company and through other prescribed communication channels such as specified PRC newspapers would constitute effective delivery to the holders of the RMB Shares), the Company has applied for, and the Hong Kong Stock Exchange has granted, a waiver so that the requirements relating to corporate communications under Rule 2.07A of the Listing Rules will apply only to the holders of Hong Kong Shares.

**(3) *Waiver relating to requirements for certification of transfers***

As (i) there is no requirement to issue physical share certificates in respect of the RMB Shares under the listing rules prescribed by the SSE as evidence of title; and (ii) the transfers of RMB Shares on the Sci-Tech Board can be divided into trading transfers (meaning transfers pursuant to transactions conducted between two parties holding SSE stock accounts through the paperless trading platform of the SSE, which does not involve any certificate, temporary documents or split renounceable documents) and non-trading transfers (including share transfers due to inheritance, gift and property division, for which the relevant applicant must submit materials required by the CSDC to complete the transfer, and the CSDC, which will be the keeper of the register of holders of the RMB Shares, will provide services of certifying transfers against certificates or temporary documents and splitting renounceable documents with respect to such non-trading transfers of the RMB Shares), the Company has applied for, and the Hong Kong Stock Exchange has granted, a waiver so that the requirements relating to certification of transfers to be completed within certain time frame under Rule 13.58 of the Listing Rules will apply only to the Hong Kong Shares and the non-trading transfers of the RMB Shares.

**(4) *Waiver relating to requirements for securities registration services***

As the CSDC will provide securities registration services to holders of the RMB Shares, and there is no need for certificate replacement service given that the RMB Shares can be traded electronically on the Sci-Tech Board and will not require a share certificate to evidence title, the Company has applied for, and the Hong Kong Stock Exchange has granted, a waiver so that the requirements relating to securities registration services under Rules 13.59 and 13.60 of the Listing Rules will apply only to the Hong Kong Shares.

## SHAREHOLDERS' APPROVAL AND GENERAL INFORMATION

The Company will convene the EGM to propose for consideration by the Shareholders and seek their approval for the matters relating to the Proposed Domestic Issue, the granting of the Specific Mandate and the other matters as set out above. A circular of the EGM containing, among other things, details of the proposals, together with the notice of EGM will be despatched to the Shareholders as soon as practicable in accordance with the requirements under the Listing Rules and the Articles of Association currently in force. Please note that in addition to the approval by the Shareholders, the Proposed Domestic Issue is also subject to the necessary Regulatory Approvals.

As the Proposed Domestic Issue and the Specific Mandate are subject to approval at the EGM and the necessary Regulatory Approvals and may or may not proceed, Shareholders and investors should exercise caution when dealing in the Hong Kong Shares of the Company. Further announcement(s) will be made to disclose any material updates and developments in respect of the Proposed Domestic Issue and the granting of the Specific Mandate in accordance with the Listing Rules and other applicable laws and regulations as and when appropriate. This announcement is for information only and is not intended to and does not constitute, or form part of, an invitation or offer to acquire, purchase or subscribe for any securities of the Company.

## DEFINITIONS

Unless the context otherwise requires, the following expressions in this announcement have the following meanings:

“Articles of Association”	the articles of association of the Company (as amended from time to time)
“Board”	the board of Directors
“Company”	CSPC Pharmaceutical Group Limited (石藥集團有限公司), a limited liability company incorporated in Hong Kong
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“CSDC”	China Securities Depository and Clearing Corporation Limited
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“EGM”	the 2021 first extraordinary general meeting of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Hong Kong Shares”	the existing Shares which are listed on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“PRC”	the People’s Republic of China, for the purpose of this announcement and for geographical reference only, excludes Hong Kong, Macau Special Administrative Region of the PRC, and Taiwan
“Regulatory Approvals”	the approvals or decisions from the relevant regulatory authorities and governmental departments in the PRC and Hong Kong (including but not limited to the CSRC, the Hong Kong Stock Exchange, the SSE and the CSDC)
“RMB”	Renminbi, the lawful currency of the PRC
“RMB Shares”	the Shares to be subscribed in RMB by investors in the PRC, listed on the Sci-Tech Board and traded in RMB
“Proposed Domestic Issue”	the Company’s proposed issue of RMB Shares, which will be listed on the Sci-Tech Board
“Sci-Tech Board”	the Science and Technology Innovation Board of the SSE
“Shareholders”	the holders of the Shares of the Company
“Shares”	the shares of the Company
“Specific Mandate”	a specific mandate to be sought from the Shareholders at the EGM to allot and issue RMB Shares pursuant to the Proposed Domestic Issue
“SSE”	the Shanghai Stock Exchange
“%”	per cent

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

Hong Kong, 1 February 2021

*As at the date of this announcement, the Board comprises Mr. CAI Dongchen, Mr. ZHANG Cuilong, Mr. WANG Zhenguo, Mr. PAN Weidong, Mr. WANG Huaiyu, Dr. LI Chunlei, Dr. WANG Qingxi, Mr. CHAK Kin Man and Dr. JIANG Hao as executive directors; and Mr. WANG Bo, Dr. YU Jinming, Mr. CHEN Chuan, Prof. WANG Hongguang and Mr. AU Chun Kwok Alan as independent non-executive directors.*