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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)

CONNECTED TRANSACTION

DISPOSAL OF 30.0704% EQUITY INTEREST IN THE TARGET COMPANY

THE DISPOSAL

On 25 February 2026, the Vendor, a non-wholly owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Purchaser in relation to the sale and purchase of 30.0704% equity interest in the Target Company at a consideration of RMB230,000,000. Upon completion of the Disposal, the Vendor and the Group will no longer hold any equity interest in the Target Company.

LISTING RULES IMPLICATIONS

The Purchaser is an associate of Mr. Cai Dong Chen, a director and a substantial shareholder of the Company, and thus a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 0.1% but all of them are less than 5%, the Disposal is subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the completion of the Disposal is subject to the approval of the Vendor's shareholders at the shareholders' meeting of the Vendor at which the related parties of the Vendor with conflict of interest in the Disposal, namely CSPC NBP and CSPC Ouyi, both being wholly-owned subsidiaries of the Company holding an aggregate of 74.66% equity interest in the Vendor, shall abstain from voting, the Disposal may or may not proceed. In the event that the Vendor's shareholders' approval is not obtained by 30 June 2026, the transactions under the Equity Transfer Agreement will be automatically terminated. Accordingly, Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

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THE EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are summarised below:

- Date : 25 February 2026
- Parties : (i) the Vendor;
(ii) the Purchaser; and
(iii) the Target Company.
- Subject Matter : The Vendor has agreed to sell and the Purchaser has agreed to purchase 30.0704% equity interest in the Target Company.
- Consideration : The consideration for the Disposal is RMB230,000,000, which is payable by the Purchaser to the Vendor in two instalments:
- (i) within 1 month from the date on which the Equity Transfer Agreement is signed by the parties and the Disposal is approved at the shareholders' meeting of the Vendor in accordance with, among others, the Rules Governing the Listing of Stocks on the ChiNext Market of the Shenzhen Stock Exchange, the Purchaser shall pay the Vendor the first installment of the consideration of RMB130,000,000; and
 - (ii) within 1 month from the date on which the Target Company issued the register of members containing information of the Purchaser and its shareholding in the Target Company (the "**Completion Date**"), the Purchaser shall pay the Vendor the remaining consideration of RMB100,000,000.

The consideration for the Disposal was arrived at after arm's length negotiations between the parties, taking into account, among others, (a) the appraised value (i.e. RMB753,000,000) of the entire shareholders' equity of the Target Company as at 30 June 2025 (the "**Valuation Benchmark Date**") set out in the asset valuation report prepared by Beijing Guo Rong Xing Hua Asset Appraisal Co., Ltd.* (北京國融興華資產評估有限責任公司), an independent professional valuer (the "**Valuer**"), adopting the market approach; and (b) the percentage of equity interests to be disposed of by the Vendor under the Equity Transaction Agreement. Based on the aforesaid appraised value of 100% of the shareholders' equity, the consideration for the Disposal was therefore determined based on approximately 30.0704% of the aforesaid appraised value.

Profit or loss during the transitional period : In the event that the Target Company declares any dividend attributable to the financial year ended 31 December 2025, such dividends shall be enjoyed by the Vendor. On the other hand, the profit or loss of the Target Company during the transitional period commencing from the Valuation Benchmark Date (i.e. 30 June 2025) up to and including the Completion Date will be assumed by the Purchaser.

Based on the unaudited financial statements of the Target Company for the six months ended 31 December 2025, the Target Company recorded a net loss of approximately RMB15,715,000 in the aforementioned period. Such loss incurred during the transitional period will be assumed by the Purchaser as one of the shareholders of the Target Company upon completion of the Disposal.

The Disposal is subject to the approval of the Vendor's shareholders in accordance with the Rules Governing the Listing of Stocks on ChiNext Market of the Shenzhen Stock Exchange and the articles of association of the Vendor as well as other relevant laws and regulations, pursuant to which related parties of the Vendor with a conflict of interest in the Disposal, namely CSPC NBP and CSPC Ouyi, both being wholly-owned subsidiaries of the Company holding an aggregate of 74.66% equity interest in the Vendor, shall abstain from voting. In the event that the Vendor's shareholders' approval is not obtained by 30 June 2026, the transactions under the Equity Transfer Agreement will be automatically terminated.

VALUATION METHODOLOGY

Valuation approach adopted by the Valuer and its reasons

In arriving at the appraised value of the entire shareholders' equity of the Target Company, the Valuer has considered three generally accepted approaches, namely the income approach, the asset-based approach, and the market approach. The Valuer adopted the market approach to determine the appraised value of the entire shareholders' equity of the Target Company as at the Valuation Benchmark Date.

The income approach evaluates assets based on their expected profitability, which can fully reflect the overall value of an enterprise. However, due to business adjustments and changes, future earnings of the Target Company cannot be reasonably predicted or measured in monetary terms, the income period cannot be reasonably determined, and the risks associated with achieving future expected earnings cannot be accurately measured. Therefore, the income approach was not adopted for the instant valuation.

The asset-based approach considers the cost to reacquire assets and reflects the replacement value of the Target Company's existing assets. The market approach, on the other hand, derives the market value of the Target Company by comparing it with comparable listed companies or comparable transactions, analysing their similarities and differences, and making quantitative adjustments for such differences. It evaluates the current fair market value of the Target Company by reference to actual market comparables.

As the selected comparable listed companies under the market approach are similar to the Target Company being valued, the Valuer considers that the results of the market approach more objectively and reasonably reflect the value of the shareholders' equity of the Target Company. Accordingly, the market approach was adopted for the instant valuation.

Valuation assumptions

The valuation assumptions made by the Valuer are as follows:

(I) Basic Assumptions

1. **Open Market Assumption:** It is assumed that the asset being traded or intended to be traded is transacted on an open market, where the transacting parties are in equal position, and each party has sufficient opportunity and time to obtain market information. This enables both parties to make rational judgments regarding the asset's function, usage, and transaction price.
2. **Transaction Assumption:** It is assumed that the asset under valuation is already in the process of being transacted. The Valuer estimates the value by simulating market conditions based on the transaction conditions of said asset. The transaction assumption is a fundamental prerequisite for conducting an asset valuation.
3. **Going Concern Assumption:** It is assumed the Target Company will continue to operate lawfully and continuously in the foreseeable future based on the conditions of its existing assets and resource, without ceasing operations due to various reasons.

(II) General Assumptions

1. There will be no material changes in the political, economic, and social environments of the country and region where the Target Company is located after the Valuation Benchmark Date.
2. There will be no material changes in national macroeconomic policies, industrial policies, or regional development policies after the Valuation Benchmark Date.
3. There will be no material changes in interest rates, exchange rates, tax bases and tax rates, or policy-based levies relevant to the Target Company after the Valuation Benchmark Date.
4. The management of the Target Company will remain responsible, stable, and capable of performing their duties after the Valuation Benchmark Date.
5. The Target Company fully complies with all relevant laws and regulations.
6. There will be no force majeure events after the Valuation Benchmark Date that would materially and adversely affect the Target Company.

(III) Special Assumptions

1. After the Valuation Benchmark Date, the Target Company will maintain a business scope and mode of operation consistent with its current status, based on its existing management methods and standards.
2. The relevant materials, such as information on assets and policy documents provided by the Vendor and the Target Company, are true and valid.
3. The Target Company can continuously and stably obtain industry operating licenses.
4. The securities trading markets where the comparable listed companies are located are efficient markets, and their stock trading prices are fair and valid.

5. The asset transactions of the comparable public companies in the trading market are legal and orderly.
6. The financial statement data publicly disclosed by the comparable listed companies is true, the information disclosed is sufficient and timely, the market on which their stocks are traded is normal and orderly, and the trading prices are not manipulated by non-market factors.

Valuation under the market approach

The two commonly used methods under the market approach are the Guideline Public Company Method and the Guideline Transaction Method. In view of the industry in which the Target Company operates and its asset size, there have been few recent comparable transactions, making it difficult to obtain transaction and financial data. With such insufficient disclosure of information, the Guideline Transaction Method is therefore not applicable. Considering that there is a sufficient number of listed companies similar to the Target Company in the securities market and that their shares are actively traded, the Guideline Public Company Method was adopted for the instant valuation of the Target Company.

The critical aspect of the market approach is the selection of appropriate valuation multiples or economic indicators. Common valuation multiples or economic indicators include Price-to-Earnings (P/E), Price-to-Book (P/B), Price-to-Sales (P/S), and Enterprise Value multiples (EV/EBITDA, EV/S). Considering that the Target Company operates in the information technology services industry and is classified as an asset-light company, coupled with the fact that the Target Company has recorded losses in recent year which brings volatility to its profitability indicators, the Price-to-Sales ratio has been selected as the valuation multiple for the instant valuation.

Upon confirming the Target Company's basic situation (which includes the subject of the valuation and its relevant equity status, such as the nature of enterprise, capital scale, business scope, operating scale, market share, and growth potential), the application of the Guideline Public Company Method by the Valuer typically involves the following steps:

Step 1: Preliminarily select comparable companies in the public market.

Step 2: Perform the assessment and calculation process using the Guideline Public Company Method:

1. Obtain relevant financial data of comparable companies from the public market using the iFinD Financial Data Terminal of Hithink RoyalFlush Information Network Co., Ltd. (the "**iFinD Data Terminal**");
2. Conduct quantitative and qualitative comparative analysis to adjust the selected multiples of the comparable companies;
3. Determine the financial data of the Target Company as of the Valuation Benchmark Date;
4. Perform scoring calculations based on relevant scale indicators and financial indicators of both the comparable companies and the Target Company;
5. Apply the adjusted comparable company multiples to calculate the Operating Equity Value;
6. Deduct the discount for lack of marketability (DLOM) based on the non-liquidity discount rate; and add the net value of non-operating assets and liabilities to determine the value of the entire shareholders' equity.

The Valuer selected comparable companies based on the following criteria:

- (1) The comparable company is only listed on the A-share market;
- (2) The comparable company has been listed for at least two years;
- (3) The comparable company operates in the information technology services industry;
- (4) The business scope of the comparable company is as consistent as possible with the Target Company.

Through industry analysis and comparison of business types, the Valuer selected three comparable companies. As at the Valuation Benchmark date, the Price-to-Sales multiples of the selected comparable companies are as follows:

Comparable Company	Stock Code	P/S Multiple	
		(Pre-adjustment)	(Post-adjustment)
People.cn Co., Ltd. (人民網)	603000.SH	9.09	7.60
Guangdong Guangzhou Daily Media Co., Ltd. (粵傳媒)	002181.SZ	10.02	9.04
Sichuan Newsnet Media (Group) Co., Ltd. (川網傳媒)	300987.SZ	8.56	8.39

The process for calculating the pre-adjustment valuation multiple of comparable companies includes:

- (1) Obtaining Relevant Financial Statements from the Public Market

The Valuer queried relevant financial and market capitalisation data of the comparable companies via the iFinD Data Terminal.

- (2) Determination of Pre-adjustment Valuation Multiples for Comparable Companies

(a) Adjustment of Comparable Listed Company Data

Comparable listed companies possess certain non-operating assets and liabilities, which are needed to be excluded from the market capitalisation.

(b) Determination of Pre-adjustment Valuation Multiples of Comparable Listed Companies

By extracting the data of listed companies and processing them according to the aforementioned method, the pre-adjustment valuation multiples (P/S) for the comparable listed companies were obtained.

- (3) Calculation of Relevant Financial Indicators and Multiples for the Comparable Companies and the Target Company

Based on the scoring corrections derived from the relevant financial indicators of the comparable companies and the Target Company, including but not limited to, profitability, operating capability, debt risk, growth rate and asset size, the adjusted mean P/S Multiple of 8.34 for the comparable companies was adopted as the valuation multiple for the instant valuation.

In addition, as the Target Company operates in the information technology service industry, the Valuer adopted a market-wide industry average discount for lack of marketability (DLOM) of 30.59% for the instant valuation, through querying data from various sources including property rights exchanges, CVSource, and the iFinD Data Terminal.

Valuation conclusion

As at the Valuation Benchmark Date, the consolidated net asset value of the Target Company was approximately RMB400,400,600. Based on the valuation using the market approach, the appraised value of the entire shareholders' equity of the Target Company was RMB753,000,000.

The valuation conclusion is valid for a period of one year from the Valuation Benchmark Date.

INFORMATION ABOUT THE TARGET COMPANY

The Target Company is a limited liability company established under the laws of the PRC and is principally engaged in operating comprehensive media communication platforms.

At present and prior to the completion of the Disposal, the Target Company is owned by the Vendor as to 30.0704%. The remaining equity interest of the Target Company are owned by third parties independent of the Company and its connected persons, namely China Internet Information Center (中國互聯網新聞中心), Suzhou Boguan Jiuding Venture Capital Center (Limited Partnership)* (蘇州博觀九鼎創業投資中心(有限合夥)), Tianjin Shichuang Huixin Enterprise Management Center (Limited Partnership)* (天津世創匯鑫企業管理中心(有限合夥)) and Beijing Hans Capital Management Co., Ltd.* (北京翰思資本管理有限公司) as to 36.2001%, 24.7560%, 6.6307% and 2.3427% respectively.

Upon completion of the Disposal, the Vendor and the Group will no longer hold any equity interest in the Target Company, and the Target Company will cease to be an associate of the Vendor.

The consolidated financial information of the Target Company for each of the two financial years ended 31 December 2024 and 2025 respectively is set out below:

	For the year ended 31 December 2024	For the year ended 31 December 2025
	<i>RMB</i> (Audited) (Approximately)	<i>RMB</i> (Unaudited) (Approximately)
Revenue	84,353,200	42,523,400
Net profit/(loss) before taxation	10,602,900	(26,932,900)
Net profit/(loss) after taxation	10,164,400	(26,935,800)

Based on the unaudited financial statements of the Target Company, the consolidated net asset value of the Target Company as at 31 December 2025 was approximately RMB350,157,800.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Target Company is principally engaged in operating comprehensive media communication platforms, which is not part of the core businesses of the Vendor. The Disposal is based on a comprehensive consideration of the Vendor's actual development situation. It is expected that the Disposal would help optimise the Vendor's allocation of resources and financial structure; at the same time, it allows the Vendor to focus on its core businesses and reduce operational risks, thereby achieving a high-quality development, which is beneficial to the Group as a whole.

In view of the industry in which the Target Company operates and its asset size, the trading of its shares in the market is not active. The Vendor has also inquired, through the Target Company, whether the other existing shareholders of the Target Company are interested in acquiring the 30.0704% equity interest in the Target Company held by the Vendor, and all such shareholders have indicated that they have no such intention. Accordingly, the Vendor and the Purchaser entered into the Equity Transfer Agreement, and the consideration for the Disposal was determined based on the appraised value set out in the asset valuation report prepared by the Valuer.

The Directors (including the Independent Non-executive Directors) are of the view that the Disposal is on normal commercial terms agreed after arm's length negotiations between the parties (though not entered into in the ordinary and usual course of business of the Group); and is fair and reasonable and in the interests of the Company and its shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS

Subject to audit and confirmation by the Company's auditor, the actual financial effects of the Disposal will be determined after completion of the Disposal, when the net loss on the Disposal, taking into account the relevant transaction expenses and charges (including taxes) in connection with the Disposal, can be ascertained. The Group currently expects to record a loss on the Disposal attributable to the owners of the Company of approximately RMB15,000,000, which is estimated based on the consideration to be received by the Vendor for the Disposal less the carrying amount of the investment in the Target Company as at 31 December 2025 in the Group's consolidated financial statements.

Upon completion of the Disposal, the proceeds from the Disposal will be used to supplement daily operating funds of and provide financial support for the Vendor's business development, which is in line with the Vendor's long-term strategic planning and operational development needs.

LISTING RULES IMPLICATIONS

Mr. Cai Dong Chen, a director and a substantial shareholder of the Company, is indirectly interested in more than 30% of the Purchaser through a series of corporations. Therefore, the Purchaser is an associate of a substantial shareholder of the Company, and thus a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 0.1% but all of them are less than 5%, the Disposal is subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Given that each of (i) Mr. Cai Dong Chen, Mr. Zhang Cuilong, Mr. Wang Zhenguo, Mr. Wang Huaiyu, Dr. Li Chunlei and Dr. Yao Bing, all being Directors, is indirectly interested in the Purchaser; and (ii) Dr. Cai Lei and Mr. Cai Xin are sons of Mr. Cai Dong Chen and the Executive Directors of the Company, they may be regarded as having a material interest in the Equity Transfer Agreement and each of them had abstained from voting on the board resolution of the Company in respect of the Equity Transfer Agreement. Save as disclosed above, none of the other Directors have a material interest in the transactions contemplated under the Equity Transfer Agreement.

INFORMATION ON THE PARTIES

Information on the Company and the Group

The Company is a company incorporated in Hong Kong with limited liability on 16 June 1992.

The Group is principally engaged in the research and development, manufacture, and sale of pharmaceutical products.

Information on the Vendor

The Vendor is a company limited by shares established under the laws of the PRC and is indirectly non-wholly owned by the Company through CSPC NBP and CSPC Ouyi.

The Vendor's Group is principally engaged in the research and development, manufacture, and sale of biopharmaceuticals, as well as functional food and raw materials (including caffeine food additives and vitamin C products).

Information on the Purchaser

The Purchaser is principally engaged in investment holdings.

Mr. Cai Dong Chen, a director and substantial shareholder of the Company, indirectly controls the exercise of more than 30% of the voting power at general meetings of the Purchaser. The remaining ultimate beneficial owners of the Purchaser comprise more than 70 management personnel of the Group and the Purchaser's Group.

As the completion of the Disposal is subject to the approval of the Vendor's shareholders at the shareholders' meeting of the Vendor at which the related parties of the Vendor with conflict of interest in the Disposal, namely CSPC NBP and CSPC Ouyi, both being wholly-owned subsidiaries of the Company holding an aggregate of 74.66% equity interest in the Vendor, shall abstain from voting, the Disposal may or may not proceed. In the event that the Vendor's shareholders' approval is not obtained by 30 June 2026, the transactions under the Equity Transfer Agreement will be automatically terminated. Accordingly, Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“associate”	has the meaning ascribed to it by the Listing Rules
“Board”	the board of Directors
“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)
“connected person”	has the meaning ascribed to it by the Listing Rules
“CSPC NBP”	CSPC NBP Pharmaceutical Co., Ltd. (石藥集團恩必普藥業有限公司), a limited liability company established in the PRC and is a wholly-owned subsidiary of the Company
“CSPC Ouyi”	CSPC Ouyi Pharmaceutical Co., Ltd. (石藥集團歐意藥業有限公司), a limited liability company established in the PRC and is a wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of 30.0704% equity interest in the Target Company by the Vendor to the Purchaser pursuant to the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement entered into between the Vendor and the Purchaser in relation to the Disposal
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	CSPC Holdings Company Limited* (石藥控股集團有限公司), a company established in the PRC
“Purchaser’s Group”	the Purchaser and its subsidiaries
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules

“Target Company”	Beijing Guoxin Huijin Co., Ltd.* (北京國新匯金股份有限公司), a company established under the laws of the PRC
“Vendor”	CSPC Innovation Pharmaceutical Co., Ltd.* (石藥創新製藥股份有限公司), a company established under the laws of the PRC, the shares of which are listed on the ChiNext Market of the Shenzhen Stock Exchange (Stock Code: 300765)
“Vendor’s Group”	the Vendor and its subsidiaries
“%”	per cent.

* For identification purposes only

By Order of the Board
CSPC Pharmaceutical Group Limited
Cai Dong Chen
Chairman

Hong Kong, 26 February 2026

As at the date of this announcement, the Board comprises Mr. CAI Dong Chen, Dr. CAI Lei, Mr. WEI Qingjie, Mr. ZHANG Cuilong, Mr. WANG Zhenguo, Mr. WANG Huaiyu, Dr. LI Chunlei, Dr. YAO Bing, Mr. CAI Xin, Mr. CHEN Weiping and Mr. QU Zhiyong, as Executive Directors; and Mr. WANG Bo, Mr. CHEN Chuan, Prof. WANG Hongguang, Mr. AU Chun Kwok Alan, Mr. LAW Cheuk Kin Stephen and Ms. LI Quan as Independent Non-executive Directors.