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PW MEDTECH GROUP LIMITED

普华和顺集团公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1358)

CONNECTED TRANSACTION APPLICATION FOR SHARES IN THE IPO OF LEPU BIOPHARMA CO., LTD.

On February 10, 2022, the Company placed the Order for the application to subscribe for 10,866,095 Lepu Biopharma Shares with a total application money of approximately HK\$81 million (including brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.005% and FRC transaction levy of 0.00015%).

As disclosed in the Prospectus, Dr. Pu Zhongjie owned approximately 43.0% of the total issued share capital of Lepu Biopharma. As Dr. Pu Zhongjie is the spouse of Ms. Yue'e Zhang, the Director, Lepu Biopharma is an associate of Ms. Yue'e Zhang and therefore a connected person of the Company. Therefore, the Application constitutes a connected transaction under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in relation to the Application is more than 0.1% but less than 5%, the Application is exempt from the independent shareholders' approval requirement, and is subject only to the reporting and announcement requirements in respect of connected transactions set out in Chapter 14A of the Listing Rules.

THE APPLICATION

The Board hereby announces that, on February 10, 2022, the Company placed the Order for the application to subscribe for 10,866,095 Lepu Biopharma Shares with a total application money of approximately HK\$81 million (including brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.005% and FRC transaction levy of 0.00015%).

Offer price

The offer price of each Lepu Biopharma Share shall be in the range of HK\$6.87 to HK\$7.38. According to the IPO timetable as disclosed in the Prospectus, the final offer price of each Lepu Biopharma Share will be announced on February 22, 2022.

Allotment results of the Application

The completion of the Order is subject to the successful listing of Lepu Biopharma Shares on the Stock Exchange and final allocation of the Lepu Biopharma Shares. The Company may or may not be allocated with any Lepu Biopharma Shares in the IPO. According to the IPO timetable as disclosed in the Prospectus, Lepu Biopharma will announce the allotment results on February 22, 2022 and the expected listing date of Lepu Biopharma is February 23, 2022. The Company will issue a further announcement in respect of the allotment results of the Application when the Order is materialized and completed.

INFORMATION ON THE PARTIES

The Company

The Company was incorporated in the Cayman Islands on May 13, 2011 as an exempted company with limited liability under the laws of the Cayman Islands. The principal business activity of the Company is investment holding. The Group is principally engaged in the R&D, manufacturing and sale of advanced infusion set, intravenous cannula products, insulin needles etc. in the PRC.

Lepu Biopharma

According to the Prospectus, Lepu Biopharma is primarily engaged in the research and development, application and commercialization of biotech products. Lepu Biopharma's pipeline has been designed with a range of oncology products. The anti-PD-1 and anti-PD-L1 antibody candidates, underpinning the immunotherapy, are the backbone of its pipeline. For further details of the business of Lepu Biopharma, please refer to the Prospectus, which has been published on the website of the Stock Exchange on February 10, 2022.

Set out below are certain audited consolidated financial information of Lepu Biopharma for the two financial years ended 31 December 2020 and eight months ended August 31, 2021 as disclosed in the Prospectus:

	For the years ended		For the eight
	31 December		months ended
	2019	2020	31 August
	<i>(RMB'000)</i>		
Loss before income tax	(515,492)	(613,448)	(668,235)
Loss for the year/period	(515,492)	(613,448)	(668,235)

	As of 31 December		For the eight months ended
	2019	2020	31 August 2021
	<i>(RMB'000)</i>		
Total assets	1,525,281	2,423,611	2,207,026
Net (liabilities)/assets	(185,640)	1,501,722	1,180,002

REASONS FOR AND BENEFITS OF THE TRANSACTIONS UNDER THE AGREEMENTS

According to the Prospectus, Lepu Biopharma is a biopharmaceutical company focusing on oncology therapeutics. Lepu Biopharma's pipeline has been designed with a range of oncology products. The anti-PD-1 and anti-PD-L1 antibody candidates, underpinning the immunotherapy, are the backbone of its pipeline. Lepu Biopharma believes the broad spectrum of indications covered by anti-PD1 antibody drugs would prompt Lepu Biopharma to rapidly expand its commercialization capabilities. Lepu Biopharma filed a New Drug Application ("NDA") with the China's National Medical Products Administration ("NMPA") in June 2021 for its anti-PD-1 antibody candidate HX008 (pucotenlimab) in melanoma. Lepu Biopharma is also devoted to the development of antibody drug conjugate ("ADC") and oncolytic virus drug products. Lepu Biopharma houses the leading ADC drug candidate pipeline in China in terms of the number of clinical-stage ADC drug candidates, according to Frost & Sullivan. The ADC drug candidates of Lepu Biopharma are the core of its targeted therapies. Lepu Biopharma has developed ADC drug candidates, including MRG003, MRG002 and MRG001 in-house since Lepu Biopharma's acquisition of Shanghai Miracogen Inc. (上海美雅珂生物技術有限責任公司), developed in-house its ADC drug candidate MRG004A an own their global rights. MRG003 and MRG001 are ADC drug products targeting EGFR and CD20, respectively. Lepu Biopharma is conducting Phase I and Phase II clinical trials of MRG003, MRG002 and MRG001 in various indications. Lepu Biopharma received the IND clearance of MRG004A from the FDA in February 2021 for a Phase I/II clinical trial in the U.S. and Lepu Biopharma received IND approval of MRG004A from the NMPA in August 2021. Lepu Biopharma is also co-developing CMG901, the first CLDN18.2-targeted ADC to have received the IND approval globally, according to Frost & Sullivan, through a joint venture, KYM Biosciences Inc. Lepu Biopharma's oncolytic virus drug candidates include CG0070, for which Lepu Biopharma owns the development and commercialization rights in Mainland China, Hong Kong and Macau, and OH2 which Lepu Biopharma co-developed with a business partner. Lepu Biopharma believes that its comprehensive ADC and oncolytic virus pipeline creates synergies and maximizes its competitive strength in commercialization.

Having considered the business prospects, financial performance and potential growth of Lepu Biopharma as disclosed in the Prospectus, the Directors consider that the investment in Lepu Biopharma Shares would enable the Group to diversify its investment portfolio and capture potential investment returns for the Group.

The Directors (including independent non-executive directors) consider that the terms of the Order and the Application are on normal commercial terms and are fair and reasonable and the Application is in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As disclosed in the Prospectus, Dr. Pu Zhongjie owned approximately 43.0% of the total issued share capital of Lepu Biopharma. As Dr. Pu Zhongjie is the spouse of Ms. Yue'e Zhang, the Director, Lepu Biopharma is an associate of Ms. Yue'e Zhang and therefore a connected person of the Company. Therefore, the Application constitutes a connected transaction under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in relation to the Application is more than 0.1% but less than 5%, the Application is exempt from the independent shareholders' approval requirement, and is subject only to the reporting and announcement requirements in respect of connected transactions set out in Chapter 14A of the Listing Rules.

Ms. Yue'e Zhang has abstained from voting on the approval of the Application at the Board meeting due to the fact that Ms. Yue'e Zhang's spouse, Dr. Pu Zhongjie, is a controlling shareholder of Lepu Biopharma. Save as disclosed above, no other Director had any material interest in the Application and accordingly, no other Director was required to abstain from voting on the relevant Board resolutions to approve the Application.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Application”	the application to subscribe for 10,866,095 Lepu Biopharma Shares by the Company pursuant to the Order
“Board”	the board of directors of the Company
“Company”	PW Medtech Group Limited (普华和顺集团公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability on May 13, 2011
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“IPO”	initial public offering of Lepu Biopharma Shares pursuant to the Order

“Order”	the order placed by the Company on February 10, 2022 for the application to subscribe for 10,866,095 Lepu Biopharma Shares with a total application money of approximately HK\$81 million (including brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.005% and FRC transaction levy of 0.00015%)
“Lepu Biopharma”	Lepu Biopharma Co., Ltd., (樂普生物科技股份有限公司), a limited liability company incorporated in the PRC on January 19, 2018 and the H shares of which is expected to be listed and traded on the Main Board of the Stock Exchange (Stock code: 2157)
“Lepu Biopharma Share(s)”	the H shares in the capital of Lepu Biopharma with a nominal value of RMB1.00 each to be traded in Hong Kong dollars and listed on the Stock Exchange
“Listing Rules”	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, which expression for the purpose of this announcement, except where the context requires otherwise, does not include Hong Kong, the Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus of Lepu Biopharma dated February 10, 2022
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

By order of the Board
PW Medtech Group Limited
Yue’e Zhang
Chairman

Hong Kong, February 10, 2022

As at the date of this announcement, the Board comprises one executive Director, namely, Ms. Yue’e Zhang; two non-executive Directors, namely Mr. Jiang Liwei and Mr. Lin Junshan; and three independent non-executive Directors, namely, Mr. Wang Xiaogang, Mr. Chen Geng and Ms. Wang Fengli.