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China Grand Pharmaceutical and Healthcare Holdings Limited

遠大醫藥健康控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00512)

**(1) CONNECTED TRANSACTION
PURCHASE OF SHARES OF
ONCOSEC MEDICAL INCORPORATED**

AND

**(2) CONTINUING CONNECTED TRANSACTION
LICENSING ARRANGEMENT BETWEEN
GRAND DECADE DEVELOPMENTS LIMITED
AND ONCOSEC MEDICAL INCORPORATED**

CGP STOCK PURCHASE AGREEMENT

On 10 October 2019, Grand Decade, a direct wholly-owned subsidiary of the Company, entered into the CGP Stock Purchase Agreement with OncoSec, pursuant to which Grand Decade conditionally agreed to purchase 10,000,000 OncoSec Shares, representing approximately 44.2% of the share capital of OncoSec to be enlarged by the CGP Stock Purchase and Sirtex Stock Purchase (assuming there will be no further changes in the issued share capital of OncoSec from the date of the CGP Stock Purchase Agreement up to the Closing Date), for US\$25,000,000 (equivalent to approximately HK\$195,000,000) in cash.

Upon Closing, OncoSec will not be accounted for and will not be consolidated in the consolidated accounts of the Company as a subsidiary pursuant to the applicable accounting standards in Hong Kong.

LICENSE AGREEMENT

On 10 October 2019, Grand Decade also entered into the License Agreement with OncoSec, pursuant to which OncoSec shall grant to Grand Decade and its affiliates, with effect from the Effective Date, an exclusive, royalty-bearing license in the PRC and 38 other Asian countries and regions under the intellectual properties and know-

how owned by or licensed to OncoSec to develop, manufacture, or commercialise or otherwise exploit all drugs and devices and all biological products that have been or are being developed, manufactured, or commercialised, or otherwise exploited at any time by or on behalf of OncoSec, in any and all fields in or for the Licensed Territories.

LISTING RULES IMPLICATIONS

The Company noted that on 10 October 2019, Sirtex also entered into the Sirtex Stock Purchase Agreement with OncoSec for the purchase of 2,000,000 OncoSec Shares at the purchase price of US\$2.50 per OncoSec Share. The 2,000,000 OncoSec Shares purchased by Sirtex represent approximately 8.8% of the share capital of OncoSec to be enlarged by the CGP Stock Purchase and the Sirtex Stock Purchase (assuming there will be no further changes in the issued share capital of OncoSec from the date of the CGP Stock Purchase Agreement up to the Closing Date).

The completions of the CGP Stock Purchase and the Sirtex Stock Purchase are inter-conditional and are scheduled to occur simultaneously.

As at the date of this announcement, Sirtex is a wholly-owned subsidiary of Sirtex Medical, which in turn is currently indirectly owned as to 49% by the Company and 51% by CDH Genetech. CDH Genetech in turn is wholly-owned by CDH Fund. To the best of the Directors' knowledge having made all reasonable enquiries, as at the date of this announcement, CDH Giant Health I Limited (which is wholly-owned by CDH Fund) held 356,648,142 issued shares of the Company, representing approximately 10.6% of the total issued share capital of the Company. CDH Fund is therefore a substantial shareholder and a connected person of the Company pursuant to Rule 14A.07(1) of the Listing Rules. Sirtex, by virtue of being a subsidiary and thus an associate (as defined in the Listing Rules) of CDH Fund, is also a connected person of the Company under Rule 14A.07(4) of the Listing Rules.

OncoSec is deemed as connected person of the Company in respect of the CGP Stock Purchase and the Licensing Arrangement under Rule 14A.19 of the Listing Rules, hence the CGP Stock Purchase Agreement, the License Agreement and the transactions contemplated thereunder shall constitute connected transactions of the Company under the Listing Rules.

As one or more the applicable percentage ratios in respect of the CGP Stock Purchase are more than 0.1% but all are less than 5%, the CGP Stock Purchase will be subject to the reporting and announcement requirements, but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios in respect of the annual caps for the Licensing Arrangement for each of the three years ended 31 December 2021 are less than 0.1%, the Licensing Arrangement will be fully exempt from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

WARNING

The completion of the CGP Stock Purchase and the Licensing Arrangement coming into effect are subject to the satisfaction of a number of conditions under the CGP Stock Purchase Agreement. Therefore, the CGP Stock Purchase may or may not become unconditional and the Licensing Arrangement may not come into effect. There remains the possibility that the CGP Stock Purchase and the Licensing Arrangement may not proceed. Shareholders and prospective investors of the Company are advised to exercise caution when dealing in the securities of the Company.

CGP STOCK PURCHASE AGREEMENT

On 10 October 2019, Grand Decade, a direct wholly-owned subsidiary of the Company, entered into the CGP Stock Purchase Agreement with OncoSec, pursuant to which Grand Decade conditionally agreed to purchase 10,000,000 OncoSec Shares.

The principal terms of the CGP Stock Purchase Agreement are as follow:

Date : 10 October 2019

Parties : Grand Decade; and
OncoSec.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, but for the deeming of OncoSec as a connected person in respect of the CGP Stock Purchase pursuant to Rule 14A.19 of the Listing Rules for the reason set out under the section "Listing Rules implications" below, OncoSec and its ultimate beneficial owner(s) are independent third parties not connected with the Company and its connected persons.

Assets to be acquired

Pursuant to the CGP Stock Purchase Agreement, Grand Decade conditionally agreed to purchase 10,000,000 OncoSec Shares, representing approximately 44.2% of the share capital of OncoSec to be enlarged by the CGP Stock Purchase and Sirtex Stock Purchase (assuming there will be no further changes in the issued share capital of OncoSec from the date of the CGP Stock Purchase Agreement up to the Closing Date).

OncoSec shall use its commercially reasonable efforts to cause the Purchased Shares to be approved for listing on Nasdaq prior to the Closing.

Consideration and manner of payment

The purchase price per Purchased Share shall be US\$2.50.

The total consideration payable by Grand Decade to OncoSec pursuant to the CGP Stock Purchase Agreement is US\$25,000,000 (equivalent to approximately HK\$195,000,000), which will be paid by Grand Decade in cash by bank transfer on the Closing Date upon fulfilment (or waiver by Grand Decade) of the conditions precedent under the CGP Stock Purchase Agreement:

The consideration will be financed by the Group's internal resources.

Basis of consideration

The consideration was arrived at after arm's length negotiations between Grand Decade and OncoSec taking into account, among other things, the historical share prices of OncoSec and the prospects of the technologies currently being developed by OncoSec.

Conditions precedent

The Closing is conditional upon, among others, fulfilment (or wavier) of all the following conditions on or before the Closing Date:

Conditions precedent to the obligations of Grand Decade:

1. The representations and warranties made by OncoSec in the CGP Stock Purchase Agreement and other related documents are true and correct in all material respects.
2. OncoSec shall have duly performed in all material respects all of the covenants, agreements, and conditions contained in the CGP Stock Purchase Agreement to be performed by OncoSec.
3. No litigation, regulation, or legislation shall be pending or overtly threatened by a third party which seeks to enjoin, restrain, or prohibit Grand Decade in respect of the consummation of the transactions contemplated by the CGP Stock Purchase Agreement.
4. All authorisations, orders, or consents of any governmental authority or Nasdaq, if any, required to consummate the issuance and sale of the Purchased Shares to Grand Decade shall have been obtained.
5. There shall not have occurred any change or development that would constitute a material adverse effect to OncoSec.
6. The delivery of the closing documents as stipulated in the CGP Stock Purchase Agreement on the Closing Date.
7. The closing of the Sirtex Stock Purchase shall occur simultaneously on the Closing Date.
8. OncoSec shall have obtained necessary approvals from its shareholders for the CGP Stock Purchase Agreement and the transactions contemplated therein and any necessary approvals under Nasdaq rules. The amendments to the bylaws of OncoSec shall also have been approved and adopted by the board of directors of OncoSec.

Conditions precedent to the obligations of OncoSec:

1. The representations and warranties made by Grand Decade in the CGP Stock Purchase Agreement and other related documents are true and correct in all material respects.
2. Grand Decade shall have duly performed in all material respects all of the covenants, agreements, and conditions contained in the CGP Stock Purchase Agreement to be performed by Grand Decade.
3. OncoSec shall have received from Grand Decade all applicable closing deliveries, and such certificates or other evidence, duly executed by Grand Decade, dated as of the Closing Date, as OncoSec or its counsel shall reasonably request.
4. No litigation, regulation, or legislation shall be pending or overtly threatened by a third party which seeks to enjoin, restrain, or prohibit Grand Decade in respect of the consummation of the transactions contemplated in the CGP Stock Purchase Agreement.
5. All authorisations, orders, or consents of any governmental authority, if any, required to consummate the issuance and sale of the Purchased Shares shall have been obtained.
6. OncoSec shall have obtained necessary approvals from its shareholders for the CGP Stock Purchase Agreement and the transactions contemplated therein and any necessary approvals under Nasdaq rules.

Termination

The CGP Stock Purchase Agreement may be terminated: -

1. by the mutual consent of Grand Decade and OncoSec;
2. by Grand Decade (a) if any one or more of the conditions precedent to the obligations of Grand Decade listed above becomes impossible to perform or satisfy and the performance of such conditions has not been waived by OncoSec on or before the Closing Date; or (b) if OncoSec commits a material breach and such breach is not cured within 10 days after written notice of such breach;
3. by OncoSec (a) if any one or more of the conditions precedent to the obligation of OncoSec listed above becomes impossible to perform or satisfy and the performance of such conditions has not been waived by Grand Decade on or before the Closing Date; or (b) if Grand Decade commits a material breach and such breach is not cured within 10 days after written notice of such breach; or
4. by either party if the Closing shall not have occurred on or before 31 March 2020.

Termination Fee

In the event of a termination of the CGP Stock Purchase Agreement due to a material breach by OncoSec, OncoSec shall pay to Grand Decade a termination fee in the amount of US\$1,200,000.

Grand Decade's option to offer to acquire remaining outstanding OncoSec Shares

Pursuant to the CGP Stock Purchase Agreement, OncoSec has granted Grand Decade an irrevocable and exclusive option, but not the obligation, exercisable in Grand Decade's sole discretion, to offer to acquire the remaining outstanding OncoSec Shares at a purchase price per share equal to the greater of (a) US\$4.50; or (b) 110% of the last closing stock price for the OncoSec Shares prior to the date of Grand Decade making an offer to acquire the outstanding OncoSec Shares. Grand Decade may exercise such option at any time during the period beginning on the Closing Date and ending on the first anniversary of the Closing Date.

Stockholders Agreement

At the same time when the CGP Stock Purchase Agreement was executed, OncoSec and Grand Decade also entered into the Stockholders Agreement, pursuant to which Grand Decade and OncoSec shall have, among other things, the following rights and obligations in relation to the management of OncoSec:

1. **Board of directors:** Initially at the Closing and at any time after the Closing that Grand Decade beneficially owns at least 40% of the Purchased Shares, Grand Decade shall have the right to nominate (i) two (of the nine total) members to OncoSec's board of directors (the "**OncoSec Board**"); and (ii) up to two independent directors at the time any independent director currently serving on the OncoSec Board ceases to serve as a director of OncoSec for any reason. If Grand Decade beneficially owns less than 40% of the Purchased Shares, Grand Decade shall have the right to nominate members to the OncoSec Board in proportion with Grand Decade's ownership of the issued and outstanding OncoSec Shares. Immediately prior to the Closing, OncoSec shall cause the chair of the OncoSec Board to be an independent director. The limitations on Grand Decade's ability to nominate and elect any number of directors to the OncoSec Board shall terminate if a "group" (as defined under the Securities Exchange Act of 1934 of the United States) or person (means an individual, corporation, partnership, limited liability company, association, trust or other entity or organisation, including a government or political subdivision or a governmental authority) unaffiliated with Grand Decade beneficially owns 20% or more of the outstanding OncoSec Shares.
2. **Voting requirements:** Until such time that Grand Decade beneficially owns less than 40% of the Purchased Shares, none of the Restricted Actions (as defined below) shall be taken by OncoSec or its subsidiaries without the approval of at least 70% of the members constituting the entire OncoSec Board, and until such time that Grand Decade beneficially owns less than 70% of the Purchased Shares, none of the Restricted Actions shall be taken by OncoSec or its subsidiaries without the consent of Grand Decade.

"**Restricted Actions**" include, among other things: (i) amending the articles of incorporation or the bylaws of OncoSec; (ii) increasing the size of the OncoSec Board to more than nine; (iii) declaring, setting aside or paying any dividend or other distribution (whether in cash, stock or property or any combination thereof); (iv) redeeming, repurchasing or otherwise acquiring any OncoSec's securities; (v) issuing, pledging, disposing of, transferring, encumbering,

granting, selling or otherwise delivering, or authorising the issuance, pledge, disposal of, transfer, encumbrance, grant, sale or other delivery of, any securities of OncoSec (save for issuances of OncoSec's securities pursuant to OncoSec's stock option or warrant existing as of the date of the CGP Stock Purchase Agreement, and such issuances would not result in Grand Decade and Sirtex in aggregate holding less than 50.1% of any class or series of OncoSec's securities on a fully diluted basis); (vi) approving OncoSec's annual budget; (vii) making any loans, advances or capital contributions to, or investments in, any other person (means an individual, corporation, partnership, limited liability company, association, trust or other entity or organisation, including a government or political subdivision or a governmental authority); and (viii) entering into any agreement with OncoSec's related party.

3. **Right of participation:** Following the date of the CGP Stock Purchase Agreement until any time that Grand Decade beneficially owns less than 60% of the Purchased Shares, Grand Decade shall have the right to purchase, on a pro rata basis, any new securities that OncoSec may from time to time sell or issue.
4. **Right of first refusal:** Following the date of the CGP Stock Purchase Agreement until any time that Grand Decade beneficially owns less than 60% of the Purchased Shares, before OncoSec entering into, among other things, any of the following transactions with a third party:
 - (a) any material licensing transactions;
 - (b) any transactions to sell assets representing 15% or more of the consolidated assets of OncoSec and its subsidiaries or 15% or more of any class of equity or voting securities of OncoSec or any of its subsidiaries whose assets, individually or in the aggregate, constitute 15% or more of the consolidated assets of OncoSec;
 - (c) merger, consolidation, share exchange, business combination, sales of substantially all of the assets, reorganisation, recapitalisation, liquidation, dissolution and other similar transactions involving OncoSec or any of its subsidiaries whose assets, individually or in the aggregate, constitute 15% or more of the consolidated assets of OncoSec;
 - (d) any acquisition or exclusive license of any (i) drugs, devices and biological products that have been or are being exploited by or on behalf of OncoSec; or (ii) intellectual property rights owned or purported to be owned by OncoSec or any of its subsidiaries; or
 - (e) any transactions the consummation of which would reasonably be expected to impede, interfere with, prevent or materially delay the CGP Stock Purchase, or would reasonably be expected to dilute materially the benefits to Grand Decade of the transactions contemplated under the CGP Stock Purchase Agreement,

it must first make an irrevocable offer to Grand Decade, on the same terms and conditions as those of the proposed transaction, for Grand Decade to enter into such transactions with OncoSec.

The Stockholders Agreement shall terminate in its entirety when Grand Decade beneficially owns less than 20% of the Purchased Shares.

Closing

The Closing shall take place as soon as possible, but in any event no later than 10 Business Days after the fulfilment (or wavier) of the conditions precedent under the CGP Stock Purchase Agreement.

Upon Closing, Grand Decade will own OncoSec as to approximately 44.2% (assuming there will be no further changes in the issued share capital of OncoSec from the date of the CGP Stock Purchase Agreement up to the Closing Date).

OncoSec will not be accounted for and will not be consolidated in the consolidated accounts of the Company as a subsidiary pursuant to the applicable accounting standards in Hong Kong.

LICENSE AGREEMENT

On 10 October 2019, Grand Decade also entered into the License Agreement with OncoSec.

The principal terms of the License Agreement are as follow:

Date : 10 October 2019

Parties : Grand Decade; and
OncoSec.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, but for the deeming of OncoSec as a connected person in respect of the Licensing Arrangement pursuant to Rule 14A.19 of the Listing Rules for the reason set out under the section "Listing Rules implications" below, OncoSec and its ultimate beneficial owner(s) are independent third parties not connected with the Company and its connected persons.

Grant of license

Pursuant to the License Agreement, OncoSec shall grant (on behalf of itself and its affiliates) to Grand Decade and its affiliates, with effect from the Effective Date (as defined below):

- (i) an exclusive, royalty-bearing license in the PRC and 38 other Asian countries and regions¹ (the “**Licensed Territories**”) (sublicensable including through multiple tiers) under the intellectual properties and know-how owned by or licensed to OncoSec to develop, manufacture, or commercialise or otherwise exploit all drugs and devices and all biological products that have been or are being developed, manufactured, or commercialised, or otherwise exploited at any time by or on behalf of OncoSec, including, without limitation, the TAVO and Visceral Lesion Applicator (VLA) products and their accompanying generators (the “**Licensed Products**”), either alone or as part of combination products or combination therapies, in any and all fields in or for the Licensed Territories; and
- (ii) an exclusive right of reference in or for the Licensed Territories (including the right to grant further rights of reference through multiple tiers) under the product registrations, the regulatory documentation, and the licensor regulatory data which are necessary to exploit a Licensed Product to develop, manufacture, or commercialise, or otherwise exploit the Licensed Products, either alone or as part of combination products or combination therapies, in any and all fields in or for the Licensed Territories.

The term of the License Agreement shall be effective from the first to occur (i) the Closing Date; and (ii) the termination of the CGP Stock Purchase Agreement by OncoSec (other than by material breach of the covenants or agreements of the CGP Stock Purchase Agreement on the part of Grand Decade) (the “**Effective Date**”), and shall, except to the extent sooner terminated pursuant to the terms of the License Agreement, continue thereafter without expiration.

Royalty, royalty term and payment methods

Grand Decade shall pay to OncoSec a 20% royalty on net sales of Licensed Products in the Licensed Territories during the applicable royalty term (the “**Royalty Term**”), which shall commence, on a product-by-product and region-by-region basis, upon the first commercial sale of the applicable Licensed Product in the applicable region and shall continue until the later of (a) the tenth (10th) anniversary of such first commercial sale or (b) the expiration of the last valid claim of an unexpired issued or granted licensed patent that covers the sale of such Licensed Product in such region.

Grand Decade is entitled to credit certain payments (such as development costs incurred by Grand Decade or its affiliates to develop the Licensed Products) against the royalties payable to OncoSec or reduce the royalty payments in certain circumstances (such as a lack of valid claim of unexpired issued or granted licensed patent in respect of a Licensed Product, or Grand Decade, its affiliate or any sublicensee being required by a government authority to grant a compulsory license to a third party to permit such third party to make or sell the Licensed Product in a region), provided that under no circumstances will the royalties payable to OncoSec under the License Agreement in

¹ The license is granted in relation to the following territories: the PRC, Hong Kong, the Macau Special Administrative Region of the PRC, Taiwan, Armenia, Azerbaijan, Bahrain, Bangladesh, Bhutan, Brunei, Burma, Cambodia, East Timor, Georgia, India, Indonesia, Jordan, Kazakhstan, Kuwait, Kyrgyzstan, Laos, Malaysia, Mongolia, Nepal, Oman, Pakistan, Papua New Guinea, the Philippines, Qatar, Saudi Arabia, Singapore, South Korea, Sri Lanka, Tajikistan, Thailand, Turkmenistan, United Arab Emirates, Uzbekistan and Vietnam.

respect of a Licensed Product in a region for a calendar half-year be less than 10% of net sales of such Licensed Product for such region for such calendar half-year.

Grand Decade shall submit to OncoSec within 45 days after the end of each calendar half-year, an accurate, complete, itemised report setting forth for such half-year (together with cumulative year over year sales) at least the following information:

- (a) the quantity of net sales for the applicable calendar half-year on a region-by-region basis;
- (b) the amount of royalty due thereon, or, if no royalties are due to OncoSec for any reporting period, a statement that no royalties are due;
- (c) the type, amount and payee of all development costs credited against any payments owed to OncoSec under the License Agreement with respect to such calendar half-year, and any accrued development costs which have not yet been so credited; and
- (d) the amount and payee of all third party payments credited against any payments owed to OncoSec under the License Agreement with respect to such calendar half-year, and any accrued third party payments which have not yet been so credited.

Together with the calendar half-year report described above, Grand Decade shall pay in full all royalties due for the applicable calendar half-year. All payments to be made under the License Agreement shall be made in US dollars in immediately available funds via either a bank wire transfer, an ACH (automated clearing house) mechanism, or any other means of electronic funds transfer, at Grand Decade's election, to a bank account specified by OncoSec.

Grand Decade shall keep complete, accurate records (together with supporting documentation) of net sales of the Licensed Products, development costs and other third party payment under the License Agreement reasonably appropriate to determine the amount of royalties and other payments due to OncoSec under the License Agreement. OncoSec shall have the right, once annually at its own cost and expense, to have an independent, certified public accounting firm, selected by OncoSec and approved by Grand Decade in its reasonable discretion, review such records.

The royalty with respect to the grant of license by OncoSec to Grade Decade has been determined after arm's length negotiations between Grand Decade and OncoSec with reference to, among other things, the scope of the Licensed Products and the Licensed Territories, the projected sales of the Licensed Products in the Licensed Territories, the prospects of the Licensed Products and the royalty charged by owners of similar intellectual property rights in the market.

Payment of the royalty is expected to be satisfied by internal resources of the Group.

The proposed annual caps and the basis of determination

The proposed annual caps of the royalty payable by Grand Decade to OncoSec under the License Agreement during the three years ended 2021 shall be as follows:

	For the year ended 31 December		
	2019	2020	2021
Annual cap of royalty payable by Grand Decade (US\$).....	-	500,000	700,000
Hong Kong dollar equivalent (HK\$).....	-	3,900,000	5,460,000

The proposed annual caps were determined after considering the current development stage of the Licensed Products, the expected timing of the registration of the Licensed Products (which is expected to occur in 2020 the earliest) and the commercial sales of the Licensed Products, and the projected net sales of the Licensed Products in the Licensed Territories in the relevant periods.

During the term of the License Agreement, the Company will monitor the transaction amount under the License Agreement from time to time, and review the annual caps of the royalty payable by Grand Decade to OncoSec under the License Agreement every three years based on the latest information relating to the development and sales of the Licensed Products in the Licensed Territories. Based on such review, the Directors will approve new annual caps before the expiry of the preceding three-year period, and re-comply with the relevant reporting, announcement and/or independent shareholders' approval requirements (if applicable) in accordance with Chapter 14A of the Listing Rules.

Development and commercialisation of products

Grand Decade shall exercise commercially reasonable efforts to develop and commercialise a Licensed Product in the PRC during the term of the License Agreement.

REASONS FOR AND BENEFITS OF CGP STOCK PURCHASE AGREEMENT AND THE LICENSE AGREEMENT

To the best of the knowledge of the Directors having made all reasonable enquiries, OncoSec is a clinical-stage innovative biotechnology company focused on developing cytokine-based intratumoral immunotherapies, which involve the application of a unique electroporation technology which alters the immunosuppressive microenvironment in order to stimulate the body's immune system to target and attack tumours.

OncoSec's lead immunotherapy investigational product candidate – TAVO (Tavokinogene Telseplasmid) – enables the intratumoral delivery of DNA-based interleukin-12 (IL-12) to continuously express IL-12 in the tumour and its microenvironment, enabling the immune system to react. IL-12 is a naturally occurring protein with immune-stimulating functions. It can increase the immunogenicity of certain portion of tumour and tumour infiltrating lymphocytes, and enhance the T cells recruitment towards tumours. This technology, which employs injection of DNA of IL-12 inside tumours and using short-pulse electroporation for delivery towards tumours and its microenvironment, can produce a controllable and localised expression of IL-12 and allow the immune system to target and attack tumours. OncoSec has built a deep and diverse clinical pipeline utilising TAVO as a potential treatment for multiple cancer

indications either as a monotherapy or in combination with leading checkpoint inhibitors; with the latter potentially enabling OncoSec to address a great unmet medical need in oncology: most tumour patients have no response towards or have resistance towards anti-PD-1 or PD-L1 treatment. The application of TAVO is aimed to increase the proportion of respondents to anti-PD-1 and other checkpoint therapy in order to fulfil the unmet medical need.

Currently the indication under most advanced research progress is therapy towards metastatic melanoma after receiving the anti-PD-1 treatment. In addition to the Food and Drug Administration (FDA) Fast Track Designation in the United States in 2017 and being recognised as an orphan drug for the treatment of unresectable metastatic melanoma, it was also granted Advanced Therapy Medical Product classification from the European Medicines Agency (EMA) in 2019. It is actively recruiting patients for the clinical test of such indication and is expected to complete enrolment and will file to FDA for accelerated approval in 2020.

Other than TAVO, OncoSec is identifying and developing new DNA-encoded therapeutic candidates such second generation product SPARK, which in addition to having an enhanced version of IL-12, incorporates novel genes CXCL9 and CD3 as chemokine and T cell surface antigen. CXCL9 and CD3 can effectively amplify the power of IL-12 and lead to higher levels of T cell recruitment and activity within the tumour's microenvironment.

For the aspect of electroporation device, OncoSec is actively developing the new generation product APOLLO which is an enhanced electroporation system and can result in a higher transfection rates of those therapeutic genes within the tumour. This new generation products are still at the pre-clinical trial stage, and is anticipating the filing of Investigational New Drug Application (IND) with the FDA in 2020.

In the meanwhile, OncoSec is actively developing tumour indications for use with its new Visceral Lesion Applicator (VLA), to target deep visceral lesions, such as liver, lung or pancreatic lesions.

In addition to the existing technical platform, OncoSec is actively working with famous research institution to develop new tumour therapies, including the recent collaboration with the Dana-Farber Cancer Institute of Harvard Medical School in the United States and obtained an exclusive option to licensing rights to the CAR-T cell product candidates and associated intellectual property to develop CAR-T cell therapies for treatment of solid tumour cancers. The collaboration will initially focus on CAR-T cell therapy for Triple-Negative Breast Cancer (TNBC), both as a monotherapy and in combination with TAVO. This may give OncoSec the opportunity to own multiple product candidates in CAR-T cell therapy and build a second platform that leverages our existing pipeline and core TAVO technology to provide new and next generation CAR-T cell therapies.

The Directors believe the transactions under the CGP Stock Purchase Agreement (together with the License Agreement) offer the Company a series of potential world-class innovative product candidates in gene therapy to cancer, such as TAVO, VLA and other products under development by OncoSec.

The Company has significant experience in R&D, academic promotion and product commercialisation of innovative medical products in China and is able to leverage its well-established distribution network. The Company foresees significant potential to introduce OncoSec's products into the PRC and other Asian countries. In addition, the Company can reserve more innovative pipeline of products and speed up its globalisation and transition to an innovation-oriented medical enterprise.

The Directors (including the independent non-executive Directors) consider that the terms of the CGP Stock Purchase Agreement and the License Agreement have been negotiated on an arm's length basis, on normal commercial terms and in the ordinary and usual course of business of the Group, and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors is materially interested in the CGP Stock Purchase Agreement and the License Agreement, or is required to abstain from voting on the resolutions in respect of the CGP Stock Purchase Agreement and the License Agreement in the relevant meeting of the Board.

INFORMATION ON THE COMPANY AND THE GROUP

The Company is the holding company of the Group which is listed on the Main Board of the Stock Exchange.

The Group is mainly engaged in the research and development, manufacturing and sales of pharmaceutical preparations, pharmaceutical intermediates, specialised pharmaceutical raw materials and healthcare products.

INFORMATION ON ONCOSEC

OncoSec is a company incorporated in Nevada of the United States and listed on Nasdaq. It is a clinical-stage biotechnology company focused on developing cytokine-based intratumoral immunotherapies with new technologies to stimulate the body's immune system to target and attack cancer.

Based on the unaudited accounts of OncoSec, the unaudited net asset value of OncoSec as at 30 April 2019 is approximately US\$21,200,000. The financial information of OncoSec for the two years ended 31 July 2018 based on its audited financial statements prepared in accordance with the accounting principles generally accepted in the United States are as follows:

	For the year ended 31 July	
	2017	2018
	<i>US\$, million</i>	<i>US\$, million</i>
Net loss before taxation	21.4	39.1
Net loss before taxation	21.4	39.1

INFORMATION ON SIRTEX AND SIRTEX MEDICAL

Sirtex is a wholly-owned subsidiary of Sirtex Medical.

Sirtex Medical is an Australian-based global life-sciences company which generates revenue through the sale of SIR-Spheres, a targeted radiation therapy for liver cancer. Sirtex's SIR-Spheres have been supplied to over 40 countries with revenue primarily generated in the United States.

Sirtex Medical is currently indirectly owned as to 49% by the Company and 51% by CDH Genetech.

LISTING RULES IMPLICATIONS

The Company noted that on 10 October 2019, Sirtex also entered into the Sirtex Stock Purchase Agreement with OncoSec for the purchase of 2,000,000 OncoSec Shares at the purchase price of US\$2.50 per OncoSec Share. The 2,000,000 OncoSec Shares purchased by Sirtex represent approximately 8.8% of the share capital of OncoSec to be enlarged by the CGP Stock Purchase and the Sirtex Stock Purchase (assuming there will be no further changes in the issued share capital of OncoSec from the date of the CGP Stock Purchase Agreement up to the Closing Date).

The completions of the CGP Stock Purchase and the Sirtex Stock Purchase are inter-conditional and are scheduled to occur simultaneously.

As at the date of this announcement, Sirtex is a wholly-owned subsidiary of Sirtex Medical, which in turn is currently indirectly owned as to 49% by the Company and 51% by CDH Genetech. CDH Genetech in turn is wholly-owned by CDH Fund. To the best of the Directors' knowledge having made all reasonable enquiries, as at the date of this announcement, CDH Giant Health I Limited (which is wholly-owned by CDH Fund) held 356,648,142 issued shares of the Company, representing approximately 10.6% of the total issued share capital of the Company. CDH Fund is therefore a substantial shareholder and a connected person of the Company pursuant to Rule 14A.07(1) of the Listing Rules. Sirtex, by virtue of being a subsidiary and thus an associate (as defined in the Listing Rules) of CDH Fund, is also a connected person of the Company under Rule 14A.07(4) of the Listing Rules.

OncoSec is deemed as connected person of the Company in respect of the CGP Stock Purchase and the Licensing Arrangement under Rule 14A.19 of the Listing Rules, hence the CGP Stock Purchase Agreement, the License Agreement and the transactions contemplated thereunder shall constitute connected transactions of the Company under the Listing Rules.

As one or more the applicable percentage ratios in respect of the CGP Stock Purchase are more than 0.1% but all are less than 5%, the CGP Stock Purchase will be subject to the reporting and announcement requirements, but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios in respect of the annual caps for the Licensing Arrangement for each of the three years ended 31 December 2021 are less than 0.1%,

the Licensing Arrangement will be fully exempt from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.52 of the Listing Rules, except in special circumstances where the nature of the transaction requires the contract to be of a longer duration, the period of the agreement for a continuing connected transaction must not exceed three years. As the duration for the Licensing Arrangement and the Royalty Term would exceed three years, the Company has appointed Nuada as its independent financial adviser to explain why the Licensing Arrangement requires a period longer than three years and to confirm if it is normal business practice for agreements of this type to be of such duration.

OPINION OF NUADA IN RESPECT OF THE DURATION OF THE LICENSE AGREEMENT

In assessing the reasons for the duration of the Licensing Arrangement requiring a period longer than three years, Nuada has taken into consideration the information set out in this announcement and the following principal factors based on the information provided by, and discussion with, the management of the Company, and relevant public information reviewed by Nuada.

The Group is mainly engaged in the research and development, manufacturing and sales of pharmaceutical preparations, pharmaceutical intermediates, specialised pharmaceutical raw materials and healthcare products.

OncoSec is a company incorporated in Nevada of the United States and listed on Nasdaq. It is a clinical-stage biotechnology company focused on developing cytokine-based intratumoral immunotherapies with new technologies to stimulate the body's immune system to target and attack cancer.

Pursuant to the License Agreement, OncoSec shall grant (on behalf of itself and its affiliates) to Grand Decade and its affiliates, with effect from the Effective Date:

- (i) an exclusive, royalty-bearing license in the Licensed Territories (as defined above) (sublicensable including through multiple tiers) under the intellectual properties and know-how owned by or licensed to OncoSec to develop, manufacture, or commercialise or otherwise exploit the Licensed Products (as defined above), either alone or as part of combination products or combination therapies, in any and all fields in or for the Licensed Territories; and
- (ii) an exclusive right of reference in or for the Licensed Territories (including the right to grant further rights of reference through multiple tiers) under the product registrations, the regulatory documentation, and the licensor regulatory data which are necessary to exploit a Licensed Product to develop, manufacture, or commercialise, or otherwise exploit the Licensed Products, either alone or as part of combination products or combination therapies, in any and all fields in or for the Licensed Territories.

The term of the License Agreement shall be effective from the Effective Date and shall, except to the extent sooner terminated pursuant to the terms of the License Agreement, continue thereafter without expiration

Grand Decade shall pay to OncoSec a 20% royalty on net sales of Licensed Products in the Licensed Territories during the applicable Royalty Term, which shall commence, on a product-by-product and region-by-region basis, upon the first commercial sale of the applicable Licensed Product in the applicable region and shall continue until the later of (a) the tenth (10th) anniversary of such first commercial sale or (b) the expiration of the last valid claim of an unexpired issued or granted licensed patent that covers the sale of such Licensed Product in such region.

Nuada considers that it is in the interest of the Group to have the Licensing Arrangement for a long duration, as it will allow the Group to secure the access to the necessary intellectual property rights and know-how in relation to the License Products over long period of time, which is crucial to the Company in formulating its long term business plan to develop, manufacture, or commercialise, or otherwise exploit the Licensed Products in the Licensed Territories. The long period of the Licensing Arrangement is also critical to justify the Company's future investment in engaging in the continuous development, registration, manufacture, marketing and sales of the Licensed Products in the Licensed Territories. Accordingly, Nuada considers that the Licensing Arrangement are required to be of a reasonably long duration to be commercially viable.

In considering whether the duration of the Licensing Arrangement (including the Royalty Term) is consistent with the normal business practice for agreements of this type, Nuada has reviewed nine comparable transactions with nature similar to that of the Licensing Arrangement (which involved licensing arrangements relating to pharmaceutical products) entered into by (a) the Group, as licensee, with an independent third party with reference to a public announcement provided by the management of the Group; and (b) companies listed in Hong Kong or in the PRC (or their subsidiaries) which are principally engaged in the pharmaceutical markets, as licensors or licensees (as the case may be), with reference to the relevant announcements and press releases. Nuada noted that seven of the aforesaid comparable transactions have duration of 10 years or more, or is continuing until the expiry or termination of the relevant patent rights, and two of the comparable transactions are on on-going or perpetual basis unless otherwise terminated.

Based on the foregoing, Nuada is of the view that the Licensing Arrangement (including the Royalty Term) requires a period longer than three years, and that it is normal business practice for agreements of this type to be of such duration.

WARNING

The completion of the CGP Stock Purchase and the Licensing Arrangement coming into effect are subject to the satisfaction of a number of conditions under the CGP Stock Purchase Agreement. Therefore, the CGP Stock Purchase may or may not become unconditional and the Licensing Arrangement may not come into effect. There remains the possibility that the CGP Stock Purchase and the Licensing Arrangement may not proceed. Shareholders and prospective investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“affiliate(s)”	means any company, partnership, joint venture or other entity, which directly or indirectly controls, is controlled by or is under common control with a respective named party. Control shall mean the possession of more than 50% of the voting stock or the power to control the management and policies of the controlled entity, whether through the ownership of voting securities, by contract, or otherwise
“associate(s)”	has the same meaning as ascribed thereto in the Listing Rules
“Board”	the board of Directors of the Company
“Business Days”	means a day, other than Saturday, Sunday or other day on which commercial banks in New York, the PRC or Hong Kong are authorised or required by applicable law to close
“CDH Fund”	CDH Fund V, L.P., an offshore US dollar private equity fund
“CDH Genetech”	CDH Genetech Limited, a company incorporated in Hong Kong with limited liability
“CGP Stock Purchase”	the purchase of the Purchased Shares by Grand Decade pursuant to the CGP Stock Purchase Agreement
“CGP Stock Purchase Agreement”	the stock purchase agreement dated 10 October 2019 and entered into between Grand Decade and OncoSec, pursuant to which Grand Decade conditionally agreed to purchase 10,000,000 Purchased Shares of OncoSec
“Closing”	the consummation of the CGP Stock Purchase in accordance with the CGP Stock Purchase Agreement
“Closing Date”	the date on which the consummation of the CGP Stock Purchase occurs
“Company”	China Grand Pharmaceutical and Healthcare Holdings Limited (遠大醫藥健康控股有限公司), a company incorporated in Bermuda with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (stock code: 00512)

“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“Effective Date”	the date on which the term of the License Agreement shall become effective as set out in the paragraph headed “License Agreement – Term” in this announcement
“Grand Decade”	Grand Decade Developments Limited, a company incorporated in the British Virgin Islands with limited liability, which is a direct wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“HK\$” or “Hong Kong dollar”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“License Agreement”	the License Agreement dated 10 October 2019 and entered into between OncoSec and Grand Decade, pursuant to which OncoSec shall grant to Grand Decade and its affiliates, with effect from the Effective Date, amongst others, an exclusive, royalty-bearing license in the PRC and 38 other Asian countries and regions under the intellectual properties and know-how of OncoSec to develop, manufacture, or commercialise or otherwise exploit all drugs and devices and all biological products that have been or are being exploited at any time by or on behalf of OncoSec
“Licensing Arrangement”	the licensing arrangement between OncoSec as licensor and Grand Decade as licensee contemplated by the License Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nasdaq”	the Nasdaq Stock Market in the United States
“Nuada”	Nuada Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Company in respect of the duration of the Licensing Arrangement (including the Royalty Term)

“OncoSec”	OncoSec Medical Incorporated, a company incorporated in Nevada of the United States and listed on Nasdaq (stock code: ONCS)
“OncoSec Share(s)”	share(s) of the common stock of OncoSec with par value of US\$0.0001 per share
“PRC”	for the purpose of this announcement only, the People’s Republic of China, other than the regions of Hong Kong, the Macau Special Administrative Region and Taiwan
“Purchased Shares”	10,000,000 OncoSec Shares to be purchased by Grand Decade pursuant to the CGP Stock Purchase Agreement
“Royalty Term”	the term during which royalty shall be payable by Grand Decade under the License Agreement, details of which are set out in the paragraph head “Royalty, royalty term and payment methods” in this announcement
“Shareholders”	shareholders of the Company
“Sirtex”	Sirtex Medical US Holdings, Inc., a Delaware corporation and a wholly-owned subsidiary of Sirtex Medical
“Sirtex Medical”	Sirtex Medical Pty Ltd., a company incorporated in Australia with limited liability, and is currently indirectly owned as to 49% by the Company and 51% by CDH Genetech
“Sirtex Stock Purchase”	the purchase of 2,000,000 OncoSec Shares by Sirtex pursuant to the Sirtex Stock Purchase Agreement
“Sirtex Stock Purchase Agreement”	the stock purchase agreement dated 10 October 2019 and entered into between the Sirtex and OncoSec, pursuant to which Sirtex conditionally agreed to purchase 2,000,000 OncoSec Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Stockholders Agreement”	the stockholders agreement dated 10 October 2019 and entered into between OncoSec and Grand Decade governing certain rights and obligations of the parties in relation to the management and other affairs of OncoSec
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules

“United States”	the United States of America
“US\$” or “US dollar”	United States dollar, the lawful currency of the United States
“%”	per cent

In this announcement, amounts denominated in US dollar have been converted, for illustration purpose only, into Hong Kong dollar at the exchange rate of US\$1.00 = HK\$7.80.

By order of the Board
**China Grand Pharmaceutical and
 Healthcare Holdings Limited**
Liu Chengwei
Chairman

Hong Kong, 10 October 2019

As at the date of this announcement, the Board comprises four executive directors, namely, Mr Liu Chengwei, Mr Hu Bo, Dr Shao Yan and Dr Niu Zhanqi; and three independent non-executive directors, namely, Ms So Tosi Wan, Winnie, Dr Pei Geng and Mr Hu Yebi.

** For identification purpose only*