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CSPC PHARMACEUTICAL GROUP LIMITED

石藥集團有限公司

(Incorporated in Hong Kong under the Companies Ordinance)

(Stock code: 1093)

VOLUNTARY ANNOUNCEMENT

PRODUCT CO-DEVELOPMENT AND STRATEGIC COLLABORATION AGREEMENT

The board of directors (the “**Board**”) of CSPC Pharmaceutical Group Limited (the “**Company**”) is pleased to announce that the Company has entered into a product co-development and strategic collaboration agreement (the “**Agreement**”) with Shanghai Junshi Biosciences Co., Ltd.* 上海君實生物醫藥科技股份有限公司 (“**Junshi**”) in relation to the clinical development, registration and commercialization of PD-1 (the anti-PD-1 monoclonal antibody exclusively supplied by Junshi) in combination with albumin-bound paclitaxel for the treatment of breast cancer (the “**Product**”).

Pursuant to the Agreement, the Company and Junshi shall form a joint research committee to (1) formulate clinical strategy for the development of the Product; (2) establish and monitor the clinical trials timeline and progress; (3) ensure the full access of clinical data by both parties; (4) discuss and make decision on combination studies of PD-1 with albumin-bound paclitaxel and other chemotherapeutic agents; and (5) resolve any issues that arise during the process of the development and registration of the Product.

The Company shall be responsible for (1) designing and executing clinical trials for the Product; (2) supplying albumin-bound paclitaxel to conduct clinical trials of the Product in the People’s Republic of China (including Hong Kong, Taiwan and Macau) (the “**Territory**”); (3) applying and securing approval of the Product in the Territory; and (4) commercialization of the Product in the Territory.

Junshi shall be responsible for (1) securing approval of PD-1 single entity in the Territory; (2) supplying PD-1 for the Company to conduct clinical trials for the Product in the Territory; (3) supplying PD-1 to the Company for sales of the Product in the Territory according to a supply agreement to be mutually agreed between the parties.

Junshi grants to the Company a royalty-bearing exclusive license to commercialize the Product in the Territory for a term commencing from the date of the Agreement until 20 years from the receipt of the relevant regulatory approval in the Territory (the “**Term**”), which allows the Company during the Term to (1) perform clinical and non-clinical studies of the Product; (2) apply for and obtain approvals of the Products in the Territory; and (3) market and sell the Product in the Territory.

Junshi and its affiliates shall not grant any right or license of its PD-1 to any third party for the purpose of development and commercialization of the Product in the Territory. The Company and its affiliates shall only collaborate with Junshi to develop and commercialize the Product.

The Company agrees to pay to Junshi a milestone payment of RMB30,000,000 at each of the five milestone events (i.e. up to an aggregate of RMB150,000,000) leading to the product approval and issuance of product licence by the China Drug Administration for the Product.

All intellectual property rights related to the Product, to the extent solely discovered, invented or developed under the Agreement, shall be jointly owned by the Company and Junshi.

Junshi is an innovative biopharmaceutical company based in China focusing on discovering and developing monoclonal antibody drugs.

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

Hong Kong, 10 July 2018

As at the date of this announcement, the Board comprises Mr. CAI Dongchen, Mr. WANG Zhenguo, Mr. PAN Weidong, Mr. WANG Huaiyu, Mr. WANG Jinxu, Mr. LU Hua, Mr. LI Chunlei, Mr. Zhang Cuilong and Mr. CHAK Kin Man as executive directors; Mr. LEE Ka Sze, Carmelo as non-executive director; and Mr. CHAN Siu Keung, Leonard, Mr. WANG Bo, Mr. LO Yuk Lam, Mr. YU Jinming and Mr. CHEN Chuan as independent non-executive directors.

* *For identification purpose only*