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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 LICENSING AND CO-DEVELOPMENT AGREEMENT

The board of directors (the “**Board**”) of CSPC Pharmaceutical Group Limited (the “**Company**”) is pleased to announce that on 9 December 2016, CSPC Zhongqi Pharmaceutical Technology (Shijiazhuang) Co., Ltd* (石藥集團中奇製藥技術(石家莊)有限公司) (“**CSPC Zhongqi**”), a wholly owned subsidiary of the Company, entered into an agreement (the “**Agreement**”) with Teva Pharmaceuticals USA, Inc. (“**Teva**”) in relation to the product licensing and commercialization of a complex antibiotic injectable generic drug (the “**Product**”) in the United States of America (the “**US**”) and countries in the European Union (the “**EU**”) (together, the “**Territory**”). The Product is under development by CSPC Zhongqi utilizing its proprietary technology.

Pursuant to the Agreement, CSPC Zhongqi is responsible for the pre-clinical development of the Product and know-how in relation to the manufacturing of the Product and preparation of documentation according to both US and EU requirements for drug application.

CSPC Zhongqi agrees to grant an exclusive right to Teva to perform the necessary non-clinical and clinical studies and apply for the relevant approvals required for the distribution and sale of the Product in the Territory and to exclusively distribute and sell the Product in the Territory. Teva will make milestone payments to CSPC Zhongqi of up to an aggregate amount of US\$100,000,000 subject to the Product’s application progress and amount of future sales in the Territory.

Upon successful launch of the Product in the Territory, CSPC Zhongqi shall supply the Product exclusively to Teva, and Teva shall purchase exclusively from CSPC Zhongqi such quantities of the Product that Teva requires for distribution and sale in the Territory. CSPC Zhongqi will also be entitled to receive a prescribed percentage of the net profits with respect to the sale of the Product in the Territory from Teva.

Teva is a member of Teva Pharmaceuticals in the US, a leading global pharmaceutical company in generic and specialty medicines.

** For identification purpose only*

By order of the Board
CSPC Pharmaceutical Group Limited
CAI Dongchen
Chairman

Hong Kong, 14 December 2016

As at the date of this announcement, the Board Comprises Mr. CAI Dongchen, Mr. CHAK Kin Man, Mr. PAN Weidong, Mr. WANG Shunlong, Mr. WANG Huaiyu, Mr. LU Jianmin, Mr. WANG Zhenguo, Mr. WANG Jinxu and Mr. LU Hua 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.