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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 AGREEMENT

The board of directors (the “**Board**”) of the CSPC Pharmaceutical Group Limited (the “**Company**”) is pleased to announce that on 18 April 2018, 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 a product licensing agreement (the “**Agreement**”) with Galaxy Bio, Inc. (“**Galaxy Bio**”) in relation to the licensing and commercialization of “Paclitaxel for Injection (albumin-bound)” (the “**Product**”), a generic oncology drug developed by CSPC Zhongqi.

Pursuant to the Agreement, CSPC Zhongqi agrees to grant an exclusive right and provide the related know-how to Galaxy Bio to perform the necessary clinical studies and apply for the relevant approvals required for the manufacture, distribution and sale of the Product in the United States of America (the “**U.S.**”), Canada, Australia, New Zealand, Japan, Hong Kong SAR, Macau SAR, Taiwan and various countries in Europe (the “**Territory**”) and to exclusively manufacture, distribute and sell the Product in the Territory.

In consideration for the exclusive license, Galaxy Bio shall pay a prescribed percentage of the net profit of the Product in the Territory to CSPC Zhongqi as sales royalty during a term of twenty years from the receipt of the first approval of the Product in the Territory (the “**Term**”). In addition, Galaxy Bio shall make (i) milestone payments of up to US\$3,000,000 subject to the approval progress of the Product in the Territory and (ii) sales achievement payments of up to US\$110,000,000 subject to the amount of sales achieved of the Product in the Territory to CSPC Zhongqi during the Term.

Galaxy Bio, a wholly-owned subsidiary of NAL Pharmaceutical Group Limited, is a pharmaceutical company engaged in the research and development of new drug products of improved drug delivery system in the U.S..

* *for identification purpose only*

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

Hong Kong, 18 April 2018

As at the date of this announcement, the Board comprises Mr. CAI Dongchen, Mr. PAN Weidong, Mr. WANG Huaiyu, Mr. WANG Zhenguo, Mr. WANG Jinxu, Mr. LU Hua, Mr. LI Chunlei 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.