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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 COMMERCIALIZATION AGREEMENTS

The board of directors (the “**Board**”) of CSPC Pharmaceutical Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce that Shanghai Runshi Pharma Technology Co., Ltd.* (上海潤石醫藥科技有限公司) (“**Shanghai Runshi**”), a subsidiary of the Company, has entered into four agreements (the “**Agreements**”) with Shanghai Institute of Materia Medica (“**SIMM**”) of the Chinese Academy of Sciences in relation to the licensing of co-development and commercialization of 4 small-molecule compounds developed by SIMM (the “**Products**”).

Pursuant to the Agreements, Shanghai Runshi shall be granted an exclusive right of development and commercialization of the Products in China (the “**Region**”) by SIMM. Shanghai Runshi shall be responsible for the pre-clinical and clinical trials, application for product approval, production and commercialization of the Products in the Region, and SIMM shall provide necessary technical support.

In consideration for the exclusive licenses, Shanghai Runshi agreed to pay to SIMM aggregate upfront payments of RMB34,300,000 and aggregate development milestone payments of up to RMB411,700,000 based on the development progress of the Products in the Region. Shanghai Runshi also agreed to pay to SIMM sales royalties based on the sales amount of the Products achieved in the Region.

* *for identification purpose only*

The Agreements bring to the Group's pipeline 4 oncology small-molecule drug candidates with international intellectual property rights. One of the drug candidates, FGFR/KDR/CSF1R multi-target inhibitor cimetidine hydrochloride, which is expected to be clinically used for the treatment of gastric cancer (including adenocarcinoma of esophagogastric junction), cholangiocarcinoma, lung squamous cell carcinoma, advanced transitional cell carcinoma of urinary tract and estrogen receptor-positive (ER+) breast cancer, has been granted clinical trial approval in China. The remaining 3 small-molecule drug candidates are under the stage of pre-clinical study.

The Group will endeavor to ensure the timely development of these drug candidates.

SIMM of the Chinese Academy of Sciences is one of the most important research institutions for innovative drugs in China, focusing on the research and development of new drugs for the treatment for cancers, cardio-cerebrovascular diseases, neuropsychiatric diseases, metabolic diseases, autoimmune diseases and infectious diseases.

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

Hong Kong, 26 February 2019

As at the date of this announcement, the Board comprises Mr. CAI Dongchen, Mr. WANG Zhenguo, Mr. PAN Weidong, Mr. WANG Huaiyu, Dr. LU Hua, Dr. LI Chunlei, Mr. ZHANG Cuilong, Dr. WANG Qingxi 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, Professor LO Yuk Lam, Dr. YU Jinming and Mr. CHEN Chuan as independent non-executive directors.