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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

FORMATION OF JOINT VENTURE

The board of directors (the “**Board**”) of CSPC Pharmaceutical Group Limited (the “**Company**”) is pleased to announce that CSPC NBP Pharmaceutical Co., Ltd.* (石藥集團恩必普藥業有限公司) (“**NBP**”, a wholly-owned subsidiary of the Company) and Shanghai Haihe Pharmaceutical Co., Ltd* (上海海和藥物研究開發有限公司) (“**Haihe**”, an independent third party) established a joint venture, Shanghai Haishi Biopharmaceutical Co., Ltd.* (上海海石生物醫藥有限公司) (“**Shanghai Haishi**”). Shanghai Haishi shall be principally engaged in the business of research and development (“**R&D**”) of innovative drugs. Its registered capital is RMB10,000,000 and its equity interest is owned as to 70% by NBP and 30% by Haihe.

Pursuant to the relevant agreement, Haihe undertakes to transfer the rights (including R&D, production and commercialization) and obligations (including subsequent milestone payments and commitments for R&D expenses) of five new drug projects (namely RMX1001, RMX1002, RMX2001, HH185 and CDK4/6) in mainland China to Shanghai Haishi. Shanghai Haishi shall be responsible for the clinical trial, application for product approval, production and commercialization of the aforementioned five new drug projects in mainland China.

The exclusive licenses in mainland China for RMX1001, RMX1002 and RMX2001 are obtained by Haihe through agreements entered into with third parties; while HH185 and CDK4/6 are projects self-developed by Haihe.

- RMX1001 is a differentiated COX-2 inhibitor with overseas phase IIb clinical data showing that it is a safe and highly effective non-narcotic analgesic with remarkable efficacy, rapid onset, long-lasting pain relief and less adverse reactions. This project was granted clinical trial approval by the National Medical Products Administration of the PRC in February 2019.

* *For identification purpose only*

- RMX1002 is the EP4 receptor antagonist with the leading R&D progress in the world. The overseas phase IIB clinical data demonstrate its rapid onset and long-lasting analgesic effect against osteoarthritis, rheumatoid arthritis and other inflammatory pains. It is expected to become a new pain medication other than COX-2 inhibitor, a non-steroidal anti-inflammatory drug. This project has completed the phase I clinical trial in China.
- RMX2001 is a new antibiotic of the second generation oxazolidinone analogue. Its target indications are multidrug-resistant tuberculosis and drug-resistant gram-positive infection. RMX2001 has a high degree of in vitro and in vivo activities against gram-positive bacteria with excellent pharmacokinetic/pharmacodynamic parameters. It has a lower degree of bone-marrow suppression in animal experiment and shows good efficacy in mouse model of tuberculosis. This project is undergoing phase II clinical trial overseas and has commenced phase I clinical trial in China.
- HH185 is a FGFR 1, 2, 3 targeted inhibitor and is undergoing phase I clinical trial. Shanghai Haishi will further develop and commercialize HH185 outside the fields of oncology and pulmonary fibrosis.
- CDK4/6 targeted inhibitor is in preclinical study stage with data showing good in vitro and in vivo activities, metabolic properties and significant blood-brain barrier permeability.

Shanghai Haishi will build on Haihe's innovative R&D capabilities and the Company's extensive experience in production and marketing, so as to achieve complementarity of edges and sincere cooperation. Shanghai Haishi will also continue to expand the therapeutic scope and develop more product candidates based on the current development trend of the pharmaceutical industry.

Haihe is a subsidiary of HaiHe Biopharma Co., Ltd, which is a biopharmaceutical company focusing on discovery, development and commercialization of innovative anti-tumor drugs.

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

Hong Kong, 7 May 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, Prof. LO Yuk Lam, Dr. YU Jinming and Mr. CHEN Chuan as independent non-executive directors.