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CSPC PHARMACEUTICAL GROUP LIMITED

石藥集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1093)

VOLUNTARY ANNOUNCEMENT

TERMINATION OF PRODUCT CO-DEVELOPMENT AND STRATEGIC COLLABORATION AGREEMENT

Reference is made to the announcement of CSPC Pharmaceutical Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) dated 10 July 2018 (the “**Announcement**”) in which it was disclosed, among other things, that the Company entered into the 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 the anti-PD-1 monoclonal antibody (JS001) exclusively supplied by Junshi in combination with paclitaxel for injection (albumin-bound) for the treatment of breast cancer (the “**Combination Therapy**”).

In order to avoid any potential conflicts which may arise from the clinical studies and future commercialization of another anti-PD-1 monoclonal antibody drug candidate of the Group, through mutual agreement, the Company and Junshi entered into an agreement to terminate the Agreement (the “**Termination Agreement**”) on 30 December 2019.

As disclosed in the Announcement, under the Agreement, the Company agreed to pay to Junshi a milestone payment of RMB30,000,000 at each of the five milestone events, and as at the date of this announcement, the Company has only paid to Junshi one milestone payment of RMB30,000,000. Pursuant to the Termination Agreement, it is agreed that neither party shall have any claim against the other party as regards the milestone payment of RMB30,000,000 paid by the Company to Junshi and the clinical studies fee of RMB3,683,907.87 paid by Junshi to the Group. The Company shall also have no obligation to pay to Junshi any further milestone payment.

Under the Termination Agreement, Junshi will continue to carry out clinical trials for the Combination Therapy and the intellectual property rights arising therefrom shall be owned by Junshi. However, the Company shall have the right to utilize such intellectual property rights for free including to file additional indication application to the National Medical Products Administration for the paclitaxel for injection (albumin-bound) of the Group and to use the patent obtained by Junshi (if any). A subsidiary of the Company has also entered into a separate sales agreement with Junshi on 30 December 2019, pursuant to which, Junshi agreed to purchase a total of 27,000 vials of paclitaxel for injection (albumin-bound) from the Group at agreed price (Junshi will pay penalty charge to the Group if the actual purchase is less than 27,000 vials), until the clinical trials of the Combination Therapy conducted by Junshi are completed. Junshi has already paid RMB30,000,000 to the Group as prepayment for such purchase.

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

Hong Kong, 30 December 2019

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

* *For identification purpose only*