

ASX ANNOUNCEMENT

**CELLMID TO COMMENCE SELLING OF ÉVOLIS® INTO
THE LUCRATIVE CHINA MARKET**

- Exclusive five-year agreement with Beijing Fukangren Bio-pharm Tech. Co., Ltd for the distribution of évolis® lotions and shampoos in China
- Beijing Fukangren Bio-pharm Tech. Co to register the évolis® lotions as hair loss products with Chinese regulator within twelve months
- Distribution primarily through well-established network of Chinese clinics and pharmacy channels with terms of agreement incorporating minimum order quantities per annum
- Represents a significant milestone for évolis® and the first step to bringing a unique and differentiated product range to the world's fastest growing market

SYDNEY, Wednesday, 2 May 2018: Cellmid Limited (ASX: CDY) is pleased to announce that its wholly owned subsidiary Advangen Limited ("Advangen") has entered into an exclusive agreement with Beijing Fukangren Bio-pharm Tech. Co., Ltd ("Fukangren") to distribute its évolis® anti-aging hair care products in the Peoples Republic of China.

The agreement between Advangen and Fukangren has two key stages:

- (i) a twelve month period where, for and on behalf of Advangen, Fukangren will register the évolis® lotions as hair loss products with the Chinese regulator, SFDA (State Food & Drug Administrator); and
- (ii) an exclusive distribution agreement for the évolis® lotions and shampoos for 5 years with minimum order requirements for each year.

The terms of the agreement were entered into following extensive market research regarding product demand, fit and pricing against comparable products within the Chinese market. The "first in class, best in class" FGF5 inhibitor technology of évolis® with its strong scientific backing provides the products with a unique marketing proposition and a significant competitive edge. Adding further differentiation in the Chinese market is the highly desirable "Australian made" and "Japanese made" status of the évolis® products, as well as the formulation basis of natural active ingredients.

In order to achieve rapid distribution of évolis® throughout the territory, Fukangren will leverage its existing and well serviced network of over 500 pharmacies, associated hospitals and clinics. Full educational support for the associated physicians and pharmacy professionals will also be provided and is specified under the terms of the agreement.

The agreement also documents that the responsibility for marketing the évolis® products within China falls exclusively to Fukangren, with a minimum advertising spend set as a percentage of the cost of goods required. Advangen will provide support in terms of training, product imagery and assisting with branding and marketing collateral.

Beijing Fukangren, established in 2000, is a rapidly growing pharmaceutical company with over 400 staff, distributing over 300 products including generics and drugs under licence and profit arrangement. Fukangren is a full pipeline company, performing basic research, drug development for small molecules and biologics, formulation, manufacture (generic, traditional and novel drugs) and clinical research. The Company's R&D unit is one of the largest in China and is led by CSO, Professor Zhao Kang, who was the former CSO of international pharmaceutical company, Novartis. Fukangren also has a specialist regulatory affairs team with a strong track record of successful applications with the Chinese regulator, SFDA. The Company is currently in preparation for its IPO, scheduled for later in CY2018.

Fukangren's CEO Mr Jinjing Wang said: "Given our distribution capacity and customer reach, we are excited to take a unique and effective product like évolis® to market through our pharmacy channels in China".

Cellmid CEO Maria Halasz also added strong support to the new partnership: "This agreement is an important step towards bringing évolis® to the Chinese people, and we believe Fukangren has the resources, capacity and market know-how to make évolis® a success in China. The Chinese market is a key element of Cellmid's growth strategy and we expect it will contribute significantly to growing our revenues in the coming years."

Chinese market opportunity

The Chinese market represents a significant opportunity for the évolis® product range. In China, historical data shows the prevalence of pattern of hair loss in the population at approximately 20% of men and 6% of women^{1,2}. While overall this appears lower than the reported prevalence in the West, rates of hair loss approach those seen in Western countries in older age brackets.

Additionally, there are now indications that historically reported early onset hair loss rates within the Chinese population may be changing. Three recent surveys of university students identified that hair loss concerns were highly prevalent among younger Chinese citizens, with 60-70% of respondents indicating that they were suffering from hair loss or had hair loss concerns^{3,4}.

Such emerging statistics show increasing potential for évolis®, particularly given the magnitude of China's population and the size of its new middle class, estimated at over 100 million households with growing disposable income. The distribution arrangement with Fukangren is a significant and important milestone in the international expansion and success of the évolis® product ranges.

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Cellmid Limited (ASX: CDY)

Cellmid is an Australian life sciences company with lead programs in multiple disease indications. The Company, through its wholly owned subsidiaries, Lyramid, Kinera and Advangen, develops and markets innovative novel therapies and diagnostic tests for fibrotic diseases, cancer, ischemic diseases of the heart and hair loss. Cellmid holds the largest and most comprehensive portfolio of intellectual property relating to the novel targets midkine (MK) and FGF5 globally. Intellectual property pertaining to midkine is being exploited through wholly owned subsidiaries Lyramid and Kinera. Advangen, Cellmid's consumer health business, sells its FGF5 inhibitor hair growth products in Australia, Japan, USA and China. For further information, please see www.cellmid.com.au and www.myevolis.com.au.

Advangen Limited and hair growth products

Advangen Limited is Cellmid's wholly owned subsidiary engaged in the development and sale of first in class, best in class, clinically validated anti-aging products for hair, skin and body. Advangen has a range of FGF5 inhibitor hair growth products which are sold in Australia, Japan, USA and China. Advangen has a rich portfolio of hair growth and anti-aging hair care assets which include formulations of products on market, trademarks, patents and patent applications, proprietary assays and manufacturing processes. With the Fillerina® distribution agreement Advangen has its first skincare range.

Midkine (MK)

Midkine is a growth factor that is highly expressed during embryonic development. Midkine modulates many important biological interactions such as cell growth, cell migration and cellular adherence. These functions are relevant to cancer, inflammation, autoimmunity, ischemia, nerve growth/repair and wound healing. Midkine is barely detectable in healthy adults and only occurs as a consequence of the pathogenesis of a number of different disorders. Midkine expression is often evident very early in disease onset, even before any apparent physical symptoms. Accordingly, midkine is an important early marker for diagnosing cancers and autoimmune diseases. Finally, midkine is only evident in a disease context, and targeting midkine is not expected to harm normal healthy tissues.

Investment in life sciences companies

There are a number of inherent risks associated with the research, development and commercialisation of pharmaceutical products. Investment in companies specialising in these activities carry specific risks which are different to those associated with trading and manufacturing businesses. As such, these companies should be regarded as highly speculative. Cellmid recommends that investors seek professional advice before making an investment in its shares.

1: Female Pattern Hair Loss: A Clinical and Pathophysiological Review. An Bras Dermatol. 2015 Jul-Aug; 90(4): 529–543.

2: Characteristics of Androgenetic Alopecia in Asians. Ann Dermatol. 2012 Aug; 24(3): 243–252. Published online 2012 Jul 25.

3: https://news.cgtn.com/news/79557a4e35597a6333566d54/share_p.html

4: <http://www.scmp.com/news/china/society/article/2127289/chinese-people-losing-their-hair-earlier-ever-research-shows>