CSPC Pharmaceutical Announces 2016 Interim Results

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Profit attributable to shareholders increased 25.6% to HK$1,033 million
Innovative Drug Business Maintained Strong Growth Momentum
Common Generic Drug Business Continued to Deliver Stable Growth
Bulk Drug Business Maintained Leading Position in the Industry

HONG KONG, 23 August 2016 – **CSPC Pharmaceutical Group Limited** (HKEx: 1093) ("CSPC Pharmaceutical" or the "Group"), a leading pharmaceutical company in China, is pleased to announce its interim results for the six months ended 30 June 2016 (the "Period"). During the Period, the Group recorded sales of approximately HK$6,146 million, representing an increase of 7.3% (or increase of 12.7% on a constant currency basis) over the same period of last year. Profit attributable to shareholders was approximately HK$1,033 million, up 25.6% (or up 32.1% on a constant currency basis) from the same period of last year.

During the Period, the Group's innovative drug business maintained strong growth momentum, with further expansion of its market share and a stronger presence and coverage in different market tiers. With continuous efforts in academic-based promotion, the innovative drug business maintained a rapid growth in sales. Sales from this segment reached approximately HK$2,268 million during the Period, representing a growth of 28.3% (or growth of 34.9% on a constant currency basis) year-on-year.

In respect of common generic drug business, the Group continued to improve the product mix and further enhanced its sales strategies and building sales channels. In particular, the Group further diversified its product lines by introducing health supplement products for chronic diseases in addition to the continuous sales efforts in existing products for chronic diseases. Overall, the common generic drugs business continued to deliver stable growth during the Period, generating sales of approximately HK$2,111 million, representing an increase of 3.9% (or increase of 9.2% on a constant currency basis) year-on-year.

As to bulk drug business, the antibiotics business recorded a significant deterioration in the business performance for the Period, mainly due to sluggish market demand and increasing market supply causing prices of antibiotic products to decline. The Group has implemented a number of measures such as technology upgrades, management reinforcement, energy saving and consumption reduction, in order to decrease its production costs during the Period. For vitamin C business, the Group emphasized on market development and production technology upgrade during the Period, achieving an increase in sales volume and a continued decrease in production costs. As a result, the overall vitamin C business performance improved as compared with the corresponding period of last year. For caffeine business, the market demand for caffeine remained stable while product prices recorded a slight increase. The Group also succeeded in increasing market share and lowering production costs for the caffeine business during the Period. The overall caffeine business performance showed further improvement and continued to contribute stable profit to the Group.

Currently, the Group has over 170 products under research and development. Among these products, 15 are Class I new drugs and 50 are Class III new drugs. During the Period, the Group has submitted clinical trial applications for 2 drugs to the China Food and Drug Administration ("CFDA"), and had obtained 3 production approvals and 30 clinical trial approvals in China.

At present, the Group has 27 products pending for production approval by the CFDA and 19 products undergoing bioequivalence study or clinical trial (including 8 Class I new drugs). It is expected that the bioequivalence study for further 8 products can be completed and their applications for production can be submitted within this year.

With regard to the Abbreviated New Drug Application ("ANDA") in the U.S., the Group has submitted applications for 2 drugs and obtained approvals for 2 drugs during the Period. Currently, the Group has a total of 9 drugs with the ANDA application submitted and a total of 13 drugs under trial phase.

Meanwhile, phase II clinical trial of "butylphthalide soft capsule" in the U.S. is in the stage of liaison with hospitals for conducting the clinical trials. It is expected that subjects will be enrolled for the phase II clinical trial by end of this year. The Investigational New Drug ("IND") application for "mitoxantrone hydrochloride liposome injection" in the U.S. has also been approved by the U.S. FDA to commence clinical trials during the Period. At present, the protocol for clinical trial has passed the ethical evaluation and has started subject screening.

The Group also explored cooperation opportunities with overseas pharmaceutical enterprises. During the Period, the Group entered into an agreement with a leading global pharmaceutical company in relation to the product technology licensing and commercialization of a complex generic oncology drug under development by the Group in the overseas market. According to the agreement, the Group may receive milestone payments of up to an aggregate amount of US$106,000,000, as well as a share of the profit after market launch of the product.

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About CSPC Pharmaceutical Group Limited

CSPC Pharmaceutical Group Limited is a leading pharmaceutical group in China. The Company has been listed on the Main Board of the Hong Kong Stock Exchange since 1994. CSPC Pharmaceutical is a leading player of innovative and generic drugs in China. Blockbuster innovative products include "NBP" series, "Oulaining" series, "Xuanning" series, "Duomeisu" and "Jinyouli". CSPC Pharmaceutical is also a major manufacturer of bulk drugs, with principal products that include vitamin C, antibiotics and caffeine. The production facilities of CSPC Pharmaceutical are mainly located in Shijiazhuang City, Hebei Province, China. For more information, please visit its website at http://www.cspc.com.hk.