CSPC Pharmaceutical Announces 2018 Interim Results

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Profit Attributable To Shareholders Increased 41.1% to HK$1,853 Million
Innovative Drug Business Continued to Deliver Strong Growth
Common Generic Drug Business Increased Market Penetration
Bulk Drug Business Kept Market Leader Position; R&D Deployment Further Improved

HONG KONG, 20 August 2018 – **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 first half year ended 30 June 2018 (the "Period"). For the Period, the Group recorded a turnover of approximately HK$10,787 million, representing an increase of 49.8% year-on-year. Profit attributable to shareholders was approximately HK$1,853 million, up 41.1% year-on-year. Basic earnings per share are HK29.68 cents.

During the Period, with a more favourable business environment created by the gradual deepening of the medical reform and full implementation of the new reimbursement drug lists, the Group endeavored to expand its dedicated sales force of each product and strengthened academic-based promotion, accelerating the market development in major cities and hospitals. Moreover, the Group leveraged on the policies on hierarchical medical system and medical treatment combination to penetrate into county-level hospitals and community medical institutions for end-user market development. Coupled with the launch of major product "Keaili"（克艾力）(paclitaxel for injection (albumin-bound)) during the Period, innovative drug products continued its strong growth, with sales for the period reaching approximately HK$4,874 million, representing a 65.3% growth year-on-year.

In respect of common generic drug business, the Group continued with the strategy of enhancing its sales mix by strengthening the promotion of non-antibiotic drugs and expanding the product line of oral formulation for chronic diseases during the Period. Furthermore, the Group actively pushed forward with the quality and efficacy consistency evaluation of generic drugs. Currently, products which have passed the consistency evaluation included "Xinweihong"（新維宏） (azithromycin tablets), "Qimaite"（奇邁特） (tramadol hydrochloride tablets) and "Zuoshuxi"（左舒喜） (captopril tablets). During the Period, sales of common generic drug products maintained stable growth with sales reaching approximately HK$3,307 million,

representing a 42.3% growth year-on-year.

As to bulk drug business, overcapacity in the vitamin C market still lingered during the Period. Nevertheless, due to the increased market uncertainty created by the continued tightening of national environmental policies, product prices still maintained at a relatively high level. The overall market of antibiotics and caffeine maintained a balance with stable product prices.

In terms of research and development, the Group continued to increase its investment in the development of new products during the Period. Currently there are more than 200 new products in the pipeline, primarily focusing on the therapeutic areas of cardio-cerebrovascular diseases, metabolic diseases (such as diabetes), oncology, psychiatry and neurology, as well as anti-infection. Among these product candidates, there are 25 in the areas of new target macromolecule biologics, cell-based immunotherapy and stem cell therapy; 30 new small molecule drugs and 55 Class 3 new drugs (classified as Class 3 or 4 under the new system).

Currently, there are 9 and 3 small molecule new drugs under clinical trials in China and the United States, respectively; 5 new macromolecule drugs (including "Combo of PD-1 monoclonal antibody and albumin-bound paclitaxel" and 2 bispecific antibodies) under clinical trials in China; and 5 new preparations (including "Mitoxantrone liposome for injection" and "Amphotericin B cholesterol sulfate complex for injection") under clinical trial as well.

In addition, 24 drugs are currently pending production approval, including “Dronedarone hydrochloride tablets”, “Bortezomib for injection”, “Clopidogrel hydrogen sulfate tablets” and “Metformin hydrochloride extended-release tablets”; 15 early-to-market generic drugs under bioequivalence tests; And 6 drugs currently pending U.S. ANDA approval. Moreover, “Mitoxantrone hydrochloride liposome injection”, antibody-drug conjugate (ADC) drug “DP303c” and “Butylphthalide soft capsules” (indication: ALS) have been granted the orphan drug designation in the U.S..

During the Period, the Group has been increasing its investment in strengthening the pipeline of biologics. Apart from investment in in-house research and development, the Group has also been proactively seeking for external cooperation and acquisition opportunities. The future acquisition efforts will mainly focus on drugs of new small or macromolecules which are close to product approval and launch so as to supplement the pipeline of product launch in the next few years and leverage the Group’s strong marketing and market development capabilities to achieve rapid growth of new products.

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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 and has become a constituent of Hang Sang Index since June 2018. CSPC Pharma is a leading player of innovative and common generic drugs in China. Major products include "NBP", "Xuanning", “Duomeisu”, “Jinyouli” and “Keaili”. It is also a major manufacturer of bulk drugs, principal products including vitamin C, caffeine and antibiotics. The production facilities of CSPC Pharma are mainly located in Shijiazhuang City, Hebei Province, China. For more information, please visit its website at http://www.cspc.com.hk.