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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)

INSIDE INFORMATION

ADJUSTMENT TO THE MEDICAL INSURANCE REIMBURSEMENT BASIS

This announcement is made by CSPC Pharmaceutical Group Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) in accordance with Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

The Group has taken part in the negotiation with the National Healthcare Security Administration (國家醫療保障局) (the “**Bureau**”) in respect of the reimbursement basis for Butylphthalide Soft Capsule and Butylphthalide and Sodium Chloride Injection (brand name: NBP (恩必普)) (the “**Products**”). Pursuant to the “National Drug Reimbursement List for Basic Medical Insurance, Work-related Injury Insurance and Maternity Insurance (2020 Edition)” issued by the Bureau on 28 December 2020, the new reimbursement basis for Butylphthalide Soft Capsule and Butylphthalide and Sodium Chloride Injection will be RMB3.36 per capsule and RMB139 per injection respectively, representing a reduction of 55.6% and 51.3% respectively as compared to the current lowest price across the country, and will come into effect on 1 March 2021. In light of the adjustment to the medical insurance reimbursement basis, the selling price of the Products will correspondingly be adjusted across the country to adhere to the new reimbursement basis. The Group expects that the reduction in selling prices will put a downward pressure on the future sales of the Products for a certain period of time, but it will also improve the affordability of the Products and stimulate the market demand for the Products in light of the price elasticity of demand and increase the sales volume, which could alleviate the impact on revenue resulting from the reduction in selling prices

to some extent. Completion of the negotiation on medical insurance reimbursement basis may also accelerate the Products' access to hospitals and resolve the risks associated with being selected for national and provincial centralised volume-based procurement. The Group will strive to penetrate lower-tier markets, increase the coverage of drug users and benefit more patients. Therefore, the likely impact on the Group resulting from such adjustment to the medical insurance reimbursement basis is uncertain at this stage.

Shareholders of the Company and potential investors are advised to exercise caution while dealing in the shares of the Company.

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

Hong Kong, 28 December 2020

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. LI Chunlei, Dr. WANG Qingxi, Mr. CHAK Kin Man and Dr. JIANG Hao 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.