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CSPC PHARMACEUTICAL GROUP LIMITED

石藥集團有限公司

(Incorporated in Hong Kong under the Companies Ordinance)

(Stock Code: 1093)

INSIDE INFORMATION

PRINCIPAL ACCOUNTING DATA AND FINANCIAL INDICATORS OF CSPC INNOVATION PHARMACEUTICAL CO., LTD.* FOR THE HALF YEAR ENDED 30 JUNE 2019

This announcement is made by CSPC Pharmaceutical Group Limited (the “**Company**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to an announcement published by the Company on 12 July 2019 in respect of the indicative results of CSPC Innovation Pharmaceutical Co., Ltd.* (石藥集團新諾威製藥股份有限公司) (“**CSPC XNW**”) for the half year ended 30 June 2019.

CSPC XNW is a subsidiary of the Company and its shares are listed on the ChiNext of Shenzhen Stock Exchange (Stock Code: 300765). In compliance with the relevant requirements of Shenzhen Stock Exchange, CSPC XNW published its 2019 Half Yearly Report for the half year ended 30 June 2019 on the information disclosure webpage of Shenzhen Stock Exchange’s website at <http://www.szse.cn/disclosure/listed/notice/index.html>.

The board of directors of the Company would like to draw the attention of its shareholders and the public investors to the appendices of this announcement (the “**Appendices**”) which set out the principal accounting data and financial indicators of CSPC XNW prepared in accordance with the PRC Accounting Standard for Business Enterprises for the half year ended 30 June 2019.

Please note that the information in the Appendices is an extract of the unaudited financial statements prepared by CSPC XNW in Chinese. In case of any inconsistency between the Chinese version and the English version, the Chinese version shall prevail.

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

Hong Kong, 19 August 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 purposes only

APPENDIX I
PRINCIPAL ACCOUNTING DATA AND FINANCIAL INDICATORS

Unit: RMB (Yuan)

	Current reporting period	Corresponding reporting period of last year		Increase/decrease compared with the corresponding reporting period of last year
		Before adjustment	After adjustment	After adjustment
Total revenue	653,517,491.79	616,734,629.68	616,734,629.68	5.96%
Net profit attributable to listed company's shareholders	136,988,116.16	110,170,575.16	110,170,575.16	24.34%
Net profit attributable to listed company's shareholders less the non-recurring items	122,746,942.28	108,946,423.62	108,946,423.62	12.67%
Net cash flows arising from operating activities	134,408,411.13	58,609,860.37	61,309,860.37	119.23%
Basic earnings per share (RMB/share)	0.78	0.73	0.73	6.85%
Diluted earnings per share (RMB/share)	0.78	0.73	0.73	6.85%
Weighted average return on net assets	12.93%	13.40%	13.40%	-0.47%
	End of the current reporting period	End of last year		Increase/decrease compared with the end of last year
		Before adjustment	After adjustment	After adjustment
Total assets	2,655,257,518.47	1,390,799,205.46	1,390,799,205.46	90.92%
Net assets attributable to listed company's shareholders	2,270,170,086.62	990,767,205.16	990,767,205.16	129.13%

APPENDIX II
NON-RECURRING GAIN/LOSS ITEMS AND AMOUNTS

Unit: RMB (Yuan)

Items	Amount	Description
Gain/loss from disposal of non-current assets (including the part offset with the provision for impairment of assets)	-444,864.50	
Government grants recognised in profit or loss of current period (excluding those closely related to the company's business and granted under the State's policies according to certain quota of amount or volume)	19,242,135.44	
Non-operating income and expenses other than the above items	99,149.57	
Less: Income tax impact	4,574,047.11	
Minority interests impact (after tax)	81,199.52	
Total	14,241,173.88	—

APPENDIX III
SIGNIFICANT CHANGES IN MAJOR ASSETS

Unit: RMB (Yuan)

Major assets	Description on significant changes
Equity assets	No significant change
Fixed assets	No significant change
Intangible assets	No significant change
Construction in progress	No significant change
Bank balances and cash	Closing balance is RMB377,313,364.33 and opening balance is RMB156,392,543.65, representing an increase of 141.26%, mainly due to increase in sales receipts as a result of business volume growth and proceeds received from issue of shares by the company.
Bills receivables	Closing balance is RMB184,867,998.29 and opening balance is RMB139,407,278.73, representing an increase of 32.61%, mainly due to increase in bills receivables for the settlement of trade receivables during the period.
Prepayments	Closing balance is RMB16,922,424.16 and opening balance is RMB26,367,001.81, representing a decrease of 35.82%, mainly due to decrease in the company's prepayment for materials.
Other receivables	Closing balance is RMB2,168,829.52 and opening balance is RMB5,747,943.22, representing a decrease of 62.27%, mainly due to recognition by the company of the prepaid offering expenses of the IPO.
Other current assets	Closing balance is RMB20,987,058.57 and opening balance is RMB14,972,694.94, representing an increase of 40.17%, mainly due to increase in prepaid deductible valued-added tax credit.

APPENDIX IV
YEAR-ON-YEAR CHANGES IN PRINCIPAL FINANCIAL DATA

Unit: RMB (Yuan)

	Current reporting period	Corresponding reporting period of last year	Year-on-year increase/decrease	Reasons for changes
Revenue	653,517,491.79	616,734,629.68	5.96%	Mainly due to sustainable stable growth of the company's main business.
Cost of sales	315,829,320.02	313,184,798.08	0.84%	No significant change.
Selling expenses	150,328,323.39	137,290,691.35	9.50%	Mainly due to increase in market development efforts.
Administrative expenses	25,199,200.63	18,636,164.29	35.22%	Mainly due to payments for the listing ceremony expenses and wages of the company and increase in depreciation expenses.
Finance cost	-330,598.42	-1,749,485.16	-81.10%	Mainly due to exchange gains or losses arising from fluctuations in exchange rates.
Income tax expenses	33,206,069.75	26,562,878.23	25.01%	Mainly due to increase in the company's total profits.
Research and development expenses	5,661,320.03	5,036,356.41	12.41%	Mainly due to increase in research and development efforts by the company.
Net cash flows arising from operating activities	134,408,411.13	61,309,860.37	119.23%	Mainly due to business volume growth, increase in sales income and sales receipts.
Net cash flows arising from investment activities	-1,035,720,902.54	-8,511,147.93	-12,068.99%	Mainly due to company's cash management with temporary idle proceeds.
Net cash flows arising from financing activities	1,120,444,517.71	-26,072,862.68	4,397.36%	Mainly due to proceeds received from the initial offering of shares of the company.
Net increase in cash and cash equivalents	220,279,820.68	28,251,893.61	679.70%	Mainly due to company's business volume growth, sales receipts increase and proceeds received from the offering of shares of the company.

APPENDIX V
SIGNIFICANT CHANGES IN ASSETS COMPONENTS

Unit: RMB (Yuan)

	End of current reporting period		End of corresponding reporting period of last year		Increase/ decrease in proportion	Description of significant changes
	Amount	Proportion to total assets	Amount	Proportion to total assets		
Bank balances and cash	377,313,364.33	14.21%	156,392,543.65	11.24%	2.97%	Mainly due to company's business volume growth, sales receipts increase and proceeds received from the offering of shares of the company.
Trade receivables	185,636,613.22	6.99%	188,793,068.18	13.57%	-6.58%	Due to increase in receipts by the company.
Inventories	124,154,432.92	4.68%	129,239,395.13	9.29%	-4.61%	Due to decrease in inventories as a result of sales increase of the company.
Fixed assets	518,830,617.74	19.54%	536,453,818.13	38.57%	-19.03%	No significant change in the company's fixed assets, the decrease in the carrying value of fixed assets as compared with the beginning of current period is due to depreciation for the current period.
Construction in progress	138,506,692.13	5.22%	108,930,725.47	7.83%	-2.61%	Due to investment in construction projects of the company.
Short-term borrowings	0.00	0.00%	20,589,600.00	1.48%	-1.48%	Due to repayment of bank loans of the company.

* For identification purposes only

APPENDIX VI
GENERAL USAGE OF PROCEEDS

Unit: RMB (Ten Thousand Yuan)

Total proceeds	122,350.00
Total proceeds invested during the reporting period	1,641.22
Total cumulative proceeds invested	6,690.12
Total proceeds involved in change of use during the reporting period	0.00
Total cumulative proceeds involved in change of use	0.00
Proportion of total cumulative proceeds involved in change of use	0.00%

Description of usage of proceeds

Pursuant to the “Approval of the Initial Public Offering of CSPC Innovation Pharmaceutical Co., Ltd.” (ZhengJianXuKe [2019] No.288) granted by the China Securities Regulatory Commission and the “Notice of the Listing of RMB Ordinary Shares of CSPC Innovation Pharmaceutical Co., Ltd. on ChiNext” (ShenZhengShang [2019] No.133) issued by the Shenzhen Stock Exchange, dealings in the RMB ordinary shares issued by the Company by public offering on the ChiNext of the Shenzhen Stock Exchange has commenced on 22 March 2019. The Company issued 50,000,000 ordinary shares in RMB (A shares) at an offer price of RMB24.47 per share at the initial public offering. Total proceeds of RMB1,223,500,000.00 were raised. After deducting offering expenses of RMB81,090,790.53, net proceeds of RMB1,142,409,209.47 were received. The proceeds were credited to the Company’s designated proceeds account on 19 March 2019.

During the reporting period, the Company replaced the self-raised funds of RMB59,566,620.46 for the investment projects financed by the proceeds which have been invested earlier, replaced the self-raised funds of RMB4,200,754.71 for the offering expenses paid, invested RMB7,334,604.13 in investment projects financed by the proceeds directly, paid offering expenses of RMB3,132,752.09, applied unutilized proceeds of RMB1,034,000,000.00 cumulatively to purchase wealth management products, paid bank charge of RMB462.04, received RMB34,000,000.00 upon maturity of wealth management products purchased, received RMB692,231.64 of investment gain on wealth management products and interest income. As at 30 June 2019, the closing balance in the proceeds account was RMB78,685,738.21 after deducting temporary idle proceeds of RMB1,000,000,000.00 used for purchasing wealth management products.