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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 FINANCIAL INFORMATION OF CSPC INNOVATION PHARMACEUTICAL CO., LTD. FOR THE YEAR ENDED 31 DECEMBER 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).

CSPC Innovation Pharmaceutical Co., Ltd. (“**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 has published its 2019 Annual Report (“**Annual Report**”) for the year ended 31 December 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 financial information of CSPC XNW prepared in accordance with the PRC Accounting Standard for Business Enterprises for the year ended 31 December 2019.

Please note that the information in the Appendices is an extract of the Annual Report 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, 23 March 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. 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.

APPENDIX I
PRINCIPAL ACCOUNTING DATA AND FINANCIAL INDICATORS

(1) PRINCIPAL ACCOUNTING DATA AND FINANCIAL INDICATORS FOR THE RECENT THREE YEARS

Unit: RMB (Yuan)

	2019	2018	Increase/decrease compared with the last year	2017
Revenue	1,256,502,359.88	1,240,098,691.33	1.32%	1,031,180,965.24
Net profit attributable to listed company's shareholders	273,197,126.61	223,840,143.77	22.05%	194,911,146.21
Net profit attributable to listed company's shareholders less the non-recurring gain/loss	238,465,715.95	212,837,369.00	12.04%	190,433,815.92
Net cash flows arising from operating activities	315,384,186.07	159,727,619.61	97.45%	1,300,210.39
Basic earnings per share (RMB/share)	1.46	1.49	-2.01%	1.30
Diluted earnings per share (RMB/share)	1.46	1.49	-2.01%	1.30
Weighted average return on net assets	13.77%	25.47%	-11.70%	29.11%
	End of 2019	End of 2018	Increase/decrease compared with the end of last year	End of 2017
Total assets	2,852,373,126.14	1,390,799,205.46	105.09%	1,129,087,794.96
Net assets attributable to listed company's shareholders	2,406,399,708.49	990,767,205.16	142.88%	766,927,061.39

(2) PRINCIPAL FINANCIAL INDICATORS BY QUARTER

Unit: RMB (Yuan)

	First quarter	Second quarter	Third quarter	Fourth quarter
Revenue	342,142,371.00	311,375,120.79	306,636,080.35	296,348,787.74
Net profit attributable to listed company's shareholders	56,448,565.23	80,539,550.93	76,333,198.72	59,875,811.73
Net profit attributable to listed company's shareholders less the non-recurring items	55,501,242.14	63,673,843.94	68,616,047.98	50,674,581.89
Net cash flows arising from operating activities	54,142,711.42	80,265,699.71	54,110,219.11	126,865,555.83

APPENDIX II
NON-RECURRING GAIN/LOSS ITEMS AND AMOUNTS

Unit: RMB (Yuan)

Items	Amounts in 2019	Amounts in 2018	Amounts in 2017	Description
Gain/loss from disposal of non-current assets (including the part offset with the provision for impairment of assets)	-1,993,792.46	-299,607.08	-1,932,873.84	
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)	23,815,570.94	14,521,070.87	7,889,870.88	
Gain/loss from entrusted investments or assets management	21,808,271.60			
Non-operating income and expenses other than the above items	71,723.10	1,145,461.02	71,693.50	
<i>Less:</i> Impact of income tax	8,910,323.87	3,724,199.83	1,551,360.25	
Impact of minority interests (after tax)	60,038.65	639,950.21		
Total	34,731,410.66	11,002,774.77	4,477,330.29	—

APPENDIX III
SIGNIFICANT CHANGES IN ASSETS

Unit: RMB (Yuan)

	End of 2019		Beginning of 2019		Increase/ decrease in proportion	Description on significant changes
	Amounts	Proportion to total assets	Amounts	Proportion to total assets		
Bank balances and cash	475,141,505.60	16.66%	156,392,543.65	11.24%	5.42%	
Trade receivables	173,137,587.78	6.07%	188,793,068.18	13.57%	-7.50%	
Inventories	124,230,507.28	4.36%	129,239,395.13	9.29%	-4.93%	
Investment properties	0.00	0%	0.00	0.00%	0.00%	
Long-term equity investments	156,285,100.38	5.48%	0.00	0.00%	5.48%	
Fixed assets	570,035,933.22	19.98%	536,453,818.13	38.57%	-18.59%	Mainly due to increase in total assets as a result of proceeds received from the offering of shares of the company
Construction in progress	108,134,496.09	3.79%	108,930,725.47	7.83%	-4.04%	
Short-term borrowings	0.00	0%	20,589,600.00	1.48%	-1.48%	
Financial assets held for trading	960,086,125.04	33.66%	0.00	0.00%	33.66%	Mainly due to company's cash management with temporary idle proceeds

APPENDIX IV
GENERAL USAGE OF PROCEEDS

Unit: RMB (Ten Thousand Yuan)

Raising year	Raising method	Total proceeds	Total proceeds used during the current period	Total cumulative proceeds used	Total proceeds involved in change of use during the reporting period	Total cumulative proceeds involved in change of use	Proportion of total cumulative proceeds involved in change of use	Total unused proceeds	Uses and whereabouts of unused proceeds	Amount of proceeds idle for more than two years
2019	Initial public offering	114,240.92	9,457.43	9,457.43	0	0	0.00%	107,731.74	apart from the idle proceeds of RMB956,000,000 used for purchasing wealth management products, the remaining unused proceeds of the company were deposited in the company's designated proceeds account	0
Total	—	114,240.92	9,457.43	9,457.43	0	0	0.00%	107,731.74	—	0

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 underwriting and sponsorship fees of RMB71,271,300.00 by the sponsor (the lead underwriter), Essence Securities Co., Ltd., RMB1,152,228,700.00 was credited to the Company’s designated proceeds account on 19 March 2019. After further deducting auditing and capital verification fees, legal expenses, information disclosure fees and handling fees for offering of RMB9,819,490.53 in total, the net proceeds were RMB1,142,409,209.47. 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 RMB25,267,208.87 in investment projects financed by the proceeds directly, paid offering expenses of RMB5,538,412.47, applied unutilized proceeds of RMB2,392,000,000.00 cumulatively to purchase wealth management products, paid bank charge of RMB1,343.25, received RMB1,436,000,000.00 upon maturity of wealth management products purchased, received RMB19,663,079.35 of investment gain on wealth management products and interest income.