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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 THREE MONTHS ENDED 31 MARCH 2020

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 published its 2020 First Quarterly Report for the three months ended 31 March 2020 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 three months ended 31 March 2020.

Please note that the information in the Appendices is an extract of the unaudited financial statements prepared 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, 27 April 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

Unit: RMB (Yuan)

	Current reporting period	Corresponding reporting period of last year	Increase/decrease compared with the corresponding reporting period of last year
Revenue	355,609,758.11	342,142,371.00	3.94%
Net profit attributable to listed company's shareholders	73,080,413.05	56,448,565.23	29.46%
Net profit attributable to listed company's shareholders less the non-recurring gain/ loss	63,653,543.42	55,501,242.14	14.69%
Net cash flows arising from operating activities	95,461,023.85	54,142,711.42	76.31%
Basic earnings per share (RMB/share)	0.3654	0.3763	-2.90%
Diluted earnings per share (RMB/share)	0.3654	0.3763	-2.90%
Weighted average return on net assets	2.99%	5.54%	-2.55%
	End of the current reporting period	End of last year	Increase/decrease compared with the end of last year
Total assets	2,917,822,118.98	2,852,373,126.14	2.29%
Net assets attributable to listed company's shareholders	2,479,437,146.82	2,406,399,708.49	3.04%

APPENDIX II

NON-RECURRING GAIN/LOSS ITEMS AND AMOUNTS

Unit: RMB (Yuan)

Items	Amount from the beginning of the year to end of current reporting period	Notes
Gain/loss from disposal of non-current assets (including the part offset with the provision for impairment of assets)	-83,778.85	
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)	3,709,067.71	
Gain/loss from entrusted investments or assets management	7,871,296.29	
Non-operating income and expenses other than the above items	-359,683.63	
<i>Less:</i> Impact of income tax	1,769,324.49	
Impact of minority interests (after tax)	-59,292.60	
Total	9,426,869.63	—

APPENDIX III

DETAILS AND REASONS FOR SIGNIFICANT CHANGES IN MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

1. Consolidated Balance Sheet Items

Unit: RMB (Yuan)

Items	End of the reporting period (RMB)	Beginning of the reporting period (RMB)	Percentage change	Analysis on the reasons for changes
Bank balances and cash	1,202,507,513.21	475,141,505.60	153.08%	Mainly due to the redemption of structured deposits upon maturity which were purchased by the Company with idle proceeds
Financial assets held for trading	270,876,952.17	960,086,125.04	-71.79%	Mainly due to the redemption of structured deposits upon maturity which were purchased by the Company with idle proceeds
Other non-current assets	23,615,847.40	6,986,665.51	238.01%	Mainly due to the increase of prepayment for construction projects
Bill payables	4,459,216.70	12,488,451.38	-64.29%	Mainly due to the discharge of bill payables upon maturity at the beginning of the year
Receipts in advance	55,462,195.38	24,218,746.60	129.01%	Mainly due to the sales receipts in advance received by the company at the end of the period have increased compared with the beginning of the period, and the sales have not yet been realized.
Deferred tax liabilities	127,428.27	646,331.73	-80.28%	Mainly due to the changes in fair value of the company's financial assets held for trading from the end of last year.
Other comprehensive income	-62,098.25	26,167.25	-337.31%	Mainly due to the differences arising from the translation of financial statements in foreign currencies

APPENDIX III

DETAILS AND REASONS FOR SIGNIFICANT CHANGES IN MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

2. Consolidated Income Statement Items

Unit: RMB (Yuan)

Items	Current reporting period	Corresponding reporting period of last year	Percentage change	Analysis on the reasons for changes
Finance expenses	-3,897,542.76	4,217,438.23	-192.41%	Mainly due to the increase in exchange gains and the decrease in interest expenses during the current period.
Credit impairment loss	-1,360,715.99	-172,565.25	688.52%	Mainly due to increase in account receivables in current period which increase the provisions for bad debts
Other income	709,067.71	1,176,067.72	-39.71%	Mainly due to changes in government grants related to other income.
Non-operating income	3,067,585.33	59,055.35	5,094.42%	Mainly due to receipt of government grants
Non-operating expenses	511,047.81	—	100%	Mainly due to charitable donations

APPENDIX III

DETAILS AND REASONS FOR SIGNIFICANT CHANGES IN MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

3. Consolidated Cash Flow Statement Items

Unit: RMB (Yuan)

Items	Current reporting period	Corresponding reporting period of last year	Percentage change	Analysis on the reasons for changes
Net cash flows generated from operating activities	95,461,023.85	54,142,711.42	76.31%	Mainly due to increase in revenues and sales receipts as a result of increase in business volume
Net cash flows generated from investment activities	631,883,600.08	-12,694,348.70	5,077.68%	Mainly due to the redemption of structured deposits upon maturity which were purchased by the Company with idle proceeds
Net cash flows generated from financing activities	—	1,141,653,207.82	-100.00%	Mainly due to the proceeds from the issue of shares by the Company in March 2019