

CSPC Pharmaceutical Announces 2016 Annual Results

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Profit attributable to shareholders increased 26.2% to HK\$2,101 million

Innovative Drug Business Maintained Strong Growth Momentum

Common Generic Drug Business Continued to Deliver Stable Growth

Bulk Drug Business Maintained Leading Position in the Industry

HONG KONG, 20 March 2017 – **CSPC Pharmaceutical Group Limited** (HKEx: 1093) (“CSPC Pharmaceutical” or the “Group”), a leading pharmaceutical company in China, is pleased to announce its annual results for the year ended 31 December 2016 (the “Year”). During the Year, the Group recorded sales of approximately HK\$12,369 million, representing an increase of 8.6% (or increase of 15.3% on a constant currency basis) over the previous year. Profit attributable to shareholders was approximately HK\$2,101 million, up 26.2% (or up 34.0% on a constant currency basis) year-on-year. The Board recommends the payment of a final dividend of HK12 cents per share.

During the Year, the Group’s innovative drug business continued its robust growth, with further expansion of its market share and a stronger presence and coverage in the high-end market. With continuous efforts in academic-based promotion, the innovative drug business maintained a rapid growth in sales. Sales from this segment reached approximately HK\$4,774 million during the Year, representing a growth of 26.4% (or growth of 34.3% on a constant currency basis) year-on-year.

In respect of common generic drug business, the Group further enriched its common generic drug portfolio. The Group will continue to fully make use of the strength of its sales and marketing team and distribution channels with the goal of developing strategic products for the low-tier market, capturing the opportunities in the Chinese medicine and pediatric drug markets as well as the expanding low-tier market. Existing Chinese medicine soft capsule product series, high-end antibiotics, health supplement products and products for chronic diseases have achieved sound growth during the Year. Overall, the common generic drugs business continued to deliver stable growth in 2016, generating sales of approximately HK\$4,193 million, representing an increase of 4.3% (or increase of 10.8% on a constant currency basis) year-on-year.

As to bulk drug business, the antibiotics business recorded a significant deterioration in the business performance during the Year, mainly due to sluggish market demand and increasing market supply causing prices of antibiotic products to decline. The Group has implemented a number of measures such as technology upgrades, management reinforcement, energy saving and consumption reduction, in order to reduce its production costs during the Year. For vitamin C business, the Group focused on market development and production technology upgrade during the Year, achieving an increase in sales volume and a continued decrease in production costs. Overcapacity of the vitamin C market still lingered, yet the product price, which has hit the bottom, rebounded after years of continual volatility. The vitamin C business successfully

turned around from loss-making to profit-making in 2016. For caffeine business, the market demand for caffeine remained stable while product prices recorded a slight increase. The Group also succeeded in increasing market share and lowering production costs for the caffeine business during the Year. The overall caffeine business performance has further improved.

Currently, the Group has over 170 products under research and development. Among these products, 15 are Class I new drugs and 50 are Class III new drugs. During the Year, the Group has submitted clinical trial applications for 2 drugs and production applications for 4 drugs to the China Food and Drug Administration ("CFDA"), and had obtained 5 production approvals and 55 clinical trial approvals in China.

At present, the Group has 28 products pending for production approval by the CFDA and 20 products undergoing bioequivalence study or clinical trial (including 9 Class I new drugs).

With regard to the Abbreviated New Drug Application ("ANDA") in the U.S., the Group has submitted applications for 4 drugs and obtained approvals for 3 drugs during the Year. Currently, the Group has a total of 7 drugs with the ANDA application submitted and a total of 16 drugs in the research phase.

Meanwhile, phase II clinical trial of "butylphthalide soft capsules" in the U.S. is in the stage of selecting clinical centers to conduct the clinical research. It is expected that subjects will be enrolled for the phase II clinical trial in the first half of 2017. The Investigational New Drug ("IND") application for "mitoxantrone hydrochloride liposome injection" in the U.S. has also been approved by the U.S. FDA to commence clinical trials during the Year. At present, the protocol for clinical trial has passed the ethical evaluation and has started subject screening.

The Group also proactively explored cooperation opportunities with overseas pharmaceutical enterprises. During the Year, the Group entered into agreements with four foreign pharmaceutical companies in relation to product technology licensing and commercialization of the Group's drugs in the overseas market. According to these agreements, the Group is entitled to receive milestone payments in line with the progress of the products' application and future sales performance, and a share of sales or profit after product launch.

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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. CSPC Pharmaceutical is a leading player of innovative and generic drugs in China. Blockbuster innovative products include "NBP" series, "Oulaining" series, "Xuanning" series, "Duomeisu" and "Jinyouli". CSPC Pharmaceutical is also a major manufacturer of bulk drugs, with principal products that include vitamin C, antibiotics and caffeine. The production facilities of CSPC Pharmaceutical are mainly located in Shijiazhuang City, Hebei Province, China. For more information, please visit its website at <http://www.cspc.com.hk>.