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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

PRINCIPAL FINANCIAL INFORMATION OF CSPC INNOVATION PHARMACEUTICAL CO., LTD. FOR THE THIRD QUARTER OF 2022

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. (石藥集團新諾威製藥股份有限公司) (“**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 2022 Third Quarter Report 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 third quarter of 2022.

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, 25 October 2022

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; and Mr. WANG Bo, Mr. CHEN Chuan, Prof. WANG Hongguang, Mr. AU Chun Kwok Alan and Mr. LAW Cheuk Kin Stephen as independent non-executive directors.

APPENDIX I
PRINCIPAL ACCOUNTING DATA AND FINANCIAL INDICATORS

Unit: RMB

	Current reporting period	Increase/decrease compared with the corresponding reporting period of last year	From beginning of the year to end of current reporting period	Increase/decrease compared with the corresponding period of last year
Revenue (Yuan)	509,649,615.05	49.38%	1,549,054,171.39	47.72%
Net profit attributable to listed company's shareholders (Yuan)	160,244,702.61	97.89%	462,615,729.89	89.25%
Net profit attributable to listed company's shareholders less the non-recurring gain/loss (Yuan)	156,566,108.62	101.36%	458,300,452.87	96.84%
Net cash flows from operating activities (Yuan)	-	-	389,570,962.56	129.17%
Basic earnings per share (Yuan/share)	0.2935	97.91%	0.8473	89.26%
Diluted earnings per share (Yuan/share)	0.2935	97.91%	0.8473	89.26%
Weighted average return on net assets	5.05%	2.20%	14.66%	5.86%
	End of the current reporting period	End of last year	Increase/decrease compared with the end of last year	
Total assets (Yuan)	3,670,308,342.42	3,225,776,209.68	13.78%	
Equity attributable to listed company's shareholders (Yuan)	3,334,607,649.33	2,952,078,874.74	12.96%	

APPENDIX II
NON-RECURRING GAIN/LOSS ITEMS AND AMOUNTS

Unit: RMB (Yuan)

Items	Amount for current reporting period	Amount from the beginning of the year to end of current reporting period	Description
Gain/loss from disposal of non-current assets (including the part offset with the provision for impairment of assets)	223,668.85	-3,623,862.23	
Government grants recognised in profit or loss of current period (excluding those closely related to the company's normal operating business and continuously granted according to certain quota of amount or volume under national policies)	1,351,655.17	2,889,043.58	
Profit and loss on entrusted investment or asset management	2,720,727.21	5,621,892.80	
Non-operating income and expenses other than the above items	137,272.02	486,492.23	
Less: Impact of income tax	754,729.26	1,058,357.14	
Impact of minority interests (after tax)	0.00	-67.78	
Total	3,678,593.99	4,315,277.02	-

APPENDIX III
CHANGES IN PRINCIPAL ACCOUNTING DATA AND FINANCIAL
INDICATORS AND REASONS FOR CHANGES

1. Key Consolidated Balance Sheet Items

Unit: RMB (Yuan)

Items	30 September 2022	1 January 2022	Year-on-year increase/ decrease	Reasons for changes
Bank balances and cash	1,610,321,780.87	1,231,863,277.33	30.72%	Mainly due to the growth in business of the company, increase in sales receipts and redemption of structured deposits upon maturity during the reporting period.
Trade receivables	423,170,870.57	269,787,693.48	56.85%	Mainly due to the increase in the price of the company's caffeine products during the reporting period as compared to the fourth quarter last year, resulting in an increase in the trade receivables of caffeine products at the end of the reporting period.
Prepayments	43,872,895.58	15,802,254.00	177.64%	Mainly due to the increase in the prepayment for materials and energy charges of the company's caffeine products at the end of the reporting period.
Other current assets	13,326,288.23	26,985,553.28	-50.62%	Mainly due to the decrease in deductible input value-added tax of the company at the end of the reporting period.
Construction in progress	170,486,103.50	128,676,240.34	32.49%	Mainly due to the increase in construction projects of the company during the reporting period.
Deferred income tax assets	17,279,913.53	11,834,518.27	46.01%	Mainly due to the increase in temporary differences arising from the unrealized gains and losses of internal sales on consolidation of the company during the reporting period.
Contract liabilities	24,230,966.17	17,909,145.81	35.30%	Mainly due to the increase in receipts in advance of the company's caffeine products during the reporting period.
Tax payables	33,949,870.60	17,870,058.86	89.98%	Mainly due to the increase in income tax and value-added tax payables at the end of the reporting period.
Other payables	151,565,089.82	104,443,305.11	45.12%	Mainly due to the increase in the company's construction payables as a result of the increase in construction in progress of the company.

2. Consolidated Income Statement Items from Beginning of the Year to End of the Reporting Period

Unit: RMB (Yuan)

Items	January-September 2022	January-September 2021	Year-on-year increase/decrease	Reasons for changes
Revenue	1,549,054,171.39	1,048,618,549.78	47.72%	Mainly due to the substantial increase in the sales price and the increase in the sales volume of the company's caffeine products during the reporting period as compared to the corresponding period last year, resulting in a significant increase in the company's revenue from the sales of caffeine products.
Cost of sales	813,394,409.83	515,503,046.37	57.79%	Mainly due to the increase in production costs as a result of the increase in upstream raw material prices for caffeine products during the reporting period.
Research and development expenses	21,312,407.31	11,907,685.12	78.98%	Mainly due to the company's increased investment in research and development during the reporting period.
Finance costs	-67,125,894.61	-19,298,850.86	-247.82%	Mainly due to the increase in foreign exchange gain as a result of the depreciation of Renminbi during the reporting period.
Other income	2,825,047.44	4,683,978.24	-39.69%	Mainly due to decrease in government grants received by the company during the reporting period.
Gain from change in fair value	1,283,541.67	2,190,104.83	-41.39%	Mainly due to the decrease in income not yet due resulting from the decrease in the amount of structured deposits purchased by the company using proceeds raised during the reporting period as compared to the corresponding reporting period of last year.
Credit impairment loss	-7,669,781.59	-3,246,466.41	136.25%	Mainly due to the increase in the provision for bad debts resulting from the increase in the balance of trade receivables of the company during the reporting period.
Non-operating income	2,807,681.90	939,377.19	198.89%	Mainly due to the company's disposal of scrapped fixed assets during the reporting period.
Non-operating expenses	6,084,534.04	1,714,060.53	254.98%	Mainly due to the company's scrapping of fixed assets during the reporting period.
Income tax expenses	86,434,557.34	54,444,791.29	58.76%	Mainly due to the increase in the company's total profits during the reporting period as compared to the corresponding period of the previous year.
Net profit	462,936,325.29	244,267,982.52	89.52%	Mainly due to the increase in the company's overall profitability resulting from the substantial increase in performance of the company's caffeine products during the reporting period.

3. Consolidated Cash Flow Statement Items from Beginning of the Year to End of the Reporting Period

Unit: RMB (Yuan)

Items	January-September 2022	January-September 2021	Year-on-year increase/decrease	Reasons for changes
Net cash flows from operating activities	389,570,962.56	169,991,542.05	129.17%	Mainly due to the increase in cash received from the sale of goods and provision of services as a result of the increase in sales prices of the company's caffeine products during the reporting period.
Net cash flows from investing activities	50,868,932.21	84,487,880.51	-39.79%	Mainly due to the amount received from the disposal of subsidiaries in the corresponding period of the previous year, resulting in a less amount of "sub-total of cash inflow from investing activities" during the reporting period as compared to the corresponding period of last year.
Net cash flows from financing activities	-82,547,958.72	-42,647,958.72	93.56%	Mainly due to the increase in the amount of cash dividends paid by the company during the reporting period as compared to the corresponding period of the previous year.
Effect of changes in exchange rates on cash and cash equivalents	20,566,567.49	-1,517,739.05	1,455.08%	Mainly due to the depreciation of Renminbi against US dollars during the reporting period.
Net increase in cash and cash equivalents	378,458,503.54	210,313,724.79	79.95%	Mainly due to the increase in net cash flows from operating activities during the reporting period as compared to the previous year.