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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 NINE MONTHS ENDED 30 SEPTEMBER 2023

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 2023 Third Quarterly Report for the nine months ended 30 September 2023 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 nine months ended 30 September 2023.

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, 25 October 2023

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, Mr. LAW Cheuk Kin Stephen and Ms. LI Quan as independent non-executive directors.

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)	-1,918,460.14	-1,856,843.16	
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)	1,770,200.35	9,116,941.22	
Non-operating income and expenses other than the above items	1,650,925.00	2,087,385.72	
Less: Impact of income tax	493,797.06	1,762,110.45	
Total	1,008,868.15	7,585,373.33	-

APPENDIX III

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

1. MAJOR ITEMS ON CONSOLIDATED BALANCE SHEET

Unit: RMB (Yuan)

Items	30 September 2023	1 January 2023	Year-on-year increase/ decrease	Reasons for changes
Bank balances and cash	3,166,277,411.09	2,195,684,427.95	44.20%	Mainly due to the increase in the company's bank balances and cash received from the sale of goods and the proceeds received from fund raising by the company.
Bill receivables	64,355,458.33	121,302,676.18	-46.95%	Mainly due to the decrease in bills receivable arising from sales receipts of the company's products during the reporting period.
Other current assets	7,105,795.08	18,892,678.06	-62.39%	Mainly due to the decrease in deductible input value-added tax of the company at the end of the reporting period.
Other non-current assets	9,257,103.68	15,902,937.43	-41.79%	Mainly due to the decrease in the company's prepayment for construction projects during the reporting period.
Trade payables	82,818,747.75	158,749,762.06	-47.83%	Mainly due to the decrease in trade payables as a result of the decrease in upstream raw material prices for the company's caffeine products during the reporting period.
Contract liabilities	20,969,830.90	68,259,661.19	-69.28%	Mainly due to the decrease in receipts in advance of the company during the reporting period.
Long-term borrowings	-	19,800,000.00	-100.00%	Mainly due to the repayment of bank borrowing of the company during the reporting period.
Share capital	1,170,742,154.00	618,926,162.00	89.16%	Mainly due to the conversion of capital reserve into share capital of the company during the reporting period.

2. CONSOLIDATED INCOME STATEMENT ITEMS FROM BEGINNING OF THE YEAR TO END OF THE REPORTING PERIOD

Unit: RMB (Yuan)

Items	January-September 2023	January-September 2022	Year-on-year increase/decrease	Reasons for changes
Tax and surcharge	22,265,501.75	14,345,138.14	55.21%	Mainly due to the increase in taxes such as city construction tax of the company during the reporting period.
Other income	5,876,144.01	2,825,047.44	108.00%	Mainly due to increase in government grants received by the company during the reporting period.
Investment income	1,812,278.42	5,172,837.67	-64.97%	Mainly due to fact that the company did not utilise proceeds received from fund raising to purchase structured deposits during the reporting period, resulting in the decrease in gain on investment due.
Gain from change in fair value	-	1,283,541.67	-100.00%	Mainly due to fact that the company did not utilise proceeds received from fund raising to purchase structured deposits during the reporting period, resulting in the decrease in income not yet due.
Credit impairment loss	1,832,341.99	-7,669,781.59	N/A	Mainly due to the reversal of the provision for bad debts resulting from the decrease in the balance of trade receivables of the company during the reporting period.
Non-operating expenses	2,236,494.27	6,087,280.01	-63.26%	Mainly due to the decrease in the company's scrapping of fixed assets 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 2023	January-September 2022	Percentage increase/decrease	Reasons for changes
Net cash flows from operating activities	676,946,034.19	459,636,551.54	47.28%	Mainly due to the decrease in cash payment for purchase of goods and receipt of labour services as a result of the decrease in upstream raw material prices for the company's caffeine products during the reporting period.
Net cash flows from investing activities	-88,203,831.76	-22,591,132.07	290.44%	Mainly due to the changes in "cash received from investment" and "cash paid for investment" since the company did not purchase structured deposits during the reporting period.
Net cash flows from financing activities	369,614,031.82	-63,283,550.31	N/A	Mainly due to proceeds received from fund raising by the company during the reporting period.
Net increase in cash and cash equivalents	967,326,136.01	394,942,205.54	144.93%	Mainly due to the increase in net cash flows from financing activities during the reporting period as compared to the previous year.