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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 2021

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 2021 Third Quarterly 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 2021.

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, 22 October 2021

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

Currency: RMB

	Current reporting period	Increase/decrease compared with \ corresponding reporting period of last year	From beginning of the year to end of current reporting period	Increase/decrease compared with corresponding period of last year
Revenue (Yuan)	341,185,765.18	-1.29%	1,048,618,549.78	1.52%
Net profit attributable to listed company's shareholders (Yuan)	80,978,666.20	4.22%	244,449,045.18	4.95%
Net profit attributable to listed company's shareholders after deduction of non-recurring items (Yuan)	77,752,688.84	9.59%	232,834,224,.10	4.01%
Net cash flows from operating activities (Yuan)	-	-	169,991,542.05	-36.81
Basic earnings per share (Yuan/share)	0.1483	4.22%	0.4477	-4.95%
Diluted earnings per share (Yuan/share)	0.1483	4.22%	0.4477	-4.95%
Weighted average return on net assets	2.85%	-0.14%	8.80%	-1.41%
	End of current reporting period	End of last year	Increase/decrease compared with the end of last year	
Total assets (Yuan)	3,127,645,936.40	2,954,902,756.59	5.85%	
Net assets attributable to listed company's shareholders (Yuan)	2,880,098,554.44	2,678,111,938.23	7.54%	

APPENDIX II
NON-RECURRING GAIN/LOSS ITEMS AND AMOUNTS

Unit: RMB (Yuan)

Items	Amount for current reporting period	Amount from 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)	69,891.52	-263,153.80	
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 standard quota of amount or volume under the national policies)	2,145,605.41	5,275,414.18	
Profit/loss from the change in fair value of financial assets and financial liabilities held for trading, and investment income from the disposal of financial assets and financial liabilities held for trading and financial assets held for sale except for those relating to the hedging transactions under the company's normal operating business	2,241,438.16	6,665,834.08	
Non-operating income and expenses other than the above items	84,726.80	-929,844.11	
Other gain/loss items consistent with the definition of non-recurring gain/loss		3,380,349.16	
Less: Impact of income tax	1,315,605.52	2,519,491.52	
Impact of minority interests (after tax)	79.01	-5,713.09	
Total	3,225,977.36	11,614,821.08	

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 2021	31 December 2020	Percentage change	Analysis on the reasons for changes
Trade receivables	207,095,303.01	146,270,977.17	41.58%	Mainly due to the relatively better receipts in the fourth quarter of last year, the balance of trade receivables was lower at the end of last year, trade receivables at the end of the reporting period compared to the end of the corresponding period of last year is basically stable.
Prepayments	19,636,815.39	9,572,041.39	105.15%	Mainly due to increase in the cost of main raw materials such as cyanoacetic acid and acetic anhydride, resulting in increase in prepayment amount.
Inventories	173,761,615.34	110,998,816.18	56.54%	Mainly due to increase in the stock of inventories of overseas subsidiaries and increase in raw material prices affecting the inventory amount of raw materials.
Contract liabilities	8,927,263.64	25,270,340.67	-64.67%	Mainly due to decrease in prepayments during the current reporting period.
Tax payables	17,294,364.58	11,217,534.75	54.17%	Mainly due to increase in income tax and value-add tax payables at the end of the reporting period.
Other current liabilities	745,223.44	3,022,485.75	-75.34%	Mainly due to the change in the amount of pending output value-added tax resulting from the change in contract liabilities.

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

Unit: RMB (Yuan)

Items	January-September 2021	January-September 2020	Percentage change	Analysis on the reasons for changes
Tax and surcharge	9,738,800.88	14,430,448.75	-32.51%	Mainly due to decrease in value-add tax payment during the current period as compared to corresponding period of last year, resulting in year-on-year decrease in tax and surcharge.
Research and development cost	11,907,685.12	8,312,189.41	43.26%	Mainly due to increase in research and development investment during the current reporting period.
Finance cost	-19,298,850.86	4,014,258.25	-580.76%	Mainly due to increase in interest income during the current reporting period.
Other income	4,683,978.24	13,560,059.63	-65.46%	Mainly due to decrease in government subsidies during the current reporting period.
Investment income	7,778,876.01	15,533,063.35	-49.92%	Mainly due to the decrease in gain on investment due resulting from the decrease in the amount of structured deposits purchased using proceeds as compared to the corresponding reporting period of last year.
Profit from change in fair value	2,190,104.83	10,116,913.52	-78.35%	Mainly due to the decrease in the gain on structured deposits not yet due resulting from the decrease in the amount of structured deposits purchased using proceeds during the current reporting period as compared to the corresponding reporting period of last year.
Credit impairment loss	-3,246,466.41	-1,208,488.57	-168.64%	Mainly due to the increase in the provision for bad debts resulting from the increase in the balance of trade receivables during the current reporting period.
Non-operating income	939,377.19	6,473,665.09	-85.49%	Mainly due to listing awards of RMB6 million received during corresponding period of last year, resulting in a larger amount of non-operating income during the corresponding reporting period of last year.

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

Unit: RMB (Yuan)

Items	January-September 2021	January-September 2020	Percentage change	Analysis on the reasons for changes
Net cash flows from operating activities	169,991,542.05	269,027,400.04	-36.81%	Mainly due to the increase in the cost of raw materials, cash payment for purchase of goods and receipt of labour services during current reporting period as compared to the corresponding period of last year.
Net cash flows from investment activities	84,487,880.51	-135,084,912.96	N/A	Mainly due to increase in cash receipt from disposal of subsidiary Hebei Zhongnuo Pharmaceutical Technology Co., Ltd. during current reporting period and decrease in fixed assets investment during current reporting period.
Net cash flows from financing activities	-42,647,958.72	-28,000,000.00	-52.31%	Mainly due to increase in amount of dividend during current reporting period as compared to the corresponding period of last year.