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上海醫藥集團股份有限公司
Shanghai Pharmaceuticals Holding Co., Ltd.*

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 02607)

2021 THIRD QUARTERLY REPORT

This announcement is made pursuant to Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The following is the third quarterly report for 2021 of Shanghai Pharmaceuticals Holding Co., Ltd.*. The financial report therein is prepared in accordance with the PRC Accounting Standards for Business Enterprises and has not been audited.

By order of the Board
Shanghai Pharmaceuticals Holding Co., Ltd.*
ZHOU Jun
Chairman

Shanghai, the PRC, 30 October 2021

As at the date of this announcement, the executive directors of the Company are Mr. CHO Man, Mr. LI Yongzhong and Mr. SHEN Bo; the non-executive directors are Mr. ZHOU Jun, Mr. GE Dawei and Ms. LI An; and the independent non-executive directors are Mr. CAI Jiangnan, Mr. HONG Liang, Mr. GU Zhaoyang and Mr. Manson FOK.

* *For identification purpose only*

The board of directors of the Company and all directors warrant that there are no false representations or misleading statements or material omissions contained in this announcement, and assume joint and several legal liabilities for the truthfulness, accuracy and completeness thereof.

IMPORTANT NOTICE:

The board of directors of the Company, the board of supervisors and the directors, supervisors and senior management of the Company hereby warrant that the information contained in this quarterly report is true, accurate and complete and contains no false representations, misleading statements or material omissions and assume joint and several legal liabilities therefor.

Zhou Jun, the person in charge of the Company, Cho Man, the principal in charge of accounting, and Shen Bo, head of the accounting department (chief financial officer), hereby declare that they warrant the truthfulness, accuracy and completeness of the financial statements contained in this quarterly report.

Whether the third quarterly financial statements were audited

☐ Yes ☒ No

DEFINITIONS

In this report, unless the context otherwise requires, the following terms shall have the following meanings, and all the relevant financial information has been prepared in accordance with the requirements of the PRC Accounting Standards:

“Shanghai Pharmaceuticals”, “the Group”, “Group” or “Company”	Shanghai Pharmaceuticals Holding Co., Ltd.* (上海醫藥集團股份有限公司), a joint stock company incorporated in the PRC with limited liability (the Shares of which are listed on the Shanghai Stock Exchange with stock code 601607, and on the Main Board of Hong Kong Stock Exchange with stock code 02607) or Shanghai Pharmaceuticals Holding Co., Ltd.* and its subsidiaries, where applicable
“YOY”	year-on-year
“the PRC”	the People’s Republic of China, unless the context otherwise requires, references to the PRC or China in this report do not include Hong Kong, Macau or Taiwan
“Shares”	shares of Shanghai Pharmaceuticals with a nominal value of RMB1.00 each, comprising both A Shares and H Shares
“A Shares”	domestic shares of the Company, with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in RMB

“H Shares”	overseas shares of the Company, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SIIC”	Shanghai Industrial Investment (Holdings) Co., Ltd. (上海實業(集團)有限公司)
“Shanghai Shangshi”	Shanghai Shangshi (Group) Co., Ltd. (上海上實(集團)有限公司)
“Shanghai Pharmaceutical (Group)”	Shanghai Pharmaceutical (Group) Co., Ltd. (上海醫藥(集團)有限公司)
“Guosheng Group”	Shanghai Guosheng (Group) Co., Ltd. (上海國盛(集團)有限公司) and its wholly-owned subsidiary Shanghai Shengrui Investment Co., Ltd. (上海盛睿投資有限公司)
“Guosheng Assets”	Shanghai Guosheng Group Assets Co., Ltd. (上海國盛集團資產有限公司)
“Shanghai SASAC”	Shanghai State-owned Assets Supervision and Administration Commission (上海市國有資產監督管理委員會)
“HUYABIO”	HUYABIO INTERNATIONAL LLC (滬亞生物國際)
“Guizhou Sinorda”	Guizhou Sinorda Bio-technology Co., Ltd. (貴州生諾生物科技有限公司)
“SHAPHAR”	Shanghai Pharmaceutical Co., Ltd. (上藥控股有限公司)
“SPH Keyuan”	SPH Keyuan Xinhai Pharmaceutical Co., Ltd. (上藥科園信海醫藥有限公司)
“Hanhui Pharma”	Hanhui Pharmaceuticals Co., Ltd. (瀚暉製藥有限公司)
“Antengene”	Antengene Corporation Limited (德琪醫藥有限公司)

“SPH Cloud Health”	Shanghai Pharmaceuticals Grand Health Cloud Commerce Company Limited (上海醫藥大健康雲商股份有限公司)
“MediTrust Health”	Shanghai MediTrust Health Co., Ltd. (上海鎂信健康科技有限公司)
“SIIC Capital”	Shanghai SIIC Capital Management Co., Ltd. (上海上實資本管理有限公司)

I. MANAGEMENT DISCUSSION AND ANALYSIS

Results overview

From January to September 2021, the main business of the Company continued to grow fast. The operating income of the Company amounted to RMB160.973 billion, representing a YOY increase of 14.72%, of which, the sales revenue from the pharmaceutical manufacturing was RMB18.787 billion, representing a YOY increase of 8.16% and the sales revenue from the pharmaceutical services was RMB142.186 billion, representing a YOY increase of 15.64%.

The Company recorded RMB4.484 billion of net profit attributable to equity holders of the listed company, representing a YOY increase of 24.49%. The profit of the main business of the pharmaceutical manufacturing and the pharmaceutical services continued to maintain a healthy growth. Of which, the pharmaceutical manufacturing contributed profits of RMB1.679 billion, representing a YOY increase of 1.90%, the pharmaceutical services contributed profits of RMB2.082 billion, representing a YOY increase of 19.04% and shareholding enterprises contributed profits of RMB769 million, representing a YOY decrease of 1.94%. The Company recorded RMB3.545 billion of net profit after deduction of non-recurring profit or loss attributable to equity holders of listed company, representing a YOY increase of 8.14%. The non-recurring profit or loss mainly comes from the one-off gains by getting it off in the balance sheet after the series B financing of SPH Cloud Health. R&D investment of the Company achieved RMB1.367 billion, representing a YOY increase of 31.38%. The net profit attributable to equity holders of the listed company after the reversal of R&D expenses increased by 26.04% YOY.

The Company continued to maintain a sound operating quality with the operating net cash inflow of RMB2.925 billion.

Operating highlights

- *Completion of the first License out of Shanghai Pharmaceuticals*

Continuous increase in R&D investment and unremitting efforts in product innovation have accumulated abundant innovation experience and resources for Shanghai Pharmaceuticals, helping improve its innovation ability step by step. SPH6162 is a small molecule chemical drug self-developed by the Central Research Institute of Shanghai Pharmaceuticals. By specifically targeting the key kinases for repair of DNA damage in cell cycle, SPH6162 can inhibit the self-repair process of tumor cells and destroy the drug resistance of tumor cells to radiotherapy and chemotherapy drugs, thus killing tumor cells. SPH6162 is most probably to be developed as a sensitizer for radiotherapy and chemotherapy drugs or synthetic lethal drug for certain mutated tumor cells. It is currently a candidate compound with two international patent applications being submitted. Medicines with the same targets as SPH6162 have not been marketed globally. In the early trials, SPH6162 showed such characteristics as “better selectivity of target kinase”, “higher activity” and “better distribution of tumor tissue” compared with other medicines with the same targets under research.

In October 2021, HUYABIO and Shanghai Pharmaceuticals reached an agreement to obtain the exclusive license over product development, production and sales as well as the sub-license right of SPH6162 (a new antitumor drug independently developed by Shanghai Pharmaceuticals) outside the PRC (including mainland China, Hong Kong, Macau and Taiwan) with a milestone payment of up to USD292.5 million plus a sales commission of 3-6%. In addition, both parties also plan to set up a joint development committee to coordinate the development and commercialization of products in the whole world. **This is the first overseas licensing project of Shanghai Pharmaceuticals, which is also a milestone marking a new level of the Company’s R&D and innovation capacity.**

- *Entering into 10 billion acid suppressant market in the PRC with RMB690 million comprehensive cooperation in new drugs*

Introducing advanced technology and products to enhance its R&D strength is one of the important ways for Shanghai Pharmaceuticals to promote innovation and transformation. In October 2021, the Company obtained the exclusive rights from Guizhou Sinorda to produce APIs and preparations for X842, a new acid inhibitor and market the drug for all indications in the PRC (including the mainland China Hong Kong, Macau and Taiwan) with no more than RMB690 million (excluding sales commissions). X842 is a new generation of orally bioavailable Potassium Competitive Acid Blocker (P-CAB). It competitively inhibits the activity of potassium ions in H⁺, K⁺-ATPase and thereby controls gastric acid secretion. The drug exhibits fast action, a strong and long-lasting inhibitory effect, the curative effect with no individual difference and few adverse reactions. X842 is a new acid inhibitor, and patients have successfully been enrolled for its Phase III clinical trials on reflux esophagitis in the PRC. Clinical trials for helicobacter pylori and duodenal ulcer indications will start soon.

- *Introduction of two new probiotic drugs to consolidate the advantages in the field of microecology*

In this month, the Company acquired R&D, production, sale, sublicense and other rights for two new probiotic drugs, KBL697 and KBL693, from KoBiolabs Inc. of South Korea, in the PRC region (including the mainland China, Hong Kong, Macau and Taiwan), including all of their indications as drugs and exclusive rights as food, health products, and special medical foods. The total payment during the development stage shall not exceed USD12.25 million (extra payment of USD1 million shall be made if the Phase I clinical research in the PRC is waived). Upon launching the products in the market, the total sales milestone payment shall not exceed USD95 million and royalties shall be calculated based on 3-5% of net sales amount.

KBL697 and KBL693 are two clinical-stage, single-strain, viable drugs for the treatment of multiple immune system diseases that have completed Phase I clinical research in Australia. The available preclinical animal models and Phase I clinical results demonstrated the therapeutic potential and good safety and tolerability of such two probiotic drugs, which can provide safe and effective long-term oral treatment options for patients with immune system diseases. Meanwhile, such two drugs shall be included in China Food Catalogue (中國食品目錄) and would be further expanded into food, health products, and special medical foods filed in the future. The introduction of the above project will further strengthen the Company's market position in the microecology field.

Pharmaceutical manufacturing

From January to September 2021, the Company's sales revenue from pharmaceutical manufacturing was RMB18.787 billion, increasing by 8.16% compared with the same period of last year, and the gross profit margin was 58.16%, decreasing by 0.57 percentage point compared with the same period of last year; the sales revenue of 60 key varieties was RMB10.965 billion, representing a YOY increase of 11.13%, with an average gross margin of 71.36%. From July to September 2021, sales revenue from pharmaceutical manufacturing was RMB6.186 billion, increasing by 8.61% compared with the same period of last year; the sales revenue of 60 key varieties was RMB3.671 billion, representing a YOY increase of 9.56%.

The R&D and innovation strength of Shanghai Pharmaceuticals is gradually being recognized by the industry. On 26 September 2021, the "2020 China's Top 100 BioMeds in Innovation" press conference was held during the 6th China BioMed Innovation and Investment Conference. **With its outstanding capabilities and remarkable achievements in R&D, Shanghai Pharmaceuticals was selected into the list of "China's Top 10 BigPharma Enterprises in Innovation" of the "2020 China's Top 100 BioMeds in Innovation".**

In the third quarter of 2021, the Company made numerous phased achievements in its R&D projects:

- I001-A (“SPH3127”) new diabetic nephropathy indications received the notice of clinical trial at the end of July, with the phase II clinical trial thereof to be started in the PRC;
- I022-K (“SPH6516”) received the notice for approval of drug clinical trial in August to carry out Phase I clinical trials;
- I008-A (“Lei Teng Shu-AIDS”) accomplished patient recruitment for the drug’s Phase II clinical trials in the PRC.

As to the building of innovative ecosystem, an important initiative has been completed recently. On 11 October 2021, the Shanghai Biomedical Frontier Industry Innovation Center (under preparation) was officially inaugurated at the opening ceremony of the first Shanghai International Biomedical Industry Week. The center is jointly organized by Shanghai Pharmaceuticals, Fudan University, Shanghai Jiao Tong University School of Medicine, Center for Excellence in Molecular Cell Science, CAS and SIIC Capital. It aims to gather resources of “famous enterprises, famous universities and famous institutes” in Shanghai biopharmaceutical industry, establish an efficient linking platform for basic and applied scientific research and industrialization of results, and promote the original innovation of Chinese biopharmaceuticals.

The Company also actively promoted the consistency evaluation on quality and efficacy of generic drug. From July to September 2021, the Company saw the 2 new varieties (2 specifications) passing the consistency evaluation of generic drugs, increasing the total number of product varieties passing consistency evaluation to 36 varieties (50 specifications), ranking forefront in the industry.

In addition to R&D and innovation, the Company continues to pay attention to and strengthen the quality management. In October 2021, the Digitalization Requirements for Biomedical Quality Control Laboratory of SPH No.1 Biomedical & Pharmaceutical Co., Ltd. (a subsidiary of the Company) was awarded the certificate marked with “Shanghai Standard”. “Shanghai Standard”, as an identification of high-level standards, adequately represents the advancement, innovation and leadership.

Pharmaceutical service

From January to September 2021, sales revenue from the pharmaceutical distribution business of the Company was RMB141.951 billion, representing a YOY increase of 15.60%, and the gross profit margin was 6.39%. The sales revenue from the pharmaceutical retail business was RMB5.638 billion, representing a YOY decrease of 5.50%, and the gross profit margin thereof was 13.11%. From July to September 2021, sales revenue from the pharmaceutical distribution business of the Company was RMB49.464 billion, representing a YOY increase of 4.49%, and the sales revenue from the pharmaceutical retail business was RMB1.929 billion, representing a YOY decrease of 12.23%, which was mainly due to getting SPH Cloud Health off in the balance sheet.

The Company strives to build an innovative drug service platform to provide innovative drugs of global pharmaceutical enterprises with one-stop supply chain management services covering such four fields as pre-market cooperation, import and export services, national distribution, and innovative value addition. Up to now in 2021, the new imported products with the Company as the general agent are amounted to 20. SHAPHAR (a subsidiary of the Company) established a comprehensive strategic partnership with Hanhui Pharma to jointly promote business cooperation in core disease areas; became the only Chinese importer of Yiwo (逸沃)”, an immuno-oncology drug manufactured by Bristol-Myers Squibb (BMS) that is newly approved for marketing; provided such services as clinical trial support, bond entry, national distribution, supply chain optimization and innovative value addition for Antengene. SPH Keyuan launched the construction of SPH Northern China International Supply Chain Center in Beijing. This center is specialized in the import and export and national distribution of medicines and vaccines, and also engaged in cross-border e-commerce, clinical trial management, market services, internet healthcare and big health, involving pharmaceutical regional coordination, financial factoring, settlement, R&D, SPD and other services. This center covers an area of about 40,000 square meters, and the first-stage construction is planned to start at the end of December 2021.

The Company innovatively incubates the “Internet +” pharmaceutical business technology platform and actively explores the whole life cycle service of innovative drugs based on professional pharmacy. In June 2021, only 6 days after Fosun Kite’s first CAR-T product 奕凱達® (Ejilunsai Injection) was officially approved, the first CAR-T drug order was placed in Shanghai Zhongshan West Road Branch of Yiyao Pharmacy, by virtue of the DTP pharmacy service of Yiyao Pharmacy, a professional retail platform of SPH Cloud Health, and its rapid and efficient support and response capability. In August 2021, the first patient who was assessed as complete remission (CR) after receiving CAR-T drug re-transfusion in China was discharged from the hospital. In order to better relieve the payment pressure of patients, MediTrust Health actively responded to the government’s call for taking effective measures to ensure and improve the people’s wellbeing, and took the lead in helping insurance companies to establish the direct billing claim for drugs. The medical compensation pay-outs were up to RMB1.2 million less than 2 months after the marketing of CAR-T new drugs, which guarantees the convenient and timely access to commercial medical insurance for the masses.

II. MAJOR FINANCIAL INFORMATION

(I) Major accounting data and financial indicators

Unit: Yuan Currency: RMB

Items	Reporting Period	Increase/ decrease of the Reporting Period as compared to the corresponding period of last year (%)	From the beginning of the year to the end of the Reporting Period	Increase/decrease of the period from the beginning of the year to the end of the Reporting Period as compared to the corresponding period of last year (%)
Operating revenue	55,735,242,519.31	4.85	160,972,711,401.28	14.72
Net profit attributable to equity holders of the listed company	916,471,961.45	-20.94	4,484,231,938.15	24.49
Net profit after deduction of non- recurring profit or loss attributable to equity holders of listed company	993,824,973.42	-7.79	3,544,858,911.07	8.14
Net cash flows from operating activities	N/A	N/A	2,924,630,867.60	-43.73
Basic earnings per Share (RMB per share)	0.32	-20.94	1.58	24.49
Diluted earnings per Share (RMB per share)	0.32	-20.94	1.58	24.49
Weighted average return on net assets (%)	1.90	Decreased by 0.76 percentage point	9.50	Increase by 1.16 percentage points
	As at the end of the Reporting Period	As at the end of last year		Increase/decrease as at the end of the Reporting Period as compared with the end of last year (%)
Total assets	163,291,348,050.16	149,185,655,478.63		9.46
Owners' equity attributable to equity holders of the listed company	48,658,775,748.57	45,354,677,688.57		7.29

Note: "Reporting Period" represented the 3-month period from the beginning of this quarter to the end of this quarter, the same below.

(II) Non-recurring profit or loss items and amount

Unit: Yuan Currency: RMB

Items	Amount for the Reporting Period	Amount for the beginning of the year to the end of the Reporting Period
Profit or loss on disposal of non-current assets (including the write-off of the asset impairment provision)	2,303,967.89	1,170,129,455.26
Government grants recognised in profit or loss for the current period excluding those closely related to the Company's ordinary operations and granted on an on-going basis under the national policies according to certain fixed quota of amount or volume	80,272,079.32	254,885,883.38
Except for the effective hedging activities related to the Company's ordinary operations, profit or loss arising from changes in fair value of financial assets held for trading, and financial liabilities held for trading and investment income from disposal of financial assets held for trading, financial liabilities held for trading, and financial assets available for sale	-134,580,564.51	-168,438,859.41
Reversal of the provisions for impairment of receivables subject to impairment test separately	-	11,044,827.80
Other non-operating income and expenses other than the aforesaid items	7,840,508.84	-4,723,641.57
Less: Effect on income tax	-23,370,545.83	-285,627,139.31
Effect on minority interests (after tax)	-9,818,457.68	-37,897,499.07
Total	-77,353,011.97	939,373,027.08

Explanation on the fact that the extraordinary gain or loss items illustrated in the Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No. 1 – Extraordinary Gains or Losses were defined as its recurring gain or loss items

☐ Applicable ☒ Not applicable

(III) Changes in major accounting data and financial indicators and the reasons

✓Applicable ☐ Not applicable

Items	Change (%)	Main reason
Derivative financial assets	472.46	Mainly attributable to the increase in fair value of derivative financial assets held
Advances to suppliers	65.30	Mainly attributable to the increase in prepayments for goods
Non-current assets due within one year	-41.28	Mainly attributable to the decrease in long-term receivables due within one year
Long-term receivables	51.40	Mainly attributable to the increase in the deposits with over one year
Long-term equity investment	40.36	Mainly attributable to the increase in investments in associates and joint ventures
Other equity instrument investment	54.85	Mainly attributable to the increase in fair value of equity instruments held
Other non-current financial assets	47.23	Mainly attributable to the increase in investment in non-current financial assets
Construction in progress	48.74	Mainly attributable to the increase in investment in fixed assets
Derivative financial liabilities	-93.51	Mainly attributable to the decrease in fair value of financial liabilities held
Taxes payable	-31.60	Mainly attributable to the increase in taxes paid
Non-current liabilities due within one year	-57.53	Mainly attributable to the decrease in long-term borrowings due within one year
Long-term borrowings	474.37	Mainly attributable to the increase in bank borrowings with over one year
Other non-current liabilities	39.94	Mainly attributable to the increase in repurchase payment for equity payable
R&D expenses	31.38	Mainly attributable to the increase in R&D input
Investment income	142.31	Mainly attributable to the increase in investment income recognized due to transferring the subsidiary to the associate
Gains arising from changes in fair value	-259.61	Mainly attributable to the decrease in fair value of financial assets measured at fair value
Net cash flows from operating activities	-43.73	Mainly attributable to the increase in payment for goods
Net cash flows from investing activities	-386.77	Mainly attributable to the increase in cash outflow from transferring the subsidiary to the associate
Net cash flows from financing activities	1,412.23	Mainly attributable to the increase in extra short-term financing bills issued

III. INFORMATION ON SHAREHOLDERS

(I) Total number of shareholders of ordinary shares and shareholders of preference shares with restored voting rights and shareholdings of the top ten shareholders

Unit: share

Total number of shareholders of ordinary shares as at the end of the Reporting Period	98,851	Total number of shareholders of preference Shares with voting right restored as at the end of the Reporting Period (if any)	0			
Shareholdings of the top ten shareholders						
Name of shareholder	Nature of shareholders	Number of Shares held	Shareholding percentage (%)	Number of trade-restricted Shares held	Pledged, labelled or frozen	
					Status	Number
HKSCC NOMINEES LIMITED ¹	Foreign legal person	763,618,324	26.868	0	Unknown	
Shanghai Pharmaceutical (Group)	State-owned legal person	716,516,039	25.211	0	Nil	
SIIC and its wholly-owned subsidiaries and Shanghai Shangshi	State-owned legal person	353,321,898	12.432	0	Unknown	
China Securities Finance Corporation Limited	Unknown	85,333,703	3.002	0	Nil	
Hong Kong Securities Clearing Company Limited ²	Foreign legal person	60,104,101	2.115	0	Unknown	
Guosheng Group and Guosheng Assets	State-owned legal person	44,632,100	1.570	0	Unknown	
NSSF 604 Combination	Unknown	19,000,000	0.669	0	Nil	
Yinhua Fund – Agricultural Bank – Yinhua China Securities and Financial Assets Management Program	Unknown	11,964,367	0.421	0	Unknown	
Abu Dhabi Investment Authority	Unknown	10,373,820	0.365	0	Unknown	
Harvest Fund– Agricultural Bank – Harvest China Securities and Financial Assets Management Program	Unknown	9,986,887	0.351	0	Unknown	

Shareholdings of the top ten shareholders without trade restrictions			
Name of shareholder	Number of Shares without trade restrictions	Class and number of Shares	
		Class	Number
HKSCC NOMINEES LIMITED	763,618,324	Overseas listed foreign shares	763,618,324
Shanghai Pharmaceutical (Group)	716,516,039	RMB ordinary shares	716,516,039
SIIC and its wholly-owned subsidiaries and Shanghai Shangshi	353,321,898	RMB ordinary shares	222,301,798
		Overseas listed foreign shares	131,020,100
China Securities Finance Corporation Limited	85,333,703	RMB ordinary shares	85,333,703
Hong Kong Securities Clearing Company Limited	60,104,101	RMB ordinary shares	60,104,101
Guosheng Group and Guosheng Assets	44,632,100	RMB ordinary shares	21,117,000
		Overseas listed foreign shares	23,515,100
NSSF 604 Combination	19,000,000	RMB ordinary shares	19,000,000
Yinhua Fund – Agricultural Bank – Yinhua China Securities and Financial Assets Management Program	11,964,367	RMB ordinary shares	11,964,367
Abu Dhabi Investment Authority	10,373,820	RMB ordinary shares	10,373,820
Harvest Fund– Agricultural Bank – Harvest China Securities and Financial Assets Management Program	9,986,887	RMB ordinary shares	9,986,887
Note on connected relations or concerted actions of the above shareholders	SIIC is the De Facto Controller of Shanghai Shangshi, which is a controlling shareholder of Shanghai Pharmaceutical (Group). Shanghai Guosheng (Group) Co. Ltd. is a wholly-owned subsidiary of Shanghai SASAC. Shanghai Shengrui Investment Co., Ltd. and Guosheng Assets are wholly-owned subsidiaries of Shanghai Guosheng (Group) Co. Ltd.. The Company is not aware of any affiliation among other shareholders or whether they are persons acting in concert as stipulated under the “Administrative Measures on Disclosure of Changes in Shareholders’ Shareholdings in Listed Companies”.		
Note on the top ten shareholders and top ten shareholders without trade restrictions who participated in margin financing and securities lending and refinancing business, (if any)	/		

Notes:

1. Shares held by HKSCC NOMINEES LIMITED are held on behalf of its clients and the number of Shares it holds as shown in the table above excludes the 131,020,100 H Shares held and controlled by SIIC and its wholly-owned subsidiaries and 23,515,100 H Shares held and controlled by Guosheng Group and Guosheng Assets through Southbound Trading. As the relevant rules of the Hong Kong Stock Exchange do not require clients to report whether the Shares that they hold and control are pledged or frozen, HKSCC NOMINEES LIMITED is unable to provide statistics on the number of Shares that have been pledged or frozen;
2. Hong Kong Securities Clearing Company Limited is the nominee holder of the RMB ordinary shares under Shanghai-Hong Kong Stock Connect.

IV. OTHER REMINDERS

Other important information in relation to the operation of the Company during the Reporting Period that need to be brought to the attention of the investors

☐Applicable ☒Not applicable

V. QUARTERLY FINANCIAL STATEMENTS

(I) Type of audit opinion

☐ Applicable ☒ Not applicable

(II) Financial Statements

CONSOLIDATED BALANCE SHEET

30 September 2021

Name of enterprise: Shanghai Pharmaceuticals Holding Co., Ltd.*

Unit: Yuan Currency: RMB Type of Audit: Unaudited

Items	30 September 2021	31 December 2020
Current assets:		
Monetary funds	23,061,234,026.98	22,296,232,678.85
Deposit reservation for balance		
Lending funds		
Financial assets held for trading		
Derivative financial assets	2,869,952.06	501,339.00
Notes receivable	260,495,859.06	290,539,262.58
Accounts receivable	60,878,943,021.22	52,745,905,873.59
Receivables financing	2,334,132,901.33	2,485,373,691.07
Advances to suppliers	3,950,524,378.67	2,389,930,684.70
Premiums receivable		
Reinsurance accounts receivable		
Receivable from subcontracting reserves		
Other receivables	2,416,317,360.84	2,009,456,454.89
Including: Interests receivable		
Dividends receivable	18,995,420.07	43,895,933.13
Financial assets purchased for resale		
Inventories	24,141,940,171.03	24,088,257,693.63
Contract assets		
Assets classified as held for sale		
Non-current assets due within one year	61,851,554.18	105,325,100.98
Other current asset	896,991,348.89	1,151,403,402.29
Total current assets	118,005,300,574.26	107,562,926,181.58

Items	30 September 2021	31 December 2020
Non-current assets:		
Issuing of loans and advances		
Debt investments		
Other debt investments		
Long-term receivables	257,148,315.00	169,846,933.41
Long-term equity investments	9,335,567,357.94	6,651,064,005.61
Other equity instrument investments	51,180,150.18	33,051,720.32
Other non-current financial assets	1,440,686,327.95	978,557,029.53
Investment properties	232,694,705.88	235,288,086.77
Fixed assets	10,327,748,430.29	10,490,715,695.26
Construction in progress	2,583,982,754.34	1,737,203,979.54
Bearer biological assets	405,741,718.97	405,818,258.87
Oil-and-gas assets		
Right-of-use assets	1,843,401,668.45	1,992,650,919.19
Intangible assets	5,093,995,493.33	5,195,253,776.03
Development disbursement	173,191,767.04	223,825,636.29
Goodwill	11,278,935,525.61	11,342,268,158.55
Long-term prepaid expenses	380,091,577.04	415,320,475.59
Deferred income tax assets	1,452,945,087.57	1,359,363,370.67
Other non-current assets	428,736,596.31	392,501,251.42
Total non-current assets	45,286,047,475.90	41,622,729,297.05
Total assets	163,291,348,050.16	149,185,655,478.63

Items	30 September 2021	31 December 2020
Current liabilities:		
Short-term borrowings	22,967,427,262.00	20,139,185,856.91
Borrowing from the Central Bank		
Borrowing funds		
Financial liabilities held for trading		
Derivative financial liabilities	604,491.09	9,314,855.96
Bills payable	4,587,490,743.83	4,930,726,339.18
Accounts payable	39,231,738,000.93	32,861,440,182.89
Advances from customers		
Contract liabilities	1,207,028,643.77	1,310,837,272.06
Financial assets sold for repurchase		
Absorbing deposit and interbank deposit		
Receivings from vicariously traded securities		
Receivings from vicariously sold securities		
Employee benefits payable	1,049,978,965.09	1,273,965,868.83
Taxes payable	1,010,930,192.65	1,478,067,469.53
Other payables	13,209,159,034.70	12,142,797,539.60
Including: Interests payable		
Dividends payable	325,523,578.82	186,122,799.07
Fees and commissions payable		
Reinsurance accounts payable		
Liabilities classified as held for sale		
Non-current liabilities due within one year	3,808,294,704.14	8,968,037,785.73
Other current liabilities	6,026,120,547.94	5,018,616,438.36
Total current liabilities	93,098,772,586.14	88,132,989,609.05

Items	30 September 2021	31 December 2020
Non-current liabilities:		
Provision for insurance contracts		
Long-term borrowings	6,800,992,256.08	1,184,078,311.36
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities	1,429,118,434.01	1,501,021,800.19
Long-term payables	307,268,998.02	353,574,673.96
Long-term employee benefits payable	37,636,065.88	46,411,122.61
Accrued liabilities	33,340,249.85	25,760,655.02
Deferred income	2,259,635,940.40	2,224,069,068.73
Deferred income tax liabilities	1,009,874,902.50	832,375,455.83
Other non-current liabilities	202,412,946.12	144,645,012.23
Total non-current liabilities	12,080,279,792.86	6,311,936,099.93
Total liabilities	105,179,052,379.00	94,444,925,708.98
Owners' equity (or shareholders' equity):		
Paid-up capital (or share capital)	2,842,089,322.00	2,842,089,322.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserves	16,013,984,034.36	15,897,587,875.18
Less: Treasury shares		
Other comprehensive income	-196,414,397.36	-265,410,759.58
Special reserves		
Surplus reserves	1,826,058,272.88	1,826,058,272.88
General risk provisions		
Undistributed profits	28,173,058,516.69	25,054,352,978.09
Total owners' equity (or shareholders' equity) attributable to the parent company	48,658,775,748.57	45,354,677,688.57
Minority interests	9,453,519,922.59	9,386,052,081.08
Total owners' equity (or shareholders' equity)	58,112,295,671.16	54,740,729,769.65
Total liabilities and owners' equity (or shareholders' equity)	163,291,348,050.16	149,185,655,478.63

Legal representative: ZHOU Jun The principal in charge of accounting: CHO Man
Head of accounting department: SHEN Bo

CONSOLIDATED INCOME STATEMENT

January- September 2021

Name of enterprise: Shanghai Pharmaceuticals Holding Co., Ltd.*

Unit: Yuan Currency: RMB Type of Audit: Unaudited

Items	The first three quarters of 2021 (January to September)	The first three quarters of 2020 (January to September)
I. Total revenue of operation	160,972,711,401.28	140,322,522,230.45
Including: Operating revenue	160,972,711,401.28	140,322,522,230.45
Interest income		
Earned premium		
Service charges and commission		
II. Total cost of operation	155,830,104,098.80	135,415,971,841.49
Including: Cost of operation	139,260,797,185.25	120,154,187,494.32
Interest payments		
Service charges and commission fee		
Surrender charge fee		
Net payments for insurance claims		
Extraction of insurance obligation net reserves		
Policyholder dividend expenses		
Reinsurance expenses		
Business taxes and surcharges	481,921,997.47	417,243,809.51
Selling expenses	10,216,238,877.12	9,324,897,312.62
Administrative expenses	3,574,522,919.25	3,500,082,647.95
R&D expenses	1,366,568,696.91	1,040,134,361.88
Financial expenses	930,054,422.80	979,426,215.21
Including: Interest expenses	1,114,658,567.41	1,131,082,975.84
Interest income	236,851,594.24	230,406,455.80
Add: Other income	271,471,585.21	294,429,895.89

Items	The first three quarters of 2021 (January to September)	The first three quarters of 2020 (January to September)
Investment income (loss indicated by “-”)	1,818,199,182.94	750,353,857.64
Including: Share of investment income of associates and joint ventures	769,311,112.43	784,564,425.17
Gains from derecognition of financial assets measured at amortised cost	-36,085,181.61	-22,004,241.95
Exchange earnings (loss indicated by “-”)		
Net gains from hedging exposure (loss indicated by “-”)		
Profit arising from changes in fair value (loss indicated by “-”)	-176,574,836.07	110,630,543.20
Impairment loss of credit (loss indicated by “-”)	-289,299,908.83	-276,886,985.25
Impairment loss of assets (loss indicated by “-”)	28,508,540.39	-305,717,649.79
Gains on assets disposal (loss indicated by “-”)	6,390,217.59	-1,756,227.79
III. Operating profit (loss indicated by “-”)	6,801,302,083.71	5,477,603,822.86
Add: Non-operating income	79,187,434.51	92,070,020.23
Less: Non-operating expenses	83,911,076.08	94,397,480.63
IV. Total profit (total loss indicated by “-”)	6,796,578,442.14	5,475,276,362.46
Less: Income tax expenses	1,432,629,039.58	1,117,464,160.29
V. Net profit (net loss indicated by “-”)	5,363,949,402.56	4,357,812,202.17
(1) Classified by continuity of operations		
1. Net profit from continuing operations (net loss indicated by “-”)	5,363,949,402.56	4,357,812,202.17
2. Net profit from discontinued operations (net loss indicated by “-”)		
(2) Classified by ownership of the equity		
1. Net profit attributable to equity holders of the parent company (net loss indicated by “-”)	4,484,231,938.15	3,601,996,155.56
2. Minority interests (net loss indicated by “-”)	879,717,464.41	755,816,046.61

Items	The first three quarters of 2021 (January to September)	The first three quarters of 2020 (January to September)
VI. Other comprehensive income, net of tax	56,697,102.14	74,845,865.21
(1) Other comprehensive income attributable to owners of the parent company, net of tax	68,996,362.22	84,124,732.37
1. Other comprehensive income that will not be reclassified to profit or loss	14,279,979.27	1,363,535.79
(1) Changes in the re-measurement of defined benefit plans		
(2) Other comprehensive income accounted for using equity method, which will not be reclassified to profit or loss		
(3) Changes in fair value of investments in other equity instruments	14,279,979.27	1,363,535.79
(4) Changes in fair value arising from the enterprise's credit risk		
2. Other comprehensive income that will be reclassified to profit or loss	54,716,382.95	82,761,196.58
(1) Other comprehensive income accounted for using equity method, which will be reclassified to profit or loss	350,925.95	-16,644.30
(2) Changes in fair value of other debt investments		
(3) Other comprehensive income arising from reclassifying financial assets		
(4) Provision for credit impairment of other debt investments		

Items	The first three quarters of 2021 (January to September)	The first three quarters of 2020 (January to September)
(5) Cash flow hedging reserve		
(6) Exchange differences on translation of financial statements denominated in foreign currencies	54,550,050.38	82,635,114.46
(7) Others	-184,593.38	142,726.42
(2) Other comprehensive income attributable to minority shareholders, net of tax	-12,299,260.08	-9,278,867.16
VII.Total comprehensive income	5,420,646,504.70	4,432,658,067.38
(1) Total comprehensive income attributable to owners of the parent company	4,553,228,300.37	3,686,120,887.93
(2) Total comprehensive income attributable to minority shareholders	867,418,204.33	746,537,179.45
VIII.Earnings per Share:		
(1) Basic earnings per Share (RMB/Share)	1.58	1.27
(2) Diluted earnings per Share (RMB/Share)	1.58	1.27

For business combination involving enterprises under common control during current period, the net profit realized by the acquiree before the business combination is RMB0 as compared to RMB0 for the last period.

Legal representative: ZHOU Jun The principal in charge of accounting: CHO Man
Head of accounting department: SHEN Bo

CONSOLIDATED CASH FLOW STATEMENT

January to September 2021

Name of enterprise: Shanghai Pharmaceuticals Holding Co., Ltd.*

Unit: Yuan Currency: RMB Type of Audit: Unaudited

Items	The first three quarters of 2021 (January to September)	The first three quarters of 2020 (January to September)
I. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	175,432,061,155.66	155,081,229,269.00
Net increase in customer deposits and interbank deposit payment		
Net increase in borrowing from the Central Bank		
Net increase in funds borrowed from other financial institutions		
Cash received from the receipt of the original insurance contract premiums		
Net cash received from reinsurance business		
Net increase in deposit of the insured and investment fund		
Interest, fees and commissions in cash		
Net increase in funds borrowed		
Net increase in capital for repurchase business		
Net cash received from customer for acting as securities trading agent		
Refund of taxes received	74,855,979.38	91,097,239.68
Cash received relating to other operating activities	1,576,027,427.64	1,844,243,674.96
Sub-total of cash inflows from operating activities	177,082,944,562.68	157,016,570,183.64
Cash paid for goods and services	153,902,873,057.79	133,591,506,563.99

Items	The first three quarters of 2021 (January to September)	The first three quarters of 2020 (January to September)
Net increase in customer loans and advances		
Net increase in placements with Central Bank and interbank		
Cash paid for claims on original insurance contract		
Net increase in lending funds		
Cash paid for interest, fees and commissions		
Cash paid for policy dividend		
Cash paid to and on behalf of employees	5,738,947,719.63	5,061,790,211.03
Payments of taxes	5,439,587,116.99	4,671,905,703.59
Cash paid relating to other operating activities	9,076,905,800.67	8,493,473,567.21
Sub-total of cash outflows from operating activities	174,158,313,695.08	151,818,676,045.82
Net cash flows from operating activities	2,924,630,867.60	5,197,894,137.82
II. Cash flows from investing activities:		
Cash received from disposal of investments	1,907,476,522.38	3,674,299,449.64
Cash received from returns on investments	506,272,120.09	372,153,037.86
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	72,388,723.44	38,841,939.62
Net cash received from disposal of subsidiaries and other business units	–	119,508,992.77
Cash received relating to other investing activities	525,272,480.51	3,494,840,695.20
Sub-total of cash inflows from investing activities	3,011,409,846.42	7,699,644,115.09
Cash paid to acquire fixed assets, intangible assets and other long-term assets	1,781,777,476.87	2,232,996,841.63
Cash paid to acquire investments	2,545,483,542.97	3,700,000,000.00
Net increase in pledged loans		
Net cash paid to acquire subsidiaries and other business units	1,010,224,333.57	2,066,381,243.10

Items	The first three quarters of 2021 (January to September)	The first three quarters of 2020 (January to September)
Cash paid relating to other investing activities	1,980,820,170.05	585,049,138.15
Sub-total of cash outflows from investing activities	7,318,305,523.46	8,584,427,222.88
Net cash flows from investing activities	-4,306,895,677.04	-884,783,107.79
III. Cash flows from financing activities:		
Cash received from capital contributions	103,720,000.00	106,435,216.06
Including: Cash received from capital contributions of minority shareholders of subsidiaries	103,720,000.00	106,435,216.06
Cash received from borrowings	32,111,675,598.78	31,977,525,191.84
Cash received from issue of bonds	15,994,758,880.37	7,496,875,000.00
Cash received relating to other financing activities	1,560,059,072.85	1,839,057,612.84
Sub-total of cash inflows from financing activities	49,770,213,552.00	41,419,893,020.74
Cash paid for repayments of debts	43,761,137,785.14	37,166,595,340.28
Cash paid for distribution of dividends, profits or interest payment	2,901,556,177.61	3,224,829,016.96
Including: Dividends and profits paid to minority shareholders by subsidiaries	566,448,227.44	967,410,629.68
Cash paid relating to other financing activities	815,781,873.10	876,921,421.23
Sub-total of cash outflows from financing activities	47,478,475,835.85	41,268,345,778.47
Net cash flows from financing activities	2,291,737,716.15	151,547,242.27
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-93,074,467.85	-14,420,727.20
V. Net increase in cash and cash equivalents	816,398,438.86	4,450,237,545.10
Add: Balance of cash and cash equivalents at the beginning of the Reporting Period	19,576,444,789.85	15,716,257,907.41
VI. Balance of cash and cash equivalents at the end of the Reporting Period	20,392,843,228.71	20,166,495,452.51

Legal representative: ZHOU Jun The principal in charge of accounting: CHO Man
Head of accounting department: SHEN Bo

(III) Particulars in relation to adjustments made to the financial statements as at the beginning of the year of the initial adoption of the New Lease Standard in 2021

☐ Applicable ☒ Not applicable

It is hereby announced.

The Board of Shanghai Pharmaceuticals Holding Co., Ltd.*

29 October 2021

* *For identification purpose only*