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)

2019 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 2019 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, 31 October 2019

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*

I. IMPORTANT NOTICE

1.1 The board of directors and the board of supervisors of the Company and the directors, supervisors and senior management shall warrant that the contents of this quarterly report is true, accurate and complete and contains no false information, misleading statement or material omission and assume several and joint legal responsibilities therefor.

1.2 All directors of the Company attended the sixth meeting of the seventh session of the board of directors held on 30 October 2019, at which resolutions including the third quarterly results of the Company for the nine months ended 30 September 2019 were approved.

1.3 ZHOU Jun, the person in charge of the Company, CHO Man, the principal in charge of accounting and SHEN Bo, the 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.

1.4 The third quarterly report of the Company was unaudited.

1.5 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:

"the Group", "Group", "the Company", "Company" or "Shanghai Pharmaceuticals"	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 The Stock Exchange of Hong Kong Limited with stock code 02607) or Shanghai Pharmaceuticals Holding Co., Ltd. and its subsidiaries, where applicable
"the Reporting Period", "Reporting Period" or the "Period"	the 9-month period from 1 January 2019 to 30 September 2019
"year-on-year"	compared with the same period of previous year
"PRC" or "China"	the People's Republic of China, unless the context otherwise requires, references to the "PRC" or "China" herein do not include Hong Kong, Macau and Taiwan

"Shares"	shares of Shanghai Pharmaceuticals with a nominal value of RMB1.00 each, comprising both A Shares and H Shares
"A Share(s)"	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 Share(s)"	foreign 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)
"Shanghai Guosheng"	Shanghai Guosheng Group Co., Ltd. (上海國盛(集團)有限公司)
"Shanghai Shengrui"	Shanghai Shengrui Investment Co., Ltd. (上海盛睿投資有限公司)
"BE"	bioequivalence
"FDA"	Food and Drug Administration of the United States
"ANDA"	Abbreviated New Drug Application
"CDE"	Center for Drug Evaluation, National Medical Products Administration of the People's Republic of China
"DTP"	Direct To Patient
"SPD"	hospital supply chain service system

II. DISCUSSION AND ANALYSIS OF THE OVERALL OPERATION

- **Overview**

From January to September, the Company's main businesses continued their rapid growth with operating income of RMB140.617 billion, representing a year-on-year increase of 19.57%. Revenue from pharmaceutical manufacturing was RMB17.682 billion, representing a year-on-year increase of 24.05%, and revenue from pharmaceutical services was RMB122.935 billion, representing a year-on-year increase of 18.95%. The net profit attributable to equity holders of the listed company was RMB3.399 billion, representing a year-on-year increase of 0.80%, and net profit after deduction of non-recurring profit or loss attributable to equity holders of the listed company was RMB3.070 billion, representing a year-on-year increase of 19.62%. Pharmaceutical manufacturing contributed RMB1.540 billion, representing a year-on-year increase of 20.56%, and pharmaceutical services contributed RMB1.526 billion, representing a year-on-year increase of 15.73%. The profit from shareholding companies was RMB804 million, representing a year-on-year increase of 48.13%.

From January to September, the Company's integrated gross profit margin was 13.70%, decreasing by 0.11 percentage point compared with the same period of last year. The operating profit margin was 3.79% after deduction of administrative, sales and R&D expenses, a decrease of 0.14 percentage point compared with the same period of last year. The Company maintained sound operations. During the Reporting Period, the net operating cash inflows was RMB2.932 billion, representing a year-on-year increase of 69.19%.

- **Performance drivers and operation highlights**

Pharmaceutical manufacturing

From January to September, the sales revenue from the pharmaceutical manufacturing business was RMB17.682 billion, representing a year-on-year increase of 24.05%. The gross profit margin was 57.54%, representing a year-on-year decrease of 0.10 percentage point. The combined sales revenue of 60 key products was RMB10.154 billion, representing a year-on-year increase of 31.19%. The average gross profit margin of key products was 71.71%.

During the Reporting Period, the Company further coordinated resource deployment to focus on key products. It continued to promote the practices of "one strategy for one product, and implementing strategy based on product features", and expanded its terminal markets through different channels. By promoting key products, the Company realized rapid revenue and profit growth, and created a variety of marketing highlights:

In the grass-root markets, Sodium tanshinone IIA Silate Injection's share continued to grow by virtue of its high security, clear components and affordable prices. Sales revenue of the product from January to September reached RMB1.14 billion, representing a year-on-year increase of 76.39%. Captopril tablets, which passed consistency evaluation last year, further penetrated into the lower-tier channels and strengthened its presence in grass-root medical institutions and retail pharmacies with its high cost performance and convenient sublingual administration. From January to September, the product's sales revenue reached RMB91.61 million, representing a year-on-year increase of 88.45%.

In terms of academic promotion, the Company's specialized academic promotion team developed differentiated terminal strategies based on the different lifecycle stages of products, which significantly boosted the effect of promotional campaigns. From January to September, sales revenue of Ulinastatin for Injection reached RMB673 million, representing a year-on-year increase of 32.91%. Sales revenue of Hydroxychloroquine Sulfate Tablets reached RMB587 million, representing a year-on-year increase of 20.56%. Sales revenue of Polysaccharide-Iron reached RMB366 million, representing a year-on-year increase of 31.75%. Sales revenue of the Urinary Kallidinogenase for Injection reached RMB275 million, representing a year-on-year increase of 20.85%.

For exclusive products with strong efficacy, the Company also refined investment solicitation process and stepped up channel marketing, creating good synergy between the distribution channels and the Company's strong brand reputation. Polymyxin B Sulphate for Injection, a polypeptide antibiotic used to treat bacteremia, endocarditis, pneumonia and serious infection caused by burns, has been in great clinical demand since the resumption of its production and sale in 2017. From January to September, the product's sales revenue reached RMB466 million, representing a year-on-year increase of 201.16%. Calcium Dibutyryladenosine Cyclophosphate, which is used for dilating blood vessels and treating angina and in other clinical applications, has continued its momentum in recent years. From January to September, the product's sales revenue reached RMB553 million, representing a year-on-year increase of 35.63%.

During the Reporting Period, the Company continued to accelerate innovation and transformation. From January to September, development cost was RMB860 million, representing a year-on-year increase of 13.74%. During the Reporting Period, the Company completed 73 patent applications and was granted 24 invention patents and 20 utility new model patents, which totaled 117. On 17 September, the Company entered into a joint-venture agreement with Russia's biggest bio-pharmaceutical firm, BIOCAD. Under the agreement, the Company was granted perpetual and exclusive rights to research and develop, manufacture, sell and commercialize 6 key biological medicines in Greater China, including adalimumab biosimilars, trastuzumab biosimilars, bevacizumab biosimilars, PD-1, among others. The joint venture will be BIOCAD's sole platform in Greater China, on which BIOCAD and the Company will have all-round strategic cooperation on more macromolecular biological drug-related R&D and innovation projects. The agreement enabled the Company to expand its R&D pipeline of innovative biological products both organically and inorganically. The Company's subsidiary SPH Xing Ling Sci. & Tech. Pharmaceutical Co., Ltd. was included into the preliminary list of Intellectual Property Award Winners of Shanghai, and was officially granted the award on 21 October as the only pharmaceutical manufacturing company among the 9 award winners. The ginkgo biloba extract series, the leading product of SPH Xing Ling Sci. & Tech. Pharmaceutical Co., Ltd., achieved sales revenue of RMB280 million from January to September, representing a year-on-year increase of 23.64%. As the product's brand awareness increases, its market share is expected to grow further.

During the Reporting Period, the Company advanced the consistency evaluation of quality and efficacy of generic drugs, and seized the opportunity to review products' production processes, further improve manufacturing technics and enhance drug quality. As at the end of September, the Company has completed BE test and reporting work for over 40 varieties, of which six varieties have passed the consistency evaluation. The Company also has a first-mover advantage in injection consistency evaluation. Six varieties, including ceftriaxone sodium for injection and lansoprazole for injection, have completed BE test and were submitted to CDE.

In addition, the Company further advanced the development of flagship generic drug products, which are expected to deliver new earnings drivers. Beclomethasone Dipropionate Nasal Aerosol has obtained the supplementary application approval. Three varieties of Rosuvastatin Calcium Tablets have been applied for production. Lenalidomide Capsules and Rivaroxaban Tablets have completed BE filing. Capecitabine, which is frequently used in clinical chemotherapy, has officially started BE test. Other projects at the forefront of the R&D pipeline are also progressing as scheduled, which will continually invigorate the pharmaceutical manufacturing business.

In terms of the second development of existing products and the R&D of high-end dosage form, the Company's R&D workforces, which is led by Shanghai Huiyong Pharmaceutical Research Co., Ltd. (上海惠永藥物研究公司) and the R&D center in Philadelphia, and supported by the research units of each pharmaceutical manufacturing company, have selected the best products and proactively explored related areas. The Company sought breakthroughs in sustained-release preparations, long-acting injections, liposome, inhalation preparation and other high-end dosage forms. By improving dosage forms and related technologies, the Company enhanced the functions of existing products.

During the Reporting Period, the Company continued to implement its strategy of vertically integrating the APIs and preparations businesses. The Company strived to cut costs and improve efficiency at source. The green pharmaceutical innovation conversion center, which was founded by the Company and East China University of Science and Technology in March 2019, has operated well. The development of new technologies and continuous flow technologies of eco-friendly APIs for 12 initiated projects, including Calcium Dibutyryladenosine Cyclophosphate, Tanshinone IIA sodium sulfonate, duloxetine and others, is progressing smoothly. The center has completed registration of new technology for 1 API. The first draft for feasibility report, environmental report and other related reports of the API base in Jinshan has been completed, and related concept planning is ongoing. The agreement on investment in the eco-friendly API industrial park in Liaoning has been signed, and overall functional division setting plan is already finalized. Related technology optimization and preliminary designing work is underway.

The Company made a solid progress in expanding the international presence of its products. With two-wheel drive from the domestic and overseas market, it is expected to provide new impetus to the pharmaceutical manufacturing business. Doxycycline hydrochloride capsules and tablets have been granted the FDA's approval of the ANDA, which will bring positive impact in boosting the Company's exports of preparations. The Company has entered into cooperation agreement with Indian genetic pharmaceutical company, Alembic. The Company and Alembic have signed three-party exclusive supply and agency agreement, registration entrustment contract and BE entrustment contract, which expands the two sides' partnership in production and R&D.

Pharmaceutical Services

From January to September, the Company's sales revenue of pharmaceutical service totaled RMB122.935 billion, representing a year-on-year increase of 18.95%. During the Reporting Period, sales revenue of pharmaceutical distribution reached RMB122.188 billion, representing a year-on-year increase of 18.56%. Gross profit margin of pharmaceutical distribution stood at 6.40%, representing a year-on-year decrease of 0.27 percentage point. Sales revenue of pharmaceutical retail business reached RMB5.908 billion, representing a year-on-year increase of 15.94%, and gross profit margin was 14.10%, representing a year-on-year decrease of 1.02 percentage points.

During the Reporting Period, the Company continued to implement the new distribution and new retail development strategy. The Company achieved robust growth in incumbent businesses where the Company has strong competitive advantages and businesses that are newly started by the Company. Regional development strategies for key provinces were finalized. The Company continued to promote the building of provincial platform of key provinces such as Guangdong, Shandong, Heilongjiang, Jilin, Liaoning, among others. Leveraging the opportunities that stem from the two-invoice system and volume-guaranteed procurement, the Company has consolidated its market resources and rapidly built strong presence in terminals while keeping accounts receivable under strict control. Among those flagship products, Prevenar from Pfizer saw a surge in sales, which significantly boosted the distribution revenue. During the Reporting Period, the Company's revenue from vaccine distribution reached RMB2.122 billion, representing a year-on-year increase of 92.33%.

The newly-started businesses in the pharmaceutical services segment also delivered stellar performances. On back of its strong network of 93 DTP pharmacies, the Company provided efficient and compliant sales channels for imported drugs and special new drugs that were not included in reimbursement drug list, thereby helping these drugs quickly access Chinese market. After these drugs were included in reimbursement drug list, the Company's distribution network helped these drugs enter the hospital market. Such operation model enabled the Company to provide one-stop services to multinational pharmaceutical companies, and helped the Company gain the exclusive distribution right of new flagship drugs. SPD businesses actively penetrated into second-class hospitals at regional centers and grass-root hospitals, which increased the hospital customer stickiness, allowed the Company to sell more products into hospitals, and facilitated the pharmaceutical services unit's transformation into a supplier of diversified services and solutions in the grand health sector. From January to September, medical equipment distribution revenue increased by more than 30% year-on-year, primarily driven by hospitals that were served by SPD business.

During the Reporting Period, the Company launched another share option incentive scheme, under which the Company will grant 28.42 million share options to 211 senior management, middle-level management and other core executives. These share options will be exercised in three periods. Performance assessment goals between 2020 and 2022 were set as the conditions for exercising of such share options. After Shanghai Pharmaceuticals became a member of the "Double One Hundred Companies" state-owned enterprise reform program, the Company accelerated the market-oriented reform of its system and mechanism. The new incentive scheme will further enhance the Company's corporate governance structure, and deeply bundle the Company with top talents. The scheme will also fully arouse the enthusiasm of the staff of the Company, invigorate the Company's operation, and help the Company realize its long-term development goals.

2.1 Major financial information

Unit: RMB

	As at the end of the Reporting Period	As at the end of previous year	Increase/decrease as at the end of the Reporting Period as compared with the end of previous year (%)
Total assets	135,649,360,878.63	126,879,334,502.88	6.91
Net assets attributable to equity holders of listed company	40,927,773,528.29	39,013,570,426.62	4.91
	From the beginning of the year to the end of the Reporting Period (January to September)	**From the beginning of the previous year to the end of the previous reporting period (January to September)**	**Increase/decrease as compared with the corresponding period of previous year (%)**
Net cash flows from operating activities	2,932,438,203.93	1,733,265,883.30	69.19
	From the beginning of the year to the end of the Reporting Period (January to September)	**From the beginning of the previous year to the end of the previous reporting period (January to September)**	**Increase/decrease as compared with the corresponding period of previous year (%)**
Operating revenue	140,616,997,042.43	117,601,583,293.46	19.57
Net profit attributable to equity holders of the listed company	3,398,976,800.73	3,371,888,328.62	0.80
Net profit after deduction of non-recurring profit or loss attributable to equity holders of listed company	3,070,191,607.72	2,566,660,891.43	19.62
Weighted average return on net assets (%)	8.47	9.00	Decreased by 0.53 percentage point
Basic earnings per share (RMB per share)	1.1959	1.1936	0.19
Diluted earnings per share (RMB per share)	1.1959	1.1936	0.19

Non-recurring profit or loss items and amounts

✓Applicable ☐Not applicable

Unit: RMB

Items	Amount for the current period (July to September)	Amount for the period from the beginning of the year to the end of the Reporting Period (January to September)
Profit or loss on disposal of non-current assets	9,214,405.26	73,647,666.75
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 ongoing basis under the national policies according to certain fixed quota of amount or volume	79,127,254.91	307,081,023.81
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, derivative financial assets, financial liabilities held for trading, and derivative financial liabilities, and investment income from disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investments	33,724,633.95	96,743,628.68
Other non-operating income and expenses other than the aforesaid items	56,011,683.74	-30,833,044.89
Effect on minority interests (after tax)	-5,695,546.39	-29,404,942.70
Effect on income tax	-34,807,218.73	-88,449,138.64
Total	137,575,212.74	328,785,193.01

2.2 The aggregate number of shareholders, and shareholding status of top ten shareholders and top ten shareholders of circulating Shares (or shareholders holding Shares without trade restrictions) as at the end of the Reporting Period

Unit: Share

Aggregate number of shareholders						83,573
Shareholdings of top ten shareholders						
				Pledged or frozen		
Name of shareholder	**Number of Shares held as at the end of the Reporting Period**	**Shareholding percentage (%)**	**Number of trade-restricted Shares held**	**Status of Shares**	**Number of Share**	**Nature of shareholder**
HKSCC NOMINEES LIMITED Note 1	879,177,024	30.934	0	Unknown		Foreign entity
Shanghai Pharmaceutical (Group)	716,516,039	25.211	0	Nil		State-owned legal person
SIIC and its wholly-owned subsidiaries and Shanghai Shangshi	242,679,398	8.539	0	Unknown		State-owned legal person and foreign entity
China Securities Finance Corporation Limited	85,333,703	3.002	0	Nil		Unknown
Shanghai Guosheng and Shanghai Shengrui	43,100,900	1.517	0	Unknown		State-owned legal person
Hong Kong Securities Clearing Company Limited Note 2	37,023,523	1.303	0	Unknown		Foreign entity
Central Huijin Asset Management Co., Ltd.	24,891,300	0.876	0	Nil		Unknown
NSSF 604 Combination	24,653,806	0.867	0	Nil		Unknown
NSSF 103 Combination	18,006,179	0.634	0	Nil		Unknown
Industrial and Commercial Bank of China Limited-CSI Shanghai State-owned Exchange Traded Open-ended Index-based Investment Fund	14,744,940	0.519	0	Nil		Unknown

Shareholdings of top ten shareholders without trade restrictions			
Name of shareholder	Number of Shares in circulation without trade restrictions	Class and number of Shares: Class	Number of Shares
HKSCC NOMINEES LIMITED	879,177,024	Overseas listed foreign shares	879,177,024
Shanghai Pharmaceutical (Group)	716,516,039	RMB ordinary shares	716,516,039
SIIC and its wholly-owned subsidiaries and Shanghai Shangshi	242,679,398	RMB ordinary shares	222,301,798
		Overseas listed foreign shares	20,377,600
China Securities Finance Corporation Limited	85,333,703	RMB ordinary shares	85,333,703
Shanghai Guosheng and Shanghai Shengrui	43,100,900	RMB ordinary shares	24,585,800
		Overseas listed foreign shares	18,515,100
Hong Kong Securities Clearing Company Limited	37,023,523	RMB ordinary shares	37,023,523
Central Huijin Asset Management Co., Ltd.	24,891,300	RMB ordinary shares	24,891,300
NSSF 604 Combination	24,653,806	RMB ordinary shares	24,653,806
NSSF 103 Combination	18,006,179	RMB ordinary shares	18,006,179
Industrial and Commercial Bank of China Limited-CSI Shanghai State-owned Exchange Traded Open-ended Index-based Investment Fund	14,744,940	RMB ordinary shares	14,744,940
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 is a wholly-owned subsidiary of Shanghai State-owned Assets Supervision and Administration Commission. Shanghai Shengrui is a wholly-owned subsidiary of Shanghai Guosheng. 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 shareholders of preference Shares with voting rights restored and number of shares held	/		

Note 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 20,377,600 H Shares held by SIIC and its wholly-owned subsidiaries and 18,515,100 H Shares held by Shanghai Guosheng and Shanghai Shengrui 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 are pledged or frozen, HKSCC NOMINEES LIMITED is unable to provide statistics on the number of shares that have been pledged or frozen;

Note 2: Hong Kong Securities Clearing Company Limited is the nominee holder of the RMB ordinary shares under Shanghai-Hong Kong Stock Connect.

2.3 The aggregate number of preference shareholders, and the shareholding status of top ten preference shareholders and top ten shareholders holding preference shares without trade restrictions as of the end of the Reporting Period

☐Applicable ✓Not applicable

III. SIGNIFICANT EVENTS

3.1 Details of and reasons for material changes in major accounting items and financial indicators of the Company

✓Applicable ☐Not applicable

Unit: RMB

Consolidated balance sheet items	30 September 2019	31 December 2018	Change (%)	Reason for change
Assets classified as held for sale	–	6,304,430.07	/	Decrease in assets classified as held for sale during the Reporting Period
Non-current assets due within one year	101,917,200.45	211,804,183.86	-51.88	Decrease in long-term receivables due within one year during the Reporting Period
Long-term receivables	221,114,631.17	315,975,386.01	-30.02	Decrease in long-term deposits receivable during the Reporting Period
Other non-current financial assets	356,873,738.98	119,649,126.36	198.27	Increase in investments in financial assets during the Reporting Period
Right-of-use assets	1,296,584,950.80	/	/	The new lease standard adopted during the Reporting Period
Derivative financial liabilities	2,224,979.00	458,319.61	385.46	Increase in fair value of derivative financial products during the Reporting Period
Non-current liabilities due within one year	1,245,843,086.77	2,794,417,843.45	-55.42	Decrease in bonds payable due within one year during the Reporting Period
Lease liabilities	935,821,956.56	/	/	The new lease standard adopted during the Reporting Period

Consolidated income statement items	January to September 2019	Amount for the same period of previous year	Change (%)	Reason for change
Other income	313,280,979.81	169,189,013.98	85.17	Increase in government grants received during the Reporting Period
Gains from changes in fair value	89,796,901.17	2,996,155.80	2,897.07	Increase in fair value of financial assets measured at fair value during the Reporting Period
Credit impairment losses	380,405,960.99	74,472,821.26	410.80	Increase in provisions for impairment of financial asset during the Reporting Period
Asset impairment losses	89,745,025.17	55,782,405.69	60.88	Increase in provisions for impairment of inventory during the Reporting Period
Gains from assets disposal	11,924,759.05	3,225,144.64	269.74	Increase in gains from disposal of assets during the Reporting Period
Non-operating income	164,852,301.23	78,850,321.83	109.07	Increase in income from relocation compensation received during the Reporting Period
Consolidated cash flow statement items	**January to September 2019**	**Amount for the same period of previous year**	**Change (%)**	**Reason for change**
Net cash flows from operating activities	2,932,438,203.93	1,733,265,883.30	69.19	Increase in collection of payments for goods during the Reporting Period
Net cash flows from investing activities	-1,759,728,458.74	-6,906,845,772.53	74.52	Decrease in cash paid by subsidiaries during the Reporting Period
Net cash flows from financing activities	-3,437,554,204.64	7,329,450,342.41	/	Decrease in bank borrowings during the Reporting Period

3.2 Progress of major events and their effects and analysis of solutions

✓Applicable ☐Not applicable

Progress on the litigation matters of Pien Tze Huang

(1) Zhangzhou Pien Tze Huang Pharmaceutical Co., Ltd. (hereinafter referred to as "Pien Tze Huang") sued Xiamen Traditional Chinese Medicine Co., Ltd. (hereinafter referred to as "Xiamen Traditional Chinese Medicine"), Xiamen Evening News Media Development Co., Ltd. and Xiamen Daily at Zhangzhou Municipal Intermediate People's Court (hereinafter referred to as "Zhangzhou Intermediate Court") for unfair competition. Xiamen Traditional Chinese Medicine filed an application for objection to jurisdiction to Zhangzhou Intermediate Court on 13 March 2014. On 4 April 2014, Xiamen Traditional Chinese Medicine received Civil Judgment (2014) Zhang Min Chu Zi No. 35-3, in which Zhangzhou Intermediate Court rejected the objection to the case's jurisdiction by Xiamen Traditional Chinese Medicine at first instance. On 13 April 2014, Xiamen Traditional Chinese Medicine appealed to Fujian Provincial Higher People's Court (hereinafter referred to as "Fujian Higher Court") for objection to jurisdiction. On 23 June 2014, Fujian Higher Court issued Civil Judgment (2014) Min Min Zhong Zi No. 660 to revoke Civil Judgment (2014) Zhang Min Chu Zi No. 35-3 issued by Zhangzhou Intermediate Court at final instance and transferred the case to the jurisdiction of Xiamen Municipal Intermediate People's Court (hereinafter referred to as "Xiamen Intermediate Court"). On 18 August 2014, Xiamen Traditional Chinese Medicine received Notice from Xiamen Municipal Intermediate People's Court, Fujian Province (2014) Xia Min Chu Zi No. 937. It was noted that Fujian Higher Court further transferred the case to the jurisdiction of Fuzhou Municipal Intermediate People's Court (hereinafter referred to as "Fuzhou Intermediate Court"). On 22 October 2014, Xiamen Traditional Chinese Medicine received notice from Fuzhou Intermediate Court that the time period for producing evidence on the case was extended to 7 November 2014. On 5 December 2014, Xiamen Traditional Chinese Medicine received Notice on Members of Collegial Panel from Fuzhou Intermediate Court and the Statement of Claim submitted by Pien Tze Huang. Pien Tze Huang made some amendments to the original statement of claim. On 19 December 2014, Xiamen Traditional Chinese Medicine filed an objection to the jurisdiction of Fuzhou Intermediate Court for the reason that the amended claims of the plaintiff were beyond its scope of jurisdiction. According to the Civil Judgment (2014) Rong Min Chu Zi No. 1431-1 received by Xiamen Traditional Chinese Medicine on 9 January 2015, its objection to the jurisdiction was rejected by the Fuzhou Intermediate Court at the first instance. On 19 January 2015, Xiamen Traditional Chinese Medicine further submitted its appeal for objection to the jurisdiction to the Fujian Higher Court. On 4 March 2015, the Civil Judgment (2015) Min Min Zhong Zi No. 446 was issued by the Fujian Higher Court as a final verdict, which repealed the aforesaid appeal and affirmed that the lawsuit shall be governed by the Fuzhou Intermediate Court. On 8 May 2015, Fuzhou Intermediate Court convened pretrial conference against the

case. On 3 August 2015, Fuzhou Intermediate Court convened pretrial conference against the case again. On 31 August 2015, Fuzhou Intermediate Court convened the third pretrial conference against the case. The case was separately judged by Fuzhou Intermediate Court on 22 December 2015 and 5 January 2016. On 20 March 2017, Xiamen Traditional Chinese Medicine received the Judgment (2014) Rong Min Chu Zi No. 1431 from Fuzhou Intermediate Court, which supported part of litigation request of Pien Tze Huang. On 1 April 2017, Xiamen Traditional Chinese Medicine filed an appeal to the Fujian Higher Court during the appeal period. On 31 July 2017, the case has been formally accepted by Fujian Higher Court. Fujian Higher Court conducted the second trial against this case on 30 October 2017, 19 December 2017, 8 January 2018 and 5 February 2018 respectively.

(2) On 18 June 2014, Xiamen Traditional Chinese Medicine applied to Trademark Bureau of State Administration for Industry and Commerce of the People's Republic of China (referred to as "Trademark Bureau of State Administration for Industry and Commerce") for registering trademarks of "Pill of Eight Treasures Pien Tze Huang" ("八寶丹片仔癀") (Application No: 11683990) and "Pien Tze Huang Pill of Eight Treasures" ("片仔癀八寶丹") (Application No: 11683929) on items under the fifth category of "traditional Chinese medicine" on 1 November 2012 in respect of Pien Tze Huang, asking for the rejection of registering these two contentious trademarks according to relevant regulations. On 30 October 2015, Trademark Bureau of State Administration for Industry and Commerce made decisions that trademarks were not allowed to register, including trademark of "Pill of Eight Treasures Pien Tze Huang" No. 11683990 [(2015) Shang Biao Yi Zi No. 0000052574] and trademark of "Pien Tze Huang Pill of Eight Treasures" No. 11683929 [(2015) Shang Biao Yi Zi No. 0000052569], and the registration of the two trademarks of Pien Tze Huang was rejected. On 21 March 2016, Xiamen Traditional Chinese Medicine received the review application for the above decision of non-registration submitted by Pien Tze Huang, which was sent by the Trademark Appraisal Committee of the State Administration for Industry and Commerce. On 18 April 2016, Xiamen Traditional Chinese Medicine submitted the defense materials in relation to review of decision of non-registration against Pien Tze Huang to the Trademark Appraisal Committee of the State Administration for Industry and Commerce. On 3 March 2017, the Trademark Appraisal Committee of the Trademark Bureau of State Administration for Industry and Commerce made the review decision that trademarks were not allowed to register, including trademark of "Pill of Eight Treasures Pien Tze Huang" No. 11683990 [(2017) Shang Ping Zi No. 0000018006] and trademark of "Pien Tze Huang Pill of Eight Treasures" No. 11683929 [(2017) Shang Ping Zi No. 0000018011], and the registration of the two trademarks of Pien Tze Huang was rejected. On 18 April 2017, Pien Tze Huang filed an administrative lawsuit to Beijing Intellectual Property Court, asking for the cancellation of the review decision of non-registration, and Xiamen Traditional Chinese Medicine took part in the litigation as the third party of the case. On 25 October 2017, Beijing Intellectual Property Court conducted the first trial against this case, and Xiamen Traditional Chinese Medicine attended in the trial

as the third party. On 28 February 2018, Beijing Intellectual Property Court rejected the claim made by plaintiff, namely Pien Tze Huang, at first instance. On 11 April 2018, Xiamen Traditional Chinese Medicine received motion of appeal submitted by Pien Tze Huang in respect of aforesaid judgment of the first instance, which was sent by Beijing Higher People's Court. On 30 July 2018, Beijing Higher People's Court rejected the claim by Pien Tze Huang at second instance and sustained the original judgment. On 15 March 2019, Xiamen Traditional Chinese Medicine received the "Notice of Appearance" sent by the Supreme People's Court and "Administrative Petition for Retrial" (《行政再審申請書》) for both trademark administrative cases of Pien Tze Huang above. On 29 March 2019, Xiamen Traditional Chinese Medicine submitted relevant materials including the answer brief to the Supreme People's Court. On 25 April 2019, the Supreme People's Court ruled on the above two trademark administrative cases and denied the application of Pien Tze Huang for retrial.

(3) On 17 August 2015, Xiamen Traditional Chinese Medicine filed with Fuzhou Intermediate Court to claim against Pien Tze Huang, Railway Station Pharmacy of Fuzhou Huichun Medicine Chain Co., Ltd. (referred to as "Huichun Medicine Railway Station Pharmacy"), Fuzhou Huichun Medicine Chain Co., Ltd. (referred to as "Huichun Medicine") for unfair competition, demanding to issue an order to Pien Tze Huang to stop infringing false propaganda on "Babaodan" series products of Xiamen Traditional Chinese Medicine; compensate economic loss and reasonable rights fee totaling RMB2.997 million to Xiamen Traditional Chinese Medicine; to issue a public statement on provincial press and its official website for consecutive six months clarifying the facts and eliminating adverse effects to Xiamen Traditional Chinese Medicine arising from its false propaganda; to issue an order to Huichun Medicine Railway Station Pharmacy and Huichun Medicine to jointly compensate Xiamen Traditional Chinese Medicine an economic loss of RMB3,000; and to issue an order to the three defendants to jointly assume all the legal costs to the case. Fuzhou Intermediate Court accepted the case with case (2015) Rong Min Chu Zi No. 1518 on that day. Pien Tze Huang submitted its objection to the jurisdiction to the Fuzhou Intermediate Court, claiming Fuzhou Intermediate Court was beyond its scope of jurisdiction and asking for transfer the case to Zhangzhou Intermediate Court. On 22 September 2015, Fuzhou Intermediate Court issued Civil Judgment (2015) Rong Min Chu Zi No. 1518 and rejected the objection to the jurisdiction of Pien Tze Huang. Pien Tze Huang was not satisfied with the judgment, and appealed to Fujian Higher Court. On 7 December 2015, Fujian Higher Court issued Civil Judgment (2015) Min Min Zhong Zi No. 2095 to revoke Fuzhou Intermediate Court's Civil Judgment and transferred the litigation involving Pien Tze Huang in the case to the jurisdiction of Zhangzhou Intermediate Court, and the litigations involving Huichun Medicine and Huichun Medicine Railway Station Pharmacy were still under trial by Fuzhou Intermediate Court. The details are as follows:

1) *The part heard by Fuzhou Intermediate Court*

On 14 June 2016, the litigation involving Huichun Medicine and Huichun Medicine Railway Station Pharmacy was heard by Fuzhou Intermediate Court; on 14 October 2016, Fuzhou Intermediate Court issued Civil Judgment (2015) Rong Min Chu Zi No. 1518 and rejected the claim of Xiamen Traditional Chinese Medicine. Xiamen Traditional Chinese Medicine filed an appeal afterwards during the appeal period. On 1 March 2017, Fujian Higher Court issued Civil Judgment (2017) Min Min Zhong Zi No. 37 to revoke Fuzhou Intermediate Court's Civil Judgment (2015) Rong Min Chu Zi No. 1518 and instructed that the litigation involving Huichun Medicine and Huichun Medicine Railway Station Pharmacy be under trial by Fuzhou Intermediate Court. On 15 November 2017, Xiamen Traditional Chinese Medicine submitted an application for withdrawing the claim to Fuzhou Intermediate Court, and approved by Fuzhou Intermediate Court on 17 January 2018.

2) *The part heard by Zhangzhou Intermediate Court*

The evidence exchange was held by Zhangzhou Intermediate Court on 18 September 2016 and heard on 13 October 2016. Zhangzhou Intermediate Court issued a civil judgment on the preservation of evidence related to the case on the same day. On 23 May 2017, Zhangzhou Intermediate Court rejected the claim made by Xiamen Traditional Chinese Medicine at first instance. After receiving the judgement, on 20 June 2017, Xiamen Traditional Chinese Medicine filed an appeal to Fujian Higher Court during the appeal period. On 20 September 2017, the case has been formally accepted by Fujian Higher Court. On 30 October 2017, Fujian Higher Court conducted the first trial of the second instance of this case.

3.3 Commitment overdue and unfulfilled during the Reporting Period

□Applicable ✓Not applicable

3.4 Warning in respect of the forecast of a probable loss or a significant change as compared with that of the corresponding period of previous year in the accumulated net profit from the beginning of the year to the end of the next reporting period and its reasons

□Applicable ✓Not applicable

Name of the Company	**Shanghai Pharmaceuticals Holding Co., Ltd.**
Legal representative	**ZHOU Jun**
Date	**30 October 2019**

APPENDICES

4.1 FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

30 September 2019

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

Unit: RMB Type of Audit: Unaudited

Items	30 September 2019	31 December 2018
Current assets:		
Monetary funds	17,229,325,745.88	18,694,668,989.13
Deposit reservation for balance		
Lending funds		
Financial assets held for trading		
Financial assets at fair value with changes recognised in current profit or loss		
Derivative financial assets	3,786,276.91	5,189,819.94
Notes receivable	220,143,390.88	287,058,828.61
Accounts receivable	50,335,040,582.16	42,152,111,736.92
Receivables financing	1,553,287,303.82	1,532,865,502.29
Advances to suppliers	2,476,218,235.84	2,049,452,397.15
Premiums receivable		
Reinsurance accounts receivable		
Receivable from subcontracting reserves		
Other receivables	1,735,253,293.48	2,291,743,040.27
Including: Interests receivable		
Dividends receivable	1,446,382.64	41,640,230.20
Redemptory monetary capital for sale		
Inventories	24,233,085,858.88	25,024,010,338.41
Contract assets		
Assets classified as held for sale		6,304,430.07
Non-current assets due within one year	101,917,200.45	211,804,183.86
Other current assets	1,204,737,733.65	1,022,673,295.51
Total current assets	99,092,795,621.95	93,277,882,562.16

Items	**30 September 2019**	**31 December 2018**
Non-current assets:		
Issuing of loans and advances		
Debt investments		
Available-for-sale financial assets		
Other debt investments		
Held-to-maturity investments		
Long-term receivables	221,114,631.17	315,975,386.01
Long-term equity investments	5,130,662,179.79	4,366,604,777.77
Other investments in equity instruments	185,642,292.85	162,312,493.32
Other non-current financial assets	356,873,738.98	119,649,126.36
Investment properties	290,903,500.01	305,828,562.70
Fixed assets	8,980,465,993.01	8,596,168,427.30
Construction in progress	1,853,554,462.22	1,598,395,428.10
Bearer biological assets	415,104,343.63	409,811,719.45
Oil-and-gas assets		
Right-of-use assets	1,296,584,950.80	/
Intangible assets	3,903,828,602.07	4,117,466,261.06
Development disbursement	191,711,221.27	165,698,846.78
Goodwill	11,481,229,869.96	11,345,286,075.81
Long-term prepaid expenses	389,724,141.67	403,250,813.38
Deferred income tax assets	1,261,149,551.10	1,037,925,332.24
Other non-current assets	598,015,778.15	657,078,690.44
Total non-current assets	36,556,565,256.68	33,601,451,940.72
Total assets	135,649,360,878.63	126,879,334,502.88

Items	30 September 2019	31 December 2018
Current liabilities:		
Short-term borrowings	20,887,450,583.19	19,419,607,960.47
Borrowing from the Central Bank		
Borrowing funds		
Financial liabilities held for trading		
Financial liabilities at fair value with changes recognised in current profit or loss		
Derivative financial liabilities	2,224,979.00	458,319.61
Bills payable	3,391,191,956.41	4,173,256,983.28
Trade payables	36,141,776,974.18	30,974,710,058.37
Advances from customers		
Financial assets sold for repurchase		
Absorbing deposit and interbank deposit		
Receivings from vicariously traded securities		
Receivings from vicariously sold securities		
Employee benefits payable	723,451,116.00	900,337,629.36
Taxes payable	921,337,058.77	1,042,190,317.84
Other payables	9,974,663,598.61	8,047,652,220.59
Including: Interests payable		
Dividends payable	117,124,979.87	147,951,670.61
Fees and commissions payable		
Reinsurance accounts payable		
Contract liabilities	1,305,565,348.19	1,357,136,698.16
Liabilities classified as held for sale		
Non-current liabilities due within one year	1,245,843,086.77	2,794,417,843.45
Other current liabilities		
Total current liabilities	74,593,504,701.12	68,709,768,031.13

Items	30 September 2019	31 December 2018
Non-current liabilities:		
Provision for insurance contracts		
Long-term borrowings	6,449,288,363.14	6,622,991,700.16
Bonds payable	2,997,993,729.85	2,997,305,559.91
Including: Preference shares		
Perpetual bonds		
Lease liabilities	935,821,956.56	/
Long-term payables	451,960,482.09	471,674,422.96
Long-term employee benefits payable	45,243,460.68	51,946,663.62
Accrued liabilities	99,104,194.55	99,104,194.55
Deferred income	411,991,759.89	503,332,200.12
Deferred income tax liabilities	786,836,381.32	866,912,020.83
Other non-current liabilities	104,742,852.66	123,029,748.29
Total non-current liabilities	12,282,983,180.74	11,736,296,510.44
Total liabilities	86,876,487,881.86	80,446,064,541.57
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	15,843,582,511.07	15,845,033,453.86
Less: Treasury shares		
Other comprehensive income	-749,654,938.22	-492,638,959.02
Special reserves		
Surplus reserves	1,488,392,852.35	1,488,443,400.28
General risk provisions		
Undistributed profits	21,503,363,781.09	19,330,643,209.50
Total owners' equity (or shareholders' equity) attributable to the parent company	40,927,773,528.29	39,013,570,426.62
Minority interests	7,845,099,468.48	7,419,699,534.69
Total owners' equity (or shareholders' equity)	48,772,872,996.77	46,433,269,961.31
Total liabilities and owners' equity (or shareholders' equity)	135,649,360,878.63	126,879,334,502.88

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

BALANCE SHEET OF THE PARENT COMPANY

30 September 2019

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

Unit: RMB Type of Audit: Unaudited

Items	**30 September 2019**	**31 December 2018**
Current assets:		
Monetary funds	1,753,134,307.60	1,617,376,771.51
Financial assets held for trading		
Financial assets at fair value with changes recognised in current profit or loss		
Derivative financial assets		
Notes receivable		
Accounts receivable		
Receivables financing		
Advances to suppliers	2,200,995.60	497,307.00
Other receivables	11,090,467,756.69	10,612,927,694.74
Including: Interests receivable		
Dividends receivable	782,206,086.73	655,336,403.56
Inventories		
Contract assets		
Assets classified as held for sale		
Non-current assets due within one year		
Other current assets		
Total current assets	12,845,803,059.89	12,230,801,773.25

Items	30 September 2019	31 December 2018
Non-current assets:		
Debt investments		
Available-for-sale financial assets		
Other debt investments		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	22,376,357,913.08	21,225,361,720.70
Other investments in equity instruments		
Other non-current financial assets	24,889,884.50	24,889,884.50
Investment properties		
Fixed assets	56,925,549.76	54,451,610.93
Construction in progress	16,838,154.81	31,842,571.78
Bearer biological assets		
Oil-and-gas assets		
Right-of-use assets	5,975,651.23	/
Intangible assets	96,792,461.50	86,264,773.01
Development disbursement		
Goodwill		
Long-term prepaid expenses	1,116,797.28	1,069,203.42
Deferred income tax assets		
Other non-current assets		
Total non-current assets	22,578,896,412.16	21,423,879,764.34
Total assets	35,424,699,472.05	33,654,681,537.59

Items	30 September 2019	31 December 2018
Current liabilities:		
Short-term borrowings	2,702,936,250.00	600,800,158.34
Financial liabilities held for trading		
Financial liabilities at fair value with changes recognised in current profit or loss		
Derivative financial liabilities		
Bills payable		
Trade payables	10,031,434.98	10,112,162.76
Advances from customers		
Contract liabilities	4,207,189.17	4,207,189.17
Employee benefits payable	243,940.45	25,034,000.00
Taxes payable	14,035,615.81	6,262,916.64
Other payables	3,792,042,686.36	2,749,545,873.02
Including: Interests payable		
Dividends payable		
Liabilities classified as held for sale		
Non-current liabilities due within one year	114,265,948.69	2,075,022,371.47
Other current liabilities		
Total current liabilities	6,637,763,065.46	5,470,984,671.40
Non-current liabilities:		
Long-term borrowings		
Bonds payable	2,997,993,729.85	2,997,305,559.91
Including: Preference shares		
Perpetual bonds		
Lease liabilities	4,081,450.67	/
Long-term payables		
Long-term employee benefits payable		
Accrued liabilities		
Deferred income	32,376,630.58	34,244,967.19
Deferred income tax liabilities	5,859,736.77	5,859,736.77
Other non-current liabilities		
Total non-current liabilities	3,040,311,547.87	3,037,410,263.87
Total liabilities	9,678,074,613.33	8,508,394,935.27

Items	30 September 2019	31 December 2018
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	18,846,626,895.43	18,846,626,895.43
Less: Treasury shares		
Other comprehensive income	-1,517,128.52	-1,517,884.52
Special reserves		
Surplus reserves	1,117,283,627.25	1,117,334,175.18
Undistributed profits	2,942,142,142.56	2,341,754,094.23
Total owners' equity (or shareholders' equity)	25,746,624,858.72	25,146,286,602.32
Total liabilities and owners' equity (or shareholders' equity)	35,424,699,472.05	33,654,681,537.59

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

CONSOLIDATED INCOME STATEMENT

January to September 2019

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

Unit: RMB Type of Audit: Unaudited

Items	The third quarter of 2019 (July to September)	The third quarter of 2018 (July to September)	The first three quarters of 2019 (January to September)	The first three quarters of 2018 (January to September)
I. Total revenue of operation	48,041,762,626.62	41,722,890,300.01	140,616,997,042.43	117,601,583,293.46
Including: Operating revenue	48,041,762,626.62	41,722,890,300.01	140,616,997,042.43	117,601,583,293.46
Interest income				
Earned premium				
Service charges and commission income				
II. Total cost of operation	46,810,920,829.67	40,703,237,070.37	136,428,308,674.60	114,032,420,511.02
Including: Cost of operation	41,654,220,191.86	36,055,989,653.62	120,941,129,853.98	100,986,910,288.15
Interest payments				
Service charges and commission fee				
Surrender charge fee				
Net pay spending				
Extraction of insurance obligation net reserves				
Policyholder dividend expenses				
Reinsurance expenses				
Business taxes and surcharges	134,046,310.16	130,198,956.72	415,631,768.21	379,744,745.81
Selling expenses	3,032,883,192.85	2,696,339,041.82	9,463,071,578.16	7,914,142,132.65
Administrative expenses	1,289,180,511.22	1,114,457,814.45	3,618,410,189.03	2,943,689,236.26
R&D expenses	295,657,399.35	277,181,770.33	859,802,611.91	755,930,498.95
Financial expenses	404,933,224.23	429,069,833.43	1,130,262,673.31	1,052,003,609.20
Including: Interest expenses	446,369,219.97	394,406,860.05	1,265,021,272.06	1,018,339,793.70
Interest income	79,663,970.48	77,029,239.49	201,715,765.59	173,138,579.59
Add: Other income	86,401,871.11	44,445,159.31	313,280,979.81	169,189,013.98
Investment income (loss indicated by "–")	270,685,324.51	696,352,294.18	801,281,927.10	1,138,497,607.13

Items	The third quarter of 2019 (July to September)	The third quarter of 2018 (July to September)	The first three quarters of 2019 (January to September)	The first three quarters of 2018 (January to September)
Including: Share of investment profit of associates and joint ventures	271,855,431.95	189,530,632.13	803,563,710.64	542,457,374.81
Derecognition of gains on financial assets measured at amortised cost	-5,079,182.63	-4,538,886.18	-13,948,358.70	-19,620,143.18
Exchange earnings (loss indicated by "–")				
Net gains from hedging exposure (loss indicated by "–")				
Profit arising from changes in fair value (loss indicated by "–")	31,761,040.95	7,181.33	89,796,901.17	2,996,155.80
Impairment loss of credit (loss indicated by "–")	-160,672,836.44	-74,976,638.90	-380,405,960.99	-74,472,821.26
Impairment loss of assets (loss indicated by "–")	-32,051,189.52	-18,304,874.14	-89,745,025.17	-55,782,405.69
Gains on assets disposal (loss indicated by "–")	5,508,143.16	-279,900.03	11,924,759.05	3,225,144.64
III. Operating profit (loss indicated by "–")	1,432,474,150.72	1,666,896,451.39	4,934,821,948.80	4,752,815,477.04
Add: Non-operating income	123,964,441.41	20,363,233.43	164,852,301.23	78,850,321.83
Less: Non-operating expenses	-6,424,726.41	36,122,575.51	94,819,144.47	75,592,028.48
IV. Total profit (total loss indicated by "–")	1,562,863,318.54	1,651,137,109.31	5,004,855,105.56	4,756,073,770.39
Less: Income tax expenses	269,060,729.68	149,047,197.77	960,428,407.70	798,831,466.51
V. Net profit (net loss indicated by "–")	1,293,802,588.86	1,502,089,911.54	4,044,426,697.86	3,957,242,303.88
(1) Classified on a going concern basis				
1. Net profit from continuing operations (net loss indicated by "–")	1,293,802,588.86	1,502,089,911.54	4,044,426,697.86	3,957,242,303.88
2. Net profit from discontinued operations (net loss indicated by "–")				
(2) Classified according to the ownership				

Items	The third quarter of 2019 (July to September)	The third quarter of 2018 (July to September)	The first three quarters of 2019 (January to September)	The first three quarters of 2018 (January to September)
1. Net profit attributable to shareholders of the parent company (net loss indicated by "–")	1,112,615,506.77	1,338,581,982.09	3,398,976,800.73	3,371,888,328.62
2. Minority interests (net loss indicated by "–")	181,187,082.09	163,507,929.45	645,449,897.13	585,353,975.26
VI. Other comprehensive income, net of tax	-269,616,527.69	-184,178,089.71	-273,730,910.77	-430,419,616.15
Other comprehensive income attributable to owners of the parent company, net of tax	-270,246,096.24	-189,389,683.56	-257,015,979.20	-400,577,868.05
(1) Other comprehensive income that will not be reclassified to profit or loss	-2,468,452.65	-33,134,890.89	19,169,836.19	-40,807,471.42
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 other investments in equity instruments	-2,468,452.65	-33,134,890.89	19,169,836.19	-40,807,471.42
4. Changes in fair value arising from the enterprise's credit risk				
(2) Other comprehensive income that will be reclassified to profit or loss	-267,777,643.59	-156,254,792.67	-276,185,815.39	-359,770,396.63
1. Other comprehensive income accounted for using equity method, which will be reclassified to profit or loss		-394,401.65	1,138.50	-351,587.95
2. Changes in fair value of other debt investments				
3. Profit or loss arising from changes in fair value of available-for-sale financial assets				

Items	The third quarter of 2019 (July to September)	The third quarter of 2018 (July to September)	The first three quarters of 2019 (January to September)	The first three quarters of 2018 (January to September)
4. Other comprehensive income arising from reclassifying financial assets				
5. Gain or loss arising from reclassification from held-to-maturity investments to available-for-sale financial assets				
6. Provision for credit impairment of other debt investments				
7. Cash flow hedging reserve (effective portion of the gain or loss arising from cash flow hedges)				
8. Exchange differences on translation of financial statements denominated in foreign currencies	-267,276,080.52	-155,860,391.02	-276,225,244.76	-360,659,398.45
9. Others	-501,563.07		38,290.87	1,240,589.77
Other comprehensive income attributable to minority shareholders, net of tax	629,568.55	5,211,593.85	-16,714,931.57	-29,841,748.10
VII. Total comprehensive income	1,024,186,061.17	1,317,911,821.83	3,770,695,787.09	3,526,822,687.73
Total comprehensive income attributable to owners of the parent company	842,369,410.53	1,149,192,298.53	3,141,960,821.53	2,971,310,460.57
Total comprehensive income attributable to minority shareholders	181,816,650.64	168,719,523.30	628,734,965.56	555,512,227.16
VIII. Earnings per share:				
(1) Basic earnings per share (RMB/share)	0.3915	0.4738	1.1959	1.1936
(2) Diluted earnings per share (RMB/share)	0.3915	0.4738	1.1959	1.1936

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

INCOME STATEMENT OF THE PARENT COMPANY

January to September 2019

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

Unit: RMB Type of Audit: Unaudited

Items	The third quarter of 2019 (July to September)	The third quarter of 2018 (July to September)	The first three quarters of 2019 (January to September)	The first three quarters of 2018 (January to September)
I. Operating revenue	8,383,094.99	1,936,870.71	16,302,821.06	6,277,163.26
Less: Cost of operation				
Business taxes and surcharges	199,586.20	57,134.50	2,510,606.03	537,658.52
Selling expenses				
Administrative expenses	48,356,096.56	47,536,647.93	159,186,781.92	75,989,695.26
R&D expenses	29,845,279.94	67,999,896.85	93,530,644.27	127,676,968.15
Financial expenses	8,993,386.61	-23,969,258.15	115,839,633.69	-18,763,220.12
Including: Interest expenses	66,103,700.62	53,967,449.69	188,485,309.36	136,535,020.02
Interest income	4,490,835.74	2,110,483.88	11,775,654.34	10,128,814.57
Add: Other income	2,987,455.00		3,604,556.15	
Investment income (loss indicated by "–")	554,534,992.78	515,760,159.12	2,120,066,434.94	1,776,430,898.71
Including: Share of investment profit of associates and joint ventures	43,487,360.61	12,237,115.41	112,673,637.60	92,989,597.27
Derecognition of gains on financial assets measured at amortised cost				
Net gains from hedging exposure (loss indicated by "–")				
Profit arising from changes in fair value (loss indicated by "–")				
Impairment loss of credit (loss indicated by "–")	1,003,289.08		-1,210,628.69	-7,742,229.99
Impairment loss of assets (loss indicated by "–")				

Items	The third quarter of 2019 (July to September)	The third quarter of 2018 (July to September)	The first three quarters of 2019 (January to September)	The first three quarters of 2018 (January to September)
Gains on assets disposal (loss indicated by "–")				
II. Operating profit (loss indicated by "–")	479,514,482.54	426,072,608.70	1,767,695,517.55	1,589,524,730.17
Add: Non-operating income	237,201.91		237,201.91	700.00
Less: Non-operating expenses	253,117.68	600,000.00	1,833,117.68	1,960,000.00
III. Total profit (total loss indicated by "–")	479,498,566.77	425,472,608.70	1,766,099,601.78	1,587,565,430.17
Less: Income tax expenses				
IV. Net profit (net loss indicated by "–")	479,498,566.77	425,472,608.70	1,766,099,601.78	1,587,565,430.17
(1) Net profit from continuing operations (net loss is represented by "–" sign)	479,498,566.77	425,472,608.70	1,766,099,601.78	1,587,565,430.17
(2) Net profit from discontinued operations (net loss indicated by "–")				
V. Other comprehensive income, net of tax			756.00	38,429.98
(1) Other comprehensive income that will not be reclassified to profit or loss				
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 other investments in equity instruments				
4. Changes in fair value arising from the enterprise's credit risk				
(2) Other comprehensive income that will be reclassified to profit or loss			756.00	38,429.98

Items	The third quarter of 2019 (July to September)	The third quarter of 2018 (July to September)	The first three quarters of 2019 (January to September)	The first three quarters of 2018 (January to September)
1. Other comprehensive income accounted for using equity method, which will be reclassified to profit or loss			756.00	38,429.98
2. Changes in fair value of other debt investments				
3. Profit or loss arising from changes in fair value of available-for-sale financial assets				
4. Other comprehensive income arising from reclassifying financial assets				
5. Gain or loss arising from reclassification from held-to-maturity investments to available-for-sale financial assets				
6. Provision for credit impairment of other debt investments				
7. Cash flow hedging reserve (effective portion of the gain or loss arising from cash flow hedges)				
8. Exchange differences on translation of financial statements denominated in foreign currencies				
9. Others				

Items	The third quarter of 2019 (July to September)	The third quarter of 2018 (July to September)	The first three quarters of 2019 (January to September)	The first three quarters of 2018 (January to September)
VI. Total comprehensive income	479,498,566.77	425,472,608.70	1,766,100,357.78	1,587,603,860.15
VII. Earnings per share:				
(1) Basic earnings per share (RMB/share)	N/A	N/A	N/A	N/A
(2) Diluted earnings per share (RMB/share)	N/A	N/A	N/A	N/A

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 2019

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

Unit: RMB   Type of Audit: Unaudited

Items	**The first three quarters of 2019 (January to September)**	**The first three quarters of 2018 (January to September)**
I. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	151,271,632,307.44	131,934,642,876.66
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 commission 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	112,470,767.66	70,466,323.70
Cash received relating to other operating activities	1,677,862,390.03	1,418,293,112.77
Sub-total of cash inflows from operating activities	153,061,965,465.13	133,423,402,313.13
Cash paid for goods and services	132,471,363,163.35	115,608,611,400.34
Net increase in customer loans and advances		
Net increase in placements with Central Bank and Interbank		
Cash paid for claims on original insurance contract		

Items	The first three quarters of 2019 (January to September)	The first three quarters of 2018 (January to September)
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	5,065,349,620.97	4,408,306,602.56
Payments of taxes	5,038,450,618.65	4,161,170,540.94
Cash paid relating to other operating activities	7,554,363,858.23	7,512,047,885.99
Sub-total of cash outflows from operating activities	150,129,527,261.20	131,690,136,429.83
Net cash flows from operating activities	2,932,438,203.93	1,733,265,883.30
II. Cash flows from investing activities:		
Cash received from disposal of investments	905,682,100.84	932,462,552.03
Cash received from returns on investments	269,843,619.01	296,041,389.45
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	675,205,557.79	17,226,392.58
Net cash received from disposal of subsidiaries and other business units	5,828,019.86	72,025,850.15
Cash received relating to other investing activities	10,217,034.32	46,356,903.74
Sub-total of cash inflows from investing activities	1,866,776,331.82	1,364,113,087.95
Cash paid to acquire fixed assets, intangible assets and other long-term assets	1,680,772,153.37	1,319,435,502.77
Cash paid to acquire investments	1,055,180,045.55	1,045,805,618.97
Net increase in pledged loans		
Net cash paid to acquire subsidiaries and other business units	675,605,615.23	5,338,175,461.22
Cash paid relating to other investing activities	214,946,976.41	567,542,277.52
Sub-total of cash outflows from investing activities	3,626,504,790.56	8,270,958,860.48
Net cash flows from investing activities	-1,759,728,458.74	-6,906,845,772.53
III. Cash flows from financing activities:		
Cash received from capital contributions	11,289,000.00	2,598,620,507.19
Including: Cash received from capital contributions of minority shareholders of subsidiaries	11,289,000.00	69,317,020.51
Cash received from borrowings	24,708,145,445.76	45,899,456,973.42

Items	The first three quarters of 2019 (January to September)	The first three quarters of 2018 (January to September)
Cash received relating to other financing activities	371,636,042.46	227,329,471.40
Sub-total of cash inflows from financing activities	25,091,070,488.22	48,725,406,952.01
Cash paid for repayments of debts	25,142,677,677.17	35,894,652,682.00
Cash paid for distribution of dividends, profits or interest payment	2,593,521,320.76	2,274,834,845.67
Including: Dividends and profits paid to minority shareholders by subsidiaries	298,408,988.10	230,825,264.33
Cash paid relating to other financing activities	792,425,694.93	3,226,469,081.93
Sub-total of cash outflows from financing activities	28,528,624,692.86	41,395,956,609.60
Net cash flows from financing activities	-3,437,554,204.64	7,329,450,342.41
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-825,375.82	-155,170,659.83
V. Net increase in cash and cash equivalents	-2,265,669,835.27	2,000,699,793.35
Add: Balance of cash and cash equivalents at the beginning of the Reporting Period	16,605,554,712.49	13,569,414,119.55
VI. Balance of cash and cash equivalents at the end of the Reporting Period	14,339,884,877.22	15,570,113,912.90

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

CASH FLOW STATEMENT OF THE PARENT COMPANY

January to September 2019

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

Unit: RMB Type of Audit: Unaudited

Items	The first three quarters of 2019 (January to September)	The first three quarters of 2018 (January to September)
I. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	11,464,750.32	5,195,963.26
Refund of taxes received		15,655,267.75
Cash received relating to other operating activities	95,475,893.09	319,897,485.84
Sub-total of cash inflows from operating activities	106,940,643.41	340,748,716.85
Cash paid for goods and services		
Cash paid to and on behalf of employees	140,413,394.89	107,790,580.39
Payments of taxes	9,904,952.53	2,436,273.87
Cash paid relating to other operating activities	274,632,024.78	239,660,224.53
Sub-total of cash outflows from operating activities	424,950,372.20	349,887,078.79
Net cash flows from operating activities	-318,009,728.79	-9,138,361.94
II. Cash flows from investing activities:		
Cash received from disposal of investments	905,682,100.84	903,665,169.70
Cash received from returns on investments	1,666,141,890.71	1,241,422,194.91
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		32,027.93
Net cash received from disposal of subsidiaries and other business units		
Cash received relating to other investing activities	4,901,816,182.49	3,057,807,470.07
Sub-total of cash inflows from investing activities	7,473,640,174.04	5,202,926,862.61
Cash paid to acquire fixed assets, intangible assets and other long-term assets	23,763,115.42	17,239,755.32
Cash paid to acquire investments	900,500,000.00	900,300,000.00
Net cash paid to acquire subsidiaries and other business units	4,191,700.00	332,628,600.00
Cash paid relating to other investing activities	5,054,806,001.33	5,624,725,000.00

Items	The first three quarters of 2019 (January to September)	The first three quarters of 2018 (January to September)
Sub-total of cash outflows from investing activities	5,983,260,816.75	6,874,893,355.32
Net cash flows from investing activities	1,490,379,357.29	-1,671,966,492.71
III. Cash flows from financing activities:		
Cash received from capital contributions		2,529,303,486.68
Cash received from borrowings	2,700,000,000.00	2,600,000,000.00
Cash received relating to other financing activities	190,000,000.00	
Sub-total of cash inflows from financing activities	2,890,000,000.00	5,129,303,486.68
Cash paid for repayments of debts	2,600,000,000.00	2,400,000,000.00
Cash paid for distribution of dividends, profits or interest payment	1,253,869,254.19	1,170,516,651.98
Cash paid relating to other financing activities	66,321,185.01	59,600,000.00
Sub-total of cash outflows from financing activities	3,920,190,439.20	3,630,116,651.98
Net cash flows from financing activities	-1,030,190,439.20	1,499,186,834.70
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-6,421,653.21	-39,708,650.01
V. Net increase in cash and cash equivalents	135,757,536.09	-221,626,669.96
Add: Balance of cash and cash equivalents at the beginning of the Reporting Period	1,617,374,798.30	1,667,209,851.74
VI. Balance of cash and cash equivalents at the end of the Reporting Period	1,753,132,334.39	1,445,583,181.78

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

4.2 Adjustment to relevant items in the financial statements at the beginning of the year in which the new financial instrument standard, new revenue standard and new lease standard are initially implemented

✓Applicable ☐Not applicable

CONSOLIDATED BALANCE SHEET

Unit: RMB

Items	31 December 2018	1 January 2019	Adjustment amount
Current assets:			
Monetary funds	18,694,668,989.13	18,694,668,989.13	
Deposit reservation for balance			
Lending funds			
Financial assets held for trading			
Financial assets at fair value with changes recognised in current profit or loss			
Derivative financial assets	5,189,819.94	5,189,819.94	
Notes receivable	287,058,828.61	287,058,828.61	
Accounts receivable	42,152,111,736.92	42,152,111,736.92	
Receivables financing	1,532,865,502.29	1,532,865,502.29	
Advances to suppliers	2,049,452,397.15	2,049,452,397.15	
Premiums receivable			
Reinsurance accounts receivable			
Receivable from subcontracting reserves			
Other receivables	2,291,743,040.27	2,291,743,040.27	
Including: Interests receivable			
Dividends receivable	41,640,230.20	41,640,230.20	
Redemptory monetary capital for sale			
Inventories	25,024,010,338.41	25,024,010,338.41	
Contract assets			
Assets classified as held for sale	6,304,430.07	6,304,430.07	
Non-current assets due within one year	211,804,183.86	211,804,183.86	
Other current assets	1,022,673,295.51	1,022,673,295.51	
Total current assets	93,277,882,562.16	93,277,882,562.16	
Non-current assets:			
Issuing of loans and advances			
Debt investments			
Available-for-sale financial assets			
Other debt investments			

Items	**31 December 2018**	**1 January 2019**	**Adjustment amount**
Held-to-maturity investments			
Long-term receivables	315,975,386.01	315,975,386.01	
Long-term equity investments	4,366,604,777.77	4,366,604,777.77	
Other investments in equity instruments	162,312,493.32	162,312,493.32	
Other non-current financial assets	119,649,126.36	119,649,126.36	
Investment properties	305,828,562.70	305,828,562.70	
Fixed assets	8,596,168,427.30	8,563,210,727.51	-32,957,699.79
Construction in progress	1,598,395,428.10	1,598,395,428.10	
Bearer biological assets	409,811,719.45	409,811,719.45	
Oil-and-gas assets			
Right-of-use assets	/	1,329,524,676.14	1,329,524,676.14
Intangible assets	4,117,466,261.06	4,117,466,261.06	
Development disbursement	165,698,846.78	165,698,846.78	
Goodwill	11,345,286,075.81	11,345,286,075.81	
Long-term prepaid expenses	403,250,813.38	403,250,813.38	
Deferred income tax assets	1,037,925,332.24	1,062,422,322.02	24,496,989.78
Other non-current assets	657,078,690.44	657,078,690.44	
Total non-current assets	33,601,451,940.72	34,922,515,906.85	1,321,063,966.13
Total assets	126,879,334,502.88	128,200,398,469.01	1,321,063,966.13
Current liabilities:			
Short-term borrowings	19,419,607,960.47	19,419,607,960.47	
Borrowing from the Central Bank			
Borrowing funds			
Financial liabilities held for trading			
Financial liabilities at fair value with changes recognised in current profit or loss			
Derivative financial liabilities	458,319.61	458,319.61	
Notes payable	4,173,256,983.28	4,173,256,983.28	
Accounts payable	30,974,710,058.37	30,974,710,058.37	
Advances from customers			
Financial assets sold for repurchase			
Absorbing deposit and interbank deposit			

Items	31 December 2018	1 January 2019	Adjustment amount
Receivings from vicariously traded securities			
Receivings from vicariously sold securities			
Employee benefits payable	900,337,629.36	900,337,629.36	
Taxes payable	1,042,190,317.84	1,042,190,317.84	
Other payables	8,047,652,220.59	8,047,652,220.59	
Including: Interests payable			
Dividends payable	147,951,670.61	147,951,670.61	
Fees and commissions payable			
Reinsurance accounts payable			
Contract liabilities	1,357,136,698.16	1,357,136,698.16	
Liabilities classified as held for sale			
Non-current liabilities due within one year	2,794,417,843.45	3,291,300,306.03	496,882,462.58
Other current liabilities			
Total current liabilities	68,709,768,031.13	69,206,650,493.71	496,882,462.58
Non-current liabilities:			
Provision for insurance contracts			
Long-term borrowings	6,622,991,700.16	6,622,991,700.16	
Bonds payable	2,997,305,559.91	2,997,305,559.91	
Including: Preference shares			
Perpetual bonds			
Lease liabilities	/	918,202,138.09	918,202,138.09
Long-term payables	471,674,422.96	451,420,057.54	-20,254,365.42
Long-term employee benefits payable	51,946,663.62	51,946,663.62	
Accrued liabilities	99,104,194.55	99,104,194.55	
Deferred income	503,332,200.12	503,332,200.12	
Deferred income tax liabilities	866,912,020.83	866,912,020.83	
Other non-current liabilities	123,029,748.29	123,029,748.29	
Total non-current liabilities	11,736,296,510.44	12,634,244,283.11	897,947,772.67
Total liabilities	80,446,064,541.57	81,840,894,776.82	1,394,830,235.25

Items	31 December 2018	1 January 2019	Adjustment amount
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	15,845,033,453.86	15,845,033,453.86	
Less: Treasury shares			
Other comprehensive income	-492,638,959.02	-492,638,959.02	
Special reserves			
Surplus reserves	1,488,443,400.28	1,488,392,852.35	-50,547.93
General risk provisions			
Undistributed profits	19,330,643,209.50	19,269,643,602.38	-60,999,607.12
Total owners' equity (or shareholders' equity) attributable to the parent company	39,013,570,426.62	38,952,520,271.57	-61,050,155.05
Minority interests	7,419,699,534.69	7,406,983,420.62	-12,716,114.07
Total owners' equity (or shareholders' equity)	46,433,269,961.31	46,359,503,692.19	-73,766,269.12
Total liabilities and owners' equity (or shareholders' equity)	126,879,334,502.88	128,200,398,469.01	1,321,063,966.13

Description of adjustments to the items:

✓Applicable □Not applicable

Pursuant to the new lease standard, the leasee shall account for lease contracts meeting the definition of lease in accordance with requirements of the new standard.

BALANCE SHEET OF THE PARENT COMPANY

Unit: RMB

Items	31 December 2018	1 January 2019	Adjustment amount
Current assets:			
Monetary funds	1,617,376,771.51	1,617,376,771.51	
Financial assets held for trading			
Financial assets at fair value with changes recognised in current profit or loss			
Derivative financial assets			
Notes receivable			
Accounts receivable			
Receivables financing			
Advances to suppliers	497,307.00	497,307.00	
Other receivables	10,612,927,694.74	10,612,927,694.74	
Including: Interests receivable			
Dividends receivable	655,336,403.56	655,336,403.56	
Inventories			
Contract assets			
Assets classified as held for sale			
Non-current assets due within one year			
Other current assets			
Total current assets	12,230,801,773.25	12,230,801,773.25	
Non-current assets:			
Debt investments			
Available-for-sale financial assets			
Other debt investments			
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	21,225,361,720.70	21,225,361,720.70	
Other investments in equity instruments			
Other non-current financial assets	24,889,884.50	24,889,884.50	

Items	31 December 2018	1 January 2019	Adjustment amount
Investment properties			
Fixed assets	54,451,610.93	54,451,610.93	
Construction in progress	31,842,571.78	31,842,571.78	
Bearer biological assets			
Oil-and-gas assets			
Right-of-use assets	/	12,093,958.87	12,093,958.87
Intangible assets	86,264,773.01	86,264,773.01	
Development disbursement			
Goodwill			
Long-term prepaid expenses	1,069,203.42	1,069,203.42	
Deferred income tax assets			
Other non-current assets			
Total non-current assets	21,423,879,764.34	21,435,973,723.21	12,093,958.87
Total assets	33,654,681,537.59	33,666,775,496.46	12,093,958.87
Current liabilities:			
Short-term borrowings	600,800,158.34	600,800,158.34	
Financial liabilities held for trading			
Financial liabilities at fair value with changes recognised in current profit or loss			
Derivative financial liabilities			
Notes payable			
Accounts payable	10,112,162.76	10,112,162.76	
Advances from customers			
Contract liabilities	4,207,189.17	4,207,189.17	
Employee benefits payable	25,034,000.00	25,034,000.00	
Taxes payable	6,262,916.64	6,262,916.64	
Other payables	2,749,545,873.02	2,749,545,873.02	
Including: Interests payable			
Dividends payable			
Liabilities classified as held for sale			

Items	31 December 2018	1 January 2019	Adjustment amount
Non-current liabilities due within one year	2,075,022,371.47	2,083,540,359.01	8,517,987.54
Other current liabilities			
Total current liabilities	5,470,984,671.40	5,479,502,658.94	8,517,987.54
Non-current liabilities:			
Long-term borrowings			
Bonds payable	2,997,305,559.91	2,997,305,559.91	
Including: Preference shares			
Perpetual bonds			
Lease liabilities	/	4,081,450.67	4,081,450.67
Long-term payables			
Long-term employee benefits payable			
Accrued liabilities			
Deferred income	34,244,967.19	34,244,967.19	
Deferred income tax liabilities	5,859,736.77	5,859,736.77	
Other non-current liabilities			
Total non-current liabilities	3,037,410,263.87	3,041,491,714.54	4,081,450.67
Total liabilities	8,508,394,935.27	8,520,994,373.48	12,599,438.21
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	18,846,626,895.43	18,846,626,895.43	
Less: Treasury shares			
Other comprehensive income	-1,517,884.52	-1,517,884.52	
Special reserves			
Surplus reserves	1,117,334,175.18	1,117,283,627.25	-50,547.93
Undistributed profits	2,341,754,094.23	2,341,299,162.82	-454,931.41

Items	31 December 2018	1 January 2019	Adjustment amount
Total owners' equity (or shareholders' equity)	25,146,286,602.32	25,145,781,122.98	-505,479.34
Total liabilities and owners' equity (or shareholders' equity)	33,654,681,537.59	33,666,775,496.46	12,093,958.87

Description of adjustments to the item:

✓Applicable ☐Not applicable

Pursuant to the new lease standard, the leasee shall account for lease contracts meeting the definition of lease in accordance with requirements of the new standard.

4.3 Retrospective adjustment to the comparable figures for the previous period due to the initial implementation of the new financial instrument standard and new lease standard

✓Applicable ☐Not applicable

The Group has implemented the Accounting Standards for Enterprise 21 – Leases since 1 January 2019. Pursuant to the transition provisions, the Group discloses the financial statements according to the new lease standard from the first quarterly report for 2019, without restating the comparative figures of financial statements for the previous period. The implementation of the above-mentioned new standards has no significant impact on the Company's financial position, operating results and cash flows.

4.4 Audit Report

☐Applicable ✓Not applicable