SPH 上海医药 SHANGHAI PHARMA

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)

2020 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 2020 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 2020

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 and the directors, supervisors and senior management of the Company 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 fourteenth meeting of the seventh session of the board of directors held on 29 October 2020, at which resolutions including the third quarterly results of the Company for the nine months ended 30 September 2020 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 2020 to 30 September 2020
"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)
"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)
"CDE"	Center for Drug Evaluation, National Medical Products Administration of the People's Republic of China
"NMPA"	National Medical Products Administration of the People's Republic of China
"SPHC"	Shanghai Pharmaceuticals Grand Health Cloud Commerce Company Limited (上海醫藥大健康雲商股份有限公司)

II. GENERAL INFORMATION

■ Details of results

In 2020, as the COVID-19 pandemic ravaged the world, economic environment became increasingly challenging, and the pharmaceutical industry was faced with unprecedented challenges. In addition to actively devoting to anti-pandemic activities, the Company achieved positive results amid market downturn leveraging its diverse varieties and channel resources. By the third quarter of the year, the Company's operating results have almost recovered to a normal level. In 2020, Shanghai Pharmaceuticals made its debut on the 2020 Fortune Global 500, becoming one of only two Chinese pharmaceutical companies on the list. The Company's operation in the first three quarters is reported as follows:

From January to September 2020, the operating income of the Company was RMB140.323 billion, which was basically unchanged as compared with the same period of last year, of which, revenue from pharmaceutical manufacturing was RMB17.370 billion, representing a year-on-year decrease of 1.77% and revenue from pharmaceutical services was RMB122.953 billion, representing a year-on-year increase of 0.01%. Net profit attributable to equity holders of listed company was RMB3.602 billion, representing a year-on-year increase of 5.97%, of which main business of pharmaceutical manufacturing contributed profits of RMB1.632 billion, representing a year-on-year increase of 5.99% and main business of pharmaceutical services contributed profits of RMB1.749 billion, representing a year-on-year increase of 14.99%. Shareholding enterprises contributed profits of RMB785 million, representing a year-on-year decrease of 2.36%. Net profit attributable to equity holders of the listed company after deduction of non-recurring profit or loss was RMB3.278 billion, representing a year-on-year increase of 6.77%. Net profit attributable to equity holders of the listed company after the reversal of R&D expenditure increased by 9.00% year-on-year.

In the third quarter, with the improvement of the COVID-19 pandemic situation, the overall business of the Company has resumed gradually. From July to September 2020, the operating income of the Company was RMB53.157 billion, representing a year-on-year increase of 10.65% and quarter-on-quarter increase of 13.79%; revenue from pharmaceutical manufacturing was RMB5.695 billion, representing a year-on-year decrease of 0.78% and quarter-on-quarter decrease of 5.46%; revenue from pharmaceutical services was RMB47.462 billion, representing a year-on-year increase of 12.20% and quarter-on-quarter increase of 16.64%. Net profit attributable to equity holders of listed company was RMB1.159 billion, representing a year-on-year increase of 4.18%. Net profit attributable to equity holders of the listed company after deduction of non-recurring profit or loss was RMB1.078 billion, representing a year-on-year increase of 10.53%. Net profit attributable to equity holders of the listed company after the reversal of R&D expenditure increased by 8.11% year-on-year.

During the Reporting Period, the Company's integrated gross profit margin was 14.08%, increased by 0.38 percentage point compared with the same period of last year. Pharmaceutical manufacturing grew by 1.19 percentage points and pharmaceutical distribution increased by 0.6 percentage point. The operating profit margin of the Company was 4.20% after deduction of management, sales and R&D expenses, representing an increase of 0.41 percentage point compared with the same period of last year.

The Company continued to maintain good quality of operation. During the Reporting Period, the operating net cash inflows amounted to RMB5.198 billion.

■ **Operation Highlights for the First Three Quarters**

Pharmaceutical Manufacturing

From January to September, the sales revenue from the pharmaceutical manufacturing business was RMB17.370 billion, representing a decrease of 1.77% compared with the same period of last year. The gross profit margin was 58.73%, representing an increase of 1.19 percentage points compared with the same period of last year. The combined sales revenue of 60 key products was RMB9.805 billion, representing a year-on-year decrease of 3.38%, and the average gross profit margin was 71.14%. From July to September, the sales revenue from the pharmaceutical manufacturing business was RMB5.695 billion, representing a decrease of 0.78% compared with the same period of last year. The combined sales revenue of 60 key products was RMB3.258 billion, representing a year-on-year decrease of 4.12%.

- *Product and Planning*

  The Company further optimized and defined the development path of innovative drugs, generic drugs and traditional Chinese medicine according to the requirements of the new situation, new starting point and new development and in respect of its own business structure and product characteristics, and formally established the Rare Disease Drugs Department to concentrate on strengthening the expansion of the rare disease drug market.

  1. Optimization of Internal Resource Structure

     ◆ The newly established Products Strategy Department of the Company (a first-level functional department) was designed to manage the whole cycle of R&D, production and marketing of the Group's industrial products, thereby further improving the formulation and implementation efficiency of product planning.

- To further optimize the Group's industrial marketing center, the Group established a new wholly-owned subsidiary "SPH Industrial Marketing Management Co., Ltd. (上海醫藥集團工業營銷管理有限公司)" to achieve substantive operation of the marketing center, strengthen the management powers and responsibilities of the marketing center, promote strategic focus, and enhance sales capabilities.

- The Company took rare disease drugs as the key development field, and established the Rare Disease Drugs Department as the professional, concentrated and intensive development platform, thereby effectively integrating the existing approval resources for rare disease drugs (15 varieties, involving 18 rare diseases and more than 10 products under development) and comprehensively coordinating the R&D, production and sales in this field.

2. Actively Ventured into High-end Preparations Market

- The Company established a new joint venture with Zhejiang Jiuzhou Pharmaceuticals Co. Ltd. (浙江九洲藥業股份有限公司) ("Jiuzhou Pharmaceuticals") in the third quarter with the intention to achieve win-win cooperation and develop and innovate high-end preparations and carry out production and sales of high-end preparations act as a marketing authorization holder, so as to drive the Company's high-end capacity utilization rate and manufacturing sales performance. At the same time, through in-depth strategic cooperation with high-quality upstream API suppliers, the Company ensures the supply of APIs for the Company's products in production and under development, improves the Company's market competitiveness in generic drug consistency evaluation and secondary drug development, and accelerates the international certification and international market development of products, indirectly promoting the process of internationalization strategy.

- The Company officially signed a strategic framework agreement with the government of Baoshan District of Shanghai to enter the "North Shanghai Biomedicine Industrial Park", thereby officially launched the "Shanghai Pharmaceutical Baoshan Pharmaceutical Super Plant Project", under which the Company plans to integrate high-end chemical drug preparation products in Shanghai by building a multi-preparation-type, multi-variety, and high-yield industrial park. The project is expected to be implemented officially within this year.

- To build a domestically leading high-end preparation R&D platform, during the Reporting Period, Shanghai Huiyong Pharmaceutical Research Co., Ltd., a subsidiary of the Company, has initiated the A round financing which is currently well underway.

3. Progress of Major API Preparation Integration Projects

API projects including SPH Jinshan Green Pharmaceutical Excellence Base (Phase I), Shanghai Pharmaceuticals Liaoning Green API Base (Phase I), and SPH Sine Pingyuan Medicine Industrial Park are currently under construction, and are expected to effectively ensure the satisfaction of Company's need for APIs in the future, actively promote the integration of API preparations, and effectively enhance market competitiveness of the Company's products.

4. Implementing the Corporate Responsibility As a Pharmaceutical Company to Fight Against the COVID-19

During the Reporting Period, Shanghai Pharmaceuticals fulfilled its social responsibility and mission as a pharmaceutical enterprise, and resumed work and production in a timely and orderly manner by working together to fight against the COVID-19. According to the summary statistics of the clinical drug varieties related to the fight against the COVID-19 from manufacturing enterprises of the Company, and combined with the key control varieties of National Ministry of Industry and Information and the COVID-19 diagnosis and treatment protocol, the Company's manufacturing enterprises has established a list of ten categories of drugs, including antiviral, antibacterial, antipyretic and analgesic, phlegm, immune regulation, preventive medicine, Chinese patent medicine, etc., for the purpose of dynamic monitoring and advance planning to ensure the supply of anti-epidemic drugs.

- *R&D and Innovation*

During the Reporting Period, the Company further increased its investment in R&D, with total investment in R&D in the first three quarters amounting to RMB1.178 billion, which was 6.78% of sales revenue from manufacturing, of which RMB1.040 billion was invested in R&D expenses (a year-on-year growth of 20.97%), which was 5.99% of sales revenue from manufacturing. During the Reporting Period, the Company further optimized an internal R&D incentive system to provide effective medium and long-term incentives for the Company's core R&D personnel, so as to retain and attract more R&D talents, accelerate to promote projects under development and provide strong support for the Company's future development through innovation.

The Company's innovative drug pipeline made many progresses in different phases.

- The Phase II clinical trial for the effectiveness and safety of "SPH3127" in the treatment of primary mild and moderate hypertension was basically completed and the conclusion meeting of the Phase II clinical trial was held in September this year. The Phase III clinical plan of "SPH3127" was approved by CDE and has conducted the Phase III clinical trial in the near future.

- "LT3001 for injection" (new medicine for acute stroke) has obtained the Clinical Trial Approval (《藥物臨床試驗批准通知書》) issued by NMPA and is conducting the Phase I clinical trial.

- Currently, a new generation of recombinant herpesvirus T3011 introduced in August 2020 has conducted the Phase I clinical trial.

- "SPH4336 Tablet", the new anti-tumor small molecule drug, has received the Clinical Trial Notice (《臨床試驗通知書》) from NMPA and is conducting the Phase I clinical trial.

- The applications for clinical trial of "SPH3261 capsule" (new anti-tumor drug ErbB2 inhibitor) was approved by NMPA.

- In July 2020, the first subject was enrolled in the Phase I clinical trial of "SPH3348", a new anti-tumor drug with c-Met selective inhibitor, and the first subject was enrolled in the Phase II clinical trial of Triptolide tablet, a "Lei Teng Shu" tablet for treatment of rheumatoid arthritis indications.

All of the above innovative drug pipeline products are new class 1 drugs. In addition, during the Reporting Period, Rosuvastatin Calcium Tablet has obtained the Drug Registration Certificate (《藥品註冊證書》) issued by NMPA.

This year, the Company has also made good progress in its generic drug consistency evaluation. During the Reporting Period, a total of 9 varieties (10 specifications) of Zopiclone Tablets, Metformin Hydrochloride Tablets, Ambroxol Hydrochloride Capsules, Captopril Tablets, Amlodipine Benzenesulfonate Tablets, Clozapine Tablets, Clindamycin hydrochloride capsules, Telmisartan Tablets and Levonorgestrel tablets passed the generic drug consistency evaluation. At present, the total number of approved products was 15 varieties (19 specifications), which is at the forefront of the industry.

During the Reporting Period, the Company continued to strengthen strategic cooperation with scientific research institutes and clinical institutions.

- The Company signed a strategic cooperation framework agreement with Shanghai Jiao Tong University School of Medicine to jointly build an incubation platform for "Shanghai Pharmaceuticals – Innovation Achievements of Shanghai Jiao Tong University School of Medicine" and accelerate the research and development and industrialization of cutting-edge innovation projects.

- The Company entered into a strategic cooperation framework agreement with the Molecular Cell Center of Excellence of the Chinese Academy of Sciences to jointly build the "Molecular Cell Center of Excellence of the Chinese Academy of Sciences – Shanghai Pharmaceuticals" incubation platform for innovation achievements to support and promote the incubation and conversion of the original scientific research results and cutting-edge innovative technologies of the Molecular Cell Center of Excellence.

- The Company entered into the agreements on "Conversion of CAR-T Clinical Research Technologies Achievements" and "Research Cooperation on CAR-T Combined Targeted Treatment of Acute Lymphoblastic Leukemia and Lymphoma" with the National Children's Medical Center (Shanghai) and Shanghai Children's Medical Center Affiliated to Shanghai Jiaotong University School of Medicine, respectively, with an aim to build a new mechanism for hospital-enterprise cooperation in respect of effective connection of clinical research with product development and promote the new development of biomedical technology.

In addition, the Company also plans to participate in the A round financing of Chengdu Wesker Biopharmaceutical Co., Ltd. (成都威斯克生物醫藥有限公司) with an aim to enter the vaccine industry through the opportunity arising from supporting enterprises engaged in the research and development of the COVID-19 vaccine and improve the Company's core competitiveness.

Pharmaceutical Services

From January to September, the Company's sales revenue from pharmaceutical distribution was RMB122.790 billion, representing a year-on-year increase of 0.49%, and gross profit margin was 7.00%. Sales revenue from pharmaceutical retail business reached RMB5.966 billion, representing a year-on-year increase of 0.98%, and gross profit margin was 13.61%. From July to September, the Company's sales revenue from pharmaceutical distribution was RMB47.339 billion, representing a year-on-year increase of 12.73%. Sales revenue from pharmaceutical retail business reached RMB2.198 billion, representing a year-on-year increase of 6.12%. In the midst of the COVID-19 pandemic, the Internet medical and vaccine industry also ushered in new opportunities. On the basis of fighting epidemic and ensuring supply, the Company actively maintains stable development of existing commercial business and strives to explore new opportunities hidden under the new normal.

During the Reporting Period, the Company continued to strengthen its development in import access, warehousing and logistics, etc. In the terms of imported drugs, the Company successfully introduced 12 import agent varieties in the first three quarters. Newly introduced varieties in the third quarter include: three key products strategically introduced by BeiGene from Amgen, including XGEVA (desulumab for injection), KYPROLIS (carfilzomib for injection) and BLINCYTO (blinatumomab for injection), all of them are expected to be launched in China in 2021; Pfizer's EUCRISA is the only steroid-free topical prescription drug suitable for children as young as 3 months with mild to moderate AD. It is expected to be launched in China early next year.

In the terms of imported vaccine, during the Reporting Period, the Company's sales revenue from vaccine was RMB3.972 billion, representing a year-on-year growth of 62.58%. The Company's agent GlaxoSmithKline (GSK) blockbuster variety – recombinant herpes zoster vaccine (SHINGRIX) was officially launched on 2 July and recorded sales of approximately RMB550 million in the third quarter.

As the only professional medical emergency material reserve platform in Shanghai, Shanghai Pharmaceuticals continues to actively expand the comprehensive strength in vaccine supplies and logistics reserves. During the Reporting Period, the Company entered into a strategic cooperation agreement with CanSino Biologics Inc.. The two parties will give full play to their respective advantageous resources and channels to carry out cooperation on the storage, distribution and supply chain service for vaccine products across China, so as to provide an important guarantee for the accessibility of vaccine products. Subsequently, in September this year, the two parties reached an intent of cooperation on entrusted production and signed the "Letter of Intent" for entrusted production. To implement the cooperation on entrusted production as soon as possible, the Shanghai Pharmaceuticals Manufacturing Management Center has begun to prepare for the construction of the COVID-19 vaccine production site.

In October 2020, the launching ceremony of the "Suide Road Phase II Project" of Shanghai Pharmaceuticals Support Base was held in the Suide Warehousing Area of Shanghai Pharmaceutical Logistics Center Co., Ltd. (上海醫藥物流中心有限公司), which marked a new milestone of the Company in the construction of a leading pharmaceutical logistics support. The Suide Road Phase II Project will take guarantee of emergency supplies as its core function to meet the needs for health emergency supplies reserve of Shanghai as a super-large city. Upon completion, it will occupy an area of approximately 51,000 square meters and a planned total construction area of 72,000 square meters. It will be equipped with a series of automated and intelligent logistics equipment to effectively improve its operational efficiency.

Amid the pandemic, SPHC, the "Internet+" pharmaceutical business technology platform under the Group, has continued to accelerate the online diagnosis and treatment of hospitals leveraging its advantages of "Internet hospital + drug supply chain service extension project". At present, SPHC has connected (and are connecting) 65 Internet hospitals, and has reached an exclusive distribution entrustment relationship with many of them. Currently, SPHC is carrying out B round financing with an aim to bring in advantageous industry resources and development funds to accelerate the integration of industry-related new retail assets and upgrade the pharmaceutical business technology platform, so as to boost the Company to become the future industry leader.

SPHC's shareholding subsidiary, MediTrust Health, as the first full-cycle medical innovation payment platform in China, has launched high-value drug financial installment business and efficacy insurance and many other innovative payment and pharmaceutical insurance projects around its Yaokangfu (藥康付) and Yaoyibao (藥益保) platforms. In March this year, MediTrust Health received RMB30 million in A+ round strategic financing from China Life Reinsurance Company Ltd. ("China Re Life"), reached a comprehensive strategic cooperation agreement with China Re Life. At present, the B round financing of MediTrust Health is pushing forward smoothly and is expected to be completed this year.

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	148,899,030,306.36	137,026,395,859.72	8.66
Net assets attributable to equity holders of listed company	44,363,938,799.42	41,659,054,746.92	6.49
	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	5,197,894,137.82	2,932,438,203.93	77.26
	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	140,322,522,230.45	140,616,997,042.43	-0.21
Net profit attributable to equity holders of the listed company	3,601,996,155.56	3,398,976,800.73	5.97
Net profit after deduction of non-recurring profit or loss attributable to equity holders of listed company	3,278,119,002.20	3,070,191,607.72	6.77
Weighted average return on net assets (%)	8.34	8.47	Decreased by 0.13 percentage point
Basic earnings per share (RMB per share)	1.27	1.20	5.97
Diluted earnings per share (RMB per share)	1.27	1.20	5.97

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	414,862.41	49,752,063.08
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	51,576,968.94	231,673,181.04
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	8,028,242.79	119,079,785.08
Reversal of provisions on impairment of receivables and contract assets assessed for impairment on an individual basis	–	19,034,482.72
Other non-operating income and expenses other than the aforesaid items	27,304,714.30	-2,327,460.40
Effect on minority interests (after tax)	-7,455,014.71	-27,181,972.52
Effect on income tax	1,545,853.47	-66,152,925.64
Total	81,415,627.20	323,877,153.36

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						108,405
Shareholdings of top ten shareholders						
Name of shareholder (Full name)	**Number of Shares held as at the end of the Reporting Period**	**Shareholding percentage (%)**	**Number of trade-restricted Shares held**	**Pledged or frozen**		**Nature of shareholder**
				Status of Shares	**Number of Share**	
HKSCC NOMINEES LIMITED [1]	813,418,724	28.620	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	303,470,198	10.678	0	Unknown		State-owned legal person and Foreign entity
China Securities Finance Corporation Limited	85,333,703	3.002	0	Nil		Unknown
Hong Kong Securities Clearing Company Limited [2]	56,040,494	1.972	0	Unknown		Foreign entity
Guosheng Group and Guosheng Assets [3]	43,100,900	1.517	0	Unknown		State-owned legal person
Central Huijin Asset Management Co., Ltd.	24,891,300	0.876	0	Nil		Unknown
NSSF 604 Combination	24,251,106	0.853	0	Nil		Unknown
Yinhua Fund-Agricultural Bank – Yinhua China Securities and Financial Assets Management Program	11,964,367	0.421	0	Nil		Unknown
Harvest Fund-Agricultural Bank – Harvest China Securities and Financial Assets Management Program	9,986,887	0.351	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	813,418,724	Overseas listed foreign shares	813,418,724
Shanghai Pharmaceutical (Group)	716,516,039	RMB ordinary shares	716,516,039
SIIC and its wholly-owned subsidiaries and Shanghai Shangshi	303,470,198	RMB ordinary shares	222,301,798
		Overseas listed foreign shares	81,168,400
China Securities Finance Corporation Limited	85,333,703	RMB ordinary shares	85,333,703
Hong Kong Securities Clearing Company Limited	56,040,494	RMB ordinary shares	56,040,494
Guosheng Group and Guosheng Assets	43,100,900	RMB ordinary shares	19,585,800
		Overseas listed foreign shares	23,515,100
Central Huijin Asset Management Co., Ltd.	24,891,300	RMB ordinary shares	24,891,300
NSSF 604 Combination	24,251,106	RMB ordinary shares	24,251,106
Yinhua Fund-Agricultural Bank – Yinhua China Securities and Financial Assets Management Program	11,964,367	RMB ordinary shares	11,964,367
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 State-owned Assets Supervision and Administration Commission. 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 shareholders of preference Shares with voting rights restored and number of Shares held	/		

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 81,168,400 H Shares held by SIIC and its wholly-owned subsidiaries and 23,515,100 H Shares held by Guosheng Group as well as 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 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.

3 During the Reporting Period, 5,000,000 A Shares held by Guosheng Group and Guosheng Assets were converted into H Shares.

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 2020	31 December 2019	Change	Reason for change
Financial assets held for trading	200,000,000.00	–	/	Increase in financial assets held for trading during the Reporting Period
Derivative financial assets	155,650.93	3,027,011.42	-94.86%	Decrease in fair value of financial assets held during the Reporting Period
Non-current assets due within one year	7,289,867.31	23,257,721.60	-68.66%	Decrease in long-term receivables due within one year during the Reporting Period
Long-term equity investment	6,637,373,562.87	4,853,779,059.53	36.75%	Increase in investments in associates and joint ventures during the Reporting Period
Other equity instrument investment	39,931,529.71	194,183,980.82	-79.44%	Disposal of certain financial assets during the Reporting Period
Other non-current assets	1,125,084,190.89	3,267,487,855.84	-65.57%	Decrease of prepaid investment payment during the Reporting Period
Derivative financial liabilities	5,484,915.44	1,724,460.87	218.07%	Increase in fair value of financial liabilities held during the Reporting Period
Other current liabilities	5,048,061,643.83	–	/	Issue of extra short-term financing bills during the Reporting Period
Accrued liabilities	20,505,569.23	70,923,169.00	-71.09%	Decrease in provision for litigation expenses during the Reporting Period
Deferred income	1,966,879,958.46	1,278,726,271.79	53.82%	Increase in relocation compensation received during the Reporting Period

Consolidated income statement items	January to September 2020	Amount for the same period of previous year	Change	Reason for change
Asset impairment losses	305,717,649.79	89,745,025.17	240.65%	Increase in provisions for impairment of inventory during the Reporting Period
Gains from assets disposal	-1,756,227.79	11,924,759.05	/	Increase in losses from disposal of assets during the Reporting Period
Non-operating income	92,070,020.23	164,852,301.23	-44.15%	Decrease in income from relocation compensation received during the Reporting Period
Consolidated cash flow statement items	**January to September 2020**	**Amount for the same period of previous year**	**Change**	**Reason for change**
Net cash flows from operating activities	5,197,894,137.82	2,932,438,203.93	77.26%	Increase in collection of payments for goods during the Reporting Period
Net cash flows from investing activities	-884,783,107.79	-1,759,728,458.74	49.72%	Increase in cash from acquisition of subsidiaries during the Reporting Period
Net cash flows from financing activities	151,547,242.27	-3,437,554,204.64	/	Increase in the issue of extra short-term financing bills during the Reporting Period

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

☐ Applicable ✓ Not applicable

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	**29 October 2020**

IV. APPENDICES

4.1 Financial Statements

CONSOLIDATED BALANCE SHEET
30 September 2020

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

Unit: RMB Type of Audit: Unaudited

Items	30 September 2020	31 December 2019
Current assets:		
Monetary funds	22,221,697,953.03	18,152,817,741.94
Deposit reservation for balance		
Lending funds		
Financial assets held for trading	200,000,000.00	–
Derivative financial assets	155,650.93	3,027,011.42
Notes receivable	223,308,171.25	274,119,544.70
Accounts receivable	54,205,395,193.28	47,339,803,537.21
Receivables financing	1,925,685,956.22	2,187,059,525.49
Advances to suppliers	2,473,862,651.06	1,937,456,121.28
Premiums receivable		
Reinsurance accounts receivable		
Receivable from subcontracting reserves		
Other receivables	1,926,299,698.38	2,202,960,796.71
Including: Interests receivable		
Dividends receivable	28,497,183.60	49,737,611.50
Financial assets purchased for resale		
Inventories	23,633,105,891.91	24,877,356,781.61
Contract assets		
Assets classified as held for sale		
Non-current assets due within one year	7,289,867.31	23,257,721.60
Other current assets	1,237,392,334.10	1,093,722,591.66
Total current assets	108,054,193,367.47	98,091,581,373.62

Items	30 September 2020	31 December 2019
Non-current assets:		
Issuing of loans and advances		
Debt investments		
Other debt investments		
Long-term receivables	215,073,566.96	265,642,096.94
Long-term equity investments	6,637,373,562.87	4,853,779,059.53
Other investments in equity instruments	39,931,529.71	194,183,980.82
Other non-current financial assets	494,390,860.56	384,398,172.73
Investment properties	235,352,886.21	292,319,211.54
Fixed assets	10,402,726,739.09	9,445,675,117.04
Construction in progress	1,641,012,800.39	1,649,896,366.49
Bearer biological assets	417,395,980.76	410,145,018.27
Oil-and-gas assets		
Right-of-use assets	1,692,118,614.73	1,622,096,400.05
Intangible assets	4,151,768,627.88	3,930,371,809.89
Development disbursement	227,266,832.92	211,593,325.81
Goodwill	11,851,318,163.36	10,789,918,517.77
Long-term prepaid expenses	378,339,720.51	394,799,913.53
Deferred income tax assets	1,335,682,862.05	1,222,507,639.85
Other non-current assets	1,125,084,190.89	3,267,487,855.84
Total non-current assets	40,844,836,938.89	38,934,814,486.10
Total assets	148,899,030,306.36	137,026,395,859.72

Items	30 September 2020	31 December 2019
Current liabilities:		
Short-term borrowings	20,763,330,598.82	23,138,687,189.75
Borrowing from the Central Bank		
Borrowing funds		
Financial liabilities held for trading		
Derivative financial liabilities	5,484,915.44	1,724,460.87
Bills payable	3,988,325,316.11	5,053,473,408.54
Trade payables	36,141,612,791.52	31,818,985,528.48
Advances from customers		
Contract liabilities	1,198,208,972.25	1,534,199,122.71
Financial assets sold for repurchase		
Absorbing deposit and interbank deposit		
Receivings from vicariously traded securities		
Receivings from vicariously sold securities		
Employee benefits payable	849,815,075.85	1,090,856,663.84
Taxes payable	983,361,472.11	1,215,420,806.49
Other payables	11,546,446,134.73	9,565,692,034.58
Including: Interests payable		
Dividends payable	116,358,478.73	99,519,576.04
Fees and commissions payable		
Reinsurance accounts payable		
Liabilities classified as held for sale		
Non-current liabilities due within one year	902,753,877.10	1,188,602,322.14
Other current liabilities	5,048,061,643.83	–
Total current liabilities	81,427,400,797.76	74,607,641,537.40

Items	30 September 2020	31 December 2019
Non-current liabilities:		
Provision for insurance contracts		
Long-term borrowings	6,460,014,093.95	6,135,992,761.69
Bonds payable	2,998,945,354.58	2,998,228,732.34
Including: Preference shares		
Perpetual bonds		
Lease liabilities	1,189,545,495.46	1,155,638,865.78
Long-term payables	414,375,639.19	415,627,976.40
Long-term employee benefits payable	35,643,902.79	48,095,893.55
Accrued liabilities	20,505,569.23	70,923,169.00
Deferred income	1,966,879,958.46	1,278,726,271.79
Deferred income tax liabilities	822,486,079.77	809,599,134.48
Other non-current liabilities	108,091,574.15	119,993,223.89
Total non-current liabilities	14,016,487,667.58	13,032,826,028.92
Total liabilities	95,443,888,465.34	87,640,467,566.32
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	15,981,080,059.99	15,720,601,835.88
Less: Treasury shares		
Other comprehensive income	-458,104,334.74	-542,229,067.12
Special reserves		
Surplus reserves	1,667,684,535.82	1,667,684,535.82
General risk provisions		
Undistributed profits	24,331,189,216.35	21,970,908,120.34
Total owners' equity (or shareholders' equity) attributable to the parent company	44,363,938,799.42	41,659,054,746.92
Minority interests	9,091,203,041.60	7,726,873,546.48
Total owners' equity (or shareholders' equity)	53,455,141,841.02	49,385,928,293.40
Total liabilities and owners' equity (or shareholders' equity)	148,899,030,306.36	137,026,395,859.72

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 2020

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

Unit: RMB Type of Audit: Unaudited

Items	**30 September 2020**	**31 December 2019**
Current assets:		
Monetary funds	4,685,667,464.03	3,688,306,798.50
Financial assets held for trading	200,000,000.00	–
Derivative financial assets		
Notes receivable		
Accounts receivable		
Receivables financing		
Advances to suppliers	1,545,550.00	482,514.35
Other receivables	18,708,076,127.25	16,676,400,517.51
Including: Interests receivable		
Dividends receivable	987,147,391.57	786,704,488.65
Inventories		
Contract assets		
Assets classified as held for sale		
Non-current assets due within one year		
Other current assets		
Total Current assets	23,595,289,141.28	20,365,189,830.36

Items	**30 September 2020**	**31 December 2019**
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	23,308,061,896.22	22,508,236,186.23
Other investments in equity instruments		
Other non-current financial assets	25,206,737.80	25,206,737.80
Investment properties		
Fixed assets	65,564,717.42	55,394,368.16
Construction in progress	24,036,343.20	17,811,606.35
Bearer biological assets		
Oil-and-gas assets		
Right-of-use assets	35,780,094.54	5,485,517.64
Intangible assets	75,953,018.79	90,518,114.22
Development disbursement		
Goodwill		
Long-term prepaid expenses	1,248,669.68	901,352.01
Deferred income tax assets		
Other non-current assets	1,827,200.00	1,535,681.44
Total non-current assets	23,537,678,677.65	22,705,089,563.85
Total assets	47,132,967,818.93	43,070,279,394.21

Items	30 September 2020	31 December 2019
Current liabilities:		
Short-term borrowings	1,201,489,652.78	2,703,229,875.00
Financial liabilities held for trading		
Derivative financial liabilities		
Bills payable		
Trade payables	19,372,616.82	20,852,915.38
Advances from customers		
Contract liabilities	4,231,259.17	4,207,189.17
Employee benefits payable	240,610.59	43,277,332.24
Taxes payable	1,335,028.11	10,500,289.31
Other payables	11,140,182,496.85	11,442,314,213.85
Including: Interests payable		
Dividends payable		
Liabilities classified as held for sale		
Non-current liabilities due within one year	125,951,796.64	23,996,517.76
Other current liabilities	5,048,061,643.83	–
Total current liabilities	17,540,865,104.79	14,248,378,332.71
Non-current liabilities:		
Long-term borrowings	500,000,000.00	–
Bonds payable	2,998,945,354.58	2,998,228,732.34
Including: Preference shares		
Perpetual bonds		
Lease liabilities	22,081,759.99	–
Long-term payables		
Long-term employee benefits payable		
Accrued liabilities		
Deferred income	34,047,040.12	43,131,349.85
Deferred income tax liabilities	5,859,736.77	5,859,736.77
Other non-current liabilities		
Total non-current liabilities	3,560,933,891.46	3,047,219,818.96
Total liabilities	21,101,798,996.25	17,295,598,151.67

Items	**30 September 2020**	**31 December 2019**
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	18,961,795,288.00	18,847,858,307.71
Less: Treasury shares		
Other comprehensive income	-1,520,442.10	-1,509,389.95
Special reserves		
Surplus reserves	1,296,575,310.72	1,296,575,310.72
Undistributed profits	2,932,229,344.06	2,789,667,692.06
Total owners' equity (or shareholders' equity)	26,031,168,822.68	25,774,681,242.54
Total liabilities and owners' equity (or shareholders' equity)	47,132,967,818.93	43,070,279,394.21

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

CONSOLIDATED INCOME STATEMENT

January to September 2020

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

Unit: RMB Type of Audit: Unaudited

Items	The third quarter of 2020 (July to September)	The third quarter of 2019 (July to September)	The first three quarters of 2020 (January to September)	The first three quarters of 2019 (January to September)
I. Total revenue of operation	53,157,417,095.06	48,041,762,626.62	140,322,522,230.45	140,616,997,042.43
Including: Operating revenue	53,157,417,095.06	48,041,762,626.62	140,322,522,230.45	140,616,997,042.43
Interest income				
Earned premium				
Service charges and commission income				
II. Total cost of operation	51,407,307,326.55	46,780,459,387.47	135,415,971,841.49	136,337,316,216.30
Including: Cost of operation	46,099,140,770.30	41,654,220,191.86	120,154,187,494.32	120,941,129,853.98
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	156,041,337.08	134,046,310.16	417,243,809.51	415,631,768.21
Selling expenses	3,204,532,381.90	3,032,883,192.85	9,324,897,312.62	9,463,071,578.16
Administrative expenses	1,275,290,708.44	1,289,180,511.22	3,500,082,647.95	3,618,410,189.03
R&D expenses	363,383,917.96	295,657,399.35	1,040,134,361.88	859,802,611.91
Financial expenses	308,918,210.87	374,471,782.03	979,426,215.21	1,039,270,215.01
Including: Interest expenses	367,482,657.04	415,907,777.77	1,131,082,975.84	1,174,028,813.76
Interest income	89,225,920.57	79,663,970.48	230,406,455.80	201,715,765.59
Add: Other income	63,456,669.29	86,401,871.11	294,429,895.89	313,280,979.81

Items	The third quarter of 2020 (July to September)	The third quarter of 2019 (July to September)	The first three quarters of 2020 (January to September)	The first three quarters of 2019 (January to September)
Investment income (loss indicated by "–")	221,050,977.49	240,223,882.31	750,353,857.64	710,289,468.80
Including: Share of investment profit of associates and joint ventures	232,252,909.80	271,855,431.95	784,564,425.17	803,563,710.64
Gains from derecognition of financial assets measured at amortised cost	-2,471,118.36	-5,079,182.63	-22,004,241.95	-13,948,358.70
Exchange earnings (loss indicated by "–")				
Net gains from hedging exposure (loss indicated by "–")				
Profit arising from changes in fair value (loss indicated by "–")	7,212,420.40	31,761,040.95	110,630,543.20	89,796,901.17
Impairment loss of credit (loss indicated by "–")	-123,406,314.38	-160,672,836.44	-276,886,985.25	-380,405,960.99
Impairment loss of assets (loss indicated by "–")	-73,787,829.47	-32,051,189.52	-305,717,649.79	-89,745,025.17
Gains on assets disposal (loss indicated by "–")	-540,749.41	5,508,143.16	-1,756,227.79	11,924,759.05
III. Operating profit (loss indicated by "–")	1,844,094,942.43	1,432,474,150.72	5,477,603,822.86	4,934,821,948.80
Add: Non-operating income	64,549,979.22	123,964,441.41	92,070,020.23	164,852,301.23
Less: Non-operating expenses	37,245,264.92	-6,424,726.41	94,397,480.63	94,819,144.47
IV. Total profit (total loss indicated by "–")	1,871,399,656.73	1,562,863,318.54	5,475,276,362.46	5,004,855,105.56
Less: Income tax expenses	394,750,412.65	269,060,729.68	1,117,464,160.29	960,428,407.70
V. Net profit (net loss indicated by "–")	1,476,649,244.08	1,293,802,588.86	4,357,812,202.17	4,044,426,697.86
(1) Classified on a going concern basis				
1. Net profit from continuing operations (net loss indicated by "–")	1,476,649,244.08	1,293,802,588.86	4,357,812,202.17	4,044,426,697.86
2. Net profit from discontinued operations (net loss indicated by "–")				
(2) Classified according to the ownership				

Items	The third quarter of 2020 (July to September)	The third quarter of 2019 (July to September)	The first three quarters of 2020 (January to September)	The first three quarters of 2019 (January to September)
1. Net profit attributable to equity holders of the parent company (net loss indicated by "–")	1,159,153,959.68	1,112,615,506.77	3,601,996,155.56	3,398,976,800.73
2. Minority interests (net loss indicated by "–")	317,495,284.40	181,187,082.09	755,816,046.61	645,449,897.13
VI. Other comprehensive income, net of tax	165,202,580.78	-269,616,527.69	74,845,865.21	-273,730,910.77
(1) Other comprehensive income attributable to owners of the parent company, net of tax	163,864,662.41	-270,246,096.24	84,124,732.37	-257,015,979.20
1. Other comprehensive income that will not be reclassified to profit or loss	-3,135,134.15	-2,468,452.65	1,363,535.79	19,169,836.19
(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	-3,135,134.15	-2,468,452.65	1,363,535.79	19,169,836.19
(4) Changes in fair value arising from the enterprise's credit risk				
2. Other comprehensive income that will be reclassified to profit or loss	166,999,796.56	-267,777,643.59	82,761,196.58	-276,185,815.39
(1) Other comprehensive income accounted for using equity method, which will be reclassified to profit or loss	-84,619.33	–	-16,644.30	1,138.50
(2) Changes in fair value of other debt investments				
(3) Other comprehensive income arising from reclassifying financial assets				

Items	The third quarter of 2020 (July to September)	The third quarter of 2019 (July to September)	The first three quarters of 2020 (January to September)	The first three quarters of 2019 (January to September)
(4) Provision for credit impairment of other debt investments				
(5) Cash flow hedging reserve				
(6) Exchange differences on translation of financial statements denominated in foreign currencies	166,552,099.34	-267,276,080.52	82,635,114.46	-276,225,244.76
(7) Others	532,316.55	-501,563.07	142,726.42	38,290.87
(2) Other comprehensive income attributable to minority shareholders, net of tax	1,337,918.37	629,568.55	-9,278,867.16	-16,714,931.57
VII. Total comprehensive income	1,641,851,824.86	1,024,186,061.17	4,432,658,067.38	3,770,695,787.09
(1) Total comprehensive income attributable to owners of the parent company	1,323,018,622.09	842,369,410.53	3,686,120,887.93	3,141,960,821.53
(2) Total comprehensive income attributable to minority shareholders	318,833,202.77	181,816,650.64	746,537,179.45	628,734,965.56
VIII. Earnings per share:				
(1) Basic earnings per share (RMB/share)	0.41	0.39	1.27	1.20
(2) Diluted earnings per share (RMB/share)	0.41	0.39	1.27	1.20

For business combination involving enterprises under common control during this 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

INCOME STATEMENT OF THE PARENT COMPANY

January to September 2020

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

Unit: RMB Type of Audit: Unaudited

Items	The third quarter of 2020 (July to September)	The third quarter of 2019 (July to September)	The first three quarters of 2020 (January to September)	The first three quarters of 2019 (January to September)
I. Operating revenue	11,075,163.12	8,383,094.99	15,817,363.12	16,302,821.06
Less: Cost of operation				
Business taxes and surcharges	32,290.63	199,586.20	540,584.86	2,510,606.03
Selling expenses				
Administrative expenses	44,829,715.13	48,356,096.56	140,261,909.50	159,186,781.92
R&D expenses	83,005,793.32	29,845,279.94	235,134,511.27	93,530,644.27
Financial expenses	166,445,907.67	8,993,386.61	249,727,717.04	115,839,633.69
Including: Interest expenses	80,645,829.40	66,103,700.62	226,640,004.69	188,485,309.36
Interest income	11,006,840.51	4,490,835.74	22,754,051.85	11,775,654.34
Add: Other income	3,876,132.41	2,987,455.00	13,587,208.10	3,604,556.15
Investment income (loss indicated by "–")	416,413,864.30	554,534,992.78	1,996,375,823.34	2,120,066,434.94
Including: Share of investment profit of associates and joint ventures	81,628,133.76	43,487,360.51	173,215,086.32	112,673,637.60
Gains from derecognition of 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 "–")	-362,887.40	1,003,289.08	-6,094,205.91	-1,210,628.69
Impairment loss of assets (loss indicated by "–")				

Items	The third quarter of 2020 (July to September)	The third quarter of 2019 (July to September)	The first three quarters of 2020 (January to September)	The first three quarters of 2019 (January to September)
Gains on assets disposal (loss indicated by "–")	-32,167.01	–	-43,302.96	–
II. Operating profit (loss indicated by "–")	136,656,398.67	479,514,482.54	1,393,978,163.02	1,767,695,517.55
Add: Non-operating income	0.62	237,201.91	3,376.47	237,201.91
Less: Non-operating expenses	–	253,117.68	900,585.81	1,833,117.68
III. Total profit (total loss indicated by "–")	136,656,399.29	479,498,566.77	1,393,080,953.68	1,766,099,601.78
Less: Income tax expenses				
IV. Net profit (net loss indicated by "–")	136,656,399.29	479,498,566.77	1,393,080,953.68	1,766,099,601.78
(1) Net profit from continuing operations (net loss indicated by "–")	136,656,399.29	479,498,566.77	1,393,080,953.68	1,766,099,601.78
(2) Net profit from discontinued operations (net loss indicated by "–")				
V. Other comprehensive income, net of tax	-56,188.92	–	-11,052.15	756.00
(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				

Items	The third quarter of 2020 (July to September)	The third quarter of 2019 (July to September)	The first three quarters of 2020 (January to September)	The first three quarters of 2019 (January to September)
(2) Other comprehensive income that will be reclassified to profit or loss	-56,188.92	–	-11,052.15	756.00
1. Other comprehensive income accounted for using equity method, which will be reclassified to profit or loss	-56,188.92	–	-11,052.15	756.00
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				
5. Cash flow hedging reserve				
6. Exchange differences on translation of financial statements denominated in foreign currencies				
7. Others				
VI. Total comprehensive income	136,600,210.37	479,498,566.77	1,393,069,901.53	1,766,100,357.78
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 2020

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

Unit: RMB Type of Audit: Unaudited

Items	The first three quarters of 2020 (January to September)	The first three quarters of 2019 (January to September)
I. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	155,081,229,269.00	151,271,632,307.44
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	91,097,239.68	112,470,767.66
Cash received relating to other operating activities	1,844,243,674.96	1,677,862,390.03
Sub-total of cash inflows from operating activities	157,016,570,183.64	153,061,965,465.13
Cash paid for goods and services	133,591,506,563.99	132,471,363,163.35
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 2020 (January to September)	The first three quarters of 2019 (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	5,061,790,211.03	5,065,349,620.97
Payments of taxes	4,671,905,703.59	5,038,450,618.65
Cash paid relating to other operating activities	8,493,473,567.21	7,554,363,858.23
Sub-total of cash outflows from operating activities	151,818,676,045.82	150,129,527,261.20
Net cash flows from operating activities	5,197,894,137.82	2,932,438,203.93
II. Cash flows from investing activities:		
Cash received from disposal of investments	3,674,299,449.64	905,682,100.84
Cash received from returns on investments	372,153,037.86	269,843,619.01
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	38,841,939.62	675,205,557.79
Net cash received from disposal of subsidiaries and other business units	119,508,992.77	5,828,019.86
Cash received relating to other investing activities	3,494,840,695.20	10,217,034.32
Sub-total of cash inflows from investing activities	7,699,644,115.09	1,866,776,331.82
Cash paid to acquire fixed assets, intangible assets and other long-term assets	2,232,996,841.63	1,680,772,153.37
Cash paid to acquire investments	3,700,000,000.00	1,055,180,045.55
Net increase in pledged loans		
Net cash paid to acquire subsidiaries and other business units	2,066,381,243.10	675,605,615.23
Cash paid relating to other investing activities	585,049,138.15	214,946,976.41
Sub-total of cash outflows from investing activities	8,584,427,222.88	3,626,504,790.56
Net cash flows from investing activities	-884,783,107.79	-1,759,728,458.74

Items	The first three quarters of 2020 (January to September)	The first three quarters of 2019 (January to September)
III. Cash flows from financing activities:		
Cash received from capital contributions	106,435,216.06	11,289,000.00
Including: Cash received from capital contributions of minority shareholders of subsidiaries	106,435,216.06	11,289,000.00
Cash received from borrowings	31,977,525,191.84	24,708,145,445.76
Cash received from issue of bonds	7,496,875,000.00	–
Cash received relating to other financing activities	1,839,057,612.84	371,636,042.46
Sub-total of cash inflows from financing activities	41,419,893,020.74	25,091,070,488.22
Cash paid for repayments of debts	37,166,595,340.28	25,142,677,677.17
Cash paid for distribution of dividends, profits or interest payment	3,224,829,016.96	2,593,521,320.76
Including: Dividends and profits paid to minority shareholders by subsidiaries	967,410,629.68	298,408,988.10
Cash paid relating to other financing activities	876,921,421.23	792,425,694.93
Sub-total of cash outflows from financing activities	41,268,345,778.47	28,528,624,692.86
Net cash flows from financing activities	151,547,242.27	-3,437,554,204.64
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-14,420,727.20	-825,375.82
V. Net increase in cash and cash equivalents	4,450,237,545.10	-2,265,669,835.27
Add: Balance of cash and cash equivalents at the beginning of the Reporting Period	15,716,257,907.41	16,605,554,712.49
VI. Balance of cash and cash equivalents at the end of the Reporting Period	20,166,495,452.51	14,339,884,877.22

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 2020

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

Unit: RMB Type of Audit: Unaudited

Items	**The first three quarters of 2020 (January to September)**	**The first three quarters of 2019 (January to September)**
I. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	22,552,343.46	11,464,750.32
Refund of taxes received		
Cash received relating to other operating activities	534,765,188.94	95,475,893.09
Sub-total of cash inflows from operating activities	557,317,532.40	106,940,643.41
Cash paid for goods and services		
Cash paid to and on behalf of employees	149,059,350.80	140,413,394.89
Payments of taxes	4,710,528.24	9,904,952.53
Cash paid relating to other operating activities	755,390,032.72	274,632,024.78
Sub-total of cash outflows from operating activities	909,159,911.76	424,950,372.20
Net cash flows from operating activities	-351,842,379.36	-318,009,728.79
II. Cash flows from investing activities:		
Cash received from disposal of investments	3,509,575,744.30	905,682,100.84
Cash received from returns on investments	1,424,978,277.52	1,666,141,890.71
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	97,105.22	–
Net cash received from disposal of subsidiaries and other business units		
Cash received relating to other investing activities	5,528,302,056.80	4,901,816,182.49
Sub-total of cash inflows from investing activities	10,462,953,183.84	7,473,640,174.04
Cash paid to acquire fixed assets, intangible assets and other long-term assets	33,259,023.77	23,763,115.42
Cash paid to acquire investments	3,700,000,000.00	900,500,000.00
Net cash paid to acquire subsidiaries and other business units	35,000,000.00	4,191,700.00
Cash paid relating to other investing activities	8,761,913,128.41	5,054,806,001.33

Items	The first three quarters of 2020 (January to September)	The first three quarters of 2019 (January to September)
Sub-total of cash outflows from investing activities	12,530,172,152.18	5,983,260,816.75
Net cash flows from investing activities	-2,067,218,968.34	1,490,379,357.29
III. Cash flows from financing activities:		
Cash received from capital contributions		
Cash received from borrowings	3,900,000,000.00	2,700,000,000.00
Cash received from issue of bonds	7,496,875,000.00	–
Cash received relating to other financing activities	766,231,249.40	190,000,000.00
Sub-total of cash inflows from financing activities	12,163,106,249.40	2,890,000,000.00
Cash paid for repayments of debts	7,400,000,000.00	2,600,000,000.00
Cash paid for distribution of dividends, profits or interest payment	1,329,228,975.95	1,253,869,254.19
Cash paid relating to other financing activities	17,328,849.96	66,321,185.01
Sub-total of cash outflows from financing activities	8,746,557,825.91	3,920,190,439.20
Net cash flows from financing activities	3,416,548,423.49	-1,030,190,439.20
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-124,437.05	-6,421,653.21
V. Net increase in cash and cash equivalents	997,362,638.74	135,757,536.09
Add: Balance of cash and cash equivalents at the beginning of the Reporting Period	3,398,271,917.33	1,617,374,798.30
VI. Balance of cash and cash equivalents at the end of the Reporting Period	4,395,634,556.07	1,753,132,334.39

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

4.2 Particulars in relation to adjustments made to the financial statements as at the beginning of the year of the initial adoption of the New Revenue Standard and the New Lease Standard in 2020

☐Applicable ✓Not applicable

4.3 Description of the retrospective adjustment to the comparable figures for the previous period due to the initial adoption of the New Revenue Standard and the New Lease Standard in 2020

☐Applicable ✓Not applicable

4.4 Audit Report

☐Applicable ✓Not applicable