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

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

(Stock Code: 02607)

2021 FIRST 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 first quarterly report for 2021 of Shanghai Pharmaceuticals Holding Co., Ltd.. The financial report therein is prepared in accordance with the China Accounting Standards and has not been audited.

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

Shanghai, the PRC, 29 April 2021

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

* *For identification purpose only*

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 are true, accurate and complete and contain 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 twenty-first meeting of the seven session of the board of directors held on 28 April 2021, at which resolutions including the first quarterly results of the Company for the three months ended 31 March 2021 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 first 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 China 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 "Period"	the 3-month period from 1 January 2021 to 31 March 2021
"YOY" or "year-on-year"	Compared with the same period of previous year
"the PRC"	the People's Republic of China; unless the context otherwise requires, references to the PRC or China in this report do not include Hong Kong, Macau or Taiwan
"Shares"	shares of Shanghai Pharmaceuticals with a nominal value of RMB1.00 each, comprising both A Shares and H Shares

"A 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
"NMPA"	National Medical Products Administration of the People's Republic of China
"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 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)
"SPH Cloud Health"	Shanghai Pharmaceuticals Grand Health Cloud Commerce Company Limited (上海醫藥大健康雲商股份有限公司)
"MediTrust Health"	Shanghai MediTrust Health Co., Ltd. (上海鎂信健康科技有限公司)

"ANDA"	the Abbreviated New Drug Application
"FDA"	Food and Drug Administration of the United States
"BIOCAD"	BIOCAD, a biopharmaceutical company from Russia
"Lumosa Therapeutics"	Lumosa Therapeutics Co., Ltd. (順天醫藥生技股份有限公司)
"UCB"	UCB pharmaceutical company
"BD"	expanded introduction of drugs
"CDMO"	Contract Development Manufacture Organization

II. GENERAL INFORMATION

Details of results

In the first quarter of 2021, despite the pressure from industry policies, such as the expansion of the coverage of volume-based procurement, the businesses of the Company grew vigorously and Company achieved outstanding results compared with the same period last year, based on its integrated industrial chain, rich product resources, broad sales channels, diversified innovative models and excellent and comprehensive services.

During the Reporting Period, the operating income of the Company amounted to RMB51.6 billion, representing a year-on-year increase of 27.57%, of which the revenue from pharmaceutical manufacturing was RMB6.466 billion, representing a year-on-year increase of 14.43% and revenue from pharmaceutical service was RMB45.134 billion, representing a year-on-year increase of 29.70%.

During the Reporting Period, the Company recorded RMB2.12 billion of net profit attributable to equity holders of the listed company, representing a year-on-year increase of 104.24%, mainly from the one-off gains by getting it off in the balance sheet after the B round financing of SPH Cloud Health. Net profit after deduction of non-recurring profit or loss attributable to equity holders of listed company amounted to RMB1.213 billion, representing a year-on-year increase of 23.39%, of which the main business of pharmaceutical contributed profits of RMB553 million, representing a year-on-year increase of 6.77% and main business of pharmaceutical service contributed profits of RMB586 million, representing a year-on-year increase of 26.69%. Shareholding enterprises contributed profits of RMB322 million, representing a year-on-year increase of 20.66%.

During the Reporting Period, the Company continued to increase its investment in research and development, amounting to RMB541 million, representing a year-on-year increase of 56.25%, of which RMB415 million was invested in research and development, representing a year-on-year increase of 21.47%.

Operating Highlights For the First Quarter

Addition of Several Clinical Portfolio Products

During the Reporting Period, the Company made a number of milestones in its R&D portfolio. B007 applicable to CD20 positive B-cell non-Hodgkin's lymphoma (recombinant anti-CD20 humanized monoclonal antibody subcutaneous injection) received the Approval Notice of Phase I Clinical Trial from the NMPA; the clinical trial application of B001-A for multiple sclerosis was accepted by the NMPA; on 14 January 2021, the San Diego R&D Center received the official notification from the U.S. FDA to approve "the initiation of phase II clinical trial for the treatment of IBD phase II (inflammatory bowel disease Phase II) with I001-B (SPH3127)", initiating the SPH3127 phase II clinical trial for the treatment of inflammatory bowel disease. In April 2021, SPH8216 (TK216) Injection applicable to relapsed or refractory Ewing's sarcoma received the Approval Notice of Domestic Phase II Clinical Trial from the NMPA.

In January 2021, the Company successfully completed the first subject recruitment in the phase I clinical trial of Class I new drug I037 (LT3001 for injection) for the treatment of acute ischemic stroke, which was introduced from Taiwan's Lumosa Therapeutics (6535.TW). In February 2021, BCD-100 (Prolgolimab injection) in collaboration with Russia's BIOCAD received a Notice of Clinical Trial from the NMPA, agreeing to start an international multi-center phase III clinical trial for adult patients with advanced non-squamous non-small cell lung cancer and progressive, recurrent or metastatic cervical cancer.

In the respect of generic drugs, during the Reporting Period, metformin hydrochloride tablets (0.25g), nitroglycerin tablets, cephradine capsules, allopurinol tablets, and amoxicillin capsules passed the consistency evaluation on quality and efficacy of generic drug, and hereby the total number of varieties that passed the evaluation hit 25 (31 specifications). Besides, the production application for mometasone furoate nasal spray to U.S. ANDA was completed.

To serve the Company's innovation and transformation strategy, enrich the innovative drug product portfolio and improve the efficiency of R&D, during the Reporting Period, according to the mid-term and long-term incentive program for R&D Projects released last year, and combined with the R&D progress of the clinical innovative drug portfolio in 2020, the Company selected one representative project from three categories of large molecule, small molecule and BD projects to be incentivized on a trial basis and paid the incentive bonus in 2020. Next, on the basis of the trial, the Company will comprehensively implement the R&D mid-term and long-term incentive program as soon as possible to fully mobilize the enthusiasm and creativity of R&D personnel, promoting the Company's innovation and transformation.

Completion of 2 R&D Cooperation Platforms

During the Reporting Period, the Company continued to actively seek cooperation with expert teams and research institutions to introduce new products with market potential, drive innovation and transformation with two wheels and improve the portfolio layout.

In March 2021, the Company has entered into a joint venture cooperation framework agreement with Overseas Pharmaceuticals (Guangzhou) Ltd. (越洋醫藥開發(廣州)有限公司) to collectively build the technology platform in the form of joint venture, develop the portfolio of sustained and controlled release products and to introduce the first batch of 3 improved new drugs and 2 first generic drugs with certain technical barriers. The scope of indications covers a number of spheres that fit the Company's product strategic planning including epilepsy, Parkinson, diabetes, insomnia and depression.

In March 2021, the Company reached a strategic cooperation agreement with Renji Hospital affiliated to Shanghai Jiao Tong University School of Medicine and Shanghai Huitai Medical Technology Co., Ltd. (Renji Hospital Management and Asset Management Company) (上海惠泰醫療科技公司(仁濟醫院院管資產管理公司)) in respect of "Renji -Shanghai Pharmaceutical" R&D and transformation platform of scientific and technological innovations, pursuant to which, they would strive to promote the R&D and transformation of pharmaceutical projects through project incubation, commercial transformation and directional research, and also intended to introduce the first batch of 3 medical technology projects and 1 pharmaceutical product project, covering the tumor blood test and the antibiotic susceptibility test, etc.

Addition of 4 new products with sales revenue of over RMB100 million

During the Reporting Period, the Company seized the market opportunity of the stable situation of pandemic prevention and control and the gradual resumption of normal operation of medical institutions. With precise marketing strategies, professional academic promotion and targeted market development measures, the sales of industrial products grew strongly and outperformed the overall growth of the hospital market in various focused therapeutic areas. During the Reporting Period, the Company achieved annual industrial sales revenue of over RMB100 million for 11 products, 4 more than the same period last year; sales revenue of 60 key products achieved a year-on-year growth of 23.02%, higher than the overall growth of the pharmaceutical manufacturing industry, and the sales revenue of the key products ranked among the top five highest year-on-year growth rate doubled compared with the same period last year.

Addition of 6 import varieties under general agency

During the Reporting Period, the pharmaceutical service segment of the Company successfully obtained the import general agency for 6 important varieties (11 specifications), consolidating its leading position as a provider of import pharmaceutical services in China.

- Cetirizine of UCB (Cetirizine hydrochloride drops): International premium brand, also the only antiallergic drug for infants approved by FDA.

- Cosmofer of Pharmacosmos' (iron dextran injection): At present, it has been approved for marketing at 25 countries and regions, including the U.S. and EU. It is used to treat iron deficiency anemia. Denmark Pharmacosmos A/S Company is the world's largest manufacturer of iron-dextrin as well as the only manufacturer of iron injection for humans.

- Monofer of Pharmacosmos (isomaltase iron injection): At present, it has been approved for marketing at more than 30 countries and regions, including the U.S. and EU, which is used to treat iron deficiency/iron deficiency anemia. Its efficacy and safety have been verified by the clinical application of over 18 million doses.

- Diprivan of Aspen (propofol emulsion injection): In 2016, Aspen acquired the Anaesthesia Division of AstraZeneca. AstraZeneca's Diprivan is the No. 1 intravenous anesthetic in sales in the world, whose application greatly changed the lanscape of intravenous anesthesia and the pattern of general anesthesia.

- Semaglutide of Novo Nordisk: It can robustly improve the glucose control of Type 2 diabetics patients, Its overseas sales reached over RMB10 billion.

- BLINCYTO of BeiGene (Blinatumomab for injection): The world's first and only approved bispecific immunotherapy, which is used to treat adult patients with relapsed or refractory B-Cell precursor acute lymphoblastic leukemia.

Significant effect of Internet deployment

Over the past few years, the state has introduced a number of policies to support the progress of Internet medical services. Exploiting its own platform advantages, the Company actively deployed the "Internet +" pharmaceutical industry layout in conjunction with Internet consumer development trend, and worked to create a closed loop of medical service ecology. The new business development model has been recognized by the capital market. During the Reporting Period, the Company's "Internet +" pharmaceutical business technology platform – SPH Cloud Health and the leading brand of innovative medical payment services in China – MediTrust Health accomplished B round financing of RMB1.033 billion and RMB1 billion, respectively.

The success of SPH Cloud Health and MediTrust Health in B round financing not only delivered abundant funds and advantageous resources to the two internet companies for leapfrog development, it also embodied the Company's firm resolve in innovation and transformation and laid a foundation for the two companies to further establish the market-based system and mechanism, simplify the decision-making process and increase the market response speed and core competitiveness, marking the phased goal achieved by the Company in terms of the transformation from a traditional distributor to an innovative and technological service provider.

With respect to the business, the two companies performed well during the Reporting Period. SPH Cloud Health continued to focus on the whole life cycle service for innovative drugs and supplemented by "Internet +" service of benefiting people for OTC and chronic disease drugs. In terms of innovative drugs, the first order of the market launch of a number of major varieties was completed; in terms of OTC and chronic disease drugs, SPH Cloud Health totally cooperated with 232 medical institutions for "Yiyao e-prescription" and public Internet hospital business, including 32 Grade A Class 3 Internet hospitals. During the Reporting Period, MediTrust Health has reached new strategic cooperation with a number of domestic and international leading pharmaceutical corporations such as InnoCare Pharma, Takeda China, Dompé, Allist to jointly expand the health insurance and medical payment market. More than 10 innovative payment projects were successfully launched, covering almost 100,000 patients.

Rapid development of Rare Disease Division

In order to provide targeted services to patients with rare diseases and provide more drugs with clinical value, during the Reporting Period, the Company's Rare Disease Division (the operating subject is Shanghai SPH Ruier Drugs Co., Ltd.), newly established last year, totally integrated 17 drug varieties of rare disease within the Group, involving 28 rare diseases. It is one of the companies with the largest number of rare disease drugs approval documents in China. On the other hand, the Rare Disease Division closely liasied with domestic and foreign R&D institutions and R&D-oriented companies in this field to actively introduce cutting-edge innovative varieties. It has completed the valuation of 15 external cooperation projects, including registration of 4 projects and commercial negotiation of 1 project, striving to become a leading company of China's rare disease drugs.

Orderly promotion of major works

On 4 January 2021, the construction of SPH Biomedical Industry Base (No. 92 Zhangjiang Road) formally started, marking the Company's journey in leading the biomedical industry towards a new starting point. SPH Biomedical Industry Base covered an area of 228 mu and a total construction area amounted to 400,000 square meters, and the first phase is expected to be completed by 2023. Focusing on therapeutic antibodies, cell therapy, gene therapy, microecology and other biopharmaceutical innovation fields, the project makes every effort to build a leading national innovation incubator and CDMO platform and antibody industrialization platform. Meantime, Baoshan Pharmaceutical Industry Park of Shanghai Pharmaceuticals, Shanghai Pharmaceuticals Modern Traditional Chinese Medicinal (TCM) Base, Shanghai Pharmaceuticals Logistics Center Suide Road Phase II Project are well underway.

Digitalization construction of SPH achieved initial success

The Company continued to promote the digitalization construction of SPH by empowering its business with "digitalization construction of SPH" and further enhanced the Company's system capability, built an efficient organization and established a core support platform with big data as means. During the Reporting Period, the Company initiated research and development for the construction of a big data platform and completed the selection of 12 domestic and overseas suppliers. With multiple efforts, significant progress was made in the construction of the digitalization construction of SPH and the big data command platform was put into use. The project planning for the second phase of the Big Data Command Center was scheduled to be completed in the second quarter.

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	156,035,001,448.05	149,185,655,478.63	4.59
Net assets attributable to equity holders of listed company	47,430,185,771.02	45,354,677,688.57	4.58
	From the beginning of the year to the end of the Reporting Period	**From the beginning of the previous year to the end of the previous Reporting Period**	**Increase/decrease as compared with the corresponding period of previous year (%)**
Net cash flows from operating activities	-1,100,044,685.20	-592,090,019.55	-85.79
	From the beginning of the year to the end of the Reporting Period	**From the beginning of the previous year to the end of the previous Reporting Period**	**Increase/decrease as compared with the corresponding period of previous year (%)**
Operating revenue	51,599,987,610.03	40,448,399,399.41	27.57
Net profit attributable to equity holders of the listed company	2,120,145,073.35	1,038,075,670.94	104.24
Net profit after deduction of non-recurring profit or loss attributable to equity holders of listed company	1,213,423,438.75	983,382,470.25	23.39
Weighted average return on net assets (%)	4.57	2.46	Increased by 2.11 percentage points
Basic earnings per share (RMB per share)	0.75	0.37	104.24
Diluted earnings per share (RMB per share)	0.75	0.37	104.24

Non-recurring profit or loss items and amounts

✓Applicable ☐Not applicable

Unit: RMB

Items	Amount for the current period
Profit or loss on disposal of non-current assets	1,200,230,749.25
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	53,971,955.38
Except for the effective hedging activities related to the Company's ordinary operations, profit or loss arising from changes in fair value of financial assets held for trading, derivative financial assets, financial liabilities of fair value through profit or loss, and derivative financial liabilities, and investment income from disposal of financial assets held for trading, derivative financial assets, financial liabilities of fair value through profit or loss, derivative financial liabilities and other debt investments	-119,670,484.02
Reversal of provisions on impairment of receivables and contract assets assessed for impairment on an individual basis	7,156,783.25
Other non-operating income and expenses other than the aforesaid items	5,283,852.36
Effect on minority interests (after tax)	-1,931,638.08
Effect on income tax	-238,319,583.54
Total	906,721,634.60

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						107,597
Shareholdings of top ten shareholders						
				Pledged or frozen		
Name of shareholders (Full name)	**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[1]	794,502,724	27.955	0	Unknown		Foreign legal person
Shanghai Pharmaceutical (Group)	716,516,039	25.211	0	Nil		State-owned legal person
SIIC and its wholly-owned subsidiaries and Shanghai Shangshi	322,413,498	11.344	0	Unknown		State-owned legal person and foreign legal person
China Securities Finance Corporation Limited	85,333,703	3.002	0	Nil		Unknown
Hong Kong Securities Clearing Company Limited[2]	60,269,285	2.121	0	Unknown		Foreign legal person
Guosheng Group and Guosheng Assets	44,632,100	1.570	0	Unknown		State-owned legal person
Central Huijin Asset Management Co., Ltd.	24,891,300	0.876	0	Nil		Unknown
NSSF 604 Combination	18,000,000	0.633	0	Nil		Unknown
Yinhua Fund-Agricultural Bank – Yinhua China Securities and Financial Assets Management Program	11,964,367	0.421	0	Nil		Unknown
NSSF 413 Combination	11,250,000	0.396	0	Nil		Unknown

Shareholdings of top ten shareholders without trade restrictions			
Name of shareholders	**Number of Shares in circulation without trade restrictions**	**Class and number of Shares**	
		Class	**Number of Shares**
HKSCC NOMINEES LIMITED	794,502,724	Overseas listed foreign shares	794,502,724
Shanghai Pharmaceutical (Group)	716,516,039	RMB ordinary shares	716,516,039
SIIC and its wholly-owned subsidiaries and Shanghai Shangshi	322,413,498	RMB ordinary shares	222,301,798
		Overseas listed foreign shares	100,111,700
China Securities Finance Corporation Limited	85,333,703	RMB ordinary shares	85,333,703
Hong Kong Securities Clearing Company Limited	60,269,285	RMB ordinary shares	60,269,285
Guosheng Group and Guosheng Assets	44,632,100	RMB ordinary shares	21,117,000
		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	18,000,000	RMB ordinary shares	18,000,000
Yinhua Fund-Agricultural Bank – Yinhua China Securities and Financial Assets Management Program	11,964,367	RMB ordinary shares	11,964,367
NSSF 413 Combination	11,250,000	RMB ordinary shares	11,250,000
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 100,111,700 H Shares held by SIIC and its wholly-owned subsidiaries and 23,515,100 H Shares held by Guosheng Group and Guosheng Assets through Southbound Trading. As the relevant rules of the Hong Kong Stock Exchange do not require clients to report whether the shares that they hold 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.

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

Items in consolidated balance sheet	31 March 2021	31 December 2020	Change	Reason for change
Derivative financial assets	87,819.86	501,339.00	-82.48%	Decrease of fair value of financial assets measured at fair value during the Reporting Period
Advances to suppliers	5,095,790,829.36	2,389,930,684.70	113.22%	Increase of prepayments for goods during the Reporting Period
Other equity instrument investment	47,892,903.23	33,051,720.32	44.90%	Increase of fair value of equity instruments held during the Reporting Period
Financial liabilities of fair value through profit or loss	84,163,444.98	–	/	Increase of new short-term financial liabilities during the Reporting Period
Employee benefits payable	805,419,111.45	1,273,965,868.83	-36.78%	Increase of employee benefits paid during the Reporting Period
Taxes payable	996,450,881.80	1,478,067,469.53	-32.58%	Increase of taxes paid during the Reporting Period
Long-term borrowings	1,776,115,488.18	1,184,078,311.36	50.00%	Increase of bank borrowings during the Reporting Period

Items in consolidated income statement	January to March 2021	Amount for the same period of pervious year	Change	Reason for change
Cost of operation	44,527,669,927.25	34,195,816,964.77	30.21%	Increase of sales scale during the Reporting Period
Business taxes and surcharges	162,872,723.36	114,734,441.78	41.96%	Increase of sales scale during the Reporting Period
Other income	60,623,757.81	94,949,743.39	-36.15%	Decrease of government grants during the Reporting Period
Investment income	1,488,408,622.28	251,770,238.82	491.18%	Increase of investment income recognized for the change of subsidiaries to associates during the Reporting Period
Profit arising from changes in fair value	-121,203,636.28	12,735,133.82	/	Increase of fair value of financial liabilities during the Reporting Period
Impairment loss of assets	1,997,017.09	34,585,837.34	-94.23%	Decrease of loss on decline in value of inventories during the Reporting Period
Gains on assets disposal	96,558.96	355,281.32	-72.82%	Decrease in loss on disposal of long-term assets during the Reporting Period
Non-operating income	21,627,821.14	8,377,341.39	158.17%	Increase in compensation received during the Reporting Period
Non-operating expenses	16,343,968.78	34,630,136.14	-52.80%	Decrease in donation expenditure during the Reporting Period
Income tax expenses	619,126,446.23	338,902,584.44	82.69%	Increase in deferred income tax expenses during the Reporting Period

Items in consolidated statement of cash flows	January to March 2021	Amount for the same period of pervious year	Change	Reason for change
Net cash flows from operating activities	-1,100,044,685.20	-592,090,019.55	-85.79%	Increase in procurement expenditure during the Reporting Period
Net cash flows from investing activities	-2,036,568,747.81	692,960,108.61	/	Increase in cash outflows arising from the change of subsidiaries to associates during the Reporting Period
Net cash flows from financing activities	2,924,513,473.88	3,866,200,750.04	-24.36%	Decrease in cash received from borrowings 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 reason

☐Applicable ✓Not applicable

Name of the Company	**Shanghai Pharmaceuticals Holding Co., Ltd.**
Legal representative	**ZHOU Jun**
Date	**28 April 2021**

IV. APPENDICES

4.1 Financial Statements

CONSOLIDATED BALANCE SHEET

31 March 2021

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

Unit: RMB Type of Audit: Unaudited

Items	**31 March 2021**	**31 December 2020**
Current assets:		
Monetary funds	22,106,657,155.10	22,296,232,678.85
Deposit reservation for balance		
Lending funds		
Financial assets held for trading		
Derivative financial assets	87,819.86	501,339.00
Notes receivable	241,372,158.04	290,539,262.58
Accounts receivable	55,274,836,789.57	52,745,905,873.59
Receivables financing	2,435,983,713.42	2,485,373,691.07
Advances to suppliers	5,095,790,829.36	2,389,930,684.70
Premiums receivable		
Reinsurance accounts receivable		
Receivable from subcontracting reserves		
Other receivables	2,570,268,615.22	2,009,456,454.89
Including: Interests receivable		
Dividends receivable	43,774,902.46	43,895,933.13
Financial assets purchased for resale		
Inventories	23,796,400,955.49	24,088,257,693.63
Contract assets		
Assets classified as held for sale		
Non-current assets due within one year	103,332,897.15	105,325,100.98
Other current asset	1,000,632,769.36	1,151,403,402.29
Total current assets	112,625,363,702.57	107,562,926,181.58

Items	31 March 2021	31 December 2020
Non-current assets:		
Issuing of loans and advances		
Debt investments		
Other debt investments		
Long-term receivables	153,392,182.59	169,846,933.41
Long-term equity investments	8,560,295,285.08	6,651,064,005.61
Other equity instrument investments	47,892,903.23	33,051,720.32
Other non-current financial assets	1,138,830,307.66	978,557,029.53
Investment properties	230,238,211.54	235,288,086.77
Fixed assets	10,294,382,432.51	10,490,715,695.26
Construction in progress	2,153,280,499.01	1,737,203,979.54
Bearer biological assets	408,250,506.93	405,818,258.87
Oil-and-gas assets		
Right-of-use assets	1,936,184,899.60	1,992,650,919.19
Intangible assets	4,981,251,856.76	5,195,253,776.03
Development disbursement	223,609,592.38	223,825,636.29
Goodwill	11,142,370,310.88	11,342,268,158.55
Long-term prepaid expenses	384,225,538.34	415,320,475.59
Deferred income tax assets	1,402,689,923.43	1,359,363,370.67
Other non-current assets	352,743,295.54	392,501,251.42
Total non-current assets	43,409,637,745.48	41,622,729,297.05
Total assets	156,035,001,448.05	149,185,655,478.63

Items	31 March 2021	31 December 2020
Current liabilities:		
Short-term borrowings	21,769,160,395.17	20,139,185,856.91
Borrowing from the Central Bank		
Borrowing funds		
Financial liabilities of fair value through profit or loss	84,163,444.98	–
Derivative financial liabilities	6,668,256.52	9,314,855.96
Bills payable	4,972,156,889.27	4,930,726,339.18
Trade payables	36,293,827,188.12	32,861,440,182.89
Advances from customers		
Contract liabilities	982,289,793.17	1,310,837,272.06
Financial assets sold for repurchase		
Absorbing deposit and interbank deposit		
Receivings from vicariously traded securities		
Receivings from vicariously sold securities		
Employee benefits payable	805,419,111.45	1,273,965,868.83
Taxes payable	996,450,881.80	1,478,067,469.53
Other payables	12,227,670,706.74	12,142,797,539.60
Including: Interests payable		
Dividends payable	202,555,101.51	186,122,799.07
Fees and commissions payable		
Reinsurance accounts payable		
Liabilities classified as held for sale		
Non-current liabilities due within one year	9,026,620,910.65	8,968,037,785.73
Other current liabilities	5,025,828,767.12	5,018,616,438.36
Total current liabilities	92,190,256,344.99	88,132,989,609.05

Items	31 March 2021	31 December 2020
Non-current liabilities:		
Provision for insurance contracts		
Long-term borrowings	1,776,115,488.18	1,184,078,311.36
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities	1,451,071,804.52	1,501,021,800.19
Long-term payables	352,589,861.75	353,574,673.96
Long-term employee benefits payable	44,614,221.37	46,411,122.61
Accrued liabilities	25,760,655.02	25,760,655.02
Deferred income	2,290,103,331.19	2,224,069,068.73
Deferred income tax liabilities	1,035,870,421.76	832,375,455.83
Other non-current liabilities	128,525,870.29	144,645,012.23
Total non-current liabilities	7,104,651,654.08	6,311,936,099.93
Total liabilities	99,294,907,999.07	94,444,925,708.98
Owners' equity (or shareholders' equity):		
Paid-up capital (or share capital)	2,842,089,322.00	2,842,089,322.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserves	15,907,012,905.85	15,897,587,875.18
Less: Treasury shares		
Other comprehensive income	-319,472,781.15	-265,410,759.58
Special reserves		
Surplus reserves	1,826,058,272.88	1,826,058,272.88
General risk provisions		
Undistributed profits	27,174,498,051.44	25,054,352,978.09
Total owners' equity (or shareholders' equity) attributable to the parent company	47,430,185,771.02	45,354,677,688.57
Minority interests	9,309,907,677.96	9,386,052,081.08
Total owners' equity (or shareholders' equity)	56,740,093,448.98	54,740,729,769.65
Total liabilities and owners' equity (or shareholders' equity)	156,035,001,448.05	149,185,655,478.63

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

BALANCE SHEET OF THE PARENT COMPANY

31 March 2021

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

Unit: RMB Type of Audit: Unaudited

Items	**31 March 2021**	**31 December 2020**
Current assets:		
Monetary funds	4,871,845,909.06	4,579,604,820.98
Financial assets held for trading		
Derivative financial assets		
Notes receivable		
Accounts receivable		
Receivables financing		
Advances to suppliers	3,463,419.64	790,551.35
Other receivables	19,665,965,876.83	18,765,161,811.48
Including: Interests receivable		
Dividends receivable	927,281,137.07	874,029,933.46
Inventories		
Contract assets		
Assets classified as held for sale		
Non-current assets due within one year		
Other current asset		
Total current assets	24,541,275,205.53	23,345,557,183.81

Items	31 March 2021	31 December 2020
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	23,636,495,435.96	23,540,785,117.11
Other equity instrument investments		
Other non-current financial assets	497,969,171.27	498,583,871.27
Investment properties		
Fixed assets	75,956,033.40	65,896,189.09
Construction in progress	50,997,849.55	42,409,498.05
Bearer biological assets		
Oil-and-gas assets		
Right-of-use assets	86,112,607.10	92,534,928.16
Intangible assets	127,431,590.88	126,712,343.54
Development disbursement		
Goodwill		
Long-term prepaid expenses	973,691.34	1,049,175.12
Deferred income tax assets		
Other non-current assets	2,798,040.00	1,971,000.00
Total non-current assets	24,478,734,419.50	24,369,942,122.34
Total assets	49,020,009,625.03	47,715,499,306.15

Items	31 March 2021	31 December 2020
Current liabilities:		
Short-term borrowings	900,842,875.00	1,201,180,284.72
Financial liabilities of fair value through profit or loss		
Derivative financial liabilities		
Bills payable		
Trade payables	36,585,388.58	72,712,344.69
Advances from customers		
Contract liabilities	4,207,189.17	4,207,189.17
Employee benefits payable	14,973,223.68	40,364,926.49
Taxes payable	8,513,536.87	5,011,664.49
Other payables	12,823,175,284.52	11,406,637,449.64
Including: Interests payable		
Dividends payable		
Liabilities classified as held for sale		
Non-current liabilities due within one year	3,076,591,801.79	3,045,389,022.24
Other current liabilities	5,025,828,767.12	5,018,616,438.36
Total current liabilities	21,890,718,066.73	20,794,119,319.80
Non-current liabilities:		
Long-term borrowings	780,664,888.89	580,499,888.89
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities	60,957,545.95	68,304,958.71
Long-term payables		
Long-term employee benefits payable		
Accrued liabilities		
Deferred income	32,335,063.55	35,356,169.85
Deferred income tax liabilities	5,859,736.77	5,859,736.77
Other non-current liabilities		

Items	31 March 2021	31 December 2020
Total non-current liabilities	879,817,235.16	690,020,754.22
Total liabilities	22,770,535,301.89	21,484,140,074.02
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	18,978,941,260.16	18,969,516,229.49
Less: Treasury shares		
Other comprehensive income	556,038.10	292,608.91
Special reserves		
Surplus reserves	1,454,949,047.78	1,454,949,047.78
Undistributed profits	2,972,938,655.10	2,964,512,023.95
Total owners' equity (or shareholders' equity)	26,249,474,323.14	26,231,359,232.13
Total liabilities and owners' equity (or shareholders' equity)	49,020,009,625.03	47,715,499,306.15

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

CONSOLIDATED INCOME STATEMENT

January- March 2021

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

Unit: RMB Type of Audit: Unaudited

Items	The first quarter of 2021	The first quarter of 2020
I. Total revenue of operation	51,599,987,610.03	40,448,399,399.41
Including: Operating revenue	51,599,987,610.03	40,448,399,399.41
Interest income		
Earned premium		
Service charges and commission income		
II. Total cost of operation	49,941,960,889.33	39,063,164,783.40
Including: Cost of operation	44,527,669,927.25	34,195,816,964.77
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	162,872,723.36	114,734,441.78
Selling expenses	3,297,476,353.48	2,940,182,319.95
Administrative expenses	1,223,325,761.40	1,116,068,782.19
R&D expenses	414,537,492.73	341,266,643.74
Financial expenses	316,078,631.11	355,095,630.97
Including: Interest expenses	362,630,668.65	375,295,379.35
Interest income	85,323,962.13	74,615,802.97

Items	The first quarter of 2021	The first quarter of 2020
Add: Other income	60,623,757.81	94,949,743.39
Investment income (loss indicated by "–")	1,488,408,622.28	251,770,238.82
Including: Share of investment profit of associates and joint ventures	321,918,305.89	266,788,878.08
Gains from derecognition of financial assets measured at amortised cost	-5,774,355.83	-6,708,187.45
Exchange earnings (loss indicated by "–")		
Net gains from hedging exposure (loss indicated by "–")		
Profit arising from changes in fair value (loss indicated by "–")	-121,203,636.28	12,735,133.82
Impairment loss of credit (loss indicated by "–")	-91,933,236.38	-116,831,499.82
Impairment loss of assets (loss indicated by "–")	-1,997,017.09	-34,585,837.34
Gains on assets disposal (loss indicated by "–")	-96,558.96	-355,281.32
III. Operating profit (loss indicated by "–")	2,991,828,652.08	1,592,917,113.56
Add: Non-operating income	21,627,821.14	8,377,341.39
Less: Non-operating expenses	16,343,968.78	34,630,136.14
IV. Total profit (total loss indicated by "–")	2,997,112,504.44	1,566,664,318.81
Less: Income tax expenses	619,126,446.23	338,902,584.44
V. Net profit (net loss indicated by "–")	2,377,986,058.21	1,227,761,734.37
(1) Classified by continuity of operations		
1. Net profit from continuing operations (net loss indicated by "–")	2,377,986,058.21	1,227,761,734.37
2. Net profit from discontinued operations (net loss indicated by "–")		
(2) Classified by ownership of the equity		
1. Net profit attributable to equity holders of the parent company (net loss indicated by "–")	2,120,145,073.35	1,038,075,670.94
2. Minority interests (net loss indicated by "–")	257,840,984.86	189,686,063.43

Items	The first quarter of 2021	The first quarter of 2020
VI. Other comprehensive income, net of tax	-59,237,755.48	-98,039,397.18
(1) Other comprehensive income attributable to owners of the parent company, net of tax	-54,062,021.57	-91,313,798.48
1. Other comprehensive income that will not be reclassified to profit or loss	14,841,182.91	-8,295,244.96
(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	14,841,182.91	-8,295,244.96
(4) Changes in fair value arising from the enterprise's credit risk		
2. Other comprehensive income that will be reclassified to profit or loss	-68,903,204.48	-83,018,553.52
(1) Other comprehensive income accounted for using equity method, which will be reclassified to profit or loss	396,718.85	12,330.05
(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	-69,437,251.13	-84,193,932.65
(7) Others	137,327.80	1,163,049.08
(2) Other comprehensive income attributable to minority shareholders, net of tax	-5,175,733.91	-6,725,598.70

Items	The first quarter of 2021	The first quarter of 2020
VII. Total comprehensive income	2,318,748,302.73	1,129,722,337.19
(1) Total comprehensive income attributable to owners of the parent company	2,066,083,051.78	946,761,872.46
(2) Total comprehensive income attributable to minority shareholders	252,665,250.95	182,960,464.73
VIII. Earnings per share:		
(1) Basic earnings per share (RMB/share)	0.75	0.37
(2) Diluted earnings per share (RMB/share)	0.75	0.37

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 March 2021

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

Unit: RMB Type of Audit: Unaudited

Items	The first quarter of 2021	The first quarter of 2020
I. Operating revenue		4,341,973.58
Less: Cost of operation		235,676.32
Business taxes and surcharges	61,101.42	1,320.00
Selling expenses		
Administrative expenses	50,727,136.00	42,411,113.18
R&D expenses	90,358,442.78	81,822,533.68
Financial expenses	61,798,452.02	10,539,283.20
Including: Interest expenses	88,601,797.39	67,957,800.39
Interest income	16,163,739.88	4,512,026.32
Add: Other income	1,610,990.86	700,256.79
Investment income (loss indicated by "–")	259,522,236.01	226,308,627.95
Including: Share of investment profit of associates and joint ventures	32,184,759.01	60,059,593.61
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 "–")	-614,700.00	
Impairment loss of credit (loss indicated by "–")	-2,053,450.63	
Impairment loss of assets (loss indicated by "–")		
Gains on assets disposal (loss indicated by "–")	17,457.89	

Items	The first quarter of 2021	The first quarter of 2020
II. Operating profit (loss indicated by "–")	55,537,401.91	96,340,931.94
Add: Non-operating income	5,000.00	
Less: Non-operating expenses	300,000.00	900,000.00
III. Total profit (total loss indicated by "–")	55,242,401.91	95,440,931.94
Less: Income tax expenses		
IV. Net profit (net loss indicated by "–")	55,242,401.91	95,440,931.94
(1) Net profit from continuing operations (net loss indicated by "–")	55,242,401.91	95,440,931.94
(2) Net profit from discontinued operations (net loss indicated by "–")		
V. Other comprehensive income, net of tax	263,429.19	8,187.04
(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 equity instrument investments		
4. Changes in fair value arising from the enterprise's credit risk		

Items	The first quarter of 2021	The first quarter of 2020
(2) Other comprehensive income that will be reclassified to profit or loss	263,429.19	8,187.04
1. Other comprehensive income accounted for using equity method, which will be reclassified to profit or loss	263,429.19	8,187.04
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	55,505,831.10	95,449,118.98
VII. Earnings per share:		
(1) Basic earnings per share (RMB/share)	N/A	N/A
(2) Diluted earnings per share (RMB/share)	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 March 2021

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

Unit: RMB   Type of Audit: Unaudited

Items	The first quarter of 2021	The first quarter of 2020
I. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	54,808,775,569.58	46,220,683,332.00
Net increase in customer deposits and interbank deposit payment		
Net increase in borrowing from the Central Bank		
Net increase in funds borrowed from other financial institutions		
Cash received from the receipt of the original insurance contract premiums		
Net cash received from reinsurance business		
Net increase in deposit of the insured and investment fund		
Interest, fees and commissions in cash		
Net increase in funds borrowed		
Net increase in capital for repurchase business		
Net cash received from customer for acting as securities trading agent		
Refund of taxes received	38,840,157.82	21,310,267.07
Cash received relating to other operating activities	865,683,944.20	807,830,981.28
Sub-total of cash inflows from operating activities	55,713,299,671.60	47,049,824,580.35
Cash paid for goods and services	49,986,710,609.73	41,521,110,052.08
Net increase in customer loans and advances		
Net increase in placements with Central Bank and interbank		
Cash paid for claims on original insurance contract		
Net increase in lending funds		

Items	The first quarter of 2021	The first quarter of 2020
Cash paid for interest, fees and commissions		
Cash paid for policy dividend		
Cash paid to and on behalf of employees	2,246,036,982.65	1,975,742,753.03
Payments of taxes	2,021,368,619.52	1,614,269,487.91
Cash paid relating to other operating activities	2,559,228,144.90	2,530,792,306.88
Sub-total of cash outflows from operating activities	56,813,344,356.80	47,641,914,599.90
Net cash flows from operating activities	-1,100,044,685.20	-592,090,019.55
II. Cash flows from investing activities:		
Cash received from disposal of investments	300,749,284.74	45,409,084.24
Cash received from returns on investments	37,308,379.52	100,544,957.56
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	13,617,497.06	547,431.89
Net cash received from disposal of subsidiaries and other business units		71,397,888.56
Cash received relating to other investing activities	246,658,913.85	2,364,342,709.33
Sub-total of cash inflows from investing activities	598,334,075.17	2,582,242,071.58
Cash paid to acquire fixed assets, intangible assets and other long-term assets	583,662,422.23	742,006,121.63
Cash paid to acquire investments	495,483,542.97	700,000,000.00
Net increase in pledged loans		
Net cash paid to acquire subsidiaries and other business units	40,501,400.00	315,428,644.00
Cash paid relating to other investing activities	1,515,255,457.78	131,847,197.34
Sub-total of cash outflows from investing activities	2,634,902,822.98	1,889,281,962.97
Net cash flows from investing activities	-2,036,568,747.81	692,960,108.61

Items	The first quarter of 2021	The first quarter of 2020
III. Cash flows from financing activities:		
Cash received from capital contributions	1,107,591,750.00	
Including: Cash received from capital contributions of minority shareholders of subsidiaries	1,107,591,750.00	
Cash received from borrowings	11,291,223,034.90	15,663,429,022.00
Cash received from issue of bonds	4,998,534,722.67	2,498,125,000.00
Cash received relating to other financing activities	335,694,229.50	248,461,031.29
Sub-total of cash inflows from financing activities	17,733,043,737.07	18,410,015,053.29
Cash paid for repayments of debts	13,974,340,078.15	13,562,334,331.84
Cash paid for distribution of dividends, profits or interest payment	397,863,536.30	832,679,506.04
Including: Dividends and profits paid to minority shareholders by subsidiaries	89,777,501.62	456,314,206.35
Cash paid relating to other financing activities	436,326,648.74	148,800,465.37
Sub-total of cash outflows from financing activities	14,808,530,263.19	14,543,814,303.25
Net cash flows from financing activities	2,924,513,473.88	3,866,200,750.04
IV. Effect of foreign exchange rate changes on cash and cash equivalents	17,413,415.34	307,136.02
V. Net increase in cash and cash equivalents	-194,686,543.79	3,967,377,975.12
Add: Balance of cash and cash equivalents at the beginning of the Reporting Period	19,576,444,789.85	15,716,257,907.41
VI. Balance of cash and cash equivalents at the end of the Reporting Period	19,381,758,246.06	19,683,635,882.53

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 March 2021

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

Unit: RMB Type of Audit: Unaudited

Items	The first quarter of 2021	The first quarter of 2020
I. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services		442,420.90
Refund of taxes received		
Cash received relating to other operating activities	160,335,346.43	33,055,267.52
Sub-total of cash inflows from operating activities	160,335,346.43	33,497,688.42
Cash paid for goods and services		
Cash paid to and on behalf of employees	79,044,672.82	53,692,010.73
Payments of taxes	882,445.52	3,427,978.12
Cash paid relating to other operating activities	187,403,520.08	97,184,585.35
Sub-total of cash outflows from operating activities	267,330,638.42	154,304,574.20
Net cash flows from operating activities	-106,995,291.99	-120,806,885.78
II. Cash flows from investing activities:		
Cash received from disposal of investments	300,749,284.74	
Cash received from returns on investments	143,910,679.53	82,175,000.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		
Net cash received from disposal of subsidiaries and other business units		
Cash received relating to other investing activities	834,645,612.39	1,010,205,843.67
Sub-total of cash inflows from investing activities	1,279,305,576.66	1,092,380,843.67
Cash paid to acquire fixed assets, intangible assets and other long-term assets	52,147,947.45	7,858,860.13
Cash paid to acquire investments	300,000,000.00	700,000,000.00
Net cash paid to acquire subsidiaries and other business units	24,650,000.00	20,000,000.00
Cash paid relating to other investing activities	807,599,393.16	2,826,177,196.16
Sub-total of cash outflows from investing activities	1,184,397,340.61	3,554,036,056.29
Net cash flows from investing activities	94,908,236.05	-2,461,655,212.62

Items	The first quarter of 2021	The first quarter of 2020
III. Cash flows from financing activities:		
Cash received from capital contribution		
Cash received from borrowings	1,100,000,000.00	2,700,000,000.00
Cash received from issue of bonds	4,998,534,722.67	2,498,125,000.00
Cash received relating to other financing activities	511,491,372.03	1,074,914,795.68
Sub-total of cash inflows from financing activities	6,610,026,094.70	6,273,039,795.68
Cash paid for repayments of debts	6,200,000,000.00	2,700,000,000.00
Cash paid for distribution of dividends, profits or interest payment	23,777,431.74	30,311,697.59
Cash paid relating to other financing activities	31,877,280.97	2,511,984.00
Sub-total of cash outflows from financing activities	6,255,654,712.71	2,732,823,681.59
Net cash flows from financing activities	354,371,381.99	3,540,216,114.09
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-38.20	84,615.67
V. Net increase in cash and cash equivalents	342,284,287.85	957,838,631.36
Add: Balance of cash and cash equivalents at the beginning of the Reporting Period	3,989,558,641.83	3,398,271,917.33
VI. Balance of cash and cash equivalents at the end of the Reporting Period	4,331,842,929.68	4,356,110,548.69

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 Lease Standard in 2021

☐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 Lease Standard in 2021

☐Applicable ✓Not applicable

4.4 Audit Report

☐Applicable ✓Not applicable