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

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

2022 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 2022 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 2022

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

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.

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

Whether the first quarterly financial statements were audited

Yes No

DEFINITIONS

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

“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 2022 to 31 March 2022
“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
“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)
“SHAPHAR”	Shanghai Pharmaceutical Co., Ltd. (上藥控股有限公司)
“SPH Logistics Center”	Shanghai Pharmaceuticals Logistics Center Co., Ltd. (上海醫藥物流中心有限公司)
“Shanghai Huashi Pharmacy”	Shanghai Huashi Pharmacy Co., Ltd. (上海華氏大藥房有限公司)
“CanSino SPH”	CanSino SPH Biologics Inc. (48.958% owned by Shanghai Pharmaceuticals, 1.245% owned by Shanghai Biomedical Industrial Equity Investment Fund and 49.797% owned by CanSino Biologics Inc. respectively)

“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)
“SPH TCM”	Shanghai Traditional Chinese Medicine Co., Ltd. (上海市藥材有限公司)
“SPH Huangyu”	Shanghai Huayu Pharmaceutical Co., Ltd. (上海上藥華宇藥業有限公司)
“SPH Sine”	SPH Sine Pharmaceutical Factory Co., Ltd. (上海上藥信誼藥廠有限公司)
“SPH Zhongxi”	Shanghai Zhongxi Pharmaceutical Co., Ltd. (上海上藥中西製藥有限公司)
“PCR”	polymerase chain reaction
“CDE”	Center For Drug Evaluation of NMPA (中華人民共和國國家藥品監督管理局藥品審評中心)
“IND”	investigational new drug

II. GENERAL INFORMATION

Results overview

During the Reporting Period, the main business of the Company continued to grow fast. The operating income of the Company amounted to RMB56.898 billion, representing a YOY increase of 10.27%, of which, the sales revenue from the pharmaceutical manufacturing was RMB6.928 billion, representing a YOY increase of 7.14% and the sales revenue from the pharmaceutical services was RMB49.970 billion, representing a YOY increase of 10.72%.

During the Reporting Period, net profit attributable to equity holders of the listed company amounted to RMB1.251 billion, representing a year-on-year decrease of 40.99%, mainly due to one-off special gains from transferring the subsidiary to the associate in the same period of the previous year. The Company recorded RMB1.250 billion of net profit after deduction of non-recurring profit or loss attributable to equity holders of the listed company, representing a YOY increase of 2.98%.

The profit of the main business of the pharmaceutical manufacturing and the pharmaceutical services continued to maintain a healthy growth. Of which, the pharmaceutical manufacturing contributed profits of RMB596 million, representing a YOY increase of 7.76%, the pharmaceutical services contributed profits of RMB746 million, representing a YOY increase of 27.27% and shareholding enterprises contributed profits of RMB199 million, representing a YOY decrease of 38.11%.

During the Reporting Period, R&D investment of the Company achieved RMB448 million, representing a YOY increase of 7.95%. The net profit attributable to equity holders of the listed company after the reversal of R&D expenses, net of non-recurring profit and loss, increased by 4.24% YOY.

During the Reporting Period, due to the impact of pandemic, the operating net cash outflow of the Company amounted to RMB2.490 billion.

Implementation of private placing

On 8 April 2022, Shanghai Pharmaceuticals has completed registration of shares under non-public issuance of A shares. With the successful implementation of the private placing project of RMB13.975 billion, the Company's working capital has been further replenished. Introducing Yunnan Baiyao Group Co., Ltd. as a strategic investor will optimize the shareholding structure and promote mutual development of the business including TCM and health by leveraging on advantages of the parties, thereby injecting new momentum to medium-and long-term development.

Anti-epidemic actions of Shanghai

The COVID-19 epidemic staged a comeback in Shanghai at the beginning of March 2022. The R&D, manufacturing and commercial logistics companies owned by Shanghai Pharmaceuticals have made unremitting efforts day and night to safeguard the life safety of citizens.

To ensure the safe and timely delivery of drugs to hospitals, SHAPHAR equipped the SPH Logistics Center with a 24-hour emergency response team to distribute drugs and medical materials around the clock, helping transport the first batch of 1,000 boxes of COVID-19 treatment drugs to Shanghai for clinical treatment with quick response and action. Adhering to the principle of "uninterruptible supply and non-stop service", Shanghai Huashi Pharmacy continued to conduct the "sentinel" early warning and surveillance of retail pharmacies in strict accordance with the prevention and control requirements of Shanghai government, and certain of its 274 stores with corresponding qualifications fully opened the reservation and distribution channel of COVID-19 antigen test kits. As the preferred direct-to-patient (DTP) channel of new innovative drugs for rare diseases in China, in addition to offering new innovative drugs and drug donation services, SPH Cloud Health undertook the Internet hospital home delivery service for 44 AAA hospitals and 266 medical institutions, and fully cooperated with hospitals to ensure drug supply during the epidemic. The "Yaokangfu" platform owned by MediTrust Health specially launched a function of "Kang Fu Zhao Yao" (康付找药) in Shanghai, providing directions on finding and purchasing drugs for patients requiring medicines during the epidemic. This function has covered 6 large united pharmacies in Shanghai, which can guarantee medicines for more than 150 kinds of serious diseases including lung cancer, breast cancer, leukemia, lymphoma, multiple myeloma, melanoma and ankylosing spondylitis for most patients in community, and help solve patients' difficulty in use of drugs with one click.

On 27 January, the first batch of COVID-19 vaccines produced by CanSino SPH, the associate, hit the market. As the first enterprise approved to produce COVID-19 vaccines in Shanghai, CanSino SPH scientifically arranged the production plan and implemented dynamic inventory management to ensure the orderly, stable and sufficient supply of raw materials, and actively conducted accurate coordination and timely interaction with nearly 20 units in the upstream and downstream industrial chains. In addition, CanSino SPH organized supplier teams, professional teams and equipment teams to follow up the production on the site in a synchronous manner, maintained the efficient operation of equipment in an all-round way, strengthened the real-time control over the whole chain of vaccine quality, and spared no pains to guarantee the production and supply of COVID-19 vaccines.

The Novel Coronavirus Pneumonia Diagnosis and Treatment Plan (Provisional 9th Edition) was officially released on 14 March, and many proprietary Chinese medicines produced by Shanghai Pharmaceuticals were included in the plan as recommended drugs. For example, the prescriptions and proprietary Chinese medicines recommended for treating the syndrome of internal block and external desertions of critically ill patients with COVID-19 include Angong Niu Huang Pill and Shenmai Injection, of which Angong Niu Huang Pill was included in the Novel Coronavirus Pneumonia Diagnosis and Treatment Plan for the seventh time (recommended in the third to ninth editions) as the recommended drug. In the Expert Consensus on the Prevention and Treatment of Novel Coronavirus with Traditional Chinese Medicine published by Chinese Journal of Integrative Medicine on 5 March, over ten kinds of proprietary Chinese medicines of Shanghai Pharmaceuticals, such as Liushen Capsules (Pills), Bufei Huoxue Capsule, Angong Niu Huang Pill, Shengmai Oral Liquid and Shenmai Injection, were included in the recommended list for treatment. Related subsidiaries are vigorously producing the above-mentioned proprietary Chinese medicines to satisfy the treatment needs. SPH TCM made the deployment of epidemic prevention and control and production and supply guarantee immediately, and the workers of SPH Huayu worked overtime to decoct the traditional Chinese medicines with the function of “eliminating the interior and exterior pathogenic evil” to help prevent and control the epidemic.

In terms of production of chemical drugs, SPH Sine initiated the emergency treatment process for epidemic prevention and control as soon as possible, and Sine General Factory adjusted the production plan in time and made a good materials inventory of Bifico series products and key products to guarantee the market supply of key products as well as products in urgent needs. In order to ensure the normal production of the key product, i.e., hydroxychloroquine sulfate, the Xinghuo Base of SPH Zhongxi implemented the centralized production mode of multi-skilled operators and the 24-hour on-the-job mode of utility system personnel and maintenance personnel, thus making sure the production line is smooth and controllable during the epidemic.

At the same time, the R&D team of Shanghai Pharmaceuticals continued to improve the quality standard of COVID-19 specific drug, namely Remdesivir, and to carry out pre-clinical research and development of broad-spectrum anti-COVID-19 antibodies, and actively promoted the cooperation and negotiation of therapeutic drugs for COVID-19. The SPH Research Institute launched an initiative to call on all R&D personnel who have mastered the PCR technology to actively participate in provision of voluntary services in nucleic acid test institutions. In the evening of the date when an initiative was launched, seven volunteers joined the nucleic acid testing service team to help ease the pressure on nucleic acid testing in Shanghai with their knowledge and skills.

Pharmaceutical manufacturing

During the Reporting Period, the Company's sales revenue from pharmaceutical manufacturing was RMB6.928 billion, increased by 7.14% compared with the same period of last year; the sales revenue of 60 key varieties was RMB4.033 billion, representing a YOY increase of 15.05%.

In recent years, in addition to increasing R&D investment, the Company also continued to optimize organizational structure and staffing, improve the performance assessment system, and implemented medium-term and long-term incentive plans according to the progress of specific projects. The total staff of the R&D management center increased from 613 at the beginning of 2021 to 838 at the end of the year, representing an increase of 37%.

The Company has made numerous phased achievements in its R&D projects since this year:

- Up to now, a total of 16 subjects were enrolled for phase I clinical trial of the anti-tumor new drug project I022, and subject enrollment for 400mg dosage was completed;
- The anti-tumor new drug project I036 obtained phase II clinical approval on 23 April 2021, and the ethical approval from the leading unit on 21 June 2021. At present, the preparations have been completed, waiting for clinical samples of Oncternal;
- The leading unit for phase II clinical trial of I001 diabetic nephropathy indication has been confirmed, and the clinical program is under discussion;
- The phase I clinical trial of I037, a new drug for acute stroke that was developed with Lumosa Therapeutics (6535.TW), was completed at the end of January 2022, and the IND for phase II trial is under discussion with CDE.

During the Reporting Period, Shanghai Pharmaceuticals saw the 6 new varieties (7 specifications) passing the consistency evaluation of generic drugs, increasing the total number of product varieties passing consistency evaluation to 43 varieties (62 specifications), ranking forefront in the industry.

Pharmaceutical service

During the Reporting Period, sales revenue from the pharmaceutical distribution business of the Company was RMB50.157 billion, representing a YOY increase of 11.39%. The sales revenue from the pharmaceutical retail business was RMB1.737 billion, representing a YOY decrease of 9.39%.

The Company strives to build an innovative drug service platform to provide innovative drugs of global pharmaceutical enterprises with one-stop supply chain management services covering four fields of pre-market cooperation, import and export services, national distribution, and innovative value addition. Up to now in 2022, the new imported products with the Company as the general agent amounted to 5, and the Company continues to maintain the leading position as the general commercial agent of imported innovative drugs. During the Reporting Period, the non-pharmaceutical businesses of the Company such as equipment and great health continued to show a strong momentum of growth, with the sales revenue reaching RMB6.698 billion, representing a YOY increase of about 35%.

At the same time, the Company deployed the “Internet +” pharmaceutical business technology platform in advance according to the changes of the situation. Since its incorporation in March 2015, SPH Cloud Health has always been committed to providing the whole life cycle sales and services of innovative drugs based on professional pharmacies for seven years, building the first brand of sales and services of new innovative drugs in China with “Yiyao” as its core, and offering the “Internet +” service for OTC and chronic diseases drugs based on electronic prescription + cloud pharmacy to create a new mode of pharmaceutical division. On 3 April 2022, HaoYue Capital, an investment bank focusing on the medical and health industry in China, released the “Sixth Excellent List of Medical and Health Investment in 2022”, and SPH Cloud Health was awarded the “2022 Best Enterprise for Wise Healthcare”.

III. MAJOR FINANCIAL INFORMATION

(I) Major accounting data and financial indicators

Unit: Yuan Currency: RMB

Items	Reporting Period	Increase/decrease during the Reporting Period as compared to the corresponding period of last year (%)
Operating revenue	56,898,217,119.51	10.27
Net profit attributable to equity holders of the listed company	1,251,018,657.92	-40.99
Net profit after deduction of non-recurring profit or loss attributable to equity holders of the listed company	1,249,535,310.53	2.98
Net cash flows from operating activities	-2,490,127,524.24	Not applicable
Basic earnings per Share (RMB per share)	0.44	-41.00
Diluted earnings per Share (RMB per share)	0.44	-41.00
Weighted average return on net assets (%)	2.21	Decreased by 2.36 percentage points

	As at the end of the Reporting Period	As at the end of last year	Increase/decrease as at the end of the Reporting Period as compared with the end of last year (%)
Total assets	182,023,296,167.44	163,435,509,161.71	11.37
Owners' equity attributable to equity holders of the listed company	64,522,215,028.50	49,359,479,911.36	30.72

(II) Non-recurring profit or loss items and amounts*Unit: Yuan Currency: RMB*

Items	Amount for the Period
Profit or loss on disposal of non-current assets	7,543,923.08
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	66,155,548.40
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	-63,561,676.83
Reversal of provisions on impairment of receivables and contract assets assessed for impairment on an individual basis	12,210,813.03
Other non-operating income and expenses other than the aforesaid items	-8,546,542.52
Less: Effect on income tax	3,413,650.88
Effect on minority interests (after tax)	8,905,066.89
Total	1,483,347.39

Explanation on the fact that the non-recurring profit or loss items illustrated in the Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No. 1 – Non-recurring Profit or Losses were defined as its recurring profit or loss items

Applicable Not applicable

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

✓Applicable □Not applicable

Items	Change (%)	Main reason
Monetary funds	63.60	Increase in cash received from the non-public issuance of shares during the Reporting Period
Derivative financial assets	-81.23	Decrease in fair value of currency forward contract assets during the Reporting Period
Advances to suppliers	40.25	Increase in prepayments for goods during the Reporting Period
Derivative financial liabilities	212.35	Increase in fair value of currency forward contract liabilities during the Reporting Period
Contract liabilities	-39.70	Decrease in advance from customers during the Reporting Period
Employee benefits payable	-32.76	Increase in employee benefits paid during the Reporting Period
Non-current liabilities due within one year	32.27	Increase in the long-term borrowings due within one year during the Reporting Period
Share capital	30.03	Increase in shares of non-public issuance during the Reporting Period
Capital reserves	81.51	Increase in share premium as a result of non-public issuance of shares during the Reporting Period

Items	Change (%)	Main reason
Investment income	-87.92	Decrease of investment income recognized for the disposal of subsidiaries during the Reporting Period
Profit arising from changes in fair value	Not applicable	Decrease in loss of fair value of financial assets during the Reporting Period
Impairment loss of assets	Not applicable	Reversal of part of provision for decline in value of inventories during the Reporting Period
Gains on assets disposal	Not applicable	Increase in gains on disposal of intangible assets during the Reporting Period
Non-operating income	-78.66	Decrease in compensation received during the Reporting Period
Net cash flows from operating activities	Not applicable	Increase in procurement expenditure during the Reporting Period
Net cash flows from investing activities	Not applicable	Decrease in cash outflow arising from the disposal of subsidiaries during the Reporting Period
Net cash flows from financing activities	501.61	Increase in cash received from the non-public issuance of shares during the Reporting Period

IV. INFORMATION ON SHAREHOLDERS

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

Unit: share

Total number of shareholders of ordinary shares as at the end of the Reporting Period	121,720	Total number of shareholders of preference Shares with voting right restored as at the end of the Reporting Period (if any)	0			
Shareholdings of the top ten shareholders^①						
Name of shareholders	Nature of shareholders	Number of Shares held	Shareholding percentage (%)	Number of trade-restricted Shares held	Pledged, labelled or frozen	
					Status	Number
HKSCC NOMINEES LIMITED ^②	Foreign natural person	747,463,424	20.226	0	Unknown	
Shanghai Pharmaceutical (Group)	State-owned legal person	716,516,039	19.389	0	Nil	
Yunnan Baiyao Group Co., Ltd.	Domestic non-state-owned person	665,626,796	18.012	665,626,796	Nil	
SIIC and its wholly-owned subsidiaries and Shanghai Shangshi and its wholly-owned subsidiaries ^③	State-owned legal person	556,487,798	15.058	187,000,000	Nil	
China Securities Finance Corporation Limited	Unknown	85,333,703	2.309	0	Unknown	
Hong Kong Securities Clearing Company Limited ^④	Foreign legal person	76,602,192	2.073	0	Unknown	
Guosheng Group and Guosheng Assets	State-owned legal person	42,172,100	1.141	0	Nil	
NSSF 604 Combination	Unknown	13,058,500	0.353	0	Unknown	
China Construction Bank Co., Ltd. – ICBC Credit Suisse Frontier Medical Equity Securities Investment Fund	Unknown	12,691,562	0.343	0	Unknown	
Yinhua Fund – Agricultural Bank – Yinhua China Securities and Financial Assets Management Program	Unknown	11,964,367	0.324	0	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
HKSCC NOMINEES LIMITED	747,463,424	Overseas listed foreign Shares	747,463,424
Shanghai Pharmaceutical (Group)	716,516,039	RMB ordinary Shares	716,516,039
SIIC and its wholly-owned subsidiaries and Shanghai Shangshi	369,487,798	RMB ordinary Shares	222,301,798
		Overseas listed foreign Shares	147,186,000
China Securities Finance Corporation Limited	85,333,703	RMB ordinary Shares	85,333,703
Hong Kong Securities Clearing Company Limited	76,602,192	RMB ordinary Shares	76,602,192
Guosheng Group and Guosheng Assets	42,172,100	RMB ordinary Shares	18,657,000
		Overseas listed foreign Shares	23,515,100
NSSF 604 Combination	13,058,500	RMB ordinary Shares	13,058,500
China Construction Bank Co., Ltd. – ICBC Credit Suisse Frontier Medical Equity Securities Investment Fund	12,691,562	RMB ordinary Shares	12,691,562
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 SASAC. Shanghai Shengrui Investment Co., Ltd. and Shanghai Guosheng Group Assets Co., Ltd. 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 for the Acquisition of Listed Companies”.		
Note on the top ten shareholders and top ten shareholders without trade restrictions who participated in margin financing and securities lending and refinancing business (if any)	/		

Notes:

- ① On 8 April 2022, 852,626,796 Shares issued by the Company under the non-public offering in 2021 were registered in Shanghai Branch of China Securities Depository and Clearing Corporation Limited. Therefore, the shareholdings of the top 10 shareholders in the above table were disclosed using 8 April 2022 as the base date.
- ② 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 147,186,000 H Shares held and controlled by SIIC and its wholly-owned subsidiaries and 23,515,100 H Shares held and controlled by Guosheng Group and Guosheng Assets through Southbound Trading.
- ③ The 187,000,000 A Shares held by Shanghai Tandong Enterprise Consulting Services Co., Ltd. were included in the number of Shares held by Shanghai Shangshi and its wholly-owned subsidiaries.
- ④ Hong Kong Securities Clearing Company Limited is the nominee holder of the RMB ordinary Shares under Shanghai-Hong Kong Stock Connect.

V. OTHER REMINDERS

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

Applicable Not applicable

VI. QUARTERLY FINANCIAL STATEMENTS

(I) Type of audit opinion

Applicable Not applicable

(II) Financial Statements

CONSOLIDATED BALANCE SHEET

31 March 2022

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

Unit: Yuan Currency: RMB Type of Audit: Unaudited

Items	31 March 2022	31 December 2021
Current assets:		
Monetary funds	36,631,377,609.93	22,390,385,718.86
Deposit reservation for balance		
Lending funds		
Financial assets held for trading		
Derivative financial assets	616,439.69	3,284,464.66
Notes receivable	1,170,668,385.56	1,278,880,689.20
Accounts receivable	63,467,507,693.40	58,107,770,169.75
Receivables financing	1,611,714,459.13	1,619,009,831.53
Advances to suppliers	3,447,051,382.89	2,457,761,134.48
Premiums receivable		
Reinsurance accounts receivable		
Receivable from subcontracting reserves		
Other receivables	2,176,087,745.53	2,419,107,971.82
Including: Interests receivable		
Dividends receivable	60,061,164.66	60,179,377.01
Financial assets purchased for resale		
Inventories	25,441,363,088.39	27,104,035,290.12
Contract assets		
Assets classified as held for sale		
Non-current assets due within one year	121,434,319.05	126,505,618.81
Other current asset	800,050,106.18	987,691,443.81
Total current assets	134,867,871,229.75	116,494,432,333.04

Items	31 March 2022	31 December 2021
Non-current assets:		
Issuing of loans and advances		
Debt investments		
Other debt investments		
Long-term receivables	216,551,291.20	197,742,289.76
Long-term equity investments	9,439,565,088.84	9,073,275,353.92
Other equity instrument investments	53,007,470.68	73,392,413.17
Other non-current financial assets	1,324,951,981.78	1,388,900,666.61
Investment properties	206,685,085.73	213,323,262.12
Fixed assets	10,247,366,116.67	10,484,118,204.34
Construction in progress	3,357,436,743.28	2,914,130,007.74
Bearer biological assets	402,200,895.82	402,569,065.33
Oil-and-gas assets		
Right-of-use assets	1,950,659,997.43	1,992,433,702.85
Intangible assets	5,947,722,744.69	6,049,431,213.09
Development disbursement	242,146,143.94	259,227,946.08
Goodwill	11,241,077,206.34	11,238,972,360.76
Long-term prepaid expenses	419,369,147.44	429,117,473.86
Deferred income tax assets	1,359,946,410.48	1,367,544,935.42
Other non-current assets	746,738,613.37	856,897,933.62
Total non-current assets	47,155,424,937.69	46,941,076,828.67
Total assets	182,023,296,167.44	163,435,509,161.71
Current liabilities:		
Short-term borrowings	27,407,274,832.54	22,514,574,027.35
Borrowing from the Central Bank		
Borrowing funds		
Financial liabilities held for trading		
Derivative financial liabilities	2,417,856.79	774,097.78
Bills payable	4,440,204,750.20	4,764,748,001.67
Accounts payable	38,425,639,930.07	37,230,666,373.90
Advances from customers		

Items	31 March 2022	31 December 2021
Contract liabilities	790,474,362.54	1,310,920,870.47
Financial assets sold for repurchase		
Absorbing deposit and interbank deposit		
Receivings from vicariously traded securities		
Receivings from vicariously sold securities		
Employee benefits payable	963,568,494.38	1,433,028,127.78
Taxes payable	1,276,479,502.60	1,692,660,081.03
Other payables	11,970,630,882.56	13,062,527,812.97
Including: Interests payable		
Dividends payable	362,834,526.81	341,551,604.87
Fees and commissions payable		
Reinsurance accounts payable		
Liabilities classified as held for sale		
Non-current liabilities due within one year	769,891,083.67	582,042,566.55
Other current liabilities	9,168,042,694.97	9,232,381,601.62
Total current liabilities	95,214,624,390.32	91,824,323,561.12
Non-current liabilities:		
Provision for insurance contracts		
Long-term borrowings	7,058,108,639.14	7,157,751,703.48
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities	1,422,335,049.55	1,434,274,148.94
Long-term payables	321,898,478.96	315,161,494.71
Long-term employee benefits payable	37,255,598.30	39,007,184.36
Accrued liabilities	23,243,898.02	23,243,898.02
Deferred income	2,288,015,006.12	2,349,080,148.54
Deferred income tax liabilities	983,613,608.69	998,768,820.78
Other non-current liabilities	295,117,671.66	227,688,064.66
Total non-current liabilities	12,429,587,950.44	12,544,975,463.49
Total liabilities	107,644,212,340.76	104,369,299,024.61

Items	31 March 2022	31 December 2021
Owners' equity (or shareholders' equity):		
Paid-up capital (or share capital)	3,695,507,249.00	2,842,089,322.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserves	29,169,530,827.62	16,070,723,052.49
Less: Treasury shares		
Other comprehensive income	-184,903,449.10	-144,394,206.19
Special reserves		
Surplus reserves	1,992,463,708.39	1,992,463,708.39
General risk provisions		
Undistributed profits	29,849,616,692.59	28,598,598,034.67
Total owners' equity (or shareholders' equity) attributable to the parent company	64,522,215,028.50	49,359,479,911.36
Minority interests	9,856,868,798.18	9,706,730,225.74
Total owners' equity (or shareholders' equity)	74,379,083,826.68	59,066,210,137.10
Total liabilities and owners' equity (or shareholders' equity)	182,023,296,167.44	163,435,509,161.71

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

CONSOLIDATED INCOME STATEMENT

January – March 2022

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

Unit: Yuan Currency: RMB Type of Audit: Unaudited

Items	The first quarter of 2022	The first quarter of 2021
I. Total revenue of operation	56,898,217,119.51	51,599,987,610.03
Including: Operating revenue	56,898,217,119.51	51,599,987,610.03
Interest income		
Earned premium		
Service charges and commission		
II. Total cost of operation	55,062,320,681.76	49,941,960,889.33
Including: Cost of operation	49,568,028,910.38	44,646,222,189.31
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	183,052,156.24	162,872,723.36
Selling expenses	3,313,362,545.70	3,178,924,091.42
Administrative expenses	1,191,845,133.12	1,223,325,761.40
R&D expenses	447,500,726.70	414,537,492.73
Financial expenses	358,531,209.62	316,078,631.11
Including: Interest expenses	407,817,513.45	362,630,668.65
Interest income	79,806,925.73	85,323,962.13
Add: Other income	72,265,509.56	60,623,757.81
Investment income (loss indicated by “-”)	179,726,649.63	1,488,408,622.28
Including: Share of investment income of associates and joint ventures	199,235,575.91	321,918,305.89
Gains from derecognition of financial assets measured at amortised cost	-6,907,859.01	-5,774,355.83

Items	The first quarter of 2022	The first quarter of 2021
Exchange earnings (loss indicated by “-”)		
Net gains from hedging exposure (loss indicated by “-”)		
Profit arising from changes in fair value (loss indicated by “-”)	-63,561,676.83	-121,203,636.28
Impairment loss of credit (loss indicated by “-”)	-70,477,946.05	-91,933,236.38
Impairment loss of assets (loss indicated by “-”)	33,730,915.32	-1,997,017.09
Gains on assets disposal (loss indicated by “-”)	7,543,923.08	-96,558.96
III. Operating profit (loss indicated by “-”)	1,995,123,812.46	2,991,828,652.08
Add: Non-operating income	4,614,452.17	21,627,821.14
Less: Non-operating expenses	13,160,994.69	16,343,968.78
IV. Total profit (total loss indicated by “-”)	1,986,577,269.94	2,997,112,504.44
Less: Income tax expenses	454,245,727.36	619,126,446.23
V. Net profit (net loss indicated by “-”)	1,532,331,542.58	2,377,986,058.21
(1) Classified by continuity of operations		
1. Net profit from continuing operations (net loss indicated by “-”)	1,532,331,542.58	2,377,986,058.21
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 “-”)	1,251,018,657.92	2,120,145,073.35
2. Minority interests (net loss indicated by “-”)	281,312,884.66	257,840,984.86
VI. Other comprehensive income, net of tax	-38,200,691.45	-59,237,755.48
(1) Other comprehensive income attributable to owners of the parent company, net of tax	-40,509,242.91	-54,062,021.57
1. Other comprehensive income that will not be reclassified to profit or loss	-20,384,942.49	14,841,182.91
(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		

Items	The first quarter of 2022	The first quarter of 2021
(3) Changes in fair value of investments in other equity instruments	-20,384,942.49	14,841,182.91
(4) Changes in fair value arising from the enterprise's credit risk		
2. Other comprehensive income that will be reclassified to profit or loss	-20,124,300.42	-68,903,204.48
(1) Other comprehensive income accounted for using equity method, which will be reclassified to profit or loss	10,912.64	396,718.85
(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	-4,236,049.27	-
(6) Exchange differences on translation of financial statements denominated in foreign currencies	-16,226,739.89	-69,437,251.13
(7) Others	327,576.10	137,327.80
(2) Other comprehensive income attributable to minority shareholders, net of tax	2,308,551.46	-5,175,733.91
VII. Total comprehensive income	1,494,130,851.13	2,318,748,302.73
(1) Total comprehensive income attributable to owners of the parent company	1,210,509,415.01	2,066,083,051.78
(2) Total comprehensive income attributable to minority shareholders	283,621,436.12	252,665,250.95
VIII. Earnings per Share:		
(1) Basic earnings per Share (RMB/Share)	0.44	0.75
(2) Diluted earnings per Share (RMB/Share)	0.44	0.75

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

Legal representative: ZHOU Jun

The principal in charge of accounting: CHO Man

Head of accounting department: SHEN Bo

CONSOLIDATED CASH FLOW STATEMENT

January to March 2022

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

Unit: Yuan Currency: RMB Type of Audit: Unaudited

Items	The first quarter of 2022	The first quarter of 2021
I. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	55,300,239,230.32	54,808,775,569.58
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	46,375,664.96	38,840,157.82
Cash received relating to other operating activities	566,877,206.62	865,683,944.20
Sub-total of cash inflows from operating activities	55,913,492,101.90	55,713,299,671.60
Cash paid for goods and services	50,812,849,418.04	49,986,710,609.73
Net increase in customer loans and advances		
Net increase in placements with Central Bank and interbank		
Cash paid for claims on original insurance contract		
Net increase in lending funds		
Cash paid for interest, fees and commissions		

Items	The first quarter of 2022	The first quarter of 2021
Cash paid for policy dividend		
Cash paid to and on behalf of employees	2,351,387,645.22	2,246,036,982.65
Payments of taxes	2,107,415,362.61	2,021,368,619.52
Cash paid relating to other operating activities	3,131,967,200.27	2,559,228,144.90
Sub-total of cash outflows from operating activities	58,403,619,626.14	56,813,344,356.80
Net cash flows from operating activities	-2,490,127,524.24	-1,100,044,685.20
II. Cash flows from investing activities:		
Cash received from disposal of investments	–	300,749,284.74
Cash received from returns on investments	300,000.00	37,308,379.52
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	62,992,887.98	13,617,497.06
Net cash received from disposal of subsidiaries and other business units		
Cash received relating to other investing activities	117,290,000.00	246,658,913.85
Sub-total of cash inflows from investing activities	180,582,887.98	598,334,075.17
Cash paid to acquire fixed assets, intangible assets and other long-term assets	579,507,288.07	583,662,422.23
Cash paid to acquire investments	–	495,483,542.97
Net increase in pledged loans		
Net cash paid to acquire subsidiaries and other business units	170,000,000.00	40,501,400.00
Cash paid relating to other investing activities	62,173,821.45	1,515,255,457.78
Sub-total of cash outflows from investing activities	811,681,109.52	2,634,902,822.98
Net cash flows from investing activities	-631,098,221.54	-2,036,568,747.81
III. Cash flows from financing activities:		
Cash received from capital contributions	13,958,714,248.59	1,107,591,750.00
Including: Cash received from capital contributions of minority shareholders of subsidiaries	11,520,000.00	1,107,591,750.00
Cash received from borrowings	14,464,996,316.75	11,291,223,034.90
Cash received from issue of bonds	5,997,487,411.90	4,998,534,722.67

Items	The first quarter of 2022	The first quarter of 2021
Cash received relating to other financing activities	325,570,749.49	335,694,229.50
Sub-total of cash inflows from financing activities	34,746,768,726.73	17,733,043,737.07
Cash paid for repayments of debts	15,441,399,221.37	13,974,340,078.15
Cash paid for distribution of dividends, profits or interest payment	491,553,924.22	397,863,536.30
Including: Dividends and profits paid to minority shareholders by subsidiaries	112,600,747.79	89,777,501.62
Cash paid relating to other financing activities	1,219,587,737.51	436,326,648.74
Sub-total of cash outflows from financing activities	17,152,540,883.10	14,808,530,263.19
Net cash flows from financing activities	17,594,227,843.63	2,924,513,473.88
IV. Effect of foreign exchange rate changes on cash and cash equivalents	698,351.20	17,413,415.34
V. Net increase in cash and cash equivalents	14,473,700,449.05	-194,686,543.79
Add: Balance of cash and cash equivalents at the beginning of the Reporting Period	20,137,500,219.76	19,576,444,789.85
VI. Balance of cash and cash equivalents at the end of the Reporting Period	34,611,200,668.81	19,381,758,246.06

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

Particulars in relation to adjustments made to the financial statements as at the beginning of the year of the initial adoption of the New Accounting Standard in 2022

Applicable Not applicable

It is hereby announced.

The Board of Shanghai Pharmaceuticals Holding Co., Ltd.*
28 April 2022

* For identification purpose only