

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

2023 THIRD QUARTERLY REPORT

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

The following is the third quarterly report for 2023 of Shanghai Pharmaceuticals Holding Co., Ltd.. The financial report therein is prepared in accordance with the PRC Accounting Standards for Business Enterprises and has not been audited.

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

Shanghai, the PRC, 28 October 2023

As at the date of this announcement, the executive directors of the Company are Mr. SHEN Bo, Mr. LI Yongzhong and Mr. DONG Ming; the non-executive directors are Mr. ZHOU Jun, Mr. YAO Jiayong and Mr. CHEN Fashu; and the independent non-executive directors are Mr. GU Zhaoyang, Mr. Manson FOK and Mr. WANG Zhong.

* *For identification purpose only*

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

IMPORTANT NOTICE:

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

Mr. ZHOU Jun, the person in charge of the Company, Mr. SHEN Bo, the principal in charge of accounting, and Mr. SHEN Bo, head of the accounting department (chief financial officer), hereby declare that they warrant the truthfulness, accuracy and completeness of the financial information contained in this quarterly report.

Whether the third quarterly financial statements were audited

Yes No

DEFINITIONS

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

“Shanghai Pharmaceuticals”, “the Group”, “Group”, the “Company” or “Company”	Shanghai Pharmaceuticals Holding Co., Ltd.* (上海醫藥集團股份有限公司), a joint stock company incorporated in the PRC with limited liability (the Shares of which are listed on the Shanghai Stock Exchange with stock code 601607, and on the Main Board of the Hong Kong Stock Exchange with stock code 02607) or Shanghai Pharmaceuticals Holding Co., Ltd.* and its subsidiaries, where applicable
“YOY”	year-on-year
“the PRC” or “China”	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 and Taiwan
“Shares”	shares of Shanghai Pharmaceuticals with a nominal value of RMB1.00 each, comprising both A Shares and H Shares
“A Shares”	domestic shares of the Company, with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in RMB
“H Shares”	overseas shares of the Company, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SIIC”	Shanghai Industrial Investment (Holdings) Co., Ltd. (上海實業(集團)有限公司)
“Shanghai Shangshi”	Shanghai Shangshi (Group) Co., Ltd. (上海上實(集團)有限公司)
“Shanghai Pharmaceutical (Group)”	Shanghai Pharmaceutical (Group) Co., Ltd. (上海醫藥(集團)有限公司)
“Yunnan Baiyao”	Yunnan Baiyao Group Co., Ltd. (雲南白藥集團股份有限公司)

“Guosheng Group”	Shanghai Guosheng (Group) Co., Ltd. (上海國盛(集團)有限公司) and its wholly-owned subsidiaries, Shanghai Shengrui Investment Co., Ltd. (上海盛睿投資有限公司) and Shanghai Guosheng Group Assets Co., Ltd. (上海國盛集團資產有限公司)
“CanSino SPH”	CanSino SPH Biologics Inc. (48.958% owned by Shanghai Pharmaceuticals, 1.245% owned by Shanghai Biomedical Fund and 49.797% owned by CanSino Biologics Inc. respectively)
“SPH Sine”	SPH Sine Pharmaceutical Factory Co., Ltd. (上海上藥信誼藥廠有限公司)
“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)
“Shanghai Comprehensive Reform Fund”	Shanghai State-owned Assets and State-owned Enterprises Comprehensive Reform Pilot Private Equity Partnership (Limited Partnership) (上海國資國企綜改試驗私募基金合夥企業(有限合夥))
“ICBC Investment”	ICBC Financial Asset Investment Co., Ltd. (工銀金融資產投資有限公司)
“Shanghai Biomedical Fund”	Shanghai Biomedical Industrial Equity Investment Fund Partnership (Limited Partnership) (上海生物醫藥產業股權投資基金合夥企業(有限合夥))
“Qingchunbao”	Chiatai Qingchunbao Pharmaceutical Co., Ltd. (正大青春寶藥業有限公司)
“NMPA”	National Medical Products Administration of the People’s Republic of China (中華人民共和國國家藥品監督管理局)
“Shanghai SASAC”	Shanghai State-owned Assets Supervision and Administration Commission (上海市國有資產監督管理委員會)

I. MANAGEMENT DISCUSSION AND ANALYSIS

Results overview

From January to September 2023, the operating income of the Company amounted to RMB197.508 billion, representing a YOY increase of 13.11%. Of which, the sales revenue from the pharmaceutical manufacturing was RMB20.8 billion, representing a YOY increase of 5.09% and the sales revenue from the pharmaceutical services was RMB176.708 billion, representing a YOY increase of 14.14%.

From January to September 2023, due to the influence of the earnings from relocation of the subsidiary Qingchunbao in the same period of last year and the one-off special profit or loss such as provisions for asset impairment of the current period made by CanSino SPH in which the Company has shares, the Company recorded RMB3.797 billion of net profit attributable to shareholders of the listed company, representing a YOY decrease of 21.13%; the net profit attributable to the owner of parent company after deduction of the above-mentioned one-off special profit or loss amounted to RMB4.265 billion, representing a YOY increase of 8.57%. Among which, the pharmaceutical manufacturing business contributed profits of RMB1.813 billion, representing a YOY increase of 9.72%; the pharmaceutical services business contributed profits of RMB2.626 billion, representing a YOY increase of 8.8% and the major shareholding enterprises contributed profits of RMB461 million (factoring out the influence of CanSino SPH), representing a YOY decrease of 3.54%. The net profit attributable to shareholders of listed company after deducting non-recurring profit or loss amounted to RMB3.304 billion, representing a YOY decrease of 10.64%; while factoring out the influence of CanSino SPH, the net profit attributable to shareholders of listed company after deduction of non-recurring profit or loss amounted to RMB3.772 billion, representing a YOY increase of 2.11%.

Pharmaceutical manufacturing

From January to September 2023, the Company's sales revenue from pharmaceutical manufacturing was RMB20.8 billion, increasing by 5.09% compared with the same period of last year.

Shanghai Pharmaceuticals is driven by scientific and technological innovation. As at the end of the Reporting Period, 3 new drug pipelines have been applied for pre NDA or marketing. **During the Reporting Period, the Company added 3 new drug pipelines, 2 of which are innovative drugs:**

- WST04 is an oral micro-ecological live bacterial preparation intended for the treatment of advanced malignant solid tumors. The application for clinical trial was accepted by the NMPA in September 2023. Preclinical studies show that WST04 preparation can significantly enhance the anti-tumor effect of immune checkpoint inhibitors. This project was independently developed by SPH Sine with complete intellectual property rights. Up to now, no similar micro-ecological live bacterial drug is found on the global market.
- I035 is an immunomodulator that inhibits the inflammatory response and enhances immune regulation in the gut. The application for clinical trial was accepted by the NMPA in September 2023. Preclinical studies show that I035 can improve symptoms of enteritis animal models and the inflammatory response of the intestine. This project was independently developed by Shanghai Pharmaceuticals with complete intellectual property rights. Up to now, no drugs with the same target or the same indication are found on the global market.

From July to September 2023, 2 new varieties (2 specifications) of Shanghai Pharmaceuticals passed the consistency evaluation of generic drugs, which increased the number of products approved for consistency evaluation to 55 varieties (79 specifications).

Continuously promoting the cultivation of large varieties of traditional Chinese medicine is a strategic measure of the traditional Chinese medicine industry sector of Shanghai Pharmaceuticals. During the Reporting Period, the Company continued to promote the evidence-based medicine research on the six major varieties of traditional Chinese medicine, i.e., Yangxinshi Tablet, Yuxuebi Capsule, Guanxinning Tablet, Babaodan, Weifuchun and GBE50, with further increase in the number of cases enrolled. From January to September 2023, the revenue from pharmaceutical manufacturing for traditional Chinese medicine segment amounted to RMB7.472 billion, representing a YOY increase of 16.51%.

Pharmaceutical service

From January to September 2023, sales revenue from the pharmaceutical distribution business of the Company was RMB177.194 billion, representing a YOY increase of 14.17%. The sales revenue from the pharmaceutical retail business was RMB6.532 billion, representing a YOY increase of 15%.

In the pharmaceutical distribution supply chain service sector, the Company strives to build an innovative drug service platform, providing one-stop management services of the whole supply chain covering four major areas of pre-listing cooperation, import and export services, nationwide distribution and innovation and added value for innovative products of pharmaceutical enterprises around the world. In the first three quarters of 2023, the sales of innovative drug segment of the Company increased by 21% YOY, and 21 imported varieties under general agency were successfully contracted.

In order to better empower the development of commercial service, the Company has **launched the north-south integration project in the pharmaceutical service segment.** After preliminary discussion and communication, the working group has formulated the initial strategy for service sector integration. The integrated business units will focus on five strategic priorities: innovative drug and import platform services, national omni-channel integrated marketing services, device and big health and international supply chain services, integrated development of national services, digitalization and new retail development, so as to give play to the advantages of the north-south platforms and increase industrial cooperation.

In the field of “Internet+” pharmaceutical service technology, SPH Cloud Health is favored by the market due to its unique highlights, and recently announced the completion of a Series C financing with a total amount of RMB500 million. This round of financing was jointly led by Shanghai Comprehensive Reform Fund and ICBC Investment, with continued support from Shanghai Biomedical Fund. SPH Cloud Health will continue to move forward on the capitalization road for in-depth mixed-ownership reform, and further strengthen its leading advantages in the field of full-cycle services for commercialization of innovative drugs.

II. MAJOR FINANCIAL DATA

(I) Major accounting data and financial indicators

Unit: Yuan Currency: RMB

Items	Reporting Period	Increase/decrease of the Reporting Period as compared to the corresponding period of last year (%)	From the beginning of the year to the end of the Reporting Period	Increase/decrease from the beginning of the year to the end of the Reporting Period as compared to the corresponding period of last year (%)
Operating revenue	64,916,156,869.69	3.20	197,508,314,193.06	13.11
Net profit attributable to equity holders of the listed company	1,186,948,817.87	6.14	3,796,770,660.15	-21.13
Net profit after deduction of non-recurring profit or loss attributable to equity holders of the listed company	1,104,900,759.08	8.66	3,304,202,932.34	-10.64
Net cash flows from operating activities	Not applicable	Not applicable	2,302,460,609.68	Not applicable
Basic earnings per Share (RMB per share)	0.32	-1.00	1.03	-29.31
Diluted earnings per Share (RMB per share)	0.32	0.06	1.03	-29.32
Weighted average return on net assets (%)	1.75	Increased by 0.05 percentage point	5.57	Decreased by 2.72 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	213,146,380,397.62	198,134,901,498.95	7.58
Owners' equity attributable to equity holders of the listed company	68,509,809,654.05	67,063,005,889.23	2.16

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

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

Unit: Yuan Currency: RMB

Items	Amount for the Reporting Period	Amount from the beginning of the year to the end of the Reporting Period
Profit or loss on disposal of non-current assets	30,832,844.88	104,465,225.18
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	44,912,910.65	280,198,219.71

Items	Amount for the Reporting Period	Amount from the beginning of the year to the end of the Reporting Period
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	42,181,084.59	239,023,469.04
Reversal of provisions on impairment for receivables and contract assets assessed for impairment on an individual basis	657,585.66	25,252,509.07
Other non-operating income and expenses other than the aforesaid items	-12,668,194.52	-36,959,921.00
Less: Effect on income tax	15,906,873.27	79,286,577.68
Effect on minority interests (after tax)	7,961,299.20	40,125,196.51
Total	82,048,058.79	492,567,727.81

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 thereof✓ Applicable Not applicable

Items	Change (%)	Main reason
Derivative financial assets	32.19	Increase in fair value of forward foreign exchange contract assets during the Reporting Period
Advances to suppliers	48.63	Increase in prepayments for goods during the Reporting Period
Derivative financial liabilities	-92.98	Decrease in fair value of forward foreign exchange contract liabilities during the Reporting Period
Contract liabilities	-56.59	Decrease in advances for goods during the Reporting Period
Investment income	-118.83	Decrease in investment income from associates and joint ventures recognized during the Reporting Period
Profit arising from changes in fair value	225.04	Increase in profit of fair value of financial assets during the Reporting Period
Impairment loss of assets	30.98	Increase in provision for decline in value of inventories during the Reporting Period
Gains on assets disposal	-92.67	Decrease in gains on disposal of intangible assets during the Reporting Period
Non-operating income	40.32	Increase in compensation received during the Reporting Period
Net cash flows from financing activities	-83.70	No cash received from non-public issuance of Shares during the Reporting Period

III. INFORMATION ON SHAREHOLDERS

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 ^①	80,053	Total number of shareholders of preference Shares with voting right restored as at the end of the Reporting Period (if any)	0			
Shareholdings of the top ten shareholders						
Name of shareholders	Nature of shareholders	Number of Shares held	Shareholding percentage (%)	Number of trade-restricted Shares held	Pledged, labelled or frozen	
					Status	Number
Shanghai Pharmaceutical (Group)	State-owned legal person	716,516,039	19.348	0	Nil	
HKSCC NOMINEES LIMITED ^②	Foreign legal person	673,974,224	18.199	0	Unknown	
Yunnan Baiyao	Domestic non-state-owned legal person	665,626,796	17.974	665,626,796	Nil	
SHC and its wholly-owned subsidiaries and Shanghai Shangshi and its wholly-owned subsidiaries ^③	State-owned legal person	629,987,798	17.012	187,000,000	Nil	
Hong Kong Securities Clearing Company Limited ^④	Foreign legal person	88,272,980	2.384	0	Unknown	
Guosheng Group	State-owned legal person	44,384,400	1.199	0	Nil	
China Securities Finance Corporation Limited	State-owned legal person	41,330,543	1.116	0	Unknown	
China Construction Bank Corporation – E fund CSI 300 Medical and Healthcare Trading Open-end Index Securities Investment Fund	Unknown	17,519,297	0.473	0	Unknown	
Industrial and Commercial Bank of China Company Limited – CSI Shanghai State-owned Exchange Traded Open-end Index Securities Investment Fund	Unknown	11,941,971	0.322	0	Unknown	
Yinhua Fund – Agricultural Bank – Yinhua China Securities and Financial Assets Management Program	Unknown	11,601,222	0.313	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
Shanghai Pharmaceutical (Group)	716,516,039	RMB ordinary Shares	716,516,039
HKSCC NOMINEES LIMITED	673,974,224	Overseas listed foreign Shares	673,974,224
SHIC and its wholly-owned subsidiaries and Shanghai Shangshi	442,987,798	RMB ordinary Shares	222,301,798
		Overseas listed foreign Shares	220,686,000
Hong Kong Securities Clearing Company Limited	88,272,980	RMB ordinary Shares	88,272,980
Guosheng Group	44,384,400	RMB ordinary Shares	20,869,300
		Overseas listed foreign Shares	23,515,100
China Securities Finance Corporation Limited	41,330,543	RMB ordinary Shares	41,330,543
China Construction Bank Corporation – E fund CSI 300 Medical and Healthcare Trading Open-end Index Securities Investment Fund	17,519,297	RMB ordinary Shares	17,519,297
Industrial and Commercial Bank of China Company Limited – CSI Shanghai State-owned Exchange Traded Open-end Index Securities Investment Fund	11,941,971	RMB ordinary Shares	11,941,971
Yinhua Fund – Agricultural Bank – Yinhua China Securities and Financial Assets Management Program	11,601,222	RMB ordinary Shares	11,601,222
Agricultural Bank of China Limited – ICBCCS Innovation Power Equity Securities Investment Fund	9,899,966	RMB ordinary Shares	9,899,966
Note on connected relations or concerted actions of the above shareholders	SHIC 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. 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)	During the year, a shareholder of the Company, Guosheng Group, participated in the refinancing and securities lending business, involving a total of 247,700 A Shares as at the end of the Reporting Period. The ownership of such Shares will not be transferred and its actual number of shareholding of A Shares amounts to 21,117,000.		

Notes:

- ① Among the 80,053 shareholders of ordinary Shares as at the end of the Reporting Period, 78,313 were A shareholders and 1,740 were H shareholders;
- 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 220,686,000 H Shares held and controlled by SIIC's wholly-owned subsidiaries and 23,515,100 H Shares held by Guosheng Group 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;
- ⑤ As at the end of the Reporting Period, the total issued Shares of the Company amounted to 3,703,301,054, comprising 2,784,228,350 A Shares and 919,072,704 H Shares.

IV. 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

V. QUARTERLY FINANCIAL STATEMENTS

(I) Type of audit opinion

Applicable Not applicable

(II) Financial Statements**CONSOLIDATED BALANCE SHEET**

30 September 2023

Prepared by: Shanghai Pharmaceuticals Holding Co., Ltd.*

Unit: Yuan Currency: RMB Type of Audit: Unaudited

Items	30 September 2023	31 December 2022
Current assets:		
Monetary funds	29,263,734,941.59	27,401,395,968.43
Deposit reservation for balance		
Lending funds		
Financial assets held for trading	11,403,609,863.01	9,613,554,659.84
Derivative financial assets	6,371,535.14	4,820,057.40
Notes receivable	1,268,588,471.74	1,799,584,411.55
Accounts receivable	76,158,589,265.27	66,759,853,950.45
Receivables financing	1,941,354,874.99	1,627,386,138.71
Advances to suppliers	5,748,574,702.41	3,867,582,698.57
Premiums receivable		
Reinsurance accounts receivable		
Receivable from subcontracting reserves		
Other receivables	2,732,901,513.66	2,574,814,141.06
Including: Interests receivable		
Dividends receivable	391,138,217.30	54,397,245.21
Financial assets purchased for resale		
Inventories	35,047,634,569.51	34,460,216,765.02
Contract assets		
Assets classified as held for sale		
Non-current assets due within one year	92,994,850.92	185,619,908.99
Other current asset	964,465,989.39	1,218,041,919.77
Total current assets	164,628,820,577.63	149,512,870,619.79

Items	30 September 2023	31 December 2022
Non-current assets:		
Issuing of loans and advances		
Debt investments		
Other debt investments		
Long-term receivables	199,089,327.03	212,299,836.32
Long-term equity investments	8,553,478,653.69	9,232,643,602.19
Other equity instrument investments	53,797,240.28	101,487,525.55
Other non-current financial assets	2,124,808,342.06	2,143,040,116.40
Investment properties	298,035,243.87	246,415,460.32
Fixed assets	11,123,260,339.84	11,539,289,437.00
Construction in progress	3,972,503,532.19	2,777,363,094.05
Bearer biological assets	133,930,478.65	137,191,760.75
Oil-and-gas assets		
Right-of-use assets	1,869,390,443.63	1,868,659,922.65
Intangible assets	5,989,554,088.04	6,244,139,954.44
Development disbursement	376,211,682.19	342,605,253.63
Goodwill	11,382,665,847.57	11,335,926,625.48
Long-term prepaid expenses	509,528,445.61	462,438,552.91
Deferred income tax assets	1,555,089,777.25	1,534,728,993.68
Other non-current assets	376,216,378.09	443,800,743.79
Total non-current assets	48,517,559,819.99	48,622,030,879.16
Total assets	213,146,380,397.62	198,134,901,498.95

Items	30 September 2023	31 December 2022
Current liabilities:		
Short-term borrowings	35,083,519,738.09	27,750,588,556.87
Borrowing from the Central Bank		
Borrowing funds		
Financial liabilities held for trading		
Derivative financial liabilities	110,151.54	1,569,907.10
Bills payable	6,645,105,338.81	5,961,723,663.49
Accounts payable	52,263,642,012.87	45,603,805,328.17
Advances from customers		
Contract liabilities	973,566,740.96	2,242,823,457.63
Financial assets sold for repurchase		
Absorbing deposit and interbank deposit		
Receivings from vicariously traded securities		
Receivings from vicariously sold securities		
Employee benefits payable	1,400,167,377.38	1,580,488,152.99
Taxes payable	1,041,135,511.38	1,440,823,418.19
Other payables	15,915,592,741.64	16,474,855,895.13
Including: Interests payable		
Dividends payable	319,736,981.80	373,125,954.77
Fees and commissions payable		
Reinsurance accounts payable		
Liabilities classified as held for sale		
Non-current liabilities due within one year	2,937,610,462.72	3,249,433,102.21
Other current liabilities	6,169,225,006.34	6,384,934,548.00
Total current liabilities	122,429,675,081.73	110,691,046,029.78

Items	30 September 2023	31 December 2022
Non-current liabilities:		
Provision for insurance contracts		
Long-term borrowings	7,487,613,491.50	6,259,799,370.32
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities	1,312,971,609.45	1,301,611,079.90
Long-term payables	8,121,514.20	7,995,923.88
Long-term employee benefits payable	38,350,727.06	38,911,958.10
Accrued liabilities	26,798,144.36	23,978,898.02
Deferred income	538,353,472.27	534,581,050.48
Deferred income tax liabilities	928,282,197.38	1,049,237,452.75
Other non-current liabilities	232,580,587.15	225,288,678.29
Total non-current liabilities	10,573,071,743.37	9,441,404,411.74
Total liabilities	133,002,746,825.10	120,132,450,441.52
Owners' equity (or shareholders' equity):		
Paid-up capital (or share capital)	3,703,301,054.00	3,697,546,172.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserves	29,168,809,495.26	29,098,103,770.87
Less: Treasury shares		
Other comprehensive income	-538,759,062.41	-371,323,663.92
Special reserves		
Surplus reserves	2,158,807,271.16	2,158,807,271.16
General risk provisions		
Undistributed profits	34,017,650,896.04	32,479,872,339.12
Total owners' equity (or shareholders' equity) attributable to the parent company	68,509,809,654.05	67,063,005,889.23
Minority interests	11,633,823,918.47	10,939,445,168.20
Total owners' equity (or shareholders' equity)	80,143,633,572.52	78,002,451,057.43
Total liabilities and owners' equity (or shareholders' equity)	213,146,380,397.62	198,134,901,498.95

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

CONSOLIDATED INCOME STATEMENT

January to September 2023

Prepared by: Shanghai Pharmaceuticals Holding Co., Ltd.*

Unit: Yuan Currency: RMB Type of Audit: Unaudited

Items	The first three quarters of 2023 (January to September)	The first three quarters of 2022 (January to September)
I. Total revenue of operation	197,508,314,193.06	174,611,918,877.50
Including: Operating revenue	197,508,314,193.06	174,611,918,877.50
Interest income		
Earned premium		
Service charges and commission		
II. Total cost of operation	191,379,813,519.61	168,953,802,013.58
Including: Cost of operation	173,545,899,008.19	151,934,408,923.81
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	548,357,726.47	539,137,645.09
Selling expenses	10,470,048,801.68	10,337,196,939.27
Administrative expenses	4,193,117,737.88	3,756,574,640.46
R&D expenses	1,468,042,692.55	1,388,890,687.62
Financial expenses	1,154,347,552.84	997,593,177.33
Including: Interest expenses	1,461,288,526.07	1,228,984,711.55
Interest income	356,739,560.00	339,629,724.25
Add: Other income	430,276,148.13	243,793,310.42
Investment income (loss indicated by “-”)	-83,824,385.72	445,242,066.46

Items	The first three quarters of 2023 (January to September)	The first three quarters of 2022 (January to September)
Including: Share of investment income of associates and joint ventures	89,919,011.43	530,520,279.22
Gains from derecognition of financial assets measured at amortised cost	-140,713,513.93	-42,752,531.18
Exchange earnings (loss indicated by “-”)		
Net gains from hedging exposure (loss indicated by “-”)		
Profit arising from changes in fair value (loss indicated by “-”)	239,023,469.04	73,535,591.16
Impairment loss of credit (loss indicated by “-”)	-296,512,481.18	-252,443,012.76
Impairment loss of assets (loss indicated by “-”)	33,913,101.75	25,891,617.79
Gains on assets disposal (loss indicated by “-”)	104,578,571.48	1,427,203,357.49
III. Operating profit (loss indicated by “-”)	6,555,955,096.95	7,621,339,794.48
Add: Non-operating income	27,508,032.42	19,603,161.73
Less: Non-operating expenses	64,467,953.42	73,040,764.99
IV. Total profit (total loss indicated by “-”)	6,518,995,175.95	7,567,902,191.22
Less: Income tax expenses	1,565,226,954.19	1,583,651,841.25
V. Net profit (net loss indicated by “-”)	4,953,768,221.76	5,984,250,349.97
(1) Classified by continuity of operations		
1. Net profit from continuing operations (net loss indicated by “-”)	4,953,768,221.76	5,984,250,349.97
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 “-”)	3,796,770,660.15	4,813,906,174.07
2. Minority interests (net loss indicated by “-”)	1,156,997,561.61	1,170,344,175.90

Items	The first three quarters of 2023 (January to September)	The first three quarters of 2022 (January to September)
VI. Other comprehensive income, net of tax	-170,966,425.38	-369,830,973.20
(1) Other comprehensive income attributable to owners of the parent company, net of tax	-167,435,398.49	-365,386,347.42
1. Other comprehensive income that will not be reclassified to profit or loss	-47,690,285.27	-26,457,870.70
(1) Changes in the re-measurement of defined benefit plans		
(2) Other comprehensive income accounted for using equity method, which will not be reclassified to profit or loss		
(3) Changes in fair value of investments in other equity instruments	-47,690,285.27	-26,457,870.70
(4) Changes in fair value arising from the enterprise's credit risk		
2. Other comprehensive income that will be reclassified to profit or loss	-119,745,113.22	-338,928,476.72
(1) Other comprehensive income accounted for using equity method, which will be reclassified to profit or loss	-23,471.52	-245,950.73
(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	3,123,077.73	-257,615.20
(6) Exchange differences on translation of financial statements denominated in foreign currencies	-123,527,645.43	-341,694,551.46
(7) Others	682,926.00	3,269,640.67
(2) Other comprehensive income attributable to minority shareholders, net of tax	-3,531,026.89	-4,444,625.78

Items	The first three quarters of 2023 (January to September)	The first three quarters of 2022 (January to September)
VII. Total comprehensive income	4,782,801,796.38	5,614,419,376.77
(1) Total comprehensive income attributable to owners of the parent company	3,629,335,261.66	4,448,519,826.65
(2) Total comprehensive income attributable to minority shareholders	1,153,466,534.72	1,165,899,550.12
VIII. Earnings per Share:		
(1) Basic earnings per Share (RMB/Share)	1.03	1.45
(2) Diluted earnings per Share (RMB/Share)	1.03	1.45

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

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

CONSOLIDATED CASH FLOW STATEMENT

January to September 2023

Prepared by: Shanghai Pharmaceuticals Holding Co., Ltd.*

Unit: Yuan Currency: RMB Type of Audit: Unaudited

Items	The first three quarters of 2023 (January to September)	The first three quarters of 2022 (January to September)
I. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	204,290,588,465.32	183,561,595,056.61
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	155,184,151.30	338,075,731.55
Cash received relating to other operating activities	2,726,507,546.00	1,875,056,713.18
Sub-total of cash inflows from operating activities	207,172,280,162.62	185,774,727,501.34
Cash paid for goods and services	179,260,234,405.85	164,088,127,024.83
Net increase in customer loans and advances		
Net increase in placements with Central Bank and interbank		
Cash paid for claims on original insurance contract		

Items	The first three quarters of 2023 (January to September)	The first three quarters of 2022 (January to September)
Net increase in lending funds		
Cash paid for interest, fees and commissions		
Cash paid for policy dividend		
Cash paid to and on behalf of employees	6,660,639,066.40	6,110,705,454.98
Payments of taxes	6,089,479,083.77	6,307,375,596.35
Cash paid relating to other operating activities	12,859,466,996.92	9,427,273,205.05
Sub-total of cash outflows from operating activities	204,869,819,552.94	185,933,481,281.21
Net cash flows from operating activities	2,302,460,609.68	-158,753,779.87
II. Cash flows from investing activities:		
Cash received from disposal of investments	23,578,630,752.85	21,387,100,000.00
Cash received from returns on investments	714,044,154.09	580,313,770.18
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	147,026,248.60	109,237,955.24
Net cash received from disposal of subsidiaries and other business units	–	3,537,318.44
Cash received relating to other investing activities	1,193,770,126.36	717,524,768.30
Sub-total of cash inflows from investing activities	25,633,471,281.90	22,797,713,812.16
Cash paid to acquire fixed assets, intangible assets and other long-term assets	2,284,612,415.55	1,954,162,817.73
Cash paid to acquire investments	25,376,650,000.00	33,887,100,000.00
Net increase in pledged loans		
Net cash paid to acquire subsidiaries and other business units	156,753,465.02	256,951,038.52
Cash paid relating to other investing activities	815,004,988.47	783,870,257.45
Sub-total of cash outflows from investing activities	28,633,020,869.04	36,882,084,113.70
Net cash flows from investing activities	-2,999,549,587.14	-14,084,370,301.54

Items	The first three quarters of 2023 (January to September)	The first three quarters of 2022 (January to September)
III. Cash flows from financing activities:		
Cash received from capital contributions	355,191,273.12	14,002,918,408.10
Including: Cash received from capital contributions of minority shareholders of subsidiaries	248,771,840.00	39,025,019.22
Cash received from borrowings	46,823,616,396.57	36,174,445,828.50
Cash received from issue of bonds	11,997,529,999.99	14,997,633,333.34
Cash received relating to other financing activities	281,237,975.65	647,114,956.85
Sub-total of cash inflows from financing activities	59,457,575,645.33	65,822,112,526.79
Cash paid for repayments of debts	50,499,551,661.85	43,459,962,651.36
Cash paid for distribution of dividends, profits or interest payment	4,356,294,844.11	3,140,373,098.39
Including: Dividends and profits paid to minority shareholders by subsidiaries	708,973,897.97	387,278,803.67
Cash paid relating to other financing activities	1,805,788,030.99	2,066,018,784.92
Sub-total of cash outflows from financing activities	56,661,634,536.95	48,666,354,534.67
Net cash flows from financing activities	2,795,941,108.38	17,155,757,992.12
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-60,841,645.22	22,203,304.74
V. Net increase in cash and cash equivalents	2,038,010,485.70	2,934,837,215.45
Add: Balance of cash and cash equivalents at the beginning of the Reporting Period	24,533,891,305.82	20,137,500,219.76
VI. Balance of cash and cash equivalents at the end of the Reporting Period	26,571,901,791.52	23,072,337,435.21

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

BALANCE SHEET OF THE PARENT COMPANY

30 September 2023

Prepared by: Shanghai Pharmaceuticals Holding Co., Ltd.*

Unit: Yuan Currency: RMB Type of Audit: Unaudited

Items	30 September 2023	31 December 2022
Current assets:		
Monetary funds	8,368,406,579.17	8,896,325,941.88
Financial assets held for trading	11,403,609,863.01	9,613,554,659.84
Derivative financial assets		
Notes receivable		
Accounts receivable		
Receivables financing		
Advances to suppliers	17,171,744.26	9,345,489.16
Other receivables	16,597,932,916.32	14,647,589,803.23
Including: Interests receivable		
Dividends receivable	693,807,624.56	843,498,975.48
Inventories		
Contract assets		
Assets classified as held for sale		
Non-current assets due within one year	9,123,188.58	10,366,305.70
Other current asset	10,909,897.20	763,269.11
Total current assets	36,407,154,188.54	33,177,945,468.92
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables	29,820,522.31	37,320,278.77
Long-term equity investments	31,164,121,220.56	27,646,745,649.54
Other equity instrument investments		
Other non-current financial assets	1,798,352,133.42	1,787,298,345.06
Investment properties		
Fixed assets	97,234,760.57	100,582,376.49

Items	30 September 2023	31 December 2022
Construction in progress	50,019,548.28	35,354,623.28
Bearer biological assets		
Oil-and-gas assets		
Right-of-use assets	63,564,013.94	86,593,287.17
Intangible assets	53,197,483.14	68,262,180.37
Development disbursement	77,703,026.05	76,703,026.05
Goodwill		
Long-term prepaid expenses	16,536,188.05	18,064,854.14
Deferred income tax assets		
Other non-current assets	7,123,603.07	9,319,539.50
Total non-current assets	33,357,672,499.39	29,866,244,160.37
Total assets	69,764,826,687.93	63,044,189,629.29
Current liabilities:		
Short-term borrowings	1,000,646,250.00	1,300,997,638.89
Financial liabilities held for trading		
Derivative financial liabilities		
Bills payable		
Accounts payable	39,996,103.23	61,884,185.13
Advances from customers		
Contract liabilities	20,097,189.17	33,097,189.17
Employee benefits payable	571,037.22	90,700,319.82
Taxes payable	16,904,745.99	1,867,369.51
Other payables	16,361,627,237.31	13,518,512,556.02
Including: Interests payable		
Dividends payable	296,690.64	
Liabilities classified as held for sale		
Non-current liabilities due within one year	36,539,504.22	932,166,278.43
Other current liabilities	6,050,795,342.47	6,060,361,643.84
Total current liabilities	23,527,177,409.61	21,999,587,180.81

Items	30 September 2023	31 December 2022
Non-current liabilities:		
Long-term borrowings	5,864,220,000.00	139,360,000.00
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities	37,681,406.03	59,390,904.05
Long-term payables		
Long-term employee benefits payable		
Accrued liabilities		
Deferred income	116,180,200.40	83,641,136.76
Deferred income tax liabilities	5,859,736.77	5,859,736.77
Other non-current liabilities		
Total non-current liabilities	6,023,941,343.20	288,251,777.58
Total liabilities	29,551,118,752.81	22,287,838,958.39
Owners' equity (or shareholders' equity):		
Paid-up capital (or share capital)	3,703,301,054.00	3,697,546,172.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserves	32,391,884,098.79	32,275,668,338.76
Less: Treasury shares		
Other comprehensive income	-320,003.20	-302,235.46
Special reserves		
Surplus reserves	1,783,016,468.98	1,783,016,468.98
Undistributed profits	2,335,826,316.55	3,000,421,926.62
Total owners' equity (or shareholders' equity)	40,213,707,935.12	40,756,350,670.90
Total liabilities and owners' equity (or shareholders' equity)	69,764,826,687.93	63,044,189,629.29

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

INCOME STATEMENT OF THE PARENT COMPANY

January to September 2023

Prepared by: Shanghai Pharmaceuticals Holding Co., Ltd.*

Unit: Yuan Currency: RMB Type of Audit: Unaudited

Items	The first three quarters of 2023 (January to September)	The first three quarters of 2022 (January to September)
I. Operating revenue	64,616,277.97	5,039,500.69
Less: Cost of operation	57,492,222.28	1,177,624.93
Business taxes and surcharges	1,080,631.83	3,612,179.24
Selling expenses		
Administrative expenses	145,728,464.36	128,340,873.10
R&D expenses	280,853,232.39	323,183,649.00
Financial expenses	153,376,708.89	90,199,767.74
Including: Interest expenses	236,361,304.81	230,018,726.29
Interest income	65,926,423.76	89,938,380.92
Add: Other income	14,544,375.48	12,496,657.56
Investment income (loss indicated by “-”)	1,906,100,940.80	1,801,456,578.38
Including: Share of investment income of associates and joint ventures	107,395,933.30	105,862,534.30
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 “-”)	251,529,553.07	162,655,949.97
Impairment loss of credit (loss indicated by “-”)	-5,917,773.92	724,052.74
Impairment loss of assets (loss indicated by “-”)		
Gains on assets disposal (loss indicated by “-”)	3,478,944.61	3,575,094.30
II. Operating profit (loss indicated by “-”)	1,595,821,058.26	1,439,433,739.63
Add: Non-operating income	75,434.90	48,669.78
Less: Non-operating expenses	1,500,000.00	2,533,751.63

Items	The first three quarters of 2023 (January to September)	The first three quarters of 2022 (January to September)
III. Total profit (total loss indicated by “-”)	1,594,396,493.16	1,436,948,657.78
Less: Income tax expenses		
IV. Net profit (net loss indicated by “-”)	1,594,396,493.16	1,436,948,657.78
(1) Net profit from continuing operations (net loss indicated by “-”)	1,594,396,493.16	1,436,948,657.78
(2) Net profit from discontinued operations (net loss indicated by “-”)		
V. Other comprehensive income, net of tax	-17,767.74	-163,324.77
(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 investments in other equity instruments		
4. Changes in fair value arising from the enterprise’s credit risk		
(2) Other comprehensive income that will be reclassified to profit or loss	-17,767.74	-163,324.77
1. Other comprehensive income accounted for using equity method, which will be reclassified to profit or loss	-17,767.74	-163,324.77
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		

Items	The first three quarters of 2023 (January to September)	The first three quarters of 2022 (January to September)
VI. Total comprehensive income	1,594,378,725.42	1,436,785,333.01
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: SHEN Bo
Head of accounting department: SHEN Bo

CASH FLOW STATEMENT OF THE PARENT COMPANY

January to September 2023

Prepared by: Shanghai Pharmaceuticals Holding Co., Ltd.*

Unit: Yuan Currency: RMB Type of Audit: Unaudited

Items	The first three quarters of 2023 (January to September)	The first three quarters of 2022 (January to September)
I. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	14,167,822.39	9,959,146.69
Refund of taxes received		1,830,018.26
Cash received relating to other operating activities	360,425,835.06	319,893,036.24
Sub-total of cash inflows from operating activities	374,593,657.45	331,682,201.19
Cash paid for goods and services	229,095,993.06	214,068,826.86
Cash paid to and on behalf of employees	249,295,055.84	198,268,353.73
Payments of taxes	1,081,831.83	3,581,028.61
Cash paid relating to other operating activities	124,767,409.76	140,642,551.53
Sub-total of cash outflows from operating activities	604,240,290.49	556,560,760.73
Net cash flows from operating activities	-229,646,633.04	-224,878,559.54
II. Cash flows from investing activities:		
Cash received from disposal of investments	23,553,300,000.00	21,387,100,000.00
Cash received from returns on investments	2,175,945,622.37	1,571,266,168.67
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		13,780,000.00
Net cash received from disposal of subsidiaries and other business units		641,000.00
Cash received relating to other investing activities	3,619,727,228.28	6,049,853,300.76
Sub-total of cash inflows from investing activities	29,348,972,850.65	29,022,640,469.43
Cash paid to acquire fixed assets, intangible assets and other long-term assets	42,722,944.28	42,002,289.61
Cash paid to acquire investments	25,376,650,000.00	33,887,100,000.00
Net cash paid to acquire subsidiaries and other business units	318,300,000.00	176,200,000.00

Items	The first three quarters of 2023 (January to September)	The first three quarters of 2022 (January to September)
Cash paid relating to other investing activities	6,642,328,000.04	4,389,436,912.82
Sub-total of cash outflows from investing activities	32,380,000,944.32	38,494,739,202.43
Net cash flows from investing activities	-3,031,028,093.67	-9,472,098,733.00
III. Cash flows from financing activities:		
Cash received from capital contributions	106,419,433.12	13,963,893,388.88
Cash received from borrowings	7,726,260,000.00	1,600,000,000.00
Cash received from issue of bonds	11,997,529,999.99	14,997,633,333.34
Cash received relating to other financing activities	933,542,282.31	1,208,757,807.15
Sub-total of cash inflows from financing activities	20,763,751,715.42	31,770,284,529.37
Cash paid for repayments of debts	15,201,400,000.00	16,750,392,561.76
Cash paid for distribution of dividends, profits or interest payment	2,258,992,103.23	1,552,494,013.56
Cash paid relating to other financing activities	270,604,051.33	1,913,557,403.90
Sub-total of cash outflows from financing activities	17,730,996,154.56	20,216,443,979.22
Net cash flows from financing activities	3,032,755,560.86	11,553,840,550.15
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-209.74	-5,545,270.60
V. Net increase in cash and cash equivalents	-227,919,375.59	1,851,317,987.01
Add: Balance of cash and cash equivalents at the beginning of the Reporting Period	8,596,322,955.64	4,716,238,699.67
VI. Balance of cash and cash equivalents at the end of the Reporting Period	8,368,403,580.05	6,567,556,686.68

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

Particulars in relation to adjustments made to the financial statements as at the beginning of the year upon initial adoption of New Accounting Standard or interpretation of standards since 2023

Applicable Not applicable

It is hereby announced.

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

27 October 2023