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FOSUN PHARMA 复星医药

上海復星醫藥（集團）股份有限公司

Shanghai Fosun Pharmaceutical (Group) Co., Ltd.*

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

(Stock Code: 02196)

2021 THIRD QUARTERLY REPORT

This announcement is made pursuant to Rule 13.09(2) and Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The following is the 2021 third quarterly report of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.* (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) (the “**2021 Third Quarterly Report**”) for the three months ended 30 September 2021 (the “**Reporting Period**”). The financial report therein is prepared in accordance with the PRC Accounting Standards for Business Enterprises and is unaudited.

By order of the Board

Shanghai Fosun Pharmaceutical (Group) Co., Ltd.*

Wu Yifang

Chairman

Shanghai, the People's Republic of China

26 October 2021

As at the date of this announcement, the executive director of the Company is Mr. Wu Yifang; the non-executive directors of the Company are Mr. Chen Qiyu, Mr. Yao Fang, Mr. Xu Xiaoliang, Mr. Gong Ping, Mr. Pan Donghui and Mr. Zhang Houlin; and the independent non-executive directors of the Company are Ms. Li Ling, Mr. Tang Guliang, Mr. Wang Quandi and Mr. Yu Tze Shan Hailson.

* For identification purposes only

IMPORTANT NOTICE

The board of directors (the “**Board**”) and the supervisory committee (the “**Supervisory Committee**”) of the Company and its directors, supervisors and senior management warrant that the 2021 Third Quarterly Report of the Group does not contain any false information, misleading statements or material omission and severally and jointly accept legal responsibility for the truthfulness, accuracy and completeness of the contents contained herein.

Wu Yifang, the person in charge of the Company, Guan Xiaohui, the Chief Financial Officer, and Wu Xiaolei, the Director of the Accounting Department (Accounting Officer) duly declare that they warrant the truthfulness, accuracy and completeness of the financial statements contained in the 2021 Third Quarterly Report of the Group.

The 2021 Third Quarterly Report of the Group has not been audited.

(2) Extraordinary gain or loss items and amounts

Unit: Yuan Currency: RMB

[illegible]



2. SHAREHOLDER INFORMATION

- (1) Total number of holders of ordinary shares and holders of preference shares with resumed voting rights, and the shareholding status of the Top 10 shareholders

Unit: Share

Total number of holders of ordinary shares as at the end of the Reporting Period		297,869	Total number of holders of preference shares with resumed voting rights as at the end of the Reporting Period (if any)		N/A	
The shareholding status of the Top 10 shareholders						
Name of shareholders	Capacity	Shareholding	Percentage of shareholding (%)	Number of restricted shares held	Shares pledged, marked or locked up	
					Status	Number
SHANGHAI FOSUN HIGH TECHNOLOGY (GROUP) COMPANY LIMITED	Domestic non-state owned legal entity	938,095,290 Note 1	36.60	0	None	0
HKSCC NOMINEES LIMITED ^{Note 2}	Unknown	551,354,324	21.51	0	Unknown	—
HONG KONG SECURITIES CLEARING COMPANY LIMITED ^{Note 3}	Others	66,656,587	2.60	0	None	0
CHINA SECURITIES FINANCE CORPORATION LIMITED*	Others	38,736,079	1.51	0	None	0
Qiu Mingjing (邱明靜)	Domestic natural person	17,264,552	0.67	0	None	0
Wang Qinying (王琴英)	Domestic natural person	14,420,021	0.56	0	None	0
BANK OF CHINA LIMITED — CHINA MERCHANTS NATIONAL SECURITIES BIOMEDICAL INDEX CLASSIFIED SECURITIES INVESTMENT FUND*	Securities investment fund	10,524,075	0.41	0	None	0
INDUSTRIAL AND COMMERCIAL BANK OF CHINA — SSE INDEX 50 TRADING OPEN-END INDEX SECURITIES INVESTMENT FUND	Securities investment fund	8,187,265	0.32	0	None	0
Bai Minli (白敏莉)	Domestic natural person	6,085,682	0.24	0	None	0
Liu Weiwei (劉瑋巍)	Domestic natural person	5,372,310	0.21	0	None	0

The shareholding status of the Top 10 unrestricted shareholders			
Name of the shareholders	Number of unrestricted tradable shares held	Type and number of shares	
		Type	Number
SHANGHAI FOSUN HIGH TECHNOLOGY (GROUP) COMPANY LIMITED*	938,095,290 Note 1	RMB ordinary shares	938,095,290
HKSCC NOMINEES LIMITED ^{Note 2}	551,354,324	Overseas listed foreign shares	551,354,324
HONG KONG SECURITIES CLEARING COMPANY LIMITED ^{Note 3}	66,656,587	RMB ordinary shares	66,656,587
CHINA SECURITIES FINANCE CORPORATION LIMITED*	38,736,079	RMB ordinary shares	38,736,079
Qiu Mingjing (邱明靜)	17,264,552	RMB ordinary shares	17,264,552
Wang Qinying (王琴英)	14,420,021	RMB ordinary shares	14,420,021
BANK OF CHINA LIMITED — CHINA MERCHANTS NATIONAL SECURITIES BIOMEDICAL INDEX CLASSIFIED SECURITIES INVESTMENT FUND*	10,524,075	RMB ordinary shares	10,524,075
INDUSTRIAL AND COMMERCIAL BANK OF CHINA — SSE INDEX 50 TRADING OPEN-END INDEX SECURITIES INVESTMENT FUND*	8,187,265	RMB ordinary shares	8,187,265
Bai Minli (白敏莉)	6,085,682	RMB ordinary shares	6,085,682
Liu Weiwei (劉瑋巍)	5,372,310	RMB ordinary shares	5,372,310
Description of the related relationship or concerted action of the above shareholders	The Company does not know whether any related relationship or concerted action exists between the abovementioned shareholders of tradable shares.		
Status description of Top 10 shareholders and Top 10 unrestricted shareholders participating in securities margin trading and refinancing business (if any)	(1) Qiu Mingjing (邱明靜) holds 17,264,552 shares, of which 17,264,552 shares are held through securities margin trading account; (2) Wang Qinying (王琴英) holds 14,420,021 shares, of which 13,112,750 shares are held through securities margin trading account; (3) Bai Minli (白敏莉) holds 6,085,682 shares, of which 6,085,200 shares are held through securities margin trading account; (4) Liu Weiwei (劉瑋巍)		

3. OTHER REMINDER

The investors are reminded to pay attention to other significant information concerning the Company's operations during the Reporting Period

1. Overview of operating results

In the first three quarters of 2021, the Group adhered to the implementation of the "4IN" strategy to relieve the pressure of price reduction from centralized procurement of existing products, and maintained steady growth in the overall business performance.

During the first three quarters of 2021, the aggregate revenue of the Group amounted to RMB27,048 million, representing a period-on-period increase of 22.38%. Net profit attributable to shareholders of the listed company amounted to RMB3,565 million, representing a period-on-period increase of 43.80%. Net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss amounted to RMB2,475 million, representing a period-on-period increase of 20.19%. Net cash flow generated from operating activities amounted to RMB3,016 million, representing a period-on-period increase of 22.94%. The total R&D expenditure amounted to RMB3,151 million, representing a period-on-period increase of 15.46%. In particular, the R&D expenses amounted to RMB2,414 million, representing a period-on-period increase of RMB536 million or 28.54%. For the first three quarters, gross profit margin of the Group was 50.53%, selling expense ratio was 25.19%, representing decrease of 5.3 percentage points and 3.2 percentage points, respectively. The decrease in gross profit margin was mainly attributable to: 1. the impact of Comirnaty (mRNA COVID-19 vaccine), the cost of sales of which included (1) purchase cost; (2) share of gross profit payable to BioNTech SE according to the "Licensing Agreement"; (3) corresponding sales milestone (Under "Licensing Agreement", when regional sales exceeds US\$500 million for the first time, sales milestone amounting to US\$70 million in total shall be paid. Pursuant to the "Licensing Agreement", provision has been made for corresponding sales milestone for the first three quarters). As a result of all aforesaid factors, gross profit of Comirnaty (mRNA COVID-19 vaccine) for the current period was lower than the overall gross profit margin of other products; 2. the gross profit margin of existing products such as You Li Tong (febuxostat tablets) and Bang Zhi (pitavastatin calcium tablets) decreased after being selected for centralized procurement.

The revenue of the Group amounted to RMB10,096 million for the third quarter of 2021, representing a period-on-period increase of 25.03%. Net profit attributable to shareholders of the listed company amounted to RMB1,082 million, representing a period-on-period increase of 41.62%. Net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss amounted to RMB905 million, representing a period-on-period increase of 19.84%. Net cash flow generated from operating activities amounted to RMB1,309 million, representing a period-on-period increase of 31.96%. The total R&D expenditure amounted to RMB1,197 million, representing a period-on-period increase of 15.10%. In particular, the R&D expenses amounted to RMB852 million, representing a period-on-period increase of RMB178 million or 26.41%.

Since July 2021, the Group has continuously advanced the development and launch of innovative products and technologies, and strengthened the commercialization system:

- (1) In respect of the sales of Comirnaty (mRNA COVID-19 vaccine) to Taiwan, China, the supply and administration commenced in late September after execution of the contract in July. As of 24 October, more than 9.7 million doses had been administered in Hong Kong, Macau and Taiwan.
- (2) After the launch of its Yescarta (Axicabtagene Ciloleucel), our joint venture Fosun Kite has been actively exploring innovative payment models, with the product being included in the insured coverage of “Hui Min Bao” (惠民保) in various cities such as Changsha and Suzhou to increase the accessibility of the product and benefit more patients. Meanwhile, the second indication of the product (for the treatment of relapsed or refractory indolent non-Hodgkin lymphoma (r/r iNHL) after two or more lines of systemic therapy) was included in the Drug List of the Procedure for Breakthrough Therapy Designation by the National Medical Products Administration in August 2021.
- (3) The R&D and commercialization of large molecular drugs proceeded steadily. The production lines of Serplulimab Injection (i.e. the recombinant humanized anti-PD-1 monoclonal antibody injection) in Xuhui Base passed the GMP site inspection in September 2021. Its drug registration application for the second indication was submitted for registration and accepted by the National Medical Products Administration in September 2021. Trastuzumab injection (product name: Han Qu You) was approved to add the 60mg specification, further enriching the clinical medication selections.
- (4) Tridem Pharma S.A.S, one of the overseas marketing platforms, opened its first regional distribution center in Africa, optimizing our supply chain capabilities in Africa.

2. Corporate bonds and inter-bank market debt financing instruments

- (1) During the Reporting Period, the coupon rate of the Company's corporate bonds "18 Fosun Pharma 01" was reduced from 5.10% to 3.50%, with such adjusted interest rate to remain unchanged in the upcoming interest-bearing year of such bonds. Meanwhile, the balance of the corporate bonds will be reduced to RMB745,001,000 after certain holders of such bonds exercised the option to sell back the bonds and the transfer of some bonds was completed.
- (2) In September 2021, the Company completed the issuance of the third tranche of super short-term commercial paper for 2021 of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.*. The aggregate principal amount was RMB1.2 billion, with a final coupon rate of 2.60% and for a term of 210 days.

4. QUARTERLY FINANCIAL STATEMENTS

4.1 Type of auditor's opinion

Not applicable

4.2 Financial statements

Consolidated Balance Sheet

30 September 2021

Prepared by: Shanghai Fosun Pharmaceutical (Group) Co., Ltd.*

Unit: Yuan Currency: RMB Type of audit: Unaudited

Items	30 September 2021	31 December 2020
Current assets:		
Cash and bank balances	10,119,709,086.98	9,961,801,644.89
Financial assets held for trading	3,469,379,665.18	1,970,095,893.78
Bills receivable	27,610,501.97	242,399,744.42
Trade receivable	6,333,797,204.21	4,564,659,595.11
Receivables financing	455,518,247.76	628,881,442.84
Prepayments	2,126,897,016.15	1,495,176,120.32
Other receivables	891,844,958.35	325,631,483.44
Including: Interest receivable	—	—
Dividends receivable	15,118,889.43	19,533,042.29
Inventories	5,605,914,846.07	5,162,799,568.97
Assets held for sale	1,021,411,912.80	—
Other current assets	661,375,670.77	733,357,179.34
Total current assets	30,713,459,110.24	25,084,802,673.11
Non-current assets:		
Long-term equity investments	22,551,755,434.75	22,309,469,408.38
Other equity instrument investments	5,295,656.52	1,042,931.91
Other non-current financial assets	1,511,865,842.08	1,460,768,948.41
Fixed assets	8,613,179,438.91	8,135,623,469.82
Construction in progress	3,204,404,255.12	4,121,543,044.64
Right-of-use assets	755,907,307.55	745,537,852.75
Intangible assets	8,327,691,922.43	8,669,587,896.13
Development expenditures	3,332,358,471.84	2,829,018,107.46
Goodwill	8,637,249,121.91	8,677,248,971.77
Long-term deferred expenditures	427,080,311.31	322,706,250.28
Deferred tax assets	233,412,910.69	244,936,830.08
Other non-current assets	1,989,069,546.90	1,083,723,316.84
Total non-current assets	59,589	

Consolidated Balance Sheet (Continued)

30 September 2021

Items	30 September 2021	31 December 2020
Current liabilities:		
Short-term loans	8,842,470,005.02	7,915,983,420.39
Bills payable	512,535,359.89	346,929,837.09
Trade payable	3,186,051,765.95	2,942,090,808.03
Contract liabilities	2,197,995,215.09	1,020,308,708.59
Wages payable	969,112,388.18	916,178,699.29
Tax payable	575,561,718.43	564,730,793.59
Other payables	4,950,803,098.69	4,115,729,475.45
Including: Interest payable	—	—
Dividends payable	31,267,478.97	62,036,119.71
Liabilities held for sale	234,361,477.15	—
Non-current liabilities due within one year	5,943,098,666.86	6,995,834,050.73
Other current liabilities	1,246,141,469.84	54,566,788.74
Total current liabilities	28,658,131,165.10	24,872,352,581.90
Non-current liabilities:		
Long-term loans	5,963,578,832.91	7,145,885,213.28
Bonds payable	2,585,549,779.30	1,329,800,745.62
Lease liabilities	678,595,694.13	627,290,667.14
Long-term payables	270,564,453.11	269,488,470.45
Deferred income	510,456,684.14	482,200,541.96
Deferred tax liabilities	2,949,021,272.19	2,852,996,777.11
Other non-current liabilities	282,364,895.99	121,712,891.17
Total non-current liabilities	13,240,131,611.77	12,829,375,306.73
Total liabilities	41,898,262,776.87	37,701,727,888.63
Equity:		
Share capital	2,562,898,545.00	2,562,898,545.00
Capital reserve	14,751,718,922.04	15,132,624,926.78
Less: Treasury shares	—	—
Other comprehensive income	-1,071,253,457.34	-933,578,667.83
Surplus reserve	2,726,155,527.26	2,728,605,030.76
Unappropriated profits	19,969,169,035.20	17,504,983,296.51
Total equity attributable to the owners of the parent company	38,938,688,572.16	36,995,533,131.22
Non-controlling interests	9,465,777,981.22	8,988,748,681.73
Total equity	48,404,466,553.38	45,984,281,812.95
Total liabilities and equity	90,302,729,330.25	83,686,009,701.58

Legal Representative:

Wu Yifang

Chief Financial Officer:

Guan Xiaohui

Director of the Accounting Department:

Wu Xiaolei

Consolidated Income Statement (Continued)

January — September 2021

Items	Jan-Sep 2021	Jan-Sep 2020
VI. Other comprehensive income, net of tax	-176,803,630.32	-100,190,979.89
Other comprehensive income attributable to the owners of the parent company, net of tax	-137,674,789.51	-29,477,045.61
(i) Other comprehensive income not reclassified subsequently to profit or loss	12,931,612.65	87,712,955.49
1. Changes as a result of remeasurement of net defined benefit plan liability or asset	—	—
2. Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit or loss	10,724,984.42	85,922,577.29
3. Changes in fair value of other equity instrument investments	2,206,628.23	1,790,378.20
4. Changes in fair value of credit risk	—	—
(ii) Other comprehensive income reclassified subsequently to profit or loss	-150,606,402.16	-117,190,001.10
1. Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss	55,782,620.54	23,042,853.48
2. Difference in translation of foreign currency	-206,389,022.70	-140,232,854.58
Other comprehensive income attributable to non-controlling interests, net of tax	-39,128,840.81	-70,713,934.28
VII. Total comprehensive income	3,758,138,512.90	2,649,697,815.37
Total comprehensive income attributable to the owners of the parent company	3,427,058,534.02	2,449,503,506.39
Total comprehensive income attributable to non-controlling interests	331,079,978.88	200,194,308.98

Consolidated Statement of Cash Flow

January — September 2021

Prepared by: Shanghai Fosun Pharmaceutical (Group) Co., Ltd.*

Unit: Yuan Currency: RMB Type of audit: Unaudited

Items	Jan-Sep 2021	Jan-Sep 2020
I. Cash flow generated from operating activities:		
Cash received from sale of goods and rendering of services	27,275,297,002.49	22,517,884,544.13
Refund of taxes and levies	372,195,921.22	228,477,946.42
Other cash received relating to operating activities	594,268,748.90	645,111,165.67
Sub-total of cash inflow generated from operating activities	28,241,761,672.61	23,391,473,656.22
Cash paid for purchasing goods and receiving services	12,056,593,059.75	9,605,985,955.00
Cash paid to and on behalf of employees	5,242,521,416.82	3,949,473,549.67
Cash paid for all types of taxes	1,724,762,282.96	1,802,113,214.53
Other cash paid relating to operating activities	6,202,106,623.63	5,580,765,417.02
Sub-total of cash outflow generated from operating activities	25,225,983,383.16	20,938,338,136.22
Net cash flow generated from operating activities	3,015,778,289.45	2,453,135,520.00
II. Cash flow generated from investing activities:		
Cash received from disposal of investments	966,694,648.76	962,753,233.12
Cash received from returns on investments	644,402,558.56	570,952,515.21
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	94,882,070.57	6,561,242.60
Net cash received from disposal of subsidiaries and other operating segments	603,036,236.72	—
Other cash received relating to investing activities	237,180,435.62	109,054,243.33
Sub-total of cash inflow generated from investing activities	2,546,195,950.23	1,649,321,234.26
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	3,501,556,905.05	3,271,491,424.45
Cash paid for investments	635,740,597.92	969,647,732.90
Net cash paid for acquisition of subsidiaries and other operating segments	123,510,240.02	40,563,311.38
Other cash paid relating to investing activities	870,790,578.15	952,004,777.70
Sub-total of cash outflow generated from investing activities	5,131,598,321.14	5,233,707,246.43
Net cash flow generated from investing activities	-2,585,402,370.91	-3,584,386,012.17

Consolidated Statement of Cash Flow (*Continued*)

January — September 2021

Items	Jan-Sep 2021	Jan-Sep 2020
III. Cash flow generated from financing activities:		
Cash received from capital contribution	793,353,791.29	80,093,059.40
Including: Cash received by subsidiaries from investments of non-controlling interests	793,353,791.29	80,093,059.40
Cash received from borrowings	21,253,536,266.29	12,581,404,305.72
Other cash received relating to financing activities	275,345,953.60	13,487,706.36
Sub-total of cash inflow generated from financing activities	22,322,236,011.18	12,674,985,071.48
Cash paid for debts settlement	19,874,634,563.23	8,918,752,402.99
Cash paid for the distribution of dividends, profits or interest	1,847,652,871.76	1,944,125,870.73
Including: Dividends and profits paid by subsidiaries to non-controlling interests	116,663,427.22	341,049,830.97
Other cash paid relating to financing activities	1,344,638,932.39	1,878,322,235.94
Sub-total of cash outflow generated from financing activities	23,066,926,367.38	12,741,200,509.66
Net cash flow generated from financing activities	-744,690,356.20	-66,215,438.18
IV. Effects of exchange rate fluctuations on cash and cash equivalents	-75,845,764.86	-132,918,882.81
V. Net increase of cash and cash equivalents	-390,160,202.52	-1,330,384,813.16
Plus: Opening balance of cash and cash equivalents	7,324,881,260.28	8,284,371,152.04
VI. Closing balance of cash and cash equivalents	6,934,721,057.76	6,953,986,338.88

Legal Representative:
Wu Yifang

Chief Financial Officer:
Guan Xiaohui

Director of the Accounting Department:
Wu Xiaolei

4.3 Status in relation to adjustments to the first implementation of financial statements at the beginning of the year for the implementation of New Lease Standards for the first time from 2021

Not applicable

Shanghai Fosun Pharmaceutical (Group) Co., Ltd.*

Legal Representative: **Wu Yifang**

26 October 2021

* For identification purposes only