



**Huadong Medicine Co., Ltd.**

**2019 Third Quarterly Report**

**October 2019**

## **Section I Important Notes**

**The Board of Directors, Board of Supervisors, directors, supervisors and senior management of Huadong Medicine Co., Ltd. (the “Company”) hereby guarantee that the information presented in this report is authentic, accurate and complete and free of any false records, misleading statements or material omissions, and will undertake individual and joint legal liabilities.**

**All directors have attended the board meeting to review this quarterly report.**

**Lyu Liang, the Company’s legal representative and the officer in charge of accounting, and Ma Honglan, head of accounting department (accounting supervisor) hereby declare and warrant that the financial statements in this report are authentic, accurate and complete.**

**According to “Stock Listing Rules of the Shenzhen Stock Exchange (2018 Revision)”, if listed companies have both Chinese and other language versions of public notice, they should ensure the content of both versions are the same. In the case of discrepancy, the original version in Chinese shall prevail.**

## Section II Company Profile

### I. Key accounting data and financial indicators

Whether the Company needs to perform a retroactive adjustment or restatement of the previous accounting data

Yes  No

Reasons for retroactive adjustment or restatement

Other reason

	At September 30, 2019	At December 31, 2018		Change between December 31, 2018 and September 30, 2019 (%)
		Before adjustment	After adjustment	After adjustment
Total assets (yuan)	22,510,034,334.48	19,217,357,282.33	19,217,357,282.33	17.13%
Net assets attributable to shareholders of the Company (yuan)	11,661,608,297.70	9,938,148,996.53	9,938,148,996.53	17.34%
	2019 Q3	YoY Change between 2018 Q3 and 2019 Q3 (%)	2019 Q1 - Q3	YoY Change between 2018 Q1 - Q3 and 2019 Q1 - Q3 (%)
Operating revenue (yuan)	9,379,217,601.89	19.03%	27,627,885,218.87	19.06%
Net profits attributable to shareholders of the Company (yuan)	616,830,635.77	19.61%	2,213,114,054.08	22.33%
Net profits attributable to shareholders of the Company after deducting non-recurring profit or loss (yuan)	605,703,004.52	17.68%	2,079,980,188.55	16.59%
Net cash flows from operating activities (yuan)	-	-	909,038,245.94	-35.59%
Basic earnings per share (yuan per share)	0.3525	19.61%	1.2648	22.33%
Diluted earnings per share (yuan per share)	0.3525	19.61%	1.2648	22.33%
Weighted average Return on Equity (ROE)	5.44%	-0.14%	20.14%	0.18%

**Note:** As the Company increased share capital by converting capital reserve in June 2019, earnings per share of preceding period was adjusted based on the increased capital under relevant accounting standards.

Non-recurring profit or loss items and amounts

Applicable  N/A

Monetary unit: RMB Yuan

Items	Amount (January 1 - September 30, 2019)	Remarks
Profit or loss from disposal of non-current assets (including written-off of provision for impairment)	112,098,352.29	Mainly due to the recognition of house demolition fees.
Tax refund, credit or exemption approved beyond the power of authorities or without formal documents	470,984.63	
Government grant included in profit or loss (excluding those closely related to operating activities, or regular government grants)	100,202,966.33	Mainly due to the recognition of government subsidy by the subsidiaries Hangzhou

Items	Amount (January 1 - September 30, 2019)	Remarks
		Zhongmeihuadong Pharmaceutical Co., Ltd and Huadong Ningbo Medicine Co., Ltd. in the current period.
Other non-operating revenue or expenditures	-13,128,532.14	
Less: Enterprise income tax affected	47,237,243.48	
Non-controlling interest affected (after tax)	19,272,662.10	
Total	133,133,865.53	--

If the Company recognizes an item as a non-recurring profit or loss based on the “Interpretation Pronouncement on Information Disclosure Criteria for Public Companies No. 1 - Non-Recurring Profit or Loss” or recognizes an item satisfying the definition of non-recurring profit or loss as a recurring profit or loss, reasons should be specified.

Applicable  N/A

No such case during the reporting period.

## II. Total number of shareholders at the end of the reporting period and information of top 10 shareholders

### 1. Total number of shareholders of ordinary shares and shareholders of preferred shares with voting rights resumed and information about top 10 shareholders

Unit: Share

Total number of shareholders of ordinary shares at the end of the reporting period	101,640	Total number of shareholders of preferred shares whose voting rights have been recovered at the end of the reporting period (if any)	0			
Information about top 10 shareholders						
Name of shareholders	Nature	Holding proportion (%)	Number of holding shares	Number of holding shares with restrictions	Pledged or frozen	
					Status	Number
中国远大集团有限责任公司 (China Grand Enterprises, Inc. *)	Domestic non-state-owned legal person	41.77%	730,938,157	0	Pledged	247,964,000
杭州华东医药集团有限公司 (Hangzhou Huadong Medicine Group Co., Ltd. *)	State-owned legal person	16.46%	288,000,000	0		
香港中央结算有限公司 (Hong Kong Securities Clearing Company Ltd. *)	Overseas legal person	2.45%	42,831,179	0		
National Social Security Fund Portfolio 106	Other	1.33%	23,341,513	0		
中国证券金融股份有限公司 (China Securities Finance Co., Ltd. *)	Domestic non-state-owned legal person	1.27%	22,186,818	0		
泰康资产管理有限责任公司 (Taikang Asset Management Co., Ltd. *) - actively allocated investment products	Other	0.95%	16,645,294	0		
泰康人寿保险有限责任公司 (Taikang Life Insurance Co., Ltd. *) - Dividend – Personal dividend -	Other	0.70%	12,275,192	0		

\* The English names are for identification purpose only.

019L-FH002 Shen					
中国银行股份有限公司 (Bank of China Co., Ltd.*) – Jiashi Shanghai HK Shenzhen Selected Stock Securities Investment Fund	Other	0.63%	11,000,026	0	
澳门金融管理局 (Autoridade Monetaria de Macau*) – Self-owned fund	Overseas legal person	0.60%	10,434,399	0	
Guotai Junan Securities Asset Management - CCB - Guotai Junan Jundexin Stock Collective Asset Management Plan	Other	0.50%	8,794,016	0	
Information about top 10 shareholders holding unrestricted shares					
Name of shareholders	Number of holding shares without restrictions	Type of shares			
		Type	Number		
China Grand Enterprises, Inc.	730,938,157	RMB ordinary shares	730,938,157		
Hangzhou Huadong Medicine Group Co., Ltd..	288,000,000	RMB ordinary shares	288,000,000		
Hong Kong Securities Clearing Company Ltd.	42,831,179	RMB ordinary shares	42,831,179		
National Social Security Fund Portfolio 106	23,341,513	RMB ordinary shares	23,341,513		
China Securities Finance Co., Ltd.	22,186,818	RMB ordinary shares	22,186,818		
Taikang Asset Management Co., Ltd. - actively allocated investment products	16,645,294	RMB ordinary shares	16,645,294		
Taikang Life Insurance Co., Ltd. - Dividend – Personal dividend - 019L-FH002 Shen	12,275,192	RMB ordinary shares	12,275,192		
Bank of China Co., Ltd. – Jiashi Shanghai HK Shenzhen Selected Stock Securities Investment Fund	11,000,026	RMB ordinary shares	11,000,026		
Autoridade Monetaria de Macau – Self-owned fund	10,434,399	RMB ordinary shares	10,434,399		
Guotai Junan Securities Asset Management - CCB - Guotai Junan Jundexin Stock Collective Asset Management Plan	8,794,016	RMB ordinary shares	8,794,016		
Explanation on relationship and concerted actions among above shareholders	The Company does not know whether the above shareholders are related parties with each other or whether they are acting-in-concert parties with each other.				
Explanation on the margin trading and short selling business conducted by top 10 shareholders (if any)	N/A				

Any of the Company's top 10 of ordinary shares or top 10 shareholders holding unrestricted ordinary shares conducts any agreed buy-back transaction in the reporting period?

Yes  No

No such case during the reporting period.

## 2. Total number of shareholders of preferred shares and information about top 10 shareholders of preferred shares

Applicable  N/A

\* The English names are for identification purpose only.

## Section III Significant Events

### I. Information and explanation about changes in key financial data and financial indicators during the reporting period

√ Applicable □ N/A

Unit: in ten thousand yuan

Balance sheet items	Closing balance	Opening balance	Change rate	Remarks on changes
Accounts receivable	788,655.16	563,301.12	40.01%	Mainly due to sales growth.
Advances paid	55,953.12	35,167.61	59.10%	Mainly due to the increase of prepayments for medicines.
Other receivables	12,702.15	8,209.89	54.72%	Mainly due to the increase of temporary payment and deposits.
Long-term equity investments	22,033.66	8,891.82	147.80%	Mainly due to the increase of external equity investments.
Other equity investments	21,902.63	/	/	Mainly due to reclassification of revised financial statement items and the increase of external equity investments.
Construction in progress	120,929.87	61,700.50	95.99%	Mainly due to the increase of Biomedical Science and Technology Park Project Phase II.
Other non-current assets	79,080.89	22,340.41	253.98%	Mainly due to the year-on-year increase of prepayment for equipment and prepayment for technology transfer at the end of the period.
Notes payable	92,632.64	56,695.51	63.39%	Mainly due to the increase of notes for purchasing.
Advances received	6,638.60	15,551.63	-57.31%	Mainly due to the decrease of advanced receipt of medicine sales
Other payables	178,264.51	135,698.33	31.37%	Mainly due to the increase of temporary receipts payable.
Non-current liabilities due within one year	106,568.56	4,090.47	2505.29%	Mainly due to reclassification of bonds payable due within one year.
Income statement items	Current period cumulative	Preceding period comparative	Change rate	Remarks on changes
Selling expenses	457,280.64	337,956.32	35.31%	Mainly due to sale growth and the consolidation of Sinclair Pharma limited.
Administrative expenses	77,329.53	51,553.48	50.00%	Mainly due to the increase of employee benefits and the consolidation of Sinclair Pharma limited.
R&D expenses	71,222.72	46,600.70	52.84%	Mainly due to the increase of R&D expenses of the subsidiary Hangzhou Zhongmeihuadong Pharmaceutical Co., Ltd
Financial expenses	10,983.69	4,177.79	162.91%	Mainly due to the increase of interest-bearing liabilities and decrease of interest income on deposits in the current period.
Gains on asset disposal	11,434.74	6.98	163615.84%	Mainly due to the recognition of house demolition fees in the current period.
Investment income	876.39	2,834.10	-69.08%	Mainly due to the year-on-year decrease of net profit generated by associates and inclusion of loss from newly consolidated associates.
Cash flow statement items	Current period cumulative	Preceding period comparative	Change rate	Remarks on changes
Net cash flows from operating activities	90,903.82	141,142.63	-35.59%	Mainly due to the year-on-year increase of payment for operating expenses.

Net cash flows from investing activities	-115,923.50	-165,986.57	30.16%	Mainly due to the large amount of undue financial products in the preceding period.
Net cash flows from financing activities	-62,018.87	-88,685.52	30.07%	Mainly due to year-on-year decrease of payment for dividends.

## II. Progress and influence of significant events, analysis and explanation of corresponding solutions

Applicable  N/A

Implementation progress of share repurchase

Applicable  N/A

Progress in the implementation of reducing repurchased shares by centralized price bidding

Applicable  N/A

## III. Unfulfilled and overdue commitments from the related committed parties such as the Company's actual controller, shareholders, related parties, acquirer(s), and the Company during the reporting period

Applicable  N/A

No such case during the reporting period.

## IV. Securities investment

Applicable  N/A

No such case during the reporting period.

## V. Entrusted financial management

Applicable  N/A

No such case during the reporting period.

## VI. Derivatives investment

Applicable  N/A

No such case during the reporting period.

## VII. Schedule of reception activities including research, communication and interviews during the reporting period

Applicable  N/A

Time of reception	Method of reception	Type of reception object	Index of basic information of the research
1/16/2019	Field research	Institutional investors	Please refer to the "000963 Huadong Medicine Research Activity: January 18, 2019" presented on the websites of irm.cninfo.com.cn and cninfo.com.cn for

Time of reception	Method of reception	Type of reception object	Index of basic information of the research
			details.
2/19/2019	Field research	Institutional investors	Please refer to the “Investor Relations Activity Record: from February 19, 2019 to February 20, 2019” presented on the websites of irm.cninfo.com.cn and cninfo.com.cn for details.
2/20/2019	Field research	Institutional investors	Please refer to the “Investor Relations Activity Record: from February 19, 2019 to February 20, 2019” presented on the websites of irm.cninfo.com.cn and cninfo.com.cn for details.
4/19/2019	Conference call	Institutional investors	Please refer to the “Investor Relations Activity Record: from April 19, 2019 to April 24, 2019” presented on the websites of irm.cninfo.com.cn and cninfo.com.cn for details.
4/23/2019	Conference call	Institutional investors	Please refer to the “Investor Relations Activity Record: from April 19, 2019 to April 24, 2019” presented on the websites of irm.cninfo.com.cn and cninfo.com.cn for details.
4/24/2019	Field research	Institutional investors	Please refer to the “Investor Relations Activity Record: from April 19, 2019 to April 24, 2019” presented on the websites of irm.cninfo.com.cn and cninfo.com.cn for details.
4/30/2019	Conference call	Institutional investors	Please refer to the “000963 Huadong Medicine Research Activity: May 6, 2019” presented on the websites of irm.cninfo.com.cn and cninfo.com.cn for details.
5/28/2019	Conference call	Institutional investors	Please refer to the “Investor Relations Activity Record: from May 28, 2019 to May 29, 2019” presented on the websites of irm.cninfo.com.cn and cninfo.com.cn for details.
5/29/2019	Field research	Institutional investors	Please refer to the “Investor Relations Activity Record: from May 28, 2019 to May 29, 2019” presented on the websites of irm.cninfo.com.cn and cninfo.com.cn for details.
6/06/2019	Field research	Institutional investors	Please refer to the “Investor Relations Activity Record: June 6, 2019” presented on the websites of irm.cninfo.com.cn and cninfo.com.cn for details.
7/18/2019	Field research	Institutional investors	Please refer to the “Investor Relations Activity Record: from July 18, 2019 to July 19, 2019” presented on the websites of irm.cninfo.com.cn and cninfo.com.cn for details.
7/19/2019	Field research	Institutional investors	Please refer to the “Investor Relations Activity Record: from July 18, 2019 to July 19, 2019” presented on the websites of irm.cninfo.com.cn and cninfo.com.cn for details.
8/28/2019	Conference call	Institutional investors	Please refer to the “Investor Relations Activity Record: August 28, 2019” presented on the websites of irm.cninfo.com.cn and cninfo.com.cn for details.
9/23/2019	Field research	Institutional investors	Please refer to the “Investor Relations Activity Record: from September 23, 2019 to September 25, 2019” presented on the websites of irm.cninfo.com.cn and cninfo.com.cn for details.
9/25/2019	Field research	Institutional investors	Please refer to the “Investor Relations Activity Record: from September 23, 2019 to September 25, 2019” presented on the websites of irm.cninfo.com.cn and cninfo.com.cn for details.

### VIII. Illegal provision of guarantees for external parties

Applicable  N/A

No such case during the reporting period.

## **IX. The Company's funds used by the controlling shareholder or its related parties for non-operating purposes**

Applicable  N/A

No such case during the reporting period.

## **X. Overview of the Company's operations from January to September 2019**

In 2019, the Company takes innovation and transformation as the working principle throughout the year, vigorously carries out the set-up of scientific R&D system as of Global Development Center, and actively monitors the KPIs of productions and operations related objectives. From January to September 2019, Hangzhou Zhongmeihuadong Pharmaceutical Co., Ltd, the Company's core wholly-owned subsidiary, generated operating revenue of 8.39 billion yuan, representing a year-on-year increase of 29.88%, and a net profit of 1.85 billion yuan, representing a year-on-year increase of 26.99%. Both operating revenue and net profit continued to maintain fast growth. The total operating revenue of pharmaceutical business, aesthetic business and other businesses was 19.24 billion yuan, representing a year-on-year increase of 14.89%. From January to September 2019, the Company's total R&D expenditures added up to 712 million yuan, which presented a year-on-year increase of 52.84%.

During the reporting period, and in order to strengthen the overall capabilities of R&D, as well as to build an advanced system of drug innovation, Hangzhou Zhongmeihuadong Pharmaceutical Co., Ltd has established a global new-drug innovation center, which is positioned as an international platform for the Company's new drug R&D and external innovation. By building a leading scientific team of R&D researchers and external experts, the center is aiming to integrate resources into an open, sustainable and high-quality innovation-driven ecological system. In the future, the Company will focus on three key areas - new drug screening, safety evaluation and clinical development, covering end-to-end process of new drug development from pre-clinical research to new drug application with global standards. At present, the innovation center is responsible for carrying out the corresponding clinical development of the Company's innovative drugs TTP273 and HD118, and other four innovative products introduced from MediBeacon pipeline.

The Company continues to be innovation-oriented and adopts a "two-wheel drive" new drug development strategy by combining internal R&D and external collaboration which enables the Company to keep up with leading-edge of international drug research and development. Meanwhile, the Company also focuses on high-end generic drugs with high technical barriers, drugs for special target patient populations, and new modified drug products. During the reporting period, the Company has accomplished more than 10 innovative projects kick-off(including innovative drugs, generic drugs with high technical barriers, and US 505 b (2)). All these initiatives will enable as of a good foundation for the sustainable enrichment of product pipeline and the continuous introduction of new drugs. As for the approved generic drug projects, the Company has reevaluated the on-going projects to streamline and prioritize key projects with high unmet medical needs and differentiation.

During the reporting period, the Company accelerated the internal reform of R&D incentives mechanism and KPI-based performance assessment policy. By improving the internal scientific research and innovation

environment, and building the basis for innovation culture, the Company has further deepened the reform of R&D system. The Company introduced a step-wised assessment and incentive recognition approach, by combining R&D deliverables with future commercial value of the products. The establishment of a long-term incentive mechanism will motivate talents with higher efficiency and effectiveness.

Sinclair, the Company's international aesthetic business platform will continue to explore new markets. During the reporting period, Sinclair has accomplished the registration and introduction in five countries and regions. The overall business operation of the whole year is expected to meet the annual target. Sinclair has completed clinical trials of its key product Ellans é(long-acting injectable microsphere) in China and will submit the clinical report to the National Medical Products Administration for registration as long as it has been done. The company will continuously carry out technology introduction and resource integration. After signing the strategic cooperation agreement with R2 Dermatology, the Company initiated the clinical research for the original freckle-removing medical equipment F1 in China.

During the reporting period, the Company also signed off a strategic cooperation agreement with MediBeacon in order to obtain the exclusive commercialization right of all products as owned by MediBeacon (including renal function monitoring and assessment, gastrointestinal function assessment, surgical visualization, etc.) in 25 Asian countries and regions including Mainland China after it has subscribed part of its B-round preferred shares issued by MediBeacon. This partnership will continuously accelerate the Company's synergy between the drug product portfolio and the accurate monitoring methods for chronic diseases, while further strengthening the Company's leading competitiveness for chronic disease diagnosis and treatment.

## Section IV Financial Statements

### I. Financial statements

#### 1. Consolidated balance sheet as at September 30, 2019

Prepared by: Huadong Medicine Co., Ltd.

Monetary unit: RMB Yuan

Items	September 30, 2019	December 31, 2018
Current assets:		
Cash and bank balances	1,725,868,074.04	2,442,723,381.93
Settlement funds		
Loans to other banks		
Held-for-trading financial assets		
Financial assets at fair value through profit or loss		
Derivative financial assets		
Notes receivable	712,334,083.97	639,854,829.69
Accounts receivable	7,886,551,580.89	5,633,011,225.41
Receivables financing		
Advances paid	559,531,177.14	351,676,102.16
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance reserve receivable		
Other receivables	133,277,142.84	82,878,867.32
Including: Interest receivable		
Dividend receivable	6,255,557.18	779,957.18
Financial assets under reverse repo		
Inventories	3,902,687,914.90	3,875,647,048.31
Contract assets		
Assets as held for sale		
Non-current assets due within one year		
Other current assets	43,566,311.73	38,097,580.91
Total current assets	14,963,816,285.51	13,063,889,035.73
Non-current assets:		
Loans and advances paid		
Debt investments		
Available-for-sale financial assets		91,111,431.20
Other debt investments		
Held-to-maturity investments		
Long-term receivable		
Long-term equity investments	220,336,557.13	88,918,218.64

Items	September 30, 2019	December 31, 2018
Other equity instrument investments	219,026,331.20	
Other non-current financial assets		
Investment property	22,768,100.38	23,841,968.85
Fixed assets	2,039,505,556.08	2,033,587,957.65
Construction in progress	1,209,298,693.60	617,004,995.98
Productive biological assets		
Oil & gas assets		
Use right assets		
Intangible assets	1,436,805,135.32	1,507,864,929.72
Development expenditures		
Goodwill	1,469,564,972.95	1,458,322,456.39
Long-term prepayments	24,827,688.40	12,487,374.06
Deferred tax assets	113,276,137.31	96,924,790.85
Other non-current assets	790,808,876.60	223,404,123.26
Total non-current assets	7,546,218,048.97	6,153,468,246.60
Total assets	22,510,034,334.48	19,217,357,282.33
Current liabilities:		
Short-term borrowings	505,650,000.00	625,731,594.90
Central bank loans		
Loans from other banks		
Held-for-trading financial liabilities		
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Notes payable	926,326,393.05	566,955,074.64
Accounts payable	4,687,426,229.27	3,905,462,438.68
Advances received	66,386,046.04	155,516,265.85
Contract liabilities		
Financial liabilities under repo		
Absorbing deposit and interbank deposit		
Deposit for agency security transaction		
Deposit for agency security underwriting		
Employee benefits payable	117,344,985.46	115,269,567.11
Taxes and rates payable	583,028,826.69	591,738,858.25
Other payables	1,805,738,720.39	1,397,399,947.38
Including: Interest payable	22,869,369.38	40,192,471.83
Dividend payable	224,219.60	224,219.60
Handling fee and commission payable		
Reinsurance accounts payable		
Liabilities classified as held for sale		
Non-current liabilities due within one year	1,065,685,587.57	40,904,660.77

Items	September 30, 2019	December 31, 2018
Other current liabilities		
Total current liabilities	9,757,586,788.47	7,398,978,407.58
Non-current liabilities:		
Insurance policy reserve		
Long-term borrowings	178,569,509.41	
Bonds payable		995,545,627.39
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables	264,065,312.44	274,759,833.53
Long-term employee benefits payable		
Provisions	28,800,025.76	34,746,434.39
Deferred income	63,269,711.44	68,138,547.84
Deferred tax liabilities	18,371,094.01	19,659,864.09
Other non-current liabilities		
Total non-current liabilities	553,075,653.06	1,392,850,307.24
Total liabilities	10,310,662,441.53	8,791,828,714.82
Equity:		
Share capital	1,749,809,548.00	1,458,174,624.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	2,157,832,946.57	2,455,526,993.18
Less: Treasury shares		
Other comprehensive income	-24,824,158.96	-22,426,154.59
Special reserve		
Surplus reserve	592,903,007.98	592,903,007.98
General risk reserve		
Undistributed profit	7,185,886,954.11	5,453,970,525.96
Total equity attributable to the parent company	11,661,608,297.70	9,938,148,996.53
Non-controlling interest	537,763,595.25	487,379,570.98
Total equity	12,199,371,892.95	10,425,528,567.51
Total liabilities & equity	22,510,034,334.48	19,217,357,282.33

Lyu Liang  
Legal representative

Lyu Liang  
Officer in charge of accounting

Ma Honglan  
Head of accounting department

## 2. Parent company balance sheet as at September 30, 2019

Monetary unit: RMB Yuan

Items	September 30, 2019	December 31, 2018
Current assets:		
Cash and bank balances	821,337,646.05	1,385,023,943.20
Held-for-trading financial assets		
Financial assets at fair value through profit or loss		
Derivative financial assets		
Notes receivable	136,308,925.38	240,692,611.41
Accounts receivable	4,997,226,962.31	3,169,895,951.84
Receivables financing		
Advances paid	146,133,582.87	190,099,922.21
Other receivables	840,329,752.82	671,375,825.45
Including: Interest receivable		
Dividend receivable		
Inventories	1,718,758,305.62	1,699,409,254.34
Contract assets		
Assets classified as held for sale		
Non-current assets due within one year		
Other current assets	11,574.97	501,622.85
Total current assets	8,660,106,750.02	7,356,999,131.30
Non-current assets:		
Debt investments		
Available-for-sale financial assets		91,111,431.20
Other debt investments		
Held-to-maturity investments		
Long-term receivable		
Long-term equity investments	4,591,521,228.65	4,324,003,989.90
Other equity instrument investments	91,261,431.20	
Other non-current financial assets		
Investment property	8,708,367.34	9,058,041.82
Fixed assets	68,368,615.03	76,599,082.48
Construction in progress	61,863,083.27	46,137,210.35
Productive biological assets		
Oil & gas assets		
Use right assets		
Intangible assets	46,018,086.80	46,549,160.16
Development expenditures		
Goodwill		
Long-term prepayments	930,380.88	1,341,804.52
Deferred tax assets	51,655,668.67	44,071,892.75

Items	September 30, 2019	December 31, 2018
Other non-current assets		
Total non-current assets	4,920,326,861.84	4,638,872,613.18
Total assets	13,580,433,611.86	11,995,871,744.48
Current liabilities:		
Short-term borrowings	47,000,000.00	20,000,000.00
Held-for-trading financial liabilities		
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Notes payable	319,331,785.86	262,559,098.87
Accounts payable	3,223,181,658.19	2,571,660,073.04
Advances received	1,639,136.19	25,072,721.43
Contract liabilities		
Employee benefits payable	3,875,680.07	2,828,750.56
Taxes and rates payable	35,430,053.47	68,310,184.18
Other payables	820,013,368.07	559,364,820.54
Including: Interest payable	17,383,561.66	29,256,720.34
Dividend payable	224,219.60	224,219.60
Liabilities as held for sale		
Non-current liabilities due within one year	997,947,820.75	
Other current liabilities		
Total current liabilities	5,448,419,502.60	3,509,795,648.62
Non-current liabilities:		
Long-term borrowings		
Bonds payable		995,545,627.39
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income	43,906,254.60	45,830,660.79
Deferred tax liabilities		
Other non-current liabilities		
Total non-current liabilities	43,906,254.60	1,041,376,288.18
Total liabilities	5,492,325,757.20	4,551,171,936.80
Equity:		
Share capital	1,749,809,548.00	1,458,174,624.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	2,168,451,528.01	2,460,086,452.01

Items	September 30, 2019	December 31, 2018
Less: Treasury shares		
Other comprehensive income		
Special reserve		
Surplus reserve	670,758,767.42	670,758,767.42
Undistributed profit	3,499,088,011.23	2,855,679,964.25
Total equity	8,088,107,854.66	7,444,699,807.68
Total liabilities & equity	13,580,433,611.86	11,995,871,744.48

### 3. Consolidated income statement for the three months ended September 30, 2019

Monetary unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
I. Total operating revenue	9,379,217,601.89	7,879,523,915.85
Including: Operating revenue	9,379,217,601.89	7,879,523,915.85
Interest income		
Premium earned		
Revenue from handling charges and commission		
II. Total operating cost	8,618,965,918.08	7,195,038,226.20
Including: Operating cost	6,530,011,823.86	5,690,198,648.16
Interest expenses		
Handling charges and commission expenditures		
Surrender value		
Net payment of insurance claims		
Net provision of insurance policy reserve		
Premium bonus expenditures		
Reinsurance expenses		
Taxes and surcharges	38,178,625.13	38,210,923.51
Selling expenses	1,519,078,821.04	1,057,821,839.93
Administrative expenses	246,637,621.16	185,162,037.81
R&D expenses	243,558,122.30	201,959,797.30
Financial expenses	41,500,904.59	21,684,979.50
Including: Interest expenses	98,312,209.64	29,507,714.90
Interest income	63,390,852.02	9,224,680.38
Add: Other income	14,508,606.35	6,066,019.70
Investment income (or less: losses)	706,857.54	11,177,071.95
Including: Investment income from associates and joint ventures	706,857.54	4,084,800.04
Gains from the derecognition of financial assets measured at amortized cost		
Gains on foreign exchange (or less: losses)		
Gains on net exposure to hedging risk (or less: losses)		
Gains on changes in fair value (or		

Items	Current period cumulative	Preceding period comparative
less: losses)		
Credit impairment loss ( less: losses)		
Assets impairment loss ( less: losses)		
Gains on asset disposal (or less: losses)	3,151,854.72	62,871.14
III. Operating profit (or less: losses)	778,619,002.42	701,791,652.44
Add: Non-operating revenue	5,741,109.69	1,955,312.06
Less: Non-operating expenditures	8,842,809.50	10,953,012.38
IV. Profit before tax (or less: total loss)	775,517,302.61	692,793,952.12
Less: Income tax	134,060,752.36	146,239,165.14
V. Net profit (or less: net loss)	641,456,550.25	546,554,786.98
(I) Categorized by the continuity of operations		
1. Net profit from continuing operations (or less: net loss)	641,456,550.25	546,554,786.98
2. Net profit from discontinued operations (or less: net loss)		
(II) Categorized by the portion of equity ownership		
1. Net profit attributable to owners of parent company	616,830,635.77	515,692,006.71
2. Net profit attributable to non-controlling shareholders	24,625,914.48	30,862,780.27
VI. Other comprehensive income after tax	5,120,322.24	
Items attributable to the owners of the parent company	5,120,322.24	
(I) Not to be reclassified subsequently to profit or loss		
1.Changes in remeasurement on the net defined benefit plan		
2. Items under equity method that will not be reclassified to profit or loss		
3. Changes in fair value of other equity instrument investments		
4. Changes in fair value of own credit risk		
5. Others		
(II) To be reclassified subsequently to profit or loss	5,120,322.24	
1. Items under equity method that may be reclassified to profit or loss		
2. Changes in fair value of other debt investments		
3. Profit or loss from changes in fair value of available-for-sale financial assets		
4. Profit or loss from reclassification of financial assets into other comprehensive income		
5. Profit or loss from reclassification of held-to-maturity investments as available-for-sale financial assets		
6. Provision for credit impairment of other debt investments		
7.Cash flow hedging reserve		
8. Translation reserve	5,120,322.24	

Items	Current period cumulative	Preceding period comparative
9. Others		
Items attributable to non-controlling shareholders		
VII. Total comprehensive income	646,576,872.49	546,554,786.98
Items attributable to the owners of the parent company	621,950,958.01	515,692,006.71
Items attributable to non-controlling shareholders	24,625,914.48	30,862,780.27
VIII. Earnings per share (EPS):		
(I) Basic EPS	0.3525	0.2947
(II) Diluted EPS	0.3525	0.2947

As for the business combination under common control in the current period, net profit generated by the combined party before the combination is 0.00 yuan, and that generated in the preceding period is 0.00 yuan.

\_\_\_\_\_  
Lyu Liang  
Legal representative

\_\_\_\_\_  
Lyu Liang  
Officer in charge of accounting

\_\_\_\_\_  
Ma Honglan  
Head of accounting department

#### 4. Parent company income statement for the three months ended September 30, 2019

Monetary unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
I. Operating revenue	5,182,126,633.77	4,316,569,724.24
Less: Operating cost	4,978,946,269.84	4,090,169,378.47
Taxes and surcharges	1,967,436.65	1,490,195.83
Selling expenses	88,177,037.72	91,230,287.06
Administrative expenses	28,005,562.61	28,860,642.30
R&D expenses		
Financial expenses	4,109,247.77	2,840,392.71
Including: Interest expenses	22,585,823.19	16,314,220.30
Interest income	18,753,277.91	14,574,274.45
Add: Other income	1,200,268.73	1,855,356.33
Investment income (or less: losses)	1,512,000.00	31,363,058.64
Including: Investment income from associates and joint ventures		
Gains from the derecognition of financial assets measured at amortized cost		
Gains on net exposure to hedging risk (or less: losses)		
Gains on changes in fair value (or less: losses)		
Credit impairment loss (less: losses)		
Assets impairment loss (less: losses)		
Gains on asset disposal (or less: losses)	3,296,727.00	12,960.60
II. Operating profit (or less: losses)	86,930,074.91	135,210,203.44
Add: Non-operating revenue	3,131,226.80	1,061,010.96

Items	Current period cumulative	Preceding period comparative
Less: Non-operating expenditures	1,248,362.78	1,540,853.28
III. Profit before tax (or less: total loss)	88,812,938.93	134,730,361.12
Less: Income tax	17,289,210.53	45,661,358.38
IV. Net profit (or less: net loss)	71,523,728.40	89,069,002.74
(I) Net profit from continuing operations (or less: net loss)	71,523,728.40	89,069,002.74
(II) Net profit from discontinued operations (or less: net loss)		
V. Other comprehensive income after tax		
(I) Not to be reclassified subsequently to profit or loss		
1. Changes in remeasurement on the net defined benefit plan		
2. Items under equity method that will not be reclassified to profit or loss		
3. Changes in fair value of other equity instrument investments		
4. Changes in fair value of own credit risk		
5. Others		
(II) To be reclassified subsequently to profit or loss		
1. Items under equity method that may be reclassified to profit or loss		
2. Changes in fair value of other debt investments		
3. Profit or loss from changes in fair value of available-for-sale financial assets		
4. Profit or loss from reclassification of financial assets into other comprehensive income		
5. Profit or loss from reclassification of held-to-maturity investments as available-for-sale financial assets		
6. Provision for credit impairment of other debt investments		
7. Cash flow hedging reserve		
8. Translation reserve		
9. Others		
VI. Total comprehensive income	71,523,728.40	89,069,002.74
VII. Earnings per share (EPS):		
(I) Basic EPS		
(II) Diluted EPS		

## 5. Consolidated income statement for the nine months ended September 30, 2019

Monetary unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
I. Total operating revenue	27,627,885,218.87	23,204,473,939.34
Including: Operating revenue	27,627,885,218.87	23,204,473,939.34
Interest income		

Items	Current period cumulative	Preceding period comparative
Premium earned		
Revenue from handling charges and commission		
II. Total operating cost	25,005,132,440.34	20,891,595,911.32
Including: Operating cost	18,693,219,439.56	16,355,806,107.94
Interest expenses		
Handling charges and commission expenditures		
Surrender value		
Net payment of insurance claims		
Net provision of insurance policy reserve		
Premium bonus expenditures		
Reinsurance expenses		
Taxes and surcharges	143,747,259.50	132,906,924.59
Selling expenses	4,572,806,352.64	3,379,563,235.82
Administrative expenses	773,295,251.59	515,534,771.20
R&D expenses	712,227,234.86	466,006,973.37
Financial expenses	109,836,902.19	41,777,898.41
Including: Interest expenses	120,743,347.18	81,409,278.37
Interest income	26,477,339.86	38,090,383.35
Add: Other income	100,578,832.37	64,493,605.70
Investment income (or less: losses)	8,763,938.51	28,340,970.67
Including: Investment income from associates and joint ventures	8,763,938.51	14,999,593.70
Gains from the derecognition of financial assets measured at amortized cost		
Gains on foreign exchange (or less: losses)		
Gains on net exposure to hedging risk (or less: losses)		
Gains on changes in fair value (or less: losses)		
Credit impairment loss (less: losses)	-64,662,855.38	
Assets impairment loss (less: losses)	4,216,269.24	-32,630,911.85
Gains on asset disposal (or less: losses)	114,347,426.77	69,845.06
III. Operating profit (or less: losses)	2,785,996,390.04	2,373,151,537.60
Add: Non-operating revenue	9,904,357.05	4,097,872.06
Less: Non-operating expenditures	25,280,163.60	23,533,214.14
IV. Profit before tax (or less: total loss)	2,770,620,583.49	2,353,716,195.52
Less: Income tax	465,973,627.74	443,178,869.72
V. Net profit (or less: net loss)	2,304,646,955.75	1,910,537,325.80
(I) Categorized by the continuity of operations		
1. Net profit from continuing operations (or less: net loss)	2,304,646,955.75	1,910,537,325.80
2. Net profit from discontinued operations (or less: net loss)		

Items	Current period cumulative	Preceding period comparative
(II) Categorized by the portion of equity ownership		
1. Net profit attributable to owners of parent company	2,213,114,054.08	1,809,081,209.36
2. Net profit attributable to non-controlling shareholders	91,532,901.67	101,456,116.44
VI. Other comprehensive income after tax	-2,398,004.37	
Items attributable to the owners of the parent company	-2,398,004.37	
(I) Not to be reclassified subsequently to profit or loss		
1. Changes in remeasurement on the net defined benefit plan		
2. Items under equity method that will not be reclassified to profit or loss		
3. Changes in fair value of other equity instrument investments		
4. Changes in fair value of own credit risk		
5. Others		
(II) To be reclassified subsequently to profit or loss	-2,398,004.37	
1. Items under equity method that may be reclassified to profit or loss		
2. Changes in fair value of other debt investments		
3. Profit or loss from changes in fair value of available-for-sale financial assets		
4. Profit or loss from reclassification of financial assets into other comprehensive income		
5. Profit or loss from reclassification of held-to-maturity investments as available-for-sale financial assets		
6. Provision for credit impairment of other debt investments		
7. Cash flow hedging reserve		
8. Translation reserve	-2,398,004.37	
9. Others		
Items attributable to non-controlling shareholders		
VII. Total comprehensive income	2,302,248,951.38	1,910,537,325.80
Items attributable to the owners of the parent company	2,210,716,049.71	1,809,081,209.36
Items attributable to non-controlling shareholders	91,532,901.67	101,456,116.44
VIII. Earnings per share (EPS):		
(I) Basic EPS	1.2648	1.0339
(II) Diluted EPS	1.2648	1.0339

As for the business combination under common control in the current period, net profit generated by the combined party before the combination is 0.00 yuan, and that generated in the preceding period is 0.00 yuan.

Lyu Liang  
Legal representative

Lyu Liang  
Officer in charge of accounting

Ma Honglan  
Head of accounting department

**6. Parent company income statement for the nine months ended September 30, 2019**

Monetary unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
I. Operating revenue	14,392,526,732.46	12,683,134,739.66
Less: Operating cost	13,648,150,345.97	12,004,899,508.87
Taxes and surcharges	11,915,143.04	6,635,908.47
Selling expenses	291,307,268.26	263,859,498.73
Administrative expenses	91,903,249.87	94,863,422.85
R&D expenses		
Financial expenses	28,085,582.70	-4,612,596.22
Including: Interest expenses	72,726,605.93	42,152,281.55
Interest income	45,925,702.07	49,657,170.03
Add: Other income	3,975,252.18	5,245,370.45
Investment income (or less: losses)	852,512,000.00	794,227,331.48
Including: Investment income from associates and joint ventures		
Gains from the derecognition of financial assets measured at amortized cost		
Gains on net exposure to hedging risk (or less: losses)		
Gains on changes in fair value (or less: losses)		
Credit impairment loss (less: losses)	-62,996,903.82	
Assets impairment loss (less: losses)		-24,741,864.55
Gains on asset disposal (or less: losses)	114,481,393.83	12,960.60
II. Operating profit (or less: losses)	1,229,136,884.81	1,092,232,794.94
Add: Non-operating revenue	6,333,924.40	2,468,232.04
Less: Non-operating expenditures	5,584,454.90	3,935,724.64
III. Profit before tax (or less: total loss)	1,229,886,354.31	1,090,765,302.34
Less: Income tax	105,280,681.41	98,543,732.55
IV. Net profit (or less: net loss)	1,124,605,672.90	992,221,569.79
(I) Net profit from continuing operations (or less: net loss)	1,124,605,672.90	992,221,569.79
(II) Net profit from discontinued operations (or less: net loss)		
V. Other comprehensive income after tax		
(I) Not to be reclassified subsequently to profit or loss		
1. Changes in remeasurement on the net defined benefit plan		
2. Items under equity method that will not be reclassified to profit or loss		
3. Changes in fair value of other equity instrument investments		
4. Changes in fair value of own credit risk		
5. Others		
(II) To be reclassified subsequently to profit or loss		

Items	Current period cumulative	Preceding period comparative
1. Items under equity method that may be reclassified to profit or loss		
2. Changes in fair value of other debt investments		
3. Profit or loss from changes in fair value of available-for-sale financial assets		
4. Profit or loss from reclassification of financial assets into other comprehensive income		
5. Profit or loss from reclassification of held-to-maturity investments as available-for-sale financial assets		
6. Provision for credit impairment of other debt investments		
7. Cash flow hedging reserve		
8. Translation reserve		
9. Others		
VI. Total comprehensive income	1,124,605,672.90	992,221,569.79
VII. Earnings per share (EPS):		
(I) Basic EPS		
(II) Diluted EPS		

## 7. Consolidated cash flow statement for the nine months ended September 30, 2019

Monetary unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
I. Cash flows from operating activities:		
Cash receipts from sale of goods or rendering of services	27,974,289,685.61	25,878,097,338.39
Net increase of client deposit and interbank deposit		
Net increase of central bank loans		
Net increase of loans from other financial institutions		
Cash receipts from original insurance contract premium		
Net cash receipts from reinsurance		
Net increase of policy-holder deposit and investment		
Cash receipts from interest, handling charges and commission		
Net increase of loans from others		
Net increase of repurchase		
Net cash receipts from agency security transaction		
Receipts of tax refund	3,509,309.91	12,388,840.73
Other cash receipts related to operating activities	910,566,277.20	799,172,970.80
Subtotal of cash inflows from operating activities	28,888,365,272.72	26,689,659,149.92
Cash payments for goods purchased and services received	19,475,142,964.99	18,435,651,812.89
Net increase of loans and advances to clients		

Items	Current period cumulative	Preceding period comparative
Net increase of central bank deposit and interbank deposit		
Cash payments for insurance indemnities of original insurance contracts		
Net increase of loans to others		
Cash payments for interest, handling charges and commission		
Cash payments for policy bonus		
Cash paid to and on behalf of employees	1,392,446,790.07	1,145,387,596.08
Cash payments for taxes and rates	1,721,105,543.87	1,876,130,500.31
Other cash payments related to operating activities	5,390,631,727.85	3,821,062,936.31
Subtotal of cash outflows from operating activities	27,979,327,026.78	25,278,232,845.59
Net cash flows from operating activities	909,038,245.94	1,411,426,304.33
<b>II. Cash flows from investing activities:</b>		
Cash receipts from withdrawal of investments		
Cash receipts from investment income	900,000.00	17,858,250.88
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets	44,373,345.73	257,656.36
Net cash receipts from the disposal of subsidiaries & other business units		
Other cash receipts related to investing activities		4,575,605,506.59
Subtotal of cash inflows from investing activities	45,273,345.73	4,593,721,413.83
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets	892,858,638.47	701,262,416.23
Cash payments for investments	256,944,900.00	
Net increase of pledged borrowings		
Net cash payments for the acquisition of subsidiaries & other business units	1,199,793.01	5,100,000.00
Other cash payments related to investing activities	53,505,038.76	5,547,224,705.40
Subtotal of cash outflows from investing activities	1,204,508,370.24	6,253,587,121.63
Net cash flows from investing activities	-1,159,235,024.51	-1,659,865,707.80
<b>III. Cash flows from financing activities:</b>		
Cash receipts from absorbing investments	9,800,000.00	19,200,000.00
Including: Cash received by subsidiaries from non-controlling shareholders as investments		
Cash receipts from borrowings	1,564,929,901.12	559,609,600.36
Other cash receipts related to financing activities	4,000,000.00	30,000,000.00
Subtotal of cash inflows from financing activities	1,578,729,901.12	608,809,600.36
Cash payments for the repayment of borrowings	1,522,743,554.14	633,950,840.36
Cash payments for distribution of	658,094,315.61	846,713,966.81

Items	Current period cumulative	Preceding period comparative
dividends or profits and for interest expenses		
Including: Cash paid by subsidiaries to non-controlling shareholders as dividend or profit	50,512,000.00	66,931,502.28
Other cash payments related to financing activities	18,080,734.99	15,000,000.00
Subtotal of cash outflows from financing activities	2,198,918,604.74	1,495,664,807.17
Net cash flows from financing activities	-620,188,703.62	-886,855,206.81
IV. Effect of foreign exchange rate changes on cash & cash equivalents	-7,776,333.09	2,870,314.57
V. Net increase in cash and cash equivalents	-878,161,815.28	-1,132,424,295.71
Add: Opening balance of cash and cash equivalents	2,398,709,506.06	2,372,819,624.82
VI. Closing balance of cash and cash equivalents	1,520,547,690.78	1,240,395,329.11

## 8. Parent company cash flow statement for the nine months ended September 30, 2019

Monetary unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
I. Cash flows from operating activities:		
Cash receipts from sale of goods and rendering of services	14,477,219,497.23	13,738,345,389.32
Receipts of tax refund		
Other cash receipts related to operating activities	874,387,153.77	1,121,978,747.65
Subtotal of cash inflows from operating activities	15,351,606,651.00	14,860,324,136.97
Cash payments for goods purchased and services received	14,681,841,784.49	13,579,716,479.11
Cash paid to and on behalf of employees	116,707,767.78	134,157,786.32
Cash payments for taxes and rates	233,069,793.79	167,680,234.03
Other cash payments related to operating activities	843,853,594.57	775,235,685.03
Subtotal of cash outflows from operating activities	15,875,472,940.63	14,656,790,184.49
Net cash flows from operating activities	-523,866,289.63	203,533,952.48
II. Cash flows from investing activities:		
Cash receipts from withdrawal of investments		
Cash receipts from investment income	432,512,000.00	783,385,289.90
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets	43,344,599.85	1,630.00
Net cash receipts from the disposal of subsidiaries & other business units		
Other cash receipts related to investing activities	491,900,000.00	3,989,191,195.89
Subtotal of cash inflows from investing activities	967,756,599.85	4,772,578,115.79
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets	30,322,745.47	9,477,869.26

Items	Current period cumulative	Preceding period comparative
Cash payments for investments	245,607,400.00	28,800,000.00
Net cash payments for the acquisition of subsidiaries & other business units		5,100,000.00
Other cash payments related to investing activities	736,750,000.00	5,233,800,000.00
Subtotal of cash outflows from investing activities	1,012,680,145.47	5,277,177,869.26
Net cash flows from investing activities	-44,923,545.62	-504,599,753.47
III. Cash flows from financing activities:		
Cash receipts from absorbing investments		
Cash receipts from borrowings	701,857,401.68	85,009,600.36
Other cash receipts related to financing activities	576,500,000.00	46,000,000.00
Subtotal of cash inflows from financing activities	1,278,357,401.68	131,009,600.36
Cash payments for the repayment of borrowings	674,787,776.40	85,010,840.36
Cash payments for distribution of dividends or profits and for interest expenses	556,049,101.48	747,032,688.27
Other cash payments related to financing activities	92,000,000.00	20,500,000.00
Subtotal of cash outflows from financing activities	1,322,836,877.88	852,543,528.63
Net cash flows from financing activities	-44,479,476.20	-721,533,928.27
IV. Effect of foreign exchange rate changes on cash and cash equivalents	106,466.60	-484,288.71
V. Net increase in cash and cash equivalents	-613,162,844.85	-1,023,084,017.97
Add: Opening balance of cash and cash equivalents	1,384,560,116.18	1,591,016,109.85
VI. Closing balance of cash and cash equivalents	771,397,271.33	567,932,091.88

## II. Remarks on adjustments of financial statements

### 1. Adjustments on related financial statement items at the beginning of the period due to adoption of new financial instruments standards, new revenue standards and new lease standards since 2019

√ Applicable □ N/A

Remarks on adjustments

Items	Consolidated statements		Parent company statements	
	Before adjustments	After adjustments	Before adjustments	After adjustments
	Opening balance/ Preceding period comparative	Opening balance/ Preceding period comparative	Opening balance/ Preceding period comparative	Opening balance/ Preceding period comparative
Notes receivable and accounts receivable	6,272,866,055.10		3,410,588,563.25	
Notes receivable		639,854,829.69		240,692,611.41
Accounts receivable		5,633,011,225.41		3,169,895,951.84
Available-for-sale financial assets	91,111,431.20		91,111,431.20	0.00

Items	Consolidated statements		Parent company statements	
	Before adjustments	After adjustments	Before adjustments	After adjustments
	Opening balance/ Preceding period comparative	Opening balance/ Preceding period comparative	Opening balance/ Preceding period comparative	Opening balance/ Preceding period comparative
Other equity instrument investments		91,111,431.20		91,111,431.20
Notes payable and accounts payable	4,472,417,513.32		2,834,219,171.91	
Notes payable		566,955,074.64		262,559,098.87
Accounts payable		3,905,462,438.68		2,571,660,073.04
Administrative expenses	594,419,909.46	330,372,733.39	63,897,687.26	63,897,687.26
R&D expenses		264,047,176.07		
Assets impairment loss	32,630,911.85		24,741,864.55	
Credit impairment loss (less: losses)		-32,630,911.85		-24,741,864.55
Assets impairment loss (less: losses)				

## 2. Remarks on retrospective adjustments on comparative data in previous period due to adoption of new financial instruments standards or new lease standards since 2019

Applicable  N/A

### III. Auditor's report

Has the third quarterly report been audited?

Yes  No

The third quarterly report has not been audited.

**Huadong Medicine Co., Ltd.**  
**Chairman of the Board: Lyu Liang**  
**October 30, 2019**