



Huadong Medicine Co., Ltd.

2020 Third Quarterly Report

October 2020

Section I Important Notes

The Board of Directors, the Supervisory Committee as well as all the directors, supervisors and senior management staff of Huadong Medicine Co., Ltd. (the “Company”) hereby confirm that the information presented in this report is true, accurate and complete, free from false records, misleading statements or material omissions, and will undertake legal liabilities individually and jointly.

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

Lyu Liang, the Company’s legal representative and the in-charge of accounting, and Qiu Renbo, head of accounting department (accounting supervisor) hereby declare the financial statements in this report are true, accurate and complete.

According to <Stock Listing Rules of the Shenzhen Stock Exchange>, if the announcements of the listed companies are in different languages, it is ensured the content of the versions are the same. In 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

	End of the current reporting period	End of last year	Change (%)	
Total assets (RMB)	24,419,510,307.69	21,463,974,146.63	13.77%	
Net assets attributable to shareholders of the Company (RMB)	14,231,521,922.12	12,309,477,308.00	15.61%	
	The current reporting period	Year-on-year Change (%)	End of the current reporting period	Year-on-year (%)
Operating revenue (RMB)	8,839,942,450.31	-5.75%	25,500,876,607.95	-7.70%
Net profits attributable to shareholders of the Company (RMB)	660,281,883.53	7.04%	2,391,466,604.78	8.06%
Net profits attributable to shareholders of the Company excluding non-recurring profit or loss (RMB)	624,184,921.23	3.05%	2,030,908,894.33	-2.36%
Net cash flows from operating activities (RMB)	646,271,689.37	1,299.22%	1,901,814,356.66	109.21%
Basic earnings per share (RMB per share)	0.3773	7.04%	1.3667	8.06%
Diluted earnings per share (RMB per share)	0.3773	7.04%	1.3667	8.06%
Weighted average Return on Equity (ROE)	4.75%	-0.69%	17.69%	-2.45%

Non-recurring profit or loss items and amounts

☒ Applicable ☐ N/A

Unit: RMB

Items	Amount	Notes
Profit or loss from disposal of non-current assets (including write-back of provision for impairment)	303,785,522.75	Mainly due to the transfer of market distribution rights of related products in Western Europe by Sinclair, a wholly owned subsidiary of the Company in the UK.
Government grant included in profit or loss (excluding those closely related to operating activities, or regular government grants)	123,759,645.82	Mainly due to the recognition of government subsidy by the subsidiaries.
Other non-operating revenue or expenditures	-9,427,936.85	
Less: Effects of income tax	42,986,623.36	
Effect of non-controlling interests (after tax)	14,572,897.91	
Total	360,557,710.45	--

Reasons are explained if the Company classifies an item as a non-recurring profit or loss in accordance to the < Explanatory Announcement on

Information Disclosure for Companies Offering Their Securities to the Public No. 1 - Non-Recurring Profit or Loss> or classifies

any non-recurring profit or loss item mentioned in the said announcement as a recurring profit or loss itemed.

□ Applicable √ N/A

No such cases for the reporting period.

II. Total number of shareholders and shareholdings of the top ten shareholders as at the end of the reporting period

1. Total number of shareholders of ordinary shares and preference shares with resumed voting rights, and the shareholding of the top ten shareholders

Unit: Share

Total number of shareholders of ordinary shares at the end of the reporting period	136,875	Total number of shareholders of preference shares with resumed voting rights at the end of the reporting period (if any)	0			
Information about top 10 shareholders						
Name of shareholders	Nature	Shareholding percentage (%)	Number of shares held	Number of restricted shares held	Pledged or frozen shares	
					Status	Number
中国远大集团有限责任公司 (China Grand Enterprises, Inc.)	Domestic non-state-owned corporation	41.77%	730,938,157	0	Pledged	259,114,000
杭州华东医药集团有限公司 (Hangzhou Huadong Medicine Group Co., Ltd.)	State-owned corporation	16.46%	288,000,000	0		
香港中央结算有限公司 (Hong Kong Securities Clearing Company Ltd. *)	Foreign corporation	2.13%	37,325,767	0		
全国社保基金一零六组合 (National Social Security Fund Portfolio 106)	Other	1.59%	27,797,163	0		
中国证券金融股份有限公司 (China Securities Finance Co., Ltd. *)	Other	1.27%	22,186,818	0		
基本养老保险基金一五零四一组合 (Basic Endowment Insurance Fund Portfolio 15041)	Other	0.44%	7,623,568	0		
基本养老保险基金八零七组合 (Basic Endowment Insurance Fund Portfolio 807)	Other	0.29%	5,133,343	0		
中国银行股份有限公司—嘉实 3 年封闭运作战略配售灵活配置混合型证券投资基金 (LOF) (Bank of China Co., Ltd. *) –Harvest 3-year closed operation strategic placement Flexible Allocation hybrid Securities Investment Fund (LOF)	Other	0.24%	4,266,168	0		
嘉实基金—建设银行—中国人寿—中国人寿委托嘉实基金股票型组合 (Harvest Fund - China Construction Bank - China Life - China Life Entrusted harvest Fund equity portfolio)	Other	0.24%	4,262,147	0		
#Chen Shaoming	Domestic	0.23%	4,043,000	0		

* The English names are for identification purpose only.

	individual				
Top ten non-restricted shareholders					
Name of shareholders	Number of non-restricted shared held	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.	37,325,767	RMB ordinary shares	37,325,767		
National Social Security Fund Portfolio 106	27,797,163	RMB ordinary shares	27,797,163		
China Securities Finance Co., Ltd.	22,186,818	RMB ordinary shares	22,186,818		
Basic Endowment Insurance Fund Portfolio 15041	7,623,568	RMB ordinary shares	7,623,568		
Basic Endowment Insurance Fund Portfolio 807	5,133,343	RMB ordinary shares	5,133,343		
Bank of China Co., Ltd. –Harvest 3-year closed operation strategic placement Flexible Allocation hybrid Securities Investment Fund (LOF)	4,266,168	RMB ordinary shares	4,266,168		
Harvest Fund - China Construction Bank - China Life - China Life Entrusted Harvest Fund equity portfolio	4,262,147	RMB ordinary shares	4,262,147		
#Chen Shaoming	4,043,000	RMB ordinary shares	4,043,000		
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 margin trading of top ten shareholders (if any)	At the end of the current reporting period, Chen Shaoming, the tenth shareholder of the Company, held 3,980,000 shares through credit guarantee security account.				

Whether any agreed repurchase transactions were entered into during the reporting period by the top ten ordinary shareholders and top ten non-restricted ordinary shareholders?

☐ Yes ☒ No

No such cases during the reporting period.

2. Total number of preference shareholders and shareholding of top ten preference shareholders

☐ Applicable ☒ N/A

Section III Significant Events

I. Details of changes in major financial data and financial indicators during the reporting period

√ Applicable □ N/A

Unit: RMB

Balance sheet items	End of the period	Beginning of the period	Change	Reasons for the change
Other receivables	202,604,242.37	92,201,271.22	119.75%	Mainly due to the increase of temporary payment and deposits.
Other current assets	30,970,609.30	62,526,471.96	-50.47%	Mainly due to the decrease of input VAT.
Long-term equity investments	618,012,071.25	222,595,018.54	177.64%	The subsidiary Zhongmei Huadong increased equity investment in Qyuns Therapeutics and Chongqing Peg-Bio.
Other non-current assets	516,158,254.42	184,141,659.07	180.30%	Mainly due to the increase of advance payment for purchase of equipment and intangible assets.
Short-term borrowings	1,368,007,785.51	655,549,973.27	108.68%	Mainly due to the increase of bank loan for the repayment of the corporate bonds.
Advances received	16,956,179.73	254,888,911.30	-93.35%	Mainly due to the decrease of advanced receipt of medicine sales.
Other payables	2,001,768,855.34	1,365,152,290.99	46.63%	Mainly due to the increase of temporary receipts payable.
Non-current liabilities due within one year	20,391,924.90	1,053,231,727.73	-98.06%	Mainly due to repayment of corporate bonds.
Income statement items	Current period cumulative	Comparative period	Change	Reasons for the change
Financial expenses	16,523,165.79	89,340,120.69	-81.51%	Mainly due to on the decrease of interest-bearing liabilities and the cost of financing.
Gains on asset disposal	304,146,257.99	114,347,426.77	165.98%	Mainly due to the transfer of market distribution rights of related products in Western Europe by Sinclair, a wholly owned subsidiary of the Company in the UK.
Investment income	-20,950,134.64	-11,732,842.99	-78.56%	Mainly due to the decrease of short-term investment gain and net profit generated by associates.
Non-operating income	16,504,085.99	9,904,357.05	66.63%	Mainly due to the write-off of payables.
Cash flow statement items	Current period cumulative	Preceding period comparative	Change rate	Notes on changes
Net cash flows from operating activities	1,901,814,356.66	909,038,245.96	109.21%	Mainly due to the decrease of payments for procurement.
Net cash flows from investing activities	349,442,817.74	44,373,345.73	687.51%	Mainly due to the transfer of market distribution rights of related products in Western Europe by Sinclair, a wholly owned subsidiary of the

				Company in the UK.
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II. Progress, impact and solutions of significant events

☐ Applicable ☒ N/A

Progress of share repurchase

☐ Applicable ☒ N/A

Progress of repurchased share reduction through centralized price bidding

☐ Applicable ☒ N/A

III. Unfulfilled and overdue commitments of the Company's actual controller, shareholders, related parties, acquirer(s), and the Company and other committed parties during the reporting period

☐ Applicable ☒ N/A

No such cases during the reporting period.

IV. Financial asset investment

1. Security investments

☒ Applicable ☐ N/A

Unit: RMB

Type of security	Stock code	Stock abbreviation	Initial investment cost	Accounting measurement method	Book value at the beginning of the period	Profit or loss from fair value changes in the current period	Accumulative fair value changes charged to equity	Purchases during the period	Disposals during the period	Gain/loss during the period	Book value at the end of the period	Accounting item	Funding source
Domestic and overseas stock	RAPT	RAPT	20,207,400.00	Fair value measurement	42,009,254.79	5,817,290.26	5,817,290.26	0.00	0.00	5,817,290.26	47,826,545.05	Other equity instruments investment	Own funds
Total			20,207,400.00	--	42,009,254.79	5,817,290.26	5,817,290.26	0.00	0.00	5,817,290.26	47,826,545.05	--	--
Date of announcement of the board of directors on													

securities investment approval	
Date of announcement of the shareholders' general meeting on securities investment approval (if any)	

Notes: Huadong Medicine Investment Holding (Hong Kong) Limited, a subsidiary of the Company, subscribed the C-2 series preference shares of FLX Bio (now RAPT Therapeutics, Inc.) for USD 3 million in 2019. FLX Bio was listed on the NASDAQ Stock Exchange (stock code: RAPT) on 30 October 2019. Huadong Medicine Investment Holding (Hong Kong) Limited holds 0.89% of its total shares.

2. Derivative investments

☐ Applicable ☒ N/A

No such cases during the reporting period.

V. Progress of investment projects financed with raised funds

☐ Applicable ☒ N/A

No such cases during the reporting period.

VI. Forecast of 2020 annual business performance

☐ Applicable ☒ N/A

A warning and explanation of the reason for a prediction that the cumulative net profit from the beginning of the year to the end of the next reporting period may be a loss or a significant change compared with the corresponding period of prior year.

VII. Major contracts in daily operations

☐ Applicable ☒ N/A

VIII. Entrusted wealth management

☐ Applicable ☒ N/A

No such cases during the current reporting period.

IX. External guarantees against rules and regulations

☐ Applicable ☒ N/A

No such cases during the current reporting period.

X. Occupation of the Company's funds by the controlling shareholder or its related parties for non-operating purposes

☐ Applicable ☒ N/A

No such cases during the reporting period.

XI. Registration form for research, communication and interview activities during the reporting period

☒ Applicable ☐ N/A

Time of reception	Location	Method of reception	Type of reception object	Index of basic information of the research
Jan 19 th , 2020	Corporate Headquarter conference room	Conference call	Institutional investors	Please refer to the <000963 Huadong Medicine Research Activity: January 19 th , 2020> presented on the websites of irm.cninfo.com.cn and cninfo.com.cn for details.
Apr 30 th , 2020	Corporate Headquarter conference room	Conference call	Institutional investors	Please refer to the <Investor Relations Activity Record: April 30 th , 2020> presented on the websites of irm.cninfo.com.cn and cninfo.com.cn for details.
Jun 5 th , 2020	Corporate Headquarter conference room	On-site research	Institutional investors	Please refer to the <Investor Relations Activity Record: June 5 th , 2020> presented on the websites of irm.cninfo.com.cn and cninfo.com.cn for details.
Aug 28 th , 2020	Corporate Headquarter conference room	Conference call	Institutional investors	Please refer to the <Investor Relations Activity Record: Aug 28 th , 2020> presented on the websites of irm.cninfo.com.cn and cninfo.com.cn for details.
Sept 2 nd , 2020	Corporate Headquarter conference room	Conference call	Institutional investors	Please refer to the <Investor Relations Activity Record: Sept 2 nd , 2020> presented on the websites of irm.cninfo.com.cn and cninfo.com.cn for details.

XII. Overview of the Company's operations from January to September 2020

1、Operation

During the reporting period, the Company generated an operating revenue of RMB 25.501 billion, representing a year-on-year (“YoY”) decrease of 7.7%; the net profit attributable to the shareholders amounted to RMB 2.391 billion, representing a YoY increase of 8.06%; the net profits attributable to the shareholders excluding non-recurring profit was RMB 2.031 billion, down 2.36% YoY, and the net cash flow from operating activities was RMB 1.902 billion, up 109.21% YoY. In the third quarter, the company maintained a good momentum of development in pharmaceutical manufacturing, pharmaceutical business and aesthetic medicine business with steadier growth compared to the second quarter of the year.

During the reporting period, the core subsidiary Zhongmei Huadong achieved an operating revenue of RMB 8.81 billion, with a YoY growth of 5.01%, and a net profit of RMB 1.939 billion, an increase of 4.68% compared to previous year. The operating income in the third quarter increased by 1.4% to RMB 2.726 billion, an 10.6% increase compared to the second quarter of this year. The net profit during the reporting period was RMB 560 million, with a YoY growth of 3.9%. Not only pioglitazone metformin tablets, acarbose chewable tablets, indolbufen tablets and other products in the field of diabetes realized a growth to a certain extent, but also the transplantation immune products and Belling capsules maintained a steady growth. Due to the failure in National Volume-Based Procurement and the fluctuations in market price, the sales revenue of Acarbose tablets declined during the period. However, through market exploitation outside hospitals, the sales decline has been controlled. The Company would continuously increase market coverage to maintain the same or higher annual sales volume of Acarbose tablets compared with last year.

Huadong Commercial Company actively enriched its products line and improved its operating efficiency to gradually offset the impact of COVID-19. Its business showed a steady recovery in the third quarter with its operating revenue of RMB 16.134 billion during the reporting period. Amount of RMB 5.921 billion was generated in the third quarter, an increase of 9.84% compared with the second quarter of this year. Huadong Medicine Supply Chain Management (Hangzhou) Co., LTD (hereinafter referred to as ‘HMSCM’), a wholly owned subsidiary has gained the qualification to launch the cold chain distribution business. In term of vaccine distribution business, HMSCM was the first one passing the special vaccine inspection arranged by Zhejiang Drug Administration and successfully owning the qualifications to develop a vaccine distribution business. According to the distribution instructions of COVID-19 vaccine in the immunization program of Zhejiang CDC,

the first batch of COVID-19 vaccine distribution tasks for 10 provincial hospitals have been completed by HMSCM during the period.

The third quarter witnessed an improvement in the aesthetic business, and the global business was gradually recovering. Huadong Ningbo has reversed a decrease tide from COVID-19, with revenue approaching the same period last year and net profit rising by 13% from a year earlier. Due to the pandemic, Sinclair suffered a decrease in revenue and had a net operating loss while excluding the profit from the disposal of assets. However, the third quarter has seen a clear rebound in revenue from the second quarter, with a reduction in losses.

2、Research and development (R&D)

During the reporting period, the Company increased investment in R&D with a cumulative R&D cost of RMB 690 million, and a number of products under research progressed as scheduled. The Company also continues to focus on the three core fields, namely oncology, endocrinology and autoimmunity, constantly enriching its innovative product pipeline.

1) Oncology

During the reporting period, Zhongmei Huadong introduced Mirvetuximab Soravtansine (hereinafter referred to as "MIRV"), a phase III clinical research product from ImmunoGen of the United States, and obtained its exclusive development and commercialization rights in Greater China (including Mainland China, Hong Kong, Macau and Taiwan). MIRV is the world's first ADC drug candidate for folate receptor alpha (FR α)-positive ovarian cancer, and its R&D progress is currently the fastest among ADC drugs for FR α -positive ovarian cancer. This cooperation with one of the world's most famous ADC companies is the beginning of the Company's full entry into the field of oncology innovative drugs.

In future, the Company will increase layout in the ADC oncology field, and continue to develop ADC products for different cancers based on unmet clinical needs. Relying on the Company's existing biotechnology R&D platform and in collaboration with ImmunoGen, one of the world's leading R&D companies, Company will strengthen and deepen the product innovation chain and industrial ecological chain, and ultimately achieve the international layout of Huadong Medicine in the field of oncology. (For details, please refer to the announcement No. 2020-042 issued by the Company)

2) Diabetes

After completing the second capital increase of Chongqing Peg-Bio, the two parties formally signed an agreement on the cooperative development and commercialization of Semaglutide products under research to accelerate the two parties' cooperation and development process of macromolecular biopharmaceuticals. This cooperation will further enrich the Company's major product pipeline in the diabetes field, create synergy with existing products under research, and consolidate the market leading position in the field of diabetes medication in China. The Company is also synchronously promoting the industrialization process of developing products and introducing new drugs. The Company has started the construction of an internationally leading diabetes macromolecular drug production base on the reserved project land for the second phase of Company's Jiangdong project in Hangzhou Qiantang New District, to lay a solid foundation for the company's future development of domestic and international markets for macromolecular drugs in the field of diabetes. Please refer to the announcement No. 2020-045 issued by the Company for details.

Under the dual influence of collective-bidding for medicine purchase and Covid-19, pioglitazone-metformin tablets and acarbose chewable tablets in the Company's diabetes field have maintained rapid growth. Company strives for Acarbose tablets' annual sales volume to be no lower than the level of last year by exploring the market outside the hospital ts and increasing market coverage. The Company has a number of first-line clinical diabetes products on the market. For research products, compound DPP-4 inhibitors, compound SGLT-2 inhibitors and liraglutide injections are expected to be launched in 2021-2022; Semaglutide is planned to initiate clinical registration applications in 2021. The Company has been focusing on the R&D and production of diabetes drugs for many years, and the production quality tends to the international leading level, with a wealth of product pipelines. In the future, the Company will enter a new period of growth in this field by virtue of Company's well-developed market reputation and excellent brand promotion ability.

3) Autoimmunity

During the reporting period, Zhongmei Huadong invested RMB 370 million in the equity investment of Qyuns Therapeutics Co., Ltd (Qyuns Therapeutics) and acquired 20.56% ownership,

becoming its second largest shareholder. At the same time, the two parties have signed an agreement on product cooperation development and commercialization for QX001S (A biological analogue of the original drug Stelara® Ustekinumab, used for the treatment of psoriasis and Crohn's disease, etc.) under development by Qyuns Therapeutics in mainland China. By reaching equity and product cooperation with Qyuns Therapeutics, the Company's macromolecular innovation drug layout in the immune field will further develop. The two parties will carry out more extensive and in-depth cooperation discussions on Qyuns Therapeutics' products under development in the future, so as to create good cooperation conditions for Huadong Medicine to gradually enter the R&D pipeline of monoclonal antibody products in the biopharmaceutical field. Please refer to the announcement No. 2020-032 issued by the Company for details.

3、international aesthetic business

Since the beginning of the year, the Company's internationalization strategy in the medical aesthetics sector has continued to advance rapidly, it has reached agreements in product cooperation and equity investment with a few renowned companies. In March, Sinclair completed the deal with Galderma, a well-known Swiss dermatology pharmaceutical company for the transfer of the right of Sculptra® (poly-L-lactic acid microspheres) in western European, which brought about GBP 30.65 million (after-tax) disposal gain to Sinclair. Sinclair also signed an agreement with Kylane Laboratories, a Switzerland-based aesthetic R&D company, to obtain the global exclusive license of its hyaluronic acid filler MaiLi® (with Lidocaine). In August 2020, the Company signed a strategic cooperation agreement with Jetema, a Korean listed company, and obtained the exclusive right of its BoNT-A product in China, which further completed the product pipeline, marking a solid step forward for the globalization of Huadong's aesthetic business. In October, Sinclair and Kylane signed equity investment and strategic products co-development agreement. Sinclair paid EUR 6 million to obtain 20% shareholding in Kylane, becoming its third largest shareholder. In addition, every year Sinclair would pay a certain amount of money to Kylane to support its R&D activities. In return, Sinclair would have right to obtain the IP and global rights of its two products, which were applied in the field of facial and body filler. Sinclair would also have the rights of first negotiation of Kylane's future products. Please refer to Company Notice No. 2020-040 for details.

The Company aesthetic business adopts the strategy of operating globally and creating a dual circulation development pattern. The company gives full play to the advantage of a huge domestic market and introduces world-class high technological products to domestic market so that a new development pattern will gradually be created whereby domestic and foreign markets can boost each other. The company is committed to making Sinclair a world-class aesthetic enterprise, creating a new space for future development.

Section IV Financial Statements

I. Financial statements

1. Consolidated balance sheet as at September 30th, 2020

Prepared by: Huadong Medicine Co., Ltd.

Unit: RMB

Items	September 30 th , 2020	December 31 st , 2019
Current assets:		
Cash and bank balances	2,564,103,286.11	2,402,730,395.39
Settlement funds		
Loans to other banks		
Held-for-trading financial assets		
Derivative financial assets		
Notes receivable		
Accounts receivable	7,788,224,106.35	6,092,305,184.47
Receivables financing	844,379,317.86	683,884,625.14
Advances paid	420,197,609.65	363,246,612.94
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance reserve receivable		
Other receivables	202,604,242.37	92,201,271.22
Including: Interest receivable		
Dividend receivable	815,965.44	815,965.44
Financial assets under reverse repo		
Inventories	3,914,403,627.95	4,038,975,496.93
Contract assets		
Assets as held for sale		
Non-current assets due within one year		
Other current assets	30,970,609.30	62,526,471.96
Total current assets	15,764,882,799.59	13,735,870,058.05
Non-current assets:		
Loans and advances paid		
Debt investments		
Other debt investments		
Long-term receivable		
Long-term equity investments	618,012,071.25	222,595,018.54
Other equity instrument investments	247,493,002.31	241,675,712.05
Other non-current financial assets		
Investment property	20,282,214.51	21,701,908.75
Fixed assets	2,118,694,009.27	2,175,216,842.65
Construction in progress	2,075,689,332.92	1,829,808,233.19
Productive biological assets		

Items	September 30 th , 2020	December 31 st , 2019
Oil & gas assets		
Use right assets		
Intangible assets	1,448,544,346.51	1,454,900,160.45
Development expenditures		
Goodwill	1,469,617,262.10	1,469,617,262.10
Long-term prepayments	9,143,178.94	12,289,677.31
Deferred tax assets	130,993,835.87	116,157,614.47
Other non-current assets	516,158,254.42	184,141,659.07
Total non-current assets	8,654,627,508.10	7,728,104,088.58
Total assets	24,419,510,307.69	21,463,974,146.63
Current liabilities:		
Short-term borrowings	1,368,007,785.51	655,549,973.27
Central bank loans		
Loans from other banks		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	523,746,625.31	613,374,356.61
Accounts payable	4,478,910,238.07	3,789,054,234.58
Advances received	16,956,179.73	254,888,911.30
Contract liabilities	117,764,737.01	
Financial liabilities under repo		
Absorbing deposit and interbank deposit		
Deposit for agency security transaction		
Deposit for agency security underwriting		
Employee benefits payable	197,127,989.20	132,584,982.71
Taxes and rates payable	529,525,987.66	532,802,157.61
Other payables	2,001,768,855.34	1,365,152,290.99
Including: Interest payable		
Dividend payable	1,344,219.60	224,219.60
Handling fee and commission payable		
Reinsurance accounts payable		
Liabilities classified as held for sale		
Non-current liabilities due within one year	20,391,924.90	1,053,231,727.73
Other current liabilities		
Total current liabilities	9,254,200,322.73	8,396,638,634.80
Non-current liabilities:		
Insurance policy reserve		
Long-term borrowings	172,017,849.07	
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		

Items	September 30 th , 2020	December 31 st , 2019
Long-term payables	34,741,313.24	48,080,030.00
Long-term employee benefits payable		
Provisions	51,235,349.77	52,066,643.01
Deferred income	56,933,194.48	60,960,255.68
Deferred tax liabilities	45,296,252.83	39,604,343.27
Other non-current liabilities		
Total non-current liabilities	360,223,959.39	200,711,271.96
Total liabilities	9,614,424,282.12	8,597,349,906.76
Equity:		
Share capital	1,749,809,548.00	1,749,809,548.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	2,157,580,835.94	2,158,080,661.07
Less: Treasury shares		
Other comprehensive income	43,816,996.72	22,792,488.80
Special reserve		
Surplus reserve	710,359,967.51	710,359,967.51
General risk reserve		
Undistributed profit	9,569,954,573.95	7,668,434,642.62
Total equity attributable to the parent company	14,231,521,922.12	12,309,477,308.00
Non-controlling interest	573,564,103.45	557,146,931.87
Total equity	14,805,086,025.57	12,866,624,239.87
Total liabilities & equity	24,419,510,307.69	21,463,974,146.63

Lyu Liang
Legal representative

Lyu Liang
Officer in charge of accounting

Qiu Renbo
Head of accounting department

2. Parent company balance sheet as at September 30th, 2020

Unit: RMB

Items	September 30 th , 2020	December 31 st , 2019
Current assets:		
Cash and bank balances	1,603,798,436.33	893,939,724.56
Held-for-trading financial assets		
Derivative financial assets		
Notes receivable		
Accounts receivable	4,377,451,856.37	3,601,796,850.84
Receivables financing	400,739,395.45	102,285,661.94
Advances paid	81,403,264.00	183,776,687.98
Other receivables	682,877,958.92	857,127,207.17
Including: Interest receivable		
Dividend receivable	1,680,000.00	
Inventories	1,758,827,867.91	1,726,815,773.41
Contract assets		
Assets classified as held for sale		
Non-current assets due within one year		
Other current assets	13,631,809.53	4,529,331.87
Total current assets	8,918,730,588.51	7,370,271,237.77
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivable		
Long-term equity investments	4,884,084,300.65	4,809,521,228.65
Other equity instrument investments	92,108,957.26	92,108,957.26
Other non-current financial assets		
Investment property	8,242,134.70	8,591,809.18
Fixed assets	146,126,172.21	144,102,366.02
Construction in progress	25,741,196.03	15,728,406.26
Productive biological assets		
Oil & gas assets		
Use right assets		
Intangible assets	43,891,539.11	45,226,361.12
Development expenditures		
Goodwill		
Long-term prepayments	728,348.83	975,689.14
Deferred tax assets	48,924,184.37	48,849,165.52
Other non-current assets	8,076,419.28	8,076,419.28
Total non-current assets	5,257,923,252.44	5,173,180,402.43
Total assets	14,176,653,840.95	12,543,451,640.20
Current liabilities:		

Items	September 30 th , 2020	December 31 st , 2019
Short-term borrowings	931,302,898.45	55,000,000.80
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	290,315,007.83	81,036,745.94
Accounts payable	2,973,649,632.66	2,469,675,798.54
Advances received	5,817,872.21	52,914,932.34
Contract liabilities	44,752,863.16	
Employee benefits payable	5,159,635.77	3,203,215.95
Taxes and rates payable	142,504,734.60	32,881,935.68
Other payables	676,839,244.46	638,551,969.04
Including: Interest payable		
Dividend payable	224,219.60	224,219.60
Liabilities as held for sale		
Non-current liabilities due within one year		1,028,002,952.88
Other current liabilities		
Total current liabilities	5,070,341,889.14	4,361,267,551.17
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income	41,340,379.68	43,264,785.87
Deferred tax liabilities		
Other non-current liabilities		
Total non-current liabilities	41,340,379.68	43,264,785.87
Total liabilities	5,111,682,268.82	4,404,532,337.04
Equity:		
Share capital	1,749,809,548.00	1,749,809,548.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	2,168,451,528.01	2,168,451,528.01
Less: Treasury shares		
Other comprehensive income	847,526.06	847,526.06
Special reserve		
Surplus reserve	788,215,726.95	788,215,726.95
Undistributed profit	4,357,647,243.11	3,431,594,974.14
Total equity	9,064,971,572.13	8,138,919,303.16

Items	September 30 th , 2020	December 31 st , 2019
Total liabilities & equity	14,176,653,840.95	12,543,451,640.20

3. Consolidated income statement for the three months ended September 30th, 2020

Unit: RMB

Items	Amount incurred during the current period	Amount incurred during the previous period
I. Total operating revenue	8,839,942,450.31	9,379,217,601.89
Including: Operating revenue	8,839,942,450.31	9,379,217,601.89
Interest income		
Premium earned		
Revenue from handling charges and commission		
II. Total operating cost	8,049,749,935.10	8,612,685,353.51
Including: Operating cost	6,030,257,066.00	6,530,011,823.86
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	47,047,870.35	38,178,625.13
Selling expenses	1,494,570,477.50	1,519,078,821.04
Administrative expenses	268,670,484.20	246,637,621.16
R&D expenses	210,211,944.06	243,558,122.30
Financial expenses	-1,007,907.01	35,220,340.02
Including: Interest expenses	12,313,621.11	33,998,258.85
Interest income	22,215,487.08	6,638,774.53
Add: Other income	30,726,790.34	14,508,606.35
Investment income (or less: losses)	-10,947,970.74	-5,573,707.03
Including: Investment income from associates and joint ventures	-5,851,687.53	706,857.54
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)		
Assets impairment loss (less: losses)		
Gains on asset disposal (or less: losses)	2,980,000.81	3,151,854.72
III. Operating profit (or less: losses)	812,951,335.62	778,619,002.42
Add: Non-operating revenue	6,313,790.19	5,741,109.69
Less: Non-operating expenditures	6,245,193.02	8,842,809.50
IV. Profit before tax (or less: total loss)	813,019,932.79	775,517,302.61

Items	Amount incurred during the current period	Amount incurred during the previous period
Less: Income tax	127,915,709.89	134,060,752.36
V. Net profit (or less: net loss)	685,104,222.90	641,456,550.25
(I) Categorized by the continuity of operations		
1. Net profit from continuing operations (or less: net loss)	685,104,222.90	641,456,550.25
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	660,281,883.53	616,830,635.77
2. Net profit attributable to non-controlling shareholders	24,822,339.37	24,625,914.48
VI. Other comprehensive income after tax	-17,724,830.31	5,120,322.24
Items attributable to the owners of the parent company	-17,724,830.31	5,120,322.24
(I) Not to be reclassified subsequently to profit or loss	5,599,380.87	
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	5,599,380.87	
4. Changes in fair value of own credit risk		
5. Others		
(II) To be reclassified subsequently to profit or loss	-23,324,211.18	5,120,322.24
1. Other comprehensive income that can be reclassified into gains/losses under equity method		
2. Changes in fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5.Cash flow hedging reserve		
6. Exchange differences arise from translation of foreign currency financial statements	-23,324,211.18	5,120,322.24
7. Others		
Items attributable to non-controlling shareholders		
VII. Total comprehensive income	667,379,392.59	646,576,872.49
Items attributable to the owners of the parent company	642,557,053.22	621,950,958.01
Items attributable to non-controlling shareholders	24,822,339.37	24,625,914.48
VIII. Earnings per share (EPS):		
(I) Basic EPS	0.3773	0.3525
(II) Diluted EPS	0.3773	0.3525

Lyu Liang
Legal representative

Lyu Liang
Officer in charge of accounting

Qiu Renbo
Head of accounting department

4. Parent company income statement for the three months ended September 30th, 2020

Unit: RMB

Items	Amount incurred during the current period	Amount incurred during the previous period
I. Operating revenue	4,607,441,402.20	5,182,126,633.77
Less: Operating cost	4,366,431,693.60	4,978,946,269.84
Taxes and surcharges	5,268,972.67	1,967,436.65
Selling expenses	97,572,966.90	88,177,037.72
Administrative expenses	31,720,797.46	28,005,562.61
R&D expenses	0.00	
Financial expenses	-6,807,435.28	22,606,668.04
Including: Interest expenses	12,200,806.96	25,985,617.43
Interest income	18,205,578.99	3,655,651.88
Add: Other income	3,177,179.06	1,200,268.73
Investment income (or less: losses)	8,733,465.58	20,009,420.27
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)	4,930.77	3,296,727.00
II. Operating profit (or less: losses)	125,169,982.26	86,930,074.91
Add: Non-operating revenue	872.72	3,131,226.80
Less: Non-operating expenditures	24,123.71	1,248,362.78
III. Profit before tax (or less: total loss)	125,146,731.27	88,812,938.93
Less: Income tax	30,866,682.81	17,289,210.53
IV. Net profit (or less: net loss)	94,280,048.46	71,523,728.40
(I) Net profit from continuing operations (or less: net loss)	94,280,048.46	71,523,728.40
(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. Other comprehensive income that can be reclassified into gains/losses under equity method		
2. Changes in fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		

Items	Amount incurred during the current period	Amount incurred during the previous period
4. Provision for credit impairment of other debt investments		
5. Cash flow hedging reserve		
6. Exchange differences arise from translation of foreign currency financial statements		
7. Others		
VI. Total comprehensive income	94,280,048.46	71,523,728.40
VII. Earnings per share (EPS):		
(I) Basic EPS		
(II) Diluted EPS		

5. Consolidated income statement for the nine months ended September 30th, 2020

Unit: RMB

Items	Amount incurred during the current period	Amount incurred during the previous period
I. Total operating revenue	25,500,876,607.95	27,627,885,218.87
Including: Operating revenue	25,500,876,607.95	27,627,885,218.87
Interest income		
Premium earned		
Revenue from handling charges and commission		
II. Total operating cost	22,945,770,445.69	24,984,635,658.84
Including: Operating cost	16,652,650,721.53	18,693,219,439.56
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	148,487,687.03	143,747,259.50
Selling expenses	4,663,177,848.52	4,572,806,352.64
Administrative expenses	775,033,097.55	773,295,251.59
R&D expenses	689,897,925.27	712,227,234.86
Financial expenses	16,523,165.79	89,340,120.69
Including: Interest expenses	59,381,737.63	100,246,565.68
Interest income	52,891,384.64	26,477,339.86
Add: Other income	123,759,645.82	100,578,832.37
Investment income (or less: losses)	-20,950,134.64	-11,732,842.99
Including: Investment income from associates and joint ventures	-9,025,650.76	8,763,938.51
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)		

Items	Amount incurred during the current period	Amount incurred during the previous period
Gains on changes in fair value (or less: losses)		
Credit impairment loss (less: losses)	-29,841,283.63	-64,662,855.38
Assets impairment loss (less: losses)		4,216,269.24
Gains on asset disposal (or less: losses)	304,146,257.99	114,347,426.77
III. Operating profit (or less: losses)	2,932,220,647.80	2,785,996,390.04
Add: Non-operating revenue	16,504,085.99	9,904,357.05
Less: Non-operating expenditures	26,367,259.87	25,280,163.60
IV. Profit before tax (or less: total loss)	2,922,357,473.92	2,770,620,583.49
Less: Income tax	462,041,510.71	465,973,627.74
V. Net profit (or less: net loss)	2,460,315,963.21	2,304,646,955.75
(I) Categorized by the continuity of operations		
1. Net profit from continuing operations (or less: net loss)	2,460,315,963.21	2,304,646,955.75
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	2,391,466,604.78	2,213,114,054.08
2. Net profit attributable to non-controlling shareholders	68,849,358.43	91,532,901.67
VI. Other comprehensive income after tax	21,024,507.92	-2,398,004.37
Items attributable to the owners of the parent company	21,024,507.92	-2,398,004.37
(I) Not to be reclassified subsequently to profit or loss	5,817,290.26	
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	5,817,290.26	
4. Changes in fair value of own credit risk		
5. Others		
(II) To be reclassified subsequently to profit or loss	15,207,217.66	-2,398,004.37
1. Other comprehensive income that can be reclassified into gains/losses under equity method		
2. Changes in fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5.Cash flow hedging reserve		
6. Exchange differences arise from translation of foreign currency financial statements	15,207,217.66	-2,398,004.37
7. Others		
Items attributable to non-controlling shareholders		
VII. Total comprehensive income	2,481,340,471.13	2,302,248,951.38
Items attributable to the owners of the parent company	2,412,491,112.70	2,210,716,049.71
Items attributable to non-controlling shareholders	68,849,358.43	91,532,901.67
VIII. Earnings per share (EPS):		
(I) Basic EPS	1.3667	1.2648
(II) Diluted EPS	1.3667	1.2648

Lyu Liang
Legal representative

Lyu Liang
Officer in charge of accounting

Qiu Renbo
Head of accounting department

6. Parent company income statement for the nine months ended September 30th, 2020

Unit: RMB

Items	Amount incurred during the current period	Amount incurred during the previous period
I. Operating revenue	12,524,155,787.68	14,392,526,732.46
Less: Operating cost	11,832,645,980.78	13,648,150,345.97
Taxes and surcharges	17,516,737.10	11,915,143.04
Selling expenses	274,326,909.83	291,307,268.26
Administrative expenses	101,587,315.46	91,903,249.87
R&D expenses		
Financial expenses	10,625,855.13	47,730,859.54
Including: Interest expenses	50,099,348.96	65,869,669.49
Interest income	37,642,861.40	19,423,488.79
Add: Other income	13,219,874.83	3,975,252.18
Investment income (or less: losses)	1,176,246,567.15	872,157,276.84
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)	25,531,116.40	-62,996,903.82
Assets impairment loss (less: losses)		
Gains on asset disposal (or less: losses)	-1,625.56	114,481,393.83
II. Operating profit (or less: losses)	1,502,448,922.20	1,229,136,884.81
Add: Non-operating revenue	4,903,192.05	6,333,924.40
Less: Non-operating expenditures	6,705,472.84	5,584,454.90
III. Profit before tax (or less: total loss)	1,500,646,641.41	1,229,886,354.31
Less: Income tax	84,647,699.00	105,280,681.41
IV. Net profit (or less: net loss)	1,415,998,942.41	1,124,605,672.90
(I) Net profit from continuing operations (or less: net loss)	1,415,998,942.41	1,124,605,672.90
(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	Amount incurred during the current period	Amount incurred during the previous period
1. Other comprehensive income that can be reclassified into gains/losses under equity method		
2. Changes in fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedging reserve		
6. Exchange differences arise from translation of foreign currency financial statements		
7. Others		
VI. Total comprehensive income	1,415,998,942.41	1,124,605,672.90
VII. Earnings per share (EPS):		
(I) Basic EPS		
(II) Diluted EPS		

7. Consolidated cash flow statement for the nine months ended September 30th, 2020

Unit: RMB

Items	Amount incurred during the current period	Amount incurred during the previous period
I. Cash flows from operating activities:		
Cash receipts from sale of goods or rendering of services	26,358,487,943.05	27,974,289,685.61
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	17,066,804.84	3,509,309.91
Other cash receipts related to operating activities	862,918,296.18	910,566,277.20
Subtotal of cash inflows from operating activities	27,238,473,044.07	28,888,365,272.72
Cash payments for goods purchased and services received	17,188,966,687.14	19,475,142,964.99
Net increase of loans and advances to clients		
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	1,623,091,615.04	1,392,446,790.07

Items	Amount incurred during the current period	Amount incurred during the previous period
Cash payments for taxes and rates	1,795,768,635.77	1,721,105,543.87
Other cash payments related to operating activities	4,728,831,749.46	5,390,631,727.85
Subtotal of cash outflows from operating activities	25,336,658,687.41	27,979,327,026.78
Net cash flows from operating activities	1,901,814,356.66	909,038,245.94
II. Cash flows from investing activities:		
Cash receipts from withdrawal of investments		
Cash receipts from investment income	900,000.00	900,000.00
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets	349,442,817.74	44,373,345.73
Net cash receipts from the disposal of subsidiaries & other business units		
Other cash receipts related to investing activities		
Subtotal of cash inflows from investing activities	350,342,817.74	45,273,345.73
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets	864,848,688.33	892,858,638.47
Cash payments for investments	405,535,000.00	256,944,900.00
Net increase of pledged borrowings		
Net cash payments for the acquisition of subsidiaries & other business units		1,199,793.01
Other cash payments related to investing activities		53,505,038.76
Subtotal of cash outflows from investing activities	1,270,383,688.33	1,204,508,370.24
Net cash flows from investing activities	-920,040,870.59	-1,159,235,024.51
III. Cash flows from financing activities:		
Cash receipts from absorbing investments		9,800,000.00
Including: Cash received by subsidiaries from non-controlling shareholders as investments		
Cash receipts from borrowings	2,044,165,545.94	1,564,929,901.12
Other cash receipts related to financing activities	340,000,000.00	4,000,000.00
Subtotal of cash inflows from financing activities	2,384,165,545.94	1,578,929,901.12
Cash payments for the repayment of borrowings	2,161,566,863.78	1,522,743,554.14
Cash payments for distribution of dividends or profits and for interest expenses	612,515,321.94	658,094,315.61
Including: Cash paid by subsidiaries to non-controlling shareholders as dividend or profit	49,000,000.00	50,512,000.00
Other cash payments related to financing activities	357,318,045.74	18,080,734.99
Subtotal of cash outflows from financing activities	3,131,400,231.46	2,198,918,604.74
Net cash flows from financing activities	-747,234,685.52	-620,188,703.62
IV. Effect of foreign exchange rate changes on cash & cash equivalents	4,496,816.65	-7,776,333.09
V. Net increase in cash and cash equivalents	239,035,617.20	-878,161,815.28
Add: Opening balance of cash and cash equivalents	2,231,771,546.50	2,398,709,506.06
VI. Closing balance of cash and cash equivalents	2,470,807,163.70	1,520,547,690.78

8. Parent company cash flow statement for the nine months ended September 30th, 2020

Unit: RMB

Items	Amount incurred during the current period	Amount incurred during the previous period
I. Cash flows from operating activities:		
Cash receipts from sale of goods and rendering of services	12,935,662,538.65	14,477,219,497.23
Receipts of tax refund		
Other cash receipts related to operating activities	714,162,920.94	874,387,153.77
Subtotal of cash inflows from operating activities	13,649,825,459.59	15,351,606,651.00
Cash payments for goods purchased and services received	12,426,006,273.13	14,681,841,784.49
Cash paid to and on behalf of employees	161,360,230.08	116,707,767.78
Cash payments for taxes and rates	135,414,309.46	233,069,793.79
Other cash payments related to operating activities	667,058,317.34	843,853,594.57
Subtotal of cash outflows from operating activities	13,389,839,130.01	15,875,472,940.63
Net cash flows from operating activities	259,986,329.58	-523,866,289.63
II. Cash flows from investing activities:		
Cash receipts from withdrawal of investments		
Cash receipts from investment income	601,000,000.00	432,512,000.00
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets	61,021.65	43,344,599.85
Net cash receipts from the disposal of subsidiaries & other business units		
Other cash receipts related to investing activities	904,005,896.98	491,900,000.00
Subtotal of cash inflows from investing activities	1,505,066,918.63	967,756,599.85
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets	24,712,423.82	30,322,745.47
Cash payments for investments	74,563,072.00	245,607,400.00
Net cash payments for the acquisition of subsidiaries & other business units		
Other cash payments related to investing activities	661,640,800.00	736,750,000.00
Subtotal of cash outflows from investing activities	760,916,295.82	1,012,680,145.47
Net cash flows from investing activities	744,150,622.81	-44,923,545.62
III. Cash flows from financing activities:		
Cash receipts from absorbing investments		
Cash receipts from borrowings	1,290,940,316.60	701,857,401.68
Other cash receipts related to financing activities	810,000,000.00	576,500,000.00
Subtotal of cash inflows from financing activities	2,100,940,316.60	1,278,357,401.68
Cash payments for the repayment of borrowings	1,415,944,581.11	674,787,776.40
Cash payments for distribution of dividends or profits and for interest expenses	549,330,898.00	556,049,101.48
Other cash payments related to financing activities	439,430,995.85	92,000,000.00
Subtotal of cash outflows from financing activities	2,404,706,474.96	1,322,836,877.88
Net cash flows from financing activities	-303,766,158.36	-44,479,476.20
IV. Effect of foreign exchange rate changes on cash and cash equivalents	1,987,917.74	106,466.60

Items	Amount incurred during the current period	Amount incurred during the previous period
V. Net increase in cash and cash equivalents	702,358,711.77	-613,162,844.85
Add: Opening balance of cash and cash equivalents	893,929,724.56	1,384,560,116.18
VI. Closing balance of cash and cash equivalents	1,596,288,436.33	771,397,271.33

II. Adjustments to financial statements

1. Adjustments to the comparative data in the financial statements at the beginning of the year due to the first adoption of the new accounting standards governing revenue and leases since 2020

√ Applicable □ N/A

Whether to adjust the balance sheet accounts at the beginning of the year

√ Applicable □ N/A

Consolidated Balance Sheet

Unit: RMB

Items	December 31 st , 2019	January 1 st , 2020	Adjustments
Current assets:			
Cash and bank balances	2,402,730,395.39	2,402,730,395.39	
Settlement funds			
Loans to other banks			
Held-for-trading financial assets			
Derivative financial assets			
Notes receivable			
Accounts receivable	6,092,305,184.47	2,402,730,395.39	
Receivables financing	683,884,625.14	683,884,625.14	
Advances paid	363,246,612.94	363,246,612.94	
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance reserve receivable			
Other receivables	92,201,271.22	92,201,271.22	
Including: Interest receivable			
Dividend receivable	815,965.44	815,965.44	
Financial assets under reverse repo			
Inventories	4,038,975,496.93	4,038,975,496.93	
Contract assets			
Assets as held for sale			
Non-current assets due within one year			
Other current assets	62,526,471.96	62,526,471.96	
Total current assets	13,735,870,058.05	13,735,870,058.05	
Non-current assets:			
Loans and advances paid			
Debt investments			

Items	December 31 st , 2019	January 1 st , 2020	Adjustments
Other debt investments			
Long-term receivable			
Long-term equity investments	222,595,018.54	222,595,018.54	
Other equity instrument investments	241,675,712.05	222,595,018.54	
Other non-current financial assets			
Investment property	21,701,908.75	21,701,908.75	
Fixed assets	2,175,216,842.65	2,175,216,842.65	
Construction in progress	1,829,808,233.19	1,829,808,233.19	
Productive biological assets			
Oil & gas assets			
Use right assets			
Intangible assets	1,454,900,160.45	1,454,900,160.45	
Development expenditures			
Goodwill	1,469,617,262.10	1,469,617,262.10	
Long-term prepayments	12,289,677.31	12,289,677.31	
Deferred tax assets	116,157,614.47	116,157,614.47	
Other non-current assets	184,141,659.07	184,141,659.07	
Total non-current assets	7,728,104,088.58	7,728,104,088.58	
Total assets	21,463,974,146.63	21,463,974,146.63	
Current liabilities:			
Short-term borrowings	655,549,973.27	655,549,973.27	
Central bank loans			
Loans from other banks			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable	613,374,356.61	613,374,356.61	
Accounts payable	3,789,054,234.58	3,789,054,234.58	
Advances received	254,888,911.30	30,272,668.58	-224,616,242.72
Contract liabilities		224,616,242.72	224,616,242.72
Financial liabilities under repo			
Absorbing deposit and interbank deposit			
Deposit for agency security transaction			
Deposit for agency security underwriting			
Employee benefits payable	132,584,982.71	132,584,982.71	
Taxes and rates payable	532,802,157.61	532,802,157.61	
Other payables	1,365,152,290.99	1,365,152,290.99	
Including: Interest payable			
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	1,053,231,727.73	1,053,231,727.73	

Items	December 31 st , 2019	January 1 st , 2020	Adjustments
Other current liabilities			
Total current liabilities	8,396,638,634.80	8,396,638,634.80	
Non-current liabilities:			
Insurance policy reserve			
Long-term borrowings			
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables	48,080,030.00	48,080,030.00	
Long-term employee benefits payable			
Provisions	52,066,643.01	52,066,643.01	
Deferred income	60,960,255.68	60,960,255.68	
Deferred tax liabilities	39,604,343.27	39,604,343.27	
Other non-current liabilities			
Total non-current liabilities	200,711,271.96	200,711,271.96	
Total liabilities	8,597,349,906.76	8,597,349,906.76	
Equity:			
Share capital	1,749,809,548.00	1,749,809,548.00	
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve	2,158,080,661.07	2,158,080,661.07	
Less: Treasury shares			
Other comprehensive income	22,792,488.80	22,792,488.80	
Special reserve			
Surplus reserve	710,359,967.51	710,359,967.51	
General risk reserve			
Undistributed profit	7,668,434,642.62	7,668,434,642.62	
Total equity attributable to the parent company	12,309,477,308.00	12,309,477,308.00	
Non-controlling interest	557,146,931.87	557,146,931.87	
Total equity	12,866,624,239.87	557,146,931.87	
Total liabilities & equity	21,463,974,146.63	21,463,974,146.63	

Balance Sheet of the Parent Company

Unit: RMB

Items	December 31 st , 2019	January 1 st , 2020	Adjustments
Current assets:			
Cash and bank balances	893,939,724.56	893,939,724.56	
Held-for-trading financial assets			

Items	December 31 st , 2019	January 1 st , 2020	Adjustments
Derivative financial assets			
Notes receivable			
Accounts receivable	3,601,796,850.84	3,601,796,850.84	
Receivables financing	102,285,661.94	102,285,661.94	
Advances paid	183,776,687.98	183,776,687.98	
Other receivables	857,127,207.17	857,127,207.17	
Including: Interest receivable			
Dividend receivable			
Inventories	1,726,815,773.41	1,726,815,773.41	
Contract assets			
Assets classified as held for sale			
Non-current assets due within one year			
Other current assets	4,529,331.87	4,529,331.87	
Total current assets	7,370,271,237.77	7,370,271,237.77	
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivable			
Long-term equity investments	4,809,521,228.65	4,809,521,228.65	
Other equity instrument investments	92,108,957.26	92,108,957.26	
Other non-current financial assets			
Investment property	8,591,809.18	8,591,809.18	
Fixed assets	144,102,366.02	144,102,366.02	
Construction in progress	15,728,406.26	15,728,406.26	
Productive biological assets			
Oil & gas assets			
Use right assets			
Intangible assets	45,226,361.12	45,226,361.12	
Development expenditures			
Goodwill			
Long-term prepayments	975,689.14	975,689.14	
Deferred tax assets	48,849,165.52	48,849,165.52	
Other non-current assets	8,076,419.28	8,076,419.28	
Total non-current assets	5,173,180,402.43	5,173,180,402.43	
Total assets	12,543,451,640.20	12,543,451,640.20	
Current liabilities:			
Short-term borrowings	55,000,000.80	55,000,000.80	
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable	81,036,745.94	81,036,745.94	
Accounts payable	2,469,675,798.54	2,469,675,798.54	
Advances received	52,914,932.34	6,087,558.59	-46,827,373.75

Items	December 31 st , 2019	January 1 st , 2020	Adjustments
Contract liabilities		46,827,373.75	46,827,373.75
Employee benefits payable	3,203,215.95	3,203,215.95	
Taxes and rates payable	32,881,935.68	32,881,935.68	
Other payables	638,551,969.04	638,551,969.04	
Including: Interest payable			
Dividend payable	224,219.60	224,219.60	
Liabilities as held for sale			
Non-current liabilities due within one year	1,028,002,952.88	1,028,002,952.88	
Other current liabilities			
Total current liabilities	4,361,267,551.17	4,361,267,551.17	
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income	43,264,785.87	43,264,785.87	
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities	43,264,785.87	43,264,785.87	
Total liabilities	4,404,532,337.04	4,404,532,337.04	
Equity:			
Share capital	1,749,809,548.00	1,749,809,548.00	
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve	2,168,451,528.01	2,168,451,528.01	
Less: Treasury shares			
Other comprehensive income	847,526.06		
Special reserve		847,526.06	
Surplus reserve	788,215,726.95	788,215,726.95	
Undistributed profit	3,431,594,974.14	3,431,594,974.14	
Total equity	8,138,919,303.16	8,138,919,303.16	
Total liabilities & equity	12,543,451,640.20	12,543,451,640.20	

2. Reason for the retrospective adjustments to the prior comparative data due to the first adoption of the new accounting standards governing revenue and leases since 2020

☐ Applicable ☒ N/A

III. Auditors' 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 27th, 2020