Security code: 000963 Stock abbreviation: Huadong Medicine Announcement No.: 2024-087

Huadong Medicine Co., Ltd.

Third Quarterly Report 2024

The Company and all members of the Board of Directors 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.

Important Declaration:

1. The Board of Directors, Board of Supervisors, directors, supervisors and senior management of Huadong Medicine Co., Ltd. (hereinafter referred to as the "Company") hereby guarantee that the information presented in this quarterly report is authentic, accurate and complete and free of false records, misleading statements or material omissions, and shall undertake individual and joint legal liabilities.

2. The Company's legal representative, the officer in charge of accounting, and the head of accounting department (accounting supervisor) hereby declare that the financial information in this quarterly report is authentic, accurate and complete.

3. Has the Third Quarterly Report been audited?

□Yes ☑No

According to “Stock Listing Rules of the Shenzhen Stock Exchange”, if listed companies have both Chinese and other language version 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.

I. Key Financial Data

(I) Key accounting data and financial indicators

Does the Company need to retroactively adjust or restate the accounting data of previous years?

□Yes ☑No

	Current reporting period	Increase or decrease during the current reporting period compared with the same period of last year	Beginning of the year to the end of the reporting period	Change from the beginning of the year to the end of the reporting period over the end of last year
Operating revenue (RMB)	10,512,589,144.83	5.03%	31,477,654,750.50	3.56%
Net profit attributable to shareholders of the listed company (RMB)	866,306,099.25	14.71%	2,562,326,688.45	17.05%
Net profit attributable to shareholders of the listed company after deduction of non-recurring profits and losses (RMB)	856,621,563.99	16.93%	2,481,821,808.08	14.90%
Net cash flow from operating activities (RMB)	—	—	2,506,402,808.91	11.43%
Basic earnings per share (RMB/share)	0.4969	15.14%	1.4644	17.06%
Diluted earnings per share (RMB/share)	0.4953	14.84%	1.4639	17.08%
Weighted average return on equity	3.90%	0.11%	11.70%	0.49%
	End of the current reporting period	End of last year	Change of the end of the current reporting period over the end of last year	
Total assets (RMB)	37,495,253,725.60	33,509,361,816.98	11.89%	
Owners' equity attributable to shareholders of listed companies (RMB)	22,041,377,799.42	21,047,609,756.66	4.72%	

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

☑Applicable □Not applicable

Unit: yuan

Item	Amount during the reporting period	Amount from the beginning of the year to the end of the reporting period	Note
Gains/losses on disposal of non-current assets (including the written-off part of the accrued assets impairment reserve)	-2,182,713.07	2,177,150.46	
Government grants included in current gains/losses (excluding those closely	66,731,056.88	144,217,106.52	

related to daily business operation, distributed constantly in accordance with defined standards in line with national policies and regulations, and constantly affecting the Company's gains/losses)			
Return of receivables impairment reserves that are individually tested for impairment		1,270,982.00	
Other non-operating income and expenditures except the aforesaid items	-49,322,309.41	-81,140,932.70	
Other profit and loss items that satisfy the definition of non-recurring profit and loss	-387,496.90	32,763,929.65	
Minus: Amount affected by income tax	2,912,290.09	11,138,318.70	
Impact on minority interests (post-tax)	2,241,712.15	7,645,036.86	
Total	9,684,535.26	80,504,880.37	--

Details of other profit and loss items conforming to the definition of non-recurring profits and losses

□Applicable ☑Not applicable

The Company has no other specific circumstances of profit and loss items that meet the definition of non-recurring profits and losses.

An explanation of the fact that the non-recurring profit and loss items listed in the *Explanatory Announcement No.1 on Information Disclosure by Companies that Offer Securities to the Public - Non-recurring Profits and Losses* are defined as recurring profit and loss items

□Applicable ☑Not applicable

The Company did not define the non-recurring profit and loss items listed in the *Explanatory Announcement No.1 on Information Disclosure by Companies that Offer Securities to the Public - Non-recurring Profits and Losses* as recurring profit and loss items.

(III) Details and reasons for changes in key accounting data and financial indicators

☑ Applicable □ N/A

Unit: ten thousand yuan

Balance sheet accounts	Amount at the end of the period	Amount at the beginning of the period	Percentage change	Reasons for changes
Derivative financial assets	-	1,643.45	-100.00%	Mainly due to the disposal of foreign exchange derivatives of currency swap in the current period
Notes receivable	-	681.21	-100.00%	Mainly due to the decrease in receivable trade acceptance in the current period
Accounts receivable	995,987.46	745,525.07	33.60%	Mainly due to the increase in revenue in the current period
Receivables financing	61,599.73	143,436.63	-57.05%	Mainly due to the due collection and discount of bank acceptance bills in the current period

Prepayments	45,361.91	27,920.77	62.47%	Mainly due to the increase in prepayments for medicines in the current period
Other receivables	52,601.23	29,113.51	80.68%	Mainly due the increase in receivable temporary payments in the current period
Short-term borrowings	183,336.82	82,238.03	122.93%	Mainly due to the increase in loans in the current period
Notes payable	276,686.04	172,742.10	60.17%	Mainly due to the increase in payables settled by bills in the current period
Employee benefits payable	20,873.78	35,914.85	-41.88%	Mainly due to the payment of salary in the current period
Other payables	360,601.47	251,862.14	43.17%	Mainly due the increase in payable temporary payments in the current period
Long-term borrowings	6,797.95	52,075.95	-86.95%	Mainly due to the debt repayment in the current period
Lease liabilities	8,877.92	5,669.52	56.59%	Mainly due to the increase in lease in the current period
Long-term payables	2,414.43	10,725.12	-77.49%	Mainly due to the transfer of unpaid acquisition funds to non-current liabilities due within one year in the current period
Other comprehensive income	-2,266.56	-4,034.15	43.82%	Mainly due to the increase in foreign currency translation difference in the current period
Income statement accounts	**Amount in the current period**	**Amount in the previous period**	**Percentage change**	**Reasons for changes**
Financial expenses	3,801.78	6,403.32	-40.63%	Mainly due to the increase in revenue in the current period
Other income	16,898.21	7,061.76	139.29%	Mainly due to the increase in income-related governmental subsidy in the current period
Total return	-8,671.03	-16,884.29	48.64%	Mainly due to the increase in investment income from joint ventures in the current period
Credit impairment loss	-5,793.99	-4,202.25	-37.88%	Mainly due to the increase in bad-debt provision in the current period
Income from disposal of assets	217.72	358.76	-39.32%	Mainly due to the decrease in income from the disposal of fixed assets in the current period
Non-operating revenue	744.27	353.70	110.42%	Mainly due to the increase in payments not need to be paid and revenue in the current period
Non-operating expenses	8,891.13	2,400.01	270.46%	Mainly due to the increase in donations in the current period
Cash flow statement accounts	**Amount in the current period**	**Amount in the previous period**	**Percentage change**	**Reasons for changes**
Net cash flow from operating activities	250,640.28	224,927.79	11.43%	Mainly due to the increase in cash received from the sale of goods in the current period
Net cash flow from investing activities	-160,445.56	-94,792.15	-69.26%	Mainly due to the increase in investment in the current period
Net cash flow from financing activities	-116,141.66	-121,831.50	4.67%	Mainly due to the year-on-year decrease in debt repayment in the current period

II. Shareholder Information

(I) Total number of common shareholders, number of preferred shareholders with restored voting rights and shareholdings of top 10 shareholders

Unit: Share

Total number of common shareholders at the end of the reporting period		91,879	Total number of preference shareholders with restored voting rights at the end of the reporting period (if any)			0
Particulars about top 10 shareholders (excluding shares lent through conversions)						
Name of shareholder	Nature of shareholder	Shareholding ratio	Number of shares held	Number of shares with trading restrictions held	Pledged, marked or locked-up status	
					Status of shares	Quantity
China Grand Enterprises, Inc.	Domestic non-state-owned corporation	41.67%	730,938,157.00	0	Pledge	147,070,000.00
Hangzhou Huadong Medicine Group Co., Ltd.	State-owned corporations	16.42%	288,000,000.00	0	N/A	0
Hong Kong Securities Clearing Company Ltd.	Overseas corporation	3.96%	69,449,072.00	0	N/A	0
China Securities Finance Co., Ltd.	Domestic non-state-owned corporation	1.26%	22,186,818.00	0	N/A	0
Industrial and Commercial Bank of China Limited - Huatai-PineBridge CSI 300 Exchange Traded Fund	Others	0.98%	17,257,945.00	0	N/A	0
Industrial and Commercial Bank of China Limited - China-Europe Healthcare Hybrid Securities Investment Fund	Others	0.81%	14,242,403.00	0	N/A	0
China Construction Bank Corporation - E Fund CSI 300 Healthcare Exchange Traded Fund	Others	0.78%	13,696,532.00	0	N/A	0
China	Others	0.64%	11,222,232.00	0	N/A	0

Construction Bank Corporation - E Fund CSI 300 Trading Open Index Initiated Securities Investment Fund						
National Social Security Fund - Profile 110	Others	0.63%	10,983,604.00	0	N/A	0
China Construction Bank Co., Ltd. - ICBC Credit Suisse Frontier Medical Equity Investment Fund	Others	0.57%	10,000,000.00	0	N/A	0

Particulars about top 10 shareholders without trading restrictions (excluding shares lent through conversions and locked-up shares for senior managers)			
Name of shareholder	Number of shares without trading restrictions held	Type of shares and quantity	
		Type of shares	Quantity
China Grand Enterprises, Inc.	730,938,157.00	RMB-denominated ordinary share	730,938,157.00
Hangzhou Huadong Medicine Group Co., Ltd.	288,000,000.00	RMB-denominated ordinary share	288,000,000.00
Hong Kong Securities Clearing Company Ltd.	69,449,072.00	RMB-denominated ordinary share	69,449,072.00
China Securities Finance Co., Ltd.	22,186,818.00	RMB-denominated ordinary share	22,186,818.00
Industrial and Commercial Bank of China Limited - Huatai-PineBridge CSI 300 Exchange Traded Fund	17,257,945.00	RMB-denominated ordinary share	17,257,945.00
Industrial and Commercial Bank of China Limited - China-Europe Healthcare Hybrid Securities Investment Fund	14,242,403.00	RMB-denominated ordinary share	14,242,403.00
China Construction Bank Corporation - E Fund CSI 300 Healthcare Exchange Traded Fund	13,696,532.00	RMB-denominated ordinary share	13,696,532.00
China Construction Bank Corporation - E Fund CSI 300 Trading Open Index Initiated Securities Investment Fund	11,222,232.00	RMB-denominated ordinary share	11,222,232.00
National Social Security Fund - Profile 110	10,983,604.00	RMB-denominated ordinary share	10,983,604.00
China Construction Bank Co., Ltd. - ICBC Credit Suisse Frontier Medical Equity Investment Fund	10,000,000.00	RMB-denominated ordinary share	10,000,000.00

Explanation on associated relationships or concerted actions among the above-mentioned shareholders	The Company did not know whether there was any relationship among the above shareholders, or whether they were parties acting in concert.
Description of the participation in margin trading business of the top 10 shareholders (if any)	As of the end of the current reporting period, none of the top 10 common shareholders of the Company held shares of the Company through securities margin trading accounts.

Participation of shareholders with a shareholding ratio of over 5%, top 10 shareholders, and top 10 shareholders holding tradable shares without trading restriction conditions in refinancing lending

☑ Applicable □ N/A

Unit: Share

Participation of shareholders with a shareholding ratio of over 5%, top 10 shareholders, and top 10 shareholders holding tradable shares without trading restriction conditions in refinancing lending								
Name of shareholder (full name)	Shareholding in common accounts and credit accounts at the beginning of the period		Shares lent and not returned at the beginning of the period		Shareholding in common accounts and credit accounts at the end of the period		Shares lent and not returned at the end of the period	
	Total number	Proportion in total share capital	Total number	Proportion in total share capital	Total number	Proportion in total share capital	Total number	Proportion in total share capital
China Construction Bank Corporation - E Fund CSI 300 Healthcare Exchange Traded Fund	12,896,932.00	0.74%	328,500	0.02%	13,696,532.00	0.78%	0	0.00%
China Construction Bank Corporation - E Fund CSI 300 Trading Open Index Initiated Securities Investment Fund	2,462,532.00	0.14%	12,800	0.00%	11,222,232.00	0.64%	0	0.00%
Industrial and Commercial Bank of China Limited - Huatai-PineBridge CSI 300 Exchange Traded Fund	6,639,145.00	0.38%	17,500	0.00%	17,257,945.00	0.98%	0	0.00%

Change in the top 10 shareholders or the top 10 shareholders holding tradable shares without trading restrictions compared with the

end of the previous period due to shares lent/returned through conversions

□ Applicable ☑ N/A

(II) Total number of preferred shareholders of the Company and shareholdings of top 10 shareholders

□ Applicable ☑ N/A

III. Other Important Matters

☑ Applicable □ N/A

(I) Overview of the Company's overall operations during the reporting period

During the reporting period, the Company faced numerous uncertainties in the macro-environment and profound changes and challenges within China's pharmaceutical industry. Despite these, the Company earnestly implemented its annual operation plan, operated in a standardized and stable manner, and proactively advanced various operation management tasks in line with its medium and long-term development strategy, resulting in stable growth in overall performance.

From January to September 2024, the Company achieved the operating revenue of 31.478 billion yuan, up 3.56% year on year, the net profit attributable to shareholders of listed companies of 2.562 billion yuan, up 17.05% year on year, and the net profit attributable to shareholders of listed companies after deducting non-recurring gains/losses of 2.482 billion yuan, up 14.90% year on year. From January to September 2024, after deducting the equity incentive expenses and the profits and losses of participating and holding R&D institutions, the Company achieved the net profit attributable to shareholders of listed companies after deducting non-recurring gains/losses of 2.739 billion yuan, up 26.81% compared with the net profit attributable to shareholders of listed companies after deducting non-recurring gains/losses in the same period in 2023.

In Q3 2024, the Company continued its favorable growth trend in the first half of the year. The Company achieved the total operating revenue of 10.513 billion yuan, up 5.03% year on year. The net profit attributable to shareholders of listed companies was 866 million yuan, up 14.71% year on year. The net profit attributable to shareholders of listed companies after deducting non-recurring gains/losses was 857 million yuan, up 16.93% year on year.

From January to September 2024, the Company's pharmaceutical industry segment achieved the operating revenue of 9.941 billion yuan (including CSO business), up 10.53% year on year, and the net profit attributable to the parent company of 2.140 billion yuan, up 14.49% year on year. Among them, in Q3 2024, the pharmaceutical industry segment achieved the operating revenue of 3.243 billion yuan (including CSO business), up 10.32% year on year, and the net profit attributable to the parent company of 755 million yuan, up 20.44% year on year.

During the reporting period, the Company's pharmaceutical business segment witnessed continuous and stable growth as a whole. From January to September 2024, the segment achieved the operating revenue of 20.571 billion yuan, up 1.38% year on year, and the net profit of 323 million yuan, up 2.09% year on year.

During the reporting period, the Company's aesthetic medicine segment witnessed stable growth as a whole. From January to September 2024, the segment achieved the total operating revenue of 1.909 billion yuan (excluding internal offsetting factors), up 1.90% year on year. Sinclair, the Company's wholly-owned subsidiary and the global operating platform of its aesthetic medicine business based in the UK, proactively expanded sales of its aesthetic medicine injection, fillers and EBD products globally. During the reporting period, affected by sluggish global economic growth and other factors, Sinclair achieved the operating revenue of about 776 million yuan from January to September 2024, down 20.30% year on year. From January to September 2024, Sinclair (Shanghai), the Company's wholly-owned subsidiary for its aesthetic medicine business, achieved the operating revenue of 909 million yuan, up 10.31% year on year, witnessing continuous improvement in profitability and making important contribution to the continuous growth of the Company's overall performance. In the future, the Company will intensify its efforts to integrate global resources and will continue to advance the registration, admission, global coverage in potential markets, and market share expansion of its core products. Currently, the Company has comprehensively facilitated the registration of its products in key overseas aesthetic medicine markets. Sinclair's entire injection portfolio has been registered and launched in over ten core markets in the Middle East. Additionally, more than half of the procedures for registering its EBD core products in the Middle East's key markets have been completed. The registration of various core injectable products, such as Ellans é® S, MaiLi, and KIO015, is actively progressing in the U.S. With the gradual launch of its core product lines in key overseas markets, the Company is expected to enhance its brand impact and core competitiveness, thereby continuously fueling its growth in the international aesthetic medicine sector. In the meantime, the Company will facilitate the launch of its high-end aesthetic medicine products in the domestic market and continue to enrich its product portfolio to capitalize on the emerging growth of Huadong Medicine's aesthetic medicine business.

During the reporting period, the Company made active progress in the international market expansion of its industrial microbiology segment, witnessing a favorable overall growth trend. From January to September 2024, the segment achieved operating revenue of 443 million yuan, up 30.17% year on year. With the continuous expansion of its overseas markets and a constant increase in the number of clients, the industrial microbiology segment is expected to maintain rapid growth.

(II) R&D situation

1. Overall R&D situation

During the reporting period, being "Scientific Research-based and Patient-centered", the Company further devoted itself to the treatment in the fields of endocrinology, autoimmunity and oncology, continuously increased the R&D input, kept enriching the layout of innovative medicine R&D, enhanced the construction of innovative R&D ecology and technological platform, and actively advanced the progress of clinical trials, with multiple major staged achievements made. From January to September 2024, the Company's R&D investment in the pharmaceutical industry (excluding equity investment) was 1.607 billion yuan, up 0.60% year on year. Among them, direct R&D expenditure was 1.149 billion yuan, up 12.41% year on year, which accounts for 11.69% of the operating revenue of the pharmaceutical industry.

2. Innovative R&D lines

The Company placed the focus of its innovative R&D on three core fields of oncology, endocrinology and autoimmunity. To date, there have been over 70 innovative product lines. As its product lines are continuously enriched, the Company has constantly expanded its innovative medicine field to the R&D of multiple types of medicines including small-molecule medicines, polypeptides, ADCs, bispecific or multispecific antibody medicines, as well as the exploration towards innovative therapies for diseases in the fields of endocrinology, autoimmunity and oncology.

3. Progress of R&D of innovative medicines, innovative medical apparatuses and biosimilar medicines

Oncology

The Company endeavored to build the world's leading platform for R&D of innovative cancer medicines and established more than 30 innovative antineoplastic medicines covering targeted small-molecule medicines, ADCs, antibodies, PROTAC, etc. through discovery, screening and verification of new targets in preliminary R&D of medicines.

The marketing authorization application in China of ELAHERE® (R&D code: IMGN853, HDM2002), the world's first-in-class Mirvetuximab Soravtansine Injection, introduced by the Company, for platinum-resistant ovarian cancer, was accepted and is now under comprehensive review. Passing the innovative policy approval of "Hong Kong & Macao Registered Medicine Access to GBA Program" in August 2024, the product was launched in the Guangdong-Hong Kong-Macao Greater Bay Area to benefit more patients.

The marketing authorization application of Mefatinib Tablet, the Company's first-class new medicine, for the first-line treatment of Locally Advanced or Metastatic Non-small Cell Lung Cancer (NSCLC) patients with an exon L858R mutation in EGFR 21 was accepted in May 2024. The clinical

and pharmaceutical inspections were completed in September and October 2024, respectively, and the application is now under review.

HDM2005, an ADC product independently developed by the Company and receptor tyrosine kinase-like orphan receptor 1 (ROR1), is used for the treatment of advanced malignant neoplasm. The Company completed the enrollment of the first subject in clinical trial in China in August 2024. At present, the study is in the stage of third dose escalation.

The IND application in China of HPK-1 PROTAC (hematopoietic progenitor kinase1 proteolysis targeting chimera), the Company's first self-developed small-molecule anti-tumor medicine HDM2006, was approved in October 2024. The product is used for the treatment of advanced solid tumors.

The IND application in China of HDM2027 (HDP-101), an innovative medicine introduced by the Company, was approved in October 2024. The product is used for the treatment of clonal hematological diseases with positive B cell maturation antigen (BCMA), such as recurrent/refractory multiple myeloma.

The company's self-developed ADC products with innovative targets, HDM2020, HDM2012 and HDM2017, have completed PCC confirmation and entered the IND R&D stage. IND applications in China and the U.S. are expected to be submitted in 2025.

Endocrinology

HDM1002, an oral small-molecule GLP-1 receptor stimulant developed independently by the Company, completed the enrollment of all subjects for clinical trial for overweight or obesity phase II indications. The top-line results are expected to be obtained in October 2024. The pre-III phase communication is expected to be conducted in Q4 2024. In the meantime, the enrollment of the first subject for clinical trial for diabetes mellitus phase II indication was completed.

Phase Ia and phase Ib clinical trials in China of the GLP-1/GIPR dual-target long-acting agonist HDM1005 independently developed by the Company are smoothly progressing. It is anticipated that the phase Ia clinical research report and the top-line results from phase Ib (Part I) will be available in Q4 2024. Phase II clinical trial is expected to be initiated in early 2025.

DR10624, a multiple agonist targeting FGF21R/GCGR/GLP-1R developed by Zhejiang Doer Biologics Co., Ltd., a holding subsidiary of the Company, is currently undergoing phase Ib/IIa clinical trials for obesity with hypertriglyceridemia in New Zealand. The phase II clinical trial for severe hypertriglyceridemia in China has been initiated, and the enrollment and dosing of the first subject have been completed.

To date, Semaglutide Injection has completed the enrollment of all subjects in the phase III clinical study for diabetes indication. It is expected that the main endpoint data will be obtained and pre-BLA communication will be submitted in Q4 2024. IND application for Semaglutide Injection for weight management has been approved by the end of September 2024.

Insulin Degludec Injection completed the enrollment of all subjects during phase III clinical study. It is expected that main end-point data will be obtained in Q4 2024.

Insulin Degludec and Insulin Aspart Injection completed the enrollment of the first subject during phase III clinical study in August 2024.

Autoimmunity

The Company has had over 10 varieties of biomedicines and small-molecule innovative products in the field of autoimmunity.

Rilonacept for Injection (ARCALYST®), a globally innovative product from Kiniksa in the U.S., is used for the treatment of Cryo-Pyrin-Associated Periodic Syndromes (CAPS) and recurrent pericarditis (RP). The marketing authorization applications for both CAPS and RP are currently under review.

The marketing authorization application in China of HDM3001 (QX001S), a biological similar of Ustekinumab for plaque psoriasis developed by the Company in cooperation with Qyuns Therapeutics, is under comprehensive review.

The innovative medicine HDM3016 (QX005N) in cooperation with Qyuns Therapeutics completed enrollment of the first subject for phase III clinical study for two indications of prurigo nodularis and atopic dermatitis in May 2024.

The products in cooperation with Arcutis of the U.S., Roflumilast Cream (0.3%) for plaque psoriasis in patients aged 6 or above, Roflumilast Foam (0.3%) for seborrheic dermatitis in patients aged 9 or above, and Roflumilast Cream (0.15%) for atopic dermatitis in adults and children aged 6 or above, have all been approved by the FDA. In September 2024, Arcutis announced that the FDA has accepted their sNDA for Roflumilast Foam (0.3%) to treat scalp and body psoriasis in adults and adolescents aged 12 or above. In addition, the IND applications for Roflumilast Cream for the indications of atopic dermatitis and plaque psoriasis in China were approved in September 2024. The enrollment of the first subject is expected to be completed in Q4 2024.

Innovative pharmaceutical devices

The Dynamic Monitoring System of Glomerular Filtration Rate and Relmapirazin Injection jointly developed by the Company and MediBeacon, Inc. of the U.S. are both under registration

review stage in China. Additionally, MediBeacon has submitted all documents regarding the marketing authorization application of the MediBeacon® Dynamic Monitoring System of Glomerular Filtration Rate (including the dynamic monitoring system and Relmapirazin Injection) to the FDA by means of rolling submission, which was formally accepted in July 2023 and is now under review. To date, all clinical, pharmaceutical, and medical device production inspections have been completed.

4. Approval of generic medicines

S/N	Type	Project name	Specification	Time of Approval
1	Anticoagulant	Fondaparinux Sodium Injection	2.5 mg/0.5 mL, 5 mg/0.4 mL, 7.5 mg/0.6 mL, 10 mg/0.8 mL	Approved by FDA of the U.S. in August 2024

5. Progress of aesthetic medicine registration

(1) Progress of aesthetic medicine products in China

S/N	Type	Product Designation	Purpose	Latest Progress
1	Injections	MaiLi Extreme Hyaluronic acid	Facial filling	Supplementary notice on opinions received from the Center for Medical Device Evaluation, NMPA in July 2024; pre-review submitted in September; currently under technical review
2	Injections	MaiLi Precise Hyaluronic acid	Facial filling	Enrollment of all subjects for clinical trial completed in April 2024; all follow-ups for main end-point expected to be completed by the end of 2024
3	Injections	Ellansé-M	Facial filling	Clinical follow-ups of main end-point of all subjects for clinical trial in China completed in the middle of 2024; 18-month safety follow-up in progress
4	Injections	LanlumaV Poly-l-lactic Acid	Facial filling	Enrollment of the first subject for clinical trial in China completed in June 2024; national enrollment of subjects in progress
5	Injections	KIO015	Facial skin improvement	Expert seminar on clinical trial scheme completed in October 2024; all pre-trial work progressed orderly
6	Injections	Recombinant botulinum toxin type A	Treatment of moderate to severe frown lines	Collaborative product with Chongqing Yuyan. A clinical summary meeting held on September 12 organized by 16 research centers. The phase III clinical trial showed a high degree of consistency with the completed phase I/II clinical results; its effectiveness, safety and immunogenicity have reached the established end-point of clinical trials, and it is superior to the control medicines.
7	Energy based devices	V20	Improvement of skin wrinkles, hair removal, benign pigmented epidermis and skin lesions, benign skin vascular lesions	Approved in September 2024

			and inflammatory acne	
8	Energy based devices	V30	Improvement of body and facial wrinkles, benign skin lesions, benign vascular lesions, benign pigmented lesions, inflammatory acne, hair removal, etc.	To be submitted for registration
9	cosmetic devices	Prême DermaFacial	Facial skin management	Pre-launching work in preparation

(2) Progress of overseas registration of cosmetic medicine products

In the meantime, the Company has continued to plan and promote the overseas registration of its aesthetic medicine products. The MaiLi series of products received approval in Singapore in June 2024, and a new product launch conference took place on July 30. KIO015, a dermal filler for injection, is currently undergoing technical review for EU CE certification and is expected to receive the certification in 2025. Currently, the Company has registered and launched all its injection products, including regenerative materials (Ellansé® and Lanluma®), hyaluronic acid fillers (MaiLi and Perfectha®), and thread lifting products (Silhouette Soft® and Silhouette Instalift®), in over ten major Middle Eastern markets. Additionally, the registrations of EBD core products like Cooltech, Elysion, and the Primelase series are being actively promoted, with more than half of the registration procedures completed in key markets. Ellansé® S has been approved for clinical in the U.S. and clinical trial enrollment are scheduled to begin in Q4 2024. In the meantime, the Company has started the registration of the hyaluronic acid filler MaiLi in the U.S., and is actively preparing for the registration and clinical trials of other injection products such as KIO015.

(III) BD cooperation as of the date of the Report

On July 12, 2024, the Company's wholly-owned subsidiary Zhongmei Huadong signed the Exclusive Product License Agreement with Suzhou Auzone Biological Technology Co., Ltd. According to the agreement, Zhongmei Huadong obtained the exclusive license of the globally innovative product TTYP01 Tablets (Edaravone Tablets) in Chinese mainland, Hong Kong, Macao and Taiwan, including rights for development, registration, production and commercialization. Please refer to the *Announcement on Signing an Exclusive Permit Agreement for Products by a Wholly-owned Subsidiary with Auzone* (Announcement No.: 2024-060) disclosed by the Company on Cninfo (http://www.cninfo.com.cn) for details.

On July 19, 2024, the Company's wholly-owned subsidiary Zhongmei Huadong signed the Cooperative Development and Market Promotion Service Agreement on QX005N with its shareholding company Qyuns Therapeutics Co., Ltd. Listed on the Stock Exchange of Hong Kong with the stock code of 2509.HK. According to the agreement, Zhongmei Huadong obtained the exclusive cooperative development rights, exclusive market promotion option and preferential cooperation right to transfer the marketing authorization holder of QX005N of Qyuns Therapeutics in Chinese mainland, Hong Kong SAR, Macao SAR and Taiwan, China. Please refer to the *Announcement on Signing a Cooperative Development and Market Promotion Service Agreement for Products by a Wholly-owned Subsidiary* (Announcement No.: 2024-061) disclosed by the Company on Cninfo (http://www.cninfo.com.cn) for details.

On July 19, 2024, to further enhance the Company's core competitiveness in the field of traditional Chinese medicine and enrich its product lines of external preparations, the Company and its wholly-owned subsidiary Huadong Medicine (Xi'an) Bohua Pharmaceutical Co., Ltd. signed the *Agreement on Acquiring the Equity of Guizhou HengBa Pharmaceutical Limited Liability Company* with Guizhou HengBa Pharmaceutical Limited Liability Company and its original shareholders. According to the agreement, Bohua Pharmaceutical acquired 100% equity of HengBa Pharmaceutical. The transaction base price was 528.47 million yuan and floating consideration would be paid as agreed in the agreement. Please refer to the *Announcement on Acquisition of 100% Equity of Guizhou HengBa Pharmaceutical Limited Liability Company* (Announcement No.: 2024-064) disclosed by the Company on Cninfo (http://www.cninfo.com.cn) for details.

On August 2, 2024, the Company's wholly-owned subsidiary Huadong Medicine (Hangzhou) Co., Ltd. signed an Exclusive Commercialization Cooperation Agreement with Beijing Imunopharm Technology Co., Ltd. According to the agreement, Huadong Medicine Hangzhou obtained the exclusive commercialization rights of CD19-targeting autologous CAR-T candidate product IM19 chimeric antigen receptor T cell injection in Chinese mainland ("licensed area"). Please refer to the *Announcement on Signing an Exclusive Commercialization Cooperation Agreement for Products by a Wholly-owned Subsidiary* (Announcement No.: 2024-065) disclosed by the Company on Cninfo (http://www.cninfo.com.cn) for details.

On August 14, 2024, the Company's wholly-owned subsidiary Zhongmei Huadong signed an

Exclusive Product License Agreement with IMBiologics Corp. (“IMB”) from the Republic of Korea. According to the agreement, Zhongmei Huadong obtained the exclusive license of two globally innovative autoimmune products of IMB-101 and IMB-102 in 37 Asian countries including China (excluding Japan, Republic of Korea and North Korea), including development, registration, production and commercialization rights. Please refer to the Announcement on *Signing an Exclusive License Agreement for Products by a Wholly-owned Subsidiary with IMBiologics* (Announcement No.: 2024-071) disclosed by the Company on Cninfo (http://www.cninfo.com.cn) for details.

On September 20, 2024, Huadong Medicine (Hangzhou) Co., Ltd., a wholly-owned subsidiary of our company, reached an exclusive strategic cooperation with Huisheng Biopharmaceutical Co., Ltd. Huisheng is a non-wholly-owned subsidiary of Hainan Sihuan Pharmaceutical Co., Ltd. (Stock Code: 00460.HK). The cooperation concerns the commercial rights and interests of their approved innovative product, Huiyoujing (Ganagliflozin Proline Tablets), in the Chinese mainland. Huiyoujing is an SGLT-2 inhibitor for the treatment of type 2 diabetes approved by Huisheng Pharma in China.

(IV) Receptions, including research, communication and interviews, undertaken during the reporting period

Reception date	Reception address	Reception method	Type of visitor	Reception object	Main content of discussion and information provided	Index of basic information of the research
August 16, 2024	Conference Room of the Company	Online meeting	Institution and individual	Hua Chuang Securities, CSC Financial, Citic Securities, etc.	2024 Interim Performance Exchange Meeting of Huadong Medicine	Please refer to the *Record of Investor Relations Activities on August 16, 2024* presented on the websites of irm.cninfo.com.cn and cninfo.com.cn for details.

IV. Quarterly Financial Statements

(I) Financial statements

1. Consolidated balance sheet

Prepared by: Huadong Medicine Co., Ltd.

September 30, 2024

Unit: yuan

Item	Closing balance	Opening balance

Current assets:		
Monetary funds	4,739,290,249.11	4,663,378,011.64
Deposit reservation for balance		
Lendings to banks and other financial institutions		
Trading financial assets		
Derivative financial assets		16,434,493.97
Notes receivable		6,812,089.97
Accounts receivable	9,959,874,617.50	7,455,250,690.83
Receivables financing	615,997,329.90	1,434,366,300.69
Prepayments	453,619,057.35	279,207,655.40
Premium receivable		
Reinsurance accounts receivable		
Reinsurance contract reserve receivable		
Other accounts receivable	526,012,334.37	291,135,104.33
Including: Interest receivable		
Dividends receivable	223,608.84	2,623,608.84
Financial assets purchased for resale		
Inventory	4,906,568,632.85	4,290,214,266.03
Including: Data resources		
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	52,102,427.05	59,881,757.08
Total current assets	21,253,464,648.13	18,496,680,369.94
Non-current assets:		
Loans and advances issued		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investment	1,504,680,048.89	1,535,907,809.85
Investment in other equity instruments	597,327,085.25	565,223,872.68
Other non-current financial assets		
Investment real estate	12,056,372.93	12,746,181.87
Fixed assets	4,151,614,313.81	4,140,144,817.51
Works in progress	956,356,801.65	913,147,212.17
Productive biological assets		
Oil and gas assets		
Right-of-use assets	163,209,658.39	151,175,007.16
Intangible assets	2,548,279,294.67	2,333,787,357.62
Including: Data resources		
Development expenses	1,220,784,671.74	992,532,091.86
Including: Data resources		
Goodwill	2,909,064,173.67	2,598,696,062.31
Long-term unamortized expenses	21,569,252.06	20,053,854.34
Deferred income tax assets	232,727,968.46	187,808,574.44
Other non-current assets	1,924,119,435.95	1,561,458,605.23
Total non-current assets	16,241,789,077.47	15,012,681,447.04
Total assets	37,495,253,725.60	33,509,361,816.98
Current liabilities:		
Short-term borrowings	1,833,368,155.46	822,380,292.37
Borrowings from the central bank		
Borrowings from other banks and other financial institutions		
Trading financial liabilities		

Derivative financial liabilities		
Notes payable	2,766,860,378.77	1,727,420,960.30
Accounts payable	4,856,894,594.16	4,374,832,979.95
Advance receipts	1,707,483.62	1,393,551.48
Contract liabilities	128,171,949.61	135,459,275.17
Expense for financial assets sold for repurchase		
Deposits from customers and interbank		
Receivings from vicariously traded securities		
Receivings from vicariously underwriting securities		
Employee compensation payable	208,737,763.77	359,148,474.25
Taxes and dues payable	536,518,574.86	489,385,055.57
Other accounts payable	3,606,014,657.41	2,518,621,382.87
Including: Interests payable		
Dividends payable	143,024,219.60	143,024,219.60
Fees and commissions payable		
Reinsurance accounts payable		
Liabilities held for sale		
Non-current liabilities due within one year	378,428,427.31	359,342,623.38
Other current liabilities	16,262,707.17	14,621,494.85
Total current liabilities	14,332,964,692.14	10,802,606,090.19
Non-current liabilities:		
Reinsurance contract reserves		
Long-term borrowings	67,979,467.42	520,759,460.07
Bonds payable		
Including: Preferred share		
Perpetual bonds		
Lease liabilities	88,779,151.93	56,695,158.59
Long-term accounts payable	24,144,309.00	107,251,248.59
Long-term employee compensation payable		
Estimated liabilities	37,294,797.00	37,184,074.06
Deferred income	147,307,332.45	171,056,435.34
Deferred income tax liabilities	180,093,287.69	184,373,974.04
Other non-current liabilities	46,192,650.00	47,170,650.00
Total non-current liabilities	591,790,995.49	1,124,491,000.69
Total liabilities	14,924,755,687.63	11,927,097,090.88
Owners' equity:		
Share capital	1,754,262,548.00	1,754,425,348.00
Other equity instruments		
Including: Preferred share		
Perpetual bonds		
Capital reserve	2,487,606,390.48	2,446,313,774.82
Minus: Treasury stock	80,458,069.07	84,519,369.07
Other comprehensive income	-22,665,647.88	-40,341,544.18
Special reserves		
Surplus reserves	1,277,779,972.18	1,277,779,972.18
General risk reserves		
Undistributed profit	16,624,852,605.71	15,693,951,574.91
Total owners' equity attributable to the parent company	22,041,377,799.42	21,047,609,756.66
Minority interests	529,120,238.55	534,654,969.44
Total owners' equity	22,570,498,037.97	21,582,264,726.10

Total liabilities and owners' equity	37,495,253,725.60	33,509,361,816.98

Legal Representative: Lv Liang Officer In Charge of Accounting: Lv Liang Head of Accounting Department: Qiu Renbo

2、Consolidated income statements from the beginning of the year to the end of the reporting period

Unit: yuan

Item	Amount incurred in the current period	Amount incurred in the previous period
I. Total operating revenue	31,477,654,750.50	30,394,530,509.51
Including: Operating revenue	31,477,654,750.50	30,394,530,509.51
Interest revenue		
Premiums earned		
Fees and commissions revenue		
II. Total operating costs	28,288,811,654.13	27,539,505,233.90
Including: Operating costs	21,231,803,408.72	20,711,433,505.92
Interest expense		
Fees and commissions expenditures		
Surrender value		
Net payments for insurance claims		
Net provision for insurance liabilities		
Policy dividend expenditures		
Reinsurance expenses		
Taxes and surcharges	163,791,954.73	155,063,860.73
Selling expenses	4,727,512,478.83	4,662,350,509.65
Management expenses	1,179,023,165.24	1,105,836,120.39
R&D expenses	948,662,894.53	840,788,063.58
Financial expenses	38,017,752.08	64,033,173.63
Including: Interest expense	86,594,008.13	84,321,926.54
Interest revenue	80,012,995.89	61,683,137.57
Plus: Other incomes	168,982,096.89	70,617,560.34
Investment income (loss expressed with "-")	-86,710,253.53	-168,842,873.72
Including: Investment income in associates and joint ventures	-54,563,003.59	-145,314,249.10
Income from derecognition of financial assets measured on the basis of amortization costs		
Exchange earnings (loss expressed with "-")		
Net income of exposure hedge (loss expressed with " − ")		
Income from changes in fair value (loss expressed with "-")		-6,616,639.87
Credit impairment loss (loss expressed with "-")	-57,939,915.17	-42,022,538.00
Asset impairment loss (loss		-3,175,583.57

expressed with “-”)		
Proceeds from disposal of assets (loss expressed with “-”)	2,177,150.46	3,587,637.81
III. Operating profit (loss expressed with “-”)	3,215,352,175.02	2,708,572,838.60
Plus: Non-operating incomes	7,442,671.20	3,536,981.13
Minus: Non-operating expenses	88,911,294.16	24,000,149.00
IV. Total profit (total loss expressed with “-”)	3,133,883,552.06	2,688,109,670.73
Minus: Income tax expense	571,279,294.45	494,560,848.37
V. Net profit (net loss expressed with “-”)	2,562,604,257.61	2,193,548,822.36
(I) Classification by continuity of operation		
1. Net profits from continuing operations (net loss expressed with “-”)	2,562,604,257.61	2,193,548,822.36
2. Net profit from discontinued operations (net loss expressed with “-”)		
(II) Classification by ownership		
1. Net profit attributable to the owners of the parent company	2,562,326,688.45	2,189,046,844.62
2. Minority interest income	277,569.16	4,501,977.74
VI. Net of tax of other comprehensive income	17,675,896.30	-3,888,970.61
Net of tax of other comprehensive income attributable to the owner of the parent company	17,675,896.30	-3,888,970.61
(I) Other comprehensive income that cannot be reclassified into the profits and losses	-6,582,969.35	-1,453,894.59
1. Change from re-measurement of defined benefit plan		
2. Other comprehensive income that cannot be included in the profits and losses under the equity method		
3. Changes in fair value of investment in other equity instruments	-6,582,969.35	-1,453,894.59
4. Changes in fair value by the enterprise’s credit risks		
5. Others		
(II) Other comprehensive income that can be reclassified into the profits and losses	24,258,865.65	-2,435,076.02
1. Other comprehensive income that can be transferred to the profit and loss under the equity method		
2. Changes in fair value of investments in other debt investments		
3. Financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedging reserves		5,871,618.93
6. Converted difference in foreign currency financial statements	24,258,865.65	-8,306,694.95
7. Others		
Net of tax of other comprehensive income attributable to minority		

shareholders		
VII. Total Comprehensive Income	2,580,280,153.91	2,189,659,851.75
Total comprehensive income attributable to the owner of the parent company	2,580,002,584.75	2,185,157,874.01
Total comprehensive income attributable to minority shareholders	277,569.16	4,501,977.74
VIII. Earnings per share:		
(I) Basic earnings per share	1.4644	1.2510
(II) Diluted earnings per share	1.4639	1.2503

If there is a business combination under common control in this period, the net profit of the combined party before the combination is RMB 0.00, and the net profit of the combined party in the previous period is RMB 0.00.

Legal Representative: Lv Liang Officer In Charge of Accounting: Lv Liang Head of Accounting Department: Qiu Renbo

3、Consolidated cash flow statements from the beginning of the year to the end of the reporting period

Unit:yuan

Item	Amount incurred in the current period	Amount incurred in the previous period
I. Cash flows from operating activities:		
Cash received from selling goods and providing services	33,334,628,825.63	32,682,451,836.29
Net increase in deposits from customers as well as banks and other financial institutions		
Net increase in borrowings from the central bank		
Net increase in borrowings from other financial institutions		
Cash received from the original insurance contract premium		
Net cash received from reinsurance business		
Net increase in savings and investment funds of policyholders		
Cash for interest, fees and commissions		
Net increase in borrowings from banks and other financial institutions		
Net increase in funds from repurchase business		
Net cash received from securities trading agency		
Refund of taxes and fees received	15,628,115.69	53,209,369.56
Other cash received related to business activities	566,037,648.66	594,342,751.13
Subtotal of cash inflow from operating activities	33,916,294,589.98	33,330,003,956.98
Cash paid for purchases of goods and services	21,947,910,270.08	21,403,392,127.90
Net increase in customer loans and advance payments		
Net increase in deposits with the central bank and interbank		

Cash for payment of the original insurance contract		
Net increase in lendings to banks and other financial institutions		
Cash for interest, handling fees and commissions		
Cash for payment of dividends on policies		
Cash paid to and for employees	3,446,050,305.28	2,731,357,413.23
Various taxes and fees paid	1,962,213,221.83	2,018,766,158.13
Payment of other cash related to business activities	4,053,717,983.88	4,927,210,373.91
Subtotal of cash outflows from operating activities	31,409,891,781.07	31,080,726,073.17
Net cash flow from operating activities	2,506,402,808.91	2,249,277,883.81
II. Cash flows arising from investment activities:		
Cash received from investment recovery	1,000,000.00	
Cash received from obtaining investment income	45,200,000.00	76,500,000.00
Net cash recovered from disposal of fixed assets, intangible assets and other long-term assets	2,528,623.35	5,487,494.29
Net cash received from disposal of subsidiaries and other business units		
Other cash received related to investment activities	263,981,767.12	143,241,408.53
Subtotal of cash inflows from investing activities	312,710,390.47	225,228,902.82
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	930,485,860.82	960,170,505.01
Cash paid for investment	152,360,852.87	71,474,250.00
Net increase in pledged loans		
Net cash paid for acquisition of subsidiaries and other business entities	348,814,981.61	137,922,688.09
Payments of other cash related to investing activities	485,504,341.65	3,582,952.58
Subtotal of cash outflows from investing activities	1,917,166,036.95	1,173,150,395.68
Net cash flows from investing activities	-1,604,455,646.48	-947,921,492.86
III. Cash flows arising from financing activities:		
Cash received by absorbing investment		10,800,300.00
Including: Cash received by subsidiaries from minority shareholders' investment		
Cash received from obtaining loans	3,543,115,046.17	3,618,149,860.84
Other cash received related to financing activities	343,706,321.33	725,958,879.33
Subtotal of cash inflows from financing activities	3,886,821,367.50	4,354,909,040.17
Cash paid for debt repayment	2,930,078,520.91	4,202,280,794.93

Cash paid to distribute dividends, profits or pay interest	1,751,880,188.48	658,879,966.42
Including: Dividends and profits paid by subsidiaries to minority shareholders	5,994,660.00	15,728,000.00
Payment of other cash related to financing activities	366,279,261.77	712,063,268.70
Subtotal of cash outflows from financing activities	5,048,237,971.16	5,573,224,030.05
Net cash flow from financing activities	-1,161,416,603.66	-1,218,314,989.88
IV. Impact of exchange rate changes on cash and cash equivalents	21,363,561.91	-20,487,569.21
V. Net increase in cash and cash equivalents	-238,105,879.32	62,553,831.86
Plus: Opening balance of cash and cash equivalents	4,208,160,010.91	3,416,910,702.33
VI. Closing balance of cash and cash equivalents	3,970,054,131.59	3,479,464,534.19

(II) Situation of relevant items of financial statements at the beginning of the current year after the initial implementation of adjustment of the New Accounting Standards in 2024

□Applicable ☑Not applicable

(III) Audit report

Has the Third Quarterly Report been audited?

□Yes ☑No

The Third Quarterly Report of the Company has not been audited.

Board of Directors of Huadong Medicine Co., Ltd.

October 25, 2024