

# **Huadong Medicine Co., Ltd.**

## **The First Quarterly Report 2021**

**April 2021**

## **Section I Important Declaration**

**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 report is authentic, accurate and complete and free of any false records, misleading statements or material omissions, and shall undertake individual and joint legal liabilities.**

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

**Lv Liang, the Company’s legal representative and the officer in charge of accounting, and Qiu Renbo, head of accounting department (accounting supervisor) hereby declare and guarantee that the financial statements in this quarterly report are authentic, accurate and complete.**

**According to “Stock Listing Rules of the Shenzhen Stock Exchange” , if listed companies have both Chinese or 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.**

## Section II Company Profile

### I. Key Accounting Data and Financial Indicators

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

Yes  No

	The current reporting period	Same period last year	Change of the current reporting period over the same period last year
Operating revenue (yuan)	8,896,632,277.36	8,598,069,911.29	3.47%
Net profit attributable to shareholders of listed companies (yuan)	758,380,756.56	1,147,278,457.64	-33.90%
Net profit attributable to shareholders of listed companies after deducting non-recurring gains/losses (yuan)	695,792,411.78	856,930,262.10	-18.80%
Net cash flow from operating activities (yuan)	302,314,164.48	218,779,623.89	38.18%
Basic earnings per share (yuan/share)	0.4334	0.6557	-33.90%
Diluted earnings per share (yuan/share)	0.4334	0.6557	-33.90%
Weighted average return on equity (ROE)	5.04%	8.89%	-3.85%
	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 (yuan)	26,096,806,585.74	24,201,348,154.75	7.83%
Net assets attributable to shareholders of listed companies (yuan)	15,266,793,123.79	14,619,821,308.60	4.43%

Items and amounts of non-recurring gains/losses

Applicable  N/A

Unit: RMB yuan

Item	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)	15,675.63	
Government grants included in current gains/losses (excluding those closely related to operating activities, or regular government grants)	76,459,624.41	

Other non-operating income or expenditure	-2,351,230.65	
Less: Amount affected by income tax	11,433,797.38	
Amount affected by minority interest (after tax)	101,927.23	
Total	62,588,344.78	--

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

Applicable  N/A

No such case during the reporting period.

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

### 1. Total number of shareholders of common shares and number of shareholders of preferred shares with voting rights restored, as well as information about top 10 shareholders

Unit: share

Total number of shareholders of common shares at the end of the reporting period	168,355	Total number of shareholders of preferred shares whose voting rights have been restored at the end of the reporting period (if any)	0			
Information about top 10 shareholders						
Name	Nature	Shareholding ratio	Number of shares held	Number of shares held with sale restrictions	Pledged or frozen	
					Status	Number
China Grand Enterprises, Inc.	Domestic non-state-owned legal person	41.77%	730,938,157	0	Pledged	239,970,000
Hangzhou Huadong Medicine Group Co., Ltd.	State-owned legal person	15.69%	274,620,000	0		
Hong Kong Securities Clearing Company Ltd.	Overseas legal person	1.82%	31,905,503	0		
China Securities Finance Co., Ltd.	Other	1.27%	22,186,818	0		
Huaxia Life Insurance Co., Ltd. - own funds	Other	0.61%	10,713,280	0		
National Social	Other	0.45%	7,926,311	0		

Security Fund Portfolio 602						
National Social Security Fund Portfolio 503	Other	0.34%	6,000,000	0		
Basic Endowment Insurance Fund Portfolio 15041	Other	0.30%	5,253,350	0		
#Yang Yushan	Domestic individual	0.29%	5,000,000	0		
#Chen Shaoming	Domestic individual	0.22%	3,764,388	0		
Shares held by the top 10 shareholders of Non- restricted shares						
Name	Number of shares held without sale restrictions	Type of shares				
		Type	Number			
China Grand Enterprises, Inc.	730,938,157	RMB common shares	730,938,157			
Hangzhou Huadong Medicine Group Co., Ltd.	274,620,000	RMB common shares	274,620,000			
Hong Kong Securities Clearing Company Ltd.	31,905,503	RMB common shares	31,905,503			
China Securities Finance Co., Ltd.	22,186,818	RMB common shares	22,186,818			
Huaxia Life Insurance Co., Ltd. - own funds	10,713,280	RMB common shares	10,713,280			
National Social Security Fund Portfolio 602	7,926,311	RMB common shares	7,926,311			
National Social Security Fund Portfolio 503	6,000,000	RMB common shares	6,000,000			
Basic Endowment Insurance Fund Portfolio 15041	5,253,350	RMB common shares	5,253,350			
#Yang Yushan	5,000,000	RMB common shares	5,000,000			
#Chen Shaoming	3,764,388	RMB common shares	3,764,388			
Notes on relations and concerted actions among the shareholders mentioned above	The Company does not know whether the shareholders mentioned above are related parties with each other or whether they are acting-in-concert parties with each other.					
Notes on financing and securities	Hangzhou Huadong Medicine Group Co., Ltd., the second largest shareholder of the					

loan conducted by top 10 shareholders (if any)	<p>Company, holds 288,000,000 shares of the Company, accounting for 16.46% of the total capital stock of the Company. As of the end of the reporting period, 13,380,000 shares of the Company have been transferred to China Securities Finance Corporation for loan.</p> <p>At the end of the current reporting period, Yang Yushan, the ninth shareholder of the Company, held 5,000,000 shares of the Company through financing and securities loan, Chen Shaoming, the tenth shareholder of the Company, held 3,651,388 shares of the Company through financing and securities loan.</p>
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Does any of the Company's top 10 shareholders of common shares or top 10 shareholders without sale restrictions on common shares conduct any agreed repurchase transaction during the reporting period?

Yes  No

No such case during the reporting period.

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

Applicable  N/A

## Section III Substantial Matters

### I. Changes in key financial data and financial indicators during the reporting period and their causes

√ Applicable □ N/A

Unit: RMB yuan

Balance sheet item	End of the period	Beginning of the period	Change rate	Notes on cause of changes
Accounts receivable financing	578,065,866.37	828,659,217.25	-30.24%	Mainly due to the increase of notes collection in the current period
Advance receipts	356,122,946.06	250,916,482.07	41.93%	Mainly due to the increase of prepayment
Other receivables	116,804,796.17	83,073,823.45	40.60%	Mainly due to the increase in provisional payments receivable
Other current assets	51,201,382.80	85,654,691.58	-40.22%	Mainly due to the decrease of input VAT to be deducted at the end of the period
Other non current assets	931,645,777.92	712,069,194.08	30.84%	Mainly due to the increase in the prepayment of equipment purchase and intangible assets purchase at the end of the period
Notes payable	981,406,149.63	554,336,058.71	77.04%	Mainly due to the increase of bill payment in the current period
Long term loan	209,937,945.01	151,611,367.86	38.47%	Mainly due to the increase of long-term loans obtained in the current period
Income statement item	Amount of the current period	Amount of the previous period	Change rate	Notes on cause of changes
Management expenses	277,542,542.53	196,704,190.05	41.10%	Mainly due to the low base in the same period of last year and the increase of salary in the current period
Financial expenses	8,531,468.21	15,759,648.63	-45.87%	Mainly due to the increase of interest income and the decrease of financing cost
Gains on assets disposal	304,336.80	306,269,024.44	-99.90%	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 Mainly due to the disposal of the distribution rights and interests in the Western European market of related products of Sinclair, a British wholly-owned subsidiary of the company, in the same period of last year
investment income	-26,664,999.81	-1,256,335.99	-2022.44%	Mainly due to the increase of discount interest and

				the decrease of net profit of joint ventures in the current period
Other income	76,459,624.41	20,044,478.23	281.45%	Mainly due to the increase of government subsidies
Net profit	774,473,984.45	1,153,425,789.92	-32.85%	Mainly due the higher income from asset disposal of subsidiaries in the same period of last year and the decrease of gross profit of subsidiaries affected by policies in the current period
<b>Cash flow statement item</b>	<b>Amount of the current period</b>	<b>Amount of the previous period</b>	<b>Change rate</b>	<b>Notes on cause of changes</b>
Net cash flows from operating activities	302,314,164.48	218,779,623.89	38.18%	Mainly due to the increase of the collection in the current period
Net cash flows from investing activities	-486,980,878.94	-21,112,417.22	-2206.1%	Mainly due to the increase of equity investment funds in the current period and the transfer of distribution rights and interests of related products in Western European market of Sinclair, a wholly-owned subsidiary of the company in the previous period

## II. Progress and influence of significant events, and explanatory notes of corresponding solutions

Applicable  N/A

Implementation progress of share repurchase

Applicable  N/A

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

Applicable  N/A

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

Applicable  N/A

No such case during the reporting period.

## IV. Financial assets investment

### 1、Securities investment

Applicable  N/A

Unit: RMB yuan

Type of stock	Stock code	Stock for short	Initial investment cost	Accounting measurement	Book value at the beginning	Profit and loss from fair	Accumulative fair value	Purchase amount in the current	Selling amount in the current	Gain/loss during the	Book value at the end of the	Accounting item	Capital source



				model	ng of	value	changes	period	period	reporti	period		
					the	changes	included			ng			
					period	in the	in			period			
						current	equity						
						period							
Domestic and overseas stock	RAPT	RAPT	20,207,400.00	Fair value measurement	23,582,877.56	3,113,977.59	3,113,977.59	0.00	0.00	0.00	26,696,855.15	Other equity instruments investment	Own funds
Total			20,207,400.00	--	23,582,877.56	3,113,977.59	3,113,977.59	0.00	0.00	0.00	26,696,855.15	--	--
Date of announcement of the board of directors on securities investment approval	N/A												
Date of announcement of the board of shareholders on securities investment approval (if any)	N/A												

Notes: In 2019, Huadong Medicine Investment Holding (Hong Kong) Co., Ltd., a subsidiary of the company, invested USD 3 million to purchase 218102 series C-2 preferred shares of RAPT therapeutics, Inc. RAPT therapeutics, Inc was listed on Nasdaq Stock Exchange on October 30, 2019 (Stock Code: RAPT). As of the end of the reporting period, Huadong Medicine Investment Holding (Hong Kong) Co., Ltd. held 183002 shares, accounting for 0.74% of the total shares of RAPT therapeutics, Inc.

## 2、 Derivatives investment

Applicable  N/A

No derivative investment during the reporting period.

## V. Progress of investment projects with raised funds

Applicable  N/A

## VI. Forecast of business performance from January to June in 2021

Warning and explanation of the reason that the accumulated net profit from the beginning of the year to the end of the next reporting period may be a loss or a substantial change compared with the same period of the previous year

Applicable  N/A

**VII. Major contracts for daily operation**

□ Applicable √ N/A

**VIII. Entrusted financial management**

□ Applicable √ N/A

No entrusted financial management during the reporting period.

**IX. Illegal external guarantee**

□ Applicable √ N/A

No illegal external guarantee during the reporting period.

**X. Non operating capital occupation of listed companies by controlling shareholders and their related parties**

□ Applicable √ N/A

No non operating capital occupation of listed companies by controlling shareholders and their related parties during the reporting period.

**XI. Registration form of receptions, including research, communication and interview, undertaken during the reporting period**

√ Applicable □ N/A

Date	Place	Method	Type of visitor	Reception target	Main contents of discussion and materials provided	Index of basic information of the research
February 18, 2021	Company conference room	Communication by phone	Institution	CICC etc.	Huadong Medicine's self-immunity innovative drug introduction and overseas medical beauty energy source company acquisition investor exchange meeting	Please refer to the "Record of Investor Relations Activities on February 18, 2021" published by the company on the Shenzhen Stock Exchange Interactive Easy website and cninfo.com.cn for details.
February 25, 2021	Company conference room	Communication by phone	Institution	Haitong Pharmaceutical, Huatai Securities, etc.	Investor Exchange Meeting	Please refer to the "Record of Investor Relations Activities on February 25, 2021"

						published by the company on the Shenzhen Stock Exchange Interactive Easy website and cninfo.com.cn for details.
March 3, 2021	Company conference room	Communication by phone	Institution	Industrial Securities, Huatai Securities, etc.	Investor Exchange Meeting	Please refer to the "Record of Investor Relations Activities on March 3, 2021" published by the company on the Shenzhen Stock Exchange Interactive Easy website and cninfo.com.cn for details.

## XII. Overview of the Company's operations in the first quarter of 2021

### (1) Overview of operations

During the reporting period, the Company achieved an operating revenue of 8.897 billion yuan, with a year-on-year increase of 3.47%; The net profit attributable to shareholders of listed companies was 758 million yuan with a year-on-year decrease of 33.9%; The net profit attributable to shareholders of listed companies after deducting non recurring profit and loss was 696 million yuan with a year-on-year decrease of 18.80%; The core subsidiary, Zhongmei Huadong, had a stable overall operation. Affected by the price reduction of some products, it realized an operating revenue of 3.092 billion yuan with a year-on-year decrease of 14.58% and a month on month increase of 38.61%; The net profit was 730 million yuan with a year-on-year decrease of 14.60% and a month on month increase of 85.30%; Both the pharmaceutical business and domestic medical aesthetics business showed recovery growth over the same period. The operating income of the pharmaceutical business during the reporting period increased by 16.0% year-on-year. The income from the holding subsidiary Huadong Ningbo medical aesthetics business increased by 63.3%. Although the overseas new crown epidemic has not ended, the British Sinclair company's operating

income still showed a recovery trend, with a year-on-year increase of 12.7%.

During the reporting period, the Company accelerated R&D work and continued to increase R&D investment. The pharmaceutical industry R&D investment totaled 283 million yuan with a year-on-year increase of 2.3%.

The main reasons for the year-on-year decrease in the Company's net profit during the reporting period were as follows: (1) The revenue and gross profit of Acarbose Tablets, the main product of Zhongmei Huadong, both decreased significantly compared with those before the implementation of the national centralized procurement in the previous reporting period (Acarbose Tablets began to fully implement national centralized procurement in April last year, and will not be affected by centralized procurement in the first quarter of 2020); (2) After the successful negotiation of the price reduction of the National Medical Insurance contract in December 2020, the adjusted price of Bailing Capsule (price reduction 33.8%) began to be officially implemented nationwide on March 1, 2021; (3) The company's non-recurring gains and losses in the first quarter of 2020 were 290 million yuan, including the transfer of product regional distribution rights by the British subsidiary Sinclair to Galderma, which obtained a net income of 30.65 million pounds and greatly increased the Company's overall income during the reporting period. No such matters occurred during the reporting period, and other non-recurring gains and losses totaled 63 million yuan, resulting in a further increase in the year-on-year decrease in net profit attributable to shareholders of listed companies.

With the normalization of centralized procurement and the promotion of internal and external sales models, the Company will further deepen innovation and international transformation work and strategy implementation, and accelerate the transformation of internal business units from cost centers to profit centers. Based on the advantages of the Company's various business segments, while comprehensively improving profitability, it also enhances its own comprehensive competitiveness and strives to achieve the goal of full-year profit growth in 2021.

## **(2) Overview of main work**

### **1. Pharmaceutical industry**

Up to the release of the report, the Company's innovative drug business has ushered in a number

of major milestones. Clinical trial application for class 1 new drug IMG853 (Mirvetuximab Soravtansine, a new antibody coupled drug for the treatment of ovarian cancer) was approved by the National Medical Products Administration (NMPA), which planned to carry out an international multicenter phase III study and a phase I study to evaluate the safety, tolerance and pharmacokinetics in Chinese adult patients in the second quarter; Clinical trial application for class 1 new drug MB-102 injection, a fluorescent tracer used to measure glomerular filtration rate, was accepted; Reached an exclusive clinical development and commercialization agreement with Provention Bio and obtained exclusive clinical development and commercialization rights for two clinical indications of the bispecific antibody PRV-3279 in Greater China. One is a phase I study in the US for the treatment of systemic lupus erythematosus, and the other is a preclinical study in the US for the prevention or reduction of immunogenicity of gene therapy.

The Company and Fuguang Hongxin Pharmaceutical Industry Fund jointly invested 35 million yuan to make equity investment in Novacyte Therapeutics, a drug research and development platform company focusing on ADC technology. According to the agreement, the Company has the right to enjoy the preferential transfer right of its products in development before 2026. The company acquired a total of 75% equity of DoerBio at 487.5 million yuan and became its controlling shareholder. DoerBio is a platform-based R&D enterprise engaged in the development of innovative biomacromolecule antibody drugs with independent intellectual property rights in China, and has global rights and interests in all products under research. Among them, one drug candidate for the treatment of gastric cancer and two drug candidates for the treatment of metabolic diseases such as type 2 diabetes and NASH (non-alcoholic fatty liver) are planned to submit clinical trial applications in China in 2021.

Since 2019, Huadong Medicine has successively invested, controlled, and incubated a number of domestic biotechnology companies with leading technology, including investment in peptide technology platform company Peg-Bio, antibody company Qyuns Biotech which focuses on immune diseases, Novacyte Therapeutics which has ADC linker and coupling technology, Huida Biotech which has developed a full product line of ADC drug toxin raw materials, and the multi-antibody platform company DoerBio. Through a series of investment and mergers, Huadong

Medicine R&D ecosystem is gradually formed. The company will integrate and make full use of the comprehensive research and development strength of the above platform, continuously develop new antibodies and peptides based on the superior targets and the specific clinical needs of the company's core therapeutic fields, and do a good job in the international layout.

## 2. Pharmaceutical business

During the reporting period, the pharmaceutical business of the Company accelerated the channel reform of "intra-hospital transfer to out-hospital, offline transfer to online", repositioned the retail market, focused on the development of DTP, in-hospital side-store and featured outpatient department, realized the double dip of variety and management, and created a new development pattern of "online and offline interaction". Through the self-built platform and entered the online public platform, actively expand the Internet marketing business. It has also established the first Internet hospital in Huadong Medicine, officially entering the new field of medical services of "Internet + chronic disease management". It will integrate hospital resources through the Internet platform, manage patients inside and outside the hospital, and actively explore a new mode of health management marketing service oriented to the whole life cycle.

Pharmaceutical business continued to increase innovation business. Huadong Pharmaceutical Supply Chain Management (Hangzhou) Co., Ltd., a wholly-owned subsidiary of the company, has obtained the first express business license of pharmaceutical cold chain enterprise in Zhejiang Province issued by Zhejiang Postal Administration, and obtained the third-party storage and transportation vaccine service qualification from Zhejiang Center for Disease Control and Prevention, which is the exclusive service in Zhejiang Province.

## 3. Aesthetic medicine business

As of the end of the reporting period, Sinclair, the global operation center of the Company's aesthetic medicine, has completed all acquisitions of Spanish energy source equipment company High Tech. This is the Company's first overseas merger in the same industry and an important milestone in the implementation of Company's globalization strategy. In April this year, the Company's global exclusive collagen stimulant long-acting microsphere Ellanse<sup>®</sup> was approved by the NMPA and will officially enter the Chinese mainland market in the second half of the year.

The Company continues to accelerate the progress of the clinical registration of other core aesthetic medicine products in China. On February 10th, the absorbable embedding product Silhouette® Instalift® from Sinclair for the lifting of mid-face tissues, successfully passed the record of the Ministry of Science and Technology Department of Genetics, and officially entered the registration clinical research stage. At present, the enrollment of subjects is progressing smoothly. This product was certified by the U.S. FDA in 2015 and is currently the only absorbable embedding product approved by the U.S. FDA for lifting mid-face tissue.

The new high-end lidocaine-containing hyaluronic acid filler MaiLi® series products using OXIFREE® patented technology and process have been registered in the Chinese market and will be launched in the European market in the first half of 2021. Sinclair's newly acquired Spanish High Tech company's cold-fat-melting product Cooltech Define has obtained the EU CE certification, and the registration in the Chinese market is under active preparations. Titania, an innovative RF product under development for skin tightening and body shaping, plans to obtain the European Union CE certification in the fourth quarter of this year, and will continue to be marketed globally after approval.

Glacial® Spa (F0), a cold-touch beauty instrument from R2 Company, is actively preparing for sales in China; Glacial® Rx (F1), a frozen freckle medical device, is proceeding in an orderly manner in registration in China; F0 and F1 have launched the Asia-Pacific market Registration work: F0 has been approved for listing in Korea and has submitted a listing application in Taiwan, which is expected to obtain permission in 2021; F1 is preparing to submit listing applications for Singapore, Indonesia, and Malaysia.

The Company is paying close attention to the latest policy issued by the National Development and Reform Commission on supporting the development of high-end medical beauty industry in Hainan. The policy proposed that "Aesthetic medical institutions in the Lecheng Pioneer Zone can use the medical aesthetics products listed in the United States, the European Union, Japan and other countries or regions in batches". The Company currently has a number of non-invasive and minimally invasive medical products listed in mainstream markets or regions such as the United States, the European Union, and other areas that meet the direction encouraged by the policy. The

above new policy will help the Company's international advanced products quickly enter the country. The Company is formulating the registration work plan for medical aesthetics products that meet the policy encouragement in Hainan, and will actively promote the implementation work according to the latest national policy, with a view to realizing the listing and sales in Hainan Pilot Zone as soon as possible.



## Section IV Financial Statements

### I. Financial Statements

#### 1. Consolidated balance sheet

Prepared by Huadong Medicine Co., Ltd.

March 31, 2021

Unit: RMB yuan

Item	March 31, 2021	December 31, 2020
Current assets:		
Monetary funds	3,129,717,110.39	3,198,080,997.82
Settlement reserve		
Lending to other banks and other financial institutions		
Financial assets for trade		
Derivative financial assets		
Notes receivable		
Accounts receivable	7,729,847,991.24	6,137,675,568.82
Accounts receivable financing	578,065,866.37	828,659,217.25
Advance payments	356,122,946.06	250,916,482.07
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserve receivable		
Other receivables	121,000,462.54	87,269,489.82
Including: Interests receivable		
Dividends receivable	4,195,666.37	4,195,666.37
Financial assets purchased for resale		
Inventories	4,184,900,223.81	4,067,635,254.80
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	51,201,382.80	85,654,691.58

Total current assets	16,150,855,983.21	14,655,891,702.16
Non-current assets:		
Loans and prepayments issuance		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	944,226,232.95	850,072,053.02
Other equity instrument investments	228,567,097.64	225,453,120.05
Other non-current financial assets		
Real estate properties for investment	17,530,616.51	17,792,735.95
Fixed assets	2,606,236,889.11	2,420,366,582.92
Constructions in progress	2,015,024,914.70	2,240,201,926.65
Biological assets for production		
Oil & gas assets		
Right-of-use assets	152,763,198.46	
Intangible assets	1,434,653,824.20	1,463,242,463.99
Development expenditures		
Goodwill	1,469,617,262.10	1,469,617,262.10
Long-term unamortized expenses	7,855,014.54	8,811,339.43
Deferred income tax assets	137,829,774.40	137,829,774.40
Other non-current assets	931,645,777.92	712,069,194.08
Total non-current assets	9,945,950,602.53	9,545,456,452.59
Total assets	26,096,806,585.74	24,201,348,154.75
Current liabilities:		
Short-term borrowing	1,487,602,162.22	1,416,932,884.87
Borrowing from the Central bank		
Borrowing from other banks and other financial institutions		
Financial liabilities for trade		
Derivative financial liabilities		
Notes payable	981,406,149.63	554,336,058.71
Accounts payable	4,028,559,295.74	3,947,044,331.68
Advance receipts	684,383.46	951,926.56

Contract liabilities	165,135,518.26	94,384,629.77
Financial assets sold for repurchase		
Absorbing deposits and due from banks		
Receipts for buying and selling securities as proxy		
Receipts for underwriting securities as proxy		
Employee benefits payable	122,357,260.82	152,106,819.91
Taxes and fees payable	693,879,850.88	571,792,475.80
Other payables	2,108,650,934.60	1,817,529,820.99
Including: Interests payable		
Dividends payable	224,219.60	224,219.60
Handling fees and commissions payable		
Reinsurance accounts payable		
Liabilities held for sale		
Non-current liabilities due within one year	51,156,977.60	67,813,886.68
Other current liabilities	20,343,897.23	10,786,034.37
Total current liabilities	9,659,776,430.44	8,633,678,869.34
Non-current liabilities:		
Insurance contract reserve		
Long-term borrowing	209,937,945.01	151,611,367.86
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	142,315,707.93	
Long-term payables	26,084,710.58	26,812,354.90
Long-term employee benefits payable		
Provision	38,416,223.54	39,467,829.23
Deferred gains	89,060,824.26	81,628,032.54
Deferred income tax liabilities	88,738,187.41	88,738,187.41
Other non-current liabilities		

Total non-current liabilities	594,553,598.73	388,257,771.94
Total liabilities	10,254,330,029.17	9,021,936,641.28
Ownership interest:		
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	-121,155,906.94	-2,191,069.45
Special reserve		
Surplus reserve	861,680,578.42	861,680,578.42
General risk reserve		
Undistributed profit	10,618,378,243.24	9,852,441,590.56
Total ownership interest attributable to the parent company	15,266,793,123.79	14,619,821,308.60
Minority interest	575,683,432.78	559,590,204.87
Total ownership interest	15,842,476,556.57	15,179,411,513.47
Total liabilities & ownership interest	26,096,806,585.74	24,201,348,154.75

Legal representative: Lv Liang

Officer in charge of accounting: Lv Liang

Head of accounting department : Qiu Renbo

## 2. Balance sheet of the parent company

Unit: RMB yuan

Item	March 31, 2021	December 31, 2020
Current assets:		
Monetary funds	1,927,952,018.47	1,889,264,142.30
Financial assets for trade		
Derivative financial assets		
Notes receivable		
Accounts receivable	4,605,456,017.98	3,287,882,027.51
Accounts receivable financing	140,562,428.19	214,871,707.01
Advance payments	151,868,978.67	121,268,106.62

Other receivables	831,426,696.13	798,152,353.96
Including: Interests receivable		
Dividends receivable	3,363,380.00	3,363,380.00
Inventories	2,048,980,648.83	1,845,977,070.46
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	178,925.49	
Total current assets	9,706,425,713.76	8,157,415,407.86
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	4,926,372,288.65	4,847,172,288.65
Other equity instrument investments	94,312,742.49	94,312,742.49
Other non-current financial assets		
Real estate properties for investment	8,009,018.38	8,125,576.54
Fixed assets	160,483,855.83	159,486,234.04
Constructions in progress	1,675,593.95	342,161.41
Biological assets for production		
Oil & gas assets		
Right-of-use assets	17,789,020.23	
Intangible assets	55,280,981.38	56,448,575.54
Development expenditures		
Goodwill		
Long-term unamortized expenses	570,028.87	645,902.07
Deferred income tax assets	45,918,388.57	45,918,388.57
Other non-current assets	32,979,221.51	96,882,664.08
Total non-current assets	5,343,391,139.86	5,309,334,533.39
Total assets	15,049,816,853.62	13,466,749,941.25
Current liabilities:		
Short-term borrowing	890,894,904.44	930,813,369.36

Financial liabilities for trade		
Derivative financial liabilities		
Notes payable	375,592,591.45	180,042,270.63
Accounts payable	2,501,142,155.61	2,421,476,904.57
Advance receipts		
Contract liabilities	77,103,416.11	32,577,236.92
Employee benefits payable	3,626,281.84	8,530,961.48
Taxes and fees payable	84,310,788.28	154,676,067.87
Other payables	1,801,418,576.73	518,390,330.44
Including: Interests payable		
Dividends payable	224,219.60	224,219.60
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities	9,938,658.37	4,273,258.99
Total current liabilities	5,744,027,372.83	4,250,780,400.26
Non-current liabilities:		
Long-term borrowing		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	16,349,880.61	
Long-term payables		
Long-term employee compensation payable		
Estimated liabilities		
Deferred gains	40,057,442.22	40,698,910.95
Deferred income tax liabilities	10,888,106.00	10,888,106.00
Other non-current liabilities		
Total non-current liabilities	67,295,428.83	51,587,016.95
Total liabilities	5,811,322,801.66	4,302,367,417.21
Ownership interest:		
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	3,051,311.29	3,051,311.29
Special reserve		
Surplus reserve	939,536,337.86	939,536,337.86
Undistributed profit	4,377,645,326.80	4,303,533,798.88
Total ownership interest	9,238,494,051.96	9,164,382,524.04
Total liabilities & ownership interest	15,049,816,853.62	13,466,749,941.25

### 3. Consolidated income statement

Unit: RMB yuan

Item	Amount incurred during the current period	Amount incurred during the previous period
I. Total operating income	8,896,632,277.36	8,598,069,911.29
Including: Operating income	8,896,632,277.36	8,598,069,911.29
Interests received		
Premiums earned		
Handling fees and commissions received		
II. Total operating cost	8,007,420,920.98	7,564,443,071.57
Including: Operating cost	5,805,133,494.78	5,120,894,107.30
Interests paid		
Handling fees and commissions paid		
Surrender value		
Net payment of insurance claims		
Net appropriation of policy reserve		
Policy dividends paid		
Reinsurance expenses		
Taxes and surcharges	47,690,370.04	56,323,252.14
Selling expenses	1,648,517,354.06	1,911,431,524.11
Administrative expenses	277,542,542.53	196,704,190.05
R&D expenses	220,005,691.36	263,330,349.34

Financial expenses	8,531,468.21	15,759,648.63
Including: Interests paid	21,152,531.52	26,067,525.96
Interests received	19,057,526.99	13,915,252.93
Add: Other gains	76,459,624.41	20,044,478.23
Investment gains (Losses are indicated by “-”)	-26,664,999.81	-1,256,335.99
Including: Investment gains from associates and joint ventures	-11,551,820.09	2,349,891.83
Gains from the derecognition of financial assets measured at amortized cost		
Gains on exchange (Losses are indicated by “-”)		
Gains on net exposure hedging (Losses are indicated by “-”)		
Gains on changes in fair value (Losses are indicated by “-”)		
Credit impairment loss (Losses are indicated by “-”)		
Assets impairment loss (Losses are indicated by “-”)		
Gains on assets disposal (Losses are indicated by “-”)	304,336.80	306,269,024.44
III. Operating profit (Losses are indicated by “-”)	939,310,317.78	1,358,684,006.40
Add: Non-operating income	338,562.61	3,389,386.17
Less: Non-operating expenditure	3,024,042.00	8,912,738.92
IV. Total profit (Total losses are indicated by “-”)	936,624,838.39	1,353,160,653.65
Less: Income tax expenses	162,150,853.94	199,734,863.73
V. Net profit (Net losses are indicated by “-”)	774,473,984.45	1,153,425,789.92
(I) Categorized by the continuity of operations		
1. Net profit from continued operations (Net deficit is indicated by “-”)	774,473,984.45	1,153,425,789.92
2. Net profit from discontinued		



operations (Net deficit is indicated by “-”)		
(II) Categorized by attribution of the ownership		
1. Net profit attributable to owners of the parent company	758,380,756.56	1,147,278,457.64
2. Gains/losses of minority shareholders	16,093,227.89	6,147,332.28
VI. Net amount after tax of other comprehensive income	118,964,837.49	25,505,735.47
Net amount after tax of other comprehensive income attributable to owners of the parent company	118,964,837.49	25,505,735.47
(I) Other comprehensive income that cannot be reclassified into gains/losses	3,113,977.59	-1,372,747.73
1. Changes in remeasurement on the defined benefit plan		
2. Other comprehensive income that cannot be reclassified into gains/losses under equity method		
3. Changes in fair value of other equity instrument investments	3,113,977.59	-1,372,747.73
4. Changes in fair value of credit risk of the enterprise		
5. Others		
(II) Other comprehensive income to be reclassified into gains/losses	115,850,859.90	26,878,483.20
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. Credit impairment reserve of other debt investments		
5. Cash flow hedging reserve		

6. Exchange differences arise from translation of foreign currency financial statements	115,850,859.90	26,878,483.20
7. Others		
Net amount after tax of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	893,438,821.94	1,178,931,525.39
Total comprehensive income attributable to owners of the parent company	877,345,594.05	1,172,784,193.11
Total comprehensive income attributable to minority shareholders	16,093,227.89	6,147,332.28
VIII. Earnings per share (EPS):		
(I) Basic EPS	0.4334	0.6557
(II) Diluted EPS	0.4334	0.6557

As for enterprise merger under the same control in the current period, the net profit generated by the merged party before the merger is 0 yuan, and that generated during the previous period is 0 yuan.

Legal representative: Lv Liang

Officer in charge of accounting: Lv Liang

Head of accounting department : Qiu Renbo

#### 4. Income statement of the parent company

Unit: RMB yuan

Item	Amount incurred during the current period	Amount incurred during the previous period
I. Operating income	4,411,190,493.22	3,694,664,751.43
Less: Operating cost	4,169,998,953.67	3,503,394,474.09
Taxes and surcharges	2,157,678.68	1,742,409.45
Selling expenses	100,670,963.76	85,694,504.17
Administrative expenses	44,818,463.76	34,825,269.77
R&D expenses		
Financial expenses	3,573,509.34	14,360,429.84
Including: Interests paid	15,131,329.65	21,895,125.22
Interests received	11,912,012.50	5,644,762.49
Add: Other gains	2,727,556.12	5,462,052.44

Investment gains (Losses are indicated by “-”)	6,273,981.02	1,132,672,992.82
Including: Investment gains from associates and joint ventures		
Income from the derecognition of financial assets measured at amortized cost (Losses are indicated by “-”)		
Gains on net exposure hedging (Losses are indicated by “-”)		
Gains on changes in fair value (Losses are indicated by “-”)		
Credit impairment loss (Losses are indicated by “-”)		
Assets impairment loss (Losses are indicated by “-”)		
Gains on assets disposal (Losses are indicated by “-”)	-19,470.99	-7,754.30
II. Operating profit (Losses are indicated by “-”)	98,952,990.16	1,192,774,955.04
Add: Non-operating income	1,823.74	2,525,818.53
Less: Non-operating expenditure	224,624.78	2,532,343.76
III. Total profit (Total losses are indicated by “-”)	98,730,189.12	1,192,768,429.81
Less: Income tax expenses	24,621,857.52	16,817,107.45
IV. Net profit (Net losses are indicated by “-”)	74,108,331.60	1,175,951,322.36
(I) Net profit from continued operations (Net losses are indicated by “-”)	74,108,331.60	1,175,951,322.36
(II) Net profit from discontinued operations (Net deficit is indicated by “-”)		
V. Net amount after tax of other comprehensive income		
(I) Other comprehensive income that cannot be reclassified into gains/losses		
1. Changes in		

remeasurement on the defined benefit plan		
2. Other comprehensive income that cannot be reclassified into gains/losses under equity method		
3. Changes in fair value of other equity instrument investments		
4. Changes in fair value of credit risk of the enterprise		
5. Others		
(II) Other comprehensive income to be reclassified into gains/losses		
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. Credit impairment reserve 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	74,108,331.60	1,175,951,322.36
VII. Earnings per share (EPS):		
(I) Basic EPS		
(II) Diluted EPS		

## 5. Consolidated cash flow statement

Unit: RMB yuan

Item	Amount incurred during the current period	Amount incurred during the previous period
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I. Cash flows from operating activities:		
Cash from the sale of goods and provision of services	8,756,095,736.42	7,665,300,254.21
Net increase in customer deposits and due from banks		
Net increase in borrowing from the central bank		
Net increase in borrowing from other financial institutions		
Cash from the premium of the original insurance policy		
Net cash from reinsurance		
Net increase in deposits and investment of the insured		
Cash from interests, handling fees and commissions		
Net increase in borrowing from other banks and other financial institutions		
Net increase in funds for repurchase		
Net cash received for buying and selling securities as proxy		
Tax refund received	625,547.43	1,138,819.80
Other cash receipts in relation to operating activities	196,821,042.17	362,756,808.71
Total cash inflows from operating activities	8,953,542,326.02	8,029,195,882.72
Cash payments for goods and services	6,125,835,203.59	5,198,144,232.17
Net increase in customer loans and prepayments		
Net increase in deposits of central bank and due from banks		
Cash for payment of original insurance claims		
Net increase in lending to other banks and other financial institutions		

Cash for payment of interests, handling fees and commissions		
Cash for payment of policy dividends		
Cash payments to and for employees	653,692,760.67	579,438,808.77
Payment of taxes and fees	456,958,349.66	453,422,088.98
Other cash payments in relation to operating activities	1,414,741,847.62	1,579,411,128.91
Total cash outflows for operating activities	8,651,228,161.54	7,810,416,258.83
Net cash flows from operating activities	302,314,164.48	218,779,623.89
II. Cash flows from investing activities		
Cash from recovery of investments		
Cash from investment gains		
Net cash from disposal of fixed assets, intangible assets and other long-term assets	50,504.23	345,902,424.29
Net cash from disposal of subsidiaries and other business units		
Other cash receipts in relation to investing activities		
Total cash inflows from investing activities	50,504.23	345,902,424.29
Cash payments for purchase and construction of fixed assets, intangible assets and other long-term assets	302,645,383.17	267,014,841.51
Cash payments for investment	105,706,000.00	100,000,000.00
Net increase in pledge loans		
Net cash paid for acquisition of subsidiaries and other business units		
Other cash payments in relation to investing activities	78,680,000.00	
Total cash outflows for investing activities	487,031,383.17	367,014,841.51
Net cash flows from investing activities	-486,980,878.94	-21,112,417.22
III. Cash flows from financing activities:		

Cash from absorbing investments		
Including: Cash from absorption of minority shareholders' investments by subsidiaries		
Cash from borrowing	852,692,161.43	684,996,551.61
Other cash receipts in relation to financing activities		
Total cash inflows from financing activities	852,692,161.43	684,996,551.61
Cash for repayment of debt	710,289,400.95	536,798,734.58
Cash payments for dividends, profits or interests	28,945,045.60	34,425,592.85
Including: Payment of dividends and profits by subsidiaries to minority shareholders		24,500,000.00
Other cash payments in relation to financing activities	261,000.00	2,794,710.80
Total cash outflows for financing activities	739,495,446.55	574,019,038.23
Net cash flows from financing activities	113,196,714.88	110,977,513.38
IV. Influence of exchange rate fluctuations on cash and cash equivalents	-2,854,862.94	7,174,858.69
V. Net increase in cash and cash equivalents	-74,324,862.52	315,819,578.74
Add: Balance of cash and cash equivalents at the beginning of the period	3,157,407,073.26	2,231,771,546.50
VI. Balance of cash and cash equivalents at the end of the period	3,083,082,210.74	2,547,591,125.24

## 6. Cash flow statement of the parent company

Unit: RMB yuan

Item	Amount incurred during the current period	Amount incurred during the previous period
I. Cash flow from operating activities:		
Cash from the sale of goods and	3,715,003,658.99	3,511,097,388.40

provision of services		
Tax refunds received		
Other cash receipts in relation to operating activities	224,182,830.38	222,397,124.86
Total cash inflows from operating activities	3,939,186,489.37	3,733,494,513.26
Cash payments for goods and services	4,567,115,197.95	3,836,435,683.47
Cash payments to and for employees	93,582,035.23	74,881,392.11
Payment of taxes and fees	111,813,964.47	31,131,815.13
Other cash payments in relation to operating activities	64,607,824.15	93,412,588.78
Total cash outflow under operating activities	4,837,119,021.80	4,035,861,479.49
Net cash flow from operating activities	-897,932,532.43	-302,366,966.23
II. Cash flows from investing activities:		
Cash from recovery of investments		
Cash from investment gains		175,500,000.00
Net cash from disposal of fixed assets, intangible assets and other long-term assets		35,000.00
Net cash from disposal of subsidiaries and other business units		
Other cash receipts in relation to investing activities	193,931,036.10	217,902,741.44
Total cash inflows from investing activities	193,931,036.10	393,437,741.44
Cash payments for purchase and construction of fixed assets, intangible assets and other long-term assets	15,093,382.34	3,423,339.18
Cash payments for investment	79,200,000.00	2,530,810.80
Net cash paid for acquisition of subsidiaries and other business units		
Other cash payments in relation to investing activities	234,751,290.00	160,000,000.00
Total cash outflows for investing activities	329,044,672.34	165,954,149.98



Net cash flows from investing activities	-135,113,636.24	227,483,591.46
III. Cash flows from financing activities:		
Cash from absorbing investments		
Cash from borrowing	359,345,278.50	310,202,546.78
Other cash receipts in relation to financing activities	1,239,000,000.00	218,391,068.03
Total cash inflows from financing activities	1,598,345,278.50	528,593,614.81
Cash for repayment of debt	399,995,396.12	115,202,547.58
Cash payments for dividends, profits or interest	25,255,460.89	3,495,155.18
Other cash payments in relation to financing activities	101,360,376.65	67,321,291.66
Total cash outflows for financing activities	526,611,233.66	186,018,994.42
Net cash flows from financing activities	1,071,734,044.84	342,574,620.39
IV. Influence of exchange rate fluctuations on cash and cash equivalents		1,987,917.74
V. Net increase in cash and cash equivalents	38,687,876.17	269,679,163.36
Add: Balance of cash and cash equivalents at the beginning of the period	1,889,254,142.30	893,929,724.56
VI. Balance of cash and cash equivalents at the end of the period	1,927,942,018.47	1,163,608,887.92

## II. Notes on adjustments of financial statements

1、 Adjustments to financial statement items at the beginning of the year of the first implementation of the new accounting standards governing leases which have been implemented since 2021

Applicable  N/A

Whether any balance sheet items at the beginning of the year requires adjustment

Yes  No

Consolidated balance sheet

Unit: RMB yuan

Item	December 31, 2020	January 1, 2021	Adjustment
<b>Current assets:</b>			
Cash and bank balances	3,198,080,997.82	3,198,080,997.82	
Accounts receivable	6,137,675,568.82	6,137,675,568.82	
Accounts receivable for financing	828,659,217.25	828,659,217.25	
Prepayments	250,916,482.07	250,916,482.07	
Other receivables	87,269,489.82	87,269,489.82	
Dividends receivable	4,195,666.37	4,195,666.37	
Inventories	4,067,635,254.80	4,067,635,254.80	
Other current assets	85,654,691.58	85,654,691.58	
Total current assets	14,655,891,702.16	14,655,891,702.16	
<b>Non-current assets:</b>			
Long-term equity investments	850,072,053.02	850,072,053.02	
Other equity instrument investments	225,453,120.05	225,453,120.05	
Real estate properties for investment	17,792,735.95	17,792,735.95	
Fixed assets	2,420,366,582.92	2,420,366,582.92	
Constructions in progress	2,240,201,926.65	2,240,201,926.65	
Right-of-use assets		170,756,580.56	170,756,580.56
Intangible assets	1,463,242,463.99	1,463,242,463.99	
Goodwill	1,469,617,262.10	1,469,617,262.10	
Long-term unamortized expenses	8,811,339.43	8,811,339.43	
Deferred tax assets	137,829,774.40	137,829,774.40	
Other non-current assets	712,069,194.08	712,069,194.08	
Total non-current assets	9,545,456,452.59	9,716,213,033.15	170,756,580.56
Total assets	24,201,348,154.75	24,372,104,735.20	170,756,580.56
<b>Current liabilities:</b>			
Short-term borrowing	1,416,932,884.87	1,416,932,884.87	
Notes payable	554,336,058.71	554,336,058.71	
Accounts payable	3,947,044,331.68	3,947,044,331.68	

Receipts in Advance	951,926.56	951,926.56	
Contract liabilities	94,384,629.77	94,384,629.77	
Payroll payable	152,106,819.91	152,106,819.91	
Taxes payable	571,792,475.80	571,792,475.80	
Other payables	1,817,529,820.99	1,817,529,820.99	
Dividends payable	224,219.60	224,219.60	
Non-current liabilities due within one year	67,813,886.68	67,813,886.68	
Other current liabilities	10,786,034.37	10,786,034.37	
Total current liabilities	8,633,678,869.34	8,633,678,869.34	
Non-current liabilities:			
Long-term borrowing	151,611,367.86	151,611,367.86	
Lease liabilities		169,732,063.50	169,732,063.50
Long-term payables	26,812,354.90	26,812,354.90	
Provisions	39,467,829.23	39,467,829.23	
Deferred income	81,628,032.54	81,628,032.54	
Deferred tax liabilities	88,738,187.41	88,738,187.41	
Total non-current liabilities	388,257,771.94	557,989,835.44	169,732,063.50
Total liabilities	9,021,936,641.28	9,191,668,704.78	169,732,063.50
Owners' Equity:			
Share capital	1,749,809,548.00	1,749,809,548.00	
Capital reserves	2,158,080,661.07	2,158,080,661.07	
Other comprehensive income	-2,191,069.45	-2,191,069.45	
Surplus reserves	861,680,578.42	861,680,578.42	
Retained earnings	9,852,441,590.56	9,853,466,107.62	1,024,517.06
Total owners' equity attributable to owner of the Company	14,619,821,308.60	14,620,845,825.66	1,024,517.06
Minority interest	559,590,204.87	559,590,204.87	
Total owners' equity	15,179,411,513.47	15,180,436,030.43	1,024,517.06
Total liabilities & owners' equity	24,201,348,154.75	24,372,104,735.10	170,756,580.56

## Adjustment description

The company will implement the new lease standard from January 1, 2021. According to the cumulative impact of the first implementation of the standard, the amount of retained earnings and other related items in the financial

statements at the beginning of the year when the standard is first implemented will be adjusted, and the information of the comparable period will not be adjusted.

Balance sheet of the parent company

Unit: RMB yuan

Item	December 31, 2020	January 1, 2021	Adjustment
Current assets:			
Cash and bank balances	1,889,264,142.30	1,889,264,142.30	
Accounts receivable	3,287,882,027.51	3,287,882,027.51	
Accounts receivable for financing	214,871,707.01	214,871,707.01	
Prepayments	121,268,106.62	121,268,106.62	
Other receivables	798,152,353.96	798,152,353.96	
Dividends receivable	3,363,380.00	3,363,380.00	
Inventories	1,845,977,070.46	1,845,977,070.46	
Total current assets	8,157,415,407.86	8,157,415,407.86	
Non-current assets:			
Long-term equity investments	4,847,172,288.65	4,847,172,288.65	
Other equity instrument investments	94,312,742.49	94,312,742.49	
Real estate properties for investment	8,125,576.54	8,125,576.54	
Fixed assets	159,486,234.04	159,486,234.04	
Constructions in progress	342,161.41	342,161.41	
Right-of-use assets		19,610,573.47	19,610,573.47
Intangible assets	56,448,575.54	56,448,575.54	
Long-term unamortized expenses	645,902.07	645,902.07	
Deferred tax assets	45,918,388.57	45,918,388.57	
Other non-current assets	96,882,664.08	96,882,664.08	
Total non-current assets	5,309,334,533.39	5,328,945,106.86	
Total assets	13,466,749,941.25	13,486,360,514.72	19,610,573.47
Current liabilities:			
Short-term borrowing	930,813,369.36	930,813,369.36	
Notes payable	180,042,270.63	180,042,270.63	

Accounts payable	2,421,476,904.57	2,421,476,904.57	
Contract liabilities	32,577,236.92	32,577,236.92	
Payroll payable	8,530,961.48	8,530,961.48	
Taxes payable	154,676,067.87	154,676,067.87	
Other payables	518,390,330.44	518,390,330.44	
Dividends payable	224,219.60	224,219.60	
Other current liabilities	4,273,258.99	4,273,258.99	
Total current liabilities	4,250,780,400.26	4,250,780,400.26	
Non-current liabilities:			
Lease liabilities		19,607,377.15	19,607,377.15
Deferred income	40,698,910.95	40,698,910.95	
Deferred tax liabilities	10,888,106.00	10,888,106.00	
Total non-current liabilities	51,587,016.95	51,587,016.95	
Total liabilities	4,302,367,417.21	4,321,974,794.36	19,607,377.15
Owners' Equity:			
Share capital	1,749,809,548.00	1,749,809,548.00	
Capital reserves	2,168,451,528.01	2,168,451,528.01	
Other comprehensive income	3,051,311.29	3,051,311.29	
Surplus reserves	939,536,337.86	939,536,337.86	
Retained earnings	4,303,533,798.88	4,303,536,995.20	3,196.32
Total owners' equity	9,164,382,524.04	9,164,385,720.36	3,196.32
Total liabilities & owners' equity	13,466,749,941.25	13,466,753,137.72	19,610,573.47

## Adjustment description

The company will implement the new lease standard from January 1, 2021. According to the cumulative impact of the first implementation of the standard, the amount of retained earnings and other related items in the financial statements at the beginning of the year when the standard is first implemented will be adjusted, and the information of the comparable period will not be adjusted.

2、Retrospective adjustments to comparative data of the previous period due to the first implementation of the new accounting standards leases since 2021

Applicable  N/A

### III. Audit report

Has the first quarterly report been audited?

Yes  No

The first quarterly report has not been audited.

**Huadong Medicine Co., Ltd.**

**Chairman of the Board: Lv Liang**

**April 28, 2021**