

Security code: 000963    Stock abbreviation: Huadong Medicine Announcement    No.: 2024-041

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

### **First 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 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 First 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	Same period last year	Increase or decrease during the current reporting period compared with the same period of last year (%)
Operating revenue (RMB)	10,410,809,128.72	10,114,531,331.77	2.93%
Net profit attributable to shareholders of the listed company (RMB)	862,411,560.96	755,284,976.47	14.18%
Net profit attributable to shareholders of the listed company after deduction of non-recurring profits and losses (RMB)	838,303,551.41	757,542,618.01	10.66%
Net cash flow from operating activities (RMB)	-484,522,666.13	-246,152,770.16	-96.84%
Basic earnings per share (RMB/share)	0.4929	0.4316	14.20%
Diluted earnings per share (RMB/share)	0.4928	0.4315	14.21%
Weighted average return on equity	4.01%	3.99%	0.02%
	End of the current reporting period	End of the last year	Increase or decrease at the end of the current reporting period compared with the end of the last year (%)
Total assets (RMB)	34,467,844,280.37	33,509,361,816.98	2.86%
Owners' equity attributable to shareholders of listed companies (RMB)	21,955,243,888.90	21,047,609,756.66	4.31%

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

Applicable Not applicable

Unit: RMB

Item	Amount during the current reporting period	Description
Profit and loss on disposal of non-current assets (including the write-off of provision for impairment of assets)	1,521,275.31	
Government grants included in the current profits and losses (except those that are closely related to the normal business operation of the Company, comply with national policies and regulations, are enjoyed in accordance with the defined criteria, and have a lasting impact on the Company's profits and losses)	28,822,099.15	
Profits and losses from changes in fair value arising from financial assets and financial liabilities held by non-financial corporations, and profits and losses from the disposal of financial assets and liabilities, except for the effective hedging business related to the normal business operation of the Company	-25,364.49	

Other non-operating revenue and expenses other than those mentioned above	-1,436,525.67	
Minus: Amount affected by income tax	4,281,616.36	
Amount affected by minority interests (after tax)	491,858.39	
Total	24,108,009.55	--

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 Not applicable

Items in the balance sheet	Amount at the end of the period	Amount at the beginning of the period	Percentage change	Reasons for changes
Notes receivable	0.00	681.21	-100.00%	Mainly attributable to the decrease in commercial acceptance bills receivable during the current period
Receivables financing	84,325.79	143,436.63	-41.21%	Mainly attributable to discounting of bank acceptance bills during the current period
Other accounts receivable	47,383.63	29,113.51	62.75%	Mainly attributable to an increase in provisional payment receivable
Short-term borrowings	108,359.71	82,238.03	31.76%	Mainly attributable to an increase in loans during the current period
Advance receipts	40.52	139.36	-70.92%	Mainly attributable to a decrease in rental received in advance
Employee compensation payable	21,539.69	35,914.85	-40.03%	Mainly attributable to remuneration paid during the current period
Non-current liabilities due within one year	20,941.37	35,934.26	-41.72%	Mainly attributable to the payment of long-term payables and long-term borrowings due within one year during the current period
Lease liabilities	8,300.63	5,669.52	46.41%	Mainly attributable to additional leases during the current period
Long-term accounts payable	2,480.53	10,725.12	-76.87%	Mainly attributable to the transfer of outstanding acquisition amounts to non-current liabilities due within one year
Other comprehensive income	24.80	-4,034.15	100.61%	Mainly attributable to an increase in foreign currency translation differences
Items in the profit statement	Amount in the current period	Amount in the previous period	Percentage change	Reasons for changes
Financial expenses	755.50	2,915.08	-74.08%	Mainly attributable to an increase in net interest income
Other income	3,831.17	1,458.25	162.72%	Mainly attributable to an increase in revenue-related government grants
Proceeds from disposal of assets	152.13	-219.99	169.15%	Mainly attributable to an increase in proceeds from disposal of fixed assets
Items in the cash flow	Amount in the	Amount in the	Percentage	Reasons for changes

statement	current period	previous period	change	
Net cash flow from operating activities	-48,452.27	-24,615.28	-96.84%	Mainly attributable to the increase in purchases of goods and cash paid to employees
Net cash flows from investing activities	-70,737.61	-44,005.53	-60.75%	Mainly attributable to added investment during the current period
Net cash flow from financing activities	7,149.63	-84,941.26	108.42%	Mainly attributable to the year-on-year increase in loans during 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: Shares

Total number of common shareholders at the end of the reporting period	93,834	Total number of preferred shareholders with restored voting rights at the end of the reporting period (if any)	0			
Shareholdings of top 10 shareholders (excluding shares lent through refinancing)						
Name of shareholder	Nature of shareholder	Shareholding ratio (%)	Number of shares held	Number of shares held with restricted sale conditions	Pledged, marked or locked-up status	
					Status of shares	Quantity
China Grand Enterprises, INC.	Domestic non-state-owned legal person	41.66%	730,938,157.00	0.00	Pledged	147,070,000.00
Hangzhou Huadong Medicine Group Co., Ltd.	State-owned legal person	16.42%	288,000,000.00	0.00	Not applicable	0.00
Hong Kong Securities Clearing Company Limited	Overseas legal person	2.75%	48,286,883.00	0.00	Not applicable	0.00
China Securities Finance Corporation Limited	Domestic non-state-owned legal person	1.26%	22,186,818.00	0.00	Not applicable	0.00
Industrial and Commercial Bank of China Limited - Zhong Ou AMC Medical and Health Hybrid Securities Investment Fund	Others	1.15%	20,099,373.00	0.00	Not applicable	0.00
China Construction Bank Corporation - E Fund CSI 300 Medical and Health Trading Open Index Securities Investment Fund	Others	0.72%	12,696,732.00	0.00	Not applicable	0.00
China Construction Bank Corporation - ICBC Credit Suisse Frontier Medical Equity Securities	Others	0.68%	12,000,000.00	0.00	Not applicable	0.00

Investment Fund						
National Social Security Fund - Portfolio 110	Others	0.63%	10,983,604.00	0.00	Not applicable	0.00
Industrial and Commercial Bank of China Limited - Huatai-PB CSI 300 Open-ended Index Fund	Others	0.54%	9,494,245.00	0.00	Not applicable	0.00
China Life Insurance (Group) Company - Traditional - General Insurance Products - 005L-CT001 Shanghai	Others	0.50%	8,819,214.00	0.00	Not applicable	0.00
Shareholdings of the top 10 shareholders without restricted sales conditions						
Name of shareholder	Number of shares held without restricted sale conditions	Type of shares				
		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 Limited	48,286,883.00	RMB-denominated ordinary share	48,286,883.00			
China Securities Finance Corporation Limited	22,186,818.00	RMB-denominated ordinary share	22,186,818.00			
Industrial and Commercial Bank of China Limited - Zhong Ou AMC Medical and Health Hybrid Securities Investment Fund	20,099,373.00	RMB-denominated ordinary share	20,099,373.00			
China Construction Bank Corporation - E Fund CSI 300 Medical and Health Trading Open Index Securities Investment Fund	12,696,732.00	RMB-denominated ordinary share	12,696,732.00			
China Construction Bank Corporation - ICBC Credit Suisse Frontier Medical Equity Securities Investment Fund	12,000,000.00	RMB-denominated ordinary share	12,000,000.00			
National Social Security Fund - Portfolio 110	10,983,604.00	RMB-denominated ordinary share	10,983,604.00			
Industrial and Commercial Bank of China Limited - Huatai-PB CSI 300 Open-ended Index Fund	9,494,245.00	RMB-denominated ordinary share	9,494,245.00			
China Life Insurance (Group) Company - Traditional - General Insurance Products - 005L-CT001 Shanghai	8,819,214.00	RMB-denominated ordinary share	8,819,214.00			
Description of affiliation or concerted action of the above 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 securities margin trading business of 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 in the lending of shares through refinancing business of shareholders holding more than 5% of shares, top 10 shareholders and top 10 shareholders holding tradable shares without restricted sale conditions

Applicable Not applicable

Unit: Shares

Participation in the lending of shares through refinancing business of shareholders holding more than 5% of shares, top 10 shareholders and top 10 shareholders holding tradable shares without restricted sale conditions								
Name of shareholder (full name)	Shares held in ordinary accounts and credit accounts at the beginning of the period		Shares lent through refinancing and not yet returned at the beginning of the period		Shares held in ordinary accounts and credit accounts at the end of the period		Shares lent through refinancing and not yet returned at the end of the period	
	Total number of shares	Proportion in share capital	Total number of shares	Proportion in share capital	Total number of shares	Proportion in share capital	Total number of shares	Proportion in share capital
China Grand Enterprises, INC.	730,938,157	41.66%	0	0.00%	730,938,157	41.66%	0	0.00%
Hangzhou Huadong Medicine Group Co., Ltd.	288,000,000	16.42%	0	0.00%	288,000,000	16.42%	0	0.00%
Hong Kong Securities Clearing Company Limited	47,954,932	2.73%	0	0.00%	48,286,883	2.75%	0	0.00%
China Securities Finance Corporation Limited	22,186,818	1.26%	0	0.00%	22,186,818	1.26%	0	0.00%
Industrial and Commercial Bank of China Limited - Zhong Ou AMC Medical and Health Hybrid Securities Investment Fund	31,080,515	1.77%	0	0.00%	20,099,373	1.15%	0	0.00%
China Construction Bank Corporation - E Fund CSI 300 Medical and Health Trading Open Index Securities Investment Fund	12,896,932	0.74%	328,500	0.02%	12,696,732	0.72%	0	0.00%
China	19,000,000	1.08%	0	0.00%	12,000,000	0.68%	0	0.00%

Construction Bank Corporation - ICBC Credit Suisse Frontier Medical Equity Securities Investment Fund								
National Social Security Fund - Portfolio 110	13,619,804	0.78%	0	0.00%	10,983,604	0.63%	0	0.00%
Industrial and Commercial Bank of China Limited - Huatai-PB CSI 300 Open-ended Index Fund	6,639,145	0.38%	17,500	0.00%	9,494,245	0.54%	4,600	0.00%
China Life Insurance (Group) Company - Traditional - General Insurance Products - 005L-CT001 Shanghai	7,582,314	0.43%	0	0.00%	8,819,214	0.50%	0	0.00%

Change in top 10 shareholders and top 10 shareholders holding tradable shares without restricted sale conditions due to lending/returning of shares through refinancing as compared to the previous period

Applicable Not applicable

Unit: Shares

Changes in top 10 shareholders and top 10 shareholders holding tradable shares without restricted sale conditions due to lending/returning of shares through refinancing as compared to the previous period					
Name of shareholder (full name)	Addition/with drawal during the current reporting period	Number of shares lent through refinancing and not yet returned at the end of the period		Number of shares held in shareholders' ordinary accounts and credit accounts and shares lent through refinancing and not yet returned at the end of the period	
		Total number of shares	Proportion in share capital	Total number of shares	Proportion in share capital
Industrial and Commercial Bank of China Limited - Huatai-PB CSI 300 Open-ended Index Fund	Addition	4,600	0.00%	9,498,845	0.54%
China Life Insurance (Group) Company - Traditional - General Insurance Products - 005L-CT001 Shanghai	Addition	0	0.00%	8,819,214	0.50%

New China Life Insurance Co., Ltd. - Traditional - General Insurance Products - 018L-CT001 Shenzhen	Withdrawal	0	0.00%	6,920,836	0.39%
Bank of Shanghai Co., Ltd. - Yinhua CSI Innovative Pharmaceutical Industry Traded Open-ended Index Securities Investment Fund	Withdrawal	0	0.00%	7,318,298	0.42%

## (II) Total number of preferred shareholders and shareholding list of top 10 preferred shareholders of the Company

Applicable Not applicable

## III. Other Important Matters

Applicable Not applicable

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

In 2024, the reform of the domestic pharmaceutical industry continued to be expanded, which, coupled with market competition, drove the intensification of the differentiation of pharmaceutical enterprises. By focusing on the overall strategic planning and annual business objectives, the Company actively promoted the implementation of various operational management work, and achieved a good start in the first quarter. During the reporting period, the Company achieved operating income in the amount of RMB 10.411 billion, up 2.93% year-on-year; net profit attributable to parent company in the amount of RMB 862 million, up 14.18% year-on-year; net profit attributable to the parent company after deducting non-recurring profits and losses in the amount of RMB 838 million, up 10.66% year-on-year; and realized a positive growth in operating income and net profit compared with the fourth quarter of 2023. After deducting the equity incentive expenses and the profits and losses of participating and holding R&D institutions, net profit attributable to shareholders of the listed company upon deduction of non-recurring profits and losses during the reporting period was amounted to RMB 928 million, representing an increase of 22.45% compared with the net profit attributable to shareholders of the listed company upon deduction of non-recurring profits and losses in the first quarter of 2023.

During the reporting period, the overall operation of the core subsidiary Zhongmei Huadong continued to maintain a stable growth trend, achieved operating income (including CSO business) in the amount of RMB 3.399 billion, showing a year-on-year increase of 10.53%; and achieved consolidated net profit attributable to the parent company in the amount of RMB 751 million, with a



year-on-year increase of 11.67%.

During the reporting period, the Company's pharmaceutical business segment achieved an overall operating income of RMB 6.717 billion, down 1.86% year-on-year, and a net profit of RMB 107 million, up 1.51% year-on-year. The decreasing operating income of the Company's pharmaceutical business segment was mainly affected by the higher base in the first quarter of 2023. It is expected that the pharmaceutical business segment will return to show positive growth in the second quarter.

The Company's aesthetic medicine business continued to maintain a good growth momentum during the reporting period. Its aesthetic medicine segment realized a consolidated operating income of RMB 630 million (excluding internal offsets), representing a year-on-year increase of 25.30%. Sinclair UK, a wholly-owned subsidiary, continued to expand the global aesthetic medicine market, realized a consolidated operating income of approximately RMB 272 million during the reporting period. Due to fluctuations in demands caused by the impact of the slowdown in global macro-economic growth, it underwent a year-on-year decline of 4.40%, with the overall income reaching the operating target for the first quarter. Growth rate is expected to gradually pick up from the second quarter. Sinclair (Shanghai), a wholly-owned subsidiary engaging in domestic aesthetic medicine, was actively expanding the domestic market. During the reporting period, it achieved operating income of RMB 257 million, representing a year-on-year increase of 22.65%, and a quarter-on-quarter increase of 13.38% compared with the fourth quarter of 2023.

During the reporting period, the income of the Company's industrial microbiology business maintained a stable growth, up 23.00% year-on-year. Subsequently, along with the active expansion of the overseas market, increasing online and offline marketing promotion for the domestic animal health business and the launching of products of Hubei Magic Health, it is expected that the growth of industrial microbiology business will accelerate.

## **(II) Important R&D progress of the Company during the reporting period**

During the reporting period, the Company accelerated its R&D efforts and continued to increase its R&D investment. The Company's R&D investment in the pharmaceutical industry (excluding equity investment) amounted to RMB 588 million during the reporting period, of which, direct R&D expenditure amounted to RMB 349 million, representing a year-on-year increase of 13.96%. The Company's innovative drugs and biosimilar business ushered in a number of important milestones. The main progress is described as follows:

1. The Company's BLA application in China for the recurrent pericarditis indication of Rilonacept (ARCALYST®) for injection, a global innovative product introduced from Kiniksa, USA, was accepted in March 2024;

2. The Company's Chinese IND application for HDM1005, which is the GLP-1R/GIPR dual-target, long-acting peptide agonist product independently developed by the Company, intended for weight management among overweight or obese people and for Type 2 diabetes, was approved in March 2024. The first subject was enrolled and administered in the phase Ia clinical study in China in March 2024. In addition, the US IND application of HDM1005 for overweight or obesity indications was approved in April 2024;

3. Chinese IND Application for HDM2005, the first ADC program that is independently developed by the Company and intended for the treatment of advanced solid tumors and hematological tumors, was submitted and accepted in March 2024;

4. In March 2024, the Company's U.S. partner announced that ELAHERE® (Mirvetuximab Soravtansine Injection), an ADC drug intended for the treatment of platinum-resistant ovarian cancer, has been converted from accelerated approval to full approval in the United States. In April 2024, the Company was approved to join the international multi-center PSOC (platinum-sensitive ovarian cancer) Phase III clinical study, to promote this product for the frontline treatment of ovarian cancer. It is being developed as maintenance therapy for the treatment of subjects with recurrent platinum-sensitive, epithelial ovarian, primary peritoneal, or fallopian tube cancers with positive folate receptor alpha (FR $\alpha$ ) in combination with bevacizumab;

5. The NDA application for Relmapirazin Injection in China, which is an innovative drug used in conjunction with a glomerular filtration rate dynamic monitoring system, was accepted in January 2024;

6. On March 1, 2024, CARsgen's CAR-T product Zevorcabtagene Autoleucel Injection (trade name: Saikaize®, R&D code: CT053), has received notification from the National Medical Products Administration (NMPA) that it has been granted conditional approval for the treatment of adult patients with relapsed or refractory multiple myeloma, who have previously progressed after at least 3 lines of therapy (including a proteasome inhibitor and immunomodulator agent). The Company was granted the exclusive right to commercialize zevorcabtagene autoleucel in mainland China, and has set up a dedicated commercialization team. The first prescription was issued on the day when such product was approved for marketing.

In addition, the Company's generic drug registration was proceeded as planned. Tacrolimus Extended-Release Capsules with a specification of 5mg were approved by the NMPA for marketing in February 2024.

During the reporting period, the Company continued to promote the registration and implementation of key aesthetic medicine in China:

1. The Chinese clinical trial of MaiLi Extreme, the Company's new high-end lidocaine-

containing sodium hyaluronate for injection, successfully reached the primary study endpoint and showed good product safety data. The application for registration of this product as a Class III medical device in China has recently been accepted;

2. Two innovative botulinum toxin products under development, i.e., ATGC-110 (Type A botulinum toxin) and YY001 (Type A recombinant botulinum toxin), which were introduced by the Company in cooperation with South Korea ATGC and Chongqing Claruvis, have made significant progress respectively: the marketing application of ATGC-110 has been accepted by the Ministry of Food and Drug Safety (MFDS) of Korea. The declared indication is to improve the moderate to severe frown lines between eyebrows among adult patients. YY001 has completed the enrollment of Phase III clinical subjects in China.

### (III) Other important matters

The Company held the 20th Meeting of the 10th Session of the Board of Directors on February 7, 2024, reviewed and approved the *Proposal on Investment in Construction of Bio-Innovation and Intelligent Manufacturing Center Project*, which agreed that Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd., a wholly-owned subsidiary of the Company, would invest in construction of the Bio-Innovation and Intelligent Manufacturing Center Project in accordance with its own development plan and new product launch plan. The total investment amount of this project is expected to be RMB 2 billion. This project would be carried out in stages. The investment amount of Phase I is about RMB 1.188 billion (the final investment amount is subject to the actual investment expenditure of the project construction) (for details, please refer to the relevant announcements disclosed by the Company at [www.cninfo.com.cn](http://www.cninfo.com.cn), with the Announcement No.: 2024-006).

### (IV) Registration form of receptions, including research, communication, interview and other activities during the reporting period

Reception date	Reception location	Reception mode	Reception object type	Reception object	Main topics discussed and information provided	Basic information index of the survey
January 9 and 10, 2024	Meeting room of the Company	Site survey and online meeting	Institution	New China Asset Management, Industrial Securities, Guotai Junan Securities, etc.	Investor communication	For details, please refer to the <i>Record Sheet of Investor Relations Activities on January 9 and 10, 2024</i> published by the Company at <a href="https://irm.cninfo.com.cn/">https://irm.cninfo.com.cn/</a> and at <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> .
January 16 and 17,	Meeting room of the	On-site survey	Institution	Haitong Securities,	Investor communication	For details, please refer to the <i>Record</i>

2024	Company			Origin Asset Management, SWS MU Fund, etc.	n	<i>Sheet of Investor Relations Activities on January 16 and 17, 2024</i> published by the Company at <a href="https://irm.cninfo.com.cn/">https://irm.cninfo.com.cn/</a> and at <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> .
March 4, 2024	Meeting room of the Company	Online meeting	Institutions and individuals	Soochow Securities, Zhong Ou Asset Management, Perseverance Asset Management, etc.	Exchange Meeting for Launching New Drug Saikaize® of Huadong Medicine and CARsgen Therapeutics	For details, see the <i>Record Sheet of Investor Relations Activities on March 4, 2024</i> , which was published by the Company at <a href="https://irm.cninfo.com.cn/">https://irm.cninfo.com.cn/</a> and at <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> .
April 18, 2024	Meeting room of the Company	Online meeting	Institutions and individuals	CICC, China Securities, TF Securities, etc.	2023 Annual Performance Exchange Meeting of Huadong Medicine	For details, see the <i>Record Sheet of Investor Relations Activities on April 18, 2024</i> , which was published by the Company at <a href="https://irm.cninfo.com.cn/">https://irm.cninfo.com.cn/</a> and at <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> .

## IV. Quarterly Financial Statements

### (I) Financial statements

#### 1. Consolidated balance sheet

Prepared by: Huadong Medicine Co., Ltd.

March 31, 2024

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	3,563,064,869.46	4,663,378,011.64
Deposit reservation for balance		
Lendings to banks and other financial institutions		
Trading financial assets		
Derivative financial assets	16,409,129.45	16,434,493.97
Notes receivable		6,812,089.97
Accounts receivable	9,677,692,232.29	7,455,250,690.83
Receivables financing	843,257,932.30	1,434,366,300.69
Prepayments	362,069,336.43	279,207,655.40
Premium receivable		
Reinsurance accounts receivable		
Reinsurance contract reserve receivable		
Other accounts receivable	473,836,282.59	291,135,104.33
Including: Interest receivable		

Dividends receivable	2,623,608.84	2,623,608.84
Financial assets purchased for resale		
Inventory	4,224,074,951.91	4,290,214,266.03
Including: Data resources		
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	51,878,760.17	59,881,757.08
Total current assets	19,212,283,494.60	18,496,680,369.94
Non-current assets:		
Loans and advances issued		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investment	1,529,526,141.05	1,535,907,809.85
Investment in other equity instruments	565,223,872.68	565,223,872.68
Other non-current financial assets		
Investment real estate	12,485,783.85	12,746,181.87
Fixed assets	4,050,202,967.46	4,140,144,817.51
Works in progress	927,713,584.81	913,147,212.17
Productive biological assets		
Oil and gas assets		
Right-of-use assets	139,021,674.64	151,175,007.16
Intangible assets	2,527,437,482.39	2,333,787,357.62
Including: Data resources		
Development expenses	1,068,480,143.55	992,532,091.86
Including: Data resources		
Goodwill	2,596,809,693.91	2,598,696,062.31
Long-term unamortized expenses	19,291,856.38	20,053,854.34
Deferred income tax assets	187,808,574.44	187,808,574.44
Other non-current assets	1,631,559,010.61	1,561,458,605.23
Total non-current assets	15,255,560,785.77	15,012,681,447.04
Total assets	34,467,844,280.37	33,509,361,816.98
Current liabilities:		
Short-term borrowings	1,083,597,089.07	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	1,437,934,424.82	1,727,420,960.30
Accounts payable	4,326,094,692.22	4,374,832,979.95
Advance receipts	405,231.33	1,393,551.48
Contract liabilities	170,289,424.40	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	215,396,862.69	359,148,474.25
Taxes and dues payable	547,143,131.41	489,385,055.57
Other accounts payable	2,910,002,629.17	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	209,413,662.46	359,342,623.38
Other current liabilities	18,040,693.69	14,621,494.85
Total current liabilities	10,918,317,841.26	10,802,606,090.19
Non-current liabilities:		
Reinsurance contract reserves		
Long-term borrowings	519,383,524.08	520,759,460.07
Bonds payable		
Including: Preferred share		
Perpetual bonds		
Lease liabilities	83,006,313.46	56,695,158.59
Long-term accounts payable	24,805,289.23	107,251,248.59
Long-term employee compensation payable		
Estimated liabilities	38,460,444.39	37,184,074.06
Deferred income	167,391,739.98	171,056,435.34
Deferred income tax liabilities	182,493,233.05	184,373,974.04
Other non-current liabilities	46,192,650.00	47,170,650.00
Total non-current liabilities	1,061,733,194.19	1,124,491,000.69
Total liabilities	11,980,051,035.45	11,927,097,090.88
Owners' equity:		
Share capital	1,754,327,548.00	1,754,425,348.00
Other equity instruments		
Including: Preferred share		
Perpetual bonds		
Capital reserve	2,448,599,611.00	2,446,313,774.82
Minus: Treasury stock	82,074,369.07	84,519,369.07
Other comprehensive income	247,990.92	-40,341,544.18
Special reserves		
Surplus reserves	1,277,779,972.18	1,277,779,972.18
General risk reserves		
Undistributed profit	16,556,363,135.87	15,693,951,574.91
Total owners' equity attributable to the parent company	21,955,243,888.90	21,047,609,756.66
Minority interests	532,549,356.02	534,654,969.44
Total owners' equity	22,487,793,244.92	21,582,264,726.10
Total liabilities and owners' equity	34,467,844,280.37	33,509,361,816.98

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

## 2. Consolidated profit statement

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
I. Total operating revenue	10,410,809,128.72	10,114,531,331.77
Including: Operating revenue	10,410,809,128.72	10,114,531,331.77
Interest revenue		
Premiums earned		
Fees and commissions revenue		
II. Total operating costs	9,331,357,509.92	9,111,221,456.77
Including: Operating costs	7,076,397,110.06	6,790,724,204.77
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	56,334,556.14	53,150,033.98
Selling expenses	1,574,261,928.29	1,642,616,610.16
Management expenses	335,169,160.39	330,086,070.32
R&D expenses	281,639,751.64	265,493,695.70
Financial expenses	7,555,003.40	29,150,841.84
Including: Interest expense	23,050,131.41	34,466,716.93
Interest revenue	24,409,865.24	12,491,377.82
Plus: Other incomes	38,311,729.18	14,582,456.30
Investment income (loss expressed with “-”)	-47,163,448.93	-61,752,708.66
Including: Investment income in associates and joint ventures	-37,504,466.74	-52,816,907.73
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 “-”)	-25,364.49	
Credit impairment loss (loss expressed with “-”)		
Asset impairment loss (loss expressed with “-”)		
Proceeds from disposal of assets (loss expressed with “-”)	1,521,275.31	-2,199,859.71
III. Operating profit (loss expressed with “-”)	1,072,095,809.87	953,939,762.93
Plus: Non-operating incomes	1,295,600.39	1,389,195.74
Minus: Non-operating expenses	5,202,610.91	6,049,187.60
IV. Total profit (total loss expressed with “-”)	1,068,188,799.35	949,279,771.07
Minus: Income tax expense	207,943,278.46	189,354,280.74
V. Net profit (net loss expressed with “-”)	860,245,520.89	759,925,490.33
(I) Classification by continuity of operation		
1. Net profits from continuing operations (net loss expressed with “-”)	860,245,520.89	759,925,490.33
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	862,411,560.96	755,284,976.47
2. Minority interest income	-2,166,040.07	4,640,513.86
VI. Net of tax of other comprehensive income	40,589,535.10	-31,351,409.53
Net of tax of other comprehensive income attributable to the owner of the parent company	40,589,535.10	-31,351,409.53
(I) Other comprehensive income that cannot be reclassified into the profits and losses		693,671.15
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		693,671.15
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	40,589,535.10	-32,045,080.68
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		
6. Converted difference in foreign currency financial statements	40,589,535.10	-32,045,080.68
7. Others		
Net of tax of other comprehensive income attributable to minority shareholders		
VII. Total Comprehensive Income	900,835,055.99	728,574,080.80
Total comprehensive income attributable to the owner of the parent company	903,001,096.06	723,933,566.94
Total comprehensive income attributable to minority shareholders	-2,166,040.07	4,640,513.86
VIII. Earnings per share:		
(I) Basic earnings per share	0.4929	0.4316
(II) Diluted earnings per share	0.4928	0.4315

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 statement

Unit: RMB

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	9,896,088,428.64	9,958,329,191.55
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	3,909,537.24	1,207,680.51
Other cash received related to business activities	179,167,865.43	166,606,563.49
Subtotal of cash inflow from operating activities	10,079,165,831.31	10,126,143,435.55
Cash paid for purchases of goods and services	7,688,555,061.58	7,268,626,176.06
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	1,232,560,542.55	845,672,966.99
Various taxes and fees paid	606,028,807.91	609,699,664.95
Payment of other cash related to business activities	1,036,544,085.40	1,648,297,397.71
Subtotal of cash outflows from operating activities	10,563,688,497.44	10,372,296,205.71
Net cash flow from operating activities	-484,522,666.13	-246,152,770.16
II. Cash flows arising from investment activities:		
Cash received from investment recovery	1,000,000.00	
Cash received from obtaining investment income	2,000,000.00	
Net cash recovered from disposal of fixed assets, intangible assets and other long-term assets	2,328,201.94	149,204.89
Net cash received from disposal of subsidiaries and other business units		
Other cash received related to investment activities		44,313,052.83
Subtotal of cash inflows from investing activities	5,328,201.94	44,462,257.72
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	472,272,778.22	398,081,956.46
Cash paid for investment	65,861,678.42	51,794,250.00

Net increase in pledged loans		
Net cash paid for acquisition of subsidiaries and other business entities	17,006,187.32	34,641,364.12
Payments of other cash related to investing activities	157,563,682.87	
Subtotal of cash outflows from investing activities	712,704,326.83	484,517,570.58
Net cash flows from investing activities	-707,376,124.89	-440,055,312.86
III. Cash flows arising from financing activities:		
Cash received by absorbing investment		
Including: Cash received by subsidiaries from minority shareholders' investment		
Cash received from obtaining loans	1,510,044,486.23	907,116,269.61
Other cash received related to financing activities	62,459,038.61	59,222,104.05
Subtotal of cash inflows from financing activities	1,572,503,524.84	966,338,373.66
Cash paid for debt repayment	1,202,198,901.63	1,652,722,088.75
Cash paid to distribute dividends, profits or pay interest	36,432,249.03	64,853,544.08
Including: Dividends and profits paid by subsidiaries to minority shareholders		13,328,000.00
Payment of other cash related to financing activities	262,376,106.69	98,175,384.50
Subtotal of cash outflows from financing activities	1,501,007,257.35	1,815,751,017.33
Net cash flow from financing activities	71,496,267.49	-849,412,643.67
IV. Impact of exchange rate changes on cash and cash equivalents	17,392,454.16	4,528,971.51
V. Net increase in cash and cash equivalents	-1,103,010,069.37	-1,531,091,755.18
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	3,105,149,941.54	1,885,818,947.15

## (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 First Quarterly Report been audited?

Yes No

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

Board of Directors of Huadong Medicine Co., Ltd.

April 26, 2024