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Pharmaron Beijing Co., Ltd.*

康龍化成（北京）新藥技術股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 3759)

2020 THIRD QUARTERLY REPORT

This announcement is made by Pharmaron Beijing Co., Ltd.* (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09 and 13.10B of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The following is the third quarterly report for 2020 of the Company. The financial data contained in this quarterly report is, except for section IV in Part 4 which has been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standard Board (the “**IFRSs**”) or as otherwise indicated, prepared in accordance with the PRC Accounting Standards for Business Enterprises. The third quarterly report for 2020 of the Company has not been audited.

By order of the Board
Pharmaron Beijing Co., Ltd.*
康龍化成（北京）新藥技術股份有限公司
Dr. Lou Boliang
Chairman

Beijing, the PRC
October 28, 2020

As at the date of this announcement, the Board of Directors comprises Dr. Lou Boliang, Mr. Lou Xiaoqiang and Ms. Zheng Bei as executive Directors; Mr. Chen Pingjin, Mr. Hu Baifeng, Mr. Li Jiaqing and Mr. Zhou Hongbin as non-executive Directors; Mr. Dai Lixin, Ms. Chen Guoqin, Mr. Tsang Kwan Hung Benson and Mr. Yu Jian as independent non-executive Directors.

* *For identification purposes only*

Pharmaron Beijing Co., Ltd.*
康龍化成(北京)新藥技術股份有限公司

**6 Tai-He Road, Beijing Economic Technological
Development Area, Beijing, China**

2020 THIRD QUARTERLY REPORT

October 2020

PART 1 IMPORTANCE NOTICE

The board of directors, the supervisory committee and the directors, supervisors and senior management of the Company warrant the truthfulness, accuracy and completeness of the contents of the 2020 Third Quarterly Report and that there are no false information, misleading statements or material omissions in the 2020 Third Quarterly Report, and shall assume joint and several legal responsibility.

All directors attended the Board meeting to review the 2020 Third Quarterly Report.

LOU Boliang, the person in charge of the Company, LI Shing Chung Gilbert, the Chief Financial Officer and the person in charge of Accounting Department (accounting head) of the Company warrant the truthfulness, accuracy and completeness of the financial statements contained in the 2020 Third Quarterly Report.

PART 2 COMPANY PROFILE

I. Major Accounting Data and Financial Indicators

Any necessary retrospective adjustment or restatement of the accounting data of the previous years

Yes No

			<i>Unit: RMB</i>
	As at the end of the reporting period	As at the end of the previous year	Increase/ (Decrease) at the end of the reporting period as compared with the end of the previous year
Total assets (<i>RMB</i>)	10,486,353,713.95	9,935,038,258.59	5.55%
Net assets attributable to shareholders of the Company (<i>RMB</i>)	8,464,567,765.02	7,767,063,398.51	8.98%

	The reporting period	Increase/ (decrease) for the reporting period compared with the corresponding period of the previous year	From the beginning of the year to the end of the reporting period	Increase/ (Decrease) from the beginning of the year to the end of the reporting period as compared with the corresponding period of the previous year
Revenue (<i>RMB</i>)	1,392,801,370.25	40.69%	3,585,968,004.69	36.53%
Net profit attributable to shareholders of the Company (<i>RMB</i>)	310,082,932.73	85.62%	789,043,085.87	140.28%
Net profit attributable to shareholders of the Company excluding non-recurring gains or losses (<i>RMB</i>)	243,502,442.37	42.31%	605,543,225.57	85.34%
Net cash flows from operating activities (<i>RMB</i>)	541,094,178.19	92.94%	1,159,043,382.95	117.55%
Basic earnings per share (<i>RMB/share</i>)	0.3924	54.18%	0.9976	97.15%
Diluted earnings per share (<i>RMB/share</i>)	0.3909	53.60%	0.9951	96.66%
Return on net assets on weighted average basis	3.81%	-1.92%	9.67%	-1.91%

Non-recurring gains or losses items and amounts

√ Applicable □ N/A

Unit: RMB

Item	From the beginning of the year to the end of the reporting period	Note
Gains or losses from disposal of non-current assets (including written-off portion of provisions for assets impairment)	22,417,380.14	It was mainly due to the acquisition of Beijing LinkStart Biotechnology Co., Ltd. during the reporting period, and recorded RMB23,122,860.31 on gains arising from re-measurement of equity held prior to the acquisition date at fair value.
Government grants included in profit/(loss) of the current period (except for those closely related to the Company's business and which are granted subject to certain amount or volume in compliance with the government policies and regulations)	32,188,965.98	
Gains or losses on changes in fair value of arising from held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities and derivative financial liabilities, and investment income from disposal of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities and other debt investments, except effective hedging activities related to the Company's normal business operations	148,582,051.37	It was mainly including: 1. The listing of our equity investment, Zentalis Pharmaceuticals, Inc. ("Zentalis"), on the Nasdaq Global Market on April 3, 2020 (U.S. local time). According to the closing price of Zentalis as at September 30, 2020, the Company recognized gains on fair value change from Zentalis of approximately RMB81,838,900; 2. During the reporting period, the Company's related gains on foreign currency forward contracts used to hedge foreign exchange risks were approximately RMB50,686,900.

Item	From the beginning of the year to the end of the reporting period	Note
Other non-operating income and expenses other than the above items	-4,923,831.74	
Less: Effect of income tax	13,697,464.05	
Impact on non-controlling interests (after tax)	<u>1,067,241.40</u>	
Total	<u><u>183,499,860.30</u></u>	-

Please explain the reason for determining the non-recurring gains or losses items by the Company in accordance with the definition set out in the Explanatory Announcement No. 1 for Information Disclosure by Public Issuers of Securities – Non-recurring Gains or Losses Items and for listing the non-recurring gains or losses items set out in the foregoing document as recurring gain or loss items.

Applicable N/A

During the reporting period, the Company did not list any non-recurring gains or losses items as defined and illustrated in the Explanatory Announcement No. 1 for Information Disclosure by Public Issuers of Securities – Non-recurring Gain or Loss Items as recurring gain or loss items.

II. Total Number of Shareholders and Shareholdings of Top 10 Shareholders as at the End of the Reporting Period

1. Number of ordinary shareholders and preferred shareholders whose voting rights have been reinstated, and shareholdings of top 10 shareholders

Unit: share

Total number of ordinary shareholders as at the end of the reporting period	19,298	Total number of preferred shareholders whose voting rights have been reinstated as at the end of the reporting period	0
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Shareholdings of top 10 shareholders

Name of shareholder	Nature of shareholder	Percentage	Number of shares	Number of shares subject to trading restrictions	Pledged or frozen shares Status	Number
Shenzhen Xinzhong Kangcheng Investment Partnership (Limited Partnership) (深圳市信康成投資合夥企業 (有限合夥))	Domestic non-state-owned legal person	19.78%	157,142,855	157,142,855		
HKSCC NOMINEES LIMITED	Overseas legal person	16.87%	133,996,089	0		
PHARMARON HOLDINGS LIMITED	Overseas legal person	12.29%	97,600,003	97,600,003		
Tianjin Junlian Wenda Equity Investment Partnership (Limited Partnership) (天津君聯聞達股權投資合夥企業 (有限合夥))	Domestic non-state-owned legal person	10.67%	84,787,158	0		
Shenzhen Xinzhong Longcheng Investment Partnership (Limited Partnership) (深圳市信龍成投資合夥企業 (有限合夥))	Domestic non-state-owned legal person	3.59%	28,494,266	28,494,266		
Mr. LOU Xiaoqiang (樓小強)	Domestic natural person	3.46%	27,500,000	27,500,000	Pledge	1,567,200
Ningbo Longtaikang Investment Management Co., Ltd. (寧波龍泰康投資管理有限公司)	Domestic non-state-owned legal person	3.46%	27,500,000	27,500,000	Pledge	5,086,400
Beijing Duotai Investment Management Co., Ltd. (北京多泰投資管理有限公司)	Domestic non-state-owned legal person	2.61%	20,723,103	20,723,103	Pledge	8,864,000
Hong Kong Securities Clearing Company Limited	Overseas legal person	2.52%	19,997,166	0		
Beijing Junlian Maolin Equity Investment Partnership (Limited Partnership) (北京君聯茂林股權投資合夥企業 (有限合夥))	Domestic non-state-owned legal person	1.84%	14,607,143	0		

Shareholdings of top 10 holders of shares not subject to trading restrictions

Name of shareholder	Number of shares not subject to trading restrictions	Class	Class of shares	Number
HKSCC NOMINEES LIMITED	133,996,089		Overseas listed foreign shares	133,996,089
Tianjin Junlian Wenda Equity Investment Partnership (Limited Partnership) (天津君聯聞達股權投資合夥企業 (有限合夥))	84,787,158		RMB-denominated ordinary shares	84,787,158
Hong Kong Securities Clearing Company Limited	19,997,166		RMB-denominated ordinary shares	19,997,166
Beijing Junlian Maolin Equity Investment Partnership (Limited Partnership) (北京君聯茂林股權投資合夥企業 (有限合夥))	14,607,143		RMB-denominated ordinary shares	14,607,143
Mr. YU Yuejiang (郁岳江)	11,655,542		RMB-denominated ordinary shares	11,655,542
Industrial and Commercial Bank of China Limited-Zhong Ou AMC Medical and Health Hybrid Securities Investment Fund (中國工商銀行股份有限公司－中歐醫療健康混合型證券投資基金)	6,938,133		RMB-denominated ordinary shares	6,938,133
Bank of China Limited-China Merchants National Securities Biomedical Index Classified Securities Investment Fund (中國銀行股份有限公司－招商國證生物醫藥指數分級證券投資基金)	3,279,809		RMB-denominated ordinary shares	3,279,809
HALLOW BRIGHT LIMITED	2,692,416		RMB-denominated ordinary shares	2,692,416
UBS AG	2,520,200		RMB-denominated ordinary shares	2,520,200
China Construction Bank Corporation-ABC-CA Healthcare Theme Securities Investment Fund (中國建設銀行股份有限公司－農銀匯理醫療保健主題股票型證券投資基金)	2,498,297		RMB-denominated ordinary shares	2,498,297

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| Description of connected relationships or concerted actions of the above shareholders | <ol style="list-style-type: none"> 1. Shenzhen Xinzhong Kangcheng Investment Partnership (Limited Partnership) (深圳市信中康成投資合夥企業(有限合夥)) and Shenzhen Xinzhong Longcheng Investment Partnership (Limited Partnership) (深圳市信中龍成投資合夥企業(有限合夥)) are the shareholding entities controlled by CITIC Buyout Investment Fund (Shenzhen) (Limited Partnership) (中信併購投資基金(深圳)合夥企業(有限合夥)). 2. Tianjin Junlian Wenda Equity Investment Partnership (Limited Partnership) (天津君聯聞達股權投資合夥企業(有限合夥)) and Beijing Junlian Maolin Equity Investment Partnership (Limited Partnership) (北京君聯茂林股權投資合夥企業(有限合夥)) are controlled by Junlian Capital Management Co., Ltd. (君聯資本管理股份有限公司). 3. Mr. LOU Xiaoqiang (樓小強), a shareholder of the Company, owns 100% equity interests of Ningbo Longtaikang Investment Management Co., Ltd. (寧波龍泰康投資管理有限公司); Ms. ZHENG Bei (鄭北), Mr. LOU Xiaoqiang (樓小強)'s spouse, owns 100% equity interests of Beijing Duotai Investment Management Co., Ltd. (北京多泰投資管理有限公司), and Dr. LOU Boliang, Mr. LOU Xiaoqiang (樓小強)'s brother, is the director of Pharmaron Holdings Limited. |
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The top 10 shareholders of the Company have no connected relationship other than those set forth above.

Description of securities margin trading business by top 10 shareholders (if any)	N/A
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The top 10 ordinary shareholders and top 10 ordinary shareholders not subject to trading restrictions did not conduct any agreed repurchase transaction during the reporting period.

2. *Number of preferred shareholders and the shareholdings of top 10 preferred shareholders*

Applicable N/A

3. *Change in shares subject to trading restrictions*

Applicable N/A

PART 3 SIGNIFICANT EVENTS

I. Significant Change in Major Financial Data and Financial Indicators During the Reporting Period and the Reasons Thereof

√ Applicable □ N/A

Unit: RMB

Item	As at the end of the reporting period/from the beginning of the year to the end of the reporting period (RMB)	Balance at the end of the previous year/the corresponding period of the previous year (RMB)	Percentage of changes	Reasons for changes
Cash and bank balances	2,954,144,397.40	4,459,852,482.83	-33.76%	<p>Cash and bank balances decreased by RMB1,505,708,100 compared with the balance at the end of last year, which was mainly due to the net cash flows used in investing activities during the reporting period as follows:</p> <ol style="list-style-type: none"> 1. Net cash outflows used in purchase of some medium-risk and low-risk wealth management products of approximately RMB767,596,000; 2. Using funds including the proceeds of H shares in the constructions of various infrastructure and in the payment for acquisitions of other fixed assets and intangible assets and the other long-term assets in cash of approximately RMB806,971,300; 3. Net cash outflows used in equity investments of approximately RMB354,395,000.
Held-for-trading financial assets	1,046,159,367.34	183,451,329.39	470.27%	<p>Held-for-trading financial assets increased by RMB862,708,000 compared with the balance at the end of last year, representing an increase of 470.27%, which was mainly due to the increase in holding medium-risk and low-risk wealth management products invested with the Company's own funds.</p>

Item	As at the end of the reporting period/from the beginning of the year to the end of the reporting period (RMB)	Balance at the end of the previous year/the corresponding period of the previous year (RMB)	Percentage of changes	Reasons for changes
Prepayments	10,323,495.29	4,645,376.09	122.23%	Prepayments increased by RMB5,678,100 compared with the balance at the end of last year, representing an increase of 122.23%, which was mainly due to the increase in prepayments for purchases of raw material.
Other receivables	35,046,642.95	82,942,763.23	-57.75%	Other receivables decreased by RMB47,896,100 compared with the balance at the end of last year, representing a decrease of 57.75%, which was mainly due to the recovery of employee borrowings during the reporting period.
Inventories	257,317,443.95	157,396,992.46	63.48%	Inventories increased by RMB99,920,500 compared with the balance at the end of last year, representing an increase of 63.48%, which was mainly due to the increase in the purchase of required raw material and products under production during the reporting period.
Non-current assets due within one year	2,108,000.00	0.00	N/A	Other non-current assets due within one year.
Other current assets	151,378,508.02	109,987,797.55	37.63%	It was mainly due to the increase in input taxes of VAT to be deducted.

Item	As at the end of the reporting period/from the beginning of the year to the end of the reporting period (RMB)	Balance at the end of the previous year/the corresponding period of the previous year (RMB)	Percentage of changes	Reasons for changes
Long-term equity investments	291,342,170.57	131,246,026.24	121.98%	<p>It increased by RMB160,096,100 as compared to the balance at the end of the previous year. Major changes are as follows:</p> <ol style="list-style-type: none"> 1. the Company had new equity investments of RMB77,000,000 and USD30,390,000 in Ningbo Kangjun Ningyuan Equity Investment Partnership Enterprise (Limited Partnership) (寧波康君寧元股權投資合夥企業(有限合夥)) and AccuGen Group, respectively, during the reporting period; 2. the Company obtained the control of Beijing LinkStart Biotechnology Co., Ltd. (北京聯斯達醫藥科技發展有限公司), an original associate, during the reporting period and included it into the scope of consolidated statements.
Other non-current financial assets	147,352,542.84	59,053,637.64	149.52%	<p>The listing of our equity investment, Zentalis, on the Nasdaq Global Market on April 3, 2020 (U.S. local time). According to the closing price of Zentalis as at September 30, 2020, the Company recognized gains on fair value change from Zentalis of approximately RMB81,838,900.</p>
Construction in progress	528,459,635.10	217,272,862.44	143.22%	<p>Construction in progress increased by RMB311,186,800 compared with that at the end of last year, representing an increase of 143.22%, which was mainly due to the scheduled construction of Ningbo Hangzhou Bay R&D service center, Phase I of Shaoxing Shangyu manufacturing facility, and Phase III of Tianjin CMC facility.</p>

Item	As at the end of the reporting period/from the beginning of the year to the end of the reporting period (RMB)	Balance at the end of the previous year/the corresponding period of the previous year (RMB)	Percentage of changes	Reasons for changes
Goodwill	358,989,301.83	203,285,790.43	76.59%	Goodwill increased by RMB155,703,500 compared with the balance at the end of the previous year, which was mainly due to the acquisition of Beijing LinkStart Biotechnology Co., Ltd. during the reporting period.
Other non-current assets	123,068,460.04	36,921,476.26	233.32%	Other non-current assets increased by RMB86,147,000 compared with the balance at the end of last year, representing an increase of 233.32%, which was mainly due to the increase in the prepayments of equipments.
Short-term borrowings	42,567,987.00	213,951,498.57	-80.10%	It was mainly due to the repayments of borrowings during the reporting period.
Contract liabilities	429,212,422.45	271,546,505.50	58.06%	It was mainly due to the continuous expansion of business. Contract liabilities at the end of the current reporting period increased by 58.06% compared with the balance at the end of last year.
Employee benefits payables	308,565,279.96	233,085,874.83	32.38%	Employee benefits payables have increased compared with the balance at the end of last year due to the further growth in the size of workforce during the reporting period.
Tax payables	61,053,300.40	43,730,593.02	39.61%	Enterprise income tax payables significantly increased as compared with the balance at the end of last year due to the significant growth of the total profit during the reporting period.
Non-current liabilities due within one year	96,752,769.50	150,852,535.08	-35.86%	It was mainly due to the repayments of borrowings during the reporting period.
Long-term borrowings	264,191,880.83	542,027,262.10	-51.26%	It was mainly due to the repayments of borrowings during the reporting period.

Item	As at the end of the reporting period/from the beginning of the year to the end of the reporting period (RMB)	Balance at the end of the previous year/the corresponding period of the previous year (RMB)	Percentage of changes	Reasons for changes
Long-term payables	0.00	1,763,700.02	-100.00%	At the end of the reporting period, the original long-term payables would become due within one year, thus, they are reclassified to non-current liabilities due within one year.
Deferred income	153,369,877.84	111,605,932.16	37.42%	It was mainly due to the government subsidies related to assets that were received by the Company during the reporting period.
Deferred tax liabilities	63,983,845.90	40,781,672.00	56.89%	It was mainly affected by the fair value gain arising from acquisition of Beijing LinkStart Biotechnology Co., Ltd., one-off accelerated depreciation of fixed assets, and change in fair value of derivative financial instruments on foreign currency forward contracts during the reporting period. Deferred tax liabilities at the end of the current period increased by 56.89% compared with the balance at the end of last year.
Other comprehensive income	-24,892,539.02	2,322,940.66	-1,171.60%	It was due to the exchange differences arising from translation of foreign currency financial statements during the reporting period.
Retained earnings	1,632,105,166.28	962,220,199.71	69.62%	Retained earnings increased significantly compared with the balance at the end of last year due to net profit attributable to the parent of approximately RMB789,043,100 during the reporting period.
Revenue	3,585,968,004.69	2,626,486,621.34	36.53%	During the reporting period, the Company's overall development was in good shape with ever-growing income. The revenue increased by 36.53% on a period-on-period basis.

Item	As at the end of the reporting period/from the beginning of the year to the end of the reporting period (RMB)	Balance at the end of the previous year/the corresponding period of the previous year (RMB)	Percentage of changes	Reasons for changes
Selling expenses	65,228,176.03	46,373,778.30	40.66%	In line with the increased revenue, the selling expenses during the reporting period increased by 40.66% on a period-on-period basis.
Research and development costs	69,047,547.25	42,972,325.90	60.68%	During the reporting period, research and development costs significantly increased on a period-on-period basis due to the Company's enhanced efforts to improve research and development capabilities technical expertise, and increased research and development spending.
Finance expenses	24,921,867.42	30,408,455.14	-18.04%	<p>Finance expenses decreased by RMB5,486,600 compared with the same period last year, including:</p> <ol style="list-style-type: none"> 1. During the reporting period, interest expenses amounted to RMB17,642,600, representing a decrease of RMB44,872,000 compared to RMB62,514,600 for the same period last year; 2. During the reporting period, interest income amounted to RMB58,681,800, representing an increase of RMB56,971,800 compared to RMB1,710,000 for the same period last year; 3. During the reporting period, losses from foreign exchange amounted to RMB64,918,300, representing an increase of RMB96,251,700 compared to RMB-31,333,400 for the same period last year.

Item	As at the end of the reporting period/from the beginning of the year to the end of the reporting period (RMB)	Balance at the end of the previous year/the corresponding period of the previous year (RMB)	Percentage of changes	Reasons for changes
Other income	31,838,399.98	11,772,002.91	170.46%	It was due to the significant period-on-period increase in government subsidies related to daily activities that were received by the Company.
Investment gains	11,549,584.86	-19,496,790.34	159.24%	The investment gains increased by RMB31,046,400, representing an increase of 159.24% on a period-on-period basis during the reporting period mainly due to: Investment gains from derivative financial instruments such as forward foreign exchange contracts used to hedge foreign exchange risks amounted to RMB4,256,300 during the reporting period, and the amount of which for the same period last year was RMB-23,999,000.
Gains on change in fair value	137,950,949.67	1,318,907.26	10359.49%	Gains on change in fair value for the reporting period significantly increased by RMB136,632,000, representing an increase of 10359.49% on a period-on-period basis, which was mainly due to: 1. Zentalis, a joint stock company of the Company, was listed on the Nasdaq Global Market on April 3, 2020 (United States local time). The recognized gains on change in fair value was approximately RMB81,838,900 in accordance with the closing price of Zentalis on September 30, 2020; 2. Gains on change in fair value of derivative financial instruments such as forward foreign exchange contracts used to hedge foreign exchange risks amounted to RMB46,430,600, and the amount of which for the same period last year was RMB-8,860,300.

Item	As at the end of the reporting period/from the beginning of the year to the end of the reporting period (RMB)	Balance at the end of the previous year/the corresponding period of the previous year (RMB)	Percentage of changes	Reasons for changes
Credit impairment losses	-2,789,904.62	-4,741,298.83	-41.16%	It was due to the period-on-period decrease in credit impairment losses on trade receivables and contract assets during the reporting period.
Assets impairment losses	-3,340,130.00	-1,150,972.36	190.20%	It was due to the increase in inventories impairment during the reporting period.
Gains on disposal of assets	-705,480.17	-197,670.28	-256.90%	It was due to an increase in losses arising from the disposal of non-current assets during the reporting period.
Non-operating expenses	5,201,032.00	2,373,002.74	119.18%	It was mainly due to the charitable donation of RMB3 million to support Wuhan in its fight against COVID-19 during the reporting period.
Income tax expenses	126,974,075.57	60,328,616.52	110.47%	During the reporting period, the income tax expenses increased due to a period-on-period increase in profit before tax by 136.43%.
Net cash flows from operating activities	1,159,043,382.95	532,766,671.12	117.55%	It was mainly due to the significant period-on-period increase in revenue during the reporting period.
Net cash flows from investing activities	-2,812,052,884.87	-794,997,209.23	-253.72%	The net cash flows used in investing activities during the reporting period was mainly due to the following factors during the reporting period: 1. Net cash outflows used in purchase of time deposits over three months and some medium-risk and low-risk wealth management products of approximately RMB1,670,596,000; 2. Using funds including the proceeds of H shares in the constructions of various infrastructure and in the payment for acquisitions of other fixed assets and intangible assets and the other long-term assets in cash of approximately RMB806,971,300; 3. Net cash outflows used in equity investments of approximately RMB354,395,000.

Item	As at the end of the reporting period/from the beginning of the year to the end of the reporting period (RMB)	Balance at the end of the previous year/the corresponding period of the previous year (RMB)	Percentage of changes	Reasons for changes
Net cash flows from financing activities	-706,645,355.71	261,038,148.57	-370.71%	Net cash flows from financing activities decreased by 370.71% compared to that of the same period last year, which was mainly due to the proceeds from issuance of A shares received during the same period last year and the period-on-period decrease in the scale of borrowing facilities during the reporting period.
Effect of foreign exchange rate changes on cash and cash equivalents	-49,813,574.49	1,778,787.91	-2900.42%	It was mainly due to fluctuations in the exchange rate that was used to convert HKD and USD to RMB.
Net increase in cash and cash equivalents	-2,409,468,432.12	586,398.37	-410992.76%	Net increase in cash and cash equivalents decreased by 410992.76% compared to that of the same period last year, which was mainly due to the proceeds from issuance of A shares received during the same period last year and cash outflows during the reporting period, such as driving the use of the proceeds of H shares as scheduled, repayments of borrowings, investment in medium-risk and low-risk wealth management products and fixed-term deposits over 3 months.

II. Business Review

During the reporting period, adhering to the development strategy set by the Board, the senior management of the Company, along with all of its staff, successfully realized the goals in the first three quarters of 2020 and the Company has maintained a good momentum of stable and healthy development.

Revenue from principal operations, gross profit and gross profit margin for the first three quarters of 2020 as well as their period-on-period changes are as follows:

Unit: RMB

By products or services	Revenue	Gross profit	Gross profit margin	Increase/ (decrease) in revenue as compared with the corresponding period of the previous year	Increase/ (decrease) in gross profit as compared with the corresponding period of the previous year
Laboratory services	2,327,048,721.73	1,007,059,297.89	43.28%	37.64%	53.05%
CMC services	830,126,012.37	263,271,886.29	31.71%	36.54%	84.16%
Clinical development services	413,977,260.18	74,678,844.47	18.04%	32.05%	2.82%

III. Progress of Significant Events, Analysis of Their Impacts and Solutions

Applicable N/A

Progress of significant events during the reporting period are shown in the table below:

Overview of significant events	Date of disclosure	Search index on the website disclosing the interim reports
Investment in private equity investment fund	January 10, 2020	Announcement on the Company's Investment in Private Equity Investment Fund and Related Transactions (No.: 2020-005), disclosure website: http://www.cninfo.com.cn
	February 22, 2020	Announcement on Completion of Filing of Investment in Private Equity Investment Fund (No.: 2020-016), disclosure website: http://www.cninfo.com.cn
	September 23, 2020	Update announcement in relation to connected transaction establishment of the fund (No.: 2020-085), disclosure website: http://www.cninfo.com.cn
The annual equity distribution plan for 2019 is as follows: the Company declared a cash dividend of RMB1.50 (tax inclusive) and 0 bonus shares for every 10 shares held on the basis of 794,387,462 shares, being the total share capital of the Company. The Company transferred to all shareholders 0 shares per 10 shares in the capital reserve fund.	July 8, 2020	Announcement on Implementation of annual equity distribution plan for 2019 (No.: 2020-006), disclosure website: http://www.cninfo.com.cn

Implementation and progress of share repurchase

Applicable N/A

Implementation and progress of centralized bidding to reduce holdings of repurchased shares

Applicable N/A

IV. Overdue Undertaking Not Performed as at the end of the Reporting Period by the Company's Actual Controller, Shareholders, Related Parties and Purchasers, the Company and Other Undertaking Parties

Applicable N/A

There was no overdue undertaking not performed as at the end of the reporting period by the Company's actual controller, shareholders, related parties and purchasers, the Company and other undertaking parties.

V. Estimate of the Operating Results for 2020

Expected occurrence where we may be required to make disclosure of results estimates from the beginning of the year to the end of the next reporting period: N/A

VI. Implementation of the Cash Dividend Payment Policy during the Reporting Period

Applicable N/A

VII. Guarantees for Third Parties in Violation of Regulations

Applicable N/A

There was no guarantees for third parties in violation of regulations during the reporting period.

VIII. Appropriation of Non-Operating Funds of the Listed Company by the Controlling Shareholder and its Connected Parties

Applicable N/A

There was no appropriation of non-operating funds of the listed company by the controlling shareholder and its connected parties during the reporting period.

IX. Records of Reception of Investors, Communications and Press Interviews during the Reporting Period

√ Applicable N/A

Time	Location	Mode	Type of Audience Received	Audience Received	Key Contents Discussed and Information Furnished
February 18, 2020	Conference room of the Company	Communication via telephone	Institutions	104 people from 86 institutions including CLSA, CITIC Securities, Orient Securities, Fullgoal Fund, ICBC Credit Suisse, China Universal Fund, Greenwoods Asset Management, Harvest Fund, Chengtong Fund, LAKEBLEU CAPITAL and Citibank were involved.	For further details, please refer to the Records of Investor Relations Activities as at February 18, 2020 disclosed at http://www.cninfo.com.cn

PART 4 FINANCIAL STATEMENTS

I. Financial Statements

1. Consolidated Balance Sheet

Prepared by: Pharmaron Beijing Co., Ltd.
September 30, 2020

Item	<i>Unit: RMB</i>	
	September 30, 2020	December 31, 2019
Current assets:		
Cash and bank balances	2,954,144,397.40	4,459,852,482.83
Deposit reservation for balance		
Lending to banks and other financial institutions		
Held-for-trading financial assets	1,046,159,367.34	183,451,329.39
Derivative financial assets		
Note receivables		
Trade receivables	973,544,847.25	857,069,268.23
Trade receivables financing		
Prepayments	10,323,495.29	4,645,376.09
Premium receivables		
Reinsurance account receivables		
Reinsurance deposit receivables		
Other receivables	35,046,642.95	82,942,763.23
Including: Interest receivables		
Dividend receivables		
Financial assets held under repurchase agreements		
Inventories	257,317,443.95	157,396,992.46
Contract assets	112,080,388.08	89,105,010.63
Assets held for sale		
Non-current assets due within one year	2,108,000.00	
Other current assets	151,378,508.02	109,987,797.55
Total current assets	5,542,103,090.28	5,944,451,020.41

Item	September 30, 2020	December 31, 2019
Non-current assets:		
Disbursement of loans and advances		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	291,342,170.57	131,246,026.24
Other investments in equity instruments		
Other non-current financial assets	147,352,542.84	59,053,637.64
Investment properties	43,435,582.30	46,012,823.48
Fixed assets	2,607,735,130.79	2,485,468,173.63
Construction in progress	528,459,635.10	217,272,862.44
Productive biological assets		
Oil & gas assets		
Right-of-use assets	209,746,551.07	179,546,082.18
Intangible assets	460,744,507.12	420,573,698.45
Development expenses		
Goodwill	358,989,301.83	203,285,790.43
Long-term deferred expenses	167,188,191.02	204,835,024.96
Deferred tax assets	6,188,550.99	6,371,642.47
Other non-current assets	123,068,460.04	36,921,476.26
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Total non-current assets	<u>4,944,250,623.67</u>	<u>3,990,587,238.18</u>
	<hr/>	<hr/>
Total assets	<u>10,486,353,713.95</u>	<u>9,935,038,258.59</u>

Item	September 30, 2020	December 31, 2019
Current liabilities:		
Short-term borrowings	42,567,987.00	213,951,498.57
Borrowings from the Central Bank		
Borrowings from banks and other financial institutions		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Note payables		
Trade payables	132,209,170.37	117,977,991.93
Advances from customers		
Contract liabilities	429,212,422.45	271,546,505.50
Financial assets sold for repurchase		
Customer and inter-bank deposits		
Deposit for securities trading brokerage		
Deposit for securities underwriting brokerage		
Employee benefits payables	308,565,279.96	233,085,874.83
Tax payables	61,053,300.40	43,730,593.02
Other payables	255,809,292.58	238,536,006.24
Including: Interests payables		
Dividend payables	611,608.05	
Fees and commissions payables		
Reinsurance account payables		
Liabilities held for sale		
Non-current liabilities due within one year	96,752,769.50	150,852,535.08
Other current liabilities		
Total current liabilities	<u>1,326,170,222.26</u>	<u>1,269,681,005.17</u>

Item	September 30, 2020	December 31, 2019
Non-current liabilities:		
Insurance contract reserves		
Long-term borrowings	264,191,880.83	542,027,262.10
Bond payables		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	148,739,535.48	131,160,365.10
Long-term payables		1,763,700.02
Long-term employee benefits payables		
Provisions		
Deferred income	153,369,877.84	111,605,932.16
Deferred tax liabilities	63,983,845.90	40,781,672.00
Other non-current liabilities		
	<hr/>	<hr/>
Total non-current liabilities	<u>630,285,140.05</u>	<u>827,338,931.38</u>
	<hr/>	<hr/>
Total liabilities	<u>1,956,455,362.31</u>	<u>2,097,019,936.55</u>
	<hr/>	<hr/>
Equity:		
Share capital	794,387,462.00	794,387,462.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	6,019,112,963.57	5,964,889,692.00
Less: Treasury shares	72,169,749.90	72,781,357.95
Other comprehensive income	-24,892,539.02	2,322,940.66
Specific reserve		
Surplus reserve	116,024,462.09	116,024,462.09
General risk provision		
Retained earnings	1,632,105,166.28	962,220,199.71
Total equity attributable to the owners of the parent	8,464,567,765.02	7,767,063,398.51
Non-controlling interests	65,330,586.62	70,954,923.53
	<hr/>	<hr/>
Total equity	<u>8,529,898,351.64</u>	<u>7,838,018,322.04</u>
	<hr/>	<hr/>
Total liabilities and equity	<u>10,486,353,713.95</u>	<u>9,935,038,258.59</u>

Legal representative:
LOU Boliang

Chief Financial Officer:
LI Shing Chung Gilbert

Person in charge of
Accounting Department:
LI Shing Chung Gilbert

2. Balance Sheet of the Parent Company

	<i>Unit: RMB</i>	
Item	September 30, 2020	December 31, 2019
Current assets:		
Cash and bank balances	1,910,151,651.20	4,173,049,105.09
Held-for-trading financial assets	676,592,260.20	83,451,329.39
Derivative financial assets		
Note receivables		
Trade receivables	900,895,023.09	943,358,431.63
Trade receivables financing		
Prepayments	2,319,318.83	781,042.70
Other receivables	902,655,260.80	838,477,612.43
Including: Interest receivables		
Dividend receivables		
Inventories	49,604,375.20	31,830,715.60
Contract assets		
Assets held for sale		
Non-current assets due within one year	2,108,000.00	
Other current assets	35,838,250.54	18,835,853.15
Total current assets	4,480,164,139.86	6,089,784,089.99
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	3,388,190,664.73	1,445,935,712.47
Other investments in equity instruments		
Other non-current financial assets		
Investment properties		
Fixed assets	1,226,835,674.69	1,190,510,832.45
Construction in progress	43,360,367.87	1,098,784.18
Productive biological assets		
Oil & gas assets		
Right-of-use assets	67,264,337.26	11,313,713.10
Intangible assets	124,088,013.50	124,774,213.64
Development expenses		
Goodwill		
Long-term deferred expenses	45,014,897.38	70,837,439.98
Deferred tax assets		
Other non-current assets	46,077,555.55	15,292,766.85
Total non-current assets	4,940,831,510.98	2,859,763,462.67
Total assets	9,420,995,650.84	8,949,547,552.66

Item	September 30, 2020	December 31, 2019
Current liabilities:		
Short-term borrowings	23,840,766.82	165,118,098.57
Held-for-trading financial liabilities		
Derivative financial liabilities		
Note payables		
Trade payables	93,798,811.74	64,029,728.41
Advances from customers		
Contract liabilities	90,783,698.88	77,784,697.33
Employee benefits payables	169,473,444.54	144,995,323.89
Tax payables	23,638,387.38	20,093,767.98
Other payables	554,950,744.37	242,925,775.69
Including: Interest payables		
Dividend payables	611,608.05	
Liabilities held for sale		
Non-current liabilities due within one year	24,356,108.70	80,789,959.70
Other current liabilities		
Total current liabilities	980,841,962.43	795,737,351.57
Non-current liabilities:		
Long-term borrowings	84,000,000.00	395,500,000.00
Bond payables		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	47,784,965.54	5,991,286.49
Long-term payables		1,763,700.02
Long-term employee benefits payables		
Provisions		
Deferred income	7,340,767.59	8,983,539.48
Deferred tax liabilities	39,916,566.09	26,292,914.50
Other non-current liabilities		
Total non-current liabilities	179,042,299.22	438,531,440.49
Total liabilities	1,159,884,261.65	1,234,268,792.06

Item	September 30, 2020	December 31, 2019
Equity:		
Share capital	794,387,462.00	794,387,462.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	5,957,475,944.21	5,905,620,328.94
Less: Treasury shares	72,169,749.90	72,781,357.95
Other comprehensive income		
Specific reserve		
Surplus reserve	116,024,462.09	116,024,462.09
Retained earnings	<u>1,465,393,270.79</u>	<u>972,027,865.52</u>
Total equity	<u><u>8,261,111,389.19</u></u>	<u><u>7,715,278,760.60</u></u>
Total liabilities and equity	<u><u>9,420,995,650.84</u></u>	<u><u>8,949,547,552.66</u></u>

3. Consolidated Income Statement for the reporting period

Unit: RMB

Item	Amount of the current period	Amount of the previous period
1. Total revenue	1,392,801,370.25	989,973,546.50
Including: Revenue	1,392,801,370.25	989,973,546.50
Interest income		
Insurance premium earned		
Fee and commission income		
2. Total cost	1,112,029,921.03	785,193,030.21
Including: Cost	837,870,968.12	632,399,221.37
Interest expenses		
Fee and commission expenses		
Surrender value		
Net claim paid		
Net change in insurance contract reserves		
Insurance policy dividend paid		
Reinsurance expenses		
Taxes and surcharges	7,680,629.27	7,314,792.10
Selling expenses	24,806,373.68	17,607,412.49
Administrative expenses	158,363,798.94	121,128,885.21
Research and development costs	25,943,467.06	16,285,229.19
Finance expenses	57,364,683.96	-9,542,510.15
Including: Interest expenses	4,256,678.59	20,115,761.54
Interest income	15,538,784.24	196,730.61
Add: Other income	15,535,120.93	6,311,859.47
Investment income (“-” indicating loss)	12,012,493.70	-15,606,459.22
Including: Income from investments in associates and joint ventures	-1,380,727.48	-1,321,152.79
Gains on derecognition of financial assets measured at amortized cost		
Foreign exchange gains (“-” indicating loss)		
Net gain on exposure hedging (“-” indicating loss)		
Gains on change in fair value (“-” indicating loss)	53,932,790.12	1,837,250.70
Credit impairment losses (“-” indicating loss)	425,281.47	-5,464,837.91
Assets impairment losses (“-” indicating loss)	-1,178,114.88	-329,332.69
Gains on disposal of assets (“-” indicating loss)	-315,729.08	7,936.45

Item	Amount of the current period	Amount of the previous period
3. Operating profit (“-” indicating loss)	361,183,291.48	191,536,933.09
Add: Non-operating income	170,748.51	9,169.76
Less: Non-operating expenses	452,109.11	451,286.56
4. Profit before tax (“-” indicating total loss)	360,901,930.88	191,094,816.29
Less: Income tax expenses	61,310,163.47	30,316,651.55
5. Net profit (“-” indicating net loss)	299,591,767.41	160,778,164.74
(i) By continuity of operations		
1. Net profit from continuing operations (“-” indicating net loss)	299,591,767.41	160,778,164.74
2. Net profit from discontinued operations (“-” indicating net loss)		
(ii) By ownership		
1. Net profit attributable to owners of the parent	310,082,932.73	167,056,321.47
2. Non-controlling interests	-10,491,165.32	-6,278,156.73
6. Other comprehensive income, net of tax	3,198,973.54	-6,149,013.76
Other comprehensive income attributable to owners of the parent, net of tax	3,235,669.79	-6,404,983.95
(i) Other comprehensive income that may not be reclassified to profit or loss		
1. Changes arising from remeasurement under defined benefit plan		
2. Other comprehensive income that may not be transferred to gain or loss under equity method		
3. Change in fair value of investments in other equity instruments		
4. Change in fair value of own credit risk		
5. Others		
(ii) Other comprehensive income that will be reclassified to profit or loss	3,235,669.79	-6,404,983.95
1. Other comprehensive income that may be reclassified to profit or loss under equity method		
2. Change in fair value of other debt investments		
3. Amount included in other comprehensive income on reclassification of financial assets		
4. Impairment allowance of other debt investments		
5. Cash flow hedging reserve		
6. Exchange difference on translation of foreign financial statements	3,235,669.79	-6,404,983.95
7. Others		

Item	Amount of the current period	Amount of the previous period
Other comprehensive income attributable to the non-controlling interests, net of tax	-36,696.25	255,970.19
7. Total comprehensive income	302,790,740.95	154,629,150.98
Total comprehensive income attributable to owners of the parent	313,318,602.52	160,651,337.52
Total comprehensive income attributable to the non-controlling interests	-10,527,861.57	-6,022,186.54
8. Earnings per share:		
(i) Basic earnings per share	0.3924	0.2545
(ii) Diluted earnings per share	0.3909	0.2545
Legal representative: LOU Boliang	Chief Financial Officer: LI Shing Chung Gilbert	Person in charge of Accounting Department: LI Shing Chung Gilbert

4. *Income Statement of the Parent Company for the reporting period*

Unit: RMB

Item	Amount of the current period	Amount of the previous period
1. Revenue	854,411,247.66	570,014,014.24
Less: Cost	423,626,353.48	314,703,652.74
Taxes and surcharges	2,216,008.61	2,245,135.45
Selling expenses	1,481,458.44	1,447,537.02
Administrative expenses	79,956,749.52	65,310,717.28
Research and development costs	16,114,828.23	11,461,572.63
Finance expenses	53,041,263.50	-10,965,807.31
Including: Interest expenses	2,535,263.53	10,470,438.14
Interest income	12,155,072.29	100,089.61
Add: Other income	11,222,550.43	3,963,400.27
Investment income (“-” indicating loss)	11,750,858.63	-16,337,984.05
Including: Income from investments in associates and joint ventures	21,793.07	-1,287,223.60
Gains on derecognition of financial assets measured at amortized cost (“-” indicating loss)		
Net gains on exposure hedging (“-” indicating loss)		
Gain on change in fair value (“-” indicating loss)	71,454,954.04	-7,287,443.73
Credit impairment losses (“-” indicating loss)	-450,280.82	-353,262.10
Assets impairment losses (“-” indicating loss)	-797,685.01	-2,333,334.97
Gains on disposal of assets (“-” indicating loss)	-240,628.30	-357,785.78
2. Operating profit (“-” indicating loss)	370,914,354.85	163,104,796.07
Add: Non-operating income	44,600.01	0.00
Less: Non-operating expenses	110,879.01	28.45
3. Total profit (“-” indicating total loss)	370,848,075.85	163,104,767.62
Less: Income tax expenses	55,357,046.25	24,017,319.89
4. Net profit (“-” indicating net loss)	315,491,029.60	139,087,447.73
(1) Net profit from continuing operations (“-” indicating net loss)	315,491,029.60	139,087,447.73
(2) Net profit from discontinued operations (“-” indicating net loss)		

Item	Amount of the current period	Amount of the previous period
5. Other comprehensive income, net of tax		
(i) Other comprehensive income that may not be reclassified to profit or loss		
1. Changes arising from remeasurement under defined benefit plan		
2. Other comprehensive income that may not be transferred to profit or loss under equity method		
3. Change in fair value of investments in other equity instruments		
4. Change in fair value of own credit risk		
5. Others		
(ii) Other comprehensive income that will be reclassified to profit or loss		
1. Other comprehensive income that may be reclassified to profit or loss under equity method		
2. Change in fair value of other debt investments		
3. Amount included in other comprehensive income on reclassification of financial assets		
4. Impairment allowance of other debt investments		
5. Cash flows hedging reserve		
6. Exchange difference on translation of foreign financial statements		
7. Others		
6. Total comprehensive income	315,491,029.60	139,087,447.73
7. Earnings per share:		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

5. Consolidated Income Statement from the Beginning of the Year to the End of the Reporting Period

Unit: RMB

Item	Amount of the current period	Amount of the previous period
1. Total revenue	3,585,968,004.69	2,626,486,621.34
Including: Revenue	3,585,968,004.69	2,626,486,621.34
Interest income		
Insurance premium earned		
Fee and commission income		
2. Total cost	2,862,697,027.12	2,234,398,127.10
Including: Cost	2,232,455,980.47	1,744,120,634.72
Interest expenses		
Fee and commission expenses		
Surrender value		
Net claim paid		
Net change in insurance contract reserves		
Insurance policy dividend paid		
Reinsurance expenses		
Taxes and surcharges	24,407,708.64	24,087,252.25
Selling expenses	65,228,176.03	46,373,778.30
Administrative expenses	446,635,747.31	346,435,680.79
Research and development costs	69,047,547.25	42,972,325.90
Finance expenses	24,921,867.42	30,408,455.14
Including: Interest expenses	17,642,643.61	62,514,559.25
Interest income	58,681,756.15	1,709,987.27
Add: Other income	31,838,399.98	11,772,002.91
Investment income (“-” indicating loss)	11,549,584.86	-19,496,790.34
Including: Income from investments in associates and joint ventures	-22,204,377.15	-7,118,727.04
Gains on derecognition of financial assets measured at amortized cost		
Foreign exchange gains (“-” indicating loss)		
Net gain on exposure hedging (“-” indicating loss)		
Gains on change in fair value (“-” indicating loss)	137,950,949.67	1,318,907.26
Credit impairment losses (“-” indicating loss)	-2,789,904.62	-4,741,298.83
Assets impairment losses (“-” indicating loss)	-3,340,130.00	-1,150,972.36
Gains on disposal of assets (“-” indicating loss)	-705,480.17	-197,670.28

Item	Amount of the current period	Amount of the previous period
3. Operating profit (“-” indicating loss)	897,774,397.29	379,592,672.60
Add: Non-operating income	627,766.26	569,017.70
Less: Non-operating expenses	5,201,032.00	2,373,002.74
4. Profit before tax (“-” indicating total loss)	893,201,131.55	377,788,687.56
Less: Income tax expenses	126,974,075.57	60,328,616.52
5. Net profit (“-” indicating net loss)	766,227,055.98	317,460,071.04
(i) By continuity of operations		
1. Net profit from continuing operations (“-” indicating net loss)	766,227,055.98	317,460,071.04
2. Net profit from discontinued operations (“-” indicating net loss)		
(ii) By ownership		
1. Net profit attributable to owners of the parent	789,043,085.87	328,380,337.59
2. Non-controlling interests	-22,816,029.89	-10,920,266.55
6. Other comprehensive income, net of tax	-27,222,659.23	-7,856,221.67
Other comprehensive income attributable to owners of the parent, net of tax	-27,215,479.68	-8,072,834.61
(i) Other comprehensive income that will not be reclassified to profit or loss		
1. Changes arising from remeasurement under defined benefit plan		
2. Other comprehensive income that may not be transferred to gain or loss under equity method		
3. Change in fair value of investments in other equity instruments		
4. Change in fair value of own credit risk		
5. Others		
(ii) Other comprehensive income that will be reclassified to profit or loss	-27,215,479.68	-8,072,834.61
1. Other comprehensive income that may be reclassified to profit or loss under equity method		
2. Change in fair value of other debt investments		
3. Amount included in other comprehensive income on reclassification of financial assets		

Item	Amount of the current period	Amount of the previous period
4. Impairment allowance of other debt investments		
5. Cash flow hedging reserve		
6. Exchange difference on translation of foreign financial statements	-27,215,479.68	-8,072,834.61
7. Others		
Other comprehensive income attributable to the non-controlling interests, net of tax	-7,179.55	216,612.94
7. Total comprehensive income	739,004,396.75	309,603,849.37
Total comprehensive income attributable to owners of the parent	761,827,606.19	320,307,502.98
Total comprehensive income attributable to the non-controlling interests	-22,823,209.44	-10,703,653.61
8. Earnings per share:		
(i) Basic earnings per share	0.9976	0.5060
(ii) Diluted earnings per share	0.9951	0.5060

Legal representative: LOU Boliang	Chief Financial Officer: LI Shing Chung Gilbert	Person in charge of Accounting Department: LI Shing Chung Gilbert
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6. Income Statement of the Parent Company from the Beginning of the Year to the End of the Reporting Period

Unit: RMB

Item	Amount of the current period	Amount of the previous period
1. Total revenue	2,074,585,700.76	1,453,091,729.94
Less: Cost	1,131,457,362.78	851,637,926.76
Taxes and surcharges	7,182,687.45	6,844,827.10
Selling expenses	4,284,382.91	4,081,939.42
Administrative expenses	229,180,167.73	187,757,936.38
Research and development costs	43,578,930.92	29,293,271.38
Finance expenses	32,080,177.16	11,079,376.96
Including: Interest expenses	10,402,286.87	31,612,265.73
Interest income	49,258,427.53	1,451,210.95
Add: Other income	19,320,121.25	5,262,681.57
Investment income (“-” indicating loss)	23,987,986.36	-30,941,921.63
Including: Income from investments in associates and joint ventures	-18,445,638.54	-7,050,728.26
Gains on derecognition of financial assets measured at amortized cost		
Net gains on exposure hedging (“-” indicating loss)		
Gain on change in fair value (“-” indicating loss)	54,544,930.81	-8,860,281.09
Credit impairment losses (“-” indicating loss)	-3,035,062.90	-698,300.48
Assets impairment losses (“-” indicating loss)	-1,585,685.57	-3,215,736.12
Gains on disposal of assets (“-” indicating loss)	-452,158.09	-542,248.08
2. Operating profit (“-” indicating loss)	719,602,123.67	323,400,646.11
Add: Non-operating income	174,050.21	239,600.06
Less: Non-operating expenses	4,708,171.45	1,709,137.18
3. Profit before tax (“-” indicating total loss)	715,068,002.43	321,931,108.99
Less: Income tax expenses	102,544,477.86	45,707,982.81
4. Net profit (“-” indicating net loss)	612,523,524.57	276,223,126.18
(i) Net profit from continuing operations (“-” indicating net loss)	612,523,524.57	276,223,126.18
(ii) Net profit from discontinued operations (“-” indicating net loss)		

Item	Amount of the current period	Amount of the previous period
5. Other comprehensive income, net of tax		
(i) Other comprehensive income that will not be reclassified to profit or loss		
1. Changes arising from remeasurement under defined benefit plan		
2. Other comprehensive income that may not be transferred to gain or loss under equity method		
3. Change in fair value of investments in other equity instruments		
4. Change in fair value of own credit risk		
5. Others		
(ii) Other comprehensive income that will be reclassified to profit or loss		
1. Other comprehensive income that may be reclassified to profit or loss under equity method		
2. Change in fair value of other debt investments		
3. Amount included in other comprehensive income on reclassification of financial assets		
4. Impairment allowance of other debt investments		
5. Cash flows hedging reserve		
6. Exchange difference on translation of foreign financial statements		
7. Others		
Other comprehensive income attributable to the non-controlling interests, net of tax		
6. Total comprehensive income	612,523,524.57	276,223,126.18
7. Earnings per share:		
(i) Basic earnings per share		
(ii) Diluted earnings per share		
Legal representative: LOU Boliang	Chief Financial Officer: LI Shing Chung Gilbert	Person in charge of Accounting Department: LI Shing Chung Gilbert

7. Consolidated Statement of Cash Flows from the Beginning of the Year to the End of the Reporting Period

Unit: RMB

Item	Amount of the current period	Amount of the previous period
1. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	3,628,518,030.12	2,521,845,896.00
Net increase in customers deposits, due to banks and other financial institutions		
Net increase in placements from the Central Bank		
Net increase in placements from other financial institutions		
Cash received from premiums of original insurance contracts		
Net cash received from reinsurance business		
Net increase in deposit from policyholders and investment		
Cash received from interests, fees, and commissions		
Net increase in placements from banks and other financial institutions		
Net increase in repurchase agreements		
Net cash received from securities trading brokerage		
Refunds of taxes and surcharges	149,590,422.56	122,164,710.97
Other cash received relating to operating activities	155,608,831.79	9,735,649.64
Subtotal of cash inflow from operating activities	3,933,717,284.47	2,653,746,256.61
Cash paid for goods and services	854,574,863.73	531,103,383.70
Net increase in loans and advances to customers		
Net increase in deposits with the Central Bank and other financial institutions		
Cash paid for compensation pay-outs of original insurance contracts		
Net increase in placements with banks and other financial institution		
Cash paid for interest, fees, and commissions		
Cash paid for insurance dividends		
Cash paid to and on behalf of employees	1,369,818,927.36	1,096,735,673.27
Cash paid for taxes and surcharges	127,503,683.93	63,278,656.64
Other cash paid relating to operating activities	422,776,426.50	429,861,871.88
Subtotal of cash outflow from operating activities	2,774,673,901.52	2,120,979,585.49
Net cash flow from operating activities	1,159,043,382.95	532,766,671.12

Item	Amount of the current period	Amount of the previous period
2. Cash flow from investing activities:		
Cash received from disposal of investments	678,062,900.00	264,018,000.00
Cash received from return on investments	12,527,187.47	1,257,474.01
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	3,125,872.28	2,182,618.07
Net cash received from disposal of subsidiaries and other business entities		
Other cash received relating to investing activities		
Sub-total of cash inflows from investing activities	<u>693,715,959.75</u>	<u>267,458,092.08</u>
Cash paid to acquire fixed assets, intangible assets and other long-term assets	806,971,253.28	528,685,822.83
Cash paid to acquire investments	2,626,187,390.51	450,225,227.14
Net increase in pledged loans		
Net cash paid to acquire subsidiaries and other business entities	50,849,649.93	59,497,251.34
Other cash paid relating to investing activities	<u>21,760,550.90</u>	<u>24,047,000.00</u>
Sub-total of cash outflows from investing activities	<u>3,505,768,844.62</u>	<u>1,062,455,301.31</u>
Net cash flow from investing activities	<u>-2,812,052,884.87</u>	<u>-794,997,209.23</u>
3. Cash flow from financing activities:		
Cash received from capital contributions	5,873,205.70	458,485,929.60
Including: Cash received from capital contributions by non-controlling shareholders of subsidiaries	5,873,205.70	
Cash received from borrowings	225,501,276.47	650,703,952.52
Other cash received relating to financing activities		
Sub-total of cash inflows from financing activities	<u>231,374,482.17</u>	<u>1,109,189,882.12</u>
Cash paid for repayments of borrowings	733,294,156.72	619,734,234.09
Cash payment for distribution of dividends, profits or interest expenses	130,981,815.08	123,472,987.79
Including: Dividends and profit paid by subsidiaries to non-controlling shareholders		
Other cash paid relating to financing activities	<u>73,743,866.08</u>	<u>104,944,511.67</u>
Sub-total of cash outflow from financing activities	<u>938,019,837.88</u>	<u>848,151,733.55</u>
Net cash flows from financing activities	<u>-706,645,355.71</u>	<u>261,038,148.57</u>

Item	Amount of the current period	Amount of the previous period
4. Effect of foreign exchange rate changes on cash and cash equivalents	-49,813,574.49	1,778,787.91
5. Net increase in cash and cash equivalents	-2,409,468,432.12	586,398.37
Add: Period-beginning balance of cash and cash equivalents	4,442,218,224.31	307,235,463.29
6. Period-end balance of cash and cash equivalents	<u>2,032,749,792.19</u>	<u>307,821,861.66</u>

8. Statement of Cash Flows of the Parent Company from the Beginning of the Year to the End of the Reporting Period

	<i>Unit: RMB</i>	
Item	Amount of the current period	Amount of the previous period
1. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	2,110,018,098.80	1,269,812,818.97
Refunds of taxes and surcharges	50,878,466.20	62,514,624.11
Other cash received relating to operating activities	2,828,284,467.34	1,111,075,373.00
	<hr/>	<hr/>
Subtotal of cash inflow from operating activities	4,989,181,032.34	2,443,402,816.08
	<hr/>	<hr/>
Cash paid for goods and services	435,532,634.54	290,350,243.41
Cash paid to and on behalf of employees	699,746,486.90	598,424,048.58
Cash paid for taxes and surcharges	92,314,152.99	40,225,867.47
Other cash paid relating to operating activities	2,684,698,983.26	1,326,806,443.71
	<hr/>	<hr/>
Subtotal of cash outflow from operating activities	3,912,292,257.69	2,255,806,603.17
	<hr/>	<hr/>
Net cash flow from operating activities	1,076,888,774.65	187,596,212.91
	<hr/> <hr/>	<hr/> <hr/>
2. Cash flows from investing activities:		
Cash received from disposal of investments	456,762,900.00	17,018,000.00
Cash received from return on investments	40,445,266.21	107,806.63
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	126,098.53	168,118.90
Net cash received from disposal of subsidiaries and other business entities		
Other cash received relating to investing activities	<hr/>	<hr/>
	<hr/>	<hr/>
Sub-total of cash inflows from investing activities	497,334,264.74	17,293,925.53
	<hr/>	<hr/>
Cash paid to acquire fixed assets, intangible assets and other long-term assets	212,363,369.41	116,887,924.73
Cash paid to acquire investments	3,436,045,000.00	446,374,853.79
Net cash paid to acquire subsidiaries and other business entities		
Other cash paid relating to investing activities	21,760,550.90	24,047,000.00
	<hr/>	<hr/>
Sub-total of cash inflows from investing activities	3,670,168,920.31	587,309,778.52
	<hr/>	<hr/>
Net cash flows from investing activities	-3,172,834,655.57	-570,015,852.99
	<hr/> <hr/>	<hr/> <hr/>

Item	Amount of the current period	Amount of the previous period
3. Cash flows from financing activities:		
Cash received from capital contributions		458,485,929.60
Cash received from borrowings	24,188,551.11	474,937,039.42
Other cash received relating to financing activities		
	<hr/>	<hr/>
Sub-total of cash inflows from financing activities	24,188,551.11	933,422,969.02
	<hr/>	<hr/>
Cash paid for repayments of borrowings	524,690,994.62	376,192,357.49
Cash payment for distribution of dividends, profits or interest expenses	127,172,394.75	99,869,276.48
Other cash paid relating to financing activities	41,302,031.92	53,337,500.58
	<hr/>	<hr/>
Sub-total of cash outflows from financing activities	693,165,421.29	529,399,134.55
	<hr/>	<hr/>
Net cash flows from financing activities	<u>-668,976,870.18</u>	<u>404,023,834.47</u>
4. Effect of foreign exchange rate changes on cash and cash equivalents	<u>-27,919,781.32</u>	<u>-238,656.90</u>
5. Net increase in cash and cash equivalents	-2,792,842,532.42	21,365,537.49
Add: Period-beginning balance of cash and cash equivalents	4,172,822,713.62	47,128,873.49
	<hr/>	<hr/>
6. Period-end balance of cash and cash equivalents	<u>1,379,980,181.20</u>	<u>68,494,410.98</u>

II. Description of Financial Statement Adjustment

1. *Adjustment on the financial statements of the first year of adopting new revenue standards and new leasing standards since 2020*

Applicable N/A

2. *Explanation of retrospective adjustment on comparative data of the first year of adopting new revenue standards and new leasing standards since 2020*

Applicable N/A

III. Audit Report

The 2020 Third Quarterly Report of the Company has not been audited.

IV. Quarterly condensed consolidated financial statements prepared in accordance with IFRSs

1. Consolidated Statement of Profit or Loss¹

For the nine months ended September 30, 2020

	Nine months ended September 30,	
	2020	2019
	RMB'000	RMB'000
Revenue	3,585,968	2,626,487
Cost of sales	<u>(2,238,172)</u>	<u>(1,746,857)</u>
Gross profit	1,347,796	879,630
Other income and gains	205,639	67,185
Other expenses	(13,611)	(35,430)
Selling and distribution expenses	(65,228)	(46,374)
Administrative expenses	(469,710)	(369,875)
Research and development costs	(69,048)	(42,972)
Impairment losses on financial and contract assets, net of reversal	(2,790)	(4,741)
Finance costs	(17,643)	(62,515)
Share of losses of associates	<u>(22,204)</u>	<u>(7,119)</u>
Profit before tax	893,201	377,789
Income tax expense	<u>(126,974)</u>	<u>(60,329)</u>
Profit for the period	<u>766,227</u>	<u>317,460</u>
Attributable to:		
Owners of the parent	789,043	328,380
Non-controlling interests	<u>(22,816)</u>	<u>(10,920)</u>
	<u>766,227</u>	<u>317,460</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		
Basic		
For profit for the period	<u>RMB0.9976</u>	<u>RMB0.5060</u>
Diluted		
For profit for the period	<u>RMB0.9951</u>	<u>RMB0.5060</u>

¹ Any discrepancies in data below between the total shown and the sum of the amounts listed are due to rounding.

2. Consolidated Statement of Financial Position²

September 30, 2020

	September 30, 2020 <i>RMB'000</i>	December 31, 2019 <i>RMB'000</i>
NON-CURRENT ASSETS		
Property, plant and equipment	3,366,340	2,973,354
Right-of-use assets	523,750	498,989
Investment properties	43,436	46,013
Goodwill	358,989	203,286
Other intangible assets	83,784	35,352
Investments in associates	291,342	131,246
Equity investments at fair value through profit or loss	147,353	59,054
Deferred tax assets	6,189	6,372
Other non-current assets	123,068	36,921
	<hr/>	<hr/>
Total non-current assets	4,944,251	3,990,587
CURRENT ASSETS		
Inventories	129,964	97,050
Contract costs	127,354	60,347
Trade receivables	973,545	857,069
Contract assets	112,080	89,105
Prepayments, other receivables and other assets	198,857	197,576
Financial assets at fair value through profit or loss	986,039	169,762
Derivative financial instruments	60,120	13,689
Pledged deposits	7,674	17,634
Cash and cash equivalents	2,946,471	4,442,218
	<hr/>	<hr/>
Total current assets	5,542,104	5,944,450
CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	51,330	300,654
Trade payables	132,209	117,978
Other payables and accruals	585,667	486,702
Contract liabilities	429,212	271,547
Lease liabilities	87,991	64,150
Tax payable	39,761	28,649
	<hr/>	<hr/>
Total current liabilities	1,326,170	1,269,680
NET CURRENT ASSETS	<hr/> 4,215,934	<hr/> 4,674,770
TOTAL ASSETS LESS CURRENT LIABILITIES	<hr/> 9,160,185	<hr/> 8,665,357

	September 30, 2020 RMB'000	December 31, 2019 RMB'000
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	264,192	543,791
Deferred tax liabilities	63,984	40,782
Deferred income	153,370	111,606
Lease liabilities	148,740	131,160
	<hr/>	<hr/>
Total non-current liabilities	630,286	827,339
	<hr/>	<hr/>
NET ASSETS	8,529,899	7,838,018
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Share capital	794,387	794,387
Treasury shares	(72,170)	(72,781)
Reserves	7,742,351	7,045,457
	<hr/>	<hr/>
Equity attributable to owners of the parent	8,464,568	7,767,063
	<hr/>	<hr/>
Non-controlling interests	65,331	70,955
	<hr/>	<hr/>
Total equity	8,529,899	7,838,018
	<hr/> <hr/>	<hr/> <hr/>

² Any discrepancies in data below between the total shown and the sum of the amounts listed are due to rounding.

3. *Non-IFRSs adjusted net profit for the period attributable to the owners of the parent*

To supplement our consolidated financial statements which are presented in accordance with IFRSs, we use adjusted net profit for the period attributable to the owners of the parent as an additional financial measure. We define adjusted net profit for the period attributable to the owners of the parent as profit/(loss) for the period before certain expenses as set out in the table below. Adjusted net profit attributable to owners is not an alternative to (i) profit before tax or profit for the period (as determined in accordance with IFRSs) as a measure of our operating performance, (ii) cash flows from operating, investing and financing activities a measure of our ability to meet our cash needs, or (iii) any other measures of performance or liquidity.

The Company believes that the non-IFRSs adjusted net profit for the period attributable to the owners of the parent is useful for understanding and assessing underlying business performance and operating trends, and that the Company's management and investors may benefit from referring to these non-IFRSs adjusted financial measures in assessing the Group's financial performance by eliminating the impact of certain unusual and non-recurring items that the Group does not consider indicative of the performance of the Group's business. However, the presentation of the non-IFRSs adjusted net profit for the period attributable to the owners of the parent is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with the IFRSs. Shareholders and potential investors should not view the non-IFRSs adjusted net profit for the period attributable to the owners of the parent on a stand-alone basis or as a substitute for results under the IFRSs, or as being comparable to results reported or forecasted by other companies.

	Nine months ended September 30,	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the period attributable to the owners of the parent	789,043	328,380
Add:		
Share-based compensation expenses	43,906	–
Foreign exchange related gains or losses	54,461	(26,330)
Gains or losses on derivative financial instruments related to foreign exchange	(43,084)	27,930
Non-IFRS net profit for the period attributable to the owners of the parent	844,326	329,980
Add:		
Realized and unrealized gains or losses from equity investments	(82,757)	(13,394)
Non-IFRS adjusted net profit for the period attributable to the owners of the parent	761,569	316,586