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Asymchem Laboratories (Tianjin) Co., Ltd.

凱萊英醫藥集團(天津)股份有限公司

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

(Stock Code: 6821)

2023 THIRD QUARTERLY REPORT

This announcement is made by Asymchem Laboratories (Tianjin) Co., Ltd. (凱萊英醫藥集團(天津)股份有限公司) (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 (the “**Listing Rules**”) 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).

Reference is made to the “Asymchem Laboratories (Tianjin) Co., Ltd. 2023 Quarterly Report for the Third Quarter” published by the Company on the website of the Shenzhen Stock Exchange, for reference purpose only. The third quarterly report for 2023 of the Company (the “**2023 Third Quarterly Report**”) is written in both Chinese and English. In the case of any discrepancies, the Chinese version of the report shall prevail.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company reminds shareholders and potential investors of the Company that the information and financial data set out in this announcement are unaudited, have been reviewed by the audit committee of the Company, but have not been reviewed by the independent auditors of the Company.

The unaudited financial data in the 2023 Third Quarterly Report set out in this announcement is prepared in accordance with the Chinese Accounting Standards for Business Enterprises of the People's Republic of China and/or the International Financial Reporting Standards (the “**IFRSs**”) issued by the International Accounting Standards Board (as applicable), and is prepared pursuant to the requirements of the Main Board of the Shenzhen Stock Exchange only.

By order of the Board

Asymchem Laboratories (Tianjin) Co., Ltd.

Dr. Hao Hong

Chairman of the Board, Executive Director and Chief Executive Officer

Tianjin, October 30, 2023

As of the date of this announcement, the Board of Directors of the Company comprises Dr. Hao Hong as the Chairman of the Board of Directors and executive Director, Ms. Yang Rui, Mr. Zhang Da and Mr. Hong Liang as executive Directors, Dr. Ye Song and Ms. Zhang Ting as non-executive Directors, and Ms. Sun Xuejiao, Mr. Wang Qingsong and Mr. Lee, Kar Chung Felix as independent non-executive Directors.

Asymchem Laboratories (Tianjin) Co., Ltd.

2023 QUARTERLY REPORT FOR THE THIRD QUARTER

The Company and all members of the Board of Directors hereby confirm the information disclosed herein is true, accurate and complete and does not contain any false information, misleading statements or material omissions.

IMPORTANT NOTICE:

1. The Board, the supervisory committee, and the senior management of the Company confirm that the quarterly report does not contain any false information, misleading statements or material omissions, and individually and collectively accept responsibility for the truthfulness, accuracy and completeness of its contents.
2. The person in charge of the Company, the chief financial officer and the person in charge of accounting department (accounting head) of the Company hereby confirm the truthfulness, accuracy and completeness of the financial information contained in this quarterly report.
3. Whether the third quarterly report is audited or not
☐ Yes ☒ No

I. MAJOR FINANCIAL DATA

(I) Major Accounting Data and Financial Indicators

Does the Company require a retroactive adjustment or restatement on the financial data in prior years

☐ Yes ☒ No

		Increase/decrease for the Reporting Period as compared with the same period of last 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 to the same period of last year
	The Reporting Period		Reporting Period	
Operating Revenue (<i>RMB</i>)	1,761,546,766.74	-36.41%	6,383,057,146.18	-18.29%
Net profit attributable to shareholders of the parent company (<i>RMB</i>)	523,736,701.20	-46.60%	2,210,105,678.50	-18.77%
Net profit attributable to shareholders of the parent company after deducting non-recurring profit or loss (<i>RMB</i>)	467,836,338.03	-52.48%	2,035,569,702.46	-24.14%
Net cash flows from operating activities (<i>RMB</i>)	–	–	2,864,254,599.72	0.90%
Basic earnings per share (<i>RMB/share</i>)	1.45	-43.84%	6.10	-18.26%
Diluted earnings per share (<i>RMB/share</i>)	1.45	-43.84%	6.10	-17.93%
Weighted average return on net assets	3.18%	-3.19%	13.44%	-5.59%
				Increase/decrease as at the end of the Reporting Period as compared to the end of last year
	At the end of the Reporting Period		At the end of last year	
Total assets (<i>RMB</i>)	19,764,226,099.24		18,239,273,651.93	8.36%
Owners' equity attributable to shareholders of the parent company (<i>RMB</i>)	17,433,565,517.01		15,647,427,643.90	11.41%

(II) General Information of the Company and Overview of the Operation for the Reporting Period

1. General Information of the Company

Asymchem is a world-leading, technology-driven one-stop integrated pharmaceutical outsourcing service provider. It accelerates the clinical research and commercial application of innovative drugs by providing domestic and international pharmaceutical and biotech companies with one-stop CMC services throughout the drug lifecycle, as well as efficient and high-quality R&D and manufacturing services. Leveraging our industry insights, established R&D and manufacturing capabilities, and premium reputation among customers accumulated in over 20 years, the Company has become an integral part of the global industry chain for innovative drugs and a reliable partner of first choice for the global pharmaceutical industry. We have 20 years of service experience and technology accumulation in the small molecule CDMO field and are rapidly extrapolating the relevant advantages to new businesses such as chemical macromolecule, clinical research services, drug product, biological macromolecule and biosynthesis technology to build a professional one-stop service platform.

2. Overview of the Operation

In 2023, the business guideline of the Company is to “continue to deepen the cooperation with large customers and expand small and medium-sized customers, expand markets in Europe and Japan, and improve cost control and efficiency.” The Company will adhere to the technology-driven strategy and achieve business upgrade through iterative computation of technology, and continue to promote the steady growth of core small molecule CDMO business. At the same time, the Company will strongly promote the rapid development of strategic emerging businesses, and promote more drug category CDMO services and multiple service businesses. From January to September 2023, the Company recorded a total revenue of RMB6.383 billion, representing a year-on-year decrease of 18.29%. If the impact of large orders is excluded, the revenue increased by 24.51% year-on-year. The Company achieved revenue of RMB5.565 billion from small molecule CDMO business, representing a decrease of 22.01% year-on-year, and if the impact of large orders is excluded, the revenue from small molecule CDMO business increased by 25.45% year-on-year, among which, the revenue from multinational pharmaceutical companies increased by 66.51% year-on-year. We achieved revenue of RMB813 million from emerging business, representing an increase of 21.05% year-on-year.

(III) Non-recurring Profit or Loss Items and Amount

☒ Applicable ☐ Not Applicable

Unit: RMB

Items	Amount in the Reporting Period	Amount from the beginning of the year to the end of the Reporting Period	Explanation
Gains or losses on disposal of non-current assets (including the written-off portion of provision for impairment of assets)	-14,252.97	-558,317.00	
Government subsidies included in profit or loss for the current period (excluding the sustained quota or amount subsidized according to the state policies that are closely relevant to the Company's normal operations)			The industry in which the Company operates is a high-tech field supported by the state and it has received a number of ministerial and provincial-level and local government subsidies for the promotion and large-scale application of international cutting-edge green pharmaceutical technologies.
	12,434,395.51	41,194,294.35	
Apart from effective hedging instruments relating to the normal operations of the Company, profit or loss from change in fair value of held-for-trading financial assets and held-for-trading financial liabilities, and investment income from disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets	52,404,599.69	133,446,788.13	
Other non-operating gain and loss other than the above	-145,856.35	-935,574.20	
Other profit or loss items that meet the definition of non-recurring profit or loss			
Investment gain from disposal of associates	0	32,556,293.71	
Less: Effect of income tax	8,767,053.89	30,855,522.75	
Effect of minority interests (after tax)	11,468.82	311,986.20	
Total	<u>55,900,363.17</u>	<u>174,535,976.04</u>	

Details of other profit or loss items that meet the definition of non-recurring profit or loss:

☐ Applicable ☒ Not Applicable

The Company has no other profit or loss items that meet the definition of non-recurring profit or loss.

Explanation on defining the non-recurring profit or loss items listed in the Explanatory Announcement on Information Disclosure by Companies Offering Securities to the Public No. 1– Non-recurring Profit or Loss Items as recurring profit or loss items

☐ Applicable ☒ Not Applicable

The Company does not define the non-recurring profit or loss items listed in the Explanatory Announcement on Information Disclosure by Companies Offering Securities to the Public No. 1– Non-recurring Profit or Loss as recurring profit or loss items.

(IV) Changes in the Major Accounting Data and Financial Indicators and the Reasons Therefor

☒ Applicable ☐ Not Applicable

Unit: RMB

Items of balance sheet	September 30, 2023	January 1, 2023	Percentage of change	Reasons for change
Monetary funds	7,099,550,910.47	5,289,594,427.89	34.22%	Primarily due to the Company's strict control on the pace of investment in fixed assets in the current period while being active in optimizing management, cutting back on costs and increasing efficiency to improve capital efficiency.
Prepayments	157,273,775.55	110,672,166.29	42.11%	Primarily due to the prepayments for the purchase of fixed assets.
Inventories	880,359,114.45	1,510,413,102.90	-41.71%	Primarily due to the continuous delivery of orders in production by the Company.
Deferred income tax assets	252,904,157.45	177,857,982.20	42.19%	Primarily due to future tax-deductible assets arising from losses of subsidiaries.
Accounts payable	394,672,635.34	568,892,374.37	-30.62%	Primarily due to the Company settling raw material payments with suppliers in the current period.
Staff remuneration payable	187,422,334.08	348,802,918.33	-46.27%	Primarily due to the payment of quarterly and year-end bonuses at the beginning of the period.
Non-current liabilities due within one year	18,851,452.99	28,486,776.50	-33.82%	Primarily due to the liabilities due within one year arising from leases.
Deferred income	227,977,231.73	168,121,250.44	35.60%	Primarily due to the increase in the amounts of government grants related to assets received in the current period.
Deferred income tax liabilities	161,617,318.55	89,195,015.61	81.20%	Primarily due to the accelerated depreciation of fixed assets.
Less: Treasury shares	507,223,488.89	1,246,560,238.14	-59.31%	Primarily due to the granting of Employee Share Ownership Plan, the exercise of restricted shares to reduce repurchase obligation and the cancellation of repurchased treasury shares.

Items of income statement	January to September 2023	January to September 2022	Percentage of change	Reasons for change
Tax and surcharges	59,382,485.19	37,204,484.78	59.61%	Primarily due to the surcharge arising from export tax rebate.
Selling expenses	138,989,428.90	96,265,570.34	44.38%	Primarily due to the Company's ongoing market expansion and continuous investment in sales team and marketing activities.
Finance cost	-148,895,330.06	-512,985,622.55	-70.97%	Primarily due to the impact of exchange gains and losses and interest income caused by exchange rate fluctuations.
Interest income	104,684,350.52	35,947,000.95	191.22%	Primarily due to the increase in income from time deposits so that the benefits of capital preservation and appreciation would be better assured.
Add: Other income	41,194,294.35	23,166,923.31	77.82%	Primarily due to the increase in amortization of government grants.
Gain from investment (loss is represented by “-”)	108,554,140.73	-4,357,194.39	-2591.38%	Primarily due to the impact of gains from low-risk bank wealth management purchased and the corresponding exchange rate fluctuations in the current period.
Items of statement of cash flows	January to September 2023	January to September 2022	Percentage of change	Reasons for change
Refund of taxes and levies	282,192,777.58	457,209,098.51	-38.28%	Primarily due to the decrease in the amount of tax credits and refunds received in the current period.
Cash received relating to other operating activities	172,736,270.48	42,816,539.08	303.43%	Primarily due to the increase in capital-related government grants received in the current period.
Cash paid to the purchase of goods and the acceptance of services	1,570,814,104.79	3,627,468,801.22	-56.70%	Primarily due to the large purchase orders for raw materials during the same period of last year.
Cash received relating to other investing activities	19,876,720,474.17	2,407,807,000.00	725.51%	Primarily due to the increase in the amount and frequency of purchases of wealth management products as a result of the optimization of capital preservation and appreciation in the current period.
Cash paid to acquire fixed assets, intangible assets and other long-term assets	824,835,539.86	1,621,318,821.65	-49.13%	Primarily due to the Company's appropriate control on the pace of investment in fixed assets in the current period.
Cash payments relating to other investing activities	20,115,823,899.63	3,430,312,181.58	486.41%	Primarily due to the increase in the amount and frequency of purchases of wealth management products as a result of the optimization of capital preservation and appreciation in the current period.
Cash received from capital contribution	155,043,000.00	676,888,080.34	-77.09%	Primarily due to the proceeds from the completion of H-share over-allotment and the investment funds obtained by our subsidiary, Shanghai Asymchem Biotechnology Development Co., Ltd. in the same period of last year.
Cash payments for debts settlement		374,570,000.00	-100.00%	Primarily due to the repayment of bank loans in the same period of last year.
Cash payments for distribution of dividends, profits, or interest expenses	655,034,140.32	210,555,091.31	211.10%	Primarily due to the increase in the amount of profit distribution paid in the current period.
Cash payments relating to other financing activities	14,941,209.39	553,449,760.34	-97.30%	Primarily due to the repurchase of the Company's shares in the same period of last year.
Effect of foreign exchange rate changes on cash and cash equivalents	33,254,224.18	331,890,415.68	-89.98%	Primarily due to the significant fluctuation of exchange rate in the same period of last year.

II. INFORMATION OF SHAREHOLDERS

(I) Total Number of Ordinary Shareholders and Number of Preferred Shareholders with Restored Voting Rights and Shareholdings of the Top Ten Shareholders

Unit: Share

Total number of ordinary shareholders at the end of the Reporting Period	50,563	Total number of preferred shareholders with restored voting rights at the end of the Reporting Period (if any)	0			
Shareholdings of the top ten shareholders						
Name of Shareholder	Nature of Shareholder	Shareholding ratio	Number of shares held	Number of restricted shares held	Pledged, tagged or frozen Share status	Number
ASYMCHEM LABORATORIES, INCORPORATED	Foreign legal person	31.15%	115,133,168			
HKSCC NOMINEES LIMITED Note [1]	Foreign legal person	7.45%	27,553,260			
Industrial and Commercial Bank of China Limited – Central Europe 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)	Others	4.53%	16,741,073			
Hong Kong Securities Clearing Co., Ltd. (香港中央結算有限公司)	Foreign legal person	4.16%	15,364,445			
HAO HONG	Foreign natural person	3.86%	14,268,699	10,701,524		
Bank of China Limited – Hwabao CSI Medical ETF (中國銀行股份有限公司 – 華寶中證醫療交易型開放式指數證券投資基金)	Others	2.00%	7,400,067			
Tianjin Guorong Business Information Co., Ltd. (天津國榮商務信息諮詢有限公司)	Domestic non-state-owned legal person	1.77%	6,555,504			
Industrial and Commercial Bank of China Limited – Central Europe Healthcare Innovation Equity Securities Investment Fund (中國工商銀行股份有限公司 – 中歐醫療創新股票型證券投資基金)	Others	1.53%	5,644,660			
Asymchem Laboratories (Tianjin) Co., Ltd. – 2022 Employee Share Ownership Plan (凱萊英醫藥集團(天津)股份有限公司 – 2022 年員工持股計劃)	Domestic non-state-owned legal person	1.20%	4,429,800			
Bank of China Limited – CMS International Biomedical Index Grading 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)	Others	1.14%	4,218,368			

Shareholding of top ten shareholders without selling restrictions

Name of Shareholder	Number of shares held without selling restrictions	Types of shares and number	
		Types of shares	Number
ASYMCHEM LABORATORIES, INCORPORATED	115,133,168	RMB-dominated ordinary shares	115,133,168
HKSCC NOMINEES LIMITED Note [1]	27,553,260	Overseas listed foreign shares	27,553,260
Industrial and Commercial Bank of China Limited – Central Europe 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)	16,741,073	RMB-dominated ordinary shares	16,741,073
Hong Kong Securities Clearing Co., Ltd. (香港中央結算有限公司)	15,364,445	RMB-dominated ordinary shares	15,364,445
Bank of China Limited – Hwabao CSI Medical ETF (中國銀行股份有限公司 – 華寶中證醫療交易型開放式指數證券投資基金)	7,400,067	RMB-dominated ordinary shares	7,400,067
Tianjin Guorong Business Information Co., Ltd. (天津國榮商務信息諮詢有限公司)	6,555,504	RMB-dominated ordinary shares	6,555,504
Industrial and Commercial Bank of China Limited – Central Europe Healthcare Innovation Equity Securities Investment Fund (中國工商銀行股份有限公司 – 中歐醫療創新股票型證券投資基金)	5,644,660	RMB-dominated ordinary shares	5,644,660
Asymchem Laboratories (Tianjin) Co., Ltd. – 2022 Employee Share Ownership Plan (凱萊英醫藥集團(天津)股份有限公司 – 2022 年員工持股計劃)	4,429,800	RMB-dominated ordinary shares	4,429,800
Bank of China Limited – CMS International Biomedical Index Grading 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)	4,218,368	RMB-dominated ordinary shares	4,218,368
China Construction Bank Corporation – E Fund CSI 300 Medical and Healthcare Trading Open-End Index Securities Investment Fund (中國建設銀行股份有限公司 – 易方達滬深 300 醫藥衛生交易型開放式指數證券投資基金)	3,777,146	RMB-dominated ordinary shares	3,777,146

Illustrations on the connected relationship or acting in concert for the shareholders above

Dr. HAO HONG is the controlling shareholder and de facto controller of ALAB and is related to ALAB. Save for the above connected relationship, the Company is not aware of other shareholders who were connected or acted in concert with each other.

Note [1]: HKSCC NOMINEES LIMITED, being HKSCC Nominees Limited, holds shares on behalf of various customers.

Margin trading and short selling by top ten shareholders (if any)	Tianjin Guorong Business Information Co., Ltd. held 1,135,504 shares through ordinary securities accounts and 5,420,000 shares through credit securities accounts, totaling 6,555,504 shares.
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(II) Total Number of Preferred Shareholders and Shareholdings of the Top Ten Preferred Shareholdings of the Company

☐ Applicable ☒ Not Applicable

III. OTHER SIGNIFICANT EVENTS

☐ Applicable ☒ Not Applicable

IV. QUARTERLY FINANCIAL STATEMENTS

(I) Financial Statement

1. Consolidated Balance Sheet

Prepared by: Asymchem Laboratories (Tianjin) Co., Ltd.
September 30, 2023

Unit: RMB

Items	As at September 30, 2023	As at January 1, 2023
Current Assets:		
Monetary funds	7,099,550,910.47	5,289,594,427.89
Clearing settlement funds		
Placements to banks and other financial institutions		
Financial assets held for trading	2,105,085,359.53	2,151,061,843.96
Derivative financial assets		
Bills receivable		
Accounts receivable	2,476,229,978.13	2,451,148,108.59
Financing receivables		
Prepayments	157,273,775.55	110,672,166.29
Premium receivables		
Reinsurance receivables		
Reinsurance contract reserves receivable		
Other receivables	115,691,934.93	118,550,508.85
Of which: Interest receivables		
Dividend receivables		
Financial assets held under resale agreements		
Inventories	880,359,114.45	1,510,413,102.90
Contract assets	82,586,713.91	63,976,639.26
Assets held for sale		
Non-current assets due within one year		
Other current assets	142,394,640.74	165,041,574.61
Total current assets	13,059,172,427.71	11,860,458,372.35

Items	As at September 30, 2023	As at January 1, 2023
Non-current assets:		
Loans and advances to customers		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	272,040,376.27	277,256,004.50
Other equity instrument investments		
Other non-current financial assets	132,865,044.78	113,075,903.88
Investment property		
Fixed assets	3,934,339,735.43	3,622,374,416.37
Construction in progress	981,937,431.34	1,072,482,185.74
Bearer biological assets		
Oil and gas assets		
Right-of-use assets	108,193,812.46	124,190,854.03
Intangible assets	469,259,201.38	473,203,704.84
Development expenditure		
Goodwill	146,183,447.05	146,183,447.05
Long-term prepaid expenses	129,842,192.46	135,066,936.68
Deferred income tax assets	252,904,157.45	177,857,982.20
Other non-current assets	277,488,272.91	237,123,844.29
Total non-current assets	6,705,053,671.53	6,378,815,279.58
Total assets	19,764,226,099.24	18,239,273,651.93

Items	As at September 30, 2023	As at January 1, 2023
Current liabilities:		
Short-term liabilities		
Borrowings from central bank		
Due to banks and other financial institutions		
Financial liabilities held for trading		
Derivative financial liabilities		
Bills payables		
Accounts payables	394,672,635.34	568,892,374.37
Receipts in advance		
Contract liabilities	355,578,399.56	277,329,570.85
Financial assets sold under repurchase agreements		
Deposits from customers and other banks		
Accounts payable to brokerage clients		
Funds payable to securities issuers		
Staff remuneration payables	187,422,334.08	348,802,918.33
Taxes payables	106,091,435.68	117,351,604.46
Other payables	732,319,781.16	836,141,688.18
Of which: Interest payables		
Dividends payables		
Fees and commissions payables		
Reinsurance accounts payables		
Liabilities held for sale		
Non-current liabilities due within one year	18,851,452.99	28,486,776.50
Other current liabilities	0.00	90,342.35
Total current liabilities	1,794,936,038.81	2,177,095,275.04

Items	As at September 30, 2023	As at January 1, 2023
Non-current liabilities:		
Provision for insurance contract		
Long-term borrowings		
Bonds payable		
Of which: Preferred shares		
Perpetual debts		
Lease liabilities	107,851,852.31	109,859,326.06
Long-term payables		
Long-term staff remuneration payable		
Provision		
Deferred income	227,977,231.73	168,121,250.44
Deferred income tax liabilities	161,617,318.55	89,195,015.61
Other non-current liabilities		
Total non-current liabilities	497,446,402.59	367,175,592.11
Total liabilities	2,292,382,441.40	2,544,270,867.15
Owners' equity:		
Share capital	369,573,313.00	369,916,845.00
Other equity instruments		
Of which: Preferred shares		
Perpetual debts		
Capital reserve	9,634,892,679.05	10,143,534,669.29
Less: Treasury shares	507,223,488.89	1,246,560,238.14
Other comprehensive income	26,419,475.76	16,557,016.38
Special reserve		
Surplus reserve	208,970,876.28	208,970,876.28
General reserve		
Retained earnings	7,700,932,661.81	6,155,008,475.09
Total equity attributable to owners of the parent company	17,433,565,517.01	15,647,427,643.90
Minority interests	38,278,140.83	47,575,140.88
Total owners' equity	17,471,843,657.84	15,695,002,784.78
Total liabilities and owners' equity	19,764,226,099.24	18,239,273,651.93

Legal representative:
HAO HONG

Accounting chief:
Zhang Da

Person-in-charge of the
accounting department:
Huang Mo

2. Consolidated Statement of Profit as at the Beginning of the Year to the End of the Reporting Period

Unit: RMB

Item	Amount for current period	Amount for previous period
I. Total operating revenue	6,383,057,146.18	7,811,575,256.14
Of which: Operating revenue	6,383,057,146.18	7,811,575,256.14
Interest income		
Premiums earned		
Handling fee and commission income		
II. Total operating costs	4,052,138,575.07	4,730,658,861.66
Of which: Operating costs	2,928,087,440.86	4,146,095,742.51
Interest expenses		
Handling fee and commission expenses		
Surrenders value		
Net expenditure for insurance claims settlement		
Net drawing on provision for insurance contracts		
Expenditures for policy dividend		
Reinsurance expenditures		
Tax and surcharges	59,382,485.19	37,204,484.78
Selling expenses	138,989,428.90	96,265,570.34
Management expenses	561,460,388.92	521,874,681.60
R&D expenses	513,114,161.26	442,204,004.98
Finance costs	-148,895,330.06	-512,985,622.55
Of which: Interest fee	1,237,997.21	6,567,454.31
Interest income	104,684,350.52	35,947,000.95
Add: Other income	41,194,294.35	23,166,923.31
Gain from investment (loss is represented by “-”)	108,554,140.73	-4,357,194.39
Of which: Gains from investment in associates and joint ventures	23,696,539.16	6,938,373.30
Derecognition gains from financial assets measured at amortised cost		
Gains from exchange (loss is represented by “-”)		
Gains on net exposure hedges (loss is represented by “-”)		
Gains from change in fair value (loss is represented by “-”)	24,892,647.40	28,534,955.11
Impairment loss of credit (loss is represented by “-”)	-15,943,979.46	-3,002,077.12

Item	Amount for current period	Amount for previous period
Impairment loss of assets (loss is represented by “-”)		
Gain from assets disposal (loss is represented by “-”)	-28,418.00	721,398.56
III. Operational profit (loss is represented by “-”)	2,489,587,256.13	3,125,980,399.95
Add: Non-operating income	113,248.79	192,671.44
Less: Non-operating expense	1,578,721.99	4,495,099.09
IV. Total profit (total loss is represented by “-”)	2,488,121,782.93	3,121,677,972.30
Less: Income tax expense	287,313,104.48	400,741,328.88
V. Net profit (net loss is represented by “-”)	2,200,808,678.45	2,720,936,643.42
(I) Classified by continuity of operations		
1. Net profit from continuing operations (net loss is represented by “-”)	2,200,808,678.459	2,720,936,643.42
2. Net profit from discontinued operations (net loss is represented by “-”)		
(II) Classified by ownership of equity		
1. Net profit attributable to the shareholders of the parent company (net loss is represented by “-”)	2,210,105,678.50	2,720,936,643.42
2. Minority interests (net loss is represented by “-”)	-9,297,000.05	
VI. Other comprehensive income, net of tax	9,862,459.38	27,612,718.00
Other comprehensive income attributable to the owners of the parent company, net of tax	9,862,459.38	27,612,718.00
(I) Other comprehensive income not to be reclassified to profit or loss		
1. Re-measurement of changes under defined benefit plan		
2. Other comprehensive income which cannot be reclassified to profit or loss under equity method		
3. Changes in fair value of other investments in equity instruments		
4. Changes in fair value of the corporate’s own credit risk		
5. Others		

Item	Amount for current period	Amount for previous period
(II) Other comprehensive income to be reclassified to profit or loss	9,862,459.38	27,612,718.00
1. Other comprehensive income which can be reclassified to profit or loss under equity method		
2. Changes in fair value of other debt investments		
3. Amount included in other comprehensive income on reclassification of financial assets		
4. Provision for credit impairment of other debt investments		
5. Cash flows hedging reserve		
6. Differences on translation of foreign currency statements	9,862,459.38	27,612,718.00
7. Others		
Other comprehensive income attributable to minority shareholders, net of tax		
VII. Total comprehensive income	2,210,671,137.83	2,748,549,361.42
(I) Total comprehensive income attributable to the owners of the parent company	2,219,968,137.88	2,748,549,361.42
(II) Total comprehensive income attributable to minority shareholders	-9,297,000.05	
VIII. Earnings per share:		
(I) Basic earnings per share	6.10	7.46
(II) Diluted earnings per share	6.10	7.43

For the business consolidation under common control during the period, the net profit realized by the merged party before the combination was RMB0.00, and the net profit realised by the merged party in the previous period was RMB0.00.

Legal representative:
HAO HONG

Accounting chief:
ZHANG DA

Person-in-charge of the
accounting department:
HUANG MO

3. Consolidated Statement of Cash Flows as at the Beginning of the Year to the End of the Reporting Period

Unit: RMB

Item	Amount for current period	Amount for previous period
I. Cash flow from operating activities:		
Received from the sales of goods and the rendering of services	6,485,259,540.86	8,285,829,337.96
Net increase in deposits from customers and inter-bank deposits		
Net increase in borrowings from central bank		
Net increase in borrowings from other financial institutions		
Cash received from premiums under original insurance contracts		
Net cash received from reinsurance business		
Net increase in deposits from policyholder and investment funds		
Cash received from interest, handling fee and commission		
Net increase in capital borrowed		
Net increase in capital from repurchase business		
Net cash received from acting sale of securities		
Refund of taxes and levies	282,192,777.58	457,209,098.51
Cash received relating to other operating activities	172,736,270.48	42,816,539.08
	<hr/>	<hr/>
Sub-total of cash inflows from operating activities	6,940,188,588.92	8,785,854,975.55
	<hr/>	<hr/>
Cash paid to the purchase of goods and the acceptance of services	1,570,814,104.79	3,627,468,801.22
Net increase in loans and advances to customers		
Net increase in deposits with central bank and inter-bank deposits		
Cash paid for compensation payments under original insurance contracts		
Net increase in loans to banks and other financial institutions		
Cash paid for interest, handling fee and commission		
Cash paid for policyholder dividend		

Item	Amount for current period	Amount for previous period
Cash paid to and for employees	1,772,912,538.57	1,476,721,229.97
Payments of all types of taxes	464,208,859.89	479,752,492.78
Cash payments relating to other operating activities	267,998,485.95	363,215,485.19
Sub-total of cash outflows from operating activities	4,075,933,989.20	5,947,158,009.16
Net cash flow from operating activities	2,864,254,599.72	2,838,696,966.39
II. Cash flow from investing activities:		
Cash received from investment recovery		
Cash received from returns on investments	136,301,485.86	-4,381,795.22
Net cash received from disposals of fixed assets, intangible assets and other long-term assets	20,011,875.67	12,000.00
Net cash received from disposals of subsidiaries and other operating units	71,458,025.86	
Cash received relating to other investing activities	19,876,720,474.17	2,407,807,000.00
Sub-total of cash inflows from investing activities	20,104,491,861.56	2,403,437,204.78
Cash paid to acquire fixed assets, intangible assets and other long-term assets	824,835,539.86	1,621,318,821.65
Cash paid for investments	48,881,082.00	
Net increase of mortgaged loans		
Net cash paid for acquisition of subsidiaries and other operating units	10,000,000.00	30,090,000.00
Cash payments relating to other investing activities	20,115,823,899.63	3,430,312,181.58
Sub-total of cash outflows from investing activities	20,999,540,521.49	5,081,721,003.23
Net cash flow from investing activities	-895,048,659.93	-2,678,283,798.45

Item	Amount for current period	Amount for previous period
III. Cash flow from financing activities:		
Cash received from capital contribution	155,043,000.00	676,888,080.34
Of which: Cash received by subsidiaries from investments of minority shareholders		
Cash received from borrowings		
Cash received relating to other financing activities		
Sub-total of cash inflows from financing activities	155,043,000.00	676,888,080.34
Cash payments for debts settlement		374,570,000.00
Cash payments for distribution of dividends, profits, or interest expenses	655,034,140.32	210,555,091.31
Of which: Dividends and profits paid by subsidiaries to minority shareholders		
Cash payments relating to other financing activities	14,941,209.39	553,449,760.34
Sub-total of cash outflows from financing activities	669,975,349.71	1,138,574,851.65
Net cash flow from financing activities	-514,932,349.71	-461,686,771.31
IV. Effect of foreign exchange rate changes on cash and cash equivalents	33,254,224.18	331,890,415.68
V. Net increase in cash and cash equivalents	1,487,527,814.26	30,616,812.31
Add: Balance of cash and cash equivalents at the beginning of the period	4,418,177,853.75	6,232,033,233.99
VI. Balance of cash and cash equivalents at the end of the period	5,905,705,668.01	6,262,650,046.30

(II) Particulars in Relation to Adjustments Made to the Financial Statements as at the Beginning of the Year of the Initial Adoption of the New Accounting Standards since 2023

☐ Applicable ☒ Not Applicable

(III) Quarterly Combined Financial Statements Prepared in Accordance with IFRSs

Consolidated Statement of Profit or Loss

January to September 2023

Unit: RMB'000

	January to September 2023	January to September 2022
Revenue	6,344,585	7,798,575
Cost of sales	<u>(2,928,087)</u>	<u>(4,146,096)</u>
Gross profit	3,416,498	3,652,479
Other income and gains	304,802	623,470
Selling and distribution expenses	(138,989)	(96,266)
Administrative expenses	(583,488)	(546,562)
Research and development expenses	(513,114)	(442,204)
Net impairment losses on financial and contract assets	(15,944)	(3,002)
Other expenses	(4,100)	(8,430)
Finance costs	(1,240)	(62,637)
Share of (loss)/profit of associate	<u>23,697</u>	<u>4,830</u>
Profit before tax	2,488,122	3,121,678
Income tax expense	<u>(287,313)</u>	<u>(400,741)</u>
Profit for the period	<u>2,200,809</u>	<u>2,720,937</u>
Attributable to:		
Owners of the parent company	2,210,106	2,720,937
Non-controlling interests	<u>(9,297)</u>	<u></u>
	<u>2,200,809</u>	<u>2,720,937</u>
Earnings per share attributable to ordinary equity holders of the parent		
Basic (expressed in RMB per share)	<u>6.10</u>	<u>7.46</u>
Diluted (expressed in RMB per share)	<u>6.10</u>	<u>7.43</u>

Consolidated Statements of Comprehensive Income
January to September 2023

Unit: RMB'000

	January to September 2023	January to September 2022
Profit for the period	<u>2,200,809</u>	<u>2,720,937</u>
Other comprehensive income		
Exchange differences on translation of foreign operations	<u>9,862</u>	<u>27,613</u>
Total comprehensive income for the period	<u>2,210,671</u>	<u>2,748,550</u>
Attributable to:		
Owners of the parent company	2,219,968	2,748,550
Non-controlling interests	<u>(9,297)</u>	<u>—</u>
	<u>2,210,671</u>	<u>2,748,550</u>

Consolidated Statement of Financial Position

September 30, 2023

Unit: RMB'000

	September 30, 2023	December 31, 2022
Non-current assets		
Property, plant and equipment	5,046,119	4,829,924
Right-of-use assets	428,119	539,716
Goodwill	146,183	146,183
Other intangible assets	149,334	57,679
Deferred tax assets	252,906	177,858
Investments in associates	272,040	277,256
Prepayments, deposits and other receivables	277,488	237,124
Financial assets at fair value through profit or loss	132,865	113,076
Total non-current assets	6,705,054	6,378,816
Current assets		
Inventories	880,359	1,510,413
Trade receivables	2,476,230	2,451,148
Contract assets	82,587	63,977
Prepayments, deposits and other receivables	414,858	376,398
Tax recoverable	504	17,866
Financial assets at fair value through profit or loss	2,105,084	2,151,062
Cash and cash equivalents	7,099,551	5,289,594
Total current assets	13,059,173	11,860,458
Current liabilities		
Trade payables	394,673	569,989
Other payables and accruals	964,765	1,233,868
Contract liabilities	355,578	277,330
Lease liabilities	18,851	28,487
Tax payable	61,069	67,422
Total current liabilities	1,794,936	2,177,096
Net current assets	11,264,237	9,683,362
Total assets less current liabilities	17,969,291	16,062,178

	September 30, 2023	December 31, 2022
Non-current liabilities		
Other payables and accruals	227,977	168,121
Lease liabilities	107,852	109,859
Deferred tax liabilities	161,617	89,195
	<hr/>	<hr/>
Total non-current liabilities	497,446	367,175
	<hr/>	<hr/>
Net assets	17,471,845	15,695,003
	<hr/>	<hr/>
Equity		
Equity attributable to owners of the parent company		
Share capital	369,573	369,917
Restricted shares under share-based payment	(507,223)	(1,246,560)
Capital reserve	17,571,216	16,524,071
	<hr/>	<hr/>
Non-controlling interests	38,278	47,575
	<hr/>	<hr/>
Total equity	17,471,844	15,695,003
	<hr/>	<hr/>

Consolidated Statement of Cash Flows
January to September 2023

Unit: RMB'000

	January to September 2023	January to September 2022
Cash flows from operating activities		
Profit before tax	2,488,122	3,121,678
Adjustments for:		
Finance Cost	-1,240	-62,637
Share of (profit)/loss of associates	-23,697	-4,830
Interest income	-36,194	-24,727
Investment income	-105,449	9,187
Fair value gains on financial assets/liabilities at fair value through profit or loss	-36,857	-26,535
Loss on disposal of items of property, plant and equipment	724	1,613
Loss on sale of used assets	-25	142
Depreciation of property, plant and equipment	323,949	220,599
Depreciation of right-of-use assets	32,462	18,857
Amortization of other intangible assets	7,156	6,809
Impairment losses on trade receivables and contract assets, net	15,944	3,002
Equity-settled share option expense	22,974	35,524
	<u>2,687,869</u>	<u>3,298,682</u>
(Increase)/decrease in pledged deposits	2,379	2,424
Increase in inventories	630,054	-272,075
Increase in trade receivables	-25,082	-101,400
(Increase)/decrease in contract assets	-18,610	-642
Increase in prepayments, deposits and other receivables	-42,451	97,484
Increase in trade payables	-175,316	472,195
Increase in other payables and accruals	84,205	-382,488
Cash generated from operations	3,143,048	3,114,480
Tax paid	-278,793	-275,483
Net cash flows from operating activities	2,864,255	2,838,697

	January to September 2023	January to September 2022
Cash flows from investing activities		
Interest received	36,194	24,727
Purchases of items of property, plant and equipment and other intangible assets	-824,836	-1,621,319
Proceeds from disposal of items of property, plant and equipment	20,012	12
Acquisition of a subsidiary	-10,000	-30,000
Proceeds from disposal of a subsidiary	71,458	
Purchase of investments at fair value through profit or loss	-18,512,362	-1,990,406
Proceeds from disposal of investments at fair value through profit or loss	18,614,966	1,854,075
Purchase of time deposits	-1,652,343	-1,439,996
Proceeds from maturity of time deposits	1,359,827	524,623
(Increase)/decrease in cash deposits	2,035	
Net cash flows used in investing activities	-895,049	-2,678,284
Cash flows from financing activities		
Proceeds from issue of shares	155,043	676,888
Share repurchase payment		-553,450
Repayment of bank loans		-374,570
Principal portion of lease payments	-14,941	
Dividends paid to shareholders	-655,034	-203,616
Interest paid		-6,939
Net cash flows from financing activities	-514,932	-461,687
Net increase in cash and cash equivalents	1,454,274	-301,274
Cash and cash equivalents at the beginning of the year	4,418,178	6,232,033
Effect of foreign exchange rate changes, net	33,254	331,891
Cash and cash equivalents at the end of the year	5,905,706	6,262,650
Analysis of balances of cash and cash equivalents		
Cash and cash equivalents as stated in the statement of financial position	7,099,551	6,267,171
Less: Term deposits with original maturity of more than three months	-1,182,107	
Pledged deposits for letters of credit and others	-11,738	-4,521
Cash and cash equivalents as stated in the statement of cash flows	5,905,706	6,262,650

(IV) Non-IFRS Measures

Items	For the nine months ended September 30, 2023 <i>RMB'000</i> (except percentage)	For the nine months ended September 30, 2022 <i>RMB'000</i> (except percentage)
Net profit attributable to shareholders of the listed company	2,210,106	2,720,937
Additions:		
Amortization expenses of share-based compensation	38,304	40,861
Gain or loss on exchange rate fluctuations	-57,927	-515,503
Income tax effect	2,943	71,196
Adjusted net profit attributable to shareholders of the listed company	2,193,426	2,317,491
Adjusted net profit margin attributable to shareholders of the listed company	34.57%	29.72%

(V) Auditors' Report

Whether the third quarterly report is audited or not

☐ Yes ☒ No

The third quarterly report of the Company is unaudited.