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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 FIRST 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 first quarterly report for 2020 of the Company. The financial data contained in this quarterly report is, except for 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 first 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 People's Republic of China
April 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. Li Lihua, Ms. Chen Guoqin, Ms. Shen Rong and Mr. Tsang Kwan Hung Benson as independent non-executive Directors.

* For identification purposes only

PHARMARON BEIJING CO., LTD.
2020 FIRST QUARTERLY REPORT
(From January 1 to March 31, 2020)

APRIL 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 First Quarterly Report and that there are no false information, misleading statements or material omissions in the 2020 First Quarterly Report, and shall assume joint and several legal responsibility.

All directors attended the Board meeting to review the 2020 First 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 First 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

Reason for retrospective adjustment or restatement

Change in accounting policies

		The corresponding period of the previous year		Increase/ (decrease) for the reporting period compared with the corresponding period of the previous year
	The reporting period	Before adjustment	After adjustment	After adjustment
Revenue (RMB)	959,183,503.17	763,317,315.37	763,317,315.37	25.66%
Net profit attributable to shareholders of the Company (RMB)	101,518,061.99	54,396,436.03	54,242,101.89	87.16%
Net profit attributable to shareholders of the Company excluding non-recurring gains or losses (RMB)	121,230,340.01	53,376,594.87	53,222,260.73	127.78%
Net cash flows from operating activities (RMB)	325,694,990.42	118,816,894.50	140,133,244.70	132.42%
Basic earnings per share (RMB/share)	0.1285	0.0857	0.0855	50.29%
Diluted earnings per share (RMB/share)	0.1282	0.0857	0.0855	49.94%
Return on net assets on weighted average basis	1.30%	2.05%	2.06%	-0.76%

	As at the end of the reporting period	As at the end of the previous year Before adjustment	After adjustment	Increase/ (Decrease) at the end of the reporting period as compared with the end of the previous year After adjustment
Total assets (<i>RMB</i>)	9,276,892,288.45	9,935,038,258.59	9,935,038,258.59	-6.62%
Net assets attributable to shareholders of the Company (<i>RMB</i>)	7,857,668,064.25	7,767,063,398.51	7,767,063,398.51	1.17%

Reason for change in accounting policies and correction of accounting errors

On August 14, 2019, a Resolution on the Changes in Accounting Policies was adopted at the twenty-third meeting of the first session of the Board and the thirteenth meeting of the first session of the Supervisory Committee, under which, the Company implemented the Accounting Standard for Business Enterprises No.21 – Leases as of January 1, 2019 and made retrospective adjustment to the data during the comparative period according to the Accounting Standards for Enterprises No.28 – Changes in Accounting Policies and Estimates and Corrections of Errors.

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)	-270,818.69	
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)	5,396,718.28	
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	-23,758,237.40	It was mainly due to the investment income and fair value gain/(loss) from derivative financial instruments.
Other non-operating income and expenses other than the above items	-4,260,614.40	
Less: Effect of income tax	-3,526,436.77	
Impact on non-controlling interests (after tax)	<u>345,762.58</u>	
Total	<u><u>-19,712,278.02</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 on Information Disclosure by Public Issuers – 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	14,946	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) (深圳市信中康成投資合夥企業 (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%	133,992,399	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	12.05%	95,720,858	0		
Shenzhen Xinzhong Longcheng Investment Partnership (Limited Partnership) (深圳市信中龍成投資合夥企業 (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	5,044,400
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	5,901,700
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	1,900,000
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	2.08%	16,519,143	0		
Wish Bloom Limited	Overseas legal person	2.08%	16,519,143	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	133,992,399	Overseas listed	foreign shares	133,992,399
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))	95,720,858	RMB-denominated	ordinary shares	95,720,858
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))	16,519,143	RMB-denominated	ordinary shares	16,519,143
Wish Bloom Limited	16,519,143	RMB-denominated	ordinary shares	16,519,143
Mr. YU Yuejiang (郁岳江)	13,332,400	RMB-denominated	ordinary shares	13,332,400
Beijing Jinpu Ruida Technology Center (General Partnership) (北京金普瑞達科技中心(普通合夥))	10,056,915	RMB-denominated	ordinary shares	10,056,915
GL PHL INVESTMENT LIMITED	8,831,915	RMB-denominated	ordinary shares	8,831,915
HALLOW BRIGHT LIMITED	8,107,400	RMB-denominated	ordinary shares	8,107,400
HARTROSS LIMITED	7,053,509	RMB-denominated	ordinary shares	7,053,509
Hong Kong Securities Clearing Company Nominees Limited	5,174,541	RMB-denominated	ordinary shares	5,174,541

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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), and Wish Bloom Limited is connected with 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

Unit: share

Name of shareholder	Period- beginning shares subject to trading conditions	Number of shares released from trading restrictions during the reporting period	Increase in shares subject to trading restrictions during the reporting period	Period-end shares subject to trading restrictions	Reason for release	Proposed date of release from trading restrictions
Shenzhen Xinzhong Kangcheng Investment Partnership (Limited Partnership) (深圳市信中康成投資合夥企業 (有限合夥))	157,142,855	0	0	157,142,855	Pre-IPO shares subject to trading restrictions	January 28, 2022
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))	103,489,858	103,489,858	0	0	Pre-IPO shares subject to trading restrictions	The pre-IPO shares subject to trading restrictions will be released from trading on January 31, 2020
Pharmaron Holdings Limited	97,600,003	0	0	97,600,003	Pre-IPO shares subject to trading restrictions	January 28, 2022
Shenzhen Xinzhong Longcheng Investment Partnership (Limited Partnership) (深圳市信中龍成投資合夥企業 (有限合夥))	28,494,266	0	0	28,494,266	Pre-IPO shares subject to trading restrictions	January 28, 2022
Mr. LOU Xiaoqiang (樓小強)	27,500,000	0	0	27,500,000	Pre-IPO shares subject to trading restrictions	January 28, 2022
Ningbo Longtaikang Investment Management Co., Ltd. (寧波龍泰康投資管理有限公司)	27,500,000	0	0	27,500,000	Pre-IPO shares subject to trading restrictions	January 28, 2022
Beijing Duotai Investment Management Co., Ltd. (北京多泰投資管理有限公司)	20,723,103	0	0	20,723,103	Pre-IPO shares subject to trading restrictions	January 28, 2022
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))	17,857,143	17,857,143	0	0	Pre-IPO shares subject to trading restrictions	The pre-IPO shares subject to trading restrictions will be released from trading on January 31, 2020

Name of shareholder	Period-beginning shares subject to trading conditions	Number of shares released from trading restrictions during the reporting period	Increase in shares subject to trading restrictions during the reporting period	Period-end shares subject to trading restrictions	Reason for release	Proposed date of release from trading restrictions
Wish Bloom Limited	17,857,143	17,857,143	0	0	Pre-IPO shares subject to trading restrictions	The pre-IPO shares subject to trading restrictions will be released from trading on January 31, 2020
GL PHL Investment Limited	16,335,715	16,335,715	0	0	Pre-IPO shares subject to trading restrictions	The pre-IPO shares subject to trading restrictions will be released from trading on January 31, 2020
Hartross Limited	14,957,009	14,957,009	0	0	Pre-IPO shares subject to trading restrictions	The pre-IPO shares subject to trading restrictions will be released from trading on January 31, 2020
Beijing Jinpu Ruida Technology Center (General Partnership) (北京金普瑞達科技中心(普通合夥))	14,285,715	14,285,715	0	0	Pre-IPO shares subject to trading restrictions	The pre-IPO shares subject to trading restrictions will be released from trading on January 31, 2020
Mr. YU Yuejiang (鄒岳江)	13,392,857	13,392,857	0	0	Pre-IPO shares subject to trading restrictions	The pre-IPO shares subject to trading restrictions will be released from trading on January 31, 2020
Hallow Bright Limited	12,951,939	12,951,939	0	0	Pre-IPO shares subject to trading restrictions	The pre-IPO shares subject to trading restrictions will be released from trading on January 31, 2020
C&D No.6 Limited	6,475,970	6,475,970	0	0	Pre-IPO shares subject to trading restrictions	The pre-IPO shares subject to trading restrictions will be released from trading on January 31, 2020

Name of shareholder	Period- beginning shares subject to trading conditions	Number of shares released from trading restrictions during the reporting period	Increase in shares subject to trading restrictions during the reporting period	Period-end shares subject to trading restrictions	Reason for release	Proposed date of release from trading restrictions
Beijing Longtai Dingsheng Investment Management Enterprise (Limited Partnership) (北京龍泰鼎盛投資管理企業(有限合夥))	2,923,079	0	0	2,923,079	Pre-IPO shares subject to trading restrictions	January 28, 2022
Beijing Longtai Huisheng Investment Management Enterprise (Limited Partnership) (北京龍泰匯盛投資管理企業(有限合夥))	2,923,079	0	0	2,923,079	Pre-IPO shares subject to trading restrictions	January 28, 2022
Beijing Longtai Zhongsheng Investment Management Enterprise (Limited Partnership) (北京龍泰眾盛投資管理企業(有限合夥))	2,923,079	0	0	2,923,079	Pre-IPO shares subject to trading restrictions	January 28, 2022
Beijing Longtai Huixin Investment Management Enterprise (Limited Partnership) (北京龍泰匯信投資管理企業(有限合夥))	2,923,079	0	0	2,923,079	Pre-IPO shares subject to trading restrictions	January 28, 2022
Beijing Longtai Zhongxin Investment Management Enterprise (Limited Partnership) (北京龍泰眾信投資管理企業(有限合夥))	2,407,683	0	0	2,407,683	Pre-IPO shares subject to trading restrictions	January 28, 2022
Recipient of restricted shares under the 2019 Share Incentive Scheme	4,077,387	0	0	4,077,387	Restricted share under the share incentive scheme	It will be released from trading by three installments. Please refer to relevant announcements published by the Company at http://www.cninfo.com.cn as designated by China Securities Regulatory Commission for information disclosure by companies listed on the ChiNext of Shenzhen Stock Exchange on August 15, 2019.
Total	<u>594,740,962</u>	<u>217,603,349</u>	<u>0</u>	<u>377,137,613</u>	-	-

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

Item	Balance at the end of the reporting period/ Amount of the current period (RMB)	Balance as at the end of the previous year/Amount of the previous period (RMB)	Percentage of changes	Reasons for significant changes
Held-for-trading financial assets	375,851,000.00	183,451,329.39	104.88%	It was mainly due to the increase in bank's wealth management products of low- and medium-risk invested by the Company with its own funds.
Contract assets	132,802,901.02	89,105,010.63	49.04%	The period-end contract assets increased by 49.04% compared with the end of last year, which was mainly due to a significant period-on-period increase in revenue.
Non-current assets due within one year	6,108,000.00	–	N/A	Other non-current assets due with one year.
Other non-current assets	76,259,672.62	36,921,476.26	106.55%	Other non-current assets increased by RMB39,338,196.36 compared with the period-beginning balance, which was mainly due to the prepayment of RMB30,000,000 for equity investment in Beijing LinkStart Biotechnology Co., Ltd. and the prepayment of USD500,000 for the subscription of shares of Accugen Group during the reporting period.
Short-term borrowings	5,226,377.62	213,951,498.57	-97.56%	It was mainly due to the repayment of borrowings during the reporting period.
Trade payables	154,027,882.42	117,977,991.93	30.56%	The period-end trade payables increased by 30.56% compared with the period-beginning balance, which was mainly due to the growing business scale.

Item	Balance at the end of the reporting period/ Amount of the current period (RMB)	Balance as at the end of the previous year/Amount of the previous period (RMB)	Percentage of changes	Reasons for significant changes
Non-current liabilities due within one year	90,544,197.07	150,852,535.08	-39.98%	It was mainly due to the repayment of borrowings during the reporting period.
Long-term borrowings	86,000,000.00	542,027,262.10	-84.13%	It was mainly due to the repayment of borrowings during the reporting period.
Long-term payables	–	1,763,700.02	-100.00%	At the end of the reporting period, the original long-term payables will become due within one year, thus, they are reclassified to non-current liabilities due within one year.
Other comprehensive income	-25,376,417.05	2,322,940.66	-1,192.43%	It was due to the exchange differences arising from translation of foreign currency financial statements during the reporting period.
Selling expenses	17,891,718.19	12,751,207.87	40.31%	During the reporting period, the Company's overall development was in good shape with ever-growing income. In line with the increased revenue, the selling expenses during the reporting period increased by 40.31% on a period-on-period basis.
Research and development costs	20,949,068.76	8,692,880.96	140.99%	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	-21,912,831.21	41,226,320.04	-153.15%	During the reporting period, the finance expenses decreased significantly due to the substantial increase in interest income, and substantial decrease of borrowing expenses and losses from foreign exchange.

Item	Balance at the end of the reporting period/ Amount of the current period (RMB)	Balance as at the end of the previous year/Amount of the previous period (RMB)	Percentage of changes	Reasons for significant changes
Other income	5,396,718.28	2,919,174.48	84.87%	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	-5,706,597.33	-3,047,215.55	-87.27%	It was mainly due to an increase in losses arising from the investment in associates of the Company.
Gains on change in fair value	-28,183,985.51	1,557,376.76	-1,909.71%	It was due to the change in fair value of derivative financial instruments.
Impairment losses, net of reversal	-2,827,174.45	-1,869,035.70	51.26%	It was due to the period-on-period increase in trade receivables and contract assets impairment losses during the reporting period.
Assets impairment losses	-2,598,779.24	-428,316.20	506.74%	It was due to the period-on-period increase in inventories impairment during the reporting period.
Gains on disposal of assets	-270,818.69	-84,003.08	-222.39%	It was due to an increase in losses arising from the disposal of non-current assets during the reporting period.
Non-operating expenses	4,365,214.32	1,407,322.70	210.18%	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	21,459,301.47	11,220,725.56	91.25%	During the reporting period, the income tax expenses increased due to a period-on-period increase in profit before tax by 80.88%.
Sub-total of cash inflows from operating activities	1,151,200,372.45	852,914,139.76	34.97%	It was mainly due to a period-on-period increase in revenue during the reporting period.

Item	Balance at the end of the reporting period/ Amount of the current period (RMB)	Balance as at the end of the previous year/Amount of the previous period (RMB)	Percentage of changes	Reasons for significant changes
Sub-total of cash inflows from investment activities	215,486,613.32	37,683.82	571,727.94%	The sub-total of cash inflows from investment activities significantly increased on a period-on-period basis, which was mainly due to the disposal of investment in wealth management products during the reporting period.
Sub-total of cash outflows from investment activities	1,056,985,085.05	176,640,726.50	498.38%	The sub-total of cash outflows used in investment activities increased by 498.38% on a period-on-period basis, which was mainly due to the investment in low and medium-risk wealth management products and fixed-term deposits over 3 months during the reporting period.
Sub-total of cash inflows from financing activities	-	687,646,285.64	-100.00%	The Company received proceeds from issuance of A share during the same period last year and generated no cash inflows from financing activities during the reporting period.
Sub-total of cash outflows from financing activities	765,903,016.74	142,652,314.71	436.90%	The sub-total of cash outflows used in financing activities increased by 436.90% on a period-on-period basis, which was mainly due to an increase in repayment of borrowings during the reporting period.
Effect of foreign exchange rate changes on cash and cash equivalents	-20,243,828.35	-6,487,985.86	-212.02%	It was mainly due to a decrease in the exchange rate that was used to convert Hong Kong dollars raised from H share to RMB.

II. Business Review and Outlook

Factors leading to change in business revenue during the reporting period

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 quarter of 2020 and the Company has maintained a good momentum of stable and healthy development. During the reporting period, the total revenue was RMB959,183,503.17, representing a period-on-period increase of 25.66%, among them, revenue from laboratory services was RMB638,848,900, representing a period-on-period increase of 28.00%; revenue from CMC services was RMB201,998,800, representing a period-on-period increase of 19.64%; revenue from clinical development services was RMB113,485,300, representing a period-on-period increase of 25.41%.

Major executed orders and progress

Applicable N/A

Scattered orders

Applicable N/A

Significant change in or adjustment of product or service during the reporting period

Applicable N/A

Progress and impact of important research and development projects

Applicable N/A

Impact of major changes in the Company's intangible assets, core competitiveness, core technical team or key technical personnel (non-directors, supervisors, senior management personnel) during the reporting period, and the countermeasures

Applicable N/A

Change in top 5 suppliers during the reporting period and its impact

Applicable N/A

Change in top 5 clients during the reporting period and its impact

Applicable N/A

Implementation of annual operating plan during the reporting period

Applicable N/A

It has been a core development strategy for the Company to continuously establish and improve a highly collaborative, comprehensive and international service offerings throughout the pharmaceutical R&D lifecycle. In 2020, the Company will continue to strengthen horizontal service capabilities of CMC and clinical development services in drug development stage and further expand production capacity in Ningbo and Tianjin and continue to improve the service quality system. With continuous development of the established early clinical-stage CMC services and clinical development services, the Company strategically set its footprint in the late clinical-stage development and commercial manufacturing.

During the reporting period, the Company continued to develop and acquire innovative drug discovery and development technologies, and further developed research and development capabilities in biomedical products. The Company systematically attracted and retained, by way of recruitment, training and promotion, talents in various professional fields, and established a team composed of talents in multi-levels (i.e. senior, middle and junior), which served as a talent pool for the long-term business development. With China's fast-growing investment in pharmaceutical research and development, the Company will actively expand domestic market and attract more new customers. By continuously strengthening cooperation with existing major pharmaceutical companies and biotechnology companies, the Company will conduct in-depth analysis and tap into customers' demands, and provide customers with more convenient, faster and high-quality services.

Important risk factors that may adversely affect the Company's future operation, major difficulties in operations, and proposed countermeasures

Applicable N/A

Please refer to relevant description set forth in "Business Review" and "Outlook for 2020" of "Management Discussion and Analysis" of the 2019 Annual Report.

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

Applicable N/A

1. Evaluation on the impact of 2019 Novel Coronavirus

Since the outbreak of the 2019 Novel Coronavirus ("COVID-19") in January 2020, the Company has actively taken measures to strictly implement the regulations and requirements issued by the local governments at all levels on coronavirus epidemic prevention and control. Due to the coronavirus outbreak, the Company postponed the resumption of operations to February 10, 2020, one week after the original resumption date. As such, there were slight delays in meeting the delivery schedule for some of the orders of the Company in February 2020. The Company will continuously evaluate the development of the coronavirus situation and its impact on the financial position and operation of the Company. As of the date of this report, no significant adverse impact has been identified and valuation is still ongoing.

2. *Establishment of Ningbo Kangjun Ningyuan Equity Investment Management Partnership (Limited Partnership) (寧波康君寧元股權投資合夥企業(有限合夥))*

On January 20, 2020, the Company (as the limited partner) and Kangjun Investment Management (Beijing) Co., Ltd. (康君投資管理(北京)有限公司) (as the general partner, also a connected person of our Group) entered into a limited partnership agreement in relation to the establishment of and investment 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)). The Fund will be registered in the PRC as a limited partnership with the primary objective of investment in, among others, equity interests and/or convertible loans of companies or entities in the biomedical industry. The Fund has completed the filing formalities with the Asset Management Association of China in accordance with the Law of China on Securities Investment Funds and the Interim Measures on Supervision and Administration of Private Investment Funds and other laws and regulations and was issued the Private Investment Fund Filing Information.

Pursuant to the Limited Partnership Agreement, the Company is required to subscribe for an initial capital commitment of RMB110,000,000. The initial closing of the Fund will occur when the total capital commitment reaches RMB200,000,000. 80% of the respective capital commitments shall be paid by the general partner and limited partner upon the initial closing of the Fund.

3. *Capital increase to wholly-owned subsidiaries*

Pursuant to a resolution adopted at the twenty-fifth meeting of the first session of the Board, it was resolved that the Company will subscribe for the capital increase of RMB200,000,000 to Pharmaron (Tianjin) Process Development and Manufacturing Co., Ltd. (康龍化成(天津)藥物制備技術有限公司), RMB300,000,000 to Pharmaron Shaoxing Co., Ltd. (康龍化成(紹興)藥業有限公司), and RMB775,000,000 to Pharmaron (Ningbo) Technology Development Co., Ltd. (康龍化成(寧波)科技發展有限公司), respectively. As of the date hereof, the foregoing subscriptions were completed and the subsidiaries were issued the business licenses by the market administration authority.

4. *Acquisition of additional 20% equity interests of Beijing LinkStart Biotechnology Co., Ltd. (北京聯斯達醫藥科技發展有限公司)*

In February 2020, the Company entered into an agreement with an independent third party, Mr. YU Yuejiang (郁岳江), to acquire additional 20% equity interests of an associate of the Company, Beijing LinkStart Biotechnology Co., Ltd. (北京聯斯達醫藥科技發展有限公司) for a cash consideration of RMB60,000,000. The acquisition is expected to be completed in the second quarter of 2020.

After the completion of the transaction, the Company will hold 68% equity interests of Beijing LinkStart Biotechnology Co., Ltd. (北京聯斯達醫藥科技發展有限公司) and Beijing LinkStart Biotechnology Co., Ltd. (北京聯斯達醫藥科技發展有限公司) will become a subsidiary of the Company.

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
	January 20, 2020	Connected Transaction in Relation to Establishment of the Fund, disclosure website: http://www.hkex.com.hk
	February 6, 2020	Supplement Announcement in Relation to Connected Transaction of Establishment of the Fund, disclosure website: http://www.hkex.com.hk
	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
Capital increase to wholly-owned subsidiaries	January 10, 2020	Announcement on Capital Increase by the Company to Wholly-owned Subsidiaries (No.: 2020-006), disclosure website: http://www.cninfo.com.cn
	February 28, 2020	Announcement on Completion of Filing Formalities and Receipt of Business License Regarding Capital Increase to Wholly-owned Subsidiaries (No.: 2020-020), disclosure website: http://www.cninfo.com.cn
	April 18, 2020	Announcement on Completion of Filing Formalities and Receipt of Business License Regarding Capital Increase to Wholly-owned Subsidiaries (No.: 2020-036), 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. Comparison Table on Use of Raised Funds

Applicable N/A

VI. Caution and Explanation as to the Anticipated Loss of Accumulated Net Profit From the Beginning of the Year to the End Of the Next Reporting Period or Significant Changes Over the Same Period of the Previous Year

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.

PART 4 FINANCIAL STATEMENTS

I. Financial Statements

1. Consolidated Balance Sheet

Prepared by: Pharmaron Beijing Co., Ltd.
March 31, 2020

Item	<i>Unit: RMB</i>	
	March 31, 2020	December 31, 2019
Current assets:		
Cash and bank balances	3,558,420,168.03	4,459,852,482.83
Deposit reservation for balance		
Lending to banks and other financial institutions		
Held-for-trading financial assets	375,851,000.00	183,451,329.39
Derivative financial assets		
Note receivables		
Trade receivables	761,460,384.61	857,069,268.23
Trade receivables financing		
Prepayments	5,508,095.16	4,645,376.09
Premium receivables		
Reinsurance account receivables		
Reinsurance deposit receivables		
Other receivables	58,925,538.45	82,942,763.23
Including: Interest receivables		
Dividend receivables		
Financial assets held under repurchase agreements		
Inventories	189,092,577.24	157,396,992.46
Contract assets	132,802,901.02	89,105,010.63
Assets held for sale		
Non-current assets due within one year	6,108,000.00	
Other current assets	100,257,667.10	109,987,797.55
Total current assets	5,188,426,331.61	5,944,451,020.41

Item	March 31, 2020	December 31, 2019
Non-current assets:		
Disbursement of loans and advances		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	165,113,680.80	131,246,026.24
Other investments in equity instruments		
Other non-current financial assets	59,975,477.78	59,053,637.64
Investment properties	43,848,254.66	46,012,823.48
Fixed assets	2,531,709,577.25	2,485,468,173.63
Construction in progress	226,191,731.73	217,272,862.44
Productive biological assets		
Oil & gas assets		
Right-of-use assets	164,446,734.69	179,546,082.18
Intangible assets	416,633,662.10	420,573,698.45
Development expenses		
Goodwill	205,402,078.47	203,285,790.43
Long-term deferred expenses	191,878,630.77	204,835,024.96
Deferred tax assets	7,006,455.97	6,371,642.47
Other non-current assets	76,259,672.62	36,921,476.26
	<hr/>	<hr/>
Total non-current assets	4,088,465,956.84	3,990,587,238.18
	<hr/> <hr/>	<hr/> <hr/>
Total assets	9,276,892,288.45	9,935,038,258.59
	<hr/> <hr/>	<hr/> <hr/>

Item	March 31, 2020	December 31, 2019
Current liabilities:		
Short-term borrowings	5,226,377.62	213,951,498.57
Borrowings from the Central Bank		
Borrowings from banks and other financial institutions		
Held-for-trading financial liabilities	14,494,656.12	
Derivative financial liabilities		
Note payables		
Trade payables	154,027,882.42	117,977,991.93
Advances from customers		
Contract liabilities	295,483,193.73	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	177,377,964.87	233,085,874.83
Tax payables	41,306,841.39	43,730,593.02
Other payables	220,286,163.10	238,536,006.24
Including: Interests payables		
Dividend payables		
Fees and commissions payables		
Reinsurance account payables		
Liabilities held for sale		
Non-current liabilities due within one year	90,544,197.07	150,852,535.08
Other current liabilities		
Total current liabilities	998,747,276.32	1,269,681,005.17
Non-current liabilities:		
Insurance contract reserves		
Long-term borrowings	86,000,000.00	542,027,262.10
Bond payables		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	115,843,362.23	131,160,365.10
Long-term payables		1,763,700.02
Long-term employee benefits payables		
Provisions		
Deferred income	116,472,158.01	111,605,932.16
Deferred tax liabilities	38,943,989.00	40,781,672.00
Other non-current liabilities		
Total non-current liabilities	357,259,509.24	827,338,931.38
Total liabilities	1,356,006,785.56	2,097,019,936.55

Item	March 31, 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	5,981,675,653.47	5,964,889,692.00
Less: Treasury shares	72,781,357.95	72,781,357.95
Other comprehensive income	-25,376,417.06	2,322,940.66
Specific reserve		
Surplus reserve	116,024,462.09	116,024,462.09
General risk provision		
Retained earnings	1,063,738,261.70	962,220,199.71
Total equity attributable to the owners of the parent	7,857,668,064.25	7,767,063,398.51
Non-controlling interests	63,217,438.64	70,954,923.53
	<u>7,920,885,502.89</u>	<u>7,838,018,322.04</u>
Total equity	7,920,885,502.89	7,838,018,322.04
	<u>9,276,892,288.45</u>	<u>9,935,038,258.59</u>
Total liabilities and equity	9,276,892,288.45	9,935,038,258.59

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 Company

	<i>Unit: RMB</i>	
Item	March 31, 2020	December 31, 2019
Current assets:		
Cash and bank balances	2,622,128,884.44	4,173,049,105.09
Held-for-trading financial assets	322,851,000.00	83,451,329.39
Derivative financial assets		
Note receivables		
Trade receivables	554,074,879.80	943,358,431.63
Trade receivables financing		
Prepayments	1,510,238.68	781,042.70
Other receivables	1,806,920,898.09	838,477,612.43
Including: Interest receivables		
Dividend receivables		
Inventories	45,192,426.68	31,830,715.60
Contract assets		
Assets held for sale		
Non-current assets due within one year	6,108,000.00	
Other current assets	14,573,344.13	18,835,853.15
Total current assets	<u>5,373,359,671.82</u>	<u>6,089,784,089.99</u>
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	1,585,469,230.63	1,445,935,712.47
Other investments in equity instruments		
Other non-current financial assets		
Investment properties		
Fixed assets	1,189,115,919.97	1,190,510,832.45
Construction in progress	71,698.11	1,098,784.18
Productive biological assets		
Oil & gas assets		
Right-of-use assets	9,770,934.06	11,313,713.10
Intangible assets	125,255,043.48	124,774,213.64
Development expenses		
Goodwill		
Long-term deferred expenses	62,848,600.08	70,837,439.98
Deferred tax assets		
Other non-current assets	44,464,627.49	15,292,766.85
Total non-current assets	<u>3,016,996,053.82</u>	<u>2,859,763,462.67</u>
Total assets	<u>8,390,355,725.64</u>	<u>8,949,547,552.66</u>

Item	March 31, 2020	December 31, 2019
Current liabilities:		
Short-term borrowings	5,226,377.62	165,118,098.57
Held-for-trading financial liabilities	14,494,656.12	
Derivative financial liabilities		
Note payables		
Trade payables	77,911,593.46	64,029,728.41
Advances from customers		
Contract liabilities	75,133,101.46	77,784,697.33
Employee benefits payables	104,273,719.44	144,995,323.89
Tax payables	9,885,341.61	20,093,767.98
Other payables	164,541,290.18	242,925,775.69
Including: Interest payables		
Dividend payables		
Liabilities held for sale		
Non-current liabilities due within one year	29,480,640.49	80,789,959.70
Other current liabilities		
Total current liabilities	480,946,720.38	795,737,351.57
Non-current liabilities		
Long-term borrowings	86,000,000.00	395,500,000.00
Bond payables		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	4,020,535.34	5,991,286.49
Long-term payables		1,763,700.02
Long-term employee benefits payables		
Provisions		
Deferred income	8,435,948.85	8,983,539.48
Deferred tax liabilities	21,185,459.28	26,292,914.50
Other non-current liabilities		
Total non-current liabilities	119,641,943.47	438,531,440.49
Total liabilities	600,588,663.85	1,234,268,792.06

Item	March 31, 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	5,922,905,534.03	5,905,620,328.94
Less: Treasury shares	72,781,357.95	72,781,357.95
Other comprehensive income		
Specific reserve		
Surplus reserve	116,024,462.09	116,024,462.09
Retained earnings	<u>1,029,230,961.62</u>	<u>972,027,865.52</u>
Total equity	<u><u>7,789,767,061.79</u></u>	<u><u>7,715,278,760.60</u></u>
Total liabilities and equity	<u><u>8,390,355,725.64</u></u>	<u><u>8,949,547,552.66</u></u>

3. Consolidated Income Statement

Unit: RMB

Item	Amount of the current period	Amount of the previous period
1. Total revenue	959,183,503.17	763,317,315.37
Including: Revenue	959,183,503.17	763,317,315.37
Interest income		
Insurance premium earned		
Fee and commission income		
2. Total cost	806,096,811.44	697,928,348.73
Including: Cost	638,222,684.14	510,354,603.17
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	9,081,802.14	8,886,519.55
Selling expenses	17,891,718.19	12,751,207.87
Administrative expenses	141,864,369.42	116,016,817.14
Research and development costs	20,949,068.76	8,692,880.96
Finance expenses	-21,912,831.21	41,226,320.04
Including: Interest expenses	8,617,709.91	22,831,482.38
Interest income	24,473,570.14	276,058.71
Add: Other income	5,396,718.28	2,919,174.48
Investment income (“-” indicating loss)	-5,706,597.33	-3,047,215.55
Including: Income from investments in associates and joint ventures	-10,132,345.44	-1,077,215.55
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)	-28,183,985.51	1,557,376.76
Credit impairment losses (“-” indicating loss)	-2,827,174.45	-1,869,035.70
Assets impairment losses (“-” indicating loss)	-2,598,779.24	-428,316.20
Gains on disposal of assets (“-” indicating loss)	-270,818.69	-84,003.08

Item	Amount of the current period	Amount of the previous period
3. Operating profit (“-” indicating loss)	118,896,054.79	64,436,947.35
Add: Non-operating income	104,599.92	347,963.99
Less: Non-operating expenses	4,365,214.32	1,407,322.70
4. Profit before tax (“-” indicating total loss)	114,635,440.39	63,377,588.64
Less: Income tax expenses	21,459,301.47	11,220,725.56
5. Net profit (“-” indicating net loss)	93,176,138.92	52,156,863.08
(i) By continuity of operations		
1. Net profit from continuing operations (“-” indicating net loss)	93,176,138.92	52,156,863.08
2. Net profit from discontinued operations (“-” indicating net loss)		
(ii) By ownership		
1. Net profit attributable to owners of the parent	101,518,061.99	54,242,101.89
2. Non-controlling interests	-8,341,923.07	-2,085,238.81
6. Other comprehensive income, net of tax	-27,594,163.16	5,899,345.76
Other comprehensive income attributable to owners of the parent, net of tax	-27,699,357.72	6,136,029.30
(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	-27,699,357.72	6,136,029.30
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	-27,699,357.72	6,136,029.30
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	105,194.56	-236,683.54
7. Total comprehensive income	65,581,975.76	58,056,208.84
Total comprehensive income attributable to owners of the parent	73,818,704.27	60,378,131.19
Total comprehensive income attributable to the non-controlling interests	-8,236,728.51	-2,321,922.35
8. Earnings per share:		
(i) Basic earnings per share	0.1285	0.0855
(ii) Diluted earnings per share	0.1282	0.0855

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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4. *Income Statement of the Company*

Unit: RMB

Item	Amount of the current period	Amount of the previous period
1. Revenue	499,669,840.66	399,836,223.71
Less: Cost	315,271,958.02	230,948,330.91
Taxes and surcharges	2,437,511.68	2,126,779.58
Selling expenses	1,380,609.63	976,326.38
Administrative expenses	74,562,349.02	62,172,349.62
Research and development costs	13,012,726.10	7,726,901.45
Finance expenses	-13,959,966.94	24,194,525.45
Including: Interest expenses	5,908,934.38	11,143,447.21
Interest income	23,527,607.88	790,049.57
Add: Other income	1,864,265.63	547,590.65
Investment income (“-” indicating loss)	-6,303,963.57	-3,047,215.55
Including: Income from investments in associates and joint ventures	-10,132,345.44	-1,077,215.55
Gains on derecognition of financial assets measured at mortised cost (“-” indicating loss)		
Net gains on exposure hedging (“-” indicating loss)		
Gain on change in fair value (“-” indicating loss)	-28,183,985.51	1,557,376.76
Credit impairment losses (“-” indicating loss)	-1,171,531.81	-123,967.73
Assets impairment losses (“-” indicating loss)	-493,735.87	-134,323.18
Gains on disposal of assets (“-” indicating loss)	-106,926.49	-69,757.73
2. Operating profit (“-” indicating loss)	72,568,775.53	70,420,713.54
Add: Non-operating income	10,000.00	239,600.00
Less: Non-operating expenses	4,360,292.44	1,360,108.73
3. Profit before tax (“-” indicating total loss)	68,218,483.09	69,300,204.81
Less: Income tax expenses	11,015,386.99	10,636,520.99
4. Net profit (“-” indicating net loss)	57,203,096.10	58,663,683.82
(1) Net profit from continuing operations (“-” indicating net loss)	57,203,096.10	58,663,683.82
(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 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 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	57,203,096.10	58,663,683.82
7. Earnings per share:		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

5. Consolidated Statement of Cash Flows

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	1,055,538,495.91	801,557,403.90
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	34,036,539.82	49,899,898.80
Other cash received relating to operating activities	61,625,336.72	1,456,837.06
Subtotal of cash inflow from operating activities	1,151,200,372.45	852,914,139.76
Cash paid for goods and services	183,516,868.19	164,898,191.16
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	474,161,986.58	369,187,079.86
Cash paid for taxes and surcharges	37,629,908.14	21,083,906.48
Other cash paid relating to operating activities	130,196,619.12	157,611,717.56
Subtotal of cash outflow from operating activities	825,505,382.03	712,780,895.06
Net cash flow from operating activities	325,694,990.42	140,133,244.70

Item	Amount of the current period	Amount of the previous period
2. Cash flow from investing activities:		
Cash received from disposal of investments	211,697,000.00	
Cash received from return on investments	880,748.11	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	2,908,865.21	37,683.82
Net cash received from disposal of subsidiaries and other business entities		
Other cash received relating to investing activities		
	<hr/>	<hr/>
Sub-total of cash inflows from investing activities	215,486,613.32	37,683.82
	<hr/>	<hr/>
Cash paid to acquire fixed assets, intangible assets and other long-term assets	166,290,535.05	167,087,006.50
Cash paid to acquire investments	880,542,550.00	9,553,720.00
Net increase in pledged loans		
Net cash paid to acquire subsidiaries and other business entities		
Other cash paid relating to investing activities	10,152,000.00	
	<hr/>	<hr/>
Sub-total of cash outflows from investing activities	1,056,985,085.05	176,640,726.50
	<hr/>	<hr/>
Net cash flow from investing activities	<u>-841,498,471.73</u>	<u>-176,603,042.68</u>
3. Cash flow from financing activities:		
Cash received from capital contributions		458,485,929.60
Including: Cash received from capital contributions by non-controlling shareholders of subsidiaries		
Cash received from borrowings		229,160,356.04
Other cash received relating to financing activities		
	<hr/>	<hr/>
Sub-total of cash inflows from financing activities		687,646,285.64
	<hr/>	<hr/>
Cash paid for repayments of borrowings	726,147,296.21	78,574,421.67
Cash payment for distribution of dividends, profits or interest expenses	8,254,219.50	17,675,089.19
Including: Dividends and profit paid by subsidiaries to non-controlling shareholders		
Other cash paid relating to financing activities	31,501,501.03	46,402,803.85
	<hr/>	<hr/>
Sub-total of cash outflow from financing activities	765,903,016.74	142,652,314.71
	<hr/>	<hr/>
Net cash flows from financing activities	<u>-765,903,016.74</u>	<u>544,993,970.93</u>

Item	Amount of the current period	Amount of the previous period
4. Effect of foreign exchange rate changes on cash and cash equivalents	-20,243,828.35	-6,487,985.86
5. Net increase in cash and cash equivalents	-1,301,950,326.40	502,036,187.09
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>3,140,267,897.91</u>	<u>809,271,650.38</u>

6. *Statement of Cash Flows of the Company*

	<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	892,276,221.17	431,623,115.58
Refunds of taxes and surcharges	15,066,857.19	31,905,812.97
Other cash received relating to operating activities	284,133,367.34	463,827,493.47
	<hr/>	<hr/>
Subtotal of cash inflow from operating activities	1,191,476,445.70	927,356,422.02
	<hr/>	<hr/>
Cash paid for goods and services	102,414,485.48	98,427,873.35
Cash paid to and on behalf of employees	259,999,697.18	210,892,255.46
Cash paid for taxes and surcharges	26,444,659.50	12,006,191.49
Other cash paid relating to operating activities	1,337,750,263.58	725,102,697.61
	<hr/>	<hr/>
Subtotal of cash outflow from operating activities	1,726,609,105.74	1,046,429,017.91
	<hr/>	<hr/>
Net cash flow from operating activities	<u>-535,132,660.04</u>	<u>-119,072,595.89</u>

Item	Amount of the current period	Amount of the previous period
2. Cash flows from investing activities:		
Cash received from disposal of investments	106,697,000.00	
Cash received from return on investments	283,381.87	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	7,458.41	25,689.66
Net cash received from disposal of subsidiaries and other business entities		
Other cash received relating to investing activities		
	<hr/>	<hr/>
Sub-total of cash inflows from investing activities	106,987,840.28	25,689.66
	<hr/>	<hr/>
Cash paid to acquire fixed assets, intangible assets and other long-term assets	36,698,049.96	27,050,287.21
Cash paid to acquire investments	659,000,000.00	1,000,000.00
Net cash paid to acquire subsidiaries and other business entities		
Other cash paid relating to investing activities	10,152,000.00	
	<hr/>	<hr/>
Sub-total of cash inflows from investing activities	705,850,049.96	28,050,287.21
	<hr/>	<hr/>
Net cash flows from investing activities	<u><u>-598,862,209.68</u></u>	<u><u>-28,024,597.55</u></u>
3. Cash flows from financing activities:		
Cash received from capital contributions		458,485,929.60
Cash received from borrowings		179,317,242.94
Other cash received relating to financing activities		
	<hr/>	<hr/>
Sub-total of cash inflows from financing activities		637,803,172.54
	<hr/>	<hr/>
Cash paid for repayments of borrowings	517,544,134.11	51,520,615.07
Cash payment for distribution of dividends, profits or interest expenses	6,110,868.95	9,161,410.38
Other cash paid relating to financing activities	20,926,014.73	26,657,228.83
	<hr/>	<hr/>
Sub-total of cash outflows from financing activities	544,581,017.79	87,339,254.28
	<hr/>	<hr/>
Net cash flows from financing activities	<u><u>-544,581,017.79</u></u>	<u><u>550,463,918.26</u></u>
4. Effect of foreign exchange rate changes on cash and cash equivalents	<u><u>-20,602,763.43</u></u>	<u><u>-1,934,262.45</u></u>

Item	Amount of the current period	Amount of the previous period
5. Net increase in cash and cash equivalents	-1,699,178,650.94	401,432,462.37
Add: Period-beginning balance of cash and cash equivalents	<u>4,172,822,713.62</u>	<u>47,128,873.49</u>
6. Period-end balance of cash and cash equivalents	<u><u>2,473,644,062.68</u></u>	<u><u>448,561,335.86</u></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 First 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 three months ended March 31, 2020

	Three months ended March 31,	
	2020	2019
	RMB'000	RMB'000
Revenue	959,184	763,317
Cost of sales	<u>(642,597)</u>	<u>(512,299)</u>
Gross profit	316,587	251,018
Other income and gains	37,190	3,543
Other expenses	(29,275)	(19,827)
Selling and distribution expenses	(17,892)	(12,751)
Administrative expenses	(149,449)	(124,135)
Research and development costs	(20,949)	(8,693)
Impairment losses on financial and contract assets, net of reversal	(2,827)	(1,869)
Finance costs	(8,618)	(22,831)
Share of losses of associates	<u>(10,132)</u>	<u>(1,077)</u>
Profit before tax	114,635	63,378
Income tax expense	<u>(21,459)</u>	<u>(11,221)</u>
Profit for the period	<u>93,176</u>	<u>52,157</u>
Attributable to:		
Owners of the parent	101,518	54,242
Non-controlling interests	<u>(8,342)</u>	<u>(2,085)</u>
	<u>93,176</u>	<u>52,157</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		
Basic		
For profit for the period	<u>RMB0.1285</u>	<u>RMB0.0855</u>
Diluted		
For profit for the period	<u>RMB0.1282</u>	<u>RMB0.0855</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

March 31, 2020

	March 31, 2020 RMB'000	December 31, 2019 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	3,012,752	2,973,354
Right-of-use assets	482,077	498,989
Investment properties	43,848	46,013
Goodwill	205,402	203,286
Other intangible assets	36,032	35,352
Investments in associates	165,114	131,246
Equity investments at fair value through profit or loss	59,975	59,054
Deferred tax assets	7,006	6,372
Other non-current assets	76,260	36,921
	<hr/>	<hr/>
Total non-current assets	4,088,466	3,990,587
CURRENT ASSETS		
Inventories	113,428	97,050
Contract costs	75,665	60,347
Trade receivables	761,460	857,069
Contract assets	132,803	89,105
Prepayments, other receivables and other assets	170,799	197,576
Financial assets at fair value through profit or loss	375,851	169,762
Derivative financial instruments	–	13,689
Pledged deposits	8,958	17,634
Cash and cash equivalents	3,549,462	4,442,218
	<hr/>	<hr/>
Total current assets	5,188,426	5,944,450
CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	26,978	300,654
Trade payables	154,028	117,978
Other payables and accruals	414,869	486,702
Contract liabilities	295,483	271,547
Lease liabilities	68,793	64,150
Derivative financial instruments	14,495	–
Tax payable	24,102	28,649
	<hr/>	<hr/>
Total current liabilities	998,748	1,269,680
	<hr/>	<hr/>
NET CURRENT ASSETS/LIABILITIES	4,189,678	4,674,770
	<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>8,278,114</u>	<u>8,665,357</u>

	March 31, 2020 RMB'000	December 31, 2019 RMB'000
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	86,000	543,791
Deferred tax liabilities	38,944	40,782
Deferred income	116,472	111,606
Lease liabilities	115,843	131,160
	<hr/>	<hr/>
Total non-current liabilities	357,259	827,339
	<hr/>	<hr/>
NET ASSETS	7,920,885	7,838,018
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Share capital	794,387	794,387
Treasury shares	(72,781)	(72,781)
Reserves	7,136,062	7,045,457
	<hr/>	<hr/>
Equity attributable to owners of the parent	7,857,668	7,767,063
	<hr/>	<hr/>
Non-controlling interests	63,217	70,955
	<hr/>	<hr/>
Total equity	7,920,885	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.

	Three months ended March 31,	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the period attributable to the owners of the parent	101,518	54,242
Add:		
Share-based compensation expenses	13,644	–
Foreign exchange related gains or losses	(5,150)	14,752
Losses on derivative financial instruments related to foreign exchange	20,943	351
Non-IFRS net profit for the period attributable to the owners of the parent	130,955	69,345
Add:		
Realized and unrealized gains or losses from investments	10,132	1,077
Non-IFRS adjusted net profit for the period attributable to the owners of the parent	141,087	70,422