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SHENZHEN HEPALINK PHARMACEUTICAL GROUP CO., LTD.

(深圳市海普瑞藥業集團股份有限公司)

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

(Stock Code: 9989)

2021 FIRST QUARTERLY REPORT

This announcement is published in accordance with Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rules 13.09 and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The following is the 2021 first quarterly report of Shenzhen Hepalink Pharmaceutical Group Co., Ltd. (the “**Company**” or “**Hepalink**”, together with its subsidiaries referred to as the “**Group**”) for the three months ended March 31, 2021 (the “**Reporting Period**”). This financial report was prepared in accordance with the PRC Accounting Standards and Accounting Regulations for Business Enterprises and was unaudited.

By order of the Board

Shenzhen Hepalink Pharmaceutical Group Co., Ltd.

Li Li

Chairman

Shenzhen, the PRC

April 28, 2021

As at the date of this announcement, the executive directors of the Company are Mr. Li Li, Ms. Li Tan, Mr. Shan Yu and Mr. Sun Xuan; and the independent non-executive directors are Dr. Lu Chuan, Mr. Chen Junfa and Mr. Wang Zhaohui.

I Important Notice

- 1.1 The board of directors (the “**Board**”), supervisory committee and directors, supervisors and senior management of the Company undertake that all information in the first quarterly report is true, accurate and complete, without any false record, misrepresentation or material omission, and individually and jointly bear legal liabilities in this respect.
- 1.2 All the directors attended the Board meeting held on April 28, 2021 in which the 2021 first quarterly report of the Company was deliberated and approved.
- 1.3 Li Li, the person in charge of the Company and the Chairman of the Board and Zhang Bin, the person in charge of the accounting function and the person in charge of accounting department, declare that they guarantee the financial statements in this quarterly report are true, accurate and complete.
- 1.4 The first quarterly report of the Company was prepared in accordance with the PRC Accounting Standards and Accounting Regulations for Business Enterprises and was unaudited.

II Basic Information of the Company

I. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS

	As at the end of the Reporting Period	As at the end of last year	Increase/decrease for the end of the Reporting Period over the end of last year
Total Assets (RMB)	19,391,183,967.54	19,025,894,654.11	1.92%
Net assets attributable to the shareholders of the listed company (RMB)	11,719,655,762.32	11,569,392,530.92	1.30%
	Reporting Period	Corresponding period of last year	Increase/ decrease of the Reporting Period over corresponding period of last year
Operating revenue (RMB)	1,267,876,796.45	1,402,313,084.20	-9.59%
Net profit attributable to the shareholders of the listed company (RMB)	143,483,266.73	255,292,717.45	-43.80%
Net profit attributable to the shareholder of the listed company, net of non-recurring profits and losses (RMB)	114,511,999.79	282,711,693.79	-59.50%
Net cash flow from operating activities (RMB)	419,806,687.16	-218,059,075.62	292.52%
Basic earnings per share (RMB/share)	0.0978	0.2047	-52.22%
Diluted earnings per share (RMB/share)	0.0978	0.2047	-52.22%
Weighted average return on net assets	1.23%	3.40%	-2.17%

Items and amounts of extraordinary profit and losse

√ Applicable □ Not Applicable

Unit: Yuan

Items	Amounts from the beginning of the year to the end of the Reporting Period	Description
Gains or losses from disposal non-current assets (including the write-off of the assets impairment provision)	-61,681.89	
Government grants through profit or loss (except for the government grants closely related to the business of the enterprise and enjoyed according to the national uniform standard quota or ration)	4,806,270.12	Mainly from the subsidies of industrial projects and human resources during the Reporting Period
In addition to the effective hedging business related to the normal business operations of the Company, the changes in fair value gains and losses arising from holding financial assets for trading, derivative financial assets, financial liabilities for trading and derivative financial liabilities, as well as investment income from disposing financial assets for trading, derivative financial assets, financial liabilities for trading, derivative financial liabilities and other debt investments	32,660,244.16	Mainly the gains from changes in the fair value of financial assets and dividends from investee companies during the Reporting Period
Other non-operating income and expenses apart from those stated above	-108,489.71	
Minus: Effect on enterprise income tax	8,279,775.91	
Effect on interest of minority shareholders (after tax)	45,299.83	
Total	28,971,266.94	—

Reasons should be given for items that the Company defined as extraordinary profit and loss in accordance with the definition of the Explanatory Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public — Extraordinary Profit and Loss, as well as the extraordinary profit and loss stated in the Explanatory Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public — Extraordinary Profit and Loss as the items of recurring profit and loss

Applicable Not Applicable

During the Reporting Period, no extraordinary profit and loss defined and stated in accordance with the Explanatory Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public — Extraordinary Profit and Loss was defined as the items of recurring profit and loss in the Company.

Business Review

The COVID-19 pandemic is far from over in 2021. Despite the relaxation of stimulus policies of countries to varying degrees, geopolitical uncertainties remain and the global economic recovery is still uneven. In the first quarter, although vaccination plans have been launched around the world, the epidemic situation in Europe and America remained severe. Due to various factors such as epidemic prevention and control and policy effectiveness, there is still a large gap in the economic recovery among countries. Compared with the same period of last year, the impact on the global business environment in the first quarter of 2021 was even worse, mainly because the epidemic has not yet made a comprehensive and significant impact on the global business environment in the first quarter of last year. However, in the face of the challenges brought by global epidemic in the first quarter, duration of impact, and many uncertainties such as the extent of operation recovery, enterprises in all countries have carefully monitored and prudently allocated resources and cash. As a result, both delayed delivery of some business orders and postponed business negotiations have an effect on the Group's business.

During the Reporting Period, the Group achieved a total sales revenue of RMB1,267.9 million (the same period of last year: RMB1,402.3 million) and a gross profit of RMB418.0 million (the same period of last year: RMB615.2 million). During the Reporting Period, the Group recorded a net profit attributable to shareholders of the parent company of RMB143.5 million (the same period of last year: RMB255.3 million), and an adjusted net profit attributable to shareholders of the parent company (excluding the effect of exchange gains and losses) of RMB173.4 million (the same period of the last year: RMB249.8 million). The net profit after deducting non-recurring gains and losses was RMB114.5 million (the same period of last year: RMB282.7 million).

Heparin Industrial Chain Business

During the Reporting Period, the Group achieved a sales revenue of RMB1,071.8 million from the heparin industrial chain business (the same period of last year: RMB1,096.9 million). The sales revenue from finished dose pharmaceutical products accounted for 38.3% of the revenue from the heparin industrial chain business (the same period of last year: 30.9%), while the sales revenue from API accounted for 61.7% of the revenue from the heparin industrial chain business (the same period of last year: 69.1%). The Group has always actively promoted the transformation of the main business of heparin industrial chain into finished dose pharmaceutical products, and firmly pushed forward the integration of the global vertical industrial chain. Relying on excellent product quality and powerful sales platform, the Group strives to be the new leader in the heparin finished dose pharmaceutical products industry around the world.

During the Reporting Period, the finished dose enoxaparin sodium pharmaceutical products delivered a strong performance with a sales revenue of approximately RMB410.6 million, representing an increase of 21.1% as compared with RMB339.1 million of same period of last year and accounting for 32.4% of the Group's total revenue, which drove the Group's performance towards high value-added businesses with steady and sustained growth. During the Reporting Period, the gross profit of the finished dose enoxaparin sodium pharmaceutical products was RMB173.3 million (the same period of last year: RMB151.4 million), representing an increase of 14.5%, and the gross profit margin was 42.2%. Both the sales volume and the average sales price recorded an increase.

During the Reporting Period, the European market continued to record robust growth. Although Europe was continuously affected by the COVID-19 pandemic in varying degrees, the Group's overseas marketing team continued to promote the construction of hospital sales channels in every country, and enhance the spillover effect from hospital to pharmacy, achieving increase in both sales volume and sales price continuedly.

In China, with the advantage of first obtaining the consistency evaluation all five strengths of the Group's finished dose pharmaceutical products won the bid for centralized procurement in Shandong Province during the Reporting Period, which would help to further drive the sales growth in the China market. At the same time, with the Group commencing sales in the U.S. market since the fourth quarter of last year, the sales in both China and the U.S. will become the driving force for the growth of the finished dose enoxaparin sodium pharmaceutical products business. In addition, during the Reporting Period, the sales in non-European and non-American overseas markets continued the increase of last year and the business continued to expand.

During the Reporting Period, the sales volume of heparin API business was approximately RMB661.2 million (the same period of last year: RMB757.8 million), accounting for 52.2% of the Group's total revenue. During the Reporting Period, the gross profit margin was 30.7%.

In the second half of last year, heparin API business was affected due to the adjustment of customer's operation strategy, which had a certain effect on the sales revenue of segments, so the overall sales volume of the Group's API was not fully recovered in the first quarter. Under the flexible order mechanism to ensure the transfer of costs to the downstream, the Group is determining the order quantity and price of the year with its customers by relying on the only global vertical whole-industry chain layout of the industry to control high-quality upstream raw materials.

CDMO Business

During the Reporting Period, sales of CDMO business amounted to approximately RMB153 million (the same period of last year: RMB187.9 million), with a gross profit margin of 24.3% (the same period of last year: 25.9%).

During the Reporting Period, the Group's CDMO continued to advance the mRNA COVID-19 vaccine supply chain, supporting the production of various commercialized mRNA vaccines around the world. Thanks to Cytovance's accurate market insight and business development capabilities, as well as a track record of high-quality delivery based on superior R&D, operational and project management capabilities, the number of orders of Cytovance continued to increase, with a satisfactory increase of 34.4% in business revenue as compared to the same period of last year. However, the project delay of SPL and the maintenance of key workshop parts had certain impact on the CDMO business during the Reporting Period. During the Reporting Period, on the basis of keeping the orders of core products stable, we gradually made horizontal and vertical expansion, increased efforts to expand customer resources, and actively followed up projects with potential customers to increase the number of CDMO projects at each stage leveraging the international CDMO technical team and business development team.

New Drug Pipelines

Oregovomab

Oregovomab, a murine monoclonal antibody, is an anti-CA125 immunotherapy drug candidate, being developed by the joint-stock subsidiary, namely OncoQuest Inc. (“**OncoQuest**”). It has completed a phase II clinical trial as a treatment combined with chemotherapy in patients with advanced primary ovarian cancer. The results of Phase II clinical trial have proven the safety and efficacy of Oregovomab in such combined treatment regime for advanced primary ovarian cancer patients. Phase II clinical results have shown a significant prolongation of median PFS, with a median PFS of 41.8 months, compared with 12.2 months in patients treated by chemotherapy alone ($p = 0.0027$). It also showed a significant improvement in OS ($p = 0.0043$). Oregovomab has orphan drug designation from the FDA and EMA. Oregovomab is also being evaluated for treatment of patients with advanced recurrent ovarian cancer: in a phase II clinical trial in combination with an investigational stage immune booster (polyICLC/Hiltonol) for patients with advanced recurrent ovarian cancer, a phase Ib/IIa clinical trial in combination with PD-1 inhibitor (nivolumab) as a novel combination immunotherapy treatment for patients with recurrent ovarian cancer, and a phase II clinical trial as a combined treatment with a PARP inhibitor (niraparib) for patients with recurrent ovarian cancer. In October 2020, phase III clinical trial of Oregovomab has completed the first patient administration in the United States. The global pivotal trial is expected to enroll 602 patients from 140 clinical sites in 17 countries. Furthermore, the phase III clinical trial (IND) application of Oregovomab has been recently accepted by the China Nation Medical Products Administration.

RVX-208 (Apabetalone)

RVX-208 is a selective inhibitor of bromodomain and BET proteins with selectivity for the second bromodomain. It is being developed by the joint-stock subsidiary Resverlogix Corp. (a public company listed on the Toronto Stock Exchange, stock code: RVX). RVX-208 has completed phase III clinical trial (BETonMACE) in combination with standard of care to reduce major adverse cardiovascular events among high-risk cardiovascular disease patients with type II diabetes mellitus, recent acute coronary syndrome, and low levels of high-density lipoprotein (HDL). RVX-208 was granted breakthrough therapy designation by the FDA in February 2020 and the clinical plan for pivotal phase III was approved by the FDA in June 2020.

AR-301 (Salvecin)

AR-301 is a fully human monoclonal IgG1 antibody (mAb) that specifically directed against α -toxin released by *S. aureus*. It is being developed by the joint-stock subsidiary Aridis Pharmaceuticals, Inc. (a company listed on the NASDAQ, stock code: ARDS). It is currently in a global phase III clinical trial as an adjunctive therapy to standard of care antibiotics in patients diagnosed with ventilator associated pneumonia (VAP) caused by *S. aureus*. Results of a phase I/II trial completed in the United States in the earlier stage have shown that patients treated with AR-301 consistently demonstrated less time spent under mechanical ventilation and higher rates of *S. aureus* eradication as compared to those treated with antibiotics alone. AR-301 was granted fast track designation by the FDA and orphan drug designation by the EMA. Our controlled subsidiary, namely Shenzhen Arimab Biomedical Co., Ltd. will soon initiate a phase III clinical trial of AR-301 in China as part of the global MRCT. By now, a total of 117 cases of AR-301 have been enrolled in 240 centers around the world, of which 16 centers in China have been initiated and can enroll patients. The clinical study of INHIXA in Italy has completed clinical medication and data collection of all drug cases and control group patients, and is currently in the stage of data analysis.

Outlook

The International Monetary Fund (IMF) currently expects that the global economy will grow by approximately 5.5% in 2021, representing a slight increase of 0.3% compared to its previous estimate in October 2020. The use of vaccines is expected to cause a slight rebound in global economic growth in the next few months. However, analysts caution that the recovery will be long and unbalanced due to the continued impact and uncertainties of the pandemic. Moreover, there are still many uncertainties in the macro environment and the pressure of China's economic transformation still exists. Thus, the Group still faces severe internal and external challenges. Therefore, the Group considers it necessary to make every effort to maintain a sound financial position and to ensure the sustainable development of finished dose pharmaceutical products, CDMO and API businesses.

The Group will continue to adopt a sound business strategy and combine diversified business methods to promote income growth. The approval for marketing and sales in overseas markets and other countries regarding finished dose pharmaceutical products business, a pillar business of the Group, continues to accelerate during the current repeated pandemic situation. In April 2021, the Group announced that the enoxaparin sodium injection of the Group had been approved for marketing and sales by the Agency For Medicines and Medical Devices (MALMED) of the Republic of North Macedonia and the Brazilian Health Regulatory Agency. At the same time, the Group will continue to expand sales channels in Switzerland, Saudi Arabia and other countries to pave the way for business growth after the pandemic subsides. In terms of CDMO, the Group will continue to expand the production capacity of multiple lines such as microbial cultivation, improve the R&D efficiency and actively expand customer resources. As the barriers to the CDMO industry continue to rise, the Group believes that its sound foundation will play a positive role in differentiating itself from others in market competition.

In addition, the Group will continue to strengthen its integrated, professional, large-scale and standardized management, and further identify weak links in corporate management, continuously strengthen the construction of institutional system, organizational system, responsibility system, execution system and evaluation system of corporate management, and comprehensively improve the management ability and business level, including eight aspects: strategic management, organizational management, operational management, financial management, technological management, risk management, human resources management and informatization management, so as to optimize the corporate management system, enhance the management ability, consolidate the management foundation, strengthen the management innovation, significantly enhance the overall management ability, and promote the continuous and steady growth of business scale.

Table of total number of shareholders and shareholdings of the top 10 shareholders as at the end of the Reporting Period

1. *Table of total number of ordinary shareholders and preferred shareholders whose voting rights have been restored and shareholdings of the top 10 shareholders*

Unit: Share(s)

Total number of ordinary shareholders as at the end of the Reporting Period	35,084	Total number of preferred shareholders (if any) whose voting rights have been restored as at the end of the Reporting Period	0			
Shareholding of the top 10 shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage	Number of shares held	Number of shares held subject to selling restrictions	Status of shares pledged or frozen	
					Status of shares	Number
Shenzhen Leren Technology Co., Ltd.	Domestic non-state-owned legal person	32.31%	474,029,899	0		
Urumqi Jintiantu Equity Investment Partnership (Limited Partnership)	Domestic non-state-owned legal person	27.81%	408,041,280	0		
HKSCC Nominees Limited ^{Note 1}	Foreign legal person	15.00%	220,039,480	0		
Urumqi Shuidi Shichuan Equity Investment Partnership (Limited Partnership)	Domestic non-state-owned legal person	3.16%	46,425,600	0		
Urumqi Feilaishi Equity Investment Co., Ltd.	Domestic non-state-owned legal person	2.75%	40,320,000	0		
Shenzhen Hepalink Pharmaceutical Co., Ltd. — Employee Share Scheme II	Others	1.03%	15,118,035	0		
Hong Kong Securities Clearing Company Limited	Foreign legal person	0.68%	9,981,134	0		
Industrial and Commercial Bank of China Limited — Rongtong Healthcare Industry Flexible Allocation Mixed Securities Investment Fund	Others	0.34%	5,000,000	0		

Shareholding of the top 10 shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage	Number of shares held	Number of shares held subject to selling restrictions	Status of shares pledged or frozen	
					Status of shares	Number
Huang Quanwei	Domestic natural person	0.29%	4,184,108	0		
Shenzhen Hepalink Pharmaceutical Co., Ltd. — Employee Share Scheme III	Others	0.26%	3,886,264	0		

Shareholding of the top 10 shareholders who are not subject to selling restrictions			
Name of shareholder	Number of shares held not subject to selling restrictions	Type of shares	
		Type of shares	Number
Shenzhen Leren Technology Co., Ltd.	474,029,899	RMB ordinary shares	474,029,899
Urumqi Jintiantu Equity Investment Partnership (Limited Partnership)	408,041,280	RMB ordinary shares	408,041,280
HKSCC Nominees Limited	220,039,480	Overseas listed foreign shares	220,039,480
Urumqi Shuidi Shichuan Equity Investment Partnership (Limited Partnership)	46,425,600	RMB ordinary shares	46,425,600
Urumqi Feilaishi Equity Investment Co., Ltd.	40,320,000	RMB ordinary shares	40,320,000
Shenzhen Hepalink Pharmaceutical Co., Ltd. — Employee Share Scheme II	15,118,035	RMB ordinary shares	15,118,035
Hong Kong Securities Clearing Company Limited	9,981,134	RMB ordinary shares	9,981,134
Industrial and Commercial Bank of China Limited — Rongtong Healthcare Industry Flexible Allocation Mixed Securities Investment Fund	5,000,000	RMB ordinary shares	5,000,000
Huang Quanwei	4,184,108	RMB ordinary shares	4,184,108
Shenzhen Hepalink Pharmaceutical Co., Ltd. — Employee Share Scheme III	3,886,264	RMB ordinary shares	3,886,264

Explanations of the related relationships or acting in concert among above shareholders:

The shareholders (partners) of Shenzhen Leren Technology Co., Ltd. and Urumqi Jintiantu Equity Investment Partnership (Limited Partnership) are Li Li and Li Tan, the shareholder of Urumqi Feilaishi Equity Investment Co., Ltd. is Li Li, and the partners of Urumqi Shuidi Shichuan Equity Investment Partnership (Limited Partnership) are Shan Yu and Li Tan. Li Li and Li Tan are the spouse of each other. Shan Yu is the elder brother of Li Tan. Shan Yu has participated in Employee Share Scheme II of the Company, where such employee share scheme owns a shareholding of 38.88%. Save for the aforesaid information, the Company is not aware of any related relationship among the other top 10 shareholders or parties acting in concert.

Note 1: HKSCC Nominees Limited is a nominee company, whose shares are held on behalf of multiple clients.

Description of the top 10 shareholders' participation in financing and securities lending business (if any):

Among the top 10 ordinary shareholders, Shenzhen Leren Technology Co., Ltd. holds 60,000,000 shares of the Company's shares through the customer credit transaction guarantee securities account of CITIC Securities Co., Ltd., accounting for 4.09% of the Company's total share capital.

Explanation on the top 10 shareholders' engagement in margin trading and short selling (if any)

None

Whether the Company's top 10 ordinary shareholders and top 10 ordinary shareholders who are not subject to selling restrictions conducted agreed repurchase transactions during the Reporting Period

Yes No

The Company's top 10 ordinary shareholders and top 10 ordinary shareholders who are not subject to selling restrictions did not conduct agreed repurchase transactions during the Reporting Period.

2. *Statement of the total number of preferred shareholders of the Company and shareholdings of the top 10 preferred shareholders*

Applicable Not Applicable

III Important Events

I. CHANGES IN KEY FINANCIAL DATA AND FINANCIAL INDICATORS DURING THE REPORTING PERIOD AND REASONS

√ Applicable □ Not Applicable

Currency: RMB Unit: Yuan

1. Balance sheet items

Items	As at the end of the Reporting Period	As at the end of last year	Year-on-year increase/decrease	Reasons for changes
Bills receivables	18,011,692.30	35,030,062.41	-48.58%	Due to the due collection of bills receivables during the Reporting Period
Trading financial assets	1,524,039,506.17	828,205,180.26	84.02%	Due to the settlement of the transfer of Kymab's equity in April 2021, it was transferred to trading financial assets during the Reporting Period
Other non-current financial assets	1,005,632,962.59	1,747,437,323.06	-42.45%	Due to the settlement of the transfer of Kymab's equity in April 2021, it was transferred to trading financial assets during the Reporting Period
Accounts payable	320,038,385.70	239,217,539.13	33.79%	Mainly due to the increase in the purchase of raw materials payable during the Reporting Period
Staff remuneration payable	118,990,515.25	172,801,711.39	-31.14%	Due to the granting of year-end bonus for 2020 during the Reporting Period
Non-current liabilities due within one year	259,948,635.81	647,814,308.46	-59.87%	Mainly due to the repayment of long-term borrowings debts due within one year during the Reporting Period

2. Income statement items

Items	Reporting Period	Corresponding period of last year	Year-on-year increase/decrease	Reasons for changes
Operating revenue	1,267,876,796.45	1,402,313,084.20	-9.59%	Due to the year-on-year decrease in the sale of the enoxaparin sodium API during the Reporting Period
Operating costs	849,901,135.30	787,146,614.11	7.97%	Due to the costs of inventories carried over from sales being higher than that of the corresponding period of last year during the Reporting Period
Taxes and surcharges	2,795,315.25	15,131,566.41	-81.53%	Due to the decrease in the amount of tax credit and additional tax arising from the declaration of export tax refund of the subsidiary Techdow Pharmaceutical compared with the corresponding period of last year during the Reporting Period
Asset impairment loss		-7,146,153.73	-100.00%	Due to the prepared intestine accrued inventory falling price reserves of the subsidiary during the corresponding period of last year, while there is no such circumstance during the Reporting Period
Credit impairment loss	-2,349,062.54	-4,210,215.29	-44.21%	Due to the year-on-year decrease in credit impairment loss on receivables during the Reporting Period
Other gains	4,806,270.12	15,729,327.98	-69.44%	Due to the decrease in government subsidies received during the Reporting Period
Investment income	32,393,930.46	63,568,885.86	-49.04%	Due to the year-on-year decrease in the net profit of associates during the Reporting Period
Gains on fair value changes	8,700,641.03	-71,175,740.49	112.22%	Due to the year-on-year increase in gains on fair value changes of financial assets during the Reporting Period

Items	Reporting Period	Corresponding period of last year	Year-on-year increase/decrease	Reasons for changes
Operating profit	182,256,245.68	304,954,856.78	-40.24%	Due to joint effect of the decrease in the gross profit of the Company and the year-on-year increase in gains on fair value changes during the Reporting Period
Total profit	182,086,074.08	305,022,905.54	-40.30%	Due to the year-on-year decrease in operating profit during the Reporting Period
Net profit	142,677,904.44	254,658,843.05	-43.97%	Due to the year-on-year decrease in total profit during the Reporting Period
Other comprehensive income, net of tax	7,983,011.63	51,020,764.26	-84.35%	Due to joint effect of fluctuations in international exchange rates and the year-on-year decrease in fair value of investments in other equity instruments during the Reporting Period

3. Cash flow items

Items	Reporting Period	Corresponding period of last year	Year-on-year increase/decrease	Reasons for changes
Net cash flows from operating activities	419,806,687.16	-218,059,075.62	292.52%	Due to joint effect of the year-on-year increase in the cash received from the sale of goods and rendering of services and the year-on-year decrease in the cash paid on purchase of goods and services during the Reporting Period
Net cash flows from investing activities	297,313,031.90	83,294,886.57	256.94%	Due to the year-on-year increase in the net inflows from the investment in the bank time deposits during the Reporting Period
Effect of fluctuations in exchange rates on cash and cash equivalents	-20,528,526.49	-1,247,676.12	-1545.34%	Due to the fluctuations in international exchange rates during the Reporting Period
Net increase in cash and cash equivalents	769,379,717.55	-49,144,967.16	1665.53%	Due to the joint effect of the year-on-year increase in the net cash flows from operating activities and the year-on-year increase in the net cash flows from investing activities during the Reporting Period

II. ANALYSIS OF PROGRESS, IMPACT AND SOLUTIONS OF IMPORTANT EVENTS

√ Applicable □ Not Applicable

1. On June 16, 2016, the 22nd meeting of the third session of the Board of the Company deliberated and approved the *Proposal on the Company's Use of Its Own Funds for Investment in TPG Biotechnology Partners V, L.P.*, permitting the Company to use its own funds of US\$60 million for investment in TPG Biotechnology Partners V, L.P. For details, see the *Announcement on the Company's Use of Its Own Funds for Investment in TPG Biotechnology Partners V, L.P.* published on Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily and www.cninfo.com.cn on June 17, 2016. At the end of August 2016, a notice of filing and approval from the Development and Reform Commission of Shenzhen Municipality, Economy, Trade and Information Commission of Shenzhen Municipality and Shenzhen Bureau of the State Administration of Foreign Exchange was obtained for the said foreign investment. The investment was in progress during the Reporting Period.
2. On September 20, 2016, the 26th meeting of the third session of the Board deliberated and approved the *Proposal on Capital Increase in the Wholly-owned Subsidiary Hepalink (Hong Kong) Limited*, permitting the Company to increase its investment in Hepalink (Hong Kong) with its own funds of US\$55 million (or equivalent value in RMB). For details, see the *Announcement on Capital Increase in the Wholly-owned Subsidiary Hepalink (Hong Kong) Limited* published on Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily and www.cninfo.com.cn on September 21, 2016. As of the date of approval of this report, the capital increase has not been completed.
3. On November 18, 2016, the 28th meeting of the third session of the Board of the Company deliberated and approved the *Proposal on Capital Increase in the Wholly-owned Subsidiary Hepalink USA Inc.*, permitting the Company to increase its investment in Hepalink USA with its own funds equivalent to RMB500 million. As of the date of this report, the capital increase has not been completed. On July 31, 2020, the 36th meeting of the fourth session of the Board of the Company deliberated and approved the *Proposal on Capital Increase in the Wholly-owned Subsidiary Hepalink USA Inc.*, permitting the Company to increase its investment in Hepalink USA with its own funds of US\$112,900,100. For details, see the *Announcement on Capital Increase in Wholly-owned Subsidiary Hepalink USA Inc.* published on Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily and www.cninfo.com.cn on August 1, 2020. As of the date of this report, the capital increase has not been completed.

4. On January 22, 2016, the 19th meeting of the third session of the Board of the Company deliberated and approved the *Proposal on Capital Increase in the Wholly-owned Subsidiary and Participating in the Investment and Establishment of Medical Funds*, determining to increase its capital in the wholly-owned subsidiary Hepalink (Hong Kong) with its own funds of US\$20 million, which was used to participate in the investment and establishment of ORI Healthcare Fund, L.P. On September 20, 2016, the 26th meeting of the third session of the Board of the Company deliberated and approved the *Proposal on Increasing Investment of Wholly-owned Subsidiary in ORI Healthcare Fund, L.P.*, permitting Hepalink (Hong Kong) to determine increase its investment in Xinyuan Medical Fund (新元醫療基金) with its own funds of US\$20 million. For details, see the Announcement on *Proposal on Increasing Investment of Wholly-owned Subsidiary in ORI Healthcare Fund, L.P.* published on Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily and www.cninfo.com.cn on September 21, 2016. The investment was in progress during the Reporting Period. On October 23, 2020, the third meeting of the fifth session of the Board of the Company deliberated and approved the *Proposal on Capital Increase in the Wholly-owned Subsidiary and Participating in the Investment and Establishment of Medical Funds*, determining to increase its capital in the wholly-owned subsidiary Hepalink (Hong Kong) with its own funds, which was used to participate in the investment and establishment of ORI Healthcare Fund II, L.P. For details, see the *Announcement on Capital Increase in the Wholly-owned Subsidiary and Participating in the Investment and Establishment of Medical Funds* published on Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily and www.cninfo.com.cn on October 24, 2020. As of the date of this report, the investment has not been completed.
5. On April 20, 2020, the 32th meeting of the fourth session of the Board of the Company deliberated and approved the *Proposal on the Proposed Trading Assets of Joint-stock Subsidiary and Realizing the Overseas Listing of Assets*, which had been deliberated and approved by the 2019 Annual General Meeting of the Company. For details, see the *Announcement on the Proposed Trading Assets of Joint-stock Subsidiary and Realizing the Overseas Listing of Assets* published on Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily and www.cninfo.com.cn on April 21, 2020. As of the date of this report, the final settlement of the trade has not been completed.
6. On January 11, 2021, the 6th meeting of the fifth session of the Board of the Company deliberated and approved the *Proposal on the Transfer of Kymab's Equity*, permitting the wholly-owned subsidiary Hepalink (Hong Kong) to transfer equity of Kymab Group Limited held by itself to Sanofi Foreign Participations BV. For details, see the *Announcement on the Transfer of Kymab's Equity* published on Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily and www.cninfo.com.cn on January 12, 2021.

In April 2021, the settlement of the aforementioned equity transfer was completed. The Company received the first tranche of transfer payment. After the completion of this settlement, Hepalink (Hong Kong) no longer holds equity in Kymab. For details, see the *Announcement on the Progress of Transfer of Kymab's Equity* published on Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily and www.cninfo.com.cn on April 10, 2021.

Summary of important matters	Date of disclosure	Search index of websites for disclosing interim announcements
Transfer of Kymab's Equity	January 12, 2021	2021-002 <i>Announcement on the Transfer of Kymab's Equity</i> on www.cninfo.com.cn
	April 10, 2021	2021-015 <i>Announcement on the Progress of Transfer of Kymab's Equity</i> on www.cninfo.com.cn

Progress of share repurchase

Applicable Not Applicable

Progress of reduction in shareholding of repurchased shares through centralized bidding

Applicable Not Applicable

III. OVERDUE UNDERTAKINGS OF THE COMPANY’S DE FACTO CONTROLLERS, SHAREHOLDERS, RELATED PARTIES, PURCHASERS, THE COMPANY AND OTHER UNDERTAKING-RELATED PARTIES DURING THE REPORTING PERIOD

√ Applicable □ Not Applicable

Undertakings	Undertakers	Type of undertaking	Content of undertaking	Time of undertaking	Duration of undertaking	Performance
Share conversion undertakings	Not applicable					
Undertakings made in acquisition report or equity changes report	Not applicable					
Undertakings made in asset restructuring	Not applicable					

Undertakings	Undertakers	Type of undertaking	Content of undertaking	Time of undertaking	Duration of undertaking	Performance
Undertakings made at initial public offering or refinancing	Shenzhen Leren Technology Co., Ltd.; Urumqi Feilaishi Equity Investment Co., Ltd.; Urumqi Jintiantu Equity Investment Partnership (Limited Partnership); Li Li; Li Tan; Shan Yu	Undertakings related to business competition, related party transactions and capital occupation	<p>1. During the period when the Company serves as a controlling shareholder of the Company/when the relevant person serves as the de facto controller of the Company/when the relevant person serves as the director and general manager of the Company, the Company/the relevant person undertakes that it/ I will not engage (whether alone or in the form of joint venture or cooperation), in any manner, in any business which competes with the business of the Company nor will its current or future wholly owned subsidiaries, controlled subsidiaries or other entities controlled by it engage in any business which competes with the business of the Company.</p> <p>2. In the event of any breaches of the above undertakings, the Company shall agree to bear all the losses incurred to the Company.</p>	April 23, 2010		The undertakers have strictly performed the above undertakings during the Reporting Period.

Undertakings	Undertakers	Type of undertaking	Content of undertaking	Time of undertaking	Duration of undertaking	Performance
	Shenzhen Leren Technology Co., Ltd.; Urumqi Jintiantu Equity Investment Partnership (Limited Partnership)	Other undertakings	<p>1. If the Company or its subsidiary Shenzhen Duopusheng Biological Technology Co., Ltd. (深圳市多普生生物技術有限公司) incurs additional taxes and expenses in the future due to cancellation of the preferential enterprise income tax by tax authorities under Shen Fu [1988] No. 232, the undertakers will immediately, unconditionally and fully repay the taxes made up and all relevant expenses arising therefrom to the Company or Shenzhen Duopusheng Biological Technology Co., Ltd. (深圳市多普生生物技術有限公司).</p> <p>2. If the Company incurs additional taxes and expenses due to future recourse by tax authorities caused by the Company's calculation and payment of urban maintenance and construction taxes and education surcharges based on the value-added tax and business tax actually paid, the undertakers will immediately, unconditionally and fully repay the taxes made up and all relevant expenses arising therefrom to the Company.</p>	April 23, 2010		The undertakers have strictly performed the above undertakings during the Reporting Period.

Undertakings	Undertakers	Type of undertaking	Content of undertaking	Time of undertaking	Duration of undertaking	Performance
	Shenzhen Leren Technology Co., Ltd.; Urumqi Jintiantu Equity Investment Partnership (Limited Partnership)	Other undertakings	If the Company or its subsidiary Shenzhen Duopusheng Biological Technology Co., Ltd. (深圳市多普生生物技術有限公司) is required to make up the housing provident fund and pay relevant fines or suffers any losses due to implementation of policies related to housing provident fund before listing, the undertakers will immediately, unconditionally and fully repay all the losses arising therefrom to the Company or Shenzhen Duopusheng Biological Technology Co., Ltd. (深圳市多普生生物技術有限公司)	April 23, 2010		The undertakers have strictly performed the above undertakings during the Reporting Period.
Undertakings on equity incentives	Not applicable					
Other undertakings made to minority shareholders of the Company	Not applicable					

Undertakings	Undertakers	Type of undertaking	Content of undertaking	Time of undertaking	Duration of undertaking	Performance
Whether the undertakings have been performed in due time	Yes					
If any undertaking fails to be performed in due time, please specify the specific reasons for failed performance and the work plan of next step	Not applicable					

IV. FINANCIAL ASSETS INVESTMENT

1. Securities investment

Applicable Not Applicable

Currency: RMB Unit: Yuan

Security variety	Security code	Abbreviation of security	Initial investment costs	Accounting measurement method	Carrying amount at the beginning of the period	Profit or loss of fair value changes during the period	Accumulated fair value changes charged to equity	Purchase amount during the period	Disposal amount during the period	Profit or loss for the Reporting Period	Carrying amount at the end of the period	Audit subjects of accounting	Source of fund
Shares in the domestic and overseas markets	N/A	Kymbab Group Limited	266,945,034.10	Measured at fair value	762,906,854.39		499,170,662.87				766,115,696.97	Trading financial assets	Own funds
Shares in the domestic and overseas markets	N/A	Curemark LLC	473,312,206.08	Measured at fair value	388,495,222.89			82,280,890.13			473,312,206.08	Other equity instrument investments	Own funds
Fund	N/A	TPG Biotechnology Partners V, L.P.	363,501,476.86	Measured at fair value	380,902,123.31	747,907.90	18,148,554.35				381,650,031.21	Other non-current financial assets	Own funds
Fund	N/A	ORI Healthcare Fund, L.P.	214,865,795.94	Measured at fair value	280,570,098.80	15,309,732.65	90,937,188.77	8,630,284.55			305,802,984.71	Other non-current financial assets	Own funds
Shares in the domestic and overseas markets	N/A	Cantex Pharmaceuticals, Inc	197,139,000.00	Measured at fair value	195,747,000.00					15,623,040.00	197,139,000.00	Other equity instrument investments	Own funds

Security variety	Security code	Abbreviation of security	Initial investment costs	Accounting measurement method	Carrying amount at the beginning of the period	Profit or loss of fair value changes during the period	Accumulated fair value changes charged to equity	Purchase amount during the period	Disposal amount during the period	Profit or loss for the Reporting Period	Carrying amount at the end of the period	Audit subjects of accounting	Source of fund
Fund	N/A	Shenzhen Atop Dental Investment Consultancy Co., Limited (深圳市同步齒科投資顧問有限公司)	45,000,000.00	Measured at fair value	146,190,000.00		101,190,000.00				146,190,000.00	Other non-current financial assets	Own funds
Bonds	N/A	18 Qian Jin Shi Qi ZR002 (18 黔金世旗 ZR002)	70,000,000.00	Measured at costs	74,205,753.46					1,467,123.30	75,672,876.76	Debt investments	Own funds
Shares in the domestic and overseas market	N/A	Guangzhou Ren Xin Internet Technology Company limited (廣州人心網絡科技有限公司)	40,000,000.00	Measured at fair value	50,000,000.00		10,000,000.00				50,000,000.00	Other non-current financial assets	Own funds
Shares in the domestic and overseas market	N/A	Shanghai Labway Clinical Laboratory Co., Ltd (上海蘭衛醫學檢驗所股份有限公司)	29,964,200.00	Measured at fair value	44,100,000.00		14,135,800.00				44,100,000.00	Other non-current financial assets	Own funds
Fund	N/A	TPG Biotechnology Partners IV, L.P.	110,102,965.60	Measured at fair value	41,841,064.80	-3,165,092.03	-71,426,992.83				38,675,972.77	Other non-current financial assets	Own funds
Other security investments held at the end of the period			207,973,458.07	—	83,586,116.27	-4,191,907.49	-130,487,372.26		1,957,830.90	717,801.15	77,486,085.81	—	—
Total			2,018,804,136.65	—	2,448,544,233.92	8,700,641.03	531,667,840.90	90,911,174.68	1,957,830.90	17,807,964.45	2,556,144,854.31	—	—
Date of disclosure of the announcement of the Board for the approval of security investment			Please refer to "19. Explanation of Other Major Events" and "20. Major Events of the Company's Subsidiaries" in Section 5 Important Events of the Company's 2020 Annual Report										
Date of disclosure (if any) of the announcement of the shareholders' general meeting for the approval of security investment													

2. Derivatives investment

Applicable Not Applicable

There was no derivatives investment during the Reporting Period.

V. PROGRESS OF THE FUNDED INVESTMENT PROJECTS

Applicable Not Applicable

VI. FORECAST OF OPERATING PERFORMANCE FROM JANUARY TO JUNE 2021

Warnings of and reasons for any projected accumulated net loss from the beginning of the year to the end of the next Reporting Period or substantial change in accumulated net profit as compared to the same period last year

Applicable Not Applicable

VII. MATERIAL CONTRACTS FOR DAILY OPERATIONS

Applicable Not Applicable

VIII. ENTRUSTED WEALTH MANAGEMENT

Applicable Not Applicable

Currency: RMB Unit: 0'000

Specific type	Source of funds for entrusted investment	Amount of entrusted investment	Undue balance	Amount overdue for recovery
Wealth management products of banks	Own funds	95,000	75,000	0
Total		95,000	75,000	0

Particulars of high-risk entrusted wealth management with individually significant, low-security, low-liquidity, non-principal protected products

Applicable Not Applicable

Expected irrecoverable principal or other potential impairment in entrusted wealth management

Applicable Not Applicable

IX. ILLEGAL EXTERNAL GUARANTEES

Applicable Not Applicable

There was no illegal external guarantee during the Reporting Period.

X. OCCUPATION OF NON-OPERATING FUNDS OF THE LISTED COMPANY BY CONTROLLING SHAREHOLDERS AND THEIR RELATED PARTIES

Applicable Not Applicable

There was no occupation of non-operating funds of the listed company by controlling shareholders and their related parties during the Reporting Period.

XI. REGISTRATION FORM OF RESEARCH RECEPTION, COMMUNICATION, INTERVIEW AND OTHER ACTIVITIES DURING THE REPORTING PERIOD

Applicable Not Applicable

There was no research reception, communication, interview and other activities in the Company during the Reporting Period.

IV Financial Statements

I. FINANCIAL STATEMENTS

1. Consolidated Balance Sheet

Prepared by Shenzhen Hepalink Pharmaceutical Group Co., Ltd.

March 31, 2021

Currency: RMB Unit: Yuan

Items	March 31, 2021	December 31, 2020
Current assets:		
Monetary capital	3,245,511,492.31	2,712,424,028.17
Provision of settlement fund		
Placements with banks and other financial institutions		
Trading financial assets	1,524,039,506.17	828,205,180.26
Derivative financial assets		
Bills receivable	18,011,692.30	35,030,062.41
Accounts receivable	1,293,789,943.84	1,638,622,970.92
Receivables financing		
Prepayments	240,543,133.32	257,779,979.93
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserves receivable		
Other receivables	152,457,354.96	184,159,557.17
Including: Interests receivable		
Dividends receivable		
Financial assets held under resale agreements		
Inventories	3,440,340,455.25	3,168,248,647.48
Contract assets	20,647,184.15	20,476,541.40
Assets held for sale		
Non-current assets due within one year	75,672,876.76	74,205,753.46
Other current assets	234,372,885.13	209,555,163.79
Total current assets	10,245,386,524.19	9,128,707,884.99

Items	March 31, 2021	December 31, 2020
Non-current assets:		
Loans and advances to customers		
Debt investments		
Other debt investments		
Long-term receivables	2,526,647.50	2,786,309.45
Long-term equity investments	1,639,434,509.60	1,631,182,516.98
Other equity instrument investments	705,434,115.69	619,952,530.27
Other non-current financial assets	1,005,632,962.59	1,747,437,323.06
Investment properties		
Fixed assets	2,110,774,148.99	2,139,543,199.96
Construction in progress	377,762,089.22	364,393,690.49
Biological assets for production		
Oil and gas assets		
Right-of-use assets	69,587,862.24	67,534,906.89
Intangible assets	602,723,752.58	615,948,569.67
Development costs	15,884,699.89	15,077,487.43
Goodwill	2,218,228,491.88	2,202,565,563.39
Long-term prepaid expenses	119,208,918.18	119,527,608.64
Deferred income tax assets	68,788,051.25	83,935,804.85
Other non-current assets	209,811,193.74	287,301,258.04
Total non-current assets	9,145,797,443.35	9,897,186,769.12
Total assets	19,391,183,967.54	19,025,894,654.11

Items	March 31, 2021	December 31, 2020
Current liabilities:		
Short-term borrowings	2,249,183,799.89	1,859,762,875.63
Borrowing from the central bank		
Placements from banks and other financial institutions		
Trading financial liabilities		
Derivative financial liabilities		
Bills payable		
Accounts payable	320,038,385.70	239,217,539.13
Receipts in advance		
Contract liabilities	323,528,626.41	265,041,323.83
Financial assets sold under repurchase agreements		
Receipt of deposits and deposits from other banks		
Customer deposits for trading in securities		
Customer deposits for undertaking securities		
Staff remuneration payable	118,990,515.25	172,801,711.39
Taxes payable	101,380,678.55	90,538,865.99
Other payables	305,789,385.37	334,087,766.71
Including: Interests payable		
Dividends payable		
Fees and commissions payable		
Reinsurance accounts payable		
Liabilities held for sale		
Non-current liabilities due within one year	259,948,635.81	647,814,308.46
Other current liabilities	2,762,036.92	3,569,662.71
Total current liabilities	3,681,622,063.90	3,612,834,053.85

Items	March 31, 2021	December 31, 2020
Non-current liabilities:		
Provision for insurance contracts		
Long-term borrowings	1,647,855,134.47	1,533,623,523.10
Bonds payable	1,553,303,595.59	1,552,233,212.45
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	53,024,820.88	51,642,544.57
Long-term payables	255,926.44	241,946.56
Long-term staff remuneration payable	154,900,191.38	130,936,298.09
Estimated liabilities	9,039,740.63	8,975,910.96
Deferred income	18,226,348.62	18,744,249.60
Deferred income tax liabilities	434,348,907.04	427,672,827.77
Other non-current liabilities		
Total non-current liabilities	3,870,954,665.05	3,724,070,513.10
Total liabilities	7,552,576,728.95	7,336,904,566.95
Owners' equity:		
Share capital	1,467,296,204.00	1,467,296,204.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	6,034,401,767.75	6,035,481,572.19
Less: Treasury stock		
Other comprehensive income	-137,233,872.77	-145,093,641.88
Special reserves		
Surplus reserves	536,799,924.51	536,799,924.51
Provision for general risks		
Undistributed profits	3,818,391,738.83	3,674,908,472.10
Total equity attributable to owners of the parent company	11,719,655,762.32	11,569,392,530.92
Minority interests	118,951,476.27	119,597,556.24
Total owners' equity	11,838,607,238.59	11,688,990,087.16
Total liabilities and owners' equity	19,391,183,967.54	19,025,894,654.11

Legal representative: Li Li Person in charge of accounting function: Zhang Bin Person in charge of accounting department: Zhang Bin

2. *Balance Sheet of the Parent Company*

Currency: RMB Unit: Yuan

Items	March 31, 2021	December 31, 2020
Current assets:		
Monetary capital	2,226,359,400.18	1,893,262,135.99
Trading financial assets	757,029,637.58	826,547,571.29
Derivative financial assets		
Bills receivable	1,090,927.90	35,030,062.41
Accounts receivable	1,753,092,127.48	1,395,021,320.20
Receivables financing	380,000,000.00	280,000,000.00
Prepayments	566,932,236.85	545,601,770.34
Other receivables	1,783,783,002.07	1,790,544,049.73
Including: Interests receivable		
Dividends receivable		
Inventories	988,613,453.89	1,100,885,764.98
Contract assets		
Assets held for sale		
Non-current assets due within one year	75,672,876.76	74,205,753.46
Other current assets	20,647,665.56	34,988,351.46
Total current assets	8,553,221,328.27	7,976,086,779.86

Items	March 31, 2021	December 31, 2020
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables	1,167,377,668.86	1,154,292,398.64
Long-term equity investments	3,055,832,818.00	3,032,268,960.34
Other equity instrument investments	31,862,600.00	31,862,600.00
Other non-current financial assets	450,239,583.29	452,656,767.42
Investment properties		
Fixed assets	954,467,078.66	973,334,802.20
Construction in progress	242,884,092.92	216,062,594.27
Biological assets for production		
Oil and gas assets		
Right-of-use assets	16,401,461.02	17,014,146.34
Intangible assets	89,455,698.55	90,630,050.92
Development costs	542,476.01	542,476.01
Goodwill		
Long-term prepaid expenses	80,655,491.82	82,253,755.26
Deferred income tax assets	16,650,221.03	24,436,086.51
Other non-current assets	91,943,642.40	91,967,186.67
Total non-current assets	6,198,312,832.56	6,167,321,824.58
Total assets	14,751,534,160.83	14,143,408,604.44

Items	March 31, 2021	December 31, 2020
Current liabilities:		
Short-term borrowings	1,682,019,512.07	1,214,982,276.56
Trading financial liabilities		
Derivative financial liabilities		
Bills payable		
Accounts payable	85,006,060.52	83,023,209.26
Receipts in advance		
Contract liabilities	135.50	557.35
Staff remuneration payable	46,345,134.58	69,990,367.17
Taxes payable	4,747,020.12	558,994.13
Other payables	226,949,413.06	236,361,566.08
Including: Interests payable		
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year	176,373,332.61	187,716,765.97
Other current liabilities		
Total current liabilities	2,221,440,608.46	1,792,633,736.52
Non-current liabilities:		
Long-term borrowings	1,286,537,390.83	1,160,246,065.45
Bonds payable	1,553,303,595.59	1,552,233,212.45
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	16,729,640.03	17,011,134.53
Long-term payables		
Long-term staff remuneration payable		
Estimated liabilities		
Deferred income	3,113,184.39	3,285,527.37
Deferred income tax liabilities	0.00	0.00
Other non-current liabilities		
Total non-current liabilities	2,859,683,810.84	2,732,775,939.80
Total liabilities	5,081,124,419.30	4,525,409,676.32

Items	March 31, 2021	December 31, 2020
Owners' equity:		
Share capital	1,467,296,204.00	1,467,296,204.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	6,069,593,080.76	6,069,593,080.76
Less: Treasury stock		
Other comprehensive income	10,326,267.42	10,326,267.42
Special reserves		
Surplus reserves	532,358,978.17	532,358,978.17
Undistributed profit	1,590,835,211.18	1,538,424,397.77
Total owners' equity	9,670,409,741.53	9,617,998,928.12
Total liabilities and owners' equity	14,751,534,160.83	14,143,408,604.44

3. Consolidated Income Statement

Currency: RMB Unit: Yuan

Items	Amount for current period	Amount for previous period
I. Total operating revenue	1,267,876,796.45	1,402,313,084.20
Including: Operating revenue	1,267,876,796.45	1,402,313,084.20
Interest income		
Insurance premiums earned		
Fee and commission income		
II. Total operating costs	1,129,172,329.84	1,094,128,874.54
Including: Operating costs	849,901,135.30	787,146,614.11
Interest expenses		
Fee and commission expenses		
Insurance withdrawal payment		
Net claims expenses		
Net provisions withdrew for insurance liability contract		
Insurance policy dividend paid		
Reinsurance costs		
Taxes and surcharges	2,795,315.25	15,131,566.41
Selling expenses	88,667,593.46	101,239,431.62
Administration expenses	92,156,608.49	109,270,992.50
Research and development expenses	17,792,316.55	17,748,891.89
Finance costs	77,859,360.79	63,591,378.01
Including: Interest expenses	52,460,366.90	69,030,146.65
Interest income	11,972,006.81	4,297,284.24

Items	Amount for current period	Amount for previous period
Add: Other gains	4,806,270.12	15,729,327.98
Gain from investments (losses are represented by “-”)	32,393,930.46	63,568,885.86
Including: Investment income of associates and joint ventures	7,412,576.97	44,443,699.31
Derecognition income on financial assets measured at amortized cost		
Exchange gain (losses are represented by “-”)		
Gains on net exposure hedges (losses are represented by “-”)		
Gains on fair value changes (losses are represented by “-”)	8,700,641.03	-71,175,740.49
Credit impairment losses (losses are represented by “-”)	-2,349,062.54	-4,210,215.29
Asset impairment losses (losses are represented by “-”)		-7,146,153.73
Gains from disposal of assets (losses are represented by “-”)		4,542.79
III. Operating profit (losses are represented by “-”)	182,256,245.68	304,954,856.78
Add: Non-operating income	18,537.39	729,497.44
Less: Non-operating expenses	188,708.99	661,448.68
IV. Total profit (total losses are represented by “-”)	182,086,074.08	305,022,905.54
Less: Income tax expense	39,408,169.64	50,364,062.49
V. Net profit (net losses are represented by “-”)	142,677,904.44	254,658,843.05
(I) Classification by continuous operation		
1. Net profit from continuous operations (net losses are represented by “-”)	142,677,904.44	254,658,843.05
2. Net profit from discontinuous operations (net losses are represented by “-”)		
(II) Classification by ownership of the equity		
1. Net profit attributable to shareholders of the parent company	143,483,266.73	255,292,717.45
2. Profit or loss attributable to minority shareholders	-805,362.29	-633,874.40

Items	Amount for current period	Amount for previous period
VI. Other comprehensive income, net of tax	7,983,011.63	51,020,764.26
Other comprehensive income attributable to owners of the parent company, net of tax	7,859,769.11	51,077,521.84
(I) Other comprehensive income that cannot be reclassified into the profit or loss		11,140,887.54
1. Changes arising from re-measurement of defined benefit plans		5,892,579.89
2. Other comprehensive income that cannot be transferred into profit or loss under equity method		
3. Changes in fair value of investments in other equity instruments		5,248,307.65
4. Changes in fair value of credit risks of the enterprise		
5. Others		
(II) Other comprehensive income to be reclassified into the profit or loss	7,859,769.11	39,936,634.30
1. Other comprehensive income that can be transferred into profit or loss under equity method		
2. Changes in fair value of other debt investments		
3. Reclassified financial assets that are credited to other comprehensive income		
4. Credit impairment provision for other debt investments		
5. Reserve for cash flow hedging		
6. Exchange differences on translation of financial statements denominated in foreign currencies	7,859,769.11	39,936,634.30
7. Others		
Other comprehensive income attributable to minority shareholders, net of tax	123,242.52	-56,757.58
VII. Total comprehensive income	150,660,916.07	305,679,607.31
Total comprehensive income attributable to owners of the parent company	151,343,035.84	306,370,239.29
Total comprehensive income attributable to minority shareholders	-682,119.77	-690,631.98
VIII. Earnings per share:		
(I) Basic earnings per share	0.0978	0.2047
(II) Diluted earnings per share	0.0978	0.2047

Legal representative: Li Li
Person in charge of accounting function: Zhang Bin

Person in charge of accounting department: Zhang Bin

4. *Income Statement of the Parent Company*

Currency: RMB Unit: Yuan

Items	Amount for current period	Amount for previous period
I. Operating revenue	717,521,471.08	445,169,688.21
Less: Operating cost	606,944,835.57	330,544,868.09
Taxes and surcharges	250,210.70	526,798.57
Selling expenses	2,339,524.66	3,273,512.25
Administrative expenses	34,611,630.06	54,617,134.72
Research and development expenses	11,514,129.92	8,482,773.13
Financial expenses	24,296,442.68	35,081,693.50
Including: Interest expenses	46,357,791.50	55,261,636.83
Interest income	16,064,161.52	10,568,805.22
Add: Other income	1,460,506.42	6,990,741.45
Investment income (losses are represented by “-”)	26,546,328.48	59,494,156.37
Including: Investment income of associates and joint ventures	18,927,566.50	57,976,971.58
Derecognition income on financial assets measured at amortized cost (losses are represented by “-”)		
Gains on net exposure hedges (losses are represented by “-”)		
Gains on fair value changes (losses are represented by “-”)	-5,313,171.61	-13,926,324.32
Loss on credit impairment (losses are represented by “-”)		-2,351,456.82
Loss on assets impairment (losses are represented by “-”)		
Gain from disposal of assets (losses are represented by “-”)		

Items	Amount for current period	Amount for previous period
II. Operating profit (losses are represented by “-”)	60,258,360.78	62,850,024.63
Add: Non-operating income		71.00
Less: Non-operating expenses	61,681.89	
III. Total profit (total losses are represented by “-”)	60,196,678.89	62,850,095.63
Less: Income tax expense	7,785,865.48	8,157,600.04
IV. Net profit (net losses are represented by “-”)	52,410,813.41	54,692,495.59
(I) Net profit from continuous operation (net losses are represented by “-”)	52,410,813.41	54,692,495.59
(II) Net profit from discontinuous operation (net losses are represented by “-”)		
V. Other comprehensive income, net of tax		
(I) Other comprehensive income that cannot be reclassified into the profit or loss		
1. Changes arising from re-measurement of defined benefit plans		
2. Other comprehensive income that cannot be transferred into profit or loss under equity method		
3. Changes in fair value of investments in other equity instruments		
4. Changes in fair value of credit risks of the enterprise		
5. Others		
(II) Other comprehensive income to be reclassified into the profit or loss		
1. Other comprehensive income that can be transferred into profit or loss under equity method		
2. Changes in fair value of other debt investments		
3. Reclassified financial assets that are credited to other comprehensive income		
4. Credit impairment provision for other debt investments		
5. Reserve for cash flow hedging		
6. Exchange differences on translation of financial statements denominated in foreign currencies		
7. Others		

Items	Amount for current period	Amount for previous period
VI. Total comprehensive income	52,410,813.41	54,692,495.59
VII. Earnings per share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. *Consolidated Cash Flow Statement*

Currency: RMB Unit: Yuan

Items	Amount for current period	Amount for previous period
I. Cash flows from operating activities:		
Cash received from the sale of goods and rendering of services	1,622,062,741.93	1,134,379,480.97
Net increase in customers and interbank deposits		
Net increase in borrowing from the central bank		
Net increase in placement from other financial institutes		
Cash received from premiums under original insurance contract		
Net cash received from reinsurance business		
Net increase in deposits of policy holders and investment		
Cash received from interest, fee and commissions		
Net increase in placements from banks and other financial institutions		
Net increase in cash received from repurchase operation		
Net cash received from securities trading agency services		
Refunds of taxes received	71,921,317.29	50,681,056.23
Cash received from other related operating activities	16,498,297.02	86,820,393.62
Sub-total of cash inflows from operating activities	1,710,482,356.24	1,271,880,930.82

Items	Amount for current period	Amount for previous period
Cash paid on purchase of goods and services	889,665,267.98	968,530,906.95
Net increase in loans and advances to customers		
Net increase in deposits with central bank and interbank		
Cash paid for compensation payments under original insurance contract		
Net increase in placements with banks and other financial institutions		
Cash paid for interest, fees and commissions		
Cash paid for insurance policy dividend		
Cash paid to and on behalf of employees	209,625,086.47	236,027,007.50
Cash paid for all types of taxes	35,249,672.66	54,185,066.53
Cash paid to other operation related activities	156,135,641.97	231,197,025.46
Sub-total of cash outflows from operating activities	1,290,675,669.08	1,489,940,006.44
Net cash flows from operating activities	419,806,687.16	-218,059,075.62
II. Cash flows from investment activities:		
Cash received from disposal of investments	504,637,656.63	203,910,000.00
Cash received from investment income	18,574,777.63	17,343,677.39
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		
Net cash received from disposal of subsidiaries and other operating entities		
Cash received from other investment related activities	763,337,828.42	
Sub-total of cash inflows from investing activities	1,286,550,262.68	221,253,677.39
Cash paid on purchase of fixed assets, intangible assets and other long-term assets	45,922,304.51	67,171,615.53
Cash paid for investments	434,564,871.63	70,787,175.29
Net increase in secured loans		
Net cash paid on acquisition of subsidiaries and other operating entities		
Cash paid on other investment related activities	508,750,054.64	
Sub-total of cash outflows from investing activities	989,237,230.78	137,958,790.82
Net cash flows from investing activities	297,313,031.90	83,294,886.57

Items	Amount for current period	Amount for previous period
III. Cash flows from financing activities:		
Cash received from capital contributions		
Including: Cash received from capital contributions by minority shareholders of subsidiaries		
Cash received from borrowings	1,029,254,863.37	1,294,964,738.25
Cash received from other financing related activities		
Sub-total of cash inflows from financing activities	1,029,254,863.37	1,294,964,738.25
Cash paid on repayment of borrowings	877,007,867.76	1,065,739,476.57
Cash paid on distribution of dividends, profits or interest expenses	66,361,048.23	44,329,540.36
Including: Dividend and profit paid to minority shareholders by subsidiaries		
Cash paid on other financing related activities	13,097,422.40	98,028,823.31
Sub-total of cash outflows from financing activities	956,466,338.39	1,208,097,840.24
Net cash flows from financing activities	72,788,524.98	86,866,898.01
IV. Effect of fluctuations in exchange rates on cash and cash equivalents	-20,528,526.49	-1,247,676.12
V. Net increase in cash and cash equivalents	769,379,717.55	-49,144,967.16
Add: Balance of cash and cash equivalents at the beginning of the period	1,330,245,256.17	1,076,536,863.48
VI. Balance of cash and cash equivalents at the end of the period	2,099,624,973.72	1,027,391,896.32

6. Cash Flow Statement of the Parent Company

Currency: RMB Unit: Yuan

Items	Amount for current period	Amount for previous period
I. Cash flows from operating activities:		
Cash received from the sale of goods and rendering of services	354,818,991.32	251,090,611.05
Refunds of taxes received	29,826,240.42	37,243,995.01
Cash received from other operating related activities	3,930,394.06	74,804,077.57
Sub-total of cash inflows from operating activities	388,575,625.80	363,138,683.63
Cash paid on purchase of goods and services	545,942,547.29	530,505,910.27
Cash paid to and on behalf of employees	60,947,727.57	61,437,813.36
Cash paid for all types of taxes	593,311.11	4,354,144.48
Cash paid to other operating related activities	103,843,515.78	702,573,431.36
Sub-total of cash outflows from operating activities	711,327,101.75	1,298,871,299.47
Net cash flows from operating activities	-322,751,475.95	-935,732,615.84
II. Cash flows from investing activities:		
Cash received from disposal of investments	495,997,692.16	417,510,000.00
Cash received from investment income	2,940,000.00	87,356.30
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		
Net cash received from disposal of subsidiaries and other operating entities		
Cash received from other investment related activities	842,890,527.22	
Sub-total of cash inflows from investing activities	1,341,828,219.38	417,597,356.30
Cash paid on purchase of fixed assets, intangible assets and other long-term assets	32,269,317.09	31,942,041.54
Cash paid for investments	430,633,983.32	47,196,544.11
Net cash paid on acquisition of subsidiaries and other operating entities		
Cash paid on other investment related activities	508,750,000.00	
Sub-total of cash outflows from investing activities	971,653,300.41	79,138,585.65
Net cash flows from investing activities	370,174,918.97	338,458,770.65

Items	Amount for current period	Amount for previous period
III. Cash flows from financing activities:		
Cash received from capital contributions		
Cash received from borrowings	757,079,936.53	1,074,009,451.30
Cash received from other financing related activities		
Sub-total of cash inflows from financing activities	757,079,936.53	1,074,009,451.30
Cash paid on repayment of borrowings	159,893,620.11	379,114,238.22
Cash paid on distribution of dividends, profits or interest expenses	57,949,297.95	33,606,285.27
Cash paid on other financing related activities	7,268,374.36	98,028,823.31
Sub-total of cash outflows from financing activities	225,111,292.42	510,749,346.80
Net cash flows from financing activities	531,968,644.11	563,260,104.50
IV. Effect of fluctuations in exchange rates on cash and cash equivalents	-10,002,569.53	-497,446.99
V. Net increase in cash and cash equivalents	569,389,517.60	-34,511,187.68
Add: Balance of cash and cash equivalents at the beginning of the period	519,579,763.99	661,877,403.79
VI. Balance of cash and cash equivalents at the end of the period	1,088,969,281.59	627,366,216.11

II. EXPLANATIONS ABOUT ADJUSTMENTS TO FINANCIAL STATEMENTS

1. *Particulars in Relation to Adjustments Made to Relevant Items of the Financial Statements as at the Beginning of the Year of the Initial Adoption of New Revenue Standards and New Lease Standards from 2021*

Applicable Not Applicable

Whether to adjust items of balance sheet as at the beginning of the year

Yes No

2. *Retrospective Adjustment of the Previous Comparative Data by Initial Adoption of New Revenue Standards and New Lease Standards since 2021*

Applicable Not Applicable

III. Audit Report

Whether the first quarterly report has been audited

Yes No

The first quarterly report of the Company has not been audited.