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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 THIRD 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 third quarterly report of Shenzhen Hepalink Pharmaceutical Group Co., Ltd. (the “**Company**” or “**Hepalink**”, together with its subsidiaries referred to as the “**Group**”, “**we**” or “**our**”) for the nine months ended September 30, 2021 (the “**Reporting Period**”). Its 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

October 27, 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. Zhang Bin; and the independent non-executive directors are Dr. Lu Chuan, Mr. Chen Junfa and Mr. Wang Zhaohui.

IMPORTANT NOTICE:

1. The board of directors (the “**Board**”), supervisory committee, directors, supervisors and senior management of the Company undertake that the contents of the third quarterly report are true, accurate and complete, without any false record, misrepresentation or material omission, and individually and jointly bear legal liabilities in this respect.
2. The person in charge of the Company, the person in charge of the accounting function and the person in charge of accounting department, declare that they guarantee the financial information in the third quarterly report is true, accurate and complete.
3. Whether the third quarterly report has been audited
 Yes No

I. KEY FINANCIAL INFORMATION

(1) Major Accounting Information and Financial Indicators

Whether the Company is required to retroactively adjust or restate prior years' accounting information

Yes No

	The Reporting Period	Increase/ decrease for the Reporting Period over same period of last year	From the beginning of the year to the end of the Reporting Period	Increase/ decrease from the beginning of the year to the end of the Reporting Period over same period of last year
Operating revenue (RMB)	1,517,745,220.24	71.83%	4,631,282,401.56	30.74%
Net profit attributable to the shareholders of the listed company (RMB)	123,347,581.91	-3.29%	461,505,654.17	-34.87%
Net profit attributable to the shareholders of the listed company, net of extraordinary profits and losses (RMB)	123,277,703.12	21.40%	408,077,340.51	-32.66%
Net cash flows from operating activities (RMB)	-	-	122,722,548.80	194.51%
Basic earnings per share (RMB/share)	0.0841	-8.09%	0.3145	-42.47%
Diluted earnings per share (RMB/share)	0.0841	-8.09%	0.3145	-42.47%
Weighted average return on net assets	1.05%	-0.21%	3.96%	-4.52%
	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)	19,265,415,690.14	19,025,894,654.11	1.26%	
Owners' equity attributable to the shareholders of the listed company (RMB)	11,706,908,938.39	11,569,392,530.92	1.19%	

BUSINESS REVIEW

In the first three quarters of 2021, with its ongoing impacts, the COVID-19 pandemic continued to affect the recovery of the global economic activities to a certain extent. However, due to the active pandemic prevention and control as well as nationwide vaccination, economic activities in Mainland China showed a stable turnaround. The pharmaceutical industry, which is an area of immediate need in the fight against the pandemic, was less affected by the pandemic and recovered relatively well in the first three quarters of 2021. During the Reporting Period, the Group accelerated the expansion of its global business footprint and achieved an increase in both overseas sales revenue and market penetration rate. During the Reporting Period, the Group achieved global sales revenue of approximately RMB4,631.3 million, representing an increase of 30.7% as compared to the same period of last year, in the meantime the heparin industrial chain business continued their strong growth momentum with the revenue achieving an increase of 38.6% as compared to the same period of last year.

During the Reporting Period, the Group achieved sales revenue of RMB4,631.3 million (the same period of last year: RMB3,542.5 million), representing an increase of 30.7% as compared to the same period of last year. During the Reporting Period, the Group recorded an adjusted net profit attributable to owners of the parent Company of RMB542.2 million (before deducting the after-tax structural foreign exchange loss of RMB80.7 million) (the same period of last year: RMB734.0 million), representing a decrease of 26.1% year-on-year.

Heparin Industrial Chain Business

During the Reporting Period, the Group's heparin industrial chain business grew by 38.6%, achieving sales revenue of RMB4,054.5 million (the same period of last year: RMB2,924.3 million). The Group has been focusing on finished dose pharmaceutical products, which have a broad market and rapid growth and enable the Group to fully utilize the advantages of integrated operation and synergy. During the Reporting Period, the Group recorded a significant growth in gross profit of its finished dose pharmaceutical products, with a year-on-year growth rate of 66.7%. The Group's brand influence continued to rise, demonstrating the effectiveness of the Group's transformation towards quality business development.

During the Reporting Period, the Group's sales of finished dose pharmaceutical products performed well, with sales increasing by 90.3% as compared to the nine months period from January to September of last year, accounting for 38.1% of the Group's total revenue, and sales revenue increased by approximately RMB837.7 million to approximately RMB1,765.6 million as compared to the nine months period from January to September of last year. A gross profit margin of 39.4% was recorded for finished dose pharmaceutical products.

During the Reporting Period, the Group expanded its share in the overseas markets of heparin finished doses and actively participated in hospital tender projects in various countries, resulting in rapid growth in sales revenue from the overseas markets. During the Reporting Period, total revenue from heparin finished doses in Europe and non-European and American overseas markets increased by 90.9% year-on-year. During the Reporting Period, sales in the European market continued to grow, with sales volume increasing by 55.2% and the unit selling price increasing by 11.9% compared to the same period of last year. The Group's U.S. market strategy was effective, and sales in the U.S. market maintained good momentum by leveraging the market competitiveness of local strategic partners. Meanwhile, in response to the further enhancement of the development intensity of the domestic market, the Group took the initiative to adjust the layout of sales channels, optimize the allocation of staff resources, strengthen channel construction and enhance the ability of direct sales and control for future centralized drug procurement.

During the Reporting Period, the heparin API (active pharmaceutical product) business performed well, with sales revenue of approximately RMB2,176.0 million (the same period of last year: RMB1,796.5 million), accounting for 47.0% of the Group's total revenue and a gross profit margin of 26.0%. During the Reporting Period, due to the acceleration in the global sales expansion along with the boost in the finished dose pharmaceutical products business, the proportion of self-administered APIs for heparin increased significantly compared with the same period of last year, resulting in a decrease in external sales of heparin APIs. In addition, the Group started a new round of commercial negotiations with certain API customers in the third quarter this year, and the order and delivery arrangements will be finalized upon completion of the negotiations.

CDMO Business

During the Reporting Period, sales of CDMO (Contract Development and Manufacturing Organization) business amounted to approximately RMB545.0 million, representing a decrease of approximately 5.9% as compared to RMB579.4 million in the same period of last year and accounting for 11.8% of the Group's total revenue. During the Reporting Period, gross profit margin increased by 1.2 percentage points to 27.7% as compared to the same period of last year.

During the Reporting Period, Cytovance under the Group's CDMO business performed well, achieving a 16.1% year-on-year growth in sales revenue, with service sales revenue of approximately RMB335.7 million, representing a year-on-year increase of 22.8% and a gross profit margin of 42.1% on service revenue. In the third quarter this year, Cytovance secured a new supply chain service contract for a new mRNA novel coronavirus vaccine, further supporting the mass production of commercialized mRNA vaccines worldwide and continuing to contribute positively to the combat against the COVID-19 pandemic. During the Reporting Period, the Group further improved the operational and management efficiency of Cytovance by purposefully establishing more specific KPIs and quarterly incentive systems based on the two key indicators of CDMO projects: punctuality and success, ensuring better revenue growth for the milestone of CDMO service revenue.

OUTLOOK

For the rest of 2021, we are determined to place management improvement as an essential means to strengthen our foundation for development, risk management and control efficiency. We will actively pursue our global expansion, realize the integration of our brand and global operations, and continue to improve our global branding and operation based on localization. Through efficient integration of global resources and markets, we strive to achieve globalization and bring our products to more countries and regions to benefit patients worldwide. We will continue to further promote the reform of our management system. In order to further enhance our competitiveness and risk management capability, we will keep improving our institutional system, enhance the effectiveness of internal governance, integrate resources and streamline processes, so as to strengthen the Group's unique vitality, flexibility and efficiency while the Group grows rapidly in scale. With increasing investment in R&D (research and development) of new drugs, we will expand therapeutic areas and develop innovative products with market potential to meet the needs of the Chinese medical market. In addition, the Group will actively consolidate and broaden our research team, enhance our research capabilities and embrace the corporate transformation driven by R&D innovation.

(2) Items and Amounts of Extraordinary Profits and Losses

Applicable

Not Applicable

Currency: RMB Unit: Yuan

Items	Amounts from the Reporting Period	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)	1,739.37	1,658,320.39	
Government grants through profit or loss (except for the government grants closely related to the normal operation of the Company, which are in compliance with national policies and are provided continuously according to certain standard quota or ration)	4,911,218.33	22,166,104.73	
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 and financial liabilities for trading, as well as investment income from disposing financial assets for trading, financial liabilities for trading and available-for-sale financial assets	-8,394,708.82	43,496,953.84	Including gains and losses from changes in fair value of wealth management products, derivative financial assets, convertible bonds, equity investments and fund investments totaling RMB-7,731,197.24, and investment income from dividends, gains on transfers and interest on wealth management products, equity investments, fund investments and bond investments totaling RMB51,228,151.08 that were disposed of and acquired during the holding period

Items	Amounts from the Reporting Period	Amounts from the beginning of the year to the end of the Reporting Period	Description
Other non-operating income and expenses apart from those stated above	-1,922,840.85	-6,089,348.28	
Minus: Effect on income tax	-5,675,117.57	7,560,242.73	
Effect on interest of minority shareholders (after tax)	200,646.81	243,474.29	
Total	69,878.79	53,428,313.66	

Other profit and loss items that meet the definition of extraordinary profit and losses are as follows:

Applicable Not Applicable

The Company has no other specific profit and loss items that meet the definition of extraordinary profit and losses.

Descriptions should be given for items that are defined as extraordinary profit and loss in accordance with 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.

Applicable Not Applicable

No extraordinary profit and loss 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 extraordinary profit and loss in the Company.

(3) Changes in Key Accounting Data and Financial Indicators and Reasons

√ Applicable □ Not Applicable

1. Balance sheet items

Currency: RMB Unit: Yuan

Items	As at the end of the Reporting Period	As at the end of last year	Year-on-year increase/decrease	Reasons for changes
Monetary capital	3,754,392,520.03	2,712,424,028.17	38.41%	Mainly due to the changes in net cash flows arising from operating activities, investing activities and financing activities unrelated to restricted funds from the beginning of the year to the end of the Reporting Period
Financial assets for trading	397,687,317.13	828,205,180.26	-51.98%	Mainly due to the redemption of wealth management products from the beginning of the year to the end of the Reporting Period
Bills receivables	10,746,334.34	35,030,062.41	-69.32%	Mainly due to the due collection of bills receivables from the beginning of the year to the end of the Reporting Period
Other receivables	251,375,263.44	184,159,557.17	36.50%	Mainly due to the increase in the amount receivable from fund dividends and equity transfer at the end of the Reporting Period
Inventories	4,158,961,510.52	3,168,248,647.48	31.27%	Mainly due to the increase in inventories as appropriate in line with the growth trend in sales volume, and the higher cost of inventories from the beginning of the year to the end of the Reporting Period
Non-current assets due within one year	—	74,205,753.46	-100.00%	Due to the due collection of debenture investments from the beginning of the year to the end of the Reporting Period
Other non-current financial assets	882,412,857.50	1,747,437,323.06	-49.50%	Mainly due to the settlement of the transfer of Kymbab's equity in April 2021

Items	As at the end of the Reporting Period	As at the end of last year	Year-on-year increase/decrease	Reasons for changes
Development costs	28,952,599.77	15,077,487.43	92.03%	Mainly due to the increase in research and development expenses for AR-301 injection, a research and development project of a subsidiary from the beginning of the year to the end of the Reporting Period
Other non-current assets	200,720,906.39	287,301,258.04	-30.14%	Mainly due to the carry forward of prepayments for equity investments from the beginning of the year to the end of the Reporting Period
Accounts payable	361,571,598.26	239,217,539.13	51.15%	Mainly due to the increase in the purchase of raw materials from the beginning of the year to the end of the Reporting Period
Contract Liabilities	479,013,672.13	265,041,323.83	80.73%	Mainly due to the increase in receipts in advance from CDMO service at the end of the Reporting Period
Staff remuneration payable	111,302,514.96	172,801,711.39	-35.59%	Mainly due to the granting of year-end bonus for 2020 from the beginning of the year to the end of the Reporting Period
Taxes payable	185,094,319.42	90,538,865.99	104.44%	Mainly due to the increase in enterprise income tax payable at the end of the Reporting Period

2. Income statement items

Currency: RMB Unit: Yuan

Items	From the beginning of the year to the end of the Reporting Period	Same period of last year	Year-on-year increase/decrease	Reasons for changes
Operating revenue	4,631,282,401.56	3,542,478,922.83	30.74%	Mainly due to the increase in revenue from the finished dose pharmaceutical products business, heparin sodium and low molecular weight heparin API business from the beginning of the year to the end of the Reporting Period
Operating costs	3,174,693,008.79	2,150,731,197.46	47.61%	Mainly due to the growth in sales volume and the year-on-year increase in the unit cost of inventories carried over from sales from the beginning of the year to the end of the Reporting Period
Taxes and surcharges	9,426,536.60	20,260,072.63	-53.47%	Mainly 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 same period of last year from the beginning of the year to the end of the Reporting Period
Research and development expenses	108,939,733.97	69,407,687.52	56.96%	Mainly due to the increase in direct input of research and development from the beginning of the year to the end of the Reporting Period
Asset impairment loss	-2,923,549.16	-14,395,140.01	-79.69%	Mainly due to the decrease in prepared intestine accrued inventory falling price reserves of the subsidiary from the beginning of the year to the end of the Reporting Period
Credit impairment loss	-11,795,249.80	-5,940,731.67	98.55%	Mainly due to the change in the aging of accounts receivable and other receivables at the end of the Reporting Period

Items	From the beginning of the year to the end of the Reporting Period	Same period of last year	Year-on-year increase/decrease	Reasons for changes
Other gains	22,166,104.73	44,059,801.13	-49.69%	Mainly due to the year-on-year decrease in government subsidies received from the beginning of the year to the end of the Reporting Period
Investment income	26,785,894.69	298,214,815.65	-91.02%	Mainly due to the year-on-year decrease in income from long-term equity investments accounted for under the equity method from the beginning of the year to the end of the Reporting Period
Gains on fair value changes	-6,884,547.46	36,491,216.73	-118.87%	Mainly due to the year-on-year decrease in gains on fair value changes of financial assets from the beginning of the year to the end of the Reporting Period
Gains from disposal of assets	1,928,388.85	-154,701.98	-1,346.52%	Mainly due to the year-on-year increase in gains from disposal of fixed assets from the beginning of the year to the end of the Reporting Period
Operating profit	560,025,657.66	848,204,907.19	-33.98%	The Company's gross profit increased year-on-year from the beginning of the year to the end of the Reporting Period. However, since increases were recorded for valuation of associates' investments and fair value of other non-current financial assets for the same period of last year, investment income and gains on fair value changes of the Company were higher last year, which resulted in the year-on-year decrease in operating profit of the Company from the beginning of the year to the end of the Reporting Period
Non-operating income	78,206.49	862,546.11	-90.93%	Mainly due to the decrease in income unrelated to operating activities from the beginning to the end of the Reporting Period

Items	From the beginning of the year to the end of the Reporting Period	Same period of last year	Year-on-year increase/decrease	Reasons for changes
Non-operating expenses	6,437,623.23	1,260,664.67	410.65%	Mainly due to the increase in external donations from the beginning of the year to the end of the Reporting Period
Total profit	553,666,240.92	847,806,788.63	-34.69%	Please refer to operating profit analysis
Income tax expense	96,603,693.55	141,381,595.80	-31.67%	Mainly due to decrease in total profit from the beginning of the year to the end of the Reporting Period
Net profit	457,062,547.37	706,425,192.83	-35.30%	Please refer to operating profit analysis
Other comprehensive income, net of tax	2,970,487.52	-118,965,617.15	-102.50%	Mainly due to joint effect of fluctuations in international exchange rates and the decrease in fair value of investments in other equity from the beginning of the year to the end of the Reporting Period

3. Cash flow items

Currency: RMB Unit: Yuan

Items	From the beginning of the year to the end of the Reporting Period	Same period of last year	Year-on-year increase/decrease	Reasons for changes
Net cash flows from operating activities	122,722,548.80	-129,851,048.90	194.51%	Mainly due to the year-on-year increase in cash received from the sale of goods and rendering of services was greater than the year-on-year increase in cash paid on purchase of goods and services from the beginning of the year to the end of the Reporting Period
Net cash flows from investing activities	1,037,327,922.77	-1,537,910,388.39	167.45%	Mainly due to the year-on-year increase in cash received from the recovery of the investment in Kymab and cash received from investment income was greater than the year-on-year increase in cash paid for the investments from the beginning of the year to the end of the Reporting Period
Net cash flows from financing activities	-467,723,955.63	2,511,085,525.36	-118.63%	Mainly due to investment funds received from the listing of the Company's H shares in the same period of last year
Effect of fluctuations in exchange rates on cash and cash equivalents	-27,395,494.60	-8,645,136.92	-216.89%	Mainly due to the fluctuations in international exchange rates from the beginning of the year to the end of the Reporting Period

II. INFORMATION OF THE SHAREHOLDERS

(1) Table of total number of ordinary shareholders, the number of 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		33,470		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, marked 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%	220,038,980	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			
Hong Kong Securities Clearing Company Limited	Foreign legal person	1.56%	22,835,615	0			
Shenzhen Hepalink Pharmaceutical Co., Ltd. — Employee Share Scheme II	Others	1.03%	15,118,035	0			
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			
Huang Biyue	Domestic natural person	0.25%	3,629,921	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 ^(Note 1)	220,038,980	Overseas listed foreign shares	220,038,980
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
Hong Kong Securities Clearing Company Limited	22,835,615	RMB ordinary shares	22,835,615
Shenzhen Hepalink Pharmaceutical Co., Ltd. — Employee Share Scheme II	15,118,035	RMB ordinary shares	15,118,035
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
Huang Biyue	3,629,921	RMB ordinary shares	3,629,921
Explanations of the related relationships or acting in concert among above shareholders	<p>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 and owns 38.88% of such employee share scheme. 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.</p> <p>Note 1: HKSCC Nominees Limited (香港中央結算(代理人)有限公司)'s shares are held on behalf of multiple clients.</p>		
Description of the top 10 shareholders' participation in financing and securities lending business (if any)	<p>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.</p>		

(2) Statement of the total number of preferred shareholders of the Company and shareholdings of the top 10 preferred shareholders

Applicable Not Applicable

III. OTHER IMPORTANT EVENTS

Applicable Not Applicable

IV. QUARTERLY FINANCIAL STATEMENTS

(1) Financial Statements

1. Consolidated Balance Sheet

Prepared by Shenzhen Hepalink Pharmaceutical Group Co., Ltd.

September 30, 2021

Currency: RMB Unit: Yuan

Items	September 30, 2021	December 31, 2020
Current assets:		
Monetary capital	3,754,392,520.03	2,712,424,028.17
Provision of settlement fund	–	–
Placements with banks and other financial institutions	–	–
Financial assets for trading	397,687,317.13	828,205,180.26
Derivative financial assets	–	–
Bills receivable	10,746,334.34	35,030,062.41
Accounts receivable	1,620,595,287.34	1,638,622,970.92
Receivables financing	–	–
Prepayments	233,446,557.14	257,779,979.93
Premiums receivable	–	–
Reinsurance accounts receivable	–	–
Reinsurance contract reserves receivable	–	–
Other receivables	251,375,263.44	184,159,557.17
Including: Interests receivable	–	–
Dividends receivable	–	–
Financial assets held under resale agreements	–	–
Inventories	4,158,961,510.52	3,168,248,647.48
Contract assets	21,161,672.06	20,476,541.40
Assets held for sale	–	–
Non-current assets due within one year	–	74,205,753.46
Other current assets	256,324,442.17	209,555,163.79
Total current assets	10,704,690,904.17	9,128,707,884.99

Items	September 30, 2021	December 31, 2020
Non-current assets:		
Loans and advances to customers	–	–
Debt investments	–	–
Other debt investments	–	–
Long-term receivables	2,179,205.64	2,786,309.45
Long-term equity investments	1,493,391,320.86	1,631,182,516.98
Other equity instrument investments	497,621,467.69	619,952,530.27
Other non-current financial assets	882,412,857.50	1,747,437,323.06
Investment properties	–	–
Fixed assets	2,010,903,351.43	2,139,543,199.96
Construction in progress	440,197,626.41	364,393,690.49
Biological assets for production	–	–
Oil and gas assets	–	–
Right-of-use assets	57,840,609.08	67,534,906.89
Intangible assets	568,323,626.58	615,948,569.67
Development costs	28,952,599.77	15,077,487.43
Goodwill	2,189,231,820.38	2,202,565,563.39
Long-term prepaid expenses	118,187,284.57	119,527,608.64
Deferred income tax assets	70,762,109.67	83,935,804.85
Other non-current assets	200,720,906.39	287,301,258.04
Total non-current assets	8,560,724,785.97	9,897,186,769.12
Total assets	19,265,415,690.14	19,025,894,654.11
Current liabilities:		
Short-term borrowings	1,903,631,345.98	1,859,762,875.63
Borrowing from the central bank	–	–
Placements from banks and other financial institutions	–	–
Financial liabilities for trading	–	–
Derivative financial liabilities	–	–
Bills payable	–	–
Accounts payable	361,571,598.26	239,217,539.13
Receipts in advance	–	–
Contract liabilities	479,013,672.13	265,041,323.83
Financial assets sold under repurchase agreements	–	–
Receipt of deposits and deposits from other banks	–	–

Items	September 30, 2021	December 31, 2020
Customer deposits for trading in securities	–	–
Customer deposits for undertaking securities	–	–
Staff remuneration payable	111,302,514.96	172,801,711.39
Taxes payable	185,094,319.42	90,538,865.99
Other payables	300,383,736.70	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	565,658,566.03	647,814,308.46
Other current liabilities	3,193,911.31	3,569,662.71
Total current liabilities	3,909,849,664.79	3,612,834,053.85
Non-current liabilities:		
Provision for insurance contracts	–	–
Long-term borrowings	1,461,884,300.48	1,533,623,523.10
Bonds payable	1,555,485,264.04	1,552,233,212.45
Including: Preferred shares	–	–
Perpetual bonds	–	–
Lease liabilities	44,411,507.26	51,642,544.57
Long-term payables	283,886.20	241,946.56
Long-term staff remuneration payable	134,860,633.70	130,936,298.09
Estimated liabilities	8,921,573.19	8,975,910.96
Deferred income	17,190,546.66	18,744,249.60
Deferred income tax liabilities	310,487,198.68	427,672,827.77
Other non-current liabilities	–	–
Total non-current liabilities	3,533,524,910.21	3,724,070,513.10
Total liabilities	7,443,374,575.00	7,336,904,566.95

Items	September 30, 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	5,977,146,801.63	6,035,481,572.19
Less: Treasury stock	-	-
Other comprehensive income	-142,013,184.84	-145,093,641.88
Special reserves	-	-
Surplus reserves	536,799,924.51	536,799,924.51
Provision for general risks	-	-
Undistributed profits	3,867,679,193.09	3,674,908,472.10
Total equity attributable to owners of the parent company	11,706,908,938.39	11,569,392,530.92
Minority interests	115,132,176.75	119,597,556.24
Total owners' equity	11,822,041,115.14	11,688,990,087.16
Total liabilities and owners' equity	19,265,415,690.14	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. Consolidated Income Statement from the beginning of the year to the end of the Reporting Period

Currency: RMB Unit: Yuan

Items	Amount for current period (From January to September 2021)	Amount for previous period (From January to September 2020)
I. Total operating revenue	4,631,282,401.56	3,542,478,922.83
Including: Operating revenue	4,631,282,401.56	3,542,478,922.83
Interest income	-	-
Insurance premiums earned	-	-
Fee and commission income	-	-
II. Total operating costs	4,100,533,785.75	3,052,549,275.49
Including: Operating costs	3,174,693,008.79	2,150,731,197.46
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	9,426,536.60	20,260,072.63
Selling expenses	294,068,061.43	292,753,033.65
Administration expenses	282,487,003.59	288,285,222.34
Research and development expenses	108,939,733.97	69,407,687.52
Finance costs	230,919,441.37	231,112,061.89
Including: Interest expenses	151,662,318.69	200,820,043.60
Interest income	42,285,183.20	19,478,895.29
Add: Other gains	22,166,104.73	44,059,801.13
Gain from investments (losses are represented by "-")	26,785,894.69	298,214,815.65
Including: Investment income of associates and joint ventures	-25,464,006.75	259,509,168.46
Derecognition income on financial assets measured at amortized cost	-	-
Exchange gain (losses are represented by "-")	-	-

Items	Amount for current period (From January to September 2021)	Amount for previous period (From January to September 2020)
Gains on net exposure hedges (losses are represented by “-”)	-	-
Gains on fair value changes (losses are represented by “-”)	-6,884,547.46	36,491,216.73
Credit impairment losses (losses are represented by “-”)	-11,795,249.80	-5,940,731.67
Asset impairment losses (losses are represented by “-”)	-2,923,549.16	-14,395,140.01
Gains from disposal of assets (losses are represented by “-”)	1,928,388.85	-154,701.98
III. Operating profit (losses are represented by “-”)	560,025,657.66	848,204,907.19
Add: Non-operating income	78,206.49	862,546.11
Less: Non-operating expenses	6,437,623.23	1,260,664.67
IV. Total profit (total losses are represented by “-”)	553,666,240.92	847,806,788.63
Less: Income tax expense	96,603,693.55	141,381,595.80
V. Net profit (net losses are represented by “-”)	457,062,547.37	706,425,192.83
(I) Classification by continuous operation		
1. Net profit from continuous operations (net losses are represented by “-”)	457,062,547.37	706,425,192.83
2. Net profit from discontinuous operations (net losses are represented by “-”)	-	-
(II) Classification by ownership of the equity		
1. Net profit attributable to owners of the parent company	461,505,654.17	708,597,054.96
2. Profit or loss attributable to minority shareholders	-4,443,106.80	-2,171,862.13
VI. Other comprehensive income, net of tax	2,970,487.52	-118,965,617.15
Other comprehensive income attributable to owners of the parent company, net of tax	3,080,457.04	-118,257,411.28
(I) Other comprehensive income that cannot be reclassified into the profit or loss	-1,008,659.95	16,822,297.77
1. Changes arising from re-measurement of defined benefit plans	3,261,531.31	4,943,618.19
2. Other comprehensive income that cannot be transferred into profit or loss under equity method	-	-

Items	Amount for current period (From January to September 2021)	Amount for previous period (From January to September 2020)
3. Changes in fair value of investments in other equity instruments	-4,270,191.26	11,878,679.58
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	4,089,116.99	-135,079,709.05
1. Other comprehensive income that can be transferred into profit or loss under equity method	-10,602,429.21	-
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	14,691,546.20	-135,079,709.05
7. Others	-	-
Other comprehensive income attributable to minority shareholders, net of tax	-109,969.52	-708,205.87
VII. Total comprehensive income	460,033,034.89	587,459,575.68
Total comprehensive income attributable to owners of the parent company	464,586,111.21	590,339,643.68
Total comprehensive income attributable to minority shareholders	-4,553,076.32	-2,880,068.00
VIII. Earnings per share:	-	-
(I) Basic earnings per share	0.3145	0.5467
(II) Diluted earnings per share	0.3145	0.5467

Net profit of the combined party before the combination in respect of business combination under common control during current period: RMB0.00, net profit of the combined party during previous period: RMB0.00.

Legal representative:
Li Li

Person in charge of
accounting function:
Zhang Bin

Person in charge of
accounting department:
Zhang Bin

3. Consolidated Cash Flow Statement from the beginning of the year to the end of the Reporting Period

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	4,701,180,656.83	3,476,393,821.65
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	276,873,471.02	171,927,526.65
Cash received from other related operating activities	35,999,051.21	147,993,291.96
Sub-total of cash inflows from operating activities	5,014,053,179.06	3,796,314,640.26
Cash paid on purchase of goods and services	3,625,489,068.91	2,614,251,334.49
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	-	-

Items	Amount for current period	Amount for previous period
Cash paid for interest, fees and commissions	–	–
Cash paid for insurance policy dividend	–	–
Cash paid to and on behalf of employees	585,429,549.98	556,432,287.67
Cash paid for all types of taxes	185,176,083.71	235,099,880.89
Cash paid to other operation related activities	495,235,927.66	520,382,186.11
Sub-total of cash outflows from operating activities	4,891,330,630.26	3,926,165,689.16
Net cash flows from operating activities	122,722,548.80	-129,851,048.90
II. Cash flows from investment activities:		
Cash received from disposal of investments	2,427,269,378.42	163,813,580.16
Cash received from investment income	587,881,353.51	38,781,010.58
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	170,362.74	212,899.76
Net cash received from disposal of subsidiaries and other operating entities	–	–
Cash received from other investment related activities	1,909,690,742.90	144,625,036.55
Sub-total of cash inflows from investing activities	4,925,011,837.57	347,432,527.05
Cash paid on purchase of fixed assets, intangible assets and other long-term assets	144,755,500.41	163,103,860.97
Cash paid for investments	1,504,112,301.61	722,239,054.47
Net increase in secured loans	–	–
Net cash paid on acquisition of subsidiaries and other operating entities	–	–
Cash paid on other investment related activities	2,238,816,112.78	1,000,000,000.00
Sub-total of cash outflows from investing activities	3,887,683,914.80	1,885,342,915.44
Net cash flows from investing activities	1,037,327,922.77	-1,537,910,388.39
III. Cash flows from financing activities:		
Cash received from capital contributions	–	3,538,287,231.32
Including: Cash received from capital contributions by minority shareholders of subsidiaries	–	–
Cash received from borrowings	2,890,440,715.27	3,693,081,017.14
Cash received from other financing related activities	–	252,863,775.46
Sub-total of cash inflows from financing activities	2,890,440,715.27	7,484,232,023.92

Items	Amount for current period	Amount for previous period
Cash paid on repayment of borrowings	2,939,917,957.11	4,430,375,198.04
Cash paid on distribution of dividends, profits or interest expenses	382,088,306.73	394,368,335.48
Including: Dividend and profit paid to minority shareholders by subsidiaries	–	–
Cash paid on other financing related activities	36,158,407.06	148,402,965.04
Sub-total of cash outflows from financing activities	3,358,164,670.90	4,973,146,498.56
Net cash flows from financing activities	-467,723,955.63	2,511,085,525.36
IV. Effect of fluctuations in exchange rates on cash and cash equivalents	-27,395,494.60	-8,645,136.92
V. Net increase in cash and cash equivalents	664,931,021.34	834,678,951.15
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	1,995,176,277.51	1,911,215,814.63

(2) 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 Lease Standards from 2021

Applicable Not Applicable

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

Applicable Not Applicable

(3) Audit Report

Whether the third quarterly report has been audited

Yes No

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

Board of Directors of Shenzhen Hepalink Pharmaceutical Group Co., Ltd.