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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)

2022 FIRST QUARTERLY REPORT

The Company and all the members of the board of directors confirm that all the information contained in this information disclosure is true, accurate and complete and that there is no false and misleading statement or material omission in this information disclosure.

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 2022 first quarterly report of Shen hen Hepalink Pharmaceutical Group Co., Ltd. (the **Company**– or **Hepalink**–, together with its subsidiaries referred to as the **Group**–, **we**– or **our**–) for the three months ended March 31, 2022 (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

Shen hen, the PRC

April 29, 2022

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

IMPORTANT NOTICE:

1. The board of directors, supervisory committee, directors, supervisors and senior management of the Company undertake that the 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.

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	Same period of last year	Increase/decrease for the Reporting Period over same period of last year
Operating revenue (RMB)	1,910,323,745.74	1,267,876,796.45	50.67%
Net profit attributable to the shareholders of the listed company (RMB)	234,943,371.65	143,483,266.73	63.74%
Net profit attributable to the shareholders of the listed company, net of extraordinary profits and losses (RMB)	165,846,228.35	114,511,999.79	44.83%
Net cash flows from operating activities (RMB)	1,378,827.28	419,806,687.16	100.33%
Basic earnings per share (RMB/share)	0.1601	0.0978	63.70%
Diluted earnings per share (RMB/share)	0.1601	0.0978	63.70%
Weighted average return on net assets	2.04%	1.23%	0.81%
	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)	20,130,476,736.54	19,108,175,266.78	5.35%
Owners' equity attributable to the shareholders of the listed company (RMB)	11,641,232,445.53	11,411,354,455.88	2.01%

(2) Items and Amounts of Extraordinary Profits and Losses

—Applicable

Not Applicable

Currency: RMB Unit: Yuan

Items	Amounts from the Reporting Period	Description
Gains or losses from disposal non-current assets (including the write-off of the assets impairment provision)	54,401.51	
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)	10,886,831.42	

Items	Amounts from the Reporting Period	Description
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	66,394,170.49	Including gains and losses from changes in fair value of wealth management products, derivative financial assets, convertible bonds, equity investments and fund investments totaling RMB60,750,098.37, and investment income from dividends, gains on transfers and interest on wealth management products, equity investments, fund investments and bond investments totaling RMB5,644,072.12 that were disposed of and acquired during the holding period
Other non-operating income and expenses apart from those stated above	-837,778.05	
Minus: Effect on income tax	7,116,110.48	
Effect on interest of minority shareholders (after tax)	284,371.59	
Total	69,097,143.30	

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

Note: If the above-mentioned major accounting data and financial indicators of a listed company show an increase or decrease of more than 30% as compared with the end of the previous year in respect of balance sheet items and an increase or decrease of more than 30% as compared with the corresponding period of the previous year in respect of profit statement items, the change(s) and the main reason(s) shall be explained.

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
Accounts payable	537,885,101.63	385,786,645.07	39.43%	Mainly due to the increase in the purchase of raw materials during the Reporting Period

2. Income statement items

Currency: RMB Unit: Yuan

Items	The Reporting Period	Same period of last year	Year-on-year increase/ decrease	Reasons for changes
Operating revenue	1,910,323,745.74	1,267,876,796.45	50.67%	Mainly due to the increase in revenue from the finished dose pharmaceutical products business, heparin sodium and low molecular weight heparin API business during the Reporting Period

Items	The Reporting Period	Same period of last year	Year-on-year increase/decrease	Reasons for changes
Operating costs	1,331,158,955.65	849,901,135.30	56.63%	Mainly due to the growth in sales during the Reporting Period
Selling expenses	120,294,534.92	88,667,593.46	35.67%	Mainly due to the increase in marketing expense during the Reporting Period
Credit impairment loss	9,663,241.63	2,349,062.54	311.37%	Mainly due to the increase in the expected credit loss at the end of the Reporting Period
Other gains	10,886,831.42	4,806,270.12	126.51%	Mainly due to the year-on-year increase in government subsidies received during the Reporting Period
Investment income	30,599,687.00	32,393,930.46	194.46%	Mainly due to the increase in investment loss recognized from long-term equity investments accounted for under the equity method during the Reporting Period
Gains on fair value changes	60,878,216.44	8,700,641.03	599.70%	Mainly due to the year-on-year increase in gains on fair value changes of financial assets during the Reporting Period
Operating profit	283,490,135.32	182,256,245.68	55.54%	Mainly due to the increase in gross profit during the Reporting Period
Non-operating income	858,367.03	188,708.99	354.86%	Mainly due to the increase in expenditure on external donations during the Reporting Period
Total profit	282,649,084.92	182,086,074.08	55.23%	Please refer to the analysis of reasons for changes in operating profit
Net profit	235,239,208.83	142,677,904.44	64.87%	Please refer to the analysis of reasons for changes in operating profit

Items	The Reporting Period	Same period of last year	Year-on-year increase/decrease	Reasons for changes
Other comprehensive income, net of tax	. 4,532,878.12	7,983,011.63	. 156.78%	Mainly due to joint effect of fluctuations in international exchange rates and the fair value changes of investments in other equity during the Reporting Period

3. Cash flow items

Currency: RMB Unit: Yuan

Items	The Reporting Period	Same period of last year	Year-on-year increase/decrease	Reasons for changes
Net cash flows from operating activities	. 1,378,827.28	419,806,687.16	. 100.33%	Mainly due to the year-on-year increase in cash paid on the purchase of goods and services was greater than the year-on-year increase in cash received from the sale of goods and rendering of services during the Reporting Period
Net cash flows from investing activities	. 88,020,516.24	297,313,031.90	. 129.61%	Mainly due to the year-on-year increase in the net amount of time deposits transferred by the Company for cash management and the year-on-year increase in the net cash paid for purchases of wealth management products during the Reporting Period
Net cash flows from financing activities	616,763,600.63	72,788,524.98	747.34%	Mainly due to the year-on-year increase in net corporate borrowing during the Reporting Period
Effect of fluctuations in exchange rates on cash and cash equivalents	. 9,741,485.63	. 20,528,526.49	. 52.55%	Mainly due to the fluctuations in international exchange rates during the Reporting Period

BUSINESS REVIEW

In 2022, China's pharmaceutical and medical industry is still in an important stage of development and transformation. The impact of the COVID-19 pandemic still exists and severe challenges coexist with opportunities for innovation and internationalization. During the period under review, the rapid spread of Omicron virus variant resulted in recurrent COVID-19 outbreaks worldwide. The pandemic continues to exacerbate supply chain tensions and the impact of inflation, further hindering global economic growth. The global economy is still facing many uncertainties this year. During the period under review, the Russia-Ukraine conflict had a significant global impact, with consumer and business confidence in the Euro zone declining in the first quarter of 2022, international financial markets reacting sharply, and international currency markets showing significant turbulence. During the period under review, the Group actively cooperated with different pandemic prevention policies, including different levels of quarantine measures and restrictions, and actively fulfilled its social responsibilities to demonstrate the corporate responsibility. Efforts were made to prevent and control the pandemic along with strengthened safety management. These measures affected the Group's production activities in Shenzhen. However, the pandemic did not have a significant impact on the Group's sales and operating income.

Leveraging the Group's expertise and experience in global pharmaceutical supply, the Group maintained a positive momentum in 2022, with the sales of finished dose pharmaceutical products continuing to grow at a rapid pace and the active pharmaceutical ingredient (API) business demonstrating a two-pronged approach, while CDMO growth continued. At the production and operation level, we will continue to enhance our supply chain management, promote the synergistic production of products within the Group and concentrate on our core production lines, thereby improving the quality of the production of finished dose pharmaceutical products and APIs. At the same time, the Group further strengthened its sales development as well as its overseas sales capabilities to expand its sales scale and enhance its profitability.

During the Reporting Period, the Group achieved sales revenue of RMB1,910.3 million (the same period of last year: RMB1,267.9 million) and gross profit of RMB579.2 million (the same period of last year: RMB418.0 million). During the Reporting Period, the Group recorded net profit attributable to shareholders of the parent of RMB234.9 million (the same period of last year: RMB143.5 million), adjusted net profit attributable to shareholders of the parent (net of the effect of structural foreign exchange gains and losses) of RMB261.1 million (the same period of last year: RMB173.8 million) and net profit net of extraordinary gains and losses of RMB165.8 million (the same period of last year: RMB114.5 million).

Heparin Industrial Chain Business

During the Reporting Period, the Group's heparin industrial chain business achieved sales revenue of RMB1,674.2 million (the same period of last year: RMB1,071.8 million). Sales revenue from finished dose pharmaceutical products accounted for 46.3% (the same period of last year: 38.3%) and sales revenue from API accounted for 53.7% (the same period of last year: 61.7%) of the revenue from the heparin industrial chain business. The Group has been actively promoting the high-quality transformation of the heparin industrial chain, firmly pushing forward the integration of the global vertical industrial chain, relying on excellent product quality and a strong sales platform, and aiming to become a new leader in the global heparin finished doses industry.

During the Reporting Period, finished dose enoxaparin sodium pharmaceutical products performed strongly with sales revenue of approximately RMB775.7 million, representing an increase of 88.9% over RMB410.6 million in the same period of last year. Europe is a key market for the Group's finished dose pharmaceutical products business. In the face of the Russia-Ukraine conflict, which led to the outbreak of conflicts and accumulated risks in the European systems, there were significant fluctuations in the Euro, which posed certain challenges to the Group's sales in Europe. Benefiting from the solid sales in recent years, the Group has laid a foundation in various regional markets in Europe. The Group continued to promote a differentiated sales model in its core regions to further increase its market share to offset the negative impact of the European market. On the other hand, the Group has improved operational efficiency and expanded its sales scale through channel integration management. In addition, the Group actively seized the opportunity to further accelerate the expansion of new markets and continued to expand its influence in different regions. During the Reporting Period, the Group's sales volume in Europe continued to gain momentum with a 40.6% increase. Sales volume in the U.S. market grew by 3,027.7% through both partnership and proprietary sales models, mainly due to a relatively low base sales figures in the first quarter in the same period of last year. Sales growth in non-European and U.S. markets was also promising, with sales volume growth of 229.2% in the first quarter of 2022. Sales in China also showed growth momentum, with volume growth of 199.2% as compared to the same period of last year.

During the Reporting Period, sales of heparin API business amounted to approximately RMB898.5 million (the same period of last year: RMB661.2 million), representing an increase of 35.9% over the same period of last year. During the period under review, the heparin API business was back on a steady upward trajectory with stable but improving operating efficiency. On the one hand, the Group actively promoted the order and supply of heparin sodium APIs, scheduled production and supply according to the demand of customers, and sales resumed in an orderly manner; on the other hand, the Group continued to strengthen the development of enoxaparin APIs and maintained sales growth, which became an additional growth driver of the heparin API business.

CDMO Business

During the Reporting Period, sales of CDMO business amounted to approximately RMB201.9 million (the same period of last year: RMB151.3 million). During the Reporting Period, the Group's CDMO business was mainly driven by Cytovance. Benefiting from Cytovance's accurate market insight and business development capabilities, as well as its high quality delivery record based on excellent research and development (R&D), operation and project management capabilities, Cytovance's revenue maintained growth with a 17.5% revenue growth, of which service revenue maintained a 26.2% growth. During the Reporting Period, we actively continued to expand horizontally and vertically on the basis of the orders of our core products, and we stepped up our efforts to explore customer resources. Leveraging our international CDMO technical team and business development team, we have been following up on potential customer projects to increase the number of CDMO projects at each stage.

OUTLOOK

In 2022, in addition to the fifth wave of the COVID-19 outbreak threatening global health and severely impacting the economy, the outbreak of regional conflicts in Europe and sanctions imposed by European and U.S. countries will have an impact on world trade, commodity prices, and oil supply. Along with geopolitical tensions between China and the U.S. and rising U.S. dollar interest rates due to inflation, all of these have added lots of uncertainties to the global economic recovery. At the same time, it will continue to affect the performance of different industries to varying degrees. The Group has achieved sales growth in the first quarter to demonstrate its ability to effectively cope with and overcome volatile operating conditions, and we will keep our eyes on the goals and deliver on them in the coming period.

In 2022, the Group will continue to be steadfast in its determination to achieve a steady increase in sales volume in its core business while seizing the opportunity to realize a significant improvement in results through more favorable crude product prices. We will further strengthen internal synergies and unite our efforts to fully unleash our production capacity and marketing synergies. We will accelerate the construction of our financial and human resources sharing center and the digitalization transformation of our marketing strategy, optimize the supporting system for organizational development, and comprehensively refine our business and management standards. At the same time, through collaboration with our partners around the world, we will implement the objectives of each synergy project and enhance our profitability with the advantages of scale and efficiency. In addition, we will strive to improve the efficiency and management of our global supply chain, continue to improve quality and optimize costs, building a stable and reliable supply chain security system. We will also adhere to our international market strategy, and on top of the European, U.S. and non-European and the U.S. markets, we will actively open up the Chinese market to fully support the normalization of centralized procurement. Lastly, we will actively strengthen our R&D capabilities and continue to facilitate the Group's expansion in the field of innovative drugs through the introduction of synergistic models to connect with global innovative drug development and promote future commercialization.

Under the changing business environment, the Group will develop rationally with constant review into the external environment, exploring opportunities with better allocation of resources and taking actions in a timely manner. The Group will respond to the changes in the industry development with effective enhancement of its own mechanism, platform, products and services, and more actively promote high-quality development.

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
# Shen hen 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)	220,044,480	Overseas listed foreign shares	220,044,480
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
Hong Kong Securities Clearing Company Limited	24,240,734	RMB ordinary shares	24,240,734
Shen hen Hepalink Pharmaceutical Co., Ltd. Employee Share Scheme II	15,118,035	RMB ordinary shares	15,118,035
Huang Quanwei	4,089,065	RMB ordinary shares	4,089,065
Shen hen Hepalink Pharmaceutical Co., Ltd. Employee Share Scheme III	3,886,264	RMB ordinary shares	3,886,264
China Foreign Economic and Trade Trust Company Limited-Foreign Investment Trust Gao Yi Xiaofeng Hongyuan Collective Investment Trust Scheme	3,679,626	RMB ordinary shares	3,679,626
Explanations of the related relationships or acting in concert among above shareholders	<p>The shareholders (partners) of Shen hen 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 with a participation share 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.</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, Shen hen 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

On December 10, 2021, the 15th meeting of the fifth board of directors of the Company considered and passed the Proposal on the Company's Pre-plan for Public Offering of Corporate Bonds to Professional Investors (《關於公司面向專業投資者公開發行公司債券預案的議案》), agreeing that the Company will issue corporate bonds to professional investors in a public offering of not more than RMB1.5 billion (including RMB1.5 billion) in tranches according to the needs of the Company's business development. For details, please refer to the Company's Announcement on the Company's Pre-plan for Public Offering of Corporate Bonds to Professional Investors—(《關於公司面向專業投資者公開發行公司債券預案的公告》) and Announcement on Providing Additional Credit Enhancements and Counter-guarantee for Public Offering of Corporate Bonds to Professional Investors—(《關於為面向專業投資者公開發行公司債券增加增信措施並提供反擔保的公告》) disclosed in the Securities Times, China Securities Journal, Shanghai Securities Journal, Securities Daily and www.cninfo.com.cn of Juchao Information Network on December 11, 2021. The matter was considered and passed by special resolution at the Company's 2022 First Extraordinary General Meeting on January 4, 2022.

In March 2022, the registration of the public offering of corporate bonds by the Company to professional investors was approved by the China Securities Regulatory Commission. On April 8, 2022, the current public offering of corporate bonds to professional investors was listed on the Shanghai Stock Exchange. For details, please refer to the relevant announcement of the Company disclosed in www.cninfo.com.cn of Juchao Information Network.

IV. QUARTERLY FINANCIAL STATEMENTS

(1) Financial Statements

1. Consolidated Balance Sheet

Prepared by Shen shen Hepalink Pharmaceutical Group Co., Ltd.

Currency: RMB Unit: Yuan

Items	Balance at the end of the period	Balance at the beginning of the year
Current assets:		
Monetary capital	3,471,470,490.96	2,944,257,086.12
Provision of settlement fund		
Placements with banks and other financial institutions		
Financial assets for trading	988,608,683.33	981,157,143.06
Derivative financial assets		
Bills receivable	7,686,452.27	10,009,758.86
Accounts receivable	1,649,294,941.30	1,518,444,482.00
Receivables financing		
Prepayments	237,044,306.49	198,230,689.39
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserves receivable		
Other receivables	226,917,853.82	243,811,414.25
Including: Interests receivable		
Dividends receivable		
Financial assets held under resale agreements		
Inventories	5,064,439,320.27	4,707,548,592.43
Contract assets	18,687,317.15	14,992,821.58
Assets held for sale		
Non-current assets due within one year		
Other current assets	178,963,304.20	151,201,475.27
Total current assets	11,843,112,669.79	10,769,653,462.96

Items	Balance at the end of the period	Balance at the beginning of the year
Receipt of deposits and deposits from other banks		
Customer deposits for trading in securities		
Customer deposits for undertaking securities		
Staff remuneration payable	154,586,555.89	156,261,108.68
Taxes payable	159,610,940.80	158,718,609.60
Other payables	367,280,818.48	403,221,557.47
Including: Interests payable		
Dividends payable		
Fees and commissions payable		
Reinsurance accounts payable		
Liabilities held for sale		
Non-current liabilities due within one year	1,807,958,468.73	1,413,635,355.93
Other current liabilities	4,286,905.18	3,769,490.51
Total current liabilities	5,732,113,230.57	4,791,469,653.07
Non-current liabilities:		
Provision for insurance contracts		
Long-term borrowings	1,239,870,555.32	1,388,037,756.96
Bonds payable	863,357,919.73	862,232,161.16
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	100,878,600.66	104,000,697.49
Long-term payables	311,845.96	297,866.08
Long-term staff remuneration payable	137,047,587.09	138,020,099.00
Estimated liabilities	9,278,791.84	8,770,665.53
Deferred income	18,211,054.22	16,672,645.68
Deferred income tax liabilities	275,385,404.87	275,358,306.24
Other non-current liabilities		
Total non-current liabilities	2,644,341,759.69	2,793,390,198.14
Total liabilities	8,376,454,990.26	7,584,859,851.21

Items	Balance at the end of the period	Balance at the beginning of the year
Owners' equity:		
Share capital	1,467,296,204.00	1,467,296,204.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	5,943,653,365.29	5,943,653,365.29
Less: Treasury stock		
Other comprehensive income	. 188,421,537.51	. 183,356,155.51
Special reserves		
Surplus reserves	536,799,924.51	536,799,924.51
Provision for general risks		
Undistributed profits	3,881,904,489.24	3,646,961,117.59
Total equity attributable to owners of the parent company	11,641,232,445.53	11,411,354,455.88
Minority interests	112,789,300.75	111,960,959.69
Total owners' equity	11,754,021,746.28	11,523,315,415.57
Total liabilities and owners' equity	20,130,476,736.54	19,108,175,266.78

Legal representative:
Li Li

Person in charge of
accounting function:
Xiang Xianqing

Person in charge of
accounting department:
Zhang Chi

2. Consolidated Income Statement

Currency: RMB Unit: Yuan

Items	Amount for current period	Amount for previous period
I. Total operating revenue	1,910,323,745.74	1,267,876,796.45
Including: Operating revenue	1,910,323,745.74	1,267,876,796.45
Interest income		
Insurance premiums earned		
Fee and commission income		
II. Total operating costs	1,657,045,547.09	1,129,172,329.84
Including: Operating costs	1,331,158,955.65	849,901,135.30
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	2,707,868.89	2,795,315.25
Selling expenses	120,294,534.92	88,667,593.46
Administration expenses	96,862,062.04	92,156,608.49
Research and development expenses	20,883,937.48	17,792,316.55
Finance costs	85,138,188.11	77,859,360.79
Including: Interest expenses	50,138,924.19	52,460,366.90
Interest income	13,220,958.99	11,972,006.81
Add: Other gains	10,886,831.42	4,806,270.12
Gain from investments (losses are represented by --)	30,599,687.00	32,393,930.46
Including: Investment income of associates and joint ventures	36,243,759.12	7,412,576.97
Derecognition income on financial assets measured at amortized cost		

Items	Amount for current period	Amount for previous period
Exchange gain (losses are represented by --)		
Gains on net exposure hedges (losses are represented by --)		
Gains on fair value changes (losses are represented by --)	60,878,216.44	8,700,641.03
Credit impairment losses (losses are represented by --)	. 9,663,241.63	. 2,349,062.54
Asset impairment losses (losses are represented by --)	. 1,347,856.42	
Gains from disposal of assets (losses are represented by --)	57,673.86	
III. Operating profit (losses are represented by --)	283,490,135.32	182,256,245.68
Add: Non-operating income	17,316.63	18,537.39
Less: Non-operating expenses	858,367.03	188,708.99
IV. Total profit (total losses are represented by --)	282,649,084.92	182,086,074.08
Less: Income tax expense	47,409,876.09	39,408,169.64
V. Net profit (net losses are represented by --)	235,239,208.83	142,677,904.44
(I) Classification by continuous operation		
1. Net profit from continuous operations (net losses are represented by --)	235,239,208.83	142,677,904.44
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	234,943,371.65	143,483,266.73
2. Profit or loss attributable to minority shareholders	295,837.18	. 805,362.29
VI. Other comprehensive income, net of tax	. 4,532,878.12	7,983,011.63
Other comprehensive income attributable to owners of the parent company, net of tax	. 5,065,382.00	7,859,769.11
(I) Other comprehensive income that cannot be reclassified into the profit or loss	. 2,985,866.91	
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		

Items	Amount for current period	Amount for previous period
3. Changes in fair value of investments in other equity instruments	. 2,985,866.91	
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	. 2,079,515.09	7,859,769.11
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	. 2,079,515.09	7,859,769.11
7. Others		
Other comprehensive income attributable to minority shareholders, net of tax	532,503.88	123,242.52
VII. Total comprehensive income	230,706,330.71	150,660,916.07
Total comprehensive income attributable to owners of the parent company	229,877,989.65	151,343,035.84
Total comprehensive income attributable to minority shareholders	828,341.06	. 682,119.77
VIII. Earnings per share:		
(I) Basic earnings per share	0.1601	0.0978
(II) Diluted earnings per share	0.1601	0.0978

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:
Xiang Xianqing

Person in charge of
accounting department:
Zhang Chi

3. 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	1,797,252,829.50	1,622,062,741.93
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	117,650,626.24	71,921,317.29
Cash received from other related operating activities	49,138,564.87	16,498,297.02
Sub-total of cash inflows from operating activities	1,964,042,020.61	1,710,482,356.24
Cash paid on purchase of goods and services	1,539,510,327.71	889,665,267.98
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		

Items	Amount for current period	Amount for previous period
Cash paid to and on behalf of employees	189,764,911.97	209,625,086.47
Cash paid for all types of taxes	55,289,131.25	35,249,672.66
Cash paid to other operation related activities	180,856,476.96	156,135,641.97
Sub-total of cash outflows from operating activities	1,965,420,847.89	1,290,675,669.08
Net cash flows from operating activities	1,378,827.28	419,806,687.16
II. Cash flows from investment activities:		
Cash received from disposal of investments	621,553,440.64	504,637,656.63
Cash received from investment income	4,836,000.00	18,574,777.63
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	90,076.45	
Net cash received from disposal of subsidiaries and other operating entities		
Cash received from other investment related activities	731,696,168.56	763,337,828.42
Sub-total of cash inflows from investing activities	1,358,175,685.65	1,286,550,262.68
Cash paid on purchase of fixed assets, intangible assets and other long-term assets	35,660,129.05	45,922,304.51
Cash paid for investments	681,247,902.84	434,564,871.63
Net increase in secured loans		
Net cash paid on acquisition of subsidiaries and other operating entities		
Cash paid on other investment related activities	729,288,170.00	508,750,054.64
Sub-total of cash outflows from investing activities	1,446,196,201.89	989,237,230.78
Net cash flows from investing activities	88,020,516.24	297,313,031.90
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	1,426,538,930.97	1,029,254,863.37
Cash received from other financing related activities		

Items	Amount for current period	Amount for previous period
Sub-total of cash inflows from financing activities	1,426,538,930.97	1,029,254,863.37
Cash paid on repayment of borrowings	731,818,094.86	877,007,867.76
Cash paid on distribution of dividends, profits or interest expenses	65,525,657.00	66,361,048.23
Including: Dividend and profit paid to minority shareholders by subsidiaries		
Cash paid on other financing related activities	12,431,578.48	13,097,422.40
Sub-total of cash outflows from financing activities	809,775,330.34	956,466,338.39
Net cash flows from financing activities	616,763,600.63	72,788,524.98
IV. Effect of fluctuations in exchange rates on cash and cash equivalents	9,741,485.63	20,528,526.49
V. Net increase in cash and cash equivalents	517,622,771.48	769,379,717.55
Add: Balance of cash and cash equivalents at the beginning of the period	1,479,633,434.04	1,330,245,256.17
VI. Balance of cash and cash equivalents at the end of the period	1,997,256,205.52	2,099,624,973.72

(2) Audit Report

Whether the first quarterly report has been audited

Yes —No

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

Board of Directors of Shen hen Hepalink Pharmaceutical Group Co., Ltd.
April 29, 2022