

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

2023 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 2023 first 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 three months ended March 31, 2023 (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
April 28, 2023

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.
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 quarterly report is true, accurate and complete.
3. Whether the first quarterly report has been audited
 Yes No

All director attended the meeting of the board of directors held on April 28, 2023 at which the Company's first quarterly report for 2023 was considered and approved.

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 (Yuan) | 1,301,021,684.04 | 1,910,323,745.74 | -31.90% |
| Net profit attributable to the shareholders of the listed company (Yuan) | 66,540,023.25 | 234,943,371.65 | -71.68% |
| Net profit attributable to the shareholders of the listed company, net of extraordinary profits and losses (Yuan) | 44,491,211.83 | 165,846,228.35 | -73.17% |
| Net cash flows from operating activities (Yuan) | -213,979,198.80 | -1,378,827.28 | -15,418.93% |
| Basic earnings per share (Yuan/share) | 0.0453 | 0.1601 | -71.71% |
| Diluted earnings per share (Yuan/share) | 0.0453 | 0.1601 | -71.71% |
| Weighted average return on net assets | 0.54% | 2.04% | -1.50% |
| | 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 (Yuan) | 20,623,022,731.91 | 20,814,206,782.52 | -0.92% |
| Owners' equity attributable to the shareholders of the listed company (Yuan) | 12,375,756,337.62 | 12,310,918,546.22 | 0.53% |

(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) | 7,359,039.29 | |
| 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) | 5,222,382.22 | |
| 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 | 10,105,738.86 | Including gains and losses from changes in fair value of wealth management products, derivative financial assets, convertible bonds, equity investments and fund investments totaling RMB10,580,213.43, and investment loss from gains on transfers and interest on wealth management products and foreign exchange forward totalling RMB-474,474.57 that were disposed of and acquired during the holding period |
| Other non-operating income and expenses apart from those stated above | 3,915,473.51 | |
| Minus: Effect on income tax | 4,518,898.27 | |
| Effect on interest of minority shareholders (after tax) | 34,924.19 | |
| Total | 22,048,811.42 | |

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 |
|---|---------------------------------------|----------------------------|--------------------------------|--|
| Financial assets at fair value through profit or loss | 490,239,083.21 | 1,311,642,406.30 | -62.62% | Decrease in balance was mainly due to the redemption of wealth management and interest during the Reporting Period |
| Bills receivable | 11,659,714.67 | 8,118,247.83 | 43.62% | Mainly due to the increase in bills receivable during the Reporting Period |
| Construction in progress | 154,524,235.75 | 394,534,161.30 | -60.83% | Mainly due to transfers construction in progress to fixed assets during the Reporting Period |
| Other non-current assets | 145,857,642.96 | 223,455,053.81 | -34.73% | Mainly due to the recovery of the guarantee deposit when the bonds matured during the Reporting Period |
| Taxes payable | 85,508,331.67 | 141,769,864.18 | -39.69% | Decrease in taxes payable was mainly due to the decrease in operating profit during the Reporting Period |
| Non-current assets due within one year | 943,660,143.51 | 1,671,164,751.97 | -43.53% | Mainly due to the maturity of bonds during the Reporting Period |

2. Income statement items

Currency: RMB Unit: Yuan

| Items | The Reporting Period | Same period of last year | Increase/ decrease for the reporting period over same period of last year (%) | Reasons for changes |
|-----------------------------|----------------------|--------------------------|--|--|
| Operating revenue | 1,301,021,684.04 | 1,910,323,745.74 | -31.90% | Mainly due to the decrease in revenue from the heparin sodium and low molecular heparin sodium active pharmaceutical ingredient (“API”) businesses resulting from the impact of the market environment during the Reporting Period |
| Operating costs | 846,991,799.17 | 1,331,158,955.65 | -36.37% | Mainly due to the decrease in sales volume during the Reporting Period |
| Taxes and surcharges | 4,498,798.12 | 2,707,868.89 | 66.14% | Mainly due to the increase in taxes and surcharges during the Reporting Period |
| Selling expenses | 168,884,083.03 | 120,294,534.92 | 40.39% | Mainly due to the increase in marketing expense during the Reporting Period |
| Other gains | 5,222,382.22 | 10,886,831.42 | -52.03% | Mainly due to the decrease in government subsidies during the Reporting Period |
| Investment income | -13,710,428.46 | -30,599,687.00 | 55.19% | Mainly due to the decrease in investment loss recognized from long-term equity investments accounted for under the equity method during the Reporting Period |
| Gains on fair value changes | 10,580,213.43 | 60,878,216.44 | -82.62% | Mainly due to the year-on-year decrease in gains on fair value changes of financial assets during the Reporting Period |

| Items | The Reporting Period | Same period of last year | Increase/ decrease for the reporting period over same period of last year (%) | Reasons for changes |
|---|-----------------------------|---------------------------------|--|--|
| Reversal of/ (provision for) impairment losses on financial assets | 5,076,673.14 | -9,663,241.63 | 152.54% | Mainly due to the reversal of impairment loss on financial assets during the Reporting Period |
| Reversal of/ (provision for) impairment losses on assets | 4,696,066.57 | -1,347,856.42 | 448.41% | Mainly due to the reversal of asset impairment loss during the Reporting Period |
| Gains from disposal of assets | 100,315.60 | 57,673.86 | 73.94% | Mainly due to the increase in gain from disposal of assets during the Reporting Period |
| Operating profit | Ø649,081.61 | 283,490,135.32 | -74.02% | 387 BDC BT9 0 0n-G85 a |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

3. Cash flow items

| Items | The Reporting Period | Same period of last year | Increase/ decrease for the reporting period over same period of last year (%) | Reasons for changes |
|--|-----------------------------|---------------------------------|--|---|
| Net cash flows from operating activities | -213,979,198.80 | -1,378,827.28 | -15,418.93% | 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 | 795,650,734.04 | -88,020,516.24 | 1,003.94% | Mainly due to more redemptions of wealth management products during the Reporting Period |
| Net cash flows from financing activities | -119,571,139.46 | 616,763,600.63 | -119.39% | Mainly due to the year-on-year decrease in net corporate borrowing during the Reporting Period |

BUSINESS REVIEW

During the Reporting Period, the Chinese government timely introduced practical policies and measures to stabilize market expectations and boost confidence in development, driving a sustained improvement in the overall macroeconomic operation. However, the negative impacts of the ongoing Russo-Ukrainian conflict and the U.S. dollar's aggressive rate hike process on global macroeconomics gradually emerged. The Silicon Valley Bank and Credit Suisse meltdowns indicate a worsening capital market environment and increased downward pressure on the international economy while the growth momentum of emerging economies may also be further weakened. Meanwhile, the European economy remains relatively risky and the shadow of the energy crisis brought about by geopolitical conflicts has not yet been resolved, casting a cloud over global trade. During the Reporting Period, the Group's operating environment was still subject to numerous external uncertainties and influences.

In 2023, there were adjustments in the Group's API business as a result of strategic and business transformation, which we believe to be a process of quantitative and qualitative changes. Since 2016, Hepalink has decided to extend the heparin industry chain to focus on the production and sales of enoxaparin sodium finished doses, therefore establishing a global presence, which is the medium and long-term strategy for Hepalink's high-quality transformation. The sales volume and market share of the Group's enoxaparin sodium finished doses have grown rapidly over the past five years, successfully transforming into a high-value chain finished dose pharmaceutical products business, which has become an important source of revenue growth for the Group. At the same time, the Group's products have been widely recognized in various countries and maintained a leading market position. Nonetheless, the competitiveness and advantages of certain API customers in the heparin finished doses market have changed, with global sales and market share declining while sales in individual regions plunging. In response to the pressure of high inventory levels, major global heparin pharmaceutical companies have conducted operational strategy evaluations, readjusted their operational and supply chain solutions according to the sales demand, and resulted in a temporary suspension of raw material procurement, causing a significant impact on the Chinese heparin API industry. According to the data of China Customs, the export figures of heparin API and enoxaparin API products decreased significantly in the first quarter of 2023, which inevitably put the Group's API business under pressure. In addition, during the Reporting Period, the World Bank estimated that the magnitude 7.8 and 7.5 earthquakes that hit southeastern Turkey may have lowered Turkey's economic growth forecast by 0.5 percentage points and were expected to cause direct material damage of USD34.2 billion. Turkey is one of the major markets for our enoxaparin API. The natural disaster has posed more severe challenges for the Group's local customers and has also hindered our enoxaparin API business, bringing more negative pressure to our overall API business. The Group will adhere to its established strategic positioning, continue to extend the heparin industry chain and strengthen the global development of the finished dose pharmaceutical products business. We will continue to promote the management of the supply chain and optimize the distribution of resources in accordance with the strategic needs and market opportunities, so as to provide strong support for the expansion of the Group's main business.

During the Reporting Period, the Group achieved sales revenue of RMB1,301.0 million (the same period of last year: RMB1,910.3 million) and gross profit of RMB454.0 million (the same period of last year: RMB579.2 million) with a gross profit margin of 34.9% (the same period of last year: 30.3%). During the Reporting Period, the Group recorded a net profit attributable to shareholders of the parent of RMB66.5 million (the same period of last year: RMB234.9 million).

Nevertheless, despite various unfavorable factors in the general operating environment, the Group actively implemented its strategic plans and increased its efforts to expand into overseas markets. During the Reporting Period, the Group achieved a great breakthrough in its United States business. In March 2023, Hepalink's abbreviated new drug application (“**ANDA**”) for enoxaparin sodium injection was approved by the Food and Drug Administration of the United States (“**FDA**”) and the product will soon be available for sale in the United States. Since then, Techdow USA Inc (“**Techdow USA**”), a subsidiary of the Group, has successfully entered into a distribution and supply agreement with Chia Tai Tianqing Pharmaceutical Group Co. Ltd. (“**CTTQ**”). Hepalink will rely on its comprehensive self-operated team, sales network and channels established in the United States to join hands with CTTQ to make the most of its own supply chain advantages, thereby further exploring the United States market and seeking new business growth points. Meanwhile, Shenzhen OncoVent Biomedical Technology Co., Ltd. (“**OncoVent Biomedical**”), a majority-controlled subsidiary of the Company, also entered into a license agreement with Orient EuroPharma Co., Ltd. (“**OEP**”), in respect of Oregovomab. We will continue to promote the research and development (“**R&D**”) and commercialization of our various new drug projects, strengthen the R&D capability of the Group and explore new sources of profit.

Heparin Industrial Chain Business

During the Reporting Period, the European market was the core market for Hepalink's finished dose enoxaparin sodium pharmaceutical products, and the Group's products have secured the top two market shares in the European market. At present, we have an established supply chain with production advantages in Europe. Our European self-operated sales team is also actively consolidating the existing market share and filling the market gaps in Europe, as well as continuing to strengthen the marketing efforts and closely monitor/enter the bidding of hospital channels in various countries, striving to deepen and expand our sales in uncovered regions to further increase our market share and reinforce our position in the European market. During the Reporting Period, Hepalink also further established its sales presence in other markets. In the China market, our China sales team continued to make efforts and achieved satisfactory sales performance; meanwhile, the Group won the first bid of the eighth batch of national centralized procurement for enoxaparin sodium finished doses. We will leverage the advantages of high bid rank in centralized procurement to rapidly increase our market share in China. In the United States market, the Group will continue to cooperate with the United States partners in a diversified marketing model to give full play to our solid presence and sales advantages in the local market. In addition, we will continue to

actively fill the market gap by selling enoxaparin sodium and standard heparin finished doses through our self-operated team to jointly expand our share in the local market. At the same time, we have started to promote the commercialization of Fosaprepitant Dimeglutide in the United States. The Group will make good use of its own sales resources and platform to enhance synergies and create new sources of income. Finally, in other overseas markets other than United States and European markets, we continue to strengthen communication with existing customers and actively seek opportunities to develop new markets in Asia, South America and other regions to achieve continuous expansion.

During the Reporting Period, our standard heparin API customers experienced a change in market dominance and were impacted by strategic restructuring, which had a significant influence on shipments and should be closely monitored. In addition, our enoxaparin API customers faced difficult challenges brought about by the earthquake in Turkey, which had an adverse impact on our revenue. The Group will actively pursue diversified marketing strategies and expand our sales footprint to overcome the current challenges.

CDMO Business

The Group's CDMO business continues to be driven by the synergies of the Group's wholly-owned subsidiaries Cytovance Biologics, Inc. ("**Cytovance**") and SPL Acquisition Corp. During the Reporting Period, the Group actively integrated the R&D resources and production capacity of both platforms and participated in the more comprehensive development of pharmaceutical products to assist customers for faster and better project execution, in an effort to continuously enhance customer stickiness as well as the depth and breadth of cooperation. During the Reporting Period, the Group actively expanded the marketing efforts of its two subsidiaries with potential customer outreach and business development activities, and explored new businesses and new customers. The Group also developed early-stage project reserves and promoted the expansion of projects under development to lay a good foundation for the future sustainable growth of CDMO.

OUTLOOK

As a global pharmaceutical company, it is inevitable that we encounter challenges in various markets, especially in 2023. Fortunately, we have accumulated extensive experience with counteracting economic shocks and cycle adjustments over the past few years, and fundamental challenges faced by us have not changed much. The negative impact of the individual adjustments of API customers and the economic shocks was primarily short-lived, and the profound lessons learned from the market environment in the past three years helped Hepalink to quickly adjust its strategy, actively establish more diversified marketing channels and explore new customers to maintain business stability and support for the advanced finished doses business. We expect that by the end of the adjustment cycle, leveraging the Group's diversified production capacity, superior quality and strong operational capabilities we will be able to capture the demand driven by the industry recovery, becoming the supplier of choice for our market-leading customers.

Faced with many uncertainties, the Group will stay calm and strive to maintain the momentum of the Company's development and continue to strengthen the supply chain and production optimization management, thereby enhancing marketing capabilities to achieve stable development of each business. In terms of the finished dose pharmaceutical products business, in Europe, we will consolidate the existing advantageous market share and explore the market gap in order to actively improve the profit margin and maintain the market-leading position. In China, the Group will seize the market opportunity of the eighth batch of national centralized procurement and strengthen professional marketing with the optimization of channels and market layouts, thereby capitalizing on the radiating effect of volume-based procurement while expanding the proportion of local sales, and creating new advantages. At the same time, the Group will conduct in-depth research and analysis of the Fosaprepitant Dimeglutide project with targeted marketing strategies, actively driving the sales volume to achieve new breakthroughs. As for the API business, Hepalink will be expanding the international sales channels while maintaining the development momentum to better support the needs of customers and its own business. In terms of CDMO, we are actively releasing production capacity as well as extending management efforts to reduce costs, increase efficiency and promote technological advancement, so as to increase the overall scale of CDMO business and maintain sustainable business growth. The Group will continue to upgrade the global supply chain management with improved management indicators, implement cost control and optimization of financial data to boost profitability. Meanwhile, we will enhance the coordinated operation of each business segment with the prudent allocation of resources as well as review the external environment to actively explore new opportunities to build a differentiated competitive advantage, with an aim to achieve high quality and stable development and consolidate Hepalink's market position as a global pharmaceutical company.

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 | | Total number of preferred shareholders (if any) whose voting rights have been restored as at the end of the Reporting Period | | | | |
|---|---------------------------------------|--|-----------------------|---|--|--------|
| 28,443 | | 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% | 474,029,899.00 | 0.00 | | |
| Urumqi Jintiantu Equity Investment Partnership (Limited Partnership) | Domestic non-state-owned legal person | 27.81% | 408,041,280.00 | 0.00 | | |
| HKSCC NOMINEES LIMITED ^(Note 1) | Foreign legal person | 15.00% | 220,036,480.00 | 0.00 | | |
| Urumqi Shuidi Shichuan Equity Investment Partnership (Limited Partnership) | Domestic non-state-owned legal person | 3.16% | 46,425,600.00 | 0.00 | | |
| Urumqi Feilaishi Equity Investment Co., Ltd. | Domestic non-state-owned legal person | 2.75% | 40,320,000.00 | 0.00 | | |
| Hong Kong Securities Clearing Company Limited | Foreign legal person | 1.54% | 22,548,108.00 | 0.00 | | |
| Shenzhen Hepalink Pharmaceutical Co., Ltd. — Employee Share Scheme II | Others | 1.03% | 15,118,035.00 | 0.00 | | |
| Huang Quanwei | Domestic natural person | 0.27% | 3,997,265.00 | 0.00 | | |
| Shenzhen Hepalink Pharmaceutical Co., Ltd. — Employee Share Scheme III | Others | 0.26% | 3,886,264.00 | 0.00 | | |
| Lu Yang | Domestic natural person | 0.22% | 3,227,200.00 | 0.00 | | |

| 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. | 474,029,899.00 | RMB ordinary shares | 474,029,899.00 |
| Urumqi Jintiantu Equity Investment Partnership (Limited Partnership) | 408,041,280.00 | RMB ordinary shares | 408,041,280.00 |
| HKSCC NOMINEES LIMITED ^(Note 1) | 220,036,480.00 | Overseas listed foreign shares | 220,036,480.00 |
| Urumqi Shuidi Shichuan Equity Investment Partnership (Limited Partnership) | 46,425,600.00 | RMB ordinary shares | 46,425,600.00 |
| Urumqi Feilaishi Equity Investment Co., Ltd. | 40,320,000.00 | RMB ordinary shares | 40,320,000.00 |
| Hong Kong Securities Clearing Company Limited | 22,548,108.00 | RMB ordinary shares | 22,548,108.00 |
| Shenzhen Hepalink Pharmaceutical Co., Ltd. — Employee Share Scheme II | 15,118,035.00 | RMB ordinary shares | 15,118,035.00 |
| Huang Quanwei | 3,997,265.00 | RMB ordinary shares | 3,997,265.00 |
| Shenzhen Hepalink Pharmaceutical Co., Ltd. — Employee Share Scheme III | 3,886,264.00 | RMB ordinary shares | 3,886,264.00 |
| Lu Yang | 3,227,200.00 | RMB ordinary shares | 3,227,200.00 |
| Explanations of the related relationships or acting in concert among above shareholders | The shareholders (partners) of Shenzhen Leren Technology Co., Ltd. and | | |
| | | | |

III. OTHER IMPORTANT EVENTS

Applicable Not Applicable

In March 2023, Shenzhen Techdow Pharmaceutical Co., Ltd. (“**Shenzhen Techdow**”), a wholly-owned subsidiary of the Company, received the approval notice for the ANDA of enoxaparin sodium injection issued by the FDA. Since then, Hepalink’s enoxaparin sodium finished doses can be sold in the United States market by its own sales team, which will further increase the market share of the Company’s enoxaparin sodium finished doses in the United States market through the coverage of its own sales network and pipeline. For details, please refer to the Company’s “Announcement of Enxaparin Sodium Finished Doses Obtaining Approval for Drug Registration in the United States” (《關於依諾肝素鈉製劑獲得美國藥品註冊批件的公告》) disclosed on March 16, 2023 and March 17, 2023 on “HKEXnews” website of the Stock Exchange of Hong Kong Limited (“**Hong Kong Stock Exchange**”) and Juchao Information Network respectively.

In March 2023, OncoVent Biomedical, a majority-controlled subsidiary of the Company, entered into a license contract with OEP, pursuant to which OncoVent Biomedical agreed to grant exclusive rights to OEP, which will be responsible for the commercialization of Oregovomab, an immunotherapy drug candidate, in Taiwan, including related regulatory applications and necessary clinical trials, and to grant OEP a pre-emptive right of exclusive sale, marketing and distribution rights of Oregovomab in Hong Kong and Macau. The strategic collaboration between OncoVent Biomedical and OEP will be beneficial to maximize the potential value of Oregovomab in the Greater China region and enable Oregovomab to explore its market potential, advance the clinical development and regulatory registration of the licensed product with the support of OEP, thereby accelerating the pace of commercialization. For details, please refer to the Company’s “Announcement of a Subsidiary Entering into a License Agreement” (《關於子公司簽訂許可協議的公告》) disclosed on March 27, 2023 and March 28, 2023 on “HKEXnews” website of the Hong Kong Stock Exchange and Juchao Information Network respectively.

In March 2023, Techdow USA, a wholly-owned subsidiary of the Company, entered into a distribution and supply agreement with CTTQ on March 30, 2023, pursuant to which CTTQ, as the owner of ANDA, granted Techdow USA a license to commercialize Fosaprepitant Dimeglutide in the United States. This cooperation is a recognition of Hepalink’s marketing capabilities in overseas markets, and also an important opportunity for the Company to accumulate experience in exploring overseas marketing. For details, please refer to the Company’s “Announcement of a Subsidiary Entering into a Distribution and Supply Agreement” (《關於子公司簽訂分銷供應協議的公告》) disclosed on April 3, 2023 and April 4, 2023 on “HKEXnews” website of the Hong Kong Stock Exchange and Juchao Information Network.

In April 2023, according to the “Notice on Announcement of the Results of the National Centralized Procurement of Pharmaceuticals” (《關於公佈全國藥品集中採購中選結果的通知》) issued by the National Organization Office for the Centralized Procurement of Pharmaceuticals (國家組織藥品聯合採購辦公室), the Company’s wholly-owned subsidiary, Shenzhen Techdow, was awarded the first place in the tender results for enoxaparin injection (0.4ml) with main supply areas including Beijing, Jiangsu, Sichuan, Shaanxi and Ningxia. The advancement and implementation of this centralized procurement will further enhance the brand influence and market share of the Company’s enoxaparin sodium finished doses products in the Chinese market.

Description of Adjustments to Financial Statements

- The interpretation for Accounting Standards and Accounting Regulations for Business Enterprises 16 “Accounting for deferred income tax relating to assets and liabilities arising from a single transaction not subject to the initial recognition exemption” in relation to the financial statements at the beginning of the year effective from January 1, 2023

| Items | December 31, 2022 | January 1, 2023 | Adjustments |
|---|--------------------------|-------------------|-------------|
| Current assets: | | | |
| Cash and bank | 2,138,779,146.48 | 2,138,779,146.48 | |
| Financial assets at fair value through profit or loss | 1,311,642,406.30 | 1,311,642,406.30 | |
| Derivative financial assets | | | |
| Bills receivable | 8,118,247.83 | 8,118,247.83 | |
| Accounts receivable | 1,598,311,315.68 | 1,598,311,315.68 | |
| Receivables financing | | | |
| Prepayments | 185,836,532.00 | 185,836,532.00 | |
| Other receivables | 134,824,645.65 | 134,824,645.65 | |
| Including: Interests receivable | | | |
| Dividends receivable | | | |
| Financial assets held under resale agreements | | | |
| Inventories | 6,843,906,474.31 | 6,843,906,474.31 | |
| Contract assets | 19,534,410.51 | 19,534,410.51 | |
| Assets held for sale | | | |
| Non-current assets due within one year | | | |
| Other current assets | 148,694,191.98 | 148,694,191.98 | |
| Total current assets | 12,389,647,370.74 | 12,389,647,370.74 | |
| Non-current assets: | | | |
| Loans and advances to customers | | | |
| Debt investments | | | |

| Items | December 31, 2022 | January 1, 2023 | Adjustments |
|---|--------------------------|------------------------|--------------------|
| Other debt investments | | | |
| Long-term receivables | 1,495,069.97 | 1,495,069.97 | |
| Investment in associates | 989,386,329.32 | 989,386,329.32 | |
| Equity investment designated at fair value through other comprehensive income | 507,145,758.77 | 507,145,758.77 | |
| Other non-current financial assets | 967,575,617.72 | 967,575,617.72 | |
| Investment properties | | | |
| Fixed assets | 1,947,059,377.79 | 1,947,059,377.79 | |
| Construction in progress | 394,534,161.30 | 394,534,161.30 | |
| Biological assets for production | | | |
| Oil and gas assets | | | |
| Right-of-use assets | 135,695,815.02 | 135,695,815.02 | |
| Intangible assets | 522,865,927.96 | 522,865,927.96 | |
| Development costs | 48,789,704.57 | 48,789,704.57 | |
| Goodwill | 2,350,992,064.67 | 2,350,992,064.67 | |
| Long-term prepaid expenses | 195,915,855.64 | 195,915,855.64 | |
| Deferred income tax assets | 139,648,675.24 | 169,945,708.90 | 30,297,033.66 |
| Other non-current assets | 223,455,053.81 | 223,455,053.81 | |
| Total non-current assets | 8,424,559,411.78 | 8,454,856,445.44 | 30,297,033.66 |
| Total assets | 20,814,206,782.52 | 20,844,503,816.18 | 30,297,033.66 |

| Items | December 31, 2022 | January 1, 2023 | Adjustments |
|---|--------------------------|------------------------|--------------------|
| Current liabilities: | | | |
| Short-term borrowings | 2,385,309,303.58 | 2,385,309,303.58 | |
| Financial liabilities for trading | | | |
| Derivative financial liabilities | | | |
| Bills payable | | | |
| Accounts payable | 427,433,123.57 | 427,433,123.57 | |
| Receipts in advance | | | |
| Contract liabilities | 433,883,653.20 | 433,883,653.20 | |
| Short-term employee benefits | 170,971,187.79 | 170,971,187.79 | |
| Taxes payable | 141,769,864.18 | 141,769,864.18 | |
| Other payables | 345,264,416.74 | 345,264,416.74 | |
| Including: Interests payable | | | |
| Dividends payable | 31,808,587.27 | 31,808,587.27 | |
| Liabilities held for sale | | | |
| Non-current liabilities due within one year | 1,671,164,751.97 | 1,671,164,751.97 | |
| Other current liabilities | | | |
| Total current liabilities | 5,575,796,301.03 | 5,575,796,301.03 | |
| Non-current liabilities: | | | |
| Long-term borrowings | 1,800,182,823.09 | 1,800,182,823.09 | |
| Bonds payable | 496,497,087.43 | 496,497,087.43 | |
| Including: Preferred shares | | | |
| Perpetual bonds | | | |
| Lease liabilities | 110,748,616.71 | 110,748,616.71 | |
| Long-term payables | 353,785.60 | 353,785.60 | |
| Long-term employee benefits | 51,937,985.50 | 51,937,985.50 | |
| Contingent liability | 9,580,779.70 | 9,580,779.70 | |
| Deferred income | 32,546,907.77 | 32,546,907.77 | |
| Deferred income tax liabilities | 328,920,161.64 | 357,390,393.59 | 28,470,231.95 |
| Other non-current liabilities | | | |
| Total non-current liabilities | 2,830,768,147.44 | 2,859,238,379.39 | 28,470,231.95 |
| Total liabilities | 8,406,564,448.47 | 8,435,034,680.42 | 28,470,231.95 |

| Items | December 31, 2022 | January 1, 2023 | Adjustments |
|---|--------------------------|------------------------|--------------------|
| Owners' equity: | | | |
| Share capital | 1,467,296,204.00 | 1,467,296,204.00 | |
| Other equity instruments | | | |
| Including: Preferred shares | | | |
| Perpetual bonds | | | |
| Capital reserves | 5,858,616,276.96 | 5,858,616,276.96 | |
| Less: Treasury stock | | | |
| Other comprehensive income | 125,522,718.53 | 125,522,718.53 | |
| Special reserves | | | |
| Surplus reserves | 545,376,458.31 | 545,376,458.31 | |
| Provision for general risks | | | |
| Retained earning | 4,314,106,888.42 | 4,315,933,690.13 | 1,826,801.71 |
| Total equity attributable to owners of the parent company | 12,310,918,546.22 | 12,312,745,347.93 | 1,826,801.71 |
| Non-controlling interest | 96,723,787.83 | 96,723,787.83 | |
| Total owners' equity | 12,407,642,334.05 | 12,409,469,135.76 | 1,826,801.71 |
| Total liabilities and owners' equity | 20,814,206,782.52 | 20,844,503,816.18 | 30,297,033.66 |

IV. QUARTERLY FINANCIAL STATEMENTS

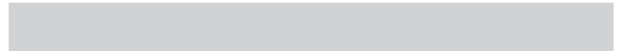
(1) Financial Statements

1. Consolidated Balance Sheet

Prepared by Shenzhen 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: | | |
| Cash and bank | 2,592,593,275.28 | 2,138,779,146.48 |
| Provision of settlement fund | | |
| Placements with banks and other financial institutions | | |
| Financial assets at fair value through profit or loss | 490,239,083.21 | 1,311,642,406.30 |
| Derivative financial assets | | |
| Bills receivable | 11,659,714.67 | 8,118,247.83 |
| Accounts receivable | 1,295,502,563.83 | 1,598,311,315.68 |
| Receivables financing | | |
| Prepayments | 180,154,277.87 | 185,836,532.00 |
| Premiums receivable | | |
| Reinsurance accounts receivable | | |
| Reinsurance contract reserves receivable | | |
| Other receivables | 104,068,034.65 | 134,824,645.65 |
| Including: Interests receivable | | |
| Dividends receivable | | |
| Financial assets held under resale agreements | | |
| Inventories | 7,524,471,780.10 | 6,843,906,474.31 |
| Contract assets | 20,376,592.64 | 19,534,410.51 |
| Assets held for sale | | |
| Non-current assets due within one year | | |
| Other current assets | 178,072,206.54 | 148,694,191.98 |
| Total current assets | 12,397,137,528.79 | 12,389,647,370.74 |



| Items | Balance at the end of the period | Balance at the beginning of the year |
|--|---|---|
| Total non-current liabilities | 3,016,772,193.42 | 2,830,768,147.44 |
| Total liabilities | 8,151,172,088.52 | 8,406,564,448.47 |
| Owners' equity: | | |
| Share capital | 1,467,296,204.00 | 1,467,296,204.00 |
| Other equity instruments | | |
| Including: Preferred shares | | |
| Perpetual bonds | | |
| Capital reserves | 5,859,141,233.53 | 5,858,616,276.96 |
| Less: Treasury stock | | |
| Other comprehensive income | 121,468,728.40 | 125,522,718.53 |
| Special reserves | | |
| Surplus reserves | 545,376,458.31 | 545,376,458.31 |
| Provision for general risks | | |
| Retained earning | 4,382,473,713.38 | 4,314,106,888.42 |
| Total equity attributable to owners of the parent company | 12,375,756,337.62 | 12,310,918,546.22 |
| Non-controlling interest | 96,094,305.77 | 96,723,787.83 |
| Total owners' equity | 12,471,850,643.39 | 12,407,642,334.05 |
| Total liabilities and owners' equity | 20,623,022,731.91 | 20,814,206,782.52 |

Legal representative:
Li Li

Person in charge of
accounting function:
Xiang Xianqing

Person in charge of
accounting department:
Xiang Xianqing

2. Consolidated Income Statement

Currency: RMB Unit: Yuan

| Items | Amount for current period | Amount for previous period |
|---|---------------------------|----------------------------|
| I. Total operating revenue | 1,301,021,684.04 | 1,910,323,745.74 |
| Including: Operating revenue | 1,301,021,684.04 | 1,910,323,745.74 |
| Interest income | | |
| Insurance premiums earned | | |
| Fee and commission income | | |
| II. Total operating costs | 1,239,337,824.93 | 1,657,045,547.09 |
| Including: Operating costs | 846,991,799.17 | 1,331,158,955.65 |
| 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 | 4,498,798.12 | 2,707,868.89 |
| Selling expenses | 168,884,083.03 | 120,294,534.92 |
| Administration expenses | 111,819,876.07 | 96,862,062.04 |
| Research and development expenses | 26,514,765.57 | 20,883,937.48 |
| Finance costs | 80,628,502.97 | 85,138,188.11 |
| Including: Interest expenses | 61,509,353.84 | 50,138,924.19 |
| Interest income | 11,253,409.30 | 13,220,958.99 |
| Add: Other gains | 5,222,382.22 | 10,886,831.42 |
| Gain from investments (losses are represented by “-”) | -13,710,428.46 | -30,599,687.00 |
| Including: Investment income of associates and joint ventures | -20,501,384.75 | -36,243,759.12 |
| Derecognition income on financial assets measured at amortized cost | | |
| Exchange gain (losses are represented by “-”) | | |

| Items | Amount for current period | Amount for previous period |
|--|---------------------------|----------------------------|
| 3. Changes in fair value of investments in other equity instruments | -4,112,026.71 | -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 | 58,036.58 | -2,079,515.09 |
| 1. Other comprehensive income that can be transferred into profit or loss under equity method | 180,002.99 | |
| 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 | -121,966.41 | -2,079,515.09 |
| 7. Others | | |
| Other comprehensive income attributable to minority shareholders, net of tax | -38,102.93 | 532,503.88 |
| VII. Total comprehensive income | 61,856,551.06 | 230,706,330.71 |
| Total comprehensive income attributable to owners of the parent company | 62,486,033.12 | 229,877,989.65 |
| Total comprehensive income attributable to minority shareholders | -629,482.06 | 828,341.06 |
| VIII. Earnings per share: | | |
| (I) Basic earnings per share | 0.0453 | 0.1601 |
| (II) Diluted earnings per share | 0.0453 | 0.1601 |

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:
Xiang Xianqing

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 | 1,802,902,417.76 | 1,797,252,829.50 |
| 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 | 67,586,295.89 | 117,650,626.24 |
| Cash received from other related operating activities | 65,893,893.66 | 49,138,564.87 |
| Sub-total of cash inflows from operating activities | 1,936,382,607.31 | 1,964,042,020.61 |
| Cash paid on purchase of goods and services | 1,656,590,949.14 | 1,539,510,327.71 |
| Net increase in loans and advances to customers | | |

| Items | Amount for current period | Amount for previous period |
|---|----------------------------------|-----------------------------------|
| 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 | 209,134,990.04 | 189,764,911.97 |
| Cash paid for all types of taxes | 50,344,597.92 | 55,289,131.25 |
| Cash paid to other operation related activities | 234,291,269.01 | 180,856,476.96 |
| Sub-total of cash outflows from operating activities | 2,150,361,806.11 | 1,965,420,847.89 |
| Net cash flows from operating activities | -213,979,198.80 | -1,378,827.28 |
| II. Cash flows from investment activities: | | |
| Cash received from disposal of investments | 1,179,988,683.10 | 621,553,440.64 |
| Cash received from investment income | 19,864,820.09 | 4,836,000.00 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | 100,895.60 | 90,076.45 |
| Net cash received from disposal of subsidiaries and other operating entities | | |
| Cash received from other investment related activities | 6,658,780.68 | 731,696,168.56 |
| Sub-total of cash inflows from investing activities | 1,206,613,179.47 | 1,358,175,685.65 |
| Cash paid on purchase of fixed assets, intangible assets and other long-term assets | 56,252,096.76 | 35,660,129.05 |
| Cash paid for investments | 354,279,172.71 | 681,247,902.84 |
| Net increase in secured loans | | |
| Net cash paid on acquisition of subsidiaries and other operating entities | | |
| Cash paid on other investment related activities | 431,175.96 | 729,288,170.00 |
| Sub-total of cash outflows from investing activities | 410,962,445.43 | 1,446,196,201.89 |
| Net cash flows from investing activities | 795,650,734.04 | -88,020,516.24 |

| 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 | 1,517,257,215.11 | 1,426,538,930.97 |
| Cash received from other financing related activities | 87,000,000.00 | |
| Sub-total of cash inflows from financing activities | 1,604,257,215.11 | 1,426,538,930.97 |
| Cash paid on repayment of borrowings | 1,611,863,370.86 | 731,818,094.86 |
| Cash paid on distribution of dividends, profits or interest expenses | 100,416,052.92 | 65,525,657.00 |
| Including: Dividend and profit paid to minority shareholders by subsidiaries | | |
| Cash paid on other financing related activities | 11,548,930.79 | 12,431,578.48 |
| Sub-total of cash outflows from financing activities | 1,723,828,354.57 | 809,775,330.34 |
| Net cash flows from financing activities | -119,571,139.46 | 616,763,600.63 |
| IV. Effect of fluctuations in exchange rates on cash and cash equivalents | -28,660,149.89 | -9,741,485.63 |
| V. Net increase in cash and cash equivalents | 433,440,245.89 | 517,622,771.48 |
| Add: Balance of cash and cash equivalents at the beginning of the period | 1,319,707,185.95 | 1,479,633,434.04 |
| VI. Balance of cash and cash equivalents at the end of the period | 1,753,147,431.84 | 1,997,256,205.52 |

(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 Shenzhen Hepalink Pharmaceutical Group Co., Ltd.
April 29, 2023