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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)**

**2024 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 2024 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, 2024 (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 29, 2024

*As at the date of this announcement, the executive directors of the Company are Mr. Li Li, Ms. Li Tan,*

### **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 directors attended the meeting of the board of directors held on April 29, 2024 at which the Company's first quarterly report for 2024 was considered and approved.





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*



## 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
Selling expenses	92,309,370.67	168,884,083.03	-45.34%	Mainly due to the decrease in marketing expense during the Reporting Period
Research and development expenses	35,294,968.25	26,514,765.57	33.11%	Mainly due to the increase in research and development expenses during the Reporting Period
Other gains	3,514,808.38	5,222,382.22	-32.70%	Mainly due to the decrease in government subsidies during the Reporting Period
Investment income (losses are represented by “-”)	-61,890,173.43	-13,710,428.46	-351.41%	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 (losses are represented by “-”)	27,621,985.05	10,580,213.43	161.07%	Mainly due to the year-on-year increase in gains on fair value changes of financial assets during the Reporting Period
Impairment losses on assets (losses are represented by “-”)	33,754,398.03	4,696,066.57	618.78%	Mainly due to the decrease in impairment losses on 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
Operating profit	6,847,737.66	73,649,081.61	167.29%	Mainly due to the increase in fees and expenses during the Reporting Period
Non-operating expenses				

### 3. Cash flow items

Currency: RMB Unit: Yuan




## **BUSINESS REVIEW**

After entering 2024, there are signs of economic recovery and growth globally. During the Reporting Period, major global economies showed improvements in their data, with PMI (Purchasing Managers' Index) experiencing varying degrees of rebound. The manufacturing PMI in the United States was 50.7 and 52.2 in January and February 2024, respectively, crossing the threshold of 50 and indicating expansion. Although the manufacturing PMIs in Europe and Japan remained below the threshold, they improved compared to 2023. The Chinese economy maintained a recovery momentum. During the Reporting Period, global market demand warmed up, and China's foreign trade exports showed an increase in growth rate. China's exports increased by 7.1% year-on-year from January to February 2024, and imports increased by 3.5%. The trade surplus was USD125.16 billion, a 20.5% increase from the same period last year. Additionally, the manufacturing PMI in China was 47.2, 46.3, and 51.3 in January, February, and March 2024, respectively. This reflects the recovery of exports and a significant improvement in manufacturing market demand. It suggests that there is a chance for the internal driving force of economic growth to improve, and the Chinese economy is showing a positive development trend to a certain extent.

During the Reporting Period, the Group actively implemented its strategies and pursued a dual-driven approach focusing on both APIs (Active Pharmaceutical Ingredients) and formulations, aiming to enhance market competitiveness and achieve the goals of expanding market share and sales scale. Simultaneously, the Group continued to establish new markets and sales channels while exploring existing ones. The local professional sales team was involved in sales planning and bidding activities to increase market share for the brand and products. The Group actively promoted its overseas sales layout, and in April 2024, Hepalink achieved approvals for its sodium heparin injection in New Zealand and Thailand. We will accelerate the implementation of local sales strategies and strive for sales growth. On the other hand, the Group actively strengthened sales in core areas, consolidating its market position in the field of sodium heparin formulations and deepening market coverage both overseas and domestically. The Group also increased its marketing efforts for APIs and CDMO (Contract Development and Manufacturing Organization) services to explore new sales opportunities with clients. The Group will attach great importance to financial stability, actively managing fund coordination and allocation, continuously optimizing the capital structure, and strengthening cost control measures. The aim is to balance financial risks and reduce funding costs. During the Reporting Period, the Group achieved a net operating cash inflow of RMB880 million.

During the Reporting Period, the Group achieved sales revenue of RMB1,373.3 million (the same period of last year: RMB1,301.0 million) and gross profit of RMB473.7 million (the same period of last year: RMB454.0 million) with a gross profit margin of 34.5% (the same period of last year: 34.9%). During the Reporting Period, the Group recorded a net profit attributable to shareholders of the parent of RMB155.0 million (the same period of last year: RMB66.5 million).

## **Heparin Industrial Chain Business**

During the Reporting Period, the Group pursued a business strategy focused on deepening the market for sodium heparin formulations, aggressively exploring untapped channels, expanding existing market coverage, and strengthening cost control and efficiency. The management and operational system were upgraded and optimized to ensure the resilience of the Group's sodium heparin formulation business. Throughout the Reporting Period, the Group continued to expand sales in the Chinese market through centralized procurement opportunities, actively increasing sales volume and market share domestically. However, the unique nature of centralized procurement led to significant price reductions, impacting sales revenue and gross profit margins. The European market remains an important market for the Group's sodium heparin formulation business. During the Reporting Period, the Group maintained its position as the second-largest sodium heparin formulation seller in Europe. Through our dedicated European sales team, we actively sought sales growth opportunities, striving for breakthroughs in individual countries and promoting scale sales. Additionally, our European self-operated sales team consolidated existing markets and channels, improved market penetration, deepened presence in untapped markets, intensified market promotion efforts in various countries, closely tracked hospital tender channels, and expanded scale sales in previously uncovered regions. These actions further solidified our market position in Europe. During the Reporting Period, Hepalink also strengthened its sales layout in other markets. In the United States market, the Group continued to collaborate with American partners to leverage their solid local market presence and sales advantages. Simultaneously, we actively filled market gaps through our self-operated sales team, driving sales growth for sodium heparin formulations and standard heparin formulations, expanding market coverage in the United States. Furthermore, we made progress in the commercialization of Fondaparinux Sodium, optimizing sales and product structures, enhancing operational efficiency, and promoting synergistic effects between products. Finally, in non-European and non-American overseas markets, as the destocking of channels neared completion, the Group experienced steady growth in sales volume and clear signs of recovery during the Reporting Period. Meanwhile, we continued actively seeking opportunities to develop new markets in regions such as Asia and South America. During the Reporting Period, we obtained approvals in New Zealand and Thailand, further strengthening our overseas market layout and presence.

During the Reporting Period, the operating environment for the heparin API business showed initial signs of improvement, with an increase in sales volume compared to the previous year. The destocking phase in the heparin API distribution channels gradually came to an end, transitioning into a phase of replenishing inventory, indicating signs of market recovery. Customers in the heparin API business remained cautious in their procurement activities, placing orders in small quantities. However, overall sales volume showed significant improvement. Throughout the Reporting Period, the Group actively engaged with customers, provided supply solutions, and facilitated the implementation of sales and supply. Additionally, we actively explored and expanded into incremental markets, employing diversified marketing strategies and expanding our sales footprint to adapt to the rapidly changing market environment.

## **CDMO BUSINESS**

The Group's CDMO (Contract Development and Manufacturing Organization) business continued to be driven by the dual forces of the Group's wholly-owned subsidiary, Cytovance Biologics, Inc., and SPL Acquisition Corp., generating synergistic effects. During the Reporting Period, the Group's CDMO business continued the recovery momentum seen in the fourth quarter of 2023, with a significant increase in revenue compared to the previous year. The Group will continue to strengthen cooperation with existing customers, explore extended service offerings, and uncover additional value to cultivate long-term partnerships. Simultaneously, the Group is actively expanding its customer base and diversifying its order structure by pursuing collaboration opportunities a.07BT0.093 Tc 12 ciep 12 ciep 12 ciep 12 ci612.5 ( contih0.025 Tc 0.065 TD 5s

## 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		28,328	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 (excluding shares lent through securities lending and refinancing)						
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

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
Xiamen Jintiantu Investment Partnership (Limited Partnership)	408,041,280.00	RMB ordinary shares	408,041,280.00
HKSCC NOMINEES LIMITED <sup>(Note 1)</sup>	220,036,980.00	Overseas listed foreign shares	220,036,980.00
Xiamen Shuidi Shichuan Investment Partnership (Limited Partnership)	46,425,600.00	RMB ordinary shares	46,425,600.00
Xiamen Feilaishi Investment Co., Ltd.	40,320,000.00	RMB ordinary shares	40,320,000.00
Shenzhen Hepalink Pharmaceutical Co., Ltd. – Employee Share Scheme II	15,118,035.00	RMB ordinary shares	15,118,035.00
Hong Zejun	8,600,000.00	RMB ordinary shares	8,600,000.00
Lu Yang	6,370,000.00	RMB ordinary shares	6,370,000.00
Hong Kong Securities Clearing Company Limited	5,593,923.00	RMB ordinary shares	5,593,923.00
Shenzhen Hepalink Pharmaceutical Co., Ltd. – Employee Share Scheme III	3,886,264.00	RMB ordinary shares	3,886,264.00
<b>Explanations of the related relationships or acting in concert among above shareholders</b>	<p>The shareholders (partners) of Shenzhen Leren Technology Co., Ltd. and Xiamen Jintiantu Investment Partnership (Limited Partnership) are Li Li and Li Tan, the shareholder of Xiamen Feilaishi Investment Co., Ltd. is Li Li, and the partners of Xiamen Shuidi Shichuan 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% of that 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>		
<b>Description of the top 10 shareholders' participation in financing and securities lending business (if any)</b>	<p>Among the top 10 ordinary shareholders, Shenzhen Leren Technology Co., Ltd. held 374,029,899 shares through ordinary securities accounts, held 100,000,000 shares through the customer credit transaction guarantee securities account of CITIC Securities Co., Ltd., with an actual total shareholding of 474,029,899 shares; Hong Zejun held 0 share through ordinary securities accounts, held 8,600,000 shares through the customer credit transaction guarantee securities account of China Galaxy Securities Co., Ltd., with an actual total shareholding of 8,600,000 shares; Lu Yang held 5,120,000 shares through ordinary securities accounts, held 1,250,000 shares through client account of collateral securities for margin trading at China CICC Wealth Management Securities Company Limited, with an actual total shareholding of 6,370,000 shares.</p>		

Lending of shares by shareholders holding more than 5% of the shares, top 10 shareholders and top 10 shareholders with unrestricted tradable shares in refinancing business

☐ Applicable                      ☒ Not Applicable

The top 10 shareholders and the top 10 shareholders with unrestricted tradable shares changed from the previous period due to the lending/repayment of refinancing

☐ Applicable                      ☒ Not Applicable

**(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

Previously, the Company's wholly-owned subsidiary, Techdow Pharma Italy S.R.L., fell victim to a criminal group engaged in telecommunications fraud, involving an amount of approximately EUR11.7 million. Among this, approximately EUR2 million (equivalent to RMB15,559,500) transferred fraudulently in 2024 is classified as non-operating

## 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
<b>Current assets:</b>		
Cash and bank	<b>2,225,125,933.99</b>	1,851,642,224.58
Provision of settlement fund		
Placements with banks and other financial institutions		
Financial assets at fair value through profit or loss	<b>279,643,130.72</b>	414,183,797.99
Derivative financial assets		
Bills receivable	<b>2,223,758.40</b>	3,181,945.34
Accounts receivable	<b>1,152,424,151.32</b>	1,260,401,844.95
Receivables financing		
Prepayments	<b>115,469,289.84</b>	111,086,167.01
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserves receivable		
Other receivables	<b>89,451,302.18</b>	120,428,285.38
Including: Interests receivable		
Dividends receivable		
Financial assets held under resale agreements		
Inventories	<b>6,341,627,515.17</b>	6,654,110,787.81
Including: data resources		
Contract assets	<b>10,965,623.61</b>	10,946,613.44
Assets held for sale		
Non-current assets due within one year		
Other current assets	<b>222,385,785.35</b>	177,922,857.76
Total current assets	<b>10,439,316,490.58</b>	10,603,904,524.26

<b>Items</b>	<b>Balance at the end of the period</b>	<b>Balance at the beginning of the year</b>
<b>Non-current assets:</b>		
Loans and advances to customers		
Debt investments		
Other debt investments		
Long-term receivables	<b>774,280.65</b>	950,953.45
Investment in associates	<b>943,735,674.53</b>	1,004,045,899.43
Equity investment designated at fair value through other comprehensive income	<b>505,816,635.72</b>	503,564,633.87
Other non-current financial assets	<b>938,742,234.12</b>	1,006,366,852.38
Investment properties		
Fixed assets	<b>1,993,213,864.35</b>	2,048,413,853.70
Construction in progress	<b>509,926,793.12</b>	468,721,277.73
Biological assets for production		
Oil and gas assets		
Right-of-use assets	<b>115,052,923.23</b>	117,089,646.40
Intangible assets	<b>459,775,932.33</b>	474,571,881.15
Including: data resources		
Development costs	<b>19,019,265.10</b>	18,644,260.16
Including: data resources		
Goodwill	<b>2,326,408,243.53</b>	2,322,375,146.78
Long-term prepaid expenses	<b>192,081,950.55</b>	192,426,619.85
Deferred income tax assets	<b>305,275,462.90</b>	320,503,204.86
Other non-current assets	<b>125,830,919.83</b>	121,836,377.22
Total non-current assets	<b>8,435,654,179.96</b>	8,599,510,606.98
Total assets	<b>18,874,970,670.54</b>	19,203,415,131.24



Items	Balance at the end of the period	Balance at the beginning of the year
<b>Current liabilities:</b>		
Short-term borrowings	<b>1,933,546,392.76</b>	1,880,741,215.42
Borrowing from the central bank		
Placements from banks and other financial institutions		
Financial liabilities at fair value through profit or loss	<b>908,888.65</b>	388,065.76
Derivative financial liabilities		
Bills payable		
Accounts payable	<b>355,594,124.42</b>	302,222,539.44
Receipts in advance		
Contract liabilities	<b>354,948,697.35</b>	366,166,947.59
Financial assets sold under repurchase agreements		
Receipt of deposits and deposits from other banks		
Customer deposits for trading in securities		
Customer deposits for undertaking securities		
Short-term employee benefits	<b>154,826,903.98</b>	153,714,619.30
Taxes payable	<b>161,594,908.23</b>	195,735,667.31
Other payables	<b>441,179,271.40</b>	305,574,589.10
Including: Interests payable		
Dividends payable		
Fees and commissions payable		
Reinsurance accounts payable		
Liabilities held for sale		
Non-current liabilities due within one year	<b>1,211,100,316.05</b>	1,781,636,658.23
Other current liabilities		
Total current liabilities	<b>4,613,699,502.84</b>	4,986,180,302.15

<b>Items</b>	<b>Balance at the end of the period</b>	<b>Balance at the beginning of the year</b>
<b>Non-current liabilities:</b>		
Provision for insurance contracts		
Long-term borrowings	<b>1,711,872,189.71</b>	1,810,021,034.38
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	<b>88,419,886.95</b>	90,417,128.71
Long-term payables	<b>423,685.00</b>	409,705.12
Long-term employee benefits	<b>35,955,849.72</b>	35,272,506.82
Contingent liability	<b>9,760,163.10</b>	9,743,242.74
Deferred income	<b>29,114,108.68</b>	30,425,907.80
Deferred income tax liabilities	<b>247,212,511.24</b>	252,567,586.70
Other non-current liabilities		
Total non-current liabilities	<b>2,122,758,394.40</b>	2,228,857,112.27
Total liabilities	<b>6,736,457,897.24</b>	7,215,037,414.42

Items	Balance at the end of the period	Balance at the beginning of the year
<b>Owners' equity:</b>		
Share capital	<b>1,467,296,204.00</b>	1,467,296,204.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	<b>6,356,074,378.24</b>	6,356,074,378.24
Less: Treasury stock		
Other comprehensive income	<b>153,988,406.15</b>	158,456,124.46
Special reserves		
Surplus reserves	<b>545,376,458.31</b>	545,376,458.31
Provision for general risks		
Retained earning	<b>3,540,986,292.70</b>	3,385,946,030.31
Total equity attributable to owners of the parent company	<b>12,063,721,739.40</b>	11,913,149,195.32
Non-controlling interest	<b>74,791,033.90</b>	75,228,521.50
Total owners' equity	<b>12,138,512,773.30</b>	11,988,377,716.82
Total liabilities and owners' equity	<b>18,874,970,670.54</b>	19,203,415,131.24

Legal representative:  
Li Li

Person in charge of  
accounting function:  
Chen Juan

Person in charge of  
accounting department:  
Chen Juan

## 2. Consolidated Income Statement

Currency: RMB Unit: Yuan

Items	Amount for current period	Amount for previous period
I. Total operating revenue	<b>1,373,251,921.93</b>	1,301,021,684.04
Including: Operating revenue	<b>1,373,251,921.93</b>	1,301,021,684.04
Interest income		
Insurance premiums earned		
Fee and commission income		
II. Total operating costs	<b>1,184,463,117.86</b>	1,239,337,824.93
Including: Operating costs	<b>899,550,310.44</b>	846,991,799.17
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	<b>4,980,406.95</b>	4,498,798.12
Selling expenses	<b>92,309,370.67</b>	168,884,083.03
Administration expenses	<b>89,595,880.62</b>	111,819,876.07
Research and development expenses	<b>35,294,968.25</b>	26,514,765.57
Finance costs	<b>62,732,180.93</b>	80,628,502.97
Including: Interest expenses	<b>45,136,513.22</b>	61,509,353.84
Interest income	<b>9,509,854.94</b>	11,253,409.30
Add: Other gains	<b>3,514,808.38</b>	5,222,382.22
Investment income (losses are represented by “-”)	<b>-61,890,173.43</b>	-13,710,428.46
Including: Investment income of associates and joint ventures	<b>-46,193,246.73</b>	-20,501,384.75
Derecognition income on financial assets measured at amortized cost		



Items	Amount for current period	Amount for previous period
VI. Other comprehensive income, net of tax	<b>-4,462,780.46</b>	-4,092,093.06
Other comprehensive income attributable to owners of the parent company, net of tax	<b>-4,467,718.31</b>	-4,053,990.13
(I) Other comprehensive income that cannot be reclassified into the profit or loss	<b>-7,470,370.28</b>	-4,112,026.71
1. Changes arising from re-measurement of defined benefit plans		
2. Other comprehensive income that cannot be transferred into profit or loss under equity method		
3. Changes in fair value of investments in other equity instruments	<b>-7,470,370.28</b>	-4,112,026.71
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	<b>3,002,651.97</b>	58,036.58
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	<b>3,002,651.97</b>	-121,966.41
7. Others		
Other comprehensive income attributable to minority shareholders, net of tax	<b>4,937.85</b>	-38,102.93

<b>Items</b>	<b>Amount for current period</b>	<b>Amount for previous period</b>
VII. Total comprehensive income	<b>150,135,056.48</b>	61,856,551.06
Total comprehensive income attributable to owners of the parent company	<b>150,572,544.08</b>	62,486,033.12
Total comprehensive income attributable to minority shareholders	<b>-437,487.60</b>	-629,482.06
VIII. Earnings per share:		
(I) Basic earnings per share	<b>0.1057</b>	0.0453
(II) Diluted earnings per share	<b>0.1057</b>	0.0453

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:  
Chen Juan

Person in charge of  
accounting department:  
Chen Juan

### 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	<b>1,493,180,137.55</b>	1,802,902,417.76
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	<b>74,087,225.49</b>	67,586,295.89
Cash received from other related operating activities	<b>97,379,140.23</b>	65,893,893.66
Sub-total of cash inflows from operating activities	<b>1,664,646,503.27</b>	1,936,382,607.31



Items	Amount for current period	Amount for previous period
Cash paid on purchase of goods and services	<b>358,344,170.74</b>	1,656,590,949.14
Net increase in loans and advances to customers		
Net increase in deposits with central bank and interbank		
Cash paid for compensation payments under original insurance contract		
Net increase in placements with banks and other financial institutions		
Cash paid for interest, fees and commissions		
Cash paid for insurance policy dividend		
Cash paid to and on behalf of employees	<b>182,063,990.65</b>	209,134,990.04
Cash paid for all types of taxes	<b>61,136,636.42</b>	50,344,597.92
Cash paid to other operation related activities	<b>182,647,823.31</b>	234,291,269.01
Sub-total of cash outflows from operating activities	<b>784,192,621.12</b>	2,150,361,806.11
Net cash flows from operating activities	<b>880,453,882.15</b>	-213,979,198.80
II. Cash flows from investment activities:		
Cash received from disposal of investments	<b>423,550,218.46</b>	1,179,988,683.10
Cash received from investment income	<b>13,366,233.44</b>	19,864,820.09
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	<b>21,379.90</b>	100,895.60
Net cash received from disposal of subsidiaries and other operating entities		
Cash received from other investment related activities	<b>4,175,131.41</b>	6,658,780.68
Sub-total of cash inflows from investing activities	<b>441,112,963.21</b>	1,206,613,179.47
Cash paid on purchase of fixed assets, intangible assets and other long-term assets	<b>60,424,675.22</b>	56,252,096.76
Cash paid for investments	<b>220,000,000.00</b>	354,279,172.71
Net increase in secured loans		
Net cash paid on acquisition of subsidiaries and other operating entities		
Cash paid on other investment related activities	<b>30,000,000.00</b>	431,175.96
Sub-total of cash outflows from investing activities	<b>310,424,675.22</b>	410,962,445.43
Net cash flows from investing activities	<b>130,688,287.99</b>	795,650,734.04

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	<b>826,834,358.22</b>	1,517,257,215.11
Cash received from other financing related activities	<b>8,999,974.88</b>	87,000,000.00
Sub-total of cash inflows from financing activities	<b>835,834,333.10</b>	1,604,257,215.11
Cash paid on repayment of borrowings	<b>1,433,310,551.51</b>	1,611,863,370.86
Cash paid on distribution of dividends, profits or interest expenses	<b>61,114,676.92</b>	100,416,052.92
Including: Dividend and profit paid to minority shareholders by subsidiaries		
Cash paid on other financing related activities	<b>12,242,171.11</b>	11,548,930.79
Sub-total of cash outflows from financing activities	<b>1,506,667,399.54</b>	1,723,828,354.57
Net cash flows from financing activities	<b>-670,833,066.44</b>	-119,571,139.46
IV. Effect of fluctuations in exchange rates on cash and cash equivalents	<b>2,429,786.38</b>	-28,660,149.89
V. Net increase in cash and cash equivalents	<b>342,738,890.08</b>	433,440,245.89
Add: Balance of cash and cash equivalents at the beginning of the period	<b>1,765,644,711.88</b>	1,319,707,185.95
VI. Balance of cash and cash equivalents at the end of the period	<b>2,108,383,601.96</b>	1,753,147,431.84

**(2) Adjustments to the financial statements as at the beginning of the year due to the application of new accounting standards for the first time since 2024**

☐ Applicable      ☒ Not Applicable

**(3) 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, 2024