SINO BIOPHARMACEUTICAL LIMITED
中國生物製藥有限公司

(Incorporated in the Cayman Islands with limited liability)
Website: www.sinobiopharm.com
(Stock code: 1177)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH, 2020

FINANCIAL HIGHLIGHTS

For the three months ended 31 March, 2020, the Group recorded the following unaudited results:

– Revenue was approximately RMB6,221.87 million, an increase of approximately 0.2% over the same period last year;

– Profit attributable to the owners of the parent was approximately RMB862.02 million, approximately 0.6% higher than that of the same period last year;

– Basic earnings per share attributable to the owners of the parent were approximately RMB6.85 cents, approximately 0.7% higher than that of the same period last year;

– Underlying profit *(Note)* attributable to the owners of the parent was approximately RMB833.58 million, approximately 14.6% lower than that of the same period last year;

– Earnings per share, based on the underlying profit *(Note)* attributable to the owners of the parent, were approximately RMB6.62 cents, approximately 14.6% lower than that of the same period last year;

– Sales of new products accounted for approximately 32.9% of the Group's total revenue; and

– Cash and bank balances as at 31 March, 2020 was approximately RMB16,118.47 million.

The Board of the Company has declared the payment of a quarterly dividend of HK2 cents per share for the three months ended 31 March, 2020.

Note: Underlying profit represents profit attributable to the owners of the parent excluding the impact of (i) amortization expenses of new identifiable intangible assets arising from the acquisition of 24% interests in Beijing Tide; (ii) unrealized fair value losses (net) on equity investments and financial assets; (iii) fair value gain of convertible bond embedded derivative component and (iv) the effective interest expenses from the convertible bond debt component. A reconciliation between profit attributable to the owners of the parent and underlying profit has been set out under the section headed "Underlying Profit" of this announcement.

CORPORATE PROFILE

Sino Biopharmaceutical Limited (the "Company" or "Sino Biopharm"), together with its subsidiaries (the "Group"), is a leading, innovative and research and development ("R&D") driven pharmaceutical conglomerate in the People's Republic of China ("China" or "PRC"). Our business encompasses a fully integrated chain in pharmaceutical products which covers an array of R&D platforms, a line-up of intelligent production and a strong sales system. The Group's products have gained a competitive foothold in various therapeutic categories with promising potentials, comprising a variety of biopharmaceutical and chemical medicines for treating liver diseases, tumors, cardio-cerebral diseases, orthopedic diseases, digestive system diseases, infections and respiratory system diseases. In order to enhance our sustainable competitiveness, the Group attaches great importance to R&D breakthroughs and is positioned as an industry leader in terms of R&D expenditures and product innovation. The Group also actively establishes and extends co-operations with leading domestic and overseas pharmaceutical institutes and enterprises, to bring about the ecological commercialization of world-frontier R&D results to benefit mankind. To take advantage of the development in technology and policy changes and capitalize on opportunities arising from extension of our principal business, the Group adopts a comprehensive strategic layout of development in the greater healthcare field. Meanwhile, the Group actively utilizes new technologies in Big Data, Artificial Intelligence and Financial Technology to continuously enhance the efficiency of our management, R&D, manufacture and sales.

Principal products:

Hepatitis medicines:	Tianqingganmei (Magnesium Isoglycyrrhizinate) injections, Tianqingganping (Diammonium Glycyrrhizinate) enteric capsules
Oncology medicines:	Yinishu (Dasatinib) tablets, Anxian (Lenalidomide) capsules, Qianping (Bortezomib for injections), Shoufu (Capecitabine) tablets, Qingweike (Decitabine for injections)
Anti-infectious medicines:	Tiance (Biapenem) injections, Tianjie (Tigecycline for injections), Tianli (Linezolid and Glucose) injections
Orthopedic medicines:	Gaisanchun (Calcitriol) capsules, Yigu (Zoledronic Acid) injections
Respiratory system medicines:	Tianqingsule (Tiotropium Bromide) inhalation powder
Others:	Debaian (Flurbiprofen) Cataplasms, Kaina (Beraprost Sodium) tablets

The medicines which have received Good Manufacturing Practice ("GMP") certifications issued by the National Medical Products Administration of the PRC are in the following dosage forms: large volume injections, small volume injections, PVC-free soft bags for intravenous injections, capsules, tablets, powdered medicines and granulated medicines. The Group also received the GMP certification for health food in capsules from the Department of Health of Jiangsu Province.

The Group's several principal subsidiaries: Chia Tai – Tianqing Pharmaceutical Group Co. Ltd. ("CT Tianqing"), Beijing Tide Pharmaceutical Co. Ltd. ("Beijing Tide"), Nanjing Chia Tai Tianqing Pharmaceutical Co., Ltd. ("NJCTT"), Jiangsu Chia Tai Fenghai Pharmaceutical Co., Ltd. ("Jiangsu CT Fenghai"), Jiangsu Chia Tai Qingjiang Pharmaceutical Co., Ltd. ("Jiangsu CT Qingjiang"), CP Pharmaceutical (Qingdao) Co., Ltd. ("CP Qingdao"), Lianyungang Runzhong Pharmaceutical Co., Ltd. ("LYG Runzhong") and Shanghai Tongyong Pharmaceutical Co., Ltd. ("Shanghai Tongyong") have been designated "High and New Technology Enterprises". In addition, NJCTT, Jiangsu CT Qingjiang and Jiangsu CT Fenghai have been designated "Engineering Technological Research Centre for treating tumors and cardio-cerebral phytochemistry medicines of Jiangsu Province", "Engineering Technological Research Centre for orthopedic medicines" and "Engineering Technological Research Centre for parenteral nutritious medicines" by the Science and Technology Committee of Jiangsu Province, respectively.

Named by the Ministry of Personnel of the PRC as a "Postdoctoral Research and Development Institute", the research center of CT Tianqing is also the only "New Hepatitis Medicine Research Center" in the country.

Beijing Tide obtained the renewed GMP certification for foreign pharmaceutical company from the Public Welfare and Health Ministry of Japan in December 2012. Japanese pharmaceutical enterprises can assign the manufacturing of aseptic pharmaceutical products (products that are under research and products already launched to the domestic market within Japan) to Beijing Tide for export to Japan.

The Company was selected as a constituent stock of Hang Seng Composite Industry Index – Consumer Goods and Hang Seng Composite SmallCap Index with effect from 8 March, 2010.

In September 2011, CT Tianqing received the first certificate of new edition GMP (Certificate No. CN20110001) issued by the State Food and Drug Administration of the PRC for its small volume (injection) dosage.

The Company became a constituent of the MSCI Global Standard Indices' MSCI China Index with effect from the close of trading on 31 May, 2013.

The Company was included in Forbes Asia's "Asia Fab 50 Companies" for three consecutive years in 2016, 2017 and 2018.

In December 2017, Qingzhong (Tenofovir Disoproxil Fumarate) tablet became the first generic drug in the PRC that had completed the bioequivalence study according to the "Consistency of Quality and Efficacy Evaluation for Generic Drugs" ("Consistency Evaluation") standard. The Group was the first enterprise that passed the Consistency Evaluation.

In January 2018, Tuotuo (Rosuvastatin Calcium) tablet became the only drug that was approved in the Consistency Evaluation among a whole variety of drugs within Jiangsu Province and was the first of the same kind of drugs in the PRC.

In May 2018, a new Chemicals Category 1 drug of antitumor – Focus V (Anlotinib Hydrochloride) capsule obtained the approval for drug registration granted by National Medical Products Administration of the PRC.

The Company was selected as a constituent stock of the Hang Seng Index with effect from 10 September 2018.

The Company was selected as a constituent stock of the Hang Seng China Enterprises Index with effect from 9 December 2019.

The Company was selected as a constituent stock of Hang Seng Connect Biotech 50 Index on 23 March 2020.

The Group's website: http://www.sinobiopharm.com

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

During the period under review, the spread of the COVID-19 pandemic severely hit the global economy and therefore the trend of downward growth was inevitable. Affected by the outbreak, the key economic indicators of China showed a clear drop, with a 6.8% year-on-year decline in GDP. As the COVID-19 outbreak has gradually come under control along with the gradual resumption of business operations and production in China, the decline of the Chinese economy in March has been alleviated. During the outbreak, there was a substantial drop in the number of general outpatients and inpatients of hospitals. Apart from the COVID-19 related product categories such as ventilators, face masks and diagnostic kits, the sales of most of other types of drugs was adversely affected to varying degrees. Sales of some products, which have been included in the new round of national centralized drug procurement and price negotiations of the Medical Reimbursement Drug List, were affected due to the pandemic. The nation has encouraged R&D for COVID-19 vaccines and medicines to treat the disease. However, restrained by the cycle required for the R&D of new drugs, no major breakthrough has been achieved in the short term.

Business Review

Highlights of the results of the Group during the period:

- At the beginning of the COVID-19 pandemic, owing to its strong sense of social responsibility and in line with its mission, the Group took the initiative to donate RMB10 million to the Chinese Academy of Medical Sciences on 26 January to support research on COVID-19. At the same time, the Group has promptly set up an anti-pandemic supplies procurement team to purchase supplies, such as face masks, protective gloves, protective clothing, negative pressure isolation ambulances and diagnosis and treatment related products, from different countries for donating to anti-pandemic frontline medical workers. Up to the end of the period, Sino Biopharm and its subsidiaries donated cash and supplies on 18 different occasions with a total value of nearly RMB22 million to anti-pandemic efforts.

- "The Establishment and Application of Key Technology Systems on Emulsification in New Pharmaceutical Preparation," a research project reported by Beijing Tide, in cooperation with Peking University, has been honoured with "The 2019 National Science and Technology Progress Award – Second Prize". The Group is one of the few pharmaceutical enterprises to be feted in this way. The accolade is prestigious national recognition of Beijing Tide's research and development platform of emulsification for high-end preparations.

- Construction of "The Purun Bio-Medical's R&D and Production Project" of Jiangsu Purun Bio-Medical Co., Ltd., a wholly-owned subsidiary of NJCTT located at Nanjing Jiangbei New Materials High-Tech Park, has officially commenced after the groundbreaking ceremony. Occupying an area of approximately 300 mu, NJCTT's product R&D and production capabilities would be substantially strengthened after the project is completed.

- The Group has obtained approval from the United States Food and Drug Administration ("FDA") for its application filed for "Fulvestrant Injection". This is another advance for the Group to sell its products in the international markets after Tenofovir Disoproxil Fumarate tablets obtained marketing authorization in the European Union.

- During the pandemic, the intravenous therapy of Magnesium Isoglycyrrhizinate injection (brand name: Tianqingganmei) was included as a supportive treatment for patients with mild and common symptoms (without severe underlying illnesses) in the "Treatment Practices for the Mild and Common Cases of Novel Coronavirus Pneumonia (Second Edition)" jointly published by the offices of the National Health Commission and National Administration of Traditional Chinese Medicine.

- Five products including "Budesonide Suspension for Inhalation" (brand name: Tianqingsuchang), "Sitagliptin Phosphate Tablet" and "Dabigatran Etexilate Capsules" (two specifications) obtained approval for drug registration. Three of these products are the first generic drug of their kind in China and have potential to become blockbuster products.

During the period under review, most outpatient and inpatient visits at hospitals dropped dramatically due to the pandemic. On-site academic activities and face-to-face exchanges with professional doctors were also adversely affected. The Group quickly reacted and fully utilized third-party online academic exchange platforms to maintain communication with general medical practitioners and patients, thereby strengthening its support to online academic activities. Particularly in the areas of respiratory, infection and oncology that have been less affected by the pandemic, intensive online academic exchanges and promotion activities have been launched. The Group has also supported volunteer medical consultations taking place through online hospital networks. The chronic disease management platform of the Group for respiratory, oncology, analgesic, and kidney illnesses that has been actively operating was also used to enhance the service and professional assistance provided to doctors and patients. Besides, in response to the government's strategies, the Group has resumed its production and operations at the early stage with strict precautions for isolation and social distancing, with the first priority to ensure the supply of much-needed anti-infection and respiratory drugs for the therapy of those patients infected with COVID-19, as well as the oncology drugs with pressing demand. The respiratory medicine Tianqingsule (Tiotropium Bromide powder for inhalation); anti-infectious medicines Tianjie (Tigecycline for Injection), Fengruineng (Moxifloxacin Hydrochloride and Sodium Chloride Injection), Tianli (Linezolid and Glucose Injections), and Tianming (Caspofungin Acetate for Injection); analgesics Flurbiprofen cataplasm and Parecoxib Sodium for Injection; and orthopedic medicine Gaisanchun (Calcitriol) capsules also recorded strong growth.

The sales from oncology drugs recorded the highest growth among all. In addition to the rapid growth of Anlotinib Hydrochloride capsules, sales of two products: Qingkeshu (Abiraterone Acetate Tablets) and Jizhi (Gefitinib Tablets) rapidly expanded after they secured the bid for the extended centralized drug procurements by the government. Other oncology products Yinishu (Dasatinib) tablets, Qianping (Bortezomib for Injection) and Shoufu (Capecitabine) tablets also recorded strong growth, which further enlarged the sales contribution of the oncology drug lines to the Group.

The newly launched products also significantly boosted the sales growth. In addition to Qingkeshu and Jizhi mentioned above, products that have been approved for launch also recorded satisfactory results, including cardiovascular medicine Anbeining (Apixaban Tablets), contrast agent Qingliming (Iodixanol Injection), the first generic oncology drug Leweixin (Bendamustine Hydrochloride for Injection), Weishou (Azacitidine for Injection, the first generic drug), and the first generic anti-rheumatic drug Taiyan (Tofacitinib Citrate Tablets).

During the period, several strategic products with strong potential have secured production approvals, and 4 of them have been designated as meeting the Consistency Evaluation requirements at the same time. In the period, clinical trial approvals have been obtained for 14 products while 9 additional applications for clinical trial have been accepted. 2 products have applied for production and application for consistency evaluation have been submitted for 3 products. The Group has also obtained 21 invention patent approvals and filed 120 applications for invention patents.

Introduction of Newly Approved Products:

- Tianqingsuchang (Budesonide Suspension for Inhalation): A glucocorticoid inhalant with strong anti-inflammatory properties used for first-line treatment of asthma. There are approximately 235 million asthma patients globally, and the number in China exceeds 45 million. The efficacy of nebulized inhalation suspension is more trusted by doctors and patients when compared to other dosage forms but needs to be administered under the supervision of medical professionals in hospitals. Sales revenue of the branded product exceeded RMB5 billion in China in 2018. The Group has succeeded in breaking through the technical barriers of the branded product, launching the first generic drug for this product in China. The product is deemed to have passed the Consistency Evaluation and expected to become the Group's next blockbuster drug.

- Sitagliptin Phosphate Tablet: It is an effective and highly selective dipeptidyl peptidase-4 (DPP-4) inhibitor used for improving glycemic control in patients with type 2 diabetes mellitus. Clinical trials show its efficacy in lowering blood sugar, and it can be used alone with high safety and fair tolerance, without increasing the risk of hypoglycemia and causing gastrointestinal reactions. More importantly, it offers long-term protection of β-cells in the pancreas, which can slow the progress of diabetes. The product which is deemed to have passed the Consistency Evaluation is the Group's first generic drug of its kind in China and marks a substantial addition to its diabetes product lines.

- Dabigatran Etexilate Capsules: A new generation non-Vitamin K oral anticoagulant used for the prevention of stroke and systemic embolism in patients with non-valvular atrial fibrillation. It is the first new oral anticoagulant launched since Warfarin in 50 years, and is the first oral anticoagulant approved for long term indications, signifying a milestone in the global anticoagulant drug sector. The branded product achieved sales revenue exceeding US$1 billion three years after its launch. Dabigatran Etexilate Capsule is the first generic drug of its kind in China and is deemed to have passed the Consistency Evaluation. The product can also form a strong mix with other approved cardio-cerebral medicines, hence is expected to have great potential.

During the period, the Group recorded revenue of approximately RMB6,221.87 million, representing an increase of approximately 0.2% over the same period last year. Profit attributable to the owners of the parent was approximately RMB862.02 million, approximately 0.6% higher than that of the same period last year. Earnings per share attributable to the owners of the parent were approximately RMB6.85 cents, approximately 0.7% higher than that of the same period last year. Excluding the impact of amortization expenses of new identifiable intangible assets arising from the acquisition of 24% interests in Beijing Tide, the unrealized fair value losses (net) on equity investments and financials assets, as well as fair value gain of convertible bond embedded derivative component and effective interest expenses of convertible bond debt component, underlying profit attributable to the owners of the parent was approximately RMB833.58 million, approximately 14.6% lower than that of the same period last year. Based on underlying profit attributable to the owners of the parent, the earnings per share were approximately RMB6.62 cents, approximately 14.6% lower than that of the same period last year. Cash and bank balances totaled approximately RMB16,118.47 million at the period end.

The Group continues to focus on developing specialized medicines where its strengths lie so as to build up its brand in specialist therapeutic areas. The major therapeutic areas of the Group include hepatitis medicines, oncology medicines, anti-infectious medicines, orthopedic medicines, respiratory system medicines and others.

Hepatitis medicines

For the three months ended 31 March, 2020, the sales of hepatitis medicines amounted to approximately RMB1,329.61 million, representing approximately 21.4% of the Group's revenue.

Oncology medicines

For the three months ended 31 March, 2020, the sales of oncology medicines amounted to approximately RMB1,984.40 million, representing approximately 31.9% of the Group's revenue.

Orthopedic medicines

For the three months ended 31 March, 2020, the sales of orthopedic medicines amounted to approximately RMB467.75 million, representing approximately 7.5% of the Group's revenue.

Anti-infectious medicines

For the three months ended 31 March, 2020, the sales of anti-infectious medicines amounted to approximately RMB416.01 million, representing approximately 6.7% of the Group's revenue.

Respiratory system medicines

For the three months ended 31 March, 2020, the sales of respiratory medicines amounted to approximately RMB334.41 million, representing approximately 5.4% of the Group's revenue.

Others

For the three months ended 31 March, 2020, the sales of other medicines amounted to approximately RMB1,689.69 million, representing approximately 27.1% of the Group' revenue.

UNDERLYING PROFIT

Addition information is provided below to reconcile profit attributable to the owners of the parent and underlying profit. The reconciling items principally adjust for the impact of amortization expenses of new identifiable intangible assets (net of deferred tax and non-controlling interests) arising from the acquisitions of 24% interests of Beijing Tide in 2018 *(Note)*, the unrealized fair value gains and losses of equity investments and financial assets, as well as fair value gain of convertible bond embedded derivative component and effective interest expenses of convertible bond debt component.

Note: Details of the acquisition have been set out in the announcements of the Company dated 5 January, 2018 and 1 March, 2018, respectively, and the circular of the Company dated 26 January, 2018.

	For the three months ended 31 March,	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit attributable to the owners of the parent	**862,021**	856,702
Adjustment related to the acquisition of 24% interests in Beijing Tide:		
Amortization expenses of new identifiable intangible assets (net of deferred tax and non-controlling interests)	**105,071**	105,071
Unrealized fair value losses of equity investments and financial assets, net	**10,867**	14,603
Fair value gain of convertible bond embedded derivative component	**(156,096)**	–
Effective interest expenses of convertible bond debt component	**11,713**	–
Underlying profit	**833,576**	976,376
Basic earnings per share		
Underlying profit attributable to the owners of the parent used in the basic earnings per share calculation	**833,576**	976,376
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation (Shares)	**12,582,325,487**	12,591,798,176
Basic earnings per share, based on underlying profit attributable to the owner of the parent (RMB' cents)	**6.62**	7.75

To supplement the consolidated results of the Group prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), underlying profit is presented in this results announcement as an additional non-HKFRS financial measure to provide supplementary information for better assessment of the performance of the Group's core operations by excluding certain non-cash items and impact arising from acquisitions. Underlying profit is to be considered in addition to, and not as a substitute for, measures of the Group's financial performance prepared in accordance with HKFRS.

EQUITY INVESTMENTS / FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 31 March, 2020, the Group had the non-current equity investments designated at fair value through other comprehensive income (including certain unlisted equity investments) of approximately RMB1,304.99 million (31 December 2019: approximately RMB 1,211.08 million) and current equity investments designated at fair value through profit or loss (including certain listed shares investments) of approximately RMB192.34 million (31 December, 2019: approximately RMB491.36 million).

In addition, as at 31 March, 2020, the Group had the current financial assets at fair value through profit or loss, including certain wealth management products and trust funds of approximately RMB1,569.48 million (31 December 2019: approximately RMB1,084.88 million), including the wealth management products of Merchant Bank (approximately RMB600 million), Industrial and Commercial Bank of China (approximately RMB200 million), China CITIC Bank (approximately RMB160 million), Industrial Bank (approximately RMB99 million) and other banks. The wealth management products mainly consisted of principal-guaranteed products with floating return and relatively lower risk of default. All principal and interests will be paid together on the maturity date. The board of the directors (the "Board") of the Company believes that the investment in wealth management products and trust funds can strengthen the financial position of the Group and bring the fruitful contribution to the profit of the Group. As at 31 March, 2020, these investments amounted to approximately RMB1,569.48 million in total, representing approximately 2.4% of the total assets of the Group.

For the three months ended 31 March, 2020, the Group recorded the realized gain on the disposal of the equity investment of approximately RMB4 million and unrealized fair value loss (net) of the equity investments and financial assets of approximately RMB10.87 million. The Board believes that the investment in equity investments and financial assets can diversify the investment portfolio of the Group and achieve a better return to the Group in future.

R&D

The Group has continued to focus its R&D efforts on new hepatitis, oncology, respiratory system and cardio-cerebral medicines. During the first quarter, the Group was granted 14 clinical trial approvals, 6 production approvals, and 6 approvals for Consistency Evaluation, and made 9 clinical trial applications, 3 applications for Consistency Evaluation and 2 production applications. Cumulatively, a total of 437 pharmaceutical products had obtained clinical trial approval, or were under clinical trial or applying for production approval. Out of these, 30 were for hepatitis medicines, 189 for oncology medicines, 24 for respiratory system medicines, 24 for endocrine, 40 for cardio-cerebral medicines and 130 for other medicines.

Over the years, the Group has been placing high importance on R&D and innovation, as well as through collaboration and imitation, to raise both R&D standards and efficiency. Regarding R&D as the lifeblood of the Group's development, the Group continues to devote into more resources. For the three months ended 31 March, 2020, the total R&D expenditure of approximately RMB994 million, which accounted for approximately 16.0% of the Group's revenue, was charged to the statement of profit or loss and capitalized in the statement of financial position respectively.

The Group also emphasizes on the protection of intellectual property rights. It encourages its enterprises to apply for patent applications as a means to enhance the Group's core competitiveness. During the first quarter, the Group has received 25 authorized patent notices (21 invention patents, 2 utility model patents and 2 apparel design patents) and filed 123 new patent applications (120 invention patents and 3 apparel design patents). Cumulatively, the Group has obtained 787 invention patent approvals, 25 utility model patents and 92 apparel design patents.

INVESTOR RELATIONS

The Group has been committed to enhancing corporate governance standards to drive sustainable development of its business. The Group has been proactive in approaching investors through a variety of channels to ensure they have a thorough understanding of its latest developments and business situation. Moreover, the Group can gain the valuable opinions of investors through exchanges to help it review and refine its development direction.

In spite of the outbreak of COVID-19 during the period, the Group has organized an investor teleconference to inform its 2019 annual results and latest business development initiatives, thereby maintaining high transparency. The teleconference has attracted over 490 analysts and fund managers from local and Mainland China. In addition, the management has also distributed media releases on the Group's results to ensure that retail investors have been also kept up-to-date of its latest business and financial status and development prospects via media coverage.

Furthermore, the management has participated in many investment summits and roadshows held in San Francisco, Beijing and Hong Kong by major investment banks and securities companies, including J.P. Morgan, Morgan Stanley, Bank of America Merrill Lynch, and Citibank among others. This has allowed investors to gain first-hand updates about the Group's business development and market strengths.

The Group has made available its annual reports, disclosures and circulars on its corporate website, and as always also posted these materials on the website of Hong Kong Exchanges and Clearing Limited. It has also issued voluntary announcements to inform shareholders and investors about its latest business endeavors, in keeping with its commitment to maintaining transparency and market attention.

THE ISSUANCE OF CONVERTIBLE BONDS

On 17 February, 2020, the Company has successfully completed the issuance and listing of EUR750,000,000 zero coupon convertible bonds due 2025 (the "Bonds") by way of debt issues to professional investors only. The Bonds may be converted into conversion shares pursuant to the terms and conditions of the Bonds. Assuming full conversion of the Bonds at the initial conversion price of HK$19.09 per share of the Company and no further issue of shares of the Company ("Shares"), the Bonds will be convertible into 338,380,041 Shares, representing approximately 2.69 percent. of the issued share capital of the Company as at 17 February, 2020 and approximately 2.62 percent of the issued share capital of the Company as at 17 February, 2020 as enlarged by the issue of the conversion shares upon full conversion of the Bonds. The conversion shares to be issued upon conversion of the Bonds will rank pari passu and carry the same rights and privileges in all respects with the Shares then in issue on the relevant registration date.

CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company had complied with all the Code Provisions set out in the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the three months ended 31 March, 2020.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than Appendix 10 of the Listing Rules (the "Model Code"). Having made specific enquiry of all Directors, it was confirmed that for the three months ended 31 March, 2020, all Directors have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by Directors adopted by the Company.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's liquidity remains strong. During the period, the Group's primary sources of funds were cash derived from operating activities, issuance of convertible bonds and bank borrowings. As at 31 March, 2020, the Group's cash and bank balances were approximately RMB16,118.47 million (31 December, 2019: approximately RMB11,911.21 million).

CAPITAL STRUCTURE

As at 31 March, 2020, the Group had short term loans of approximately RMB86.68 million (31 December, 2019: approximately RMB666.75 million) and had long term loans of approximately RMB8,127.52 million (31 December, 2019: approximately RMB7,884.80 million).

CHARGE ON ASSETS

As at 31 March, 2020, the Group had charge on assets of approximately RMB686.80 million (31 December, 2019: approximately RMB830.00 million), excluding the amount of bills receivable discounted at banks of approximately RMB129.48 million (31 December, 2019: approximately RMB598.99 million).

CONTINGENT LIABILITIES

As at 31 March, 2020, the Group and the Company had no material contingent liabilities (31 December, 2019: Nil).

ASSETS AND GEARING RATIO

As at 31 March, 2020, the total assets of the Group amounted to approximately RMB66,640.03 million (31 December, 2019: approximately RMB58,299.25 million) whereas the total liabilities amounted to approximately RMB25,557.07 million (31 December, 2019: approximately RMB18,014.68 million). The gearing ratio (total liabilities over total assets) was approximately 38.4% (31 December, 2019: approximately 30.9%).

EMPLOYEE AND REMUNERATION POLICIES

The Group had 23,302 employees as at 31 March, 2020 and remunerates its employees based on their performance, experience and the prevailing market rates. Other employee benefits include mandatory provident fund, insurance and medical coverage, subsidized training programmes as well as employee share incentive schemes. Total staff cost (including Directors' remuneration) in selling and distribution costs and administrative expenses for the period was approximately RMB817,834,000 (2019: approximately RMB636,447,000).

The Group adopted the Share Option Scheme on 28 May, 2013 (the "2013 Share Option Scheme") and the Share Award Scheme on 5 January, 2018 (the "2018 Share Award Scheme"), both of which will provide incentive to retain and encourage the selected participants for the continual operation and development of the Group. As of 31 March, 2020, (i) no option in respect of the Shares had been granted under the 2013 Share Option Scheme; and (ii) 47,667,000 Shares were held on trust under the 2018 Share Award Scheme and no Shares had been granted to any selected participant yet.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

Most of the assets and liabilities of the Group were denominated in Renminbi, US dollars and HK dollars. In the PRC, foreign investment enterprises are authorized to convert Renminbi to foreign currency in respect of current account items (including payment of dividend and profit to the foreign joint venture partner). The exchange rate of HK dollars and US dollars is pegged under the fixed linked system over a long period of time. The Directors consider that the Group is not significantly exposed to foreign currency risk and no hedging or other alternatives have been implemented.

PROSPECTS

The COVID-19 pandemic remains serious in regions outside China, which will continue to affect the economy. Through implementing effective prevention and control measures, the pandemic in China has essentially come under control and enterprises around the country have gradually resumed work and operation. The decline in economic indicators has also narrowed. Hence, China is expected to be among the first countries to leave the worst impact of the pandemic behind and return to normal production, everyday life and routine medical procedures. Pent-up demand for medical diagnosis and treatment limited by isolation during the pandemic period will gradually be unleashed, which might lead to the rapid growth for the pharmaceutical industry in the immediate future.

The nationwide implementation and extension of the centralized drug procurement programme in "4+7" cities has substantially squeezed the profit of selected drugs as well as many competitive generic drugs. The COVID-19 pandemic has weighed further on the operations of small- and medium-pharmaceutical companies with limited R&D capabilities and only a few new products. Some of them are even encountering difficulties in maintaining the viability of their business. As a result, the consolidation and elimination of the weaker players in the market will accelerate and developing and launching innovative and popular products have become the primary capabilities required by pharmaceutical enterprises if they wish to win amidst the fiercer market competition.

The Group's strong investment in R&D over the years has borne fruit, as evidenced by the maturing innovative platforms and optimization of creative talent structure for both small molecule and macro-molecule drugs. The continuous huge investment in R&D has also ensured that it can engage in the launch of new products every year, which has become and will continue to be the key growth driver for the Group's results.

APPRECIATION

On behalf of the Board, I would like to express my gratitude to our shareholders for their trust, support and understanding, as well as to all staff for their dedication and diligence.

RESULTS

The Board of the Company announces the unaudited consolidated results of the Group for the three months ended 31 March, 2020 together with the comparative consolidated results for 2019 as follows:

Consolidated Statement of Profit or Loss

	Notes	For the three months ended 31 March, 2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
REVENUE	3	**6,221,872**	6,208,026
Cost of sales		**(1,266,872)**	(1,212,940)
Gross profit		**4,955,000**	4,995,086
Other income and gains	3	**342,130**	144,694
Selling and distribution costs		**(2,490,712)**	(2,454,615)
Administrative expenses		**(468,719)**	(511,418)
Other expenses		**(984,850)**	(902,164)
Including: Research and development costs		***(973,818)***	*(864,612)*
Finance costs	4	**(90,431)**	(35,107)
Share of profits and losses of associates		**2,493**	3,059
PROFIT BEFORE TAX	5	**1,264,911**	1,239,535
Income tax expense	6	**(212,250)**	(212,205)
PROFIT FOR THE PERIOD		**1,052,661**	1,027,330
Profit attributable to:			
Owners of the parent		**862,021**	856,702
Non-controlling interests		**190,640**	170,628
		1,052,661	1,027,330
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
– Basic and diluted		**RMB6.85 cents**	RMB6.80 cents

Details of the first quarterly dividend declared for the period are disclosed in note 7 of this announcement.

Consolidated Statement of Comprehensive Income

	For the three months ended 31 March,	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	**1,052,661**	1,027,330
OTHER COMPREHENSIVE INCOME		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**17,560**	(106,068)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	**17,560**	(106,068)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**1,070,221**	921,262
Attributable to:		
Owners of the parent	**876,200**	753,261
Non-controlling interests	**194,021**	168,001
	1,070,221	921,262

Consolidated Statement of Financial Position

	Notes	**31 March, 2020** *RMB'000* **(Unaudited)**	31 December, 2019 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**6,998,090**	6,913,728
Investment properties		**567,327**	563,395
Right-of-use assets		**1,337,382**	1,293,478
Goodwill		**13,896,976**	13,896,976
Intangible assets		**7,504,229**	7,703,642
Investments in associates		**993,204**	808,443
Equity investments designated at fair value through other comprehensive income		**1,304,988**	1,211,084
Deferred tax assets		**594,754**	580,944
Prepayments		**495,074**	414,466
Total non-current assets		**33,692,024**	33,386,156
CURRENT ASSETS			
Inventories		**1,806,604**	1,658,597
Trade and bills receivables		**2,613,113**	2,712,209
Prepayment, deposit and other receivables		**10,503,082**	6,903,251
Amount due from related party		**144,920**	151,588
Equity investments designated at fair value through profit or loss		**192,341**	491,357
Financial assets at fair value through profit or loss		**1,569,483**	1,084,883
Cash and bank balances	*9*	**16,118,465**	11,911,210
Total current assets		**32,948,008**	24,913,095
CURRENT LIABILITIES			
Trade and bills payables		**2,718,075**	1,809,445
Tax payable		**316,159**	189,873
Other payables and accruals		**6,655,361**	5,433,879
Interest-bearing bank borrowings		**86,684**	666,749
Lease liabilities		**24,243**	23,079
Total current liabilities		**9,800,522**	8,123,025
NET CURRENT ASSETS		**23,147,486**	16,790,070
TOTAL ASSETS LESS CURRENT LIABILITIES		**56,839,510**	50,176,226

	Notes	31 March, 2020 RMB'000 (Unaudited)	31 December, 2019 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Deferred government grants		**324,226**	480,652
Interest-bearing bank borrowings		**8,127,518**	7,884,802
Convertible bonds		**5,714,019**	–
Lease liabilities		**41,395**	41,270
Deferred tax liabilities		**1,549,390**	1,484,934
Total non-current liabilities		**15,756,548**	9,891,658
Net assets		**41,082,962**	40,284,568
EQUITY			
Equity attributable to owners of the parent			
Share capital	*10*	**278,315**	278,451
Treasury shares		**(412,837)**	(412,837)
Reserves		**31,840,604**	31,246,044
		31,706,082	31,111,658
Non-controlling interests		**9,376,880**	9,172,910
Total equity		**41,082,962**	40,284,568

Notes:

1. BASIS OF PREPARATION

These consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all HKFRSs, Hong Kong Accounting Standards ("HKAS") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance. The financial statements have been prepared under the historical cost convention, except for certain buildings classified as property, plant and equipment and equity investments which have been measured at fair value. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

The unaudited consolidated financial information should be read in conjunction with 2019 annual financial statements.

The accounting policies and methods of computation used in the preparation of this unaudited consolidated financial information are consistent with those used in the annual financial statements for the year ended 31 December, 2019.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the three months ended 31 March, 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. OPERATING SEGMENT INFORMATION

The management considers the business from products/services perspective. The three reportable segments are as follows:

(a) the chemical medicines and biopharmaceutical medicines segment comprises the manufacture, sale and distribution of the chemical medicine products and modernized Chinese medicine products;

(b) the investment segment is engaged in long term and short term investments; and

(c) the other segment comprises, principally, (i) the Group's R&D sector which provides services to third-party; and (ii) related healthcare and hospital business.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax.

Segment assets exclude deferred tax assets and investments in associates as these assets are managed on a group basis.

Segment liabilities exclude tax payable and deferred tax liabilities as these liabilities are managed on a group basis.

The segment results for the three months ended 31 March, 2020

	Chemical medicines and biopharmaceutical medicines *RMB'000*	Investment *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue:				
Sales to external customers	**6,125,078**	**195**	**96,599**	**6,221,872**
Segment results	**1,314,523**	**8,463**	**(15,143)**	**1,307,843**
Reconciliation:				
Interest and unallocated gains				**77,299**
Share of profits and losses of associates				**2,493**
Unallocated expenses				**(122,724)**
Profit before tax				**1,264,911**
Income tax expense				**(212,250)**
Profit for the period				**1,052,661**
Assets and liabilities				
Segment assets	**47,144,944**	**16,465,991**	**1,540,819**	**65,151,754**
Reconciliation:				
Investments in associates				**993,204**
Other unallocated assets				**495,074**
Total assets				**66,640,032**
Segment liabilities	**9,036,645**	**14,026,004**	**628,872**	**23,691,521**
Reconciliation:				
Other unallocated liabilities				**1,865,549**
Total liabilities				**25,557,070**
Other segment information:				
Depreciation and amortisation	**362,617**	**6,622**	**10,825**	**380,064**
Capital expenditure	**203,352**	**9**	**34,299**	**237,660**
Other non-cash expenses	**166**	**–**	**–**	**166**

The segment results for the three months ended 31 March, 2019

	Chemical medicines and biopharmaceutical medicines *RMB'000*	Investment *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue:				
Sales to external customers	6,067,150	204	140,672	6,208,026
Segment results	1,356,882	(14,246)	(180)	1,342,456
Reconciliation:				
Interest and unallocated gains				42,865
Share of profits and losses of associates				3,059
Unallocated expenses				(148,845)
Profit before tax				1,239,535
Income tax expense				(212,205)
Profit for the period				1,027,330
Assets and liabilities				
Segment assets	44,102,483	5,431,591	1,113,977	50,648,051
Reconciliation:				
Investments in associates				323,269
Other unallocated assets				467,821
Total assets				51,439,141
Segment liabilities	8,026,394	3,350,566	320,908	11,697,868
Reconciliation:				
Other unallocated liabilities				1,777,743
Total liabilities				13,475,611
Other segment information:				
Depreciation and amortisation	333,992	7,076	7,322	348,390
Capital expenditure	211,079	42	69,486	280,607
Other non-cash expenses	588	18	–	606

Geographical information

(a) Revenue from external customers

No further geographical segment information is presented as over 90% of the Group's revenue is derived from customers based in Mainland China.

(b) Non-current assets

	For the three months ended 31 March,	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Hong Kong	**1,582,175**	1,579,943
Mainland China	**29,981,809**	29,797,871
Others	**228,298**	216,314
	31,792,282	31,594,128

The non-current assets information of continuing operations above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about a major customer

No information about a major customer is presented as no single customer contributes to over 10% of the Group's revenue for the three months ended 31 March, 2020 and 2019.

3. REVENUE, OTHER INCOME AND GAINS

Revenue, which is the Group's revenue, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of revenue, other income and gains is as follows:

	For the three months ended 31 March,	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue		
Sale of goods	**6,126,902**	6,067,150
Others	**94,970**	140,876
	6,221,872	6,208,026

	For the three months ended 31 March,	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income		
Bank interest income	**77,299**	42,865
Dividend income	**71**	1,623
Government grants	**11,454**	7,762
Sale of scrap materials	**138**	235
Investment income	**73,394**	54,155
Gross rental income	**2,226**	1,306
Others	**17,233**	12,575
	181,815	120,521
Gains		
Gain on disposal of items of property, plant and equipment	**219**	–
Gain on disposal of equity investment designated at fair value through profit or loss	**4,000**	24,173
Fair value gain of convertible bond embedded derivative component	**156,096**	–
	160,315	24,173
Total other income and gains	**342,130**	144,694

4. FINANCE COSTS

	For the three months ended 31 March,	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank borrowings	**78,718**	35,107
Effective interest expense of convertible bonds	**11,713**	–
	90,431	35,107

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging / (crediting):

	For the three months ended 31 March,	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of sales	**1,266,872**	1,212,940
Depreciation of property, plant and equipment	**149,517**	121,077
Depreciation of investment properties	**9,103**	5,596
Recognition of right-of-use assets	**709**	939
Amortization of other intangible assets	**220,735**	220,778
Research and development costs	**973,818**	864,612
Gain on disposal of items of property, plant and equipment	**(219)**	–
Loss on disposal of items of property, plant and equipment	**166**	606
Share of profits and losses of associates	**(2,493)**	(3,059)
Bank interest income	**(77,299)**	(42,865)
Dividend income	**(71)**	(1,623)
Investment income	**(73,394)**	(54,155)
Fair value losses, net:		
Equity investments at fair value through profit or loss	**10,867**	14,603
Fair value gain of convertible bond embedded derivative component	**(156,096)**	–
Auditors' remuneration	**1,206**	1,175
Staff cost (including directors' remuneration)		
Wages and salaries	**658,767**	497,946
Pension contributions	**159,067**	138,501
	817,834	636,447
Foreign exchange differences, net	**31,893**	(17,296)

6. INCOME TAX EXPENSE

	For the three months ended 31 March,	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Group:		
Current – Hong Kong	**–**	–
Current – Mainland China income tax	**244,441**	225,792
Deferred tax	**(32,191)**	(13,587)
Total tax charge for the period	**212,250**	212,205

Pursuant to Section 6 of Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gain or appreciation shall apply to the Company or its operations.

The subsidiaries incorporated in the BVI are not subject to income tax as these subsidiaries do not have a place of business (other than a registered office only) or carry on any business in the BVI.

Hong Kong profits tax has been provided at a rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

During the three months ended 31 March, 2020, CT Tianqing, Beijing Tide, NJCTT, Jiangsu CT Fenghai, Jiangsu CT Qingjiang, CP Qingdao, LYG Runzhong and Shanghai Tongyong were subject to a corporate income tax rate of 15% because they are qualified as a “High and New Technology Enterprise”.

Other than the above mentioned entities, the other entities located in the PRC are subject to a corporate income tax rate of 25% in 2020.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

7. DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has declared the payment of a quarterly dividend of HK2 cents per ordinary share for the three months ended 31 March, 2020 (2019: HK2 cents). The first quarterly dividend will be paid to shareholders on Monday, 6 July, 2020 whose names appear on the register of members of the Company on Friday, 19 June, 2020. For the purpose of determining shareholders who are qualified for the first quarterly dividend, the register of members of the Company will be closed from Tuesday, 16 June, 2020 to Friday, 19 June, 2020, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the first quarterly dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong by 4:30 p.m. on Monday, 15 June, 2020.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit attributable to ordinary equity holders of the parent for the period of approximately RMB862,021,000 (2019: approximately RMB856,702,000), and the weighted average number of ordinary shares of 12,582,325,487 (2019: 12,591,798,176) in issue during the period.

9. CASH AND BANK BALANCES

	31 March, 2020 RMB'000 (Unaudited)	31 December, 2019 RMB'000 (Audited)
Cash and bank balances, unrestricted	**5,091,408**	4,340,181
Time deposits with original maturity of less than three months	**9,600,547**	6,291,029
Time deposits with original maturity of more than three months	**1,426,510**	1,280,000
	16,118,465	11,911,210

10. SHARE CAPITAL

	31 March, 2020 RMB'000 (Unaudited)	31 December, 2019 RMB'000 (Audited)
Issued and fully paid:		
12,582,325,487 ordinary shares of HK$0.025 each (2019: 12,588,304,487 ordinary shares of HK$0.025 each)	**278,315**	278,451

INDEPENDENT NON-EXECUTIVE DIRECTORS, AUDIT COMMITTEE AND REVIEW OF RESULTS

The Company has complied with Rules 3.10 and 3.10(A) of the Listing Rules relating to the appointment of a sufficient number of the independent non-executive director ("INED") and at least an INED with appropriate professional qualifications, or accounting or related financial management expertise. The Company has appointed four INEDs including two with financial management expertise. Details of their biographies have been set out in the 2019 Annual Report of the Company.

The Audit Committee is comprised of three INEDs. It has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the unaudited consolidated financial statements of the Company for the three months ended 31 March, 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period ended 31 March, 2020, the Company bought back 5,979,000 Shares on the Stock Exchange at a consideration of HK$60.70 million before expenses. The bought back Shares were subsequently cancelled. Further details are set out as follows:

	Number of Shares	**Purchase consideration per Share**		**Consideration**
Month	**bought back**	**Highest**	**Lowest**	**paid**
		HK$	*HK$*	*HK$*
March	5,979,000	10.22	9.76	60,700,000

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

By Order of the Board
Sino Biopharmaceutical Limited
Tse, Theresa Y Y
Chairwoman

Hong Kong, 28 May, 2020

As at the date of this announcement, the Board of the Company comprises eight Executive Directors, namely Ms. Tse, Theresa Y Y, Mr. Tse Ping, Ms. Cheng Cheung Ling, Mr. Tse, Eric S Y, Mr. Tse Hsin, Mr. Wang Shanchun, Mr. Tian Zhoushan and Ms. Li Mingqin and four Independent Non-Executive Directors, namely Mr. Lu Zhengfei, Mr. Li Dakui, Ms. Lu Hong and Mr. Zhang Lu Fu.