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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2020

The board of directors (the "**Board**") of Shenzhen Hepalink Pharmaceutical Group Co., Ltd. (the "**Company**" or "**Hepalink**") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (the "**Group** ", "**we**", "**our**" or "**us**") for the year ended December 31, 2020 (the "**Reporting Period**"), together with comparative figures for the year ended December 31, 2019.

RESULTS HIGHLIGHTS

For the year ended December 31, 2020, the Group recorded the following results:

	For the year ended December 31,		
	2020	2019	Changes
	RMB'000	*RMB'000*	
Revenue	**5,315,685**	4,612,105	15.3%
Gross Profit	**2,016,836**	1,672,189	20.6%
Gross Profit Margin	**37.9%**	36.3%	
Profit before tax	**1,327,836**	1,315,280	1.0%
Profit for the year	**1,021,632**	1,043,898	(2.1%)
Non-IFRS profit attributable to equity holders of the parent[(1)]	**592,007**	446,328	32.6%
Adjusted non-IFRS profit attributable to equity holders of the parent[(1)(2)]	**852,514**	435,513	95.7%

1. The sales revenue of the Group increased year-on-year by 15.3%.
2. During the Reporting Period, the gross profit margin increased year-on-year from 36.3% to 37.9%.
3. The adjusted non-IFRS profit attributable to equity holders of the parent[(1)(2)] increased year-on-year by 95.7%.
4. The sales of finished dose pharmaceutical products business increased year-on-year by 22.7%, achieved growth in both sales volume and sales price; the finished dose pharmaceutical products business expanded many significant new market opportunities in the second half of 2020, including North America, Switzerland and Saudi Arabia, and initiatively obtained the consistency evaluation in China, laying a good foundation for the growth of 2021.
5. The backlog of CDMO business increased year-on-year by 98% to approximately US$100 million.
6. The enrollment for the phase III clinical trial of the effectiveness of enoxaparin sodium in the treatment of the COVID-19 has been completed.
7. Steady progress in research and development of innovative drugs.

(1) Net profit attributable to shareholder of the listed company (net of non-recurring profit and loss) (define columns according to A-share disclosure guidelines).

(2) There is no deduction of after-tax expenses of H share listing and related expenses of RMB49 million and after-tax foreign exchange losses of RMB211 million.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended December 31, 2020

	Notes	**2020** ***RMB'000***	2019 *RMB'000*
REVENUE	*4*	**5,315,685**	4,612,105
Cost of sales		**(3,298,849)**	(2,939,916)
Gross profit		**2,016,836**	1,672,189
Other income and gains	*5*	**365,378**	833,775
Selling and distribution expenses		**(408,901)**	(411,318)
Administrative expenses		**(598,078)**	(521,039)
Impairment losses on financial assets		**(15,194)**	(737)
Other expenses		**(2,385)**	(569)
Finance costs	*6*	**(260,824)**	(275,198)
Share of profits and losses of associates		**231,004**	18,177
PROFIT BEFORE TAX	*7*	**1,327,836**	1,315,280
Income tax expense	*8*	**(306,204)**	(271,382)
PROFIT FOR THE YEAR		**1,021,632**	1,043,898
Attributable to:			
Owners of the parent		**1,024,210**	1,059,700
Non-controlling interests		**(2,578)**	(15,802)
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*10*		
Basic			
— for profit for the year		**RMB0.76**	RMB0.85
Diluted			
— for profit for the year		**RMB0.76**	RMB0.85

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended December 31, 2020

	2020	2019
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**1,021,632**	1,043,898
OTHER COMPREHENSIVE LOSS		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods (net of tax):		
Exchange differences on translation of foreign operations	**(181,924)**	57,335
Share of other comprehensive (loss)/income of associates	**(1,642)**	478
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	**(183,566)**	57,813
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods (net of tax):		
Change in fair value of equity investments designated at fair value through other comprehensive income	**6,835**	(51,598)
Remeasurement losses on defined benefit pension schemes	**(25,050)**	(22,365)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	**(18,215)**	(73,963)
Other comprehensive loss for the year, net of tax	**(201,781)**	(16,150)
Total comprehensive income for the year, net of tax	**819,851**	1,027,748
Attributable to:		
Owners of the parent	**823,914**	1,043,963
Non-controlling interests	**(4,063)**	(16,215)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2020

	Notes	**2020**	2019
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**2,623,449**	2,688,232
Right-of-use assets		**186,191**	237,298
Goodwill		**2,202,566**	2,354,908
Other intangible assets		**512,370**	559,378
Investments in associates		**1,631,183**	1,349,772
Equity investments designated at fair value through other comprehensive income		**619,953**	627,397
Financial assets at fair value through profit or loss		**1,747,437**	1,228,171
Deferred tax assets		**83,936**	117,749
Other non-current assets		**290,086**	189,072
Total non-current assets		**9,897,171**	9,351,977
CURRENT ASSETS			
Inventories		**3,168,249**	2,363,168
Trade and bills receivables	*11*	**1,666,216**	1,282,125
Contract assets		**20,477**	31,186
Prepayments, other receivables and other assets		**697,600**	629,560
Due from related parties		**49,235**	315,672
Financial assets at fair value through profit or loss		**821,257**	87,876
Derivative financial instruments		**6,949**	24,768
Pledged deposits		**80**	61,568
Time deposits		**1,368,416**	127,510
Cash and cash equivalents		**1,330,245**	1,076,537
Total current assets		**9,128,724**	5,999,970
CURRENT LIABILITIES			
Trade payables	*12*	**239,218**	228,661
Other payables and accruals		**526,140**	528,737
Contract liabilities		**256,950**	200,268
Interest-bearing bank and other borrowings		**2,481,977**	3,939,340
Tax payable		**74,836**	63,424
Due to related parties		**8,113**	4,151
Lease liabilities		**25,600**	31,980
Total current liabilities		**3,612,834**	4,996,561

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2020

	Note	**2020**	2019
		RMB'000	*RMB'000*
NET CURRENT ASSETS		**5,515,890**	1,003,409
TOTAL ASSETS LESS CURRENT LIABILITIES		**15,413,061**	10,355,386
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**3,085,857**	2,354,653
Deferred income		**18,744**	20,816
Deferred tax liabilities		**427,673**	302,004
Long-term employee benefits		**130,936**	109,003
Other non-current liabilities		**9,218**	9,783
Lease liabilities		**51,643**	87,253
Total non-current liabilities		**3,724,071**	2,883,512
Net assets		**11,688,990**	7,471,874
EQUITY			
Equity attributable to owners of the parent			
Share capital	*13*	**1,467,296**	1,247,202
Reserves		**10,102,096**	6,101,158
Total equity attributable to owners of the parent		**11,569,392**	7,348,360
Non-controlling interests		**119,598**	123,514
Total equity		**11,688,990**	7,471,874

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Hepalink is a global pharmaceutical company with business spanning the manufacture and sales of pharmaceutical products, development of Contract Development and Manufacturing Organization ("**CDMO**") services and innovative drugs. Our sales of pharmaceutical products consist of (i) finished dose pharmaceutical products, which mainly include enoxaparin sodium injection; (ii) active pharmaceutical ingredient ("**API**") products, including heparin sodium API and enoxaparin sodium API; and (iii) other products, mainly including pancreatin API. We operate a CDMO business providing research and development ("**R&D**"), manufacturing, quality management and program management services, through our wholly-owned subsidiaries Cytovance Biologics, Inc. ("**Cytovance**"), which specializes in the development and manufacture of recombinant pharmaceutical products and critical non-viral vectors and intermediates for gene therapy, and SPL Acquisition Corp. ("**SPL**"), which provides services in the development and manufacture of naturally derived pharmaceutical products. The Group has obtained exclusive development and commercial interest in Greater China for certain clinical stage innovative drug candidates which are being developed for the treatment of diseases with an immune system. We are also developing a self-discovered proprietary drug candidate currently at preclinical stage.

Industry Review

Looking back at 2020, Time Magazine has declared 2020 as the "worst year ever" by drawing a red "X" over the year on its cover. Whether one agrees with this view or not, there is no doubt that in 2020, the 2019 novel coronavirus disease ("**COVID-19**") pandemic has taken a devastating toll on hundreds of millions of people across the globe and affected their daily life. During 2020, countries across the world suffered waves of COVID-19 pandemic, which has a continuous trend of resurgence, and further tightened policies and restrictions in the middle and end of the year. It has severely impacted international production and trade activities, and also triggered global economic into trouble. As major economies stumbled to restart their economic activities, combined with the continuous rise of political risks, and various industries have been affected to varying degrees, and market demand and production have plummeted, which had obvious impacts on investment, consumption, and exports. In response to the potential impact of the COVID-19 pandemic and the ongoing uncertainty, companies are taking prudent measures, such as strengthening the management of working capital in extreme periods, and strengthening the control of costs and investment expenditures in such special periods to reduce cash outflows.

The Group has been rigorously regulating and focusing on quality management and operational efficiency in order to further consolidate its outstanding position in the global heparin market and heparin finished dose market. Despite being affected by the COVID-19 pandemic to a certain extent during the Reporting Period, the finished dose pharmaceutical products and API businesses achieved strong positive growth on the whole in light of the Group's leading market position. During the Reporting Period, the sales revenue of the Group increased by 15.3% to approximately RMB5,315.7 million (2019: approximately RMB4,612.1 million), while the gross profit increased by 20.6% to approximately RMB2,016.8 million (2019: approximately RMB1,672.2 million).

Business Review

During the Reporting Period, the Group recorded a revenue of approximately RMB5,315.7 million, representing an increase of approximately 15.3% as compared to 2019. During the Reporting Period, the Group recorded a profit attributable to equity holders of the parent of approximately RMB1,024.2 million (2019: approximately RMB1,059.7 million), representing a year-on-year decrease of 3.4%.

During the Reporting Period, operating income for each business segment is as follows:

	For the year ended December 31,		**Year-on-year**
	2020	**2019**	**increase/**
	Operating income	**Operating income**	**decrease**
Business Segment	**RMB'000**	**RMB'000**	**(%)**
Sales of products	**4,456,472**	3,792,367	17.5%
Finished dose pharmaceutical products	**1,510,731**	1,230,840	22.7%
API	**2,700,886**	2,273,989	18.8%
Others[(1)]	**244,855**	287,538	(14.8%)
CDMO service	**797,387**	786,401	1.4%
Others[(2)]	**61,826**	33,337	85.5%
Total	**5,315,685**	4,612,105	15.3%

Notes:

(1) Other products mainly include pancreatin API.

(2) Other business mainly includes manufacture and marketing services, processing services, technical support services and other services.

Sales

The Group mainly operates three main business segments, including (i) the finished dose pharmaceutical products business; (ii) heparin API business; and (iii) the CDMO business.

Heparin Industrial Chain Business

Finished Dose Pharmaceutical Products Business

For the Reporting Period, revenue from sales of finished dose enoxaparin sodium pharmaceutical products was approximately RMB1,510.7 million, representing an increase of approximately 22.7% as compared with RMB1,230.8 million in 2019, and accounted for 28.4% of the Group's total sales revenue, representing an increase of 1.7 percentage points as compared to 2019.

Finished dose enoxaparin sodium pharmaceutical product is one type of low molecular weight heparin ("**LMWH**") finished doses, which is widely used in clinical practice. Its main indications include prophylaxis of venous thromboembolic disease (prophylaxis of venous thrombosis), especially thrombosis related to orthopedics or general surgery; treatment of developed deep vein embolism with or without pulmonary embolism; used in hemodialysis and extracorporeal circulation to prevent thrombosis, etc. Finished dose enoxaparin sodium pharmaceutical product of the Group is the first generic drug in the European Union and was approved by the European Medicines Agency (the "**EMA**") through the Centralized Procedure (CP) in 2016. As of the date of this announcement, enoxaparin sodium injection products manufactured by the Group has completed registration or in the process of registration in 84 countries, and achieved sales in the market in 37 countries. The Group continues to expand the territory of global marketing and makes efforts to become a leader of global heparin formulation business. Meanwhile, the Group has become the largest pharmaceutical enterprise in China of injection exportation in term of exportation volumes in 2020.

Three enoxaparin sodium injections brands of the Group, namely Inhixa, Neoparin and Prolongin, have been approved in a total of 35 countries and are being sold in 19 countries. We have also supplied enoxaparin sodium injections to our customers in 14 other countries.

During the Reporting Period, whilst all the major markets of finished dose enoxaparin sodium pharmaceutical products in Europe were affected in overall sales pace by the COVID-19 pandemic to varying degrees, the use of finished dose enoxaparin sodium pharmaceutical products to treat COVID-19 complication for infected patients in European hospitals relieved the fluctuation on sales caused by the COVID-19 pandemic to some extent. The Group actively strengthened its marketing efforts, continued to promote the construction of hospital sales channels in European countries, and targeted to enhance the spillover effect from hospital to pharmacy. During the Reporting Period, the structure of sales channels was further optimized, which, on the one hand, promoted the increase in average sales price of the Company's finished doses, and on the other hand, promoted the growth of overall sales volume of finished dose enoxaparin sodium pharmaceutical products. In addition, the Group's finished dose enoxaparin sodium pharmaceutical products have entered the U.S. market through its partners in the fourth quarter of 2020. Meanwhile, during the Reporting Period, the sales performance in other overseas markets (excluding Europe, the United States and China) was also satisfactory, and the sales revenue recorded an increase of 164.3% as compared to 2019.

During the Reporting Period, the Company's finished dose enoxaparin sodium pharmaceutical product was approved to be marketed in Switzerland, Saudi Arabia and Canada. The continuous approval of the overseas markets further promoted the Group to become a leading pharmaceutical company in the world.

In September 2020, the U.S. Food and Drug Administration ("**FDA**") had approved Hepalink's registration as a supplier of the finished dose medicines and API to the license holder for enoxaparin sodium injection. The Group is currently the sole supplier of enoxaparin sodium injection to the strategic partner that holds the marketing license in the United States; and the partner is responsible for sales and distribution. The approval of this registration marks the beginning for the Group's finished dose pharmaceutical products entering the market in the United States, and has achieved sales within the year. The Group expects its future Sales upsurge in the United States will further drive the growth of the Group's finished dose pharmaceutical products business.

In October 2020, Shenzhen Techdow Pharmaceutical Co., Ltd. ("**Shenzhen Techdow**"), a wholly-owned subsidiary of the Company, has received the Notice of Approval of Supplement Drug Application issued by the National Medical Products Administration, where Shenzhen Techdow's enoxaparin sodium injection of all five strengths sold domestically has passed the consistency evaluation of quality and efficacy of generic drugs. The approval of the consistency evaluation will increase the competitiveness of the Group's enoxaparin sodium injection products in the domestic market, which facilitate the Group to seize opportunities in the new market environment where provincial centralized drug procurement is continuously promoted. Moreover, it benefits from the trend of generic drugs gradually replacing originator drugs, the approval of consistency evaluation has brought support for quality recognition of Shenzhen Techdow's enoxaparin sodium injection of all five strengths sold domestically, and it will have a positive impact on the Group's future operating results in China market.

Regarding the efficacy of enoxaparin sodium in the treatment of COVID-19, the Group has completed the patient enrollment of the clinical trial in Italy, which was designed to verify that hospitalized patients with COVID-19 can be benefitted significantly from enoxaparin sodium pharmaceutical products. We also look forward to hearing the expected results as soon as possible.

API Business

For the Reporting Period, the sales of heparin API business amounted to approximately RMB2,700.9 million, representing an increase of approximately 18.8% as compared with approximately RMB2,274.0 million in 2019.

Heparin is a type of anticoagulant drug with various functions such as anticoagulation and anti-thrombosis. The heparin industry consists of the initial upstream procurement of porcine small intestines, the upstream extraction of crude heparin, the midstream manufacture of heparin APIs and downstream manufacture and supply of enoxaparin finished dose. Heparin sodium API is mainly used for the manufacture of standard heparin finished doses and LMWH APIs, which in turn are used for the manufacture of LMWH finished doses. The Group has two major manufacture bases for heparin sodium API in the PRC and the United States. Apart from being partly supplied to Shenzhen Techdow, a wholly-owned subsidiary of the Group, the heparin sodium APIs are mainly sold to overseas customers, including a number of world-renowned multinational pharmaceutical enterprises.

Since 2019, the Group has proactively adjusted its strategies to improve the profitability of its heparin API business. To avoid being affected by the hog prices in recent years, the Group entered into new pricing agreements with heparin API business customers in the second half of 2019 to ensure more stable gross profit margin space for the Group's heparin API business. During the Reporting Period, the new pricing mechanism formulated by the Group began to take effect, which enabled the effective transmission of upstream cost fluctuations, and the overall gross profit of the heparin API business improved significantly as compared to 2019, representing an increase of approximately 32.9% as compared to 2019.

During the Reporting Period, facing the uncontrolled COVID-19 pandemic and the uncertainty of the operating environment, the Group's customers were able to preserve their positive cash flow during the COVID-19 pandemic by fully considering and implementing more prudent cost and expense control measures based on their own business and order status, controlling and reducing variable costs, temporarily suspending and tightening procurement, and carefully evaluating and controlling capital expenditures. This posed certain challenges to the Group's API business. However, with the Group's solid brand strength and strict quality control, most customers have resumed procurement in the fourth quarter of 2020 to support their operational and manufacturing needs.

CDMO Business

For the Reporting Period, sales of CDMO business amounted to approximately RMB797.4 million, representing an increase of approximately 1.4% as compared to 2019, and accounted for 15.0% of the Group's total revenue; the gross profit margin decrease 4.3% to 26.3% as compared to 2019.

The Company operates its CDMO business through two platforms, namely Cytovance and SPL. The business platforms give our customers access to a customized assemblage of Chemistry, Manufacturing and Controls ("**CMC**") services for supporting the vast spectrum recombinant and naturally derived large molecule pharmaceutical products and critical non-viral vectors and intermediates for gene therapy. Both platforms offer services across the drug development lifecycle from discovery and selection of lead compounds to CGMP-compliant clinical trial batches and commercial supply, including R&D services, manufacturing services, quality assurance, and program arrangement.

During the Reporting Period, CDMO business of the Group participated in the development project of COVID-19 vaccines, and became a member of the supply chain for two commercialized mRNA vaccines, so as to do its contribution to the global anti-epidemic activities. We expected that the project of mRNA vaccines supply chain will create new revenue source of the CDMO business and will become an important growth driver. In addition, the backlog of CDMO business achieved a year-on-year growth of approximately 98% and reached approximately US$100 million at the end of 2020.

During the Reporting Period, the revenue of CDMO business in 2020 increased slightly as compared to the previous year; the revenue of some license deals that have been signed and realized was not recognized in the revenue of the Reporting Period, which had a certain impact on the revenue and gross profit scale.

Currently, Cytovance expanded into gene therapy sector as it established new pDNA manufacturing facilities that can supply customers with pDNA producing and testing services of three levels. We believe there are broad prospects and significant unmet market needs in gene therapy sector. According to Frost & Sullivan, the market size of cell and gene therapy CDMO is estimated to increase from USD1.5 billion in 2019 to USD5.7 billion in 2024, which is expected to provide new impetus to the development of Cytovance. SPL has established experience in the development of naturally derived pharmaceutical products and has developed core competencies such as developing complex and scalable processes for the extraction, isolation and purification of naturally derived materials.

New Drug Pipelines

Oregovomab

Oregovomab, a murine monoclonal antibody, is an anti-CA125 immunotherapy drug candidate being developed by the joint-stock subsidiary, namely OncoQuest Inc. ("**OncoQuest**"). It has completed a phase II clinical trial as a treatment combined with chemotherapy in patients with advanced primary ovarian cancer. The results of Phase II clinical trial have proven the safety and efficacy of Oregovomab in such combined treatment regime for advanced primary ovarian cancer patients. Phase II clinical results have shown a significant prolongation of median PFS, with a median PFS of 41.8 months, compared with 12.2 months in patients treated by chemotherapy alone ($p = 0.0027$). It also showed a significant improvement in OS ($p = 0.0043$). Oregovomab has Orphan Drug Designation from the FDA and EMA. Oregovomab is also being evaluated for treatment of patients with advanced recurrent ovarian cancer: in a phase II clinical trial in combination with an investigational stage immune booster (polyICLC/Hiltonol) for patients with advanced recurrent ovarian cancer, a phase Ib/IIa clinical trial in combination with PD-1 inhibitor (nivolumab) as a novel combination immunotherapy treatment for patients with recurrent ovarian cancer, and a phase II clinical trial as a combined treatment with a PARP inhibitor (niraparib) for patients with recurrent ovarian cancer. In October 2020, phase III clinical trial of Oregovomab has completed the first patient administration in the United States. The global pivotal trial is expected to enroll 602 patients from 140 clinical sites in 17 countries.

RVX-208 (Apabetalone)

RVX-208 is a selective inhibitor of bromodomain and BET proteins with selectivity for the second bromodomain. It is being developed by the joint-stock subsidiary Resverlogix Corp. (a public company listed on the Toronto Stock Exchange, stock code: RVX). RVX-208 has completed phase III clinical trial (BETonMACE) in combination with standard of care to reduce major adverse cardiovascular events among high-risk cardiovascular disease patients with type II diabetes mellitus, recent acute coronary syndrome, and low levels of high-density lipoprotein (HDL). RVX-208 was granted Breakthrough Therapy Designation by the FDA in February 2020 and the clinical plan for pivotal phase III was approved by the FDA in June 2020.

AR-301 (Salvecin)

AR-301 is a fully human monoclonal IgG1 antibody (mAb) that specifically targets S. aureus alpha-toxin. It is being developed by the joint-stock subsidiary Aridis Pharmaceuticals, Inc. (a company listed on the NASDAQ, stock code: ARDS). It is currently in a global phase III clinical trial as an adjunctive therapy to standard of care antibiotics in patients diagnosed with ventilator associated pneumonia (VAP) caused by S. aureus. Results of a phase I/II trial completed in the United States in the earlier stage have shown that patients treated with AR-301 consistently demonstrated less time spent under mechanical ventilation and higher rates of S. aureus eradication as compared to those treated with antibiotics alone. AR-301 was granted Fast Track Designation by the FDA and Orphan Drug Designation by the EMA. Our controlled subsidiary, namely Shenzhen Arimab Biomedical Co., Ltd. will soon initiate a phase III clinical trial of AR-301 in China as part of the global MRCT.

Other Progress

Kymab, based in Cambridge, the UK, is a clinical stage biopharmaceutical company focused on the discovery and development of fully human monoclonal antibody drugs using its proprietary antibody platforms (IntelliSelect®) which contain the entire repertoire of human antibodies. The Group holds 8.66% of Kymab's equity interest through its wholly-owned subsidiary, namely Hepalink (Hong Kong) Limited ("**Hepalink Hong Kong**"), and Hepalink Hong Kong has entered into a share transfer agreement on January 11, 2021 with, among others, Sanofi Foreign Participations BV pursuant to which Hepalink Hong Kong conditionally agreed to sell its entire interests in Kymab to Sanofi Foreign Participations BV and the completion is subject to certain conditions precedents. The Group continuously conducts business dialogues with its investee biopharmaceutical companies, seeking cooperation opportunities in product R&D and other aspects.

Outlook

The outbreak of COVID-19 pandemic is the biggest threat to the global economy for the year 2020. Although vaccination programme has commenced gradually in various countries, the progress is relatively slow and the impact of the pandemic has yet to come its heads. All kinds of anti-epidemic measures are likely to linger for a while, and the global economic activities are expected to remain weak in the short to medium term. This, together with intensified Sino-US tensions, increased trade protectionism and continued geopolitical risks, will pose further challenges and uncertainties to global economic recovery. Nevertheless, the easing of monetary policies and fiscal stimulus measures in many countries can help cushion the speed and extent of the economic downturn. As with all previous pandemics, we firmly believe that the COVID-19 pandemic will eventually be overcome or defeated by human beings.

The domestic economic activities have been on track to orderly recovery thanks to effective measures to contain the pandemic. Solid increase in domestic demand and a number of positive stimulus measures regarding economy introduced by the government are expected to help the economic activities return to a healthy level in a certain period. The mainland economy is expected to revert to its long-term growth path, given wider scope of market opening, including financial markets, as well as deepening technological development.

Despite the current market challenges and development opportunities, the Group conducts comprehensive discussions on the strategic direction, business deployment, competition strategies and development initiatives via multiple methods, including external researches, internal seminars and case studies. The Group systematically reviews its core capabilities, deeply interprets industry policies and market demand, and intends to accurately judge industry trends and explore new development opportunities in business areas. The Group will actively plan for the core areas and core segments in the industrial chain, continuously increase investment in R&D and strive to achieve breakthroughs in R&D innovation; accelerate its pace in the introduction of new products and strengthen international collaboration, pay attention to investment opportunities in innovative fields, and explore innovative breakthroughs in investment methods; continuously optimize resource allocation, reinforce management fundamentals, encourage innovative models and improve development quality, so as to foster steady and sustainable development in the long run, continuously improve the Group's core competitiveness and continuously create and enhance investment value and returns for shareholders.

The Group will focus on expansion of core product market and continuously promote global layout. On the one hand, we will constantly deepen the European business; on the other hand, we will accelerate the expansion and coverage in China and US market. In Europe, we will make every effort to expand our presence within advantageous areas while actively enhance penetration in other regional market, in order to further increase our share in European market. Moreover, we will continue to drive the construction of retail pharmacy channels, laying a foundation for spillover effect. Meanwhile, we have cooperated with a multinational pharmaceutical company with broad channel and rich experience in generic drug during the Reporting Period, become its main supplier of enoxaparin sodium injection product and entered into the U.S. market successfully. In China market, our enoxaparin sodium injection product of five strengths is the first domestic enoxaparin sodium injection with the approval of consistency evaluation. The Group will fully sort out its existing distributor network and structure and speed up on the extension of sales channels to the end market based on the adequate communication with distributors. Meanwhile, the Group will further improve the direct participation of internal marketing team in product marketing activities. In this regard, approaches will include providing the third-party promoters with regular training on product knowledge, hosting and taking part in medical or pharmaceutical conferences, symposiums and product seminars to directly partake in academic promotional activities of products and extend the opinion leadership network for the main therapeutic areas of products. All the approaches will serve to ensure accurate and timely delivery of product information to doctors. Our abovementioned efforts will contribute to the continuous growth of the finished dose pharmaceutical products business.

Relied on vertically integrated whole-industry chain platform and domestic and international manufacture base layout, the Group will also continue to focus on quality management and technological improvement of Heparin Sodium API products and improve overall competitiveness, so as to stay at the forefront of the industry in global market.

In respect of CDMO, the Group will continue to proactively maintain its advantages in advanced technology, provide customers with production capacity and technologies which they lack and assist

customers to accomplish their R&D projects in a high-efficient and cost-effective manner. At the same time, we will further increase the customer base, attract new customers who have innovative and differentiated product pipeline and continuous business demand for various R&D projects and diverse service. In order to accomplish these objectives, we will continue to enhance business development and marketing, improve customer coverage and expertise of business development team, and provide them with more resource in technology and service, so as to better serve the customers in different fields.

The Group has also gone through a lot of economic and industrial changes since its establishment about 20 years ago, during which the management team has accumulated valuable experiences in dealing with various kinds of uncertainties. Together with a healthy financial position, a time-tested business strategy as well as a harmonious and proactive corporate culture, the Group is confident of being able to once again excel by overcoming the challenges in the times ahead and emerge as a medium-sized pharmaceutical group by building an ecosystem driven mutually by major varieties, CDMO business and layouts of innovative drug.

Financial Review

Revenue

	For the year ended December 31,				
	2020 Sales amount RMB'000	**2020 % of Revenue**	**2019 Sales amount RMB'000**	**2019 % of Revenue**	**Year-on-year increase/ decrease (%)**
Sale of goods	**4,456,472**	**83.8%**	3,792,367	82.2%	17.5%
Finished dose pharmaceutical products	**1,510,731**	**28.4%**	1,230,840	26.7%	22.7%
API	**2,700,886**	**50.8%**	2,273,989	49.3%	18.8%
Others[(1)]	**244,855**	**4.6%**	287,538	6.2%	(14.8%)
CDMO services	**797,387**	**15.0%**	786,401	17.1%	1.4%
Others[(2)]	**61,826**	**1.2%**	33,337	0.7%	85.5%
Total	**5,315,685**	**100.0%**	4,612,105	100.0%	15.3%

Revenue from manufacturing and sales of goods increased by RMB664.1 million to RMB4,456.5 million, accounting for 83.8% of the total revenue during the Reporting Period, as compared with RMB3,792.4 million or 82.2% of the Group's revenue in the corresponding period in 2019. The increase in revenue from manufacturing and sales of goods was mainly due to the year-on-year increase in sales revenue of API and finished dose pharmaceutical products during the Reporting Period. API business was benefited from the adjustment of the pricing model by the Group and customers in the second half of 2019, which achieved effective transmission of fluctuation in costs, with a year-on-year increase in average sales price and a year-on-year increase of 18.8% in sales revenue of API business. Although the sales of finished dose enoxaparin sodium

pharmaceutical products in the European market, the world's leading market, have been affected by the COVID-19 pandemic to some extent, the changes in the sales pipeline structure caused by the outflow of hospital prescriptions to higher-priced pharmacies drove the increase in the average sales price, and the increase of sales volume and average sales price jointly led to a year-on-year increase of 22.7% in the sales revenue of finished dose pharmaceutical products business.

Cost of sales

For the Reporting Period, cost of sales increased by RMB358.9 million to RMB3,298.8 million, as compared with RMB2,939.9 million for the corresponding period in 2019. The increase in cost of sales was mainly due to the increase in cost of sales of finished dose pharmaceutical products and API during the Reporting Period.

Gross Profit

	For the year ended December 31,			
	2020 Gross profit RMB'000	**2020 Gross profit margin (%)**	**2019 Gross profit RMB'000**	**2019 Gross profit margin (%)**
Sale of goods	**1,755,073**	**39.4%**	1,401,105	36.9%
Finished dose pharmaceutical products	**724,150**	**47.9%**	579,475	47.1%
API	**1,078,164**	**39.9%**	811,194	35.7%
Others[(1)]	**(47,241)**	**(19.3%)**	10,436	3.6%
CDMO services	**209,832**	**26.3%**	240,462	30.6%
Others[(2)]	**51,931**	**84.0%**	30,622	91.9%
Total	**2,016,836**	**37.9%**	1,672,189	36.3%

Notes:

(1) Other products mainly include Pancreatin API.

(2) Other business mainly includes manufacture and marketing services, processing services, technical support services and other services.

For the Reporting Period, gross profit increased by RMB344.6 million to RMB2,016.8 million, as compared with RMB1,672.2 million in the corresponding period in 2019. For the Reporting Period, gross profit margin increased by 1.6 percentage points to 37.9%, as compared with 36.3% for the corresponding period in 2019. The increase in gross profit margin was mainly due to the increase in the average sales price and sales contribution of API, as well as the increase in gross profit of finished dose pharmaceutical products.

Finance Costs

The Group's finance costs mainly consist of interest on bank borrowings and corporate bonds and other finance costs. For the Reporting Period, finance costs decreased by RMB14.4 million to RMB260.8 million, as compared with RMB275.2 million for the corresponding period in 2019, representing a decrease of 5.2%. The decrease in finance costs was mainly due to a decrease in interest-bearing bank and other borrowings as compared with the corresponding period in 2019.

Taxation

For the Reporting Period, income tax expense was RMB306.2 million, as compared with an income tax expense of RMB271.4 million for the corresponding period in 2019, representing an increase of approximately 12.8%.

Profit Attributable to Equity Holders of the Company

For the Reporting Period, profit attributable to equity holders of the Company was RMB1,024.2 million, as compared with RMB1,059.7 million for the corresponding period in 2019, representing a decrease of approximately 3.4%.

Non-IFRS Measures

To supplement our consolidated financial statements, which are presented in accordance with the IFRSs, we also use adjusted operating profit and adjusted net profit as additional financial measures, which are not required by, or presented in accordance with, IFRSs. We present these financial measures because they are used by our management to evaluate our financial performance by eliminating the impact of items that we do not consider indicative of our business performance. We also believe that these non-IFRSs measures provide additional information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management compare our financial results across accounting periods and with those of our counterparts.

The Company believes that the adjusted non-IFRS profit attributable to equity holders of the parent is useful for understanding and assessing underlying business performance and operating trends, and that the Company's management and investors can refer to these adjusted non-IFRS financial measures in assessing the Group's financial performance by eliminating the impact of certain unusual and non-recurring items that the Group does not consider indicative of the performance of the Group's business. However, the presentation of the adjusted non-IFRS profit attributable to equity holders of the parent is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with the IFRS. The adjusted non-IFRS profit attributable to equity holders of the parent does not have a standardized definition prescribed under the IFRS and therefore may not be comparable to similar measures presented by other companies. In addition, the account receivables provides for bad debt had been collected, which resulted in one-off gain from such reversal and the changes to state tax rate of income tax resulted in one-off gain (net) of subsidiaries in the United State. Shareholders and potential investors should not view the adjusted non-IFRS profit attributable to equity holders of the parent on a stand-alone basis or as a substitute for results under the IFRS, or as being comparable to results reported or forecasted by other companies.

	For the year ended December 31,	
	2020	2019
	RMB'000	*RMB'000*
Profit attributable to equity holders of the parent	**1,024,210**	1,059,700
Non-recurring profit and loss		
Gains or losses from disposal non-current assets	**134**	2,041
Gain on deemed disposal of a subsidiary	**—**	573,865
Government grants through profit or loss	**46,750**	36,390
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, derivative financial assets, financial liabilities for trading and derivative financial liabilities, as well as investment income from disposing financial assets for trading, derivative financial assets, financial liabilities for trading, derivative financial liabilities and other debt investments	**529,023**	139,185
Reversal of provision for impairment of receivables and contract assets that have been separately tested for impairment	**—**	5,361
The impact of one-time adjustment to the current profit and loss in accordance with requirements of taxation, accounting and other lows and regulations on the current profit and loss.	**(2,630)**	(26,832)
Other non-operating income and expenses apart from those stated above	**(1,876)**	639
Effect on enterprise income tax	**(138,756)**	(116,138)
Effect on interest of minority shareholders (after tax)	**(442)**	(1,139)
Total	**432,203**	613,372
Non-IFRS net profit attributable to equity holders of the parent (net of non-recurring profit and loss)[(1)]	**592,007**	446,328
Adjusted non-IFRS net profit attributable to equity holders of the parent (net of non-recurring profit and loss)[(1)(2)]	**852,514**	435,513

(1) Net profit attributable to shareholder of the listed company (net of non-recurring profit and loss) (define columns according to A-share disclosure guidelines).

(2) There is no deduction of after-tax expenses of H share listing expenses of RMB49 million and after-tax foreign exchange losses of RMB211 million.

Earnings per Share

The basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, by the weighted average number of ordinary shares of the Company in issue for the Reporting Period. The diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company, by the weighted average number of ordinary shares of the Company in issue for the Reporting Period (with adjustments made for all potential dilution effect of the ordinary shares).

For the Reporting Period, both basic earnings per share and diluted earnings per share were RMB0.76, as compared with RMB0.85 for the corresponding period in 2019, representing a decrease of approximately 10.6%.

Liquidity and Financial Resources

Treasury Policies

The primary objective of the Group's capital management is to maintain its ability to continue as a going concern so that the Group can constantly provide returns for shareholders of the Company and benefits for other stakeholders by implementing proper product pricing and securing access to financing at reasonable costs. The Group actively and regularly reviews and manages its capital structure and makes adjustments by taking into consideration the changes in economic conditions, its future capital requirements, prevailing and expected profitability and operating cash flows, expected capital expenditures and expected strategic investment opportunities. The Group closely monitors its debt-to-asset ratio, which is defined as total borrowings divided by total assets.

Foreign Currency Risk

Foreign currency risk arises from sales or purchases by operating units in currencies other than the units' functional currencies. The Group has transactional currency exposures and currency exposures from our interest-bearing bank borrowings. The Group has a foreign currency hedging policy to mitigate our foreign currency risk and monitor foreign exchange exposure from time to time to adjust our hedging measures.

For the Reporting Period, the Group recorded a net foreign exchange loss of RMB248.8 million, and recorded a net foreign exchange gain of RMB32.1 million for the same period in 2019. Currently, the Group does not employ any financial instruments to hedge against foreign currency risk.

Liquidity and Financial Resources

The Group's liquidity remains strong. During the Reporting Period, the Group's funds were primary from its ordinary business. As at December 31, 2020, the Group's cash and bank balances were approximately RMB1,330.2 million (December 31, 2019: approximately RMB1,076.5 million).

Capital Structure

As at December 31, 2020, the Group recorded short-term loans of approximately RMB2,482.0 million (December 31, 2019: approximately RMB3,939.3 million) and long-term loans of approximately RMB3,085.9 million (December 31, 2019: approximately RMB2,354.7 million).

Pledge of Assets

As at December 31, 2020, the Group's assets of approximately RMB2,563.4 million were pledged to banks and other financial institutions to secure the credit facilities granted to the Group (December 31, 2019: approximately RMB2,228.7 million).

Contingent Liabilities

As at December 31, 2020, neither the Group nor the Company had material contingent liabilities (December 31, 2019: nil).

Asset-liability Ratio

As at December 31, 2020, the Group's total assets amounted to approximately RMB19,025.9 million, (December 31, 2019: approximately RMB15,351.9 million), whereas the total liabilities amounted to approximately RMB7,336.9 million (December 31, 2019: approximately RMB7,880.1 million). The asset-liability ratio (i.e., total liabilities divided by total assets) was approximately 38.6% (December 31, 2019: approximately 51.3%).

Interest Rate Risk

The Group's exposure to the risk of changes in market interest rates relates to the interest-bearing bank and other borrowings with floating interest rates. The Group's policy is to manage our interest cost using a mix of fixed and variable rate debts. As at December 31, 2020, the Group had approximately 86.7% interest-bearing borrowings bore interest at fixed rates (December 31, 2019: approximately 75.3%).

Indebtedness

	As at December 31, 2020 RMB'000	As at December 31, 2019 RMB'000
Interest-bearing bank and other borrowings	**5,567,834**	6,293,993
Lease liabilities	**77,243**	119,233
Total financial indebtedness	**5,645,077**	6,413,226
Pledged bank deposits	**(80)**	(61,568)
Net financial indebtedness	**5,644,997**	6,351,658

The maturity profile of the Group's interest-bearing bank and other borrowings is set out as follows:

	As at December 31, 2020 RMB'000	As at December 31, 2019 RMB'000
Repayable:		
Within one year or on demand	**2,481,977**	3,939,340
After one year but within two years	**885,698**	422,308
After two years but within five years	**1,652,246**	1,932,345
After five years	**547,913**	—
Total	**5,567,834**	6,293,993

The Group's bank lending as at December 31, 2020 was approximately RMB3,675.5 million (December 31, 2019: RMB4,408.9 million). As at December 31, 2020, the Group's corporate bond was approximately RMB1,612.3 million (December 31, 2019: RMB1,154.4 million). As at December 31, 2020, the Group's total amount of other lending was RMB280.0 million (December 31, 2019: RMB730.7 million).

1. Corporate Information

The Company is a joint stock company with limited liability established in the People's Republic of China (hereafter, the "**PRC**") on April 21, 1998. With the approval of the China Securities Regulatory Commission, the Company completed its initial public offering and was listed on the Shenzhen Stock Exchange (stock code: 002399.SZ) on May 6, 2010. The Company completed its public offering in Hong Kong and its H shares were listed on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") (stock code: 9989) on July 8, 2020. The registered address of the office of the Company in the PRC is No.21 Langshan Road, Nanshan District, Shenzhen. The Company's principal place of business in Hong Kong is at Room 4724, 47/F, Sun Hung Kai Centre, 30 Harbour Road, Wan Chai, Hong Kong. The Company is ultimately controlled by Mr. Li Li and Ms. Li Tan who are acting in concert.

The Group is principally engaged in biopharmaceutical production, biopharmaceutical services, biopharmaceutical trading and biopharmaceutical research and development in Asia, Europe, North America and Australia, and investment business in Asia and North America.

These consolidated financial statements have been reviewed by the Audit Committee of the Board and approved for issuance by the Board on March 29, 2021.

2.1 Basis of Preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), (which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations) issued by the International Accounting Standards Board (the "**IASB**"), and the disclosure requirements of the Hong Kong Companies Ordinance.

They have been prepared under the historical cost convention, except for equity investments designated at fair value through other comprehensive income, derivative financial instruments and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand ("**RMB'000**") except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended December 31, 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 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.

2.2 Changes in Accounting Policies and Disclosures

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 3	*Definition of a Business*
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*
Amendments to IAS 1 and IAS 8	*Definition of Material*

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised IFRSs are described below:

(a) *Conceptual Framework for Financial Reporting 2018* (the "**Conceptual Framework**") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

(b) Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after January 1, 2020. The amendments did not have any impact on the financial position and performance of the Group.

(c) Amendments to IFRS 9, IAS 39 and IFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("**RFR**"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

(d) Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

3. Operating Segment Information

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(a) The finished dose pharmaceutical products segment includes enoxaparin sodium injection products.

(b) The active pharmaceutical ingredient segment includes standard heparin sodium active pharmaceutical ingredients, and enoxaparin sodium active pharmaceutical ingredients.

(c) The CDMO segment includes R&D, manufacturing, quality management, program management and commercial manufacture under customers' specific orders.

(d) The "others" segment.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax from continuing operations. The adjusted profit/loss before tax from continuing operations is measured consistently with the Group's profit before tax except that other income and gains, selling and distribution expenses, administrative expenses, impairment losses on financial assets, other expenses, finance costs and share of profits and losses of associates are excluded from such measurement.

Segment assets exclude cash and cash equivalents, pledged deposits, deferred tax assets, equity investments designated at fair value through other comprehensive income, derivative financial instruments, financial assets at fair value through profit or loss and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings (other than lease liabilities), tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

For the year ended December 31, 2020

Segments	Finished dose pharmaceutical products *RMB'000*	Active pharmaceutical ingredients *RMB'000*	CDMO *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue:					
Sales to external customers	**1,510,731**	**2,700,886**	**797,387**	**306,681**	**5,315,685**
Intersegment sales	**1,782,320**	**1,861,116**	**32,500**	**249,999**	**3,925,935**
	3,293,051	**4,562,002**	**829,887**	**556,680**	**9,241,620**
Reconciliation:					
Elimination of intersegment sales					**(3,925,935)**
Revenue from contracts with customers					**5,315,685**
Segment results:	**636,689**	**1,161,446**	**218,719**	**36,947**	**2,053,801**
Reconciliation:					
Elimination of intersegment results					**(36,965)**
Other income and gains					**365,378**
Selling and distribution expenses					**(408,901)**
Administrative expenses					**(598,078)**
Impairment losses on financial assets					**(15,194)**
Other expenses					**(2,385)**
Finance costs					**(260,824)**
Share of profits and losses of associates					**231,004**
Group's profit before tax					**1,327,836**

Segments	Finished dose pharmaceutical products *RMB'000*	Active pharmaceutical ingredients *RMB'000*	CDMO *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment assets	**3,084,149**	**10,155,357**	**2,113,756**	**1,261,697**	**16,614,959**
Reconciliation:					
Elimination of intersegment receivables					**(5,257,920)**
Corporate and other unallocated assets					**7,668,856**
Total assets					**19,025,895**
Segment liabilities	**1,875,201**	**2,315,599**	**315,019**	**2,484,552**	**6,990,371**
Reconciliation:					
Elimination of intersegment payables					**(5,552,972)**
Corporate and other unallocated liabilities					**5,899,506**
Total liabilities					**7,336,905**
Other segment information					
Share of profits and losses of associate					**231,004**
Impairment losses on financial assets	**(2,854)**	**(10,515)**	**(1,277)**	**(548)**	**(15,194)**
Depreciation and amortisation	**48,323**	**74,873**	**51,107**	**97,853**	**272,156**
Investments in associates					**1,631,183**
Capital expenditure	**19,732**	**24,879**	**95,087**	**94,890**	**234,588**

For the year ended December 31, 2019

Segments	Finished dose pharmaceutical products *RMB'000*	Active pharmaceutical ingredients *RMB'000*	CDMO *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue:					
Sales to external customers	1,230,840	2,273,989	786,401	320,875	4,612,105
Intersegment sales	1,824,767	1,040,446	5,605	240,534	3,111,352
	3,055,607	3,314,435	792,006	561,409	7,723,457
Reconciliation:					
Elimination of intersegment sales					(3,111,352)
Revenue from contracts with customers					4,612,105
Segment results:	589,230	887,107	241,497	59,986	1,777,820
Reconciliation:					
Elimination of intersegment results					(105,631)
Other income and gains					833,775
Selling and distribution expenses					(411,318)
Administrative expenses					(521,039)
Impairment losses on financial assets					(737)
Other expenses					(569)
Finance costs					(275,198)
Share of profits and losses of associates					18,177
Group's profit before tax					1,315,280

Segments	Finished dose pharmaceutical products *RMB'000*	Active pharmaceutical ingredients *RMB'000*	CDMO *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment assets	2,433,244	7,360,530	2,336,649	1,179,265	13,309,688
Reconciliation:					
Elimination of intersegment receivables					(2,694,723)
Corporate and other unallocated assets					4,736,982
Total assets					15,351,947
Segment liabilities	1,635,400	1,402,398	358,815	1,852,782	5,249,395
Reconciliation:					
Elimination of intersegment payables					(3,288,500)
Corporate and other unallocated liabilities					5,919,178
Total liabilities					7,880,073
Other segment information					
Share of profits and losses of associate					18,177
Impairment losses on financial assets	(2,408)	4,784	(1,538)	(1,575)	(737)
Depreciation and amortisation	45,452	47,884	135,891	19,037	248,264
Investments in associates					1,349,772
Capital expenditure	71,473	92,085	110,023	63,675	337,256

Geographical information

(a) Revenue from external customers

	2020	2019
	RMB'000	*RMB'000*
Hong Kong	**51,404**	18,046
United States of America	**894,076**	1,019,402
Europe	**2,904,348**	2,639,743
Mainland China	**514,511**	401,830
Other countries/regions	**951,346**	533,084
	5,315,685	4,612,105

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	As at December 31,	
	2020	2019
	RMB'000	*RMB'000*
Mainland China	**3,725,102**	3,528,739
United States of America	**3,546,915**	3,665,249
Europe	**171,057**	184,672
Hong Kong	**2,771**	—

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

Information about major customers

For the year ended December 31, 2020, revenue of approximately RMB769,183,000 derived from a single external customer accounted for more than 10% of the total revenue.

For the year ended December 31, 2019, revenue of approximately RMB1,036,608,000 derived from a single external customer accounted for more than 10% of the total revenue.

4. Revenue

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended December 31, 2020

Segments	Finished dose pharmaceutical products *RMB'000*	Active pharmaceutical ingredients *RMB'000*	CDMO *RMB'000*	Others *RMB'000*	Total *RMB'000*
Types of goods or services					
Sale of products	**1,510,731**	**2,700,886**	**—**	**244,855**	**4,456,472**
CDMO services	**—**	**—**	**797,387**	**—**	**797,387**
Others	**—**	**—**	**—**	**61,826**	**61,826**
Total revenue from contracts with customers	**1,510,731**	**2,700,886**	**797,387**	**306,681**	**5,315,685**
Geographical markets					
Hong Kong	**1,050**	**50,354**	**—**	**—**	**51,404**
United States of America	**22,719**	**176,848**	**575,330**	**119,179**	**894,076**
Europe	**1,173,725**	**1,528,860**	**157,466**	**44,297**	**2,904,348**
Mainland China	**235,000**	**172,834**	**—**	**106,677**	**514,511**
Other countries/regions	**78,237**	**771,990**	**64,591**	**36,528**	**951,346**
Total revenue from contracts with customers	**1,510,731**	**2,700,886**	**797,387**	**306,681**	**5,315,685**
Timing of revenue recognition					
Products transferred at a point in time	**1,510,731**	**2,700,886**	**—**	**244,855**	**4,456,472**
Services transferred at a point in time	**—**	**—**	**220,788**	**36,392**	**257,180**
Services transferred over time	**—**	**—**	**576,599**	**25,434**	**602,033**
Total revenue from contracts with customers	**1,510,731**	**2,700,886**	**797,387**	**306,681**	**5,315,685**

For the year ended December 31, 2019

Segments	Finished dose pharmaceutical products *RMB'000*	Active pharmaceutical ingredients *RMB'000*	CDMO *RMB'000*	Others *RMB'000*	Total *RMB'000*
Type of goods or services					
Sale of products	1,230,840	2,273,989	—	287,538	3,792,367
CDMO services	—	—	786,401	—	786,401
Others	—	—	—	33,337	33,337
Total revenue from contracts with customers	1,230,840	2,273,989	786,401	320,875	4,612,105
Geographical markets					
Hong Kong	1,751	16,295	—	—	18,046
United States of America	—	114,069	717,825	187,508	1,019,402
Europe	969,205	1,634,129	1,862	34,547	2,639,743
Mainland China	231,637	96,120	—	74,073	401,830
Other countries/regions	28,247	413,376	66,714	24,747	533,084
Total revenue from contracts with customers	1,230,840	2,273,989	786,401	320,875	4,612,105
Timing of revenue recognition					
Products transferred at a point in time	1,230,840	2,273,989	—	287,538	3,792,367
Services transferred at a point in time	—	—	137,619	5,411	143,030
Services transferred over time	—	—	648,782	27,926	676,708
Total revenue from contracts with customers	1,230,840	2,273,989	786,401	320,875	4,612,105

The following table shows the amounts of revenue recognised during the current period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2020	2019
	RMB'000	*RMB'000*
Revenue recognised that was included in the contract liabilities balance at the beginning of year:		
Sale of products	**3,642**	9,177
CDMO services	**197,544**	216,248
Others	**—**	30,449
	201,186	255,874

(ii) Performance obligations

Information about the Group's performance obligations is summarised below.

Sale of products

The performance obligation is satisfied upon delivery of the products and payment is generally due within 30 to 180 days from delivery, except for PRC customers of the finished dose pharmaceutical products, where payment in advance is normally required.

CDMO services

For services under the Fee-for-service ("**FFS**") model, revenue is recognised over time and the performance obligation is part of a contract that has an original expected duration of one year or less. Therefore, under practical expedients allowed by IFRS 15, the Group does not disclose the value of unsatisfied performance obligations under the FFS model.

For certain CDMO services, the directors of the Company have determined that performance obligations are satisfied upon acceptance of the deliverable products under customers' specific orders, and therefore, the performance obligation is recognised as revenue at a point in time.

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at December 31, 2020 and December 31, 2019 are as follows:

	2020	2019
	RMB'000	*RMB'000*
Within one year	**1,048,314**	176,576

All the performance obligations are expected to be recognised within one year. The amounts disclosed above do not include variable consideration which is constrained.

5. Other Income and Gains

	2020	2019
	RMB'000	*RMB'000*
Other income		
Bank interest income	**34,647**	45,673
Government grants related to		
— Assets*	**2,072**	2,106
— Income**	**44,679**	32,374
Dividend income from financial assets at fair value through profit or loss	**14,590**	643
Dividend income from financial assets designated at fair value through other comprehensive income	**16,561**	16,541
	112,549	97,337
Other gains		
Foreign exchange (losses)/gains, net	**(248,832)**	32,072
Gains on disposal of financial assets at fair value through profit or loss	**5,444**	4,774
Fair value gains, net:		
Fair value gains on financial assets at fair value through profit or loss	**506,936**	199,726
Fair value losses on derivative instruments	**(20,480)**	(83,242)
Gain on deemed disposal of a subsidiary	**—**	573,865
(Losses)/gains on disposal of items of property, plant and equipment	**(1)**	2,068
Interest income from debt investment	**5,972**	—
Others	**3,790**	7,175
	252,829	736,438
	365,378	833,775

* The Group has received certain government grants related to assets to invest in laboratory equipment and plant. The grants related to assets were recognised in profit or loss over the useful lives of the relevant assets.

** The government grants and subsidies related to income have been received to compensate for the Group's research and development costs. Certain of the grants related to income have future related costs expected to be incurred and require the Group to comply with conditions attached to the grants and the government to acknowledge the compliance of these conditions. These grants related to income are recognised in the statement of profit or loss on a systematic basis over the periods that the costs, for which they are intended to compensate, are expensed. Other government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

6. Finance Costs

An analysis of finance costs is as follows:

	2020	2019
	RMB'000	*RMB'000*
Interest expenses on:		
Bank borrowings	**147,240**	192,431
Corporate bonds	**96,248**	63,725
Lease liabilities	**4,231**	5,684
Other finance costs	**13,105**	13,358
	260,824	275,198

7. Profit before Tax

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

	2020	2019
	RMB'000	*RMB'000*
Cost of inventories sold	**2,701,311**	2,391,262
Cost of services provided	**597,538**	548,654
Depreciation of property, plant and equipment	**220,033**	196,164
Depreciation of right-of-use assets	**35,212**	39,462
Amortisation of other intangible assets	**52,123**	52,100
Research and development costs*	**160,008**	148,714
Auditor's remuneration	**12,739**	3,440
Expense related to public offering	**32,101**	20,363
Employee benefit expense (including directors' and supervisors' remuneration):		
Salaries and other benefits	**582,211**	650,603
Pension scheme contributions, social welfare and other welfare	**117,290**	147,637
Lease payment not included in the measurement of lease liabilities	**1,454**	2,596
Bank interest income	**(34,647)**	(45,673)
Finance costs	**260,824**	275,198
Dividend income from financial assets at fair value through profit or loss	**(14,590)**	(643)
Dividend income from financial assets at fair value through other comprehensive income	**(16,561)**	(16,541)
Foreign exchange losses/(gains), net	**248,832**	(32,072)
Gains on disposal of financial assets at fair value through profit or loss	**(5,444)**	(4,774)
Fair value losses on derivative instruments	**20,480**	83,242
Fair value gains on financial assets at fair value through profit or loss	**(506,936)**	(199,726)
Gain on deemed disposal of a subsidiary	**—**	(573,865)
Losses/(gains) on disposal of items of property, plant and equipment	**1**	(2,068)
Interest income from debt investment	**(5,972)**	—
Impairment losses on financial assets	**15,194**	737
Write-down of inventories to net realisable value	**55,879**	48,025

* Research and development costs are included in "Administrative expenses" in the consolidated statement of profit or loss.

8. Income Tax Expense

The major components of the income tax expense for the years are as follows:

	2020	2019
	RMB'000	*RMB'000*
Current tax expense		
PRC	**71,311**	96,132
USA	**52,225**	75,264
Elsewhere	**1,939**	495
Under provision in prior years	**8,055**	133
	133,530	172,024
Deferred tax expense		
PRC	**99,594**	90,814
USA	**51,029**	20,983
Elsewhere	**22,051**	(12,439)
	172,674	99,358
Total tax charge for the year	**306,204**	271,382

9. Dividends

	2020	2019
	RMB'000	*RMB'000*
Proposed final — RMB15 cent (2019: RMB18 cent) per ordinary share	**220,094**	224,496

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

10. Earnings per Share Attributable to Ordinary Equity Holders of the Parent

The calculation of the basic and diluted earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent, and the weighted average number of 1,353,329,463 ordinary shares (2019: 1,247,201,704) in issue during the year as adjusted to reflect rights issue during the year. The Group had no potentially dilutive ordinary shares in issue during the years ended December 31, 2020 and 2019.

The calculation of basic and diluted earnings per share is based on:

	2020	2019
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent	**1,024,210**	1,059,700

	Number of shares	
	2020	2019
Shares		
Weighted average number of ordinary shares in issue during the year, used in the basic and diluted earnings per share calculation	**1,353,329,463**	1,247,201,704

11. Trade and Bills Receivables

	2020	2019
	RMB'000	*RMB'000*
Trade receivables	**1,661,300**	1,281,020
Bills receivable	**35,030**	22,826
Allowance for expected credit losses	**(30,114)**	(21,721)
	1,666,216	1,282,125

The Group's trading terms with its customers are mainly on credit. The credit period is generally from one month to three months. The Group seeks to maintain strict control over its outstanding receivables to minimize credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. The balances of trade receivables are non-interest-bearing.

An ageing analysis of the trade and bills receivables as at the end of each reporting period, based on the invoice date and net of allowance for expected credit losses, is as follows:

	2020	2019
	RMB'000	*RMB'000*
Within 1 year	**1,630,918**	1,235,375
1 year to 2 years	**40,309**	51,047
2 years to 3 years	**18,391**	6,522
Over 3 years	**6,712**	10,902
	1,696,330	1,303,846
Less: Allowance for expected credited loss	**(30,114)**	(21,721)
	1,666,216	1,282,125

The movements in the allowance for expected credit losses of trade receivables are as follows:

	2020	2019
	RMB'000	*RMB'000*
At beginning of year	**21,721**	26,162
Impairment losses, net	**10,589**	(2,367)
Amount written off as uncollectible	**(2,144)**	(2,581)
Exchange realignment	**(52)**	507
At end of year	**30,114**	21,721

12. Trade Payables

	2020	2019
	RMB'000	*RMB'000*
Trade payables	**239,218**	228,661

An ageing analysis of the trade payables as at the end of the reporting periods, based on the invoice date, is as follows:

	2020	2019
	RMB'000	*RMB'000*
Within 1 year	**236,702**	226,579
1 year to 2 years	**1,774**	1,617
2 years to 3 years	**709**	262
Over 3 years	**33**	203
	239,218	228,661

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 90 days.

13. Share Capital

	2020	2019
	RMB'000	*RMB'000*
Issued and fully paid:		
1,467,296,204 (2019:1,247,201,704) ordinary shares	**1,467,296**	1,247,202

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	**Share capital** *RMB'000*
At January 1, 2019, December 31, 2019 and January 1, 2020	1,247,201,704	1,247,202
Issuance of H shares upon listing on the Hong Kong Stock Exchange	220,094,500	220,094
At December 31, 2020	1,467,296,204	1,467,296

Use of Proceeds from the H Share Listing of the Company

The H shares of the Company were listed on the Hong Kong Stock Exchange on July 8, 2020 (the "**Listing Date**"), and the Company obtained net proceeds of RMB3,538.4 million.

The table below sets forth a detailed breakdown and description of the use of net proceeds from the listing of H shares of the Company:

Use of proceeds	Amounts expected to be utilized as disclosed in the Prospectus (In RMB millions)	Amounts utilized as of the date of this announcement (In RMB millions)	Amounts not yet utilized (In RMB millions)	Expected time of use
Improving capital structure and repaying the existing debt	1,061.5	1,034.4	27.1	Within next 12 months from the Listing Date
Expansion of the sales and marketing network and infrastructure in the European Union and other global markets, such as the PRC	1,061.5	—	1,061.5	Within next two years from the Listing Date
Expanding our development and manufacturing capacity and broadening our product and services offering of Cytovance	707.7	—	707.7	Within next three years from the Listing Date
Investment in innovative drugs	707.7	69.1	638.6	Within next three years from the Listing Date
Total	3,538.4	1,103.5	2,434.9	

As disclosed in the prospectus of the Company date June 24, 2020 (the ("**Prospectus**"), to the extent that the net proceeds from the Global Offering are not immediately required for the above purposes or if we are unable to put into effect any part of our development plan as intended, we may hold such funds in short-term deposits with licensed banks or authorized financial institutions in Hong Kong so long as it is deemed to be in the best interests of the Company. In such event, we will comply with the appropriate disclosure requirements under the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited ("**Listing Rules**").

Significant Investment Held

During the Reporting Period, the Group did not hold any significant investment.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the Reporting Period, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

Employee and Remuneration Policy

As at December 31, 2020, the Group had 1,964 employees, where their salaries and allowances were determined based on their performance, experience and the then prevailing market rates. Other employee benefits include the Mandatory Provident Fund, insurance and medical care, subsidized training, and employee share incentive schemes. During the Reporting Period, the total staff costs (including director's emoluments) were approximately RMB699.5 million (for the same period in 2019: approximately RMB798.2 million).

Purchase, Sale or Redemption of Listed Securities

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

Compliance with Corporate Governance Code

The Company is committed to ensuring high standards of corporate governance and has adopted the code provisions set out in the Corporate Governance Code in Appendix 14 to the Listing Rules (the "**Corporate Governance Code**"). During the Reporting Period and up to the date of this announcement, the Company has complied with all the applicable code provisions in the Corporate Governance Code.

The Board currently comprises four executive directors, one non-executive director and three independent non-executive directors, with the independent non-executive directors representing more than one-third of the number of the Board members. Having such a percentage of independent non-executive directors on the Board can ensure their views carry significant weight and reflect the independence of the Board.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has devised its own code of conduct for the trading of securities by its directors, supervisors and members of senior management of the Group (who are likely to possess inside information about the securities of the Company due to their offices or employments in the Group) on terms that no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules (the "**Model Code**"). Having made specific enquiry by the Company, all directors, supervisors and members of senior management of the Group have confirmed that they have complied with the required standard set out in the Model Code during the Reporting Period and up to the date of this announcement. The Company continues and will continue to ensure the compliance with the corresponding provisions set out in the Model Code.

Review of Annual Results by the Audit Committee

The Audit Committee of the Board has considered and reviewed the audited consolidated annual results of the Group for the year ended December 31, 2020 and the accounting principles and practices adopted by the Group, and has discussed with management issues in relation to internal control, risk management and financial reporting. The Audit Committee of the Board is of the opinion that the audited consolidated annual results of the Group for the year ended December 31, 2020 are in compliance with the relevant accounting standards, laws and regulations and have been officially disclosed in due course.

Scope of Work of Ernst & Young

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and the related notes thereto for the year ended December 31, 2020 as set out in this results announcement have been agreed by the Company's auditors to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the Company's auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditors on this results announcement.

Final Dividend

Relevant resolution has been passed at a meeting of the Board held on March 29, 2021, and the Board proposed the distribution of a final dividend (the "**Final Dividend**") of RMB0.15 (tax inclusive) per share for the year ended December 31, 2020. If such profit distribution plan is reviewed and approved by shareholders of the Company at the 2020 annual general meeting to be held on Wednesday, May 26, 2021 (the "**2020 AGM**"), the Final Dividend will be distributed no later than July 26, 2021 to H shares shareholders whose names appear on the register of members of the Company's H shares on Friday, June 4, 2021. The Final Dividend is denominated and declared in Renminbi. The Final Dividend payable to the holders of the Company's H shares shall be paid in Hong Kong dollars. The amount of Hong Kong dollars payable shall be calculated on the basis of the average closing exchange rates for Hong Kong dollars as announced by the Foreign Exchange Trading Centre of the PRC one calendar week prior to the approval of the Final Dividend at the 2020 AGM.

Annual General Meeting

The 2020 AGM will be held on Wednesday, May 26, 2021. A notice convening the 2020 AGM will be published on the websites of the Hong Kong Stock Exchange and the Company and dispatched to the H shares shareholders of the Company in due course.

Closures of Register of Members

i. For attending and voting at the 2020 AGM

The registers of members of the Company's H shares will be closed from Friday, May 21, 2021 to Wednesday, May 26, 2021, both days inclusive, during which period no transfer of H shares will be registered. In order to be eligible for attending and voting at the forthcoming annual general meeting, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's H shares share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Thursday, May 20, 2021.

ii. For entitlement of proposed Final Dividend

The registers of members of the Company's H shares will be closed from Tuesday, June 1, 2021 to Friday, June 4, 2021, both days inclusive, during which period no transfer of H shares will be registered. In order to qualify for the proposed Final Dividend, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's H shares share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Monday, May 31, 2021.

Events after the Reporting Period

The Company has no events after the Reporting Period that need to be brought to the attention of the shareholders of the Company.

Publication of Annual Results Announcement and Annual Report

This announcement will be published on the websites of the Company (http://www.hepalink.com/) and the Hong Kong Stock Exchange (http://www.hkexnews.hk). The Company's Annual Report 2020 will be despatched to the H shares shareholders and published on the websites of the Company and the Hong Kong Stock Exchange in due course.

Appreciation

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

By order of the Board
Shenzhen Hepalink Pharmaceutical Group Co., Ltd.
Li Li
Chairman

Shenzhen, the PRC
March 29, 2021

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