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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, 2021

FINANCIAL HIGHLIGHTS

For the three months ended 31 March, 2021, the Group recorded the following unaudited results:

- Revenue was approximately RMB7,243 million, an increase of approximately 16.4% over the same period last year;
- Profit attributable to the owners of the parent was approximately RMB1,913.50 million, an increase of approximately 118.5% over the same period last year;
- Basic earnings per share attributable to the owners of the parent were approximately RMB10.19 cents, an increase of approximately 118.7% over the same period last year;
- Sales of new products ^(Note) accounted for approximately 47.4% of the Group's total revenue; amounted to approximately RMB3,433.69 million, an increase of approximately 67.0% over the same period last year;
- Sales of oncology medicines amounted to approximately RMB2,638.42 million, an increase of approximately 31.8% over the same period last year; and
- Cash and bank balances as at 31 March, 2021 was approximately RMB7,932.11 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, 2021.

Note: Products launched within five years.

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 tumors, liver diseases, cardio-cerebral diseases, orthopedic diseases, respiratory system diseases and parenteral nutrition. 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:

Oncology medicines:	Qingkeshu (Abiraterone Acetate) tablets, Qianping (Bortezomib for injections), Anxian (Lenalidomide) capsules, Yinishu (Dasatinib) tablets, Genike (Imatinib Mesylate) capsules, Jizhi (Gefitinib) tablets, Leweixin (Bendamustine Hydrochloride for injection)
Hepatitis medicines:	Tianqingganmei (Magnesium Isoglycyrrhizinate) injections, Tianqingganping (Diammonium Glycyrrhizinate) enteric capsules
Orthopedic medicines:	Gaisanchun (Calcitriol) capsules, Yigu (Zoledronic Acid) injections Taiyan (Tofacitinib Citrate) tablets
Cardio-cerebral medicines:	Yilunping (Irbesartan/Hydrochlorothiazide) tablets, Kaina (Alprostadil) injections, Tuotuo (Rosuvastatin calcium) tablets
Respiratory system medicines:	Tianqingsule (Tiotropium Bromide) inhalation powder
Parenteral Nutritious medicines:	Xinghaineng (Carbohydrate and Electrolyte) injections, Fenghaina (Compound Sodium Acelate Ringer’s Injections)
Others:	Debaian (Flurbiprofen) cataplasms, Qingliming (Iodixanol) injections

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 included in American Magazine Pharm Exec's Top 50 Companies for two consecutive years in 2019 and 2020.

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 Company became a constituent stock of Hang Seng China (HK-listed) 25 Index in June 2020.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

During the period under review, with governments around the world stepping up pandemic control measures and vaccination coverage expanding, the COVID-19 pandemic situation improved, with the number of new cases per day dropping notably against the preceding quarter. The global economy saw signs of a full recovery. With COVID-19-related lockdowns and geopolitical disputes weighing heavily on economies, plus the belligerent strategies among superpowers sending the industrial and supply chains into in-depth restructuring, the road to recovery of the global economy is still ridden with uncertainties.

In China, with the pandemic almost completely under control, economic activities have gradually returned to normal. Economic indicators have continued to improve steadily. Its GDP in the first quarter reached RMB24,931.0 billion, representing an 18.3% growth year-on-year, and a 0.6% increase against the last quarter of 2020. Industrial enterprises, and the high-tech manufacturing and equipment manufacturing sectors were the main growth drivers.

During the period under review, hospitals resumed most operations, diagnostic and treatment, and the business of pharmaceutical companies also improved. However, the pharmaceutical industry was still facing pressure from new policies born of the medical reform in the country. The government hastened implementation of the Diagnosis Related Group (“DRG”) payment system in hospitals and introduced Diagnosis-Intervention Packet (“DIP”) payment (Budget for Total Regional Payment on Point-based System and Diagnosis-Intervention Packet), and more diverse medical insurance fee control policies were implemented. It strengthened the clinical diagnosis and treatment guidelines, the operation standards for clinical technology and the guiding principles for reasonable use of drugs, and also optimized usage of medicines and medical resources and reduced the proportion of drug costs, and the latest edition of the National Reimbursement Drug List came into effect across the country. The fourth batch of drugs for centralized procurement covered 45 product types, with the price, on average, down by 52% and the biggest drop as much as 96%. The latest policy clearly stated that centralized drug procurement has become a normal. In the future, drug procurement will be linked to the National Reimbursement Drug List, and will also cover more drugs used in high volume and of large procurement amounts on the Medical List for Basic Medical Insurance. That will see prices lowering for a wider range of centrally procured products and correspondingly more pharmaceutical companies facing profitability challenges. Generic drugs, branded drugs and reference listed drugs that have passed Consistency Evaluation are not grouped by quality. Generic name of a drug is used as a competitive unit for centralized procurement, making the playfield fairer. Enterprises with strong production capacity and sound cost control will have the chance to enlarge their market share.

China has continued to promote “Internet + healthcare” services to provide lower-cost, convenient and efficient medical services to patients and to aid management of chronic illnesses. The National Health Commission has approved more than 1,000 hospitals on the Internet. Some provinces are exploring medical insurance payment policies for online healthcare services. Forward-looking pharmaceutical companies have tried to carry out academic promotion and marketing via the Internet at low costs, gathering experience and getting good results at the same time.

Business Review

Highlights of the results of the Group during the period

- Under the guidance of the Beijing Municipal Science and Technology Commission, the Management Committee of the Beijing Economic-Technological Development Area, the Chinese Academy of Medical Sciences and Sino Biopharm, the first “Future Stars” Innovation Achievement Transformation Project Competition hosted by the Institute of Materia Medica at Chinese Academy of Medical Sciences and Beijing Tide, a member company of the Group, was held in Beijing between 6 and 7 January, 2021. The competition has helped enhance mutual understanding between R&D institutions and enterprises, and also presented enterprises an effective mechanism to transform R&D institutions’ projects into products.

- CT Tianqing, a member company of the Group, and Beijing-based Genetron Holdings Limited (NASDAQ: GTH) signed a strategic cooperation agreement on early screening of liver cancer. The two parties will draw on their respective expertise and work together in the next three years in selected areas in the country to serve those at high risk of developing liver cancer, including Hepatitis B carriers and other liver disease patients, thereby establishing industry benchmarks for early liver cancer screening in China and for the world.
- The Group's 6 products, namely Esomeprazole Magnesium Enteric-coated Capsules, Empagliflozin Tablets, Emtricitabine and Tenofovir Disoproxil Fumarate Tablets, Canagliflozin Tablets, Bortezomib for Injection and Ticagrelor Tablets, were included in the fourth batch of centralized procurement drugs. Of them, 4 products including Esomeprazole Magnesium Enteric-coated Capsules, are newly approved products which, being qualified for centralized procurement, are expected to quickly gain market share.
- The Group, through its subsidiary C-Lab International Limited, had acquired 100% equity interest in the Belgian private company SOFTHALE NV, which specializes in developing products for treating respiratory diseases. SOFTHALE's soft mist inhalation device ("SMI") operating on differentiated technology allows more efficient drug deposition in the lungs. It is the next generation transpulmonary drug delivery technology and has good application prospects in treating a board range of diseases such as chronic obstructive pulmonary disease. The Group also plans to through the acquisition build a key strategic hub for development in Europe.
- Fosaprepitant Dimeglumine for Injection, a drug developed by the Group's member company CT Tianqing for prevention of nausea and vomiting caused by chemotherapy, secured approval from the U.S. Food and Drug Administration ("FDA"). This is another entry pass to international markets obtained by the product, following that from the European Union. It is also another product developed by CT Tianqing that has been granted approval for launch from three mainstream international markets, namely China, the U.S. and Europe.

During the period under review, the Group's marketing and sales team was able to accurately grasp opportunities arising from hospitals resuming service with the pandemic under control and more and more patients going to the hospital for consultation. Abiding strictly with pandemic prevention and control policies, marketing activities fully resumed and an effective marketing and service system was formed by integrating the online academic promotion and patient education and service platforms set up during the pandemic. Regarding the field of oncology, with the well-known innovative drug Anlotinib giving the push, and newly launched products in good number and boasting wide coverage of indications, and by giving support to clinical experts in exploring various combined treatment options, Anlotinib as well as other products continued to see fast growth in sales. These products included Qingkeshu (Abiraterone), a prostate cancer drug on the national drug procurement list, the targeted therapy drugs for myeloma, namely Qianping (Bortezomib for injections), Andxian (Lenalidomide capsules), Anyue (Pomalidomide) and Leweixin (Bendamustine Hydrochloride for Injection), the first generic drug Qingkeyi (Fulvestrant Injection) for treating breast cancer, the first generic drug Weishou (Azacitidine for Injection) for treating leukaemia, and the antiemetic drug Shanqi (Fosaprepitant Dimeglumine for Injection). The contribution from sales of anti-tumor drugs has quickly increased and become the Group's largest product category in terms of revenue. In the cardiovascular and cerebrovascular segment, 8 products developed by the Group were selected in the past 4 rounds of national procurement. To make the best of those related opportunities, the Group worked hard on ensuring smooth production, logistics and supply of its products. As such, products including Tuotuo, Beilishu and Anxifen reported satisfactory growth. In the field of orthopedic and analgesia, the Group applied its chronic disease management system, well-established and strengthened during the pandemic period, to enhance services for doctors and patients. Gaisanchun (Calcitriol Capsules), Debaian/Zepolas (Flurbiprofen Cataplasms), Yigu (Zoledronic Acid Injection), Kaifen (Flurbiprofen Axetil Injection), Chia Tai Jiuli (Glucosamine Hydrochloride Tablets), Taiyan (Tofacitinib Citrate Tablets), Fenkexin, Yu An (Parecoxib Sodium for Injection), and Sulibao (Celecoxib Capsules) all achieved remarkable sales performance.

The Group's first generic drug for allergic asthma, Tianqingsuchang (Budesonide Suspension for Inhalation), was launched, helping enrich the Group's respiratory product line and providing local patients with a new option for the first time other than imported products. At the prompt decision of the medical and marketing departments to set up a hospital service system pinpointing asthma patients, sales of the product increased markedly. Currently, the Group still has a number of respiratory products under development and the area will be one of its main foci in the future.

Digestive products, such as Getai (Diosmin Tablets) and Deyou (Pronase), infusion products Fenghaina (Compound Sodium Acelate Ringer's Injection), and contrast products, such as Qingliming (Iodixanol Injection) and Xianai (Gadoxetate Disodium Injection), performed far better than expected during the period.

Over the years, the Group has put immense resources into bolstering its R&D capability to turn it into a key profit driver. It has 50 products on sale launched in or after 2018 and their total revenue grew over 90% during the review period. The Group's product lines under development have strong reserves of new products to add to every year.

During the period, the Group obtained 7 production approvals: 3 specifications of Anlotinib Capsules' New Indication for Medullary Thyroid Carcinoma, 2 specifications of Esomeprazole Magnesium Enteric-coated Capsules, and 2 specifications of Empagliflozin Tablets; and 12 passes of Consistency Evaluation (or are deemed to have passed): 2 specifications of Esomeprazole Magnesium Enteric-coated Capsules (or are deemed to have passed), 2 specifications (or are deemed to have passed) of Empagliflozin Tablets, 2 specifications for Bortezomib for Injections, Parecoxib Sodium for Injection, Docetaxel Injection, 3 specifications of Decitabine for Injection, Alfacalcidol Soft Capsule. 7 pharmaceutical products obtained clinical trial approvals and 8 filed applications for clinical trial. 2 filed applications for production approval and 4 made application for Consistency Evaluation. The Group obtained 39 new invention patent approvals, and made 212 applications for invention patents. Cumulatively, the Group has obtained 963 invention patent approvals.

During the period, the Group recorded revenue of approximately RMB7,243 million, an increase of approximately 16.4% over the same period last year. Profit attributable to the owners of the parent was approximately RMB1,913.50 million, an increase of approximately 118.5% over the same period last year. Earnings per share attributable to the owners of the parent were approximately RMB10.19 cents, an increase of approximately 118.7% over the same period last year. Excluding the impact of amortization expenses of new identifiable intangible assets arising from the consolidation of 24% interests in Beijing Tide under common control (net of related deferred tax and non-controlling interests), the unrealized fair value gains and losses on current equity investments and financial assets, as well as the 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 RMB1,952.53 million, an increase of approximately 134.7% over the same period last year. Based on underlying profit attributable to the owners of the parent, the earnings per share were approximately RMB10.40 cents, an increase of approximately 135.3% over the same period last year. Sales of new products accounted for approximately 47.3% of the Group's total revenue for the period, while it was approximately 32.9% for the same period last year. Cash and bank balances totaled approximately RMB7,932.11 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 oncology medicines, hepatitis medicines, cardio-cerebral medicines, orthopedic medicines, respiratory system medicines, parenteral nutritious medicines, and others.

Oncology medicines

For the three months ended 31 March, 2021, the sales of oncology medicines amounted to approximately RMB2,638.42 million, representing approximately 36.4% of the Group's revenue.

Hepatitis medicines

For the three months ended 31 March, 2021, the sales of hepatitis medicines amounted to approximately RMB945.80 million, representing approximately 13.1% of the Group's revenue.

Cardio-cerebral medicines

For the three months ended 31 March, 2021, the sales of cardio-cerebral medicines amounted to approximately RMB748.95 million, representing approximately 10.4% of the Group's revenue.

Orthopedic medicines

For the three months ended 31 March, 2021, the sales of orthopedic medicines amounted to approximately RMB607.87 million, representing approximately 8.4% of the Group's revenue.

Respiratory system medicines

For the three months ended 31 March, 2021, the sales of respiratory medicines amounted to approximately RMB567.47 million, representing approximately 7.8% of the Group's revenue.

Parenteral nutritious medicines

For the three months ended 31 March, 2021, the sales of parenteral medicines amounted to approximately RMB276.37 million, representing approximately 3.8% of the Group's revenue.

Others

For the three months ended 31 March, 2021, the sales of others amounted to approximately RMB1,458.12 million, representing approximately 20.1% of the Group's 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 consolidation of 24% interests of Beijing Tide under common control, the unrealized fair value gains and losses of current equity investments and financial assets, as well as the fair value loss/gain of Convertible Bond embedded derivative component and effective interest expenses of Convertible Bond debt component.

	For the three months ended	
	31 March,	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)
Profit attributable to the owners of the parent	1,913 498	875,787
Adjustment related to the consolidation of 24% interests in Beijing Tide under common control:		
Amortization expenses of new identifiable intangible assets (net of related deferred tax and non-controlling interests)	–	89,750
Unrealized fair value (gains)/losses of current equity investments and financial assets, net	(34,470)	10,867
Fair value loss/(gain) of Convertible Bond embedded derivative component	46,094	(156,096)
Effective interest expenses of Convertible Bond debt component	27,410	11,713
Underlying profit	<u>1,952,532</u>	<u>832,021</u>
Basic earnings per share		
Underlying profit attributable to the owners of the parent used in the basic earnings per share calculation	<u>1,952,532</u>	<u>832,021</u>
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation (Shares)	<u>18,781,018,730</u>	<u>18,810,956,231</u>
Basic earnings per share, based on underlying profit attributable to the owner of the parent (RMB' cents)	<u>10.40</u>	<u>4.42</u>

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, 2021, the Group had the non-current equity investments designated at fair value through other comprehensive income (including certain listed and unlisted equity investments) of approximately RMB1,928.64 million (31 December 2020: approximately RMB 1,991.11 million) and current equity investments designated at fair value through profit or loss (including certain listed shares investments) of approximately RMB320.13 million (31 December, 2020: approximately RMB389.68 million).

In addition, as at 31 March, 2021, the Group had the non-current financial assets at fair value through profit or loss of approximately RMB3,869.31 million (31 December 2020: RMB3,865.07 million) and the current financial assets at fair value through profit or loss, including certain wealth management products and trust funds of approximately RMB2,084.38 million (31 December 2020: approximately RMB3,827.06 million), including the wealth management products of Industrial and Commerce Bank of China (approximately RMB550 million), CCB Wealth Management (approximately RMB500 million), China Citic Bank (approximately RMB400 million), Industrial Bank (approximately RMB347.70 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, 2021, these investments in wealth products amounted to approximately RMB2,084.38 million in total, representing approximately 4.2% of the total assets of the Group.

For the three months ended 31 March, 2021, the Group recorded the realized gain on the disposal of the equity investment of approximately RMB12.92 million and unrealized fair value gain (net) of the current equity investments and financial assets of approximately RMB34.47 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 7 clinical trial approvals, 7 production approvals, and 12 approvals for Consistency Evaluation, and made 8 clinical trial applications, 4 application for Consistency Evaluation and 2 production applications. Cumulatively, a total of 393 pharmaceutical products had obtained clinical trial approval, or were under clinical trial or applying for production approval. Out of these, 39 were for hepatitis medicines, 185 for oncology medicines, 25 for respiratory system medicines, 17 for endocrine, 16 for cardio-cerebral medicines and 111 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, 2021, the total R&D expenditure of approximately RMB1,062.09 million, which accounted for approximately 14.7% of the Group's revenue, was charged to the statement of profit or loss and capitalized in the statement of financial position.

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 42 authorized patent notices (39 invention patents, 2 utility model patents and 1 apparel design patent) and filed 213 new patent applications (212 invention patents and 1 utility model patent). Cumulatively, the Group has obtained 963 invention patent approvals, 33 utility model patents and 116 apparel design patents.

INVESTOR RELATIONS

The Group is committed to maintaining a high level of corporate governance standards to ensure the long-term sustainable development of its business. Despite the unresolved COVID-19 pandemic during the period under review, the Group proactively communicated with domestic and overseas investors through a variety of channels to ensure that they have a thorough understanding of the latest developments relating to the Group and to gather valuable insights from them through personal exchanges to further elevate its corporate governance.

The Group has ensured that benefits accrue to all stakeholders. To safeguard investors' health amid the pandemic, the Group hosted a teleconference at the end of March to inform them about its 2020 annual results and the latest business developments. The teleconference drew the participation of more than 360 analysts and fund managers. Furthermore, press releases about the Group's results were distributed to the media so as to keep retail investors informed about its latest developments and prospects via media coverage. Apart from the press releases about its results, the Group also dispatched to different media channels from time to time updates on the progress being achieved in the development of new drugs and internationalization.

During the period under review, the management also participated in numerous online investment summits and roadshows organized by large investment banks and securities companies, including Morgan Stanley, JPMorgan Chase, BofA Securities, Citi, UBS, Credit Suisse, Daiwa, CICC and CLSA, allowing investors gain updates on business developments and the competitive advantages of the Group.

The Group has also published its annual reports, quarterly results announcements, disclosures and circulars on its corporate website, as well as the website of the Hong Kong Exchanges and Clearing Limited. In addition, the Group has issued voluntary announcements to inform shareholders and investors about its latest business endeavors so as to maintain corporate transparency and market attention.

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, 2021, the Group's cash and bank balances were approximately RMB7,932.11 million (31 December, 2020: approximately RMB11,259.08 million).

CAPITAL STRUCTURE

As at 31 March, 2021, the Group had short term loans of approximately RMB1,209.64 million (31 December, 2020: approximately RMB1,552.83 million) and had long term loans of approximately RMB7,014.25 million (31 December, 2020: approximately RMB6,922.12 million). In addition, the debt component of the convertible bonds amounted to approximately RMB5,302.74 million as at 31 December, 2020 (31 December, 2020: RMB5,441.32 million).

CHARGE ON ASSETS

As at 31 March, 2021, the Group had charge on assets of approximately RMB865.33 million (31 December, 2020: approximately RMB856.39 million), excluding the amount of bills receivable discounted at banks of approximately RMB197.12 million (31 December, 2020: approximately RMB99.48 million).

CONTINGENT LIABILITIES

As at 31 March, 2021, the Group and the Company had no material contingent liabilities (31 December, 2020: Nil).

ASSETS AND GEARING RATIO

As at 31 March, 2021, the total assets of the Group amounted to approximately RMB49,152.79 million (31 December, 2020: approximately RMB47,210.44 million) whereas the total liabilities amounted to approximately RMB24,300.89 million (31 December, 2020: approximately RMB24,790.88 million). The gearing ratio (total liabilities over total assets) was approximately 49.4% (31 December, 2020: approximately 52.5%).

EMPLOYEE AND REMUNERATION POLICIES

The Group had 24,262 employees as at 31 March, 2021 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 RMB1,115,281,000 (2020: approximately RMB817,834,000).

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, 2021, (i) no option in respect of the Shares had been granted under the 2013 Share Option Scheme; and (ii) 80,480,500 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, Euro and HK dollars. The Group will continue to closely monitor the net foreign exchange exposure to reduce the impact of foreign exchange fluctuations.

PROSPECTS

According to market forecasts, the global economy is likely to keep gathering momentum on the recovery path in the second quarter, but the performance of different economies will vary depending on pandemic control, vaccine supply, their economic fundamentals and government stimulation policies. When economic activities fully resumed in China, it would continue to report higher growth rates given the lower base of comparison in the same periods last year. The country’s medical reform has advanced and gone into greater depth. The adjustments of the National Reimbursement Drug List and centralized drug procurement becoming a norm will lead to restructuring of the pharmaceutical industry. R&D and innovation capabilities, production and operational efficiency will be critical to pharmaceutical companies in surviving and winning in the competition.

In view of the country’s effort to encourage and roll out the “Internet + healthcare” policy, the Group has begun to make relevant deployment and will continue to make good use of the Internet and Big Data, conduct highly cost-efficient academic promotion activities and better serve patients through chronic disease management.

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, 2021 together with the comparative consolidated results for 2020 as follows:

Consolidated Statement of Profit or Loss

		For the three months ended 31 March,	
	<i>Notes</i>	2021	2020
		RMB'000	RMB'000
		(Unaudited)	(Unaudited and restated)
REVENUE	3	7,242,995	6,221,872
Cost of sales		<u>(1,415,712)</u>	<u>(1,266,872)</u>
Gross profit		5,827,283	4,955,000
Other income and gains	3	194,056	342,130
Selling and distribution costs		(3,053,184)	(2,490,712)
Administrative expenses		(448,057)	(440,601)
Other expenses		(1,083,549)	(984,850)
<i>Including: Research and development costs</i>		(1,014,542)	(973,818)
Finance costs	4	(71,662)	(90,431)
Share of profits and losses of associates and a joint venture		<u>1,476,465</u>	<u>2,493</u>
PROFIT BEFORE TAX	5	2,841,352	1,293,029
Income tax expense	6	<u>(446,938)</u>	<u>(216,468)</u>
PROFIT FOR THE PERIOD		<u>2,394,414</u>	<u>1,076,561</u>
Profit attributable to:			
Owners of the parent		1,913,498	875,787
Non-controlling interests		<u>480,916</u>	<u>200,774</u>
		<u>2,394,414</u>	<u>1,076,561</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
– Basic		<u>RMB10.19 cents</u>	<u>RMB4.66 cents</u>
– Diluted		<u>RMB9.28 cents</u>	<u>RMB3.69 cents</u>

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,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited and restated)
PROFIT FOR THE PERIOD	<u>2,394,414</u>	<u>1,076,561</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>39,549</u>	<u>17,560</u>
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	<u>39,549</u>	<u>17,560</u>
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	<u>287,218</u>	<u>–</u>
Income tax effect	<u>–</u>	<u>–</u>
	<u>287,218</u>	<u>–</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>326,767</u>	<u>17,560</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>2,721,181</u>	<u>1,094,121</u>
Attributable to:		
Owners of the parent	<u>2,236,476</u>	<u>889,966</u>
Non-controlling interests	<u>484,705</u>	<u>204,155</u>
	<u>2,721,181</u>	<u>1,094,121</u>

Consolidated Statement of Financial Position

	31 March 2021	31 December 2020
<i>Notes</i>	RMB'000 (Unaudited)	RMB'000 (Audited)
NON-CURRENT ASSETS		
Property, plant and equipment	7,063,228	6,870,288
Investment properties	303,406	308,559
Right-of-use assets	1,699,048	1,521,916
Goodwill	890,829	88,926
Intangible assets	848,788	924,710
Investments in associates and a joint venture	6,573,040	5,050,637
Equity investments designated at fair value through other comprehensive income	1,928,644	1,991,107
Financial assets at fair value through profit or loss	3,869,309	3,865,074
Deferred tax assets	464,057	463,366
Prepayments and other asset	3,721,828	3,331,652
	<u>27,362,177</u>	<u>24,416,235</u>
CURRENT ASSETS		
Inventories	1,813,052	1,880,051
Trade and bills receivables	3,250,981	2,914,077
Prepayments, other receivables and other assets	6,273,184	2,398,724
Amounts due from related companies	116,786	125,536
Equity investments designated at fair value through profit or loss	320,125	389,675
Financial assets at fair value through profit or loss	2,084,379	3,827,056
Cash and bank balances	7,932,105	11,259,084
	<u>21,790,612</u>	<u>22,794,203</u>
CURRENT LIABILITIES		
Trade and bills payables	2,161,742	1,947,802
Tax payable	134,824	60,701
Other payables and accruals	6,836,534	7,353,512
Interest-bearing bank borrowings	1,209,638	1,552,825
Lease liabilities	15,724	28,699
	<u>10,358,462</u>	<u>10,943,539</u>
NET CURRENT ASSETS	<u>11,432,150</u>	<u>11,850,664</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>38,794,327</u>	<u>36,266,899</u>

		31 March 2021	31 December 2020
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Audited)
NON-CURRENT LIABILITIES			
Convertible bonds-debt component		5,302,739	5,441,324
Convertible bonds-embedded derivative instrument		457,532	439,188
Deferred government grants		578,163	608,201
Interest-bearing bank borrowings		7,014,252	6,922,115
Lease liabilities		263,713	264,861
Deferred tax liabilities		326,033	171,652
		<hr/>	<hr/>
Total non-current liabilities		13,942,432	13,847,341
		<hr/>	<hr/>
Net assets		24,851,895	22,419,558
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital	<i>10</i>	415,895	415,895
Treasury shares		(469,944)	(469,944)
Reserves		18,719,670	16,801,209
		<hr/>	<hr/>
		18,665,621	16,747,160
		<hr/>	<hr/>
Non-controlling interests		6,186,274	5,672,398
		<hr/>	<hr/>
Total equity		24,851,895	22,419,558
		<hr/> <hr/>	<hr/> <hr/>

Notes:

1.1 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 2020 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, 2020.

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, 2021. 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, 2021 (Unaudited)

	Chemical medicines and biopharmaceutical medicines RMB'000	Investment RMB'000	Others RMB'000	Total RMB'000
Segment revenue:				
Sales to external customers	<u>7,095,340</u>	<u>1,322</u>	<u>146,333</u>	<u>7,242,995</u>
Segment results	<u>1,575,113</u>	<u>(73,759)</u>	<u>(7,072)</u>	<u>1,494,282</u>
<i>Reconciliation:</i>				
Interest and unallocated gains				54,044
Share of profits and losses of associates and a joint venture				1,476,465
Unallocated expenses				<u>(183,439)</u>
Profit before tax				2,841,352
Income tax expense				<u>(446,938)</u>
Profit for the period				<u>2,394,414</u>
Assets and liabilities				
Segment assets	28,978,755	11,298,745	1,838,192	42,115,692
<i>Reconciliation:</i>				
Investments in associates and a joint venture				6,573,040
Other unallocated assets				<u>464,057</u>
Total assets				<u>49,152,789</u>
Segment liabilities	8,852,631	14,061,808	925,598	23,840,037
<i>Reconciliation:</i>				
Other unallocated liabilities				<u>460,857</u>
Total liabilities				<u>24,300,894</u>
Other segment information:				
Depreciation and amortisation	<u>173,392</u>	<u>11,592</u>	<u>11,880</u>	<u>196,864</u>
Capital expenditure	<u>241,456</u>	<u>4,848</u>	<u>48,083</u>	<u>294,387</u>
Other non-cash expenses	<u>–</u>	<u>1</u>	<u>125</u>	<u>126</u>

The segment results for the three months ended 31 March, 2020 (Unaudited and restated)

	Chemical medicines and biopharmaceutical medicines <i>RMB'000</i>	Investment <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue:				
Sales to external customers	<u>6,125,078</u>	<u>195</u>	<u>96,599</u>	<u>6,221,872</u>
Segment results	<u>1,342,641</u>	<u>8,463</u>	<u>(15,143)</u>	1,335,961
<i>Reconciliation:</i>				
Interest and unallocated gains				77,299
Share of profits and losses of associates				2,493
Unallocated expenses				<u>(122,724)</u>
Profit before tax				1,293,029
Income tax expense				<u>(216,468)</u>
Profit for the period				<u>1,076,561</u>
Assets and liabilities				
Segment assets	26,411,598	16,465,991	1,540,819	44,418,408
<i>Reconciliation:</i>				
Investments in associates				993,204
Other unallocated assets				<u>471,478</u>
Total assets				<u>45,883,090</u>
Segment liabilities	9,036,645	14,026,004	628,872	23,691,521
<i>Reconciliation:</i>				
Other unallocated liabilities				<u>808,092</u>
Total liabilities				<u>24,499,613</u>
Other segment information:				
Depreciation and amortisation	<u>334,499</u>	<u>6,622</u>	<u>10,825</u>	<u>351,946</u>
Capital expenditure	<u>203,352</u>	<u>9</u>	<u>34,299</u>	<u>237,660</u>
Other non-cash expenses	<u>166</u>	<u>–</u>	<u>–</u>	<u>166</u>

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

	31 March, 2021 RMB'000 (Unaudited)	31 March, 2020 RMB'000 (Unaudited and restated)
Hong Kong	7,244,144	1,582,175
Mainland China	10,511,527	9,348,143
Others	324,496	228,298
	<u>18,080,167</u>	<u>11,158,616</u>

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, 2021 and 2020.

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, 2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue		
Sale of goods	7,101,087	6,126,902
Others	141,908	94,970
	<u>7,242,995</u>	<u>6,221,872</u>

	For the three months ended 31 March,	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other income		
Bank interest income	54,044	77,299
Dividend income	2	71
Government grants	3,042	11,454
Sale of scrap materials	14,400	138
Investment income	37,162	73,394
Gross rental income	–	2,226
Others	49,869	17,233
	<u>158,519</u>	<u>181,815</u>
Gains		
Gain on disposal of items of property, plant and equipment	1,067	219
Fair value gains, net		
Equity investment at fair value through profit or loss	34,470	4,000
Convertible bond embedded derivative component	–	156,096
	<u>35,537</u>	<u>160,315</u>
Total other income and gains	<u><u>194,056</u></u>	<u><u>342,130</u></u>

4. FINANCE COSTS

	For the three months ended 31 March,	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank borrowings	41,479	78,718
Interest on lease liabilities	2,773	–
Effective interest expense of convertible bonds	27,410	11,713
	<u>71,662</u>	<u>90,431</u>

5. PROFIT BEFORE TAX

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

	For the three months ended 31 March,	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)
Cost of inventories sold	1,415,712	1,266,872
Depreciation of property, plant and equipment	184,330	151,495
Depreciation of investment properties	5,436	9,103
Depreciation of right-of-use assets	1,197	1,906
Amortization of other intangible assets	5,901	189,442
Research and development costs	1,014,542	973,818
Gain on disposal of items of property, plant and equipment	(1,067)	(219)
Loss on disposal of items of property, plant and equipment	126	166
Share of profits and losses of associates	(1,476,465)	(2,493)
Bank interest income	(54,044)	(77,299)
Dividend income	(2)	(71)
Investment income	(37,162)	(73,394)
Fair value (gains)/loss, net:		
Equity investments at fair value through profit or loss	(34,470)	10,867
Convertible bond embedded derivative component	46,094	(156,096)
Auditors' remuneration	1,191	1,206
Staff cost (including directors' remuneration)		
Wages and salaries	892,343	658,767
Pension contributions	222,938	159,067
	<u>1,115,281</u>	<u>817,834</u>
Foreign exchange differences, net	<u>(98,679)</u>	<u>31,893</u>

6. INCOME TAX EXPENSE

	For the three months ended 31 March,	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)
Group:		
Current – Hong Kong	–	–
Current – Mainland China income tax	292,557	244,441
Deferred tax	154,381	(27,973)
	<u>446,938</u>	<u>216,468</u>
Total tax charge for the period	<u>446,938</u>	<u>216,468</u>

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% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

During the period ended 31 March, 2021, 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 2021.

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, 2021 (2020: HK2 cents). The first quarterly dividend will be paid to shareholders on Monday, 12 July, 2021 whose names appear on the register of members of the Company on Friday, 25 June, 2021. 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, 22 June, 2021 to Friday, 25 June, 2021, 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, 21 June, 2021.

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 1,913,498,000 (2020 (restated): approximately RMB875,787,000), and the weighted average number of ordinary shares of 18,781,018,730 (2020 (restated): 18,810,956,231) in issue during the period, as adjusted to reflect the bonus shares during last year.

The calculation of the diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, adjusted to reflect the interest, exchange difference and fair value change on the convertible bonds, where applicable (see below). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	For the three months ended 31 March,	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:	1,913,498	875,787
Interest on convertible bonds	27,410	11,713
Exchange gain on convertible bonds – debt component	(197,278)	(31,232)
Fair value loss/(gain) on convertible bonds – derivative component	46,094	(156,096)
	<u>1,789,724</u>	<u>700,172</u>
Profit attributable to ordinary equity holders of the parent before interest, exchange gain and fair value loss/(gain) on convertible bonds	<u>1,789,724</u>	<u>700,172</u>
	Number of shares	
	2021	2020
	(Unaudited)	(Unaudited and restated)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	18,781,018,730	18,810,956,231
Effect of dilution – weighted average number of ordinary shares: – Convertible bonds	<u>507,836,084</u>	<u>184,160,338</u>
	<u>19,288,854,814</u>	<u>18,995,116,569</u>

9. CASH AND BANK BALANCES

	31 March, 2021 <i>RMB'000</i> (Unaudited)	31 December, 2020 <i>RMB'000</i> (Audited)
Cash and bank balances, unrestricted	5,488,381	6,596,500
Time deposits with original maturity of less than three months	1,843,724	4,027,694
Time deposits with original maturity of more than three months	600,000	634,890
	7,932,105	11,259,084

10. SHARE CAPITAL

	31 March, 2021 <i>RMB'000</i> (Unaudited)	31 December, 2020 <i>RMB'000</i> (Audited)
<i>Issued and fully paid:</i>		
18,861,499,230 ordinary shares of HK\$0.025 each (2020: 18,861,499,230 ordinary shares of HK\$0.025 each)	415,895	415,895

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 and has appointed sufficient number of INEDs including two with appropriate professional qualifications, or accounting or related financial management expertise. Biographies of the INEDs have been set out in the 2020 Annual Report of the Company.

The Audit Committee is comprised of five 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, 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the three months ended 31 March, 2021, 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, 24 May, 2021

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