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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER, 2022

FINANCIAL HIGHLIGHTS

	For the year end 31 December,		
	2022	2021	Change
	RMB'Billion	*RMB'Billion*	*%*
Revenue	**28.78**	26.86	+7.1%
Gross profit	**22.98**	21.53	+6.8%
Profit for the year	**5.00**	16.61	-69.9%
Profit attributable to the owners of the parent *(Note 1)*	**2.54**	14.61	-82.6%
Adjusted non-HKFRS profit attributable to the owners of the parent *(Note 2)*	**2.99**	2.56	+16.4%
Sales *(Note 4)* of new products *(Note 3)*	**12.51**	10.45	+19.8%
Share of revenue	**43.5%**	38.9%	
Sales *(Note 4)* of oncology medicines	**9.19**	8.04	+14.3%
Share of revenue	**31.9%**	29.9%	
Sales *(Note 4)* of innovative medicines	**6.75**	5.63	+20.0%
Share of revenue	**23.5%**	21.0%	

The Board of the Company has recommended the payment of a final dividend of HK6 cents per share for the year ended 31 December, 2022. Together with the interim dividend of HK6 cents per share paid, the total dividend of the year amounted to HK12 cents per share.

Note 1: The significant decrease in profit attributable to the owners of the parent was mainly due to the lower financial performance of an associate over last year.

Note 2: Adjusted non-HKFRS profit attributable to the owners of the parent 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 impacts of certain non-cash items and the contribution of associates and a joint venture. A reconciliation between profit attributable to the owners of the parent and adjusted non-HKFRS profit attributable to the owners of the parent has been set out under the section headed "Adjusted non-HKFRS profit attributable to the owners of the parent" of this announcement.

Note 3: Products launched within five years.

Note 4: Sales is the gross sales amount minus the sales discount for the current year. It was disclosed as the gross sales amount in last year. The current year disclosure provides net sales after sales discount for last year comparatives for investors' reference.

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, respiratory system diseases, surgery/analgesia and others. 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:	Focus V (Anlotinib Hydrochloride) capsules, Annike (Penpulimab mAb) injection, Qingkeshu (Abiraterone Acetate) tablets, Anyue (Pomalidomide) capsules
Liver disease medicines:	Tianqing ganmei (Magnesium Isoglycyrrhizinate) injection, Runzhong (Entecavir) dispersible tablets
Respiratory system medicines:	Tianqing suchang (Budesonide) suspension for inhalation, Tianyun (Colistimethate Sodium) for injection
Surgery/analgesia medicines:	Debaian (Flurbiprofen) cataplasms, Gaisanchun (Calcitriol) soft capsules
Cardio-cerebral vascular medicines:	Yilunping (Irbesartan and Hydrochlorothiazide) tablets, Kaina (Beraprost Sodium) tablets

The medicines which have received Good Manufacturing Practice ("GMP") certifications issued by the National Medical Products Administration of the PRC ("NMPA") 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 Human Resources and Social Security 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 the NMPA.

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 was included in American Magazine Pharm Exec's Top 50 Companies for four consecutive years from 2019 to 2022.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

During the year under review, despite the resurgence of the pandemic, the complex and volatile international situation, and many other risks and challenges, China managed to coordinate pandemic prevention and control measures with economic and social development, and achieved steady macroeconomic growth. According to the preliminary data from the National Bureau of Statistics, the annual gross domestic product (GDP) reached RMB121 trillion in 2022, a 3% year-on-year increase.

As a result of the continuing impact of the pandemic, the total operating sales of China's above-scale pharmaceutical manufacturing industry in 2022 was RMB2,911.14 billion, down 1.6% year-on-year, according to data from the National Bureau of Statistics. In addition, due to the increase in production, warehousing, logistics and other costs caused by the pandemic, the operating costs of China's above scale pharmaceutical manufacturing companies rose by 7.8% year-on-year to RMB1,698.46 billion. Total profit reached RMB428.87 billion, a year-on-year decline of 31.8%.

In 2022, with the explosive spread of the more contagious Omicron variant, pandemic prevention measures were further tightened and the affected area continued to expand, spreading gradually from the Yangtze River Delta urban cluster to other provinces and cities across the country. More than 150 prefecture-level cities were partially or completely locked down, severely affecting the production and distribution of medicines and the diagnosis and treatment activities of doctors and patients, resulting in a significant decline in the volume of diagnosis and treatment and the expenditure on medicines.

Since the establishment of the National Healthcare Security Administration in 2018, the continuous and deepening reform of the medical insurance system has promoted the high-quality development of medical insurance in China. In 2022, there was an increase in financial subsidies for medical insurance and a rise in the fund level of residents' medical insurance plans. The per capita financial subsidy has been raised by RMB30 to no less than RMB610 per person per year. The residents' medical insurance benefits were further enhanced. The reimbursement rate of hospitalization fee policy stood at around 70%, and outpatient services focused on strengthening the protection for chronic diseases and special diseases.

The 20th National Congress of the Communist Party of China clearly pointed out that China must further deepen the reform of the medical and health service system and promote the coordinated development and governance of medical insurance, medical treatment, and medicine. In 2022, the National Healthcare Security Administration introduced for the first time the "simple contract renewal" rules for exclusive drugs on the National Medical Reimbursement Drug List, which clarifies the management regulations for the contract renewal and expansion of indications for the drugs on the list, allows a reasonable premium for innovative products to a certain extent, which can encourage pharmaceutical companies to develop differentiated and innovative products. During the reporting period, a total of 111 new drugs were added to the list, significantly higher than in 2021. Among them, 24 major domestically produced innovative drugs were included in national medical insurance negotiations, and 20 drugs concluded the negotiations. The medical insurance system continues to encourage innovation and support the inclusion of drugs in key areas into the list.

Centralized drug procurement has become another routine task of the National Healthcare Security Administration. In 2022, the seventh batch of national centralized drug procurement was completed, and the average price of the 327 products to be selected was reduced by 48%. The price reduction continued to shrink and pressure of centralized procurement began to ease. Sino Biopharm won 9 out of 11 product tenders, making it one of the listed pharmaceutical companies with the largest number of selected products. The majority of the winning products were newly launched products. The surge in sales following the centralized drug procurement is expected to complement the reduction in product prices. All of the Group's generic drugs with annual revenue exceeding RMB500 million (excluding exclusive products) were included in the scope of centralized drug procurement.

Business Review

Oncology

– Focus V (Anlotinib Hydrochloride Capsules) has been approved for five indications: third-line non-small cell lung cancer, third-line small cell lung cancer, soft tissue sarcoma, medullary thyroid cancer and differentiated thyroid cancer. The Phase III clinical trials of Anlotinib in combination with TQB2450 (Anti-PD-L1) for the treatment of first-line small cell lung cancer has completed interim analysis and met the pre-specified endpoint. The marketing application has been submitted to the Center for Drug Evaluation ("CDE") of NMPA. In addition, 12 new indications for Anlotinib have also entered Phase III clinical trials, including the combination of Anlotinib with Penpulimab monoclonal antibody, Anlotinib with TQB2450 (Anti-PD-L1), Anlotinib with chemotherapy, and other treatment options, for which marketing applications are expected to be submitted progressively in the next one to two years.

– Annike (Penpulimab monoclonal antibody) injection was approved in January 2023 for the treatment of first-line locally advanced or metastatic squamous non-small cell lung cancer with chemotherapy. To date, the product has been approved for two indications: third-line classic Hodgkin's lymphoma and first-line squamous non-small cell lung cancer. In addition, it has one indication (third-line nasopharyngeal carcinoma) under marketing review.

– For the R&D pipeline, as of the end of the reporting period, the Group had a total of 40 innovative drug candidates in the oncology field in the process of clinical trial application or above, of which 4 were at the marketing application stage, 4 were in Phase III clinical trials, 7 were in Phase II clinical trials, 23 were in Phase I clinical trials and 2 were at the clinical trial application stage. In addition, the Group has 15 biosimilar or generic drug candidates in the oncology field in the process of clinical trial application or above, including 8 at the marketing application stage, 3 in Phase III clinical trials, 1 in Phase I clinical trials, and 3 in Bioequivalence ("BE") trials. The Group expects 8 innovative drugs and 11 biosimilars or generic drugs in the oncology field to be approved for marketing in the next three years (2023-2025).

- F-627 (Efbemalenograstim alpha, long-acting granulocyte colony-stimulating factor) is currently in the marketing application stage. F-627 is a third-generation recombinant long-acting granulocyte colony-stimulating factor (G-CSF). The Fc fusion protein forms a dimer without the need for polyethylene glycol (PEG) modification, thus avoiding the immune response caused by PEG and providing a safety advantage over the mainstream second-generation products currently on the market. F-627 is currently the only G-CSF drug on the market that has conducted simultaneous research head-to-head with both short-acting and long-acting G-CSF in large sample sizes. Phase III clinical trials have been completed with marketing applications submitted in China and the United States. The Group expects that the marketing application will be approved in China in 2023. With its strong oncology sales team, Sino Biopharm is confident in a smooth launch and rapid market penetration of the product.

- TQB2450 (Anti-PD-L1), currently in the marketing application stage, is an innovative fully humanized anti-PD-L1 monoclonal antibody with a novel sequence independently developed by Sino Biopharm. Several head-to-head clinical trials of TQB2450 have been initiated in China, including the Phase III clinical trials of TQB2450 combined with Anlotinib in treating first-line non-small cell lung cancer versus Keytruda used alone. In 2022, TQB2450 was included in the "Breakthrough Therapy Designation" list by the CDE of the NMPA. The product is expected to become one of the important complementary products to Anlotinib. By leveraging the large patient base of Anlotinib, the product is expected to grow rapidly.

Liver disease

- In 2022, sales of Tianqing Ganmei (Magnesium Isoglycyrrhizinate) injection increased significantly. The Group made efforts to strengthen the academic promotion of the efficacy and safety advantages of Tianqing Ganmei to doctors in the treatment of chronic viral hepatitis, acute drug-related liver injury and liver function abnormalities. The academic conferences at various levels helped expand doctor coverage and earn higher recognition from experts, and the Group's endeavors to actively explore new patients and new markets also drove the rapid sales growth of Tianqing Ganmei during the reporting period.

- For the R&D pipeline, as at the end of reporting period, the Group had a total of 8 innovative drug candidates in the field of liver disease in the process of clinical trial application or above, including 1 in Phase III clinical trials, 4 in Phase II clinical trials and 3 in Phase I clinical trials. In addition, the Group had 4 biosimilar or generic drug candidates in the process of clinical trial application or above, including 3 at marketing application stage and 1 in Phase III clinical trial. The Group expects to have 4 biosimilar or generic drugs in the field of liver disease approved for marketing in the next three years (2023-2025).

- Lanifibranor (pan-PPAR agonist) is an orally-available small molecule that acts to induce anti-fibrotic, anti-inflammatory and beneficial vascular and metabolic changes in the body by activating all three peroxisome proliferator-activated receptor (PPAR) isoforms for the treatment of nonalcoholic steatohepatitis (NASH). In contrast to other PPAR agonists that target only one or two PPAR isoforms for activation, the product is designed to target all three PPAR isoforms. Its moderate and balanced pan-PPAR binding profile contributes to a favorable tolerability profile. The product is currently undergoing Phase III clinical trials globally, and is the first oral drug for NASH that has entered Phase III clinical trials in China, to address a large clinical unmet need in the China NASH market.

Respiratory system

- Tianqingsuchang (Budesonide) suspension for inhalation has been included in the centralized procurement list. The Group responded to the impact of centralized procurement by taking a series of proactive management measures in a timely manner, including strengthening downstream channels, expanding market coverage and conducting secondary development in markets.

- For the R&D pipeline, as at the end of reporting period, the Group had a total of 10 innovative drug candidates in the respiratory system field in the process of clinical trial application or above, including 1 at marketing application stage, 5 in Phase II clinical trials, 4 in Phase I clinical trials. Moreover, the Group has 16 biosimilar or generic drug candidates in the respiratory system field in the process of clinical trial application or above, including 6 at marketing application stage, 2 in Phase III clinical trials, 1 in Phase I clinical trials, and 7 in Bioequivalence (BE) trials. The Group expects 1 innovative drugs and 8 biosimilars or generic drugs in the respiratory system field will be approved for marketing in the next three years (2023-2025).

- Ensitrelvir (3CL protease inhibitor) is a novel oral drug for the treatment of COVID-19. Results of clinical trials have shown significant improvement and antiviral efficacy against the five typical symptoms of the Omicron strain of COVID-19. It does not require the use of other drugs as potentiators and has a good safety profile. Its compliance is better in elderly patients with other underlying diseases. A marketing application has been submitted to the CDE of the NMPA. The drug has the potential to become a good oral drug for the treatment of COVID-19.

- TDI01 (a highly selective inhibitor of ROCK2) is a novel targeted and highly selective inhibitor of Rho/Rho-associated coiled-coil protein kinase 2. It is currently in development in Phase II clinical trials for the target indications of pneumoconiosis, pulmonary fibrosis, graft versus host disease as well as COVID-19. Among them, the development of the COVID-19 indication is progressing rapidly with Phase II clinical trials in the US and China underway. Phase I clinical trials for the pneumoconiosis indication in the US have been completed and Phase I clinical trials in China have commenced. As there is currently no approved drug for the treatment of pneumoconiosis worldwide, TDI01 is expected to fill this gap and bring benefits to pneumoconiosis patients. The Group believes that TDI01 has the potential to become a major drug and will therefore vigorously pursue its clinical development.

Surgery/Analgesia

- Debaian (Flurbiprofen) cataplasms maintained rapid sales growth in 2022. The Group focused on hospital access and the development of high-potential areas to further expand its market coverage and hospital channels, strengthen downstream development and focus on improving the development and coverage of secondary hospitals and community healthcare facilities. Through flexible adjustment of sales and access strategies, sales of Debaian have continued to grow over the past few years.

- For the R&D pipeline, as at the end of reporting period, the Group had a total of 3 innovative drug candidates in the surgery/analgesic field in the process of clinical trial application or above, including 2 in Phase III clinical trials and 1 undergoing the clinical trial application process. In addition, the Group had 10 other biosimilar or generic drug candidates in the surgery/analgesic field in the process of clinical trial application or above, including 4 at marketing application stage, 5 in Phase III clinical trials and 1 in BE trial. The Group expects 2 innovative drugs and 9 biosimilar or generic drugs in the surgery/analgesic area to be approved for marketing in the next three years (2023-2025).

- PL-5, an antimicrobial peptide product that is the first newly designed non-antibiotic antimicrobial drug with a broad antibacterial spectrum. It withstands drug resistance, effectively kills bacteria and has excellent efficacy against local open wound infections, especially against drug-resistant strains, without entering the blood circulatory system, thus offering a high degree of safety. The product has completed a Phase III clinical study in China for the treatment of secondary wound infections, and the Group expects to file a marketing application within this year. When the product is launched, it will be the first antimicrobial peptide product available in China.

Awards

- On 12 July, the 2022 China Medical and Health Industry Symbiosis (MHIS) Conference was unveiled in Huzhou, Zhejiang. The list of “Top 100 China Pharmaceutical Industry List 2021” was selected based on two dimensions: innovation drivers and professional promotion capability. Sino Biopharm won the second place in the list of “Top 100 Chinese Chemical and Medical Enterprises in 2021”.

- On 1 November, the 2022 China Health Ecology Organization (CHEO, previously known as CPEO) Conference officially opened in Bo'ao, Hainan, bringing together well-known enterprises from the pharmaceutical, medical care, health services, finance and insurance sectors at home and abroad to discuss the development of the health industry. At the event, Sino Biopharm received the "Top 10 R&D Enterprises Awards in 2022".

- On 9 December, the 2022 Conference on High Quality Development of Healthcare Industry and the 7th Summit for China Pharmaceutical R&D Innovation (PDI) opened in Chongqing. The "2021 China Pharmaceutical R&D Strength Rankings" was announced at the event. Chia Tai Tianqing (“CT Tianqing"), a subsidiary of Sino Biopharm, ranked second on the "Top 100 Enterprises in China – Comprehensive Strength in Medicine R&D" list, second on the “Top 100 Enterprises in China – Strength in Chemical Pharmaceutical R&D” list, and sixth on the "Top 50 Enterprises – Strength in Biopharm R&D" list.

Financial Review

During the year, the Group recorded revenue of approximately RMB28,780.41 million, an increase of approximately 7.1% over last year. Profit attributable to the owners of the parent was approximately RMB2,543.57 million, a decrease of approximately 82.6% over last year. Earnings per share attributable to the owners of the parent were approximately RMB13.66 cents, a decrease of approximately 82.4% over last year. Excluding the share of profits and losses of associates and a joint venture (net of related tax and non-controlling interests), one-off adjustments for the impairment and fair value changes of certain assets and liabilities (net of related tax and non-controlling interests), fair value losses of current equity investments, share-based payments, loss on extinguishment of partial convertible bond, fair value gain of convertible bond embedded derivative component, effective interest expenses, exchange gain and fair value losses of derivative financial instruments in relation to foreign currency forward contracts of the convertible bond debt component, adjusted non-HKFRS profit attributable to the owners of the parent was approximately RMB2,986.33 million, an increase of approximately 16.4% over last year. Sales of new products accounted for approximately 43.5% of the Group's total revenue for the year, while it was approximately 38.9% for the last year. The Group's liquidity remains strong. With cash and bank balances classified under current assets of approximately RMB12,066.22 million, bank deposit classified under non-current assets of approximately RMB6,352 million, and the wealth management products of approximately RMB4,543.24 million in aggregate, the Group's total fund reserve was approximately RMB22,961.46 million at the year 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, liver disease medicines, respiratory system medicines, surgery/analgesia medicines, cardio-cerebral vascular medicines and others.

Oncology medicines

For the year ended 31 December, 2022, the sales of oncology medicines amounted to approximately RMB9,189.63 million, representing approximately 31.9% of the Group's revenue, an increase of approximately 14.3% over last year.

Liver disease medicines

For the year ended 31 December, 2022, the sales of liver disease medicines amounted to approximately RMB3,840.11 million, representing approximately 13.3% of the Group's revenue, an increase of approximately 15.4% over last year.

Respiratory system medicines

For the year ended 31 December, 2022, the sales of respiratory medicines amounted to approximately RMB2,922.26 million, representing approximately 10.2% of the Group's revenue, a decrease of approximately 6.5% over last year.

Surgery/analgesia medicines

For the year ended 31 December, 2022, the sales of surgery/analgesia medicines amounted to approximately RMB4,881.77 million, representing approximately 17.0% of the Group's revenue, an increase of approximately 2.8% over last year.

Cardio-cerebral vascular medicines

For the year ended 31 December, 2022, the sales of cardio-cerebral vascular medicines amounted to approximately RMB2,697.50 million, representing approximately 9.4% of the Group's revenue, an increase of approximately 7.8% over last year.

Others

For the year ended 31 December, 2022, the sales of others amounted to approximately RMB5,249.14 million, representing approximately 18.2% of the Group' revenue, an increase of approximately 2.5% over last year.

ADJUSTED NON-HKFRS PROFIT ATTRIBUTABLE TO THE OWNERS OF THE PARENT

Addition information is provided below to reconcile profit attributable to the owners of the parent and adjusted non-HKFRS profit attributable to the owners of the parent. The reconciling items principally adjust for the impact of share of profits and losses of associates and a joint venture (net of related tax and non-controlling interests), one-off adjustments for the impairment and fair value changes of certain assets and liabilities (net of related tax and non-controlling interests), fair value losses of current equity investments, share-based payments, loss on extinguishment of partial convertible bond, fair value gain of convertible bond embedded derivative component, effective interest expenses, exchange gain and fair value losses of derivative financial instruments in relation to foreign currency forward contracts of the convertible bond debt component. To better reflect the financial performance of the Group, the Group has adopted the presentation of fair value losses/(gains) of current equity investments and convertible bond embedded derivative component which is widely adopted in the industry in which the Group is operating. In addition, the impact of the exchange gain and fair value losses of derivative financial instruments in relation to foreign currency forward contracts of the convertible bond debt component, and loss on extinguishment of partial convertible bond were also adjusted. Adjusted non-HKFRS profit attributable to the owners of the parent for the year increased by approximately 16.4% over last year.

	For the year ended 31 December,		
	2022	2021	Change
	RMB'000	*RMB'000*	
Profit attributable to the owners of the parent	**2,543,570**	14,608,412	-82.6%
Share of profits and losses of associates and a joint venture (net of related tax and non-controlling interests)	**119,711**	(12,435,455)	
One-off adjustments for the impairment and fair value changes of certain assets and liabilities (net of related tax and non-controlling interests)	**220,516**	858,566	
Fair value losses of current equity investments, net	**198,067**	15,748	
Share-based payments	**29,723**	–	
Loss on extinguishment of partial convertible bond	**9,591**	–	
Fair value gain of convertible bond embedded derivative component	**(75,696)**	(241,072)	
Convertible bond debt component of:			
– Effective interest expenses	**81,872**	109,275	
– Exchange gain	**(248,137)**	(350,714)	
– Fair value losses of derivative financial instruments in relation to foreign currency forward contracts	**107,109**	–	
Adjusted non-HKFRS profit attributable to the owners of the parent	**2,986,326**	2,564,760	+16.4%
Basic earnings per share			
Adjusted non-HKFRS profit attributable to the owners of the parent used in the basic earnings per share calculation	**2,986,326**	2,564,760	+16.4%
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation (Shares)	**18,622,248,991**	18,768,649,757	
Basic earnings per share, based on adjusted non-HKFRS profit attributable to the owners of the parent (RMB cents)	**16.04**	13.67	+17.3%

To supplement the consolidated results of the Group prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), adjusted non-HKFRS profit attributable to the owners of the parent 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 impacts of certain non-cash items and the contribution of associates and a joint venture. Adjusted non-HKFRS profit attributable to the owners of the parent 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.

INVESTMENT IN ASSOCIATES AND A JOINT VENTURE

Sinovac Life Sciences Co., Ltd. ("Sinovac"), a company which is mainly engaged in the R&D, production and sales of human vaccines and in which the Group holds 15.03% equity interests, its COVID-19 vaccine CoronaVac has been approved for use in 62 countries, regions and international organizations, of which 15 countries, regions and international organisations allowed the use of it for minors vaccination. With a global supply of more than 2.9 billion doses, CoronaVac has become a true "global public goods". Sinovac is a supporting unit of BRICS Vaccine R&D Centre in China and Beijing Preventive Vaccine for Humans Engineering Technology Research Centre. Sinovac will continue to build up its R&D and industrialization capabilities and focus on the development of innovative vaccines and their related products. However, as the market environment continues to change, the sales volume of its COVID-19 vaccine decreased and its profit was lower compared with last year. The profits and losses of associates and a joint venture attributable to the Group turned to losses of approximately RMB152.98 million during the year. After deducting related taxes and non-controlling interests of approximately RMB33.27 million, the actual losses attributed to associates and a joint venture totaled approximately RMB119.71 million.

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

As at 31 December, 2022, 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 RMB1,574.81 million (31 December 2021: approximately RMB1,988.24 million) and current equity investments designated at fair value through profit or loss (including certain listed shares investments) of approximately RMB312.21 million (31 December, 2021: approximately RMB405.21 million).

In addition, as at 31 December, 2022, the Group had the non-current financial assets at fair value through profit or loss of approximately RMB4,104.62 million (31 December 2021: RMB3,942.85 million) and the current financial assets at fair value through profit or loss, including certain wealth management products of approximately RMB4,543.24 million (31 December 2021: approximately RMB4,250.53 million), including the wealth management products of Industrial and Commercial Bank of China (approximately RMB703.35 million), Bank of Communications (approximately RMB513.60 million), Bank of China (approximately RMB491.46 million), China Construction Bank (approximately RMB459.15 million), Guotai Junan (approximately RMB285.22 million), Shanghai Pudong Development Bank (approximately RMB282.90 million), China Minsheng Banking Corp. (approximately RMB281.30

million), China Galaxy Securities (approximately RMB275.43 million), CITIC Securities (approximately RMB252.88 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 ("Board") of directors (the "Directors") 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 December, 2022, the above mentioned wealth management products (approximately RMB4,543.24 million), representing approximately 7.1% of the total assets of the Group.

Each of the transactions of acquisition or disposal of wealth management products was entered into with third party who was not a connected person (as defined in the Rules ("Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange") of the Company, and did not constitute a notifiable transaction under Chapter 14 of the Listing Rules as all the applicable percentage ratios were less than 5%, calculated either on a standalone basis or by aggregation of the transactions with the same counterparty pursuant to the Rule 14.22 of the Listing Rules.

For the year ended 31 December, 2022, the Group recorded fair value loss (net) of the current equity investments and financial assets of approximately RMB198.07 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 medicines in four therapeutic areas, namely oncology, liver disease, respiratory system and the surgery/analgesia. As of the end of the reporting period, the Group has 103 products under development, including 53 oncology products, 12 liver disease products, 26 respiratory system products, and 12 surgery/analgesia products, involving a total of 58 Category I innovative products.

Over the years, the Group has been placing high importance on R&D, and bringing innovation, collaboration and imitation together to raise 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 year ended 31 December, 2022, total R&D expenditure amounted to approximately RMB4,454.18 million in total, accounted for approximately 15.5% of the Group's revenue, most of which was charged to the statement of profit or loss. During the year, expenditure on innovative drugs and biological drugs accounted for more than 74% of the R&D expenditure, an increase in amount of approximately 19% compared with last year. Expenditure on the therapeutic area of oncology accounted for approximately 75% of the R&D expenditure, an increase in amount of approximately 15% over last year.

The Group also emphasizes the protection of intellectual property rights. It encourages its member enterprises to apply for patent applications as a means to enhance the Group's core competitiveness. During the year, the Group filed 1,006 new patent applications and received 280 authorized patent notices. As of the reporting date, the Group has accumulated 4,203 effective patents and patent applications, and has obtained 1,554 patent invention authorizations.

INVESTOR RELATIONS

The Group is committed to maintaining high corporate governance standards to ensure its long-term sustainable development. During the year, the Group overcame the impact of restricted offline activities due to the pandemic, and has been proactive in approaching local and overseas investors through diversified channels to maintain close and good relations and ensure adequate two-way communication. While to ensure investors had a thorough understanding of its latest business development and strategies, the Group was able to exchange views with the investment community, listening to and gaining valuable insights from them that led to elevated corporate governance standards.

In the past year, the Group continued to proactively publish the latest information on its business development for investors. The Group held investor presentations in late March and late August to provide in-depth explanations of its 2021 annual results, 2022 interim results and latest business updates, which were enthusiastically received. Among them, the investor presentation held in late August was combined with Investor Day for the first time and attracted nearly 310 participants, including analysts and investment managers. The Group also issued timely press releases relating to its financial results to keep retail investors well-informed about its latest business status and prospects via media coverage. Apart from the press releases on its results, the Group also dispatched additional information, highlighted by the Company's share buyback and share purchases pursuant to restricted share award scheme through media channels, hoping to strengthen the confidence of shareholders and investors by maintaining a high level of transparency.

In addition, during the year the Group participated in many investment summits and roadshows hosted by large investment banks and securities companies, including the Bank of America, Citi, J.P. Morgan, Morgan Stanley, UBS, Goldman Sachs, CICC, CITIC, CSC Financial, HTSC, Haitong and China Industrial Securities, in a bid to help investors understand the Group's business development and competitive advantages.

As always, the Group has published its annual reports, interim reports, disclosures and circulars on both its corporate website and the website of the Hong Kong Exchanges and Clearing Limited. In addition, it issues voluntary announcements to inform shareholders and investors about its latest business endeavors so as to maintain transparency and market interest.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's liquidity remains strong. During the year, the Group's primary sources of funds were cash derived from operating activities, issuance of convertible bonds and bank borrowings. As at 31 December, 2022, the Group's cash and bank balances classified under current assets were approximately RMB12,066.22 million (31 December, 2021: approximately RMB10,568.81 million). Bank deposit classified under non-current assets were approximately RMB6,352 million (31 December, 2021: approximately RMB4,972 million).

CAPITAL STRUCTURE

As at 31 December, 2022, the Group had short term loans of approximately RMB6,217.15 million (31 December, 2021: approximately RMB6,520.57 million) and had long term loans of approximately RMB3,933.86 million (31 December, 2021: approximately RMB413.34 million). Debt component of the convertible bonds amounted to approximately RMB3,446.26 million as at 31 December, 2022 (31 December, 2021: RMB4,799.19 million). In addition, total lease liabilities (classified under current and non-current liabilities) amounted to approximately RMB384.69 million as at 31 December, 2022 (31 December, 2021: RMB384.42 million).

CHARGE ON ASSETS

As at 31 December, 2022, the Group had charge on assets of approximately RMB2,113.50 million (31 December, 2021: approximately RMB854.28 million), excluding the amount of bills receivable discounted at banks of Nil (31 December, 2021: approximately RMB5.93 million).

CONTINGENT LIABILITIES

As at 31 December, 2022, the Group and the Company had no contingent liabilities (31 December, 2021: Nil).

ASSETS AND GEARING RATIO

As at 31 December, 2022, the total assets of the Group amounted to approximately RMB64,064.28 million (31 December, 2021: approximately RMB60,543.34 million) whereas the total liabilities amounted to approximately RMB26,120.74 million (31 December, 2021: approximately RMB22,814.31 million). The gearing ratio (total liabilities over total assets) was approximately 40.8% (31 December, 2021: approximately 37.7%). The Group was in a net cash positon of approximately RMB4,436.25 million (31 December, 2021: approximately RMB3,423.30 million), being the aggregate of cash and bank balances classified under current assets and bank deposit classified under non-current assets less the aggregate of short term loans, long terms loans, debt component of the convertible bonds and total lease liabilities.

EMPLOYEE AND REMUNERATION POLICIES

The Group had 26,272 employees as at 31 December, 2022 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 and equity-settled share-based payments) in selling and distribution costs and administrative expenses for the year was approximately RMB4,750.93 million (2021: approximately RMB4,567.98 million).

The Group adopted a Share Option Scheme on 28 May, 2013 (the "2013 Share Option Scheme") and a Share Award Scheme on 5 January, 2018 (the "2018 Share Award Scheme"), both of which are to provide incentive to retain and encourage the selected participants for the continual operation and development of the Group. No option in respect of the shares of the Company ("Shares") had ever been granted under the 2013 Share Option Scheme up to 31 December, 2022. During the year ended 31 December, 2022, 8,577,623 Shares had been granted to a total of 10 selected participants under the 2018 Share Award Scheme, and as of 31 December, 2022, 345,797,877 Shares were held on trust by the trustee responsible for administering the 2018 Share Award Scheme.

On 31 March 2022, the Board approved a share purchase plan pursuant to which the Company would, subject to market conditions, (i) buy back Shares from the open market (the "Share Buy-back") and (ii) under the 2018 Share Award Scheme, instruct the trustee to purchase Shares from the open market (the "Incentive Share Purchase"), for an aggregate consideration of not exceeding HK$1 billion (the "Share Purchase Amount") over the following one year. Up to 31 December 2022, approximately HK$916.64 million of the Share Purchase Amount has been utilised for the Share Buy-back and the Incentive Share Purchase under this plan.

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 has hedged part of the Euro risk in financial liabilities by entering into foreign exchange forward contracts and will continue to closely monitor the net foreign exchange exposure to reduce the impact of foreign exchange fluctuations.

ENVIRONMENTAL, SOCIETY AND GOVERNANCE ("ESG")

Sino Biopharm is committed to promoting the harmonious development of enterprises, society and the environment through high standards of ESG management. During the year, the Board was the Group's top decision-making and responsible body, under which an ESG Committee has been established and authorized to supervise important issues of the Group in relation to ESG, which include offering advice to the Board pertaining to ESG risk, opportunity, policy, action, etc. The ESG management system with "Board-Group Management-Member Companies" as the core units has operated effectively, allowing the Group to continuously improve internal supervision of ESG risks; ensure the implementation of the Board's ESG strategies and requirements; review ESG-related risks and opportunities according to the macro environment and business change in a timely manner; and regularly review the progress of ESG's annual work and information disclosure. During the reporting year, the Group continued to enhance the implementation and optimization of its ESG system in member companies, which have established their own ESG working committee, to fully undertake the ESG planning and requirements of the Board and the Group under the guidance of "Sino Biopharm ESG Task Management Measures".

In 2022, the Group continued to strengthen its ESG philosophy and culture, and clarified the Group's ESG vision, which is to effectively practice the Group's operational values of "benefit the country, benefit the general public and benefit the enterprise" through high-quality ESG management, respond to the United Nations' Sustainable Development Goals, support the Healthy China initiative, promote the health and well-being of more patients, and treat more diseases. The Group also carefully coped with risks, seized opportunities, promoted the harmonious development of enterprises, employees, society and environment, ensured the implementation of its corporate mission, provided strong support for sustainable development, and created long-term value for itself and business partners. In addition, the Group has formulated an ESG governance strategy with "CARE" as its core, with Cure (treatment of diseases), Accessible (access to health care), Relationship (a win-win relationship), and Environmental (environmentally friendly) as the four-core areas of the Group's ESG management.

In 2022, under the guidance of its ESG philosophy and strategy, the Group took into full account the concerns of all key stakeholders and commenced the systematic management of important ESG issues such as innovation and R&D, product quality and safety, access to health care, business ethics, talent development, climate change management, and anti-corruption. Substantial progress has been made in this regard, including but not limited to ensuring the effective operation of a full-lifecycle quality control system. Also, the Group and member companies have had no material quality violation and product recall issues during the year. Moreover, it has continued to build an environmentally friendly enterprise, and many key member companies have been honored with the "Green Factory" title at either the national or provincial level. In addition, the Group has actively responded to the dual-carbon goals of the country and launched the "Sino Biopharm Carbon Neutrality Planning Project", which has completed carbon footprint verification on key member companies and the Group is expected to release its carbon neutrality path planning and implementation schemes in mid-2023. Still other accomplishments by the Group include fulfilling its responsibilities as a core enterprise in the industry chain and collaborating with partners to build responsible supply chains; creating a diverse, inclusive, harmonious and energetic workplace environment; and formulating talent development plans and building an all-round talent cultivation mechanism. The Group has also been named "2022 Aon China Best ESG Employer" and "2022 HRA China Best Employer" during the year.

While constantly raising its ESG governance standard, the Group has continued to uphold the value of "benefit the country, benefit the general public and benefit the enterprise" and believes that giving back to the society is one of the most important missions. During the reporting period, the Group devoted itself to anti-epidemic work, rural revitalization, donation for education, disaster relief and charity, and actively contributing to the construction of a harmonious society.

The Group believes that high ESG governance standards are important as they provide the foundation for promoting quality development and creating long-term values for the Group and its partners from various sectors. Details of the Group's ESG governance in 2022 will be presented in the ESG report to be published later.

PROSPECTS

As COVID-19 has gradually eased, daily business and life have returned to normal and regular medical services have continued to recover. The development of the pharmaceutical industry is likely to pick up rapidly. The Group has closely followed the development of the country, society and industry, and adjusted its development strategy in a timely manner. It has actively conducted organizational integration, optimized the internal organizational structure of the Group, and accelerated construction of business teams across different channels, in order to grow its business rapidly and deliver results in a stable manner.

During the reporting period, the government successively issued important guidelines such as the "14th Five-Year Plan for Bioeconomy" and "Key Tasks for Deepening the Reform of the Medical and Healthcare System in 2022", which emphasized that the pharmaceutical industry is an important pillar for building a healthy China and ensuring people's well-being, as well as a strategic emerging industry that China will focus on developing. The documents also listed some key efforts, namely, to accelerate technological breakthroughs in product innovation and industrialization, improve the pharmaceutical innovation support system, and create new advantages for competing globally.

Sino Biopharm regards innovation and transformation as integral to its strategic development, and is focused on four main therapeutic areas: oncology, hepatitis, respiratory, and surgery/analgesia. It has been mapping out innovative drug projects with best-in-class (BIC) and first-in-class (FIC) potential, and is driving innovative development through its dual engines: internal research and development, and commercial expansion. At present, the Group's innovation and transformation have entered the harvest stage. In the next three years, more than 10 innovative drug products will be launched, and over 40 innovative drugs in the pipeline may be launched by 2030, further promoting the high-quality development of the Group, realizing the revenue target of HK$100 billion by 2030, and becoming a leading innovative pharmaceutical group in the world.

Generic drugs are the cornerstone of the Group's stability. As of the date of this announcement, all of the Group's generic drug products, each with annual revenue of more than RMB500 million (excluding exclusive products), have been included in the scope of centralized drug procurement. The stock of generic drugs that has not been included in the scope of centralized drug procurement has been cleared, hence, eliminating its risk exposure in centralized drug procurement. The Group will continue to deploy special generic drugs that have broad market prospects and are highly competitive, and through efficient and stable production maintain steady revenue growth from generic drugs.

Under the four main strategies of "organizational integration, comprehensive innovation, internationalization, and digitalization", the Group will further consolidate resources, improve operational efficiency, accelerate and facilitate cooperation at home and abroad, and promote global innovation and development.

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 audited consolidated results of the Group for the year ended 31 December, 2022 together with the comparative consolidated results for 2021 as follows:

Consolidated Statement of Profit or Loss

		For the year ended 31 December,	
		2022	2021
	Notes	***RMB'000***	*RMB'000*
		(Audited)	(Audited)
REVENUE	*3*	**28,780,412**	26,861,356
Cost of sales		**(5,795,510)**	(5,332,095)
Gross profit		**22,984,902**	21,529,261
Other income	*3*	**768,055**	807,013
Other (losses)/gains, net	*3*	**(258,733)**	251,694
Selling and distribution costs		**(10,359,310)**	(10,518,393)
Administrative expenses		**(2,204,697)**	(2,185,234)
Other expenses		**(4,559,579)**	(4,633,841)
Including: Research and development costs		***(4,253,154)***	*(3,677,259)*
Finance costs	*4*	**(439,058)**	(308,617)
Share of profits and losses of associates and a joint venture		**(152,976)**	13,630,790
PROFIT BEFORE TAX	*5*	**5,778,604**	18,572,673
Income tax expense	*6*	**(775,986)**	(1,957,880)
PROFIT FOR THE YEAR		**5,002,618**	16,614,793
Profit attributable to:			
Owners of the parent		**2,543,570**	14,608,412
Non-controlling interests		**2,459,048**	2,006,381
		5,002,618	16,614,793
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
– Basic		**RMB13.66 cents**	RMB77.83 cents
– Diluted		**RMB12.15 cents**	RMB73.26 cents

Details of the final dividend recommended for the year are disclosed in note 7 of this announcement.

Consolidated Statement of Comprehensive Income

	For the year ended 31 December,	
	2022	2021
	RMB'000	*RMB'000*
	(Audited)	(Audited)
PROFIT FOR THE YEAR	**5,002,618**	16,614,793
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(333,880)**	(140,990)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**(333,880)**	(140,990)
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	**(295,177)**	298,026
Income tax effect	**–**	–
	(295,177)	298,026
Share of other comprehensive income of associates and a joint venture	**(84,481)**	43,925
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**(379,658)**	341,951
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**(713,538)**	200,961
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**4,289,080**	16,815,754
Attributable to:		
Owners of the parent	**1,830,032**	14,811,893
Non-controlling interests	**2,459,048**	2,003,861
	4,289,080	16,815,754

Consolidated Statement of Financial Position

	Notes	**31 December, 2022** *RMB'000* **(Audited)**	31 December, 2021 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**7,759,592**	7,154,298
Investment properties		**720,754**	705,626
Right-of-use assets		**1,491,591**	1,361,764
Goodwill		**662,611**	647,930
Intangible assets		**1,251,839**	1,064,016
Investments in associates and a joint venture		**13,198,157**	14,266,396
Equity investments designated at fair value through other comprehensive income		**1,574,808**	1,988,238
Financial assets at fair value through profit or loss		**4,104,618**	3,942,851
Bank deposit		**6,352,000**	4,972,000
Deferred tax assets		**505,148**	334,865
Prepayments and other asset		**508,261**	602,175
Total non-current assets		**38,129,379**	37,040,159
CURRENT ASSETS			
Inventories		**2,328,844**	1,937,741
Trade and bills receivables	*9*	**4,638,396**	4,220,667
Prepayments, other receivables and other assets		**1,663,260**	1,715,452
Amounts due from related companies		**382,742**	404,767
Equity investments designated at fair value through profit or loss		**312,207**	405,206
Financial assets at fair value through profit or loss		**4,543,239**	4,250,533
Cash and bank balances	*10*	**12,066,217**	10,568,812
Total current assets		**25,934,905**	23,503,178
CURRENT LIABILITIES			
Trade and bills payables	*11*	**1,637,351**	1,693,152
Tax payable		**107,455**	101,167
Other payables and accruals		**8,153,130**	6,728,000
Interest-bearing bank borrowings		**6,217,153**	6,520,565
Amount due to related companies		**382,579**	237,662
Lease liabilities		**60,431**	64,473
Derivative financial instruments		**110,506**	–
Convertible bonds – debt component (current)		**3,446,257**	–
Convertible bonds – embedded derivative instrument (current)		**35,815**	–
Total current liabilities		**20,150,677**	15,345,019
NET CURRENT ASSETS		**5,784,228**	8,158,159
TOTAL ASSETS LESS CURRENT LIABILITIES		**43,913,607**	45,198,318

	31 December, 2022 RMB'000 (Audited)	31 December, 2021 RMB'000 (Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES	**43,913,607**	45,198,318
NON-CURRENT LIABILITIES		
Convertible bonds – debt component	**–**	4,799,189
Convertible bonds – embedded derivative instrument	**–**	152,797
Deferred government grants	**749,070**	674,450
Interest-bearing bank borrowings	**3,933,859**	413,337
Lease liabilities	**324,263**	319,949
Contingent consideration	**131,076**	227,983
Deferred tax liabilities	**831,791**	881,590
Total non-current liabilities	**5,970,059**	7,469,295
Net assets	**37,943,548**	37,729,023
EQUITY		
Equity attributable to owners of the parent		
Share capital	**414,899**	415,440
Treasury shares	**(1,432,484)**	(689,347)
Reserves	**30,764,620**	30,565,023
	29,747,035	30,291,116
Non-controlling interests	**8,196,513**	7,437,907
Total equity	**37,943,548**	37,729,023

Notes:

1. BASIS OF PREPARATION

These consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong 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/profit or loss, financial assets at fair value through profit or loss, contingent consideration liabilities and embedded derivative components of convertible bonds which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

1.1 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 year ended 31 December 2022. 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).

Generally, there is a presumption that a majority of voting rights results in control. 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.

1.2 Changes in Accounting Policies and Disclosures

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3,	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	*Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41*

The application of the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The comparative statement of profit or loss has been re-presented to be consistent with current year presentation. For the year ended 31 December, 2021, other gains with total amount of RMB550,482,000 and other losses with total amount of RMB298,788,000 have been re-presented to other gains or losses, net.

1.3 Issued but Not Yet Effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[3]
HKFRS 17	*Insurance Contracts*[2]
Amendments to HKFRS 17	*Insurance Contracts*[2,4]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information*[5]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[3,6]
Amendments to HKAS 1	*Non-current Liabilities with Covenants*[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to HKAS 8	*Definition of Accounting Estimates*[2]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]

1 No mandatory effective date yet determined but available for adoption

2 Effective for annual periods beginning on or after 1 January 2023

3 Effective for annual periods beginning on or after 1 January 2024

4 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

5 An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of HKFRS 17

6 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion

The Group is in the process of making an assessment of the impact of these new or revised HKFRSs upon initial application. So far, the Group considers that these standards will not have a significant impact on the Group's financial performance and financial position.

2. OPERATING SEGMENT INFORMATION

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

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

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

(c) the "others" segment comprises, principally 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 or loss, which is a measure of adjusted profit or loss before tax.

Segment assets exclude deferred tax assets and investments in associates and a joint venture 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 year ended 31 December, 2022 (Audited)

	Modernised Chinese medicines and chemical medicines *RMB'000*	Investment *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue:				
Sales to external customers	**28,231,667**	**–**	**548,745**	**28,780,412**
Segment results	**6,913,834**	**(780,468)**	**77,848**	**6,211,214**
Reconciliation:				
Interest and unallocated gains				**352,074**
Share of profits and losses of associates and a joint venture				**(152,976)**
Unallocated expenses				**(631,708)**
Profit before tax				**5,778,604**
Income tax expense				**(775,986)**
Profit for the year				**5,002,618**
As at 31 December, 2022 (Audited)				
Assets and liabilities				
Segment assets	**39,287,554**	**9,463,228**	**1,610,196**	**50,360,978**
Reconciliation:				
Investments in associates and a joint venture				**13,198,157**
Other unallocated assets				**505,149**
Total assets				**64,064,284**
Segment liabilities	**13,491,829**	**10,896,508**	**793,153**	**25,181,490**
Reconciliation:				
Other unallocated liabilities				**939,246**
Total liabilities				**26,120,736**
Other segment information:				
Depreciation and amortisation	**1,014,082**	**14,273**	**18,629**	**1,046,984**
Capital expenditure	**1,742,660**	**8,326**	**8,938**	**1,759,924**
Other non-cash expenses	**19,401**	**–**	**44**	**19,445**

The segment results for the year ended 31 December, 2021 (Audited)

	Modernised Chinese medicines and chemical medicines *RMB'000*	Investment *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue:				
Sales to external customers	26,230,666	–	630,690	26,861,356
Segment results	5,234,169	(147,282)	103,787	5,190,674
Reconciliation:				
Interest and unallocated gains				243,468
Share of profits and losses of associates and a joint venture				13,630,790
Unallocated expenses				(492,259)
Profit before tax				18,572,673
Income tax expense				(1,957,880)
Profit for the year				16,614,793
As at 31 December, 2021 (Audited)				
Assets and liabilities				
Segment assets	32,524,755	11,773,056	1,644,265	45,942,076
Reconciliation:				
Investments in associates and a joint venture				14,266,396
Other unallocated assets				334,865
Total assets				60,543,337
Segment liabilities	9,698,257	11,312,596	820,704	21,831,557
Reconciliation:				
Other unallocated liabilities				982,757
Total liabilities				22,814,314
Other segment information:				
Depreciation and amortisation	896,000	55,985	40,571	992,556
Capital expenditure	1,486,341	14,867	59,969	1,561,177
Other non-cash expenses	414,484	201,091	86,628	702,203

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 December, 2022	31 December, 2021
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Hong Kong	**7,241,145**	6,750,616
Mainland China	**17,973,761**	18,715,509
Others	**377,899**	336,080
	25,592,805	25,802,205

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

Information about major customers

No information about a major customer is presented as no single customer contributes to over 10% of the Group's revenue for the year ended 31 December, 2022 and 2021.

3. REVENUE, OTHER INCOME AND OTHER (LOSSES)/GAINS, NET

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 other (losses)/gains, net is as follows:

	For the year ended 31 December,	
	2022	2021
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Revenue from contracts with customers		
Sale of industrial products	**28,231,667**	26,230,666
Revenue from other sources	**548,745**	630,690
	28,780,412	26,861,356

	For the year ended 31 December,	
	2022	2021
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Other income		
Bank interest income	**201,441**	162,057
Dividend income	**14,193**	2,383
Government grants	**139,971**	135,247
Sale of materials	**35,012**	26,621
Investment income	**299,151**	395,450
Gross rental income	**15,959**	5,769
Others	**62,328**	79,486
	768,055	807,013

	For the year ended 31 December,	
	2022	2021
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Other (losses)/gains, net		
Gain/(Loss) on disposal of items of property, plant and equipment	**3,465**	(4,278)
Fair value (losses)/gains, net		
Equity investment designated at fair value through profit or loss	**(198,067)**	(15,748)
Financial assets at fair value through profit or loss	**44,623**	17,113
Convertible bond embedded derivative component	**75,696**	241,072
Financial assets at fair value through profit or loss (Non-current)	**(295,633)**	(266,746)
Contingent consideration	**89,667**	(12,016)
Derivative financial instruments	**(107,109)**	–
Foreign exchange gains, net	**138,216**	292,297
Loss on extinguishment of partial convertible bonds	**(9,591)**	–
	(258,733)	251,694

4. FINANCE COSTS

	For the year ended 31 December,	
	2022	2021
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Interest on bank borrowings	**339,461**	179,623
Interest on convertible bonds	**81,872**	109,275
Interest on lease liabilities	**17,725**	19,719
	439,058	308,617

5. PROFIT BEFORE TAX

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

	For the year ended 31 December,	
	2022	2021
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Cost of inventories sold	**5,795,510**	5,332,095
Depreciation of property, plant and equipment	**807,180**	779,248
Depreciation of investment properties	**39,138**	21,225
Depreciation of right-of-use assets	**98,980**	102,166
Amortization of intangible assets	**101,686**	89,917
Research and development costs	**4,253,154**	3,677,259
(Gain)/Loss on disposal of items of property, plant and equipment	**(3,465)**	4,278
Bank interest income	**(201,441)**	(162,057)
Investment income	**(299,151)**	(395,450)
Fair value (gains)/losses, net:		
Equity investments designated at fair value through profit or loss	**198,067**	15,748
Financial assets at fair value through profit or loss	**(44,623)**	(17,113)
Convertible bond embedded derivative component	**(75,696)**	(241,072)
Financial assets at fair value through profit or loss (non-current)	**295,633**	266,746
Contingent consideration	**(89,667)**	12,016
Derivative financial instruments	**107,109**	–
Minimum lease payments under operating leases:		
Lease payments not included in the measurement of lease liabilities	**121,027**	129,307
Auditors' remuneration	**6,000**	6,000
Staff cost (including directors' remuneration) in selling and distribution costs and administrative expenses:		
Wages and salaries	**3,676,006**	3,699,273
Equity-settled share-based payments	**29,723**	–
Pension scheme contributions	**1,045,205**	868,709
	4,750,934	4,567,982
Impairment of trade receivables	**3,926**	1,621
Impairment of investment in an associate	**–**	154,656
Impairment of financial assets included in prepayments, other receivables and other assets	**–**	60,000
Impairment of goodwill	**–**	47,254
Impairment of intangible assets	**19,401**	441,098
Foreign exchange gains, net	**(138,216)**	(292,297)

6. INCOME TAX

	For the year ended 31 December,	
	2022	2021
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Group:		
Current – Hong Kong	**–**	–
Current – Mainland China	**777,692**	740,688
Deferred tax	**(1,706)**	1,217,192
Total tax charge for the year	**775,986**	1,957,880

The Company incorporated in the Cayman Islands are not subject to income or capital gains tax under the law of the Cayman Islands. In addition, dividend payments are not subject to withholding tax in the Cayman Islands.

The subsidiaries incorporated in the British Virgin Islands ("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% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

Belgium profits tax has been provided at a rate of 25% on the estimated assessable profits arising in Belgium during the year.

In the year ended 31 December, 2022, CT Tianqing, Beijing Tide, NJCTT, Jiangsu CT Fenghai, Jiangsu CT Qingjiang, CP Qingdao, LYG Runzhong, Shanghai Tongyong and Nanjing Shunxin were subject to a corporate income tax rate of 15% because they are qualified as "High and New Technology Enterprise".

Other than the above mentioned entities, the other entities located in Mainland China are subject to a corporate income tax rate of 25% in 2022.

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. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries and associates established in Mainland China in respect of earnings generated from 1 January, 2008 with 5% and 10%, respectively.

During the year ended 31 December, 2022, income tax expense related to the share of profits and losses of associates and a joint venture were amounted to approximately RMB4,309,000 (2021: RMB1,252,115,000).

7. DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has recommended the payment of a final dividend of HK6 cents per ordinary share for the year ended 31 December, 2022 (2021: HK4 cents). Subject to the approval by the shareholders of the Company at the annual general meeting to be held on Thursday, 15 June, 2023, the final dividend will be paid to shareholders on Monday, 17 July, 2023 whose names appear on the register of members of the Company on Wednesday, 28 June, 2023.

The register of members of the Company will be closed for the following periods:–

(a) For the purpose of determining shareholders who are entitled to attend and vote at the annual general meeting, the register of members of the Company will be closed from Monday, 12 June, 2023 to Thursday, 15 June, 2023, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the attendance and voting at the annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Friday, 9 June, 2023.

(b) For the purpose of determining shareholders who are qualified for the final dividend, the register of members of the Company will be closed from Friday, 23 June, 2023 to Wednesday, 28 June, 2023, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Wednesday, 21 June, 2023.

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 year of approximately RMB2,543,570,000 (2021: approximately RMB14,608,412,000), and the weighted average number of ordinary shares of 18,622,248,991 (2021: 18,768,649,757) in issue during the year.

The calculation of the diluted earnings per share amounts is based on the profit for the year 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 year, 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 for the year ended 31 December, 2022 are based on:

	For the year ended 31 December,	
	2022	2021
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:	**2,543,570**	14,608,412
Interest on convertible bonds	**81,872**	109,275
Loss on extinguishment of partial convertible bonds	**9,591**	–
Exchange gain on convertible bonds – debt component	**(248,137)**	(350,714)
Fair value gain on convertible bonds – derivative component	**(75,696)**	(241,072)
Profit attributable to ordinary equity holders of the parent before interest, loss on extinguishment, exchange gain and fair value gain on convertible bonds	**2,311,200**	14,125,901

	Number of shares	
	2022	2021
	(Audited)	(Audited)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**18,622,248,991**	18,768,649,757
Effect of dilution – weighted average number of ordinary shares:		
– Convertible bonds	**394,952,985**	514,305,333
	19,017,201,976	19,282,955,090

9. TRADE AND BILL RECEIVABLES

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period ranges from 60 days to 180 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest bearing.

An ageing analysis of the Group's trade and bill receivables as at the end of reporting period, based on invoice date and net of provisions, is as follows:

	31 December, 2022	31 December, 2021
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Current to 90 days	**4,050,406**	3,573,203
91 days to 180 days	**466,707**	547,008
Over 180 days	**121,283**	100,456
	4,638,396	4,220,667

10. CASH AND BANK BALANCES

	31 December, 2022 *RMB'000* (Audited)	31 December, 2021 *RMB'000* (Audited)
Cash and bank balances, unrestricted	**6,413,982**	6,213,974
Time deposits with original maturity of less than three months	**2,240,823**	3,385,563
Time deposits with original maturity of more than three months	**3,411,412**	969,275
Cash and bank balances	**12,066,217**	10,568,812

11. TRADE AND BILLS PAYABLES

An ageing analysis of the Group's trade and bills payables as at the end of reporting period, based on invoice date, is as follows:

	31 December, 2022 *RMB'000* (Audited)	31 December, 2021 *RMB'000* (Audited)
Current to 90 days	**996,140**	1,073,974
91 days to 180 days	**350,513**	441,548
Over 180 days	**290,698**	177,630
	1,637,351	1,693,152

12. SHARE CAPITAL

	31 December, 2022 *RMB'000* (Audited)	31 December, 2021 *RMB'000* (Audited)
Issued and fully paid:		
18,813,867,230 ordinary shares of HK$0.025 each (2021: 18,839,594,230 ordinary shares of HK$0.025 each)	**414,899**	415,440

CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company had complied with all the Code Provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules for the year ended 31 December, 2022 except for the deviation from Code Provisions F.2.2 and C.1.6 in relation to attendance of the annual general meeting of the Company (the "AGM") by the chairwoman of the Board and Independent Non-executive Directors ("INEDs") of the Company. The chairwoman of the Board and two INEDs participated in the AGM held on 6 June, 2022 by electronic means, although they were not counted towards the quorum of the meeting due to restrictions of the then effective articles of association of the Company on holding general meetings as hybrid or electronic meetings. The other two INEDs were unable to attend the AGM due to their other business engagements.

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 appointed sufficient number of INEDs including two with appropriate professional qualifications, or accounting or related financial management expertise. The Audit Committee is comprised of four 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 audited consolidated financial statements of the Company for the year ended 31 December, 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December, 2022, the Company bought back a total of 22,727,000 Shares on the Stock Exchange at an aggregate consideration of approximately HK$99.56 million before expenses. The bought back Shares were subsequently cancelled. Further details are set out as follows:

Month	Number of Shares bought back	Purchase consideration per Share Highest	Purchase consideration per Share Lowest	Consideration paid
		HK$	*HK$*	*HK$*
February	5,500,000	5.21	5.21	28,655,000
April	11,000,000	4.31	4.14	46,613,000
May	4,900,000	3.90	3.88	19,109,020
September	1,327,000	3.93	3.87	5,183,490

Pursuant to the rules of the 2018 Share Award Scheme, the trustee of the scheme purchased on the Stock Exchange a total of 228,945,000 Shares at a total consideration of approximately HK$930,794,000 during 2022.

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

FORWARD LOOKING STATEMENTS

Certain statements contained in this announcement may be viewed as "forward-looking statements" with respect to the business outlook, financial performance estimates, and business operations forecast of the Group. These forward-looking statements are based on the current beliefs, assumptions, and expectations of and the information currently available to the Board and the Company, and therefore involve risks and uncertainties. Actual outcome may differ materially from the forecasts and expectations in such forward-looking statements. The Company assume no obligation to update the forward-looking statements contained in this announcement. In light of the above risks and uncertainties, shareholders of the Company and potential investors should not place undue reliance on such statements.

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

Hong Kong, 31 March, 2023

As at the date of this announcement, the Board of the Company comprises seven executive Directors, namely Ms. Tse, Theresa Y Y, Mr. Tse Ping, Ms. Cheng Cheung Ling, Mr. Tse, Eric S Y, Mr. Tse Hsin, 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 Dr. Li Kwok Tung Donald.