SciClone Pharmaceuticals (Holdings) Limited
賽生藥業控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6600)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2023

The board of directors (the "**Board**") of SciClone Pharmaceuticals (Holdings) Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**" or "**We**") for the year ended December 31, 2023. These results have been audited by the Company's Auditor in accordance with International Standard on Auditing. In addition, the results have also been reviewed by the Company's Audit Committee.

HIGHLIGHTS

Financial Highlights

For the year ended December 31, 2023, the Group delivered solid results:

— **Revenue** of approximately RMB3,155.6 million was up approximately 14.8%, achieving double digit CAGR growth since group reorganization in 2017;

— **Gross profit** grew by approximately 13.8% to approximately RMB2,356.2 million from approximately RMB2,070.5 million for the year ended December 31, 2022;

— **Net profit** increased by approximately RMB266.5 million, or 31.2%, to RMB1,121.9 million. Excluding one-off change in fair value and impairment losses, core net profit was approximately RMB1,236.9 million, up by approximately 19.5% compared to the core net profit for the year ended December 31, 2022;

* *For identification purpose only*

— **Basic earnings per share** attributable to owners of the Company were approximately RMB1.83, approximately 44.1% higher than that of the last year;

— **Diluted earnings per share** attributable to owners of the Company were approximately RMB1.72, approximately 42.1% higher than that of the last year;

— **Operating cash flow** reached approximately RMB1,404.3 million, approximately RMB220.7 million, or 18.6%, higher than that of the last year. Total cash and cash equivalents and cash deposits (from 3 to 12 months or in floating rates) as at December 31, 2023 amounted to RMB2,219.8 million.

Business Highlights

We presented our development strategy in 2022 Annual Report and have fulfilled our primary goals in 2023:

— **Commercial launch of Danyelza® (Naxitamab) ("Danyelza"):** the Company officially initiated commercialization of Danyelza on July 1, 2023. This innovative drug has been included in approximately 50 special drug lists under Hui Min Bao (惠民保) across various provinces and cities, providing supplement coverage on top of the basic medical insurance for severe diseases;

— **Completion of Vaborem® (Meropenem+Vaborbactam) ("Vaborem") Phase III clinical trial subject enrollment:** in March 2023, the China National Medical Products Administration (the "**NMPA**") approved the Investigational New Drug (the "**IND**") application for Vaborem. This IND application consists of a Phase III clinical trial to evaluate the efficacy and safety of Vaborem in Chinese patients with complicated urinary tract infections ("**cUTI**") including pyelonephritis, as well as a pharmacokinetic study in healthy volunteers in China to evaluate the pharmacokinetic profile of Vaborem. These two clinical studies in China are to bridge foreign clinical trial data and eventually support the New Drug Application (the "**NDA**") of Vaborem in China. The first subject was dosed in the Phase III clinical trial on July 5, 2023, and we completed subject enrollment by the end of January 2024, largely due to the work completed during 2023;

— **License-in of Orserdu® (Elacestrant) ("Orserdu"):** the Group and Berlin-Chemie AG, Menarini Group ("**Menarini**"), entered into a license and collaboration agreement ("**License Agreement**") in November 2023, granting the Group the exclusive right to develop and commercialize Orserdu in China. Orserdu is the "first and only" treatment specifically indicated for patients with ESR1 mutations in ER+, HER2- advanced or metastatic breast cancer ("**mBC**") with the approval from the U.S. Food and Drug Administration ("**FDA**") under its priority review and fast track designation in January 2023, and subsequently from the European Commission in September 2023. The transaction contemplated under the License Agreement aims to bring this innovative treatment to China, pending China's regulatory approval;

— **Process of marketed products lifecycle management:**

1) Results from two clinical trials of Thymosin α-1 ("**Tα1**", generic name of Zadaxin) were released as online abstract by 2023 American Society of Clinical Oncology ("**ASCO**") Annual Meeting in May 2023;

2) Tα1 was included in three more nationwide treatment guideline and consensuses in China. It was also included in a Chinese nationwide patient education manual for liver cancer in December 2023;

3) Tα1 received positive review in a Comment article titled "Strategies for cancer-care resilience during the new COVID-19 wave in China" published in The Lancet Oncology (IF=54.43) in April 2023;

— **Addition of promotion products from Pfizer:** the Group has further strengthened the collaboration with Pfizer, by expanding the partnership to include three additional products: Campto® (irinotecan hydrochloride) ("**Campto**"), Sutent® (sunitinib malate) ("**Sutent**") and Vizimpro® (Dacomitinib) ("**Vizimpro**").

Capital Highlights

— **Share repurchase:** 1) on March 1, 2023, the Company completed the voluntary cash offer to buy-back 77,534,791 Shares at HK$10.06 per Share; and 2) for the year ended December 31, 2023, the Company has repurchased a total of 3,209,500 Shares on the Stock Exchange;

— **Stock Connect and index inclusion:** the Company was designated as an eligible stock of Shanghai-Hong Kong Stock Connect in March 2023. This achievement was followed by our inclusions in MSCI China Small Cap Index in May 2023 and two sub-indexes of FTSE Global Equity Index Series.

OVERVIEW

The year 2023 unfolded under the shadow of relentless inflation, interest rate hikes in an environment already burdened by high rates, mounting international geopolitical tensions, and a waning recovery pace, presenting formidable challenges to our business. The company has tried its best to overcome the above challenges through various methods and achieved improvement.

Our performance in 2023:

Our revenue reached RMB3,155.6 million for the year ended December 31, 2023, marking an increase of 14.8% over that of the previous year. Gross profit grew to RMB2,356.2 million of 2023, 13.8% ahead of 2022. Net profit increased by 31.2%, reaching RMB1,121.9 million in comparison with the net profit for the year ended December 31, 2022. Excluding one-off change in fair value and impairment losses, core net profit was approximately RMB1,236.9 million, up by approximately 19.5% compared to the core net profit for the prior year. Furthermore, operating cash flow achieved a milestone of RMB1,404.3 million, representing a growth of RMB220.7 million or 18.6%, compared to that of the year ended December 31, 2022.

Our financial flexibility and resources for continuous growth:

In November 2023, except for repaying the due debt, we have proactively prepaid the loan balance originally due in November 2024, clearing our debts ahead of schedule.

After repaying and prepaying the debt, as at December 31, 2023, the total cash and cash equivalents and cash deposits (from 3 to 12 months or in floating rates) amounted to approximately RMB2.2 billion.

Increased resource allocation in key business areas:

Under the License Agreement with Menarini, the Group will utilize its development capability to proceed with clinical trials and employ its sales, marketing and regulatory expertise to distribute Orserdu®, upon approval in China. The Group paid Menarini an upfront fee in cash in November 2023.

In addition, for the year-end December 31, 2023, our selling and marketing expenses increased by 13.5% and research and development ("**R&D**") expenses grew by 37.8% compared with the last year, reflecting our continued investments in: 1) recruiting and retaining key talents in commercialization and product development; 2) digital commercialization capabilities by upgrading GTP model to 6.2 version to further increase product accessibility to patients; and 3) brand and loyalty enhancement through product lifecycle management and development.

BUSINESS REVIEW

SciClone is a global biopharmaceutical company with an integrated platform for the development and commercialization of innovative therapies for cancer and severe infection. With an innovation-driven strategic transformation, the Group has established a product portfolio with differentiated advantages. Staying true to the Group's original aspiration of "SciClone gives life hope", the Group is dedicated to improving patients' health by providing top-tier healthcare products and services with global standards of care.

Commercialization

As of December 31, 2023, the integrated sales and marketing division is staffed with approximately 860 employees, including approximately 580 employees assigned to the immunology business unit ("**IBU**"), approximately 210 employees to the oncology business unit ("**OBU**") and approximately 70 employees responsible for new products, market access and commercial operations.

Our marketing strategies are grounded in the synergistic integration of accumulating research evidence and the development of therapeutic guidelines. We employ a comprehensive approach, combining both offline and online marketing initiatives. We need to continuously invest resources and capital in marketing to enhance the brand awareness of our products amidst the competitive market landscape. With our deep market experience, we demonstrate remarkable agility in embracing innovative business models, including the establishment and improvement of the GTP model.

Guided by our market insights, we have demonstrated agility in embracing innovative business models, including the establishment and enhancement of the GTP model. This approach to commercialization has been proven effective by our sales achievements with product Zadaxin and is now being leveraged to advance the promotion of our additional products.

1) GTP model:

To diversify our sales channels and bolster sales of Zadaxin to patients directly through pharmacies, we piloted our GTP platform back in 2015. This strategic move has significantly improved patients access to Zadaxin by expanding its availability from hospitals to pharmacies. The commencement of sales through the GTP platform in 2018 marked a pivotal moment, and from 2019 forward, the proportion of sales volume attributed to the GTP platform has shown a consistent upward trend.

During the year ended December 31, 2023, the upgrade of GTP model to 6.2 version mainly included the below optimizations:

1) integrated Intelligent Diagnosis feature to improve experience and efficiency of patients' visits, especially the follow-up visits;

2) incorporated Smart Functions such as: i) facial recognition and dynamical name card QR code to make access more convenient for the doctors and patients and to facilitate better interaction and bonding between them; ii) "Quick Prescription Renewal" ("快速續開處方") feature for patients to save time, etc..

Within the framework the current GTP model, patients can explore product details and services via WeChat official accounts of Immunology Online ("免e在線") for Zadaxin, Healthy Bone Alliance ("泰骨聯盟") for Zometa, Neuroblastoma Care ("神母關愛") for Danyelza, and associated Hi-Doctor Internet Hospital WeChat mini program, collectively known as the Hi-Doctor Platform. Once registered on the Hi-Doctor Platform, patients have the convenience of uploading prescriptions online, with the subsequent option of direct home delivery or collection at designated locations such as DTP pharmacies. Moreover, the platform facilitates online appointment scheduling for Zadaxin injections or Zometa infusions. The incorporation of Hi-Doctor Internet Hospital to the platform enables patients to receive online consultations and e-prescriptions seamlessly. Furthermore, the Company enhances patient engagement on the Hi-Doctor Platform by offering value added services including comprehensive educational content aimed at both academic and patient communities, thereby fostering long-term brand loyalty.

Throughout the years, we have been investing in our GTP model and other digital technologies. With our active development and investment in technologies and online platform, we aim to achieve better operational efficiency and compliance by reaching more stakeholders, customers and patients with lower costs.

The current co-operations under GTP model (Table 1):

DTP Chains	**Commercial Insurance Providers**
Gaoji Health; Link Pharmacies; Medbanks; Sinopharm Care Plus; "Yiyao Pharmacies" of SPH Cloud Health; Yuanxin	LinkDoc; Zhong An Insurance; Medi Trust

2) Lifecycle management:

The continuous growth of our products in the market is fueled by our persistent clinical research and academic promotional efforts aimed at broadening their clinical use. Key outcomes of our product lifecycle management for the year 2023 include:

I) Clinical studies and publications

We have been sponsoring investigators to conduct randomized controlled trials ("**RCT**") and real-world studies ("**RWS**") to discover our marketed products' potential clinical adoptions in oncology, severe infection, vaccine and other therapeutic areas. As of the date of this announcement, we have more than 10 on-going clinical studies in China and overseas (the U.S. and Italy).

i) Research publications:

Results from two clinical trials of Tα1 were released as online abstract by 2023 ASCO Annual Meeting in May 2023. The ASCO Annual Meeting stands as the globe's most prestigious and influential scientific assembly within the clinical oncology community. Every year it highlights the latest breakthroughs in clinical oncology research and presents the most advanced cancer treatment strategies available. The two abstracts are:

a) "Safety and efficacy of loading-dose Tα1 in patients with advanced and refractory solid tumors with lower absolute T lymphocyte" (#Abstract e14543) with Professor Zhang Liyuan (張力元) from The Second Affiliated Hospital of Soochow University (蘇州大學附屬第二醫院) as the leading principal investigator. The study concluded that a daily loading-dose Tα1 treatment increased the number of peripheral lymphocytic subpopulations, and this effect appears to benefit survival outcomes, shedding new light for patients with advanced or refractory solid tumors when initiated ICI (immune checkpoint inhibitor) treatment; and

b) "A preliminary analysis of integrating Tα1 into concurrent chemoradiotherapy ("**CCRT**") and consolidative immunotherapy" (#Abstract e20569). The leading principal investigator is Professor Liu Hui (劉慧) from Sun Yat-sen University Cancer Center (中山大學腫瘤防治中心). The study concluded that the integration of Tα1 into CCRT and consolidative immunotherapy could yield synergistic effect in LA-NSCLC (locally advanced non-small cell lung cancer) patients. The combination might contribute to prolonged use of consolidative immunotherapy and survival benefit.

ii) Other study progresses:

Table 2: Major studies and status

Major Studies	Status
RCT for sepsis in 1,106 patients	Research report submitted for publication, awaiting the journal's feedback
RCT of Tα1 combined with PD-1 antibody and apatinib in advanced gastric cancer	Approaching the completion of follow-up and undergoing data cleaning
Pilot trial of Tα1 to prevent COVID-19 infection in elderly renal dialysis patients in the U.S.	Preliminary data readout
RCT on the efficacy and safety of Tα1 in the application of CCRT in LA-NSCLC	Draft report completed
A prospective Phase II controlled study assessing the impact of Tα1 on the completion rate of immunological consolidation therapy after curative chemoradiotherapy for LA-NSCLC	Patient enrollment on-going
Phase II study to assess the efficacy and safety of preoperative neoadjuvant chemoradiotherapy combined with a PD-1 inhibitor and Tα1 in the treatment of pMMR/MSS locally advanced low and middle rectal cancer	Patient enrollment on-going
Tα1 as an enhancer of vaccine response among older adults receiving booster doses of COVID-19	IND approved by FDA

II) Treatment guidelines and consensuses

Zadaxin (Tα1):

In addition to official indications (for treatment of chronic hepatitis B and vaccine enhancement in patients with impaired immunity), Tα1 has been included in treatment guidelines and consensuses issued by several professional associations including the Chinese Medical Association, the Chinese Society of Clinical Oncology ("**CSCO**"), Chinese Medical Doctor Association and China Anti-Cancer Association.

For the year ended December 31, 2023, Tα1 was included in three more treatment guidelines and consensuses and also a Chinese nationwide patient education manual for liver cancer:

i) Expert Consensus on the Prevention and Treatment of COVID-19 in Patients with Lung Cancer (CSCO and China Medical Education Association) (《肺癌患者新型冠狀病毒感染防治專家共識》);

ii) Guidelines for Management of COVID-19 at Home for the Elderly in China (2023) (《中國老年人新型冠狀病毒感染居家管理指導意見(2023)》);

iii) Chinese Clinical Practice Guidelines for the Treatment of Hepatocellular Carcinoma with Transarterial Chemoembolization (TACE) (2023 Edition) (《中國肝細胞癌經動脈化療栓塞（TACE）治療臨床實踐指南（2023年版）》); and

iv) CSCO Patient Education Manual — Liver Cancer (《中國臨床腫瘤學會患者教育手冊 — 肝癌》).

Zometa (Zoledronic Acid):

For the year ended December 31, 2023, Zoledronic Acid (the compound of Zometa) was included in one more treatment guidelines — Chinese Anti-Cancer Association Guidelines and Standards for the Diagnosis and Treatment of Breast Cancer (2024 Edition) (《中國抗癌協會乳腺癌診治指南與規範（2024年版）》) ("**Guidelines**"). It was formulated by the Breast Cancer Committee of the Chinese Anti-Cancer Association and others and published in the "Chinese Journal of Cancer" in December 2023. Zoledronic Acid is recommended by the Guidelines for use in adjuvant therapy following surgery for early-stage breast cancer.

III) Other professional reviews/recommendations

i) Tα1 received positive review in a Comment article titled "Strategies for cancer-care resilience during the new COVID-19 wave in China" published in The Lancet Oncology (IF=54.43) in April 2023; and

ii) In January 2023, Tα1 was included in Shanghai COVID-19 Treatment Guidelines and was recommended by several Class III general hospitals in treating COVID-19 patients.

Product Development

In recent years, the Company has embarked on the development of several pipeline drug candidates via the in-licensing approach. This strategy involves acquiring licenses and engaging in the product development lifecycle at various phases. Our involvement spans from the IND filing stage for some of our early-stage pipeline products to conducting pivotal clinical trials for some of our late-stage pipeline products.

Our product development efforts are a collaborative endeavor involving our Business Development, Research & Development, and Regulatory Affair teams. These teams are dedicated to advancing the development of products focusing on targeted therapies, immunotherapy and enhanced chemotherapy options with first/best-in-class potential. As at December 31, 2023, our product development teams consisted of approximately 126 members.

Dr. Mao Li (毛力) is our Vice President, General Manager of R&D and Chief Medical Officer. Dr. Mao is a worldwide prominent physician-scientist in upper aerodigestive tract malignancies, with more than 35 years of extensive experience in clinical practice, clinical and basic research, and leadership in the field of oncology both in the U.S. and China. He chairs for the Group's Drug Development Committee to support product development.

As of the date of this announcement, we have built a portfolio of 10 pipeline drug candidates, 6 of which are in phase III or later stages overseas with a fast-to-market strategy in China, and 4 are in earlier stages from pre-clinical to phase II clinical trials overseas or in China.

The following table summarizes the mechanism of action, indication(s)/clinical adoptions, and development status of our pipeline assets as of the date of this announcement.

Product Name	Mechanism of Action	Indication(s)/ Clinical Adoptions	Partner	Partner's Overseas Status	China Status
Late stage:					
Vibativ	Dual antibacterial activity on cell wall and cell membrane	HABP/VABP complicated skin and skin structure infections	Cumberland Pharmaceuticals (U.S.)	Marketed	Obtained clinical trial waiver and submitted NDA in September 2021
Orserdu® (Elacestrant)	Block the transcriptional activity of the ER	ESR1 mutations in ER+, HER2- advanced or mBC	Berlin-Chemie AG (Germany)	Marketed	In preparation of clinical applications
Vaborem® (Meropenem+Vaborbactam)	Carbapenem + β-lactamase inhibitor	cUTI, cIAI, HABP, VABP and Bacteremia	Menarini Group (Italy)	Marketed	Obtained IND approval in March 2023; first subject dosed in July 2023; subject enrollment completed in Jan 2024

Product Name	Mechanism of Action	Indication(s)/ Clinical Adoptions	Partner	Partner's Overseas Status	China Status
Danyelza® (naxitamab)	Targeting GD2	High risk neuroblastoma	Y-mAbs Therapeutics, Inc.(U.S.)	Obtained BLA from FDA in November 2020	Officially commercialized in July 2023; obtained BLA approval in Macau in June 2023; submitted BLA in Hong Kong in January 2023
		Naxitamab and GM-CSF in combination with IT in patients with high-risk neuroblastoma (Study 203)		US Phase II trial on-going	Patient enrollment on-going
		Relapsed second-line osteosarcoma		US Phase II trial on-going	In preparation of IND submission
Omburtamab	Targeting B7-H3–expressing cells	CNS/leptomeningeal metastasis from neuroblastoma	Y-mAbs Therapeutics, Inc. (U.S.)	Submitted MAA to EMA in April 2021	—
RRx-001	Myc inhibitor and antagonist of CD47-SIRPα pathway	Small cell lung cancer	EpicentRx, Inc. (U.S.)	US Phase III trial on-going	Phase III study of 3rd and beyond SCLC patient enrollment on-going
		Colorectal cancer		US Phase II (+irinotecan) completed	—
Early stage:					
PEN-866	Mini-conjugate of HSP90-SN38	Solid tumors	Tarveda Therapeutics (U.S.)	US Phase II basket trial On-going	Obtained IND approval for Phase I/II in lung cancer in June 2022
HSP90-PI3K SMDC	Mini-conjugate of HSP90-PI3K	Solid tumors		Pre-clinical	Spared efforts in lead conjugate optimization
PT-112	Platinum-containing compounds	Late stage prostate cancer	Phosplatin Therapeutics (U.S.)	US Phase II trial on-going	Completed Phase 2a trial
		Cholangiocarcinoma		US Phase I trial (+gemicitabine) completed	
ABTL-0812	Akt/mTOR inhibitor	Endometrial/lung/ pancreatic cancer	Ability Pharma (Spain)	EU Phase 2b on-going	Obtained IND

1) Key pipeline milestones:

- ***Orserdu:*** in November 2023, the Company and Berlin-Chemie AG, Menarini Group entered into a License Agreement, granting the Group the exclusive right to develop and commercialize Orserdu in China, under Menarini's head license agreement with Radius Health, Inc.

  Orserdu is the "first and only" treatment specifically indicated for patients with ESR1 mutations in ER+, HER2- advanced or mBC with the approval from the FDA under its priority review and fast track designation in January 2023, and subsequently from the European Commission in September 2023.

  Breast cancer has overtaken lung cancer as the world's mostly commonly-diagnosed cancer and China accounted for 18% of the total number of new breast cancer cases worldwide, according to statistics released by the International Agency for Research on Cancer of World Health Organization in December 2020. Approximately 70% of breast cancer cases are HR+, HER2- and up to 40% of ER+, HER2- advanced or mBC cases present with ESR1 mutations. Sequential endocrine therapy ("**ET**") is considered the mainstay treatment for premenopausal and postmenopausal women with HR+/HER2– mBC without extensive visceral involvement. However, ESR1 mutations are a known driver of resistance to standard ET, and so far, have been difficult to treat. Orserdu, an oral selective estrogen receptor degrader ("**SERD**") developed as a once-daily treatment for ER+, HER2- tumors that harbor ESR1 mutations, represents the first innovation in ET in nearly 20 years.

  Under the License Agreement, SciClone will utilize its development capability to proceed with clinical trials and employ its sales, marketing and regulatory expertise to distribute Orserdu, upon approval in China.

  Milestone in 2023

  — Following the signing of the License Agreement in November 2023, the Company commenced the preparation of clinical applications within China.

  Post-Reporting Period (Expected) Milestones

  — The Company will explore pilot launch opportunities in Bo'ao of Hainan and the Greater Bay Area.

- ***Vaborem:*** in August 2022, the Group and A. Menarini Asia-Pacific Holdings Pte. Ltd., part of The Menarini Group ("**Menarini Asia-Pacific**"), entered into a license and collaboration agreement granting the Group the exclusive right to develop and commercialize Vaborem in China under Menarini Asia-Pacific's head license agreement with Melinta Therapeutics.

  Vaborem is a fixed-dose combination of a carbapenem and a novel boronic acid β-lactamase inhibitor of class A and Class C serine β-lactamase. Vaborbactam can inhibit various class A and class C β-lactamases, so it protects meropenem from degradation by serine carbapenemases, restoring meropenem's activity against carbapenem-resistant strains. Vaborem has been specifically developed to inhibit carbapenem-resistant enterobacterales ("**CRE**") including the commonly found Klebsiella pneumoniae carbapenemase ("**KPC**")-producing bacteria.

  CRE has become a public health threat worldwide, which the World Health Organization has listed as one of the three critical pathogens in need of new antimicrobial options. The incidence of carbapenem-resistant Klebsiella pneumonia (CR-KP) infections is rising fast in China over the last 10 years according to CHINET. Rates of mortality in patients with invasive infections caused by CRE have been reported high but antimicrobial agents with activity against CRE are few in number and often associated with significant toxicities and/or suboptimal pharmacokinetic parameters.

  Currently Vaborem has been granted marketing authorizations in the U.S. and the European Union, among other countries and regions, for adults with cUTI including pyelonephritis. In select territories, it has also been approved for the treatment of complicated intra-abdominal infections ("**cIAI**"), hospital-acquired bacterial pneumonia ("**HABP**") and ventilator-associated bacterial pneumonia ("**VABP**"). Once approved in China, Vaborem will meet significant unmet medical needs in the country.

  Milestone in 2023

  — In March 2023, the NMPA approved the Company's IND application for Vaborem;

  — In July 2023, the first subject has been dosed in the Phase III clinical trial of Vaborem in China.

  Post-Reporting Period (Expected) Milestones

  — In January 2024, subject enrollment was completed in the Phase III clinical trial of Vaborem in China;

— The Company plans to submit NDA in China for Vaborem in 2024.

- ***Danyelza:*** Danyelza is the first humanized, monoclonal antibody targeting GD2, a tumor antigen on the cell surface of neuroblastoma. It was approved by the FDA in November 2020 and by the NMPA in China in December 2022 for the treatment, in combination with granulocyte-macrophage colony-stimulating factor ("**GM-CSF**"), of pediatric patients of 1 year of age and older and adult patients with relapsed or refractory high-risk neuroblastoma in the bone or bone marrow who have demonstrated a partial response, minor response, or stable disease to prior therapy (the "**Indication**").

  In addition to demonstrated clinical benefits, Danyelza has the advantages of convenient administration and high patient compliance. It has short infusion time (30–60 minutes), which makes it possible to be administered in outpatient setting. There is no requirement of pre-treatment with autologous stem cell transplant or combination with IL-2 (Interleukin-2) therapy when patients receive Danyelza.

  Except for the Indication, our partner Y-mAbs Therapeutics, Inc. ("**Y-mAbs**") is expanding naxitamab's indications such as naxitamab and GM-CSF in combination with irinotecan and temozolomide (IT) in patients with high-risk neuroblastoma (Study 203) and relapsed second-line osteosarcoma (both are Phase II trials on-going).

  In June 2022, the Company obtained IND approval for Study 203 from the NMPA. Study 203 is an international single-arm, multi-centre, Phase II clinical trial. It is the first time that Chinese research centres join and play an important role in international multicentre clinical study of immunotherapy on neuroblastoma.

  Milestones in 2023

  — In January 2023, the Company submitted Biologics License Application ("**BLA**") of Danyelza in Hong Kong;

  — In June 2023, obtained BLA approval for Danyelza in Macau;

  — On July 1, 2023, Danyelza was officially commercial launched in China; and

  — The Company initiated patient enrollment for Study 203.

Post-Reporting Period (Expected) Milestones

— The Company expects to complete patient enrollment for Study 203 in 2024.

The Company cannot guarantee that it will be able to develop, or ultimately market, any of the products in its pipeline successfully. Our ongoing investment in product development or research might not translate into financial gains. Shareholders and potential investors of the Company are advised to exercise due care when dealing in the Shares of the Company.

OUTLOOK

The International Monetary Fund has indicated that, thanks to disinflation and stable growth, the risk of a severe downturn in the global economy for 2024 has diminished. Despite this positive outlook, our company still faces a challenging business environment. We are committed to harnessing our collective efforts to make impactful progress in all aspects of our business. Our goal is to contribute to the well-being of our patients, investors, and the broader community, steadfastly upholding our mission to "give life hope".

Top priorities in 2024:

1) Continuously expand marketing channels and strengthen investment in market promotion and commercialization activities;

2) Drive clinical evidence analysis and publication on Zadaxin in infectious diseases, including adjuvant for vaccines (such as the COVID-19 vaccine) in the U.S., and expand therapy indications in oncology through combination therapy with PD-1/PD-L1;

3) Submit NDA in China of Vaborem for cUTI including pyelonephritis;

4) Explore pilot launch opportunities of Orserdu in Bo'ao of Hainan and the Greater Bay Area;

5) Conduct interim analysis of RRx-001 Phase III clinical trial;

6) License-in innovative assets in oncology and severe infection;

7) Enhance more in-depth and extensive cooperation with partners, including collaboration with Pfizer and Baxter; and

8) Hire key senior level positions of clinical operations and project management, and build clinical development capability through multiple global studies.

PERFORMANCE REVIEW

	Year ended December 31,			
	2023		2022	
	RMB million	***%****	*RMB million*	*%**
Revenue	**3,155.6**	**100.0**	2,749.7	100.0
Cost of revenue	**(799.4)**	**(25.3)**	(679.2)	(24.7)
Gross profit	**2,356.2**	**74.7**	2,070.5	75.3
Selling and marketing expenses	**(712.8)**	**(22.6)**	(627.7)	(22.8)
Administrative expenses	**(257.3)**	**(8.2)**	(225.0)	(8.2)
R&D expenses	**(170.7)**	**(5.4)**	(123.9)	(4.5)
Other income	**41.8**	**1.3**	12.1	0.4
Other losses, net	**(52.1)**	**(1.7)**	(155.4)	(5.7)
Operating profit	**1,205.1**	**38.2**	950.6	34.6
Finance income	**70.5**	**2.2**	36.1	1.3
Finance costs	**(58.2)**	**(1.8)**	(46.6)	(1.7)
Finance income/(costs), net	**12.3**	**0.4**	(10.5)	(0.4)
Profit before income tax	**1,217.4**	**38.6**	940.1	34.2
Income tax expenses	**(95.5)**	**(3.0)**	(84.7)	(3.1)
Profit for the year attributable to the owner of the Company	**1,121.9**	**35.6**	855.4	31.1

* *Number may not add up to 100% due to rounding*

Revenue

	Year ended December 31,			
	2023		2022	
	RMB million	***%****	*RMB million*	*%**
Proprietary product	**2,630.7**	**83.4**	2,168.3	78.9
Promotion products for business partners	**379.0**	**12.0**	358.9	13.0
In-licensed products	**145.9**	**4.6**	222.5	8.1
Total	**3,155.6**	**100.0**	2,749.7	100.0

For the year ended December 31, 2023, our revenue grew to approximately RMB3,155.6 million, up by approximately 14.8% over last year.

Proprietary product

Revenue from sales of Zadaxin increased by RMB462.3 million, or 21.3% from RMB2,168.3 million last year to RMB2,630.7 million in 2023.

With increased prevalence in infectious diseases in 2023, there was an uptick in demand for Zadaxin. Additionally, the clinical benefits recognized by doctors and patients, improved accessibility through the digitized GTP model, and expanded clinical applications also contributed to the sales of Zadaxin.

Tα1 is an immunomodulating polypeptide that can stimulate both innate and adaptive immune responses, reverse T-cell exhaustion, and recover immune reconstitution. It has been widely used for the treatment of viral infection, immunodeficiency and cancer. In the wake of the COVID-19 pandemic, there has been an increased public understanding and acceptance of the role and benefits of immune modulation in enhancing immunity and the efficacy of Tα1.

We generate revenue of Zadaxin primarily through the sales to our exclusive importer and distributor in China. In compliance with the "two-invoice system", after our sales of Zadaxin to the exclusive importer, it clears the products through customs of China as an imported drug and distributes further to hospitals and pharmacies. In November 2021, the Company entered into an import and distribution agreement to engage Shanghai Pharmaceutical Lin-gang Special Area Co., Ltd. (上藥國際供應鏈有限公司), one of our non-substantial shareholders, as our exclusive importer and distributor of Zadaxin in China. For Zadaxin's overseas sales, such as in South Korea, Thailand, Argentina, Italy and Cambodia, we primarily rely on overseas partners to handle marketing, promotion, sales and distribution.

Promotion products for business partners

Revenue from sales of promotion products for business partners increased by RMB20.2 million, or 5.6% from RMB358.9 million for last year to RMB379.0 million in 2023.

In 2023, we deepened our partnership with Pfizer by adding three new products, Campto, Sutent and Vizimpro, to our collaboration. Of these, Campto and Sutent began to generate revenue within the year, contributing to the sales growth of promotion products.

By the end of 2023, our promotion products for business partners include Farlutal, Methotrexate, Estracyt, Campto, Sutent and Vizimpro which we promote and sell for Pfizer, and Holoxan, Mesna and Endoxan, which we promote and sell for Baxter.

In-licensed products

For the year ended December 31, 2023, our revenue of in-licensed products decreased to RMB145.9 million, down from RMB222.5 million in the preceding year. This change was primarily attributed to a juxtaposition of factors: the performance of Zometa has experienced a decline following the execution of the seventh batch of volume-based procurement ("**VBP**") since the final quarter of 2022, while sales of Danyelza increased due to its official commercial launch in the latter half of 2023.

- **Danyelza**

  In December 2020, we in-licensed Danyelza from Y-mAbs. In order to accelerate provision of this innovative therapy to pediatric patients in China prior to the BLA approval by the NMPA, the Company had pilot launch of Danyelza in Hainan Bo'Ao Lecheng International Medical Tourism Pilot Zone and China (Tianjin) Pilot Free Trade Zone in June and December 2021, respectively. Except for selling to Hainan and Tianjin, in January 2022, Danyelza started to generate revenue from Taiwan based on local special import policy.

  On July 1, 2023, Danyelza was officially commercial launched. It has been included in approximately 50 special drug lists under Hui Min Bao (惠民保) across various provinces and cities, providing supplement coverage on top of the basic medical insurance for severe diseases.

Cost of revenue

For the year ended December 31, 2023 our cost of revenue rose by 17.7% to RMB799.4 million, up from RMB679.2 million for the previous year, primarily due to an RMB114.7 million increase in product costs.

We manufacture our proprietary product, Zadaxin, through Patheon Italia, an industry-leading and highly reputable CMO. We purchased in-licensed products from our partners, including Zometa from Novartis, Oravig from Vectan Pharm and Danyelza from Y-mAbs under the supply agreements with them. Our production quality management standards remain complied with Good Manufacturing Practice (GMP) in various markets where we have operations.

The following table sets forth our cost of revenue by amount, as a percentage of total cost of revenue and as a percentage of total revenues for the periods indicated:

	Year ended December 31,					
	2023			2022		
	RMB million	***%***	***% of Revenue***	*RMB million*	*%*	*% of Revenue*
Product costs	**560.9**	**70.2**	**17.8**	446.2	65.7	16.2
Amortization of intangible assets	**125.7**	**15.7**	**4.0**	99.7	14.7	3.6
Freight, warehouse and logistic costs	**80.9**	**10.1**	**2.6**	85.3	12.6	3.1
Others	**31.9**	**4.0**	**0.9**	48.0	7.0	1.8
Total	**799.4**	**100.0**	**25.3**	679.2	100.0	24.7

Our product costs saw a marked increase, mainly due to two factors: rising product revenue and the effects of high inflation rates in Europe. Specifically, a surge in inflation in Italy during the last quarter of 2022 significantly elevated our manufacturing costs in 2023. To counteract these rising costs, we need to actively pursue a range of cost-saving measures.

Freight, warehouse and logistic expenses fell in 2023 because of the easing of international energy tension and resumption of more flights after China reopened in early 2023. Amortization expenses increased as we made certain sales milestone payment to a licensor at the end of 2022.

Gross Profit

In 2023, our gross profit rose by RMB285.7 million, or 13.8%, reaching RMB2,356.2 million, up from RMB2,070.5 million in the preceding year. Our gross margin decreased by 0.6 ppt to 74.7% in 2023 from 75.3% the year before, which was primarily affected by cost increase as outlined above.

Selling and Marketing Expenses

Our selling and marketing expenses increased by RMB85.1 million, or 13.5%, to RMB712.8 million in 2023 from RMB627.8 million last year, which was mainly due to:

1) the rise in employee salaries and sales incentive bonuses, collectively totaling RMB33.6 million or a 8.6% increase, coupled with the growth of our sales and marketing team and an uptick in sales; and

2) the expansion of travel and meeting expenses by RMB31.3 million attributed to the resurgence of business promotion activities following the lifting of COVID-19 restrictions in China.

In the future, as the company introduces more new products to the market, sales and marketing expenditures may further increase. We will continue to effectively manage and monitor these expenses to ensure the maintenance of sustainable and balanced financial health.

Administrative Expenses

Our administrative expenses increased by RMB32.3 million, or 14.4% to RMB257.3 million in 2023 from RMB225.0 million last year, which was primarily attributable to the increase of staff cost and travel and meeting expenses.

Research and Development Expenses

In 2023, our research and development expenses rose by 37.8% to RMB170.7 million, up from RMB123.9 million for 2022, which was driven by the progression of several key product development projects and the growth of product development team. The increase of R&D expenses reflected our commitment to accelerating product pipeline and bolstering our R&D prowess, and we expect to continue increase our investment in this area in the future.

Other Losses, Net

In 2023, net other losses reduced by RMB103.3 million, or 66.5%, to RMB52.1 million from RMB155.4 million for 2022.

Due to the fair value loss on an investment amid a declining market in 2022, the Company incurred a one-off cost of RMB80.5 million that did not repeat in 2023. Additionally, the foreign exchange loss reduced by RMB45.2 million as RMB experienced a slight appreciation against the USD in 2023 compared with 2022.

Operating Profit

As a result of the foregoing, our operating profit was RMB1,205.1 million in 2023, compared to RMB950.6 million in 2022.

Finance Income/(Costs), Net

In 2023 we had net finance income of RMB12.3 million, a shift from the finance costs of RMB10.5 million in 2022. The change was largely due to an uptick in finance income from higher interest rates and larger cash pool. Although interest rate of our bank borrowings also increased, we managed to settle all outstanding principal amounts, including scheduled due and loan repayment, within 2023.

Income Tax Expenses

Our income tax expense increased to RMB95.5 million in 2023 from RMB84.7 million last year, which was primarily due to the increase of profit before income tax during the year.

Profit for the Year

As a result of the foregoing, our profit for the year was RMB1,121.9 million in 2023, compared to the profit of RMB855.4 million last year, up by 31.2%.

FINANCIAL INFORMATION

The Board announces the consolidated financial statements of the Group for the year ended December 31, 2023, with comparative figures for the corresponding period in the previous year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended December 31,	
		2023	2022
	Notes	***RMB'000***	*RMB'000*
Revenue	*2*	**3,155,614**	2,749,681
Cost of revenue		**(799,413)**	(679,196)
Gross profit		**2,356,201**	2,070,485
Sales and marketing expenses		**(712,810)**	(627,751)
Administrative expenses		**(257,295)**	(225,003)
Research and development ("**R&D**") expenses		**(170,679)**	(123,860)
Other income		**41,770**	12,125
Other losses, net		**(52,081)**	(155,392)
Operating profit		**1,205,106**	950,604
Finance income		**70,484**	36,069
Finance costs		**(58,193)**	(46,593)
Finance income/(cost), net		**12,291**	(10,524)
Profit before income tax		**1,217,397**	940,080
Income tax expense	*3*	**(95,495)**	(84,725)
Profit for the year attributable to owners of the Company		**1,121,902**	855,355

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	Notes	Year ended December 31, 2023 RMB'000	2022 RMB'000
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Changes in the fair value of equity investments at fair value through other comprehensive income ("**FVOCI**")		**(18,599)**	(221,573)
Currency translation differences of the Company		**104,419**	730,862
Items that may be subsequently reclassified to profit or loss			
Currency translation differences of the Company's subsidiaries		**(94,397)**	(521,092)
Total comprehensive income for the year		**1,113,325**	843,552
Total comprehensive income attributable to:			
Owners of the Company		**1,113,325**	843,552
Earnings per share attributable to owners of the Company	*5*		
Basic earnings per share *(RMB)*		**1.83**	1.27
Diluted earnings per share *(RMB)*		**1.72**	1.21

CONSOLIDATED BALANCE SHEET

	Notes	As at December 31, 2023 RMB'000	2022 RMB'000
Assets			
Non-current assets			
Right-of-use assets		**32,403**	18,829
Property, plant and equipment		**7,018**	9,796
Intangible assets	*6*	**396,039**	542,241
Financial assets at fair value through profit or loss ("**FVPL**")		**4,033**	19,806
Financial assets at FVOCI		**106,604**	123,295
Deferred tax assets		**—**	651
Other assets		**7,046**	5,301
Total non-current assets		**553,143**	719,919
Current assets			
Inventories		**308,285**	140,560
Trade receivables	*7*	**867,954**	780,962
Other current assets	*8*	**274,201**	804,435
Financial assets at FVPL		**187,476**	202,701
Cash and cash equivalents		**1,809,191**	1,671,829
Total current assets		**3,447,107**	3,600,487
Total assets		**4,000,250**	4,320,406
Equity and liabilities			
Liabilities			
Non-current liabilities			
Borrowings		**—**	414,682
Deferred tax liabilities		**16,963**	14,570
Lease liabilities		**19,768**	7,355
Other non-current liabilities		**208**	205
Total non-current liabilities		**36,939**	436,812

CONSOLIDATED BALANCE SHEET (CONTINUED)

	Notes	As at December 31, 2023 RMB'000	2022 RMB'000
Current liabilities			
Trade and other payables	*9*	**623,100**	418,752
Lease liabilities		**13,064**	12,714
Borrowings		**—**	417,876
Current tax liabilities		**62,080**	42,090
Total current liabilities		**698,244**	891,432
Total liabilities		**735,183**	1,328,244
Net assets		**3,265,067**	2,992,162
Equity attributable to owners of the Company			
Share capital		**216**	237
Share premium		**1,014,517**	1,710,429
Other equity		**(8)**	(7)
Other reserves		**410,564**	347,484
Retained earnings		**1,839,778**	934,019
Total equity		**3,265,067**	2,992,162

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IFRS Accounting Standards**"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at FVPL or FVOCI which are carried at fair value.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

Inter-company transactions, balances and unrealized gains/losses on transactions between group companies are eliminated on consolidation.

— *New and amended standards adopted by the Group*

Standards	**Effective for annual periods beginning on or after**
IFRS 17, "Insurance Contracts"	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2, "Disclosure of Accounting Policies"	1 January 2023
Amendments to IAS 8, "Definition of Accounting Estimates"	1 January 2023
Amendments to IAS 12 — Deferred Tax related to Assets and Liabilities arising from a Single Transaction Tax	1 January 2023
OECD Pillar Two Rules	1 January 2023

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

— *New standards and interpretations not yet adopted*

Standards, amendments and interpretations that have been issued but not yet effective and not been early adopted by the Group are as follows:

Standards	**Effective for annual periods beginning on or after**
Amendments to IAS 1, "Classification of Liabilities as Current and Non-current", "Non-current Liabilities with Covenants"	1 January 2024
Amendments to IFRS 16, "Lease Liability in a Sale and Leaseback"	1 January 2024
Amendments to IAS 7 and IFRS 7, "Supplier finance arrangements"	1 January 2024
Amendments to IFRS 10 and IAS 28, "Sale or contribution of assets between an investor and its associate or joint venture"	To be determined

The directors have performed assessment on the new standards and amendments, and has concluded on a preliminary basis that these new standards and amendments would not have a significant impact on the Group's consolidated financial statements when they become effective.

2. REVENUE

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Recognized at a point in time		
— Product sales	**3,155,614**	2,749,681

3. INCOME TAX EXPENSE

The income tax expense of the Group are analyzed as follows:

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Current income tax	**92,451**	84,267
Deferred income tax	**3,044**	458
Income tax expense	**95,495**	84,725

The income tax provision of the Group established in Mainland China was calculated at tax rate of 25% on the assessable profits for the periods presented, based on the existing legislation, interpretations and practices in respect thereof.

The Company and some of its subsidiaries are incorporated in the Cayman Islands as exempted companies with limited liability under the Companies Act of the Cayman Islands and accordingly, are exempted from Cayman Islands income tax.

Entities incorporated in Hong Kong are subject to a two-tiered profits tax regime, under which the tax rate is 8.25% for assessable profits in the first HKD2 million and 16.5% for any assessable profits in excess.

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after January 1, 2008 are generally subject to a 5% or 10% withholding income tax, depending on the country incorporation of the foreign investors. The Group has recognized deferred tax liabilities at 5% withholding tax rate for undistributed profits of its subsidiaries in the PRC in accordance with the double taxation treaty arrangement between the PRC and Hong Kong.

4. DIVIDENDS

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Dividends payable at beginning of the year	**—**	—
Declaration of dividends during the year	**211,453**	204,545
Dividends paid during the year	**(215,018)**	(205,622)
Exchange differences	**3,565**	1,077
Dividends payable at end of the year	**—**	—

In May 2023, upon approval obtained from the shareholders at the annual general meeting, the Company declared dividends of HKD0.39 per share for the year ended December 31, 2022. The Company fully paid such dividends on June 28, 2023.

5. EARNINGS PER SHARE

(a) Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective year.

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Profit for the year attributable to owners of the Company	**1,121,902**	855,355
Weighted average number of ordinary shares in issue (thousand shares)	**614,710**	673,221
Basic earnings per share (expressed in RMB per share)	**1.83**	1.27

(b) Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assumed conversion of all dilutive potential ordinary shares. For the years ended December 31, 2023 and 2022, diluted earnings per share was calculated by considering the ordinary shares issuable upon the exercise of outstanding share options (using the treasury stock method).

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Profit for the year attributable to owners of the Company	**1,121,902**	855,355
Weighted average number of ordinary shares in issue (thousand shares)	**614,710**	673,221
Diluted impact of share option	**35,723**	34,919
Weighted average number of ordinary shares for diluted earnings per share (thousand shares)	**650,433**	708,140
Diluted earnings per share (expressed in RMB per share)	**1.72**	1.21

6. INTANGIBLE ASSETS

	Intangible assets that are not ready for use *RMB'000*	Intangible assets that are commercialized *RMB'000*	Software *RMB'000*	Total *RMB'000*
At 1 January 2022				
Cost	191,436	663,133	17,992	872,561
Accumulated amortization	—	(176,037)	(14,198)	(190,235)
Impairment losses	(35,231)	(41,000)	—	(76,231)
Net book amount	156,205	446,096	3,794	606,095
Year ended 31 December 2022				
Opening net book amount	156,205	446,096	3,794	606,095
Exchange differences	14,575	37,162	32	51,769
Additions	41,318	42,660	1,817	85,795
Amortization charge	—	(99,723)	(2,228)	(101,951)
Impairment losses	(99,467)	—	—	(99,467)
Closing net book amount	112,631	426,195	3,415	542,241
At 31 December 2022				
Cost	252,106	762,382	19,625	1,034,113
Accumulated amortization	—	(295,187)	(16,210)	(311,397)
Impairment losses	(139,475)	(41,000)	—	(180,475)
Net book amount	112,631	426,195	3,415	542,241
Year ended 31 December 2023				
Opening net book amount	**112,631**	**426,195**	**3,415**	**542,241**
Exchange differences	**1,752**	**6,308**	**—**	**8,060**
Additions[(1)]	**71,788**	**—**	**1,878**	**73,666**
Amortization charge	**—**	**(125,654)**	**(2,274)**	**(127,928)**
Impairment losses	**—**	**(100,000)**	**—**	**(100,000)**
Closing net book amount	**186,171**	**206,849**	**3,019**	**396,039**
At 31 December 2023				
Cost	**327,968**	**775,079**	**21,503**	**1,124,550**
Accumulated amortization	**—**	**(427,230)**	**(18,484)**	**(445,714)**
Impairment losses	**(141,797)**	**(141,000)**	**—**	**(282,797)**
Net book amount	**186,171**	**206,849**	**3,019**	**396,039**

(1) Addition of intangible assets in the year ended December 31, 2023 represented the acquisition of the license of Orserdu.

7. TRADE RECEIVABLES

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**867,954**	780,962
Less: allowance for impairment of trade receivables	**—**	—
Trade receivables — net	**867,954**	780,962

(a) Aging analysis of trade receivables based on the invoice date is as follows:

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
Up to 6 months	**843,013**	775,258
6 to 12 months	**24,941**	5,704
	867,954	780,962

The Group's trade receivables are generally collectible within 90 days from the invoice date. No interest is charged on the trade receivables.

(b) Trade receivables were denominated in following currencies:

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
RMB	**866,178**	780,177
USD	**1,126**	464
HKD	**650**	321
	867,954	780,962

(c) The Group applies the IFRS 9 simplified approach to measuring expected credit losses of trade receivables, which requires expected lifetime losses to be recognized from initial recognition. The expected loss rates are based on the payment profiles of related customers and the corresponding historical credit losses. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

As at December 31, 2023, the expected credit loss was minimal as these receivables had no history of default, most amount of trade receivables were subsequently settled, and there was no unfavorable current condition and forecast future economic condition identified. The Group considered the related forward-looking factors to measure expected credit losses as at December 31, 2023 and determined that the expected credit loss remained to be minimal as at December 31, 2023.

8. OTHER CURRENT ASSETS

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
Financial instruments at amortized costs:		
— Time deposits	**226,623**	767,106
— Purchase rebate receivables	**9,567**	9,439
— Interest receivables	**2,239**	7,834
— Rental deposits	**101**	263
Others:		
— Prepaid clinical trial fee	**17,243**	13,481
— Value-added Tax recoverable	**13,330**	4,357
— Prepaid insurance	**363**	470
— Others	**4,735**	1,485
	274,201	804,435

9. TRADE AND OTHER PAYABLES

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
Trade payables (a)	**236,591**	102,717
Salaries and bonus payable	**153,122**	138,786
Payables for marketing and promotion expenses	**106,706**	65,999
Payables for professional service fee	**46,939**	28,322
Payables for testing and clinical trial fees for R&D	**42,184**	32,630
Others	**37,558**	50,298
	623,100	418,752

(a) Aging analysis of the trade payables based on invoice date at the respective balances sheet dates are as follows:

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
Less than 1 year	**236,591**	102,717

OTHER FINANCIAL INFORMATION

Capital Structure

The Company has sustained a robust and stable financial standing. Our total assets decreased to RMB4,000.3 million as at December 31, 2023 from RMB4,320.4 million as at December 31, 2022, following the repayment of bank loans. This repayment also directly contributed to a significant reduction of the liabilities to RMB735.2 million as at December 31, 2023 from RMB1,328.2 million as at December 31, 2022.

Liquidity, Financial Resources, and Gearing

We have historically funded our cash requirements principally from cash generated from operations, and to a lesser extent, equity and debt financing. We adopt prudent treasury policies in cash and financial management. To achieve better risk control and minimize cost of funds, our treasury activities are centralized. Cash is generally placed in short-term deposits mostly denominated in RMB. Our liquidity and financing requirements are reviewed regularly.

As of December 31, 2023, we had cash and cash equivalents and cash deposits (from 3 to 12 months or in floating rates) together of RMB2,219.8 million, which were predominantly denominated in RMB. Going forward, we believe that our liquidity requirements will be satisfied by using a combination of cash generated from operating activities, the net proceeds received from the global offering of the Company and other funds raised from the capital markets from time to time. For the year ended December 31, 2023, our operating cash flow reached approximately RMB1,404.3 million, approximately RMB220.7 million or 18.6% higher than that of year ended December 31, 2022.

As of December 31, 2023, we had no unutilized banking facilities. We repaid all the loan balances in November 2023 and there was no bank borrowing as at December 31, 2023. We will consider new financing while maintaining an appropriate level of gearing in anticipation of new investments.

As of December 31, 2023, we had a gearing ratio (total liabilities over total assets) of 18.4% (30.7% as of December 31, 2022).

Contingent Liabilities

As of December 31, 2023, we did not have any material contingent liabilities.

Capital Expenditure

Our capital expenditures principally comprise expenditures for purchases of property and equipment relating to office use and purchase of intangible assets. Our capital expenditures changed to RMB77.6 million for the year ended December 31, 2023 from RMB196.1 million for the last year. We plan to fund our planned capital expenditures using cash generated from operations and the net proceeds from the global offering of the Company.

Material Acquisitions and Future Plans for Major Investments

The Company did not conduct any material acquisition or investment for the year ended December 31, 2023. As at the date of this announcement, we have no specific future plan for material acquisitions or disposals of subsidiaries, associates and joint ventures.

Significant Investments Held

As of December 31, 2023, we did not hold any significant investments. As at the date of this announcement, we have no specific future plan for material investments or capital assets.

Foreign Exchange Risk Management

Our subsidiaries operate mainly in Cayman Islands, Mainland China and Hong Kong, and they are exposed to foreign exchange risk arising from currency exposure, primarily with respect to RMB. Foreign exchange risk primarily arises from recognized assets and liabilities in our subsidiaries in Cayman Islands when receiving or to receive foreign currencies from, or paying or to pay foreign currencies to business partners. We manage foreign exchange risk by performing regular reviews of our foreign exchange exposures and try to minimize these exposures through natural hedges, wherever possible, and may enter into forward foreign exchange contracts, when necessary. We did not enter into any forward contracts or other financial instruments to hedge our exposure to foreign currency risk in 2023.

Employees and Remuneration Policy

As of December 31, 2023, we had approximately 1,050 full-time employees, most of whom were based in Mainland China, with the remainder in Hong Kong, Singapore, the U.S., Italy, and the Cayman Islands.

Committed to establishing a competitive, fair remuneration and benefits system, we continually refine our remuneration and incentive policies in order to ensure that our employees receive competitive remuneration packages. As required under the PRC regulations, we participate in housing fund and various employee social security plan that are organized by applicable local municipal and provincial governments. We also purchase commercial health and accidental insurance for our employees. We also provide regular and specialized trainings tailored to the needs of our employees in different departments, so that our employees may stay up to date with the latest industrial developments and technological advancements. In order to incentivize our employees, we have granted and planned to continue to grant share-based incentive awards to our employees in the future to incentivize their contributions to our growth and development.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed above, there are no important events that have occurred after the end of the Reporting Period and up to the date of this announcement.

OTHER INFORMATION

Final Dividend

The Board has resolved not to pay final dividend for the year ended December 31, 2023 (2022: HKD0.39 per Share).

Use of Proceed

The Shares of the Company were listed on the Main Board of the Stock Exchange on the Listing Date with net proceeds received by the Company from the global offering in the amount of approximately HK$2,083.6 million after deducting underwriting commissions and all related expenses.

The net proceeds have been utilized in accordance with the purposes set out in the Prospectus and approximately HK$1,152.4 million remained unutilized up to December 31, 2023. The table below sets out the planned applications of the net proceeds and actual usage as of December 31, 2023:

Intended use of net proceeds	**Allocation of net proceeds**	**Balance of net proceeds as of December 31, 2022** *HK$ in million*	**Amount of net proceeds utilized during the Reporting Period** *HK$ in million*	**Amount of net proceeds utilized as of December 31, 2023** *HK$ in million*	**Balance of net proceeds as of December 31, 2023** *HK$ in million*
Investment in potential acquisition of new drug candidates	30%	561.5	78.4	142.0	483.1
Repay existing debt	28%	—	—	583.4	—
Fund the development and commercialization of our clinical-stage product candidates	26%	506.7	40.2	75.2	466.5
Invest in our recruitment and employees expansion	10%	128.7	30.5	110.2	98.2
Fund ongoing clinical studies for additional clinical adoptions of our marketed product portfolio	6%	111.7	7.1	20.4	104.6
	100%	1,308.6	156.2	931.2	1,152.4

Save as disclosed above, since the Listing Date, the Group has not utilized any other portion of the net proceeds. There was no change in the intended use of net proceeds as previously disclosed in the Prospectus. Initially, the Company anticipated the net proceeds to be fully utilized by December 31, 2024. However, as the utilization of net proceeds is contingent upon the Company identifying suitable opportunities, the net proceeds are now expected to be fully utilized by December 31, 2027. The expected timeline is based on the current estimation by the Company of the market conditions and its business operations, and remains subject to change based on the future development of market conditions and actual business needs of the Company.

Compliance with Corporate Governance Code

The Company is dedicated to maintaining and ensuring high standards of corporate governance practices and the corporate governance principles of the Company are adopted in the interest of the Company and its Shareholders.

The Company has complied with all the applicable code provisions of the CG Code and adopted most of the best practices set out therein for the year ended December 31, 2023.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as its code of conduct for directors' securities transactions. Having made specific enquiry with the Directors, all of the Directors confirmed that they have complied with the required standard as set out in the Model Code for the year ended December 31, 2023.

Purchase, Sale or Redemption of Listed Securities

On March 1, 2023, the Company repurchased 77,534,791 Shares at HK$10.06 per share with a total consideration of HKD780 million through a cash offer. The Shares repurchased through the cash offer have been cancelled on March 10, 2023.

During the year ended December 31, 2023, the Company has repurchased a total of 3,209,500 Shares on the Stock Exchange and the details are set out below:

Month of Repurchase in the year ended December 31, 2023	**Number of Shares Repurchased**	**Price Per Share**		**Aggregate Consideration**
		Highest	**Lowest**	
		HK$	*HK$*	*HK$*
April	80,000	11.70	11.42	923,552.00
May	100,000	12.02	11.86	1,194,420.00
June	1,864,500	10.94	10.12	19,611,419.90
July	865,000	10.80	10.48	9,170,811.60
August	300,000	9.80	9.47	2,918,100.00
Total	3,209,500			33,818,303.50

As at December 31, 2023, 3,209,500 repurchased Shares were cancelled.

Save for the above, neither the Company nor any of its subsidiaries purchased, sold or redeemed interest in any of the Company's listed Shares for the year ended December 31, 2023.

Audit Committee

The Audit Committee consists of three members, namely Ms. Wendy Hayes, Mr. Gu Alex Yushao, independent non-executive Directors, and Ms. Lin Shirley Yi-Hsien, non-executive Director. Ms. Wendy Hayes currently serves as the chairwoman of the Audit Committee. The Audit Committee, together with management, have reviewed the annual financial results of the Group for the year ended December 31, 2023.

Annual General Meeting

The AGM will be held on Tuesday, June 18, 2024. A notice convening the AGM will be published and dispatched to the Shareholders in the manner required by the Listing Rules in due course.

Closure of Register of Members

In order to ascertain the Shareholders' entitlements to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, June 13, 2024 to Tuesday, June 18, 2024, both days inclusive, during which period no transfer of Shares will be registered. All Share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Wednesday, June 12, 2024.

Publication of the Annual Results and Annual Report

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sciclone.com), and the 2023 annual report containing all the information required by the Listing Rules will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sciclone.com) and will be dispatched to the Shareholders in due course.

DEFINITION

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

"Auditor"	PricewaterhouseCoopers
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors of the Company
"CAGR"	compound annual growth rate
"CG Code"	code on corporate governance practices contained in Appendix C1 to the Listing Rules
"China" or "PRC"	the People's Republic of China excluding for the purpose of this announcement, Hong Kong, Macau and Taiwan
"CHINET"	the China Antimicrobial Surveillance Network
"CMO"	contract manufacturing organization serving other companies in the pharmaceutical industry on a contract basis to provide drug manufacturing service
"CNS"	central nervous system
"Company"	SciClone Pharmaceuticals (Holdings) Limited, an exempted company incorporated in the Cayman Islands with limited liability on May 13, 2020
"Director(s)"	the director(s) of the Company
"DTP pharmacies"	direct-to-patient pharmacies, which refer to pharmacies that directly provide valuable professional services patients. When patients receive doctor prescriptions from the hospitals, DTP pharmacies deliver the drugs to the patients based on their prescriptions at the time and location of patients' choices
"Group"	collectively, the Company and its subsidiaries
"HK$", "HKD" and "cents"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	The Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
"Model Code"	the model code for securities transactions by directors of listed issuers as set out in Appendix C3 to the Listing Rules
"Prospectus"	the prospectus of the Company dated February 19, 2021
"Reporting Period"	the one year period from January 1, 2023 to December 31, 2023
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary share(s) of US$0.00005 each in the share capital of the Company
"Shareholder(s)"	the shareholder(s) of the Company
"SMDC"	small molecule drug conjugate
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"U.S."	the United States of America
"USD"	the lawful currency of the United States of America
"%"	per cent

APPRECIATION

On behalf of the Board, I would like to express my gratitude to our shareholders, management team, employees and business partners for their continuous trust, support and dedication to the Group.

By Order of the Board
SciClone Pharmaceuticals (Holdings) Limited
ZHAO Hong
Executive Director, Chief Executive Officer and President

Hong Kong, March 28, 2024

As at the date of this announcement, the Board comprises Mr. Zhao Hong and Ms. Pan Rongrong as executive Directors, Mr. Li Zhenfu, Dr. Daniel Luzius Vasella, Ms. Lin Shirley Yi-Hsien and Ms. Wang Haixia as non-executive Directors, and Dr. Liu Guoen, Dr. Chen Ping, Mr. Gu Alex Yushao and Ms. Wendy Hayes as independent non-executive Directors.