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 2023

FINANCIAL HIGHLIGHTS

	For the year end 31 December		
	2023	2022	Change
	RMB'Billion	*RMB'Billion (Restated [Note 1])*	*%*
Revenue	**26.20**	26.03	+0.7%
Selling expenses to revenue ratio [Note 5]	**35.1%**	37.7%	-2.6ppt
R&D expenses to revenue ratio	**16.8%**	16.0%	+0.8ppt
Profit for the year	**5.10**	5.00	+1.9%
Profit attributable to the owners of the parent [Note 2]	**2.33**	2.54	-8.3%
Adjusted non-HKFRS profit attributable to the owners of the parent [Note 3]	**2.59**	2.55	+1.5%
Basic earnings per share, based on adjusted non-HKFRS profit attributable to the owner of the parent *(RMB cents)*	**13.97**	13.69	+2.0%
Sales [Note 4] of innovative products	**9.89**	8.73	+13.3%
Share of revenue	**37.8%**	33.5%	

The Board of the Company has recommended the payment of a final dividend of HK3 cents per share for the year ended 31 December 2023. Together with the interim dividend of HK2 cents per share paid, the total dividend of the year amounted to HK5 cents per share.

Note 1: Last year's financial information is restated to exclude discontinued operations.

Note 2: The 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 3: 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 impact of discontinued operations, certain non-cash items and the share of profits and losses 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 4: Sales is the gross sales amount minus the sales discount. Innovative products include innovative medicines and biosimilar medicines, and the products have been specified under the section headed "Innovative products" of this announcement.

Note 5: Selling and distribution costs divided by revenue.

CORPORATE PROFILE

Sino Biopharmaceutical Limited (the "Company" or "Sino Biopharm", together with its subsidiaries, the "Group") is a leading, innovative R&D-driven pharmaceutical conglomerate in China. It prides itself on a fully-integrated industrial chain, covering various R&D platforms, intelligent production operations and a formidable sales system. Its products including biopharmaceutical and chemical medicines enjoy an advantageous position in a host of therapeutic areas, such as tumors, liver diseases, respiratory system diseases and surgery/analgesia.

The Company was listed on the Hong Kong Stock Exchange in 2000 and included in 2013 as a constituent stock of MSCI Global Standard Indices – MSCI China Index, Hang Seng Index in 2018, Hang Seng China Enterprises Index in 2019, and Hang Seng Connect Biotech 50 Index and Hang Seng China (Hong Kong-listed) 25 Index in 2020. It has been five years in a row among the "Top 50 Global Pharmaceutical Enterprises" named by the US authoritative magazine Pharm Exec and was for three consecutive years among the "Asia's Fab 50 Companies" named by Forbes Asia.

The subsidiaries of Sino Biopharm are located in Beijing, Shanghai, Nanjing, Lianyungang and multiple manufacturing sites. Since its inception, the Company has continued to boast outstanding achievements and robust growth. Its core member companies Chia Tai Tianqing Pharmaceutical Group Co., Ltd. and Beijing Tide Pharmaceutical Co., Ltd. have been among the "Top 100 Chinese Pharmaceutical Industry Enterprises" for years.

On the strong foundation its generic drug business provides, the Company is transforming at full steam powered by innovation, with innovative drug business driving revenue growth and contributing an increasing share to its revenue every year. Its in-house R&D pipeline is also a major force driving innovation and transformation of the Company, enabling continuously upgrade of the Company's technology platforms. Led by a top science team, the Company has pressed on with internationalization and has become a frontrunner in the international arena.

Sino Biopharm will continue to deliver its mission of "Science for a Healthier World" and focus on developing innovative therapies for patients. It is committed to becoming a world-leading pharmaceutical company. Sino Biopharm hopes to share its development results of the pharmaceutical and health industry with knowledgeable industry professionals, and work together with them for a win-win future.

Principal products:

Oncology medicines:	Focus V (Anlotinib Hydrochloride Capsules), Annike (Penpulimab Injection), Yilishu (Efbemalenograstim alfa Injection), Anyue (Pomalidomide Capsules), Anbeisi (Bevacizumab Injection), Delituo (Rituximab Injection), Saituo (Trastuzumab for Injection)
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:	Zepolas (Flurbiprofen Cataplasms), Kailitong (Limaprost Tablets), Anhengji (Recombinant Human Coagulation Factor VIII for Injection)
Cardio-cerebral vascular medicines:	Yilunping (Irbesartan and Hydrochlorothiazide Tablets), Kaina (Beraprost Sodium Tablets)

Innovative products:

Innovative medicines:	Focus V (Anlotinib Hydrochloride Capsules), Annike (Penpulimab Injection), Yilishu (Efbemalenograstim alfa Injection), Tianqing ganmei (Magnesium Isoglycyrrhizinate Injection), Zepolas (Flurbiprofen Cataplasms), Kailitong (Limaprost Tablets)
Biosimilar medicines:	Anbeisi (Bevacizumab Injection), Delituo (Rituximab Injection), Saituo (Trastuzumab for Injection), Anhengji (Recombinant Human Coagulation Factor VIII for Injection), Taibowei (Adalimumab Solution for Injection)

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 principal subsidiaries include: 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") and invoX Pharma Limited ("invoX"). 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 five consecutive years from 2019 to 2023.

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

Industry Overview

Looking back at 2023, the global economy gradually emerged from the shadow of the COVID-19 pandemic, although inflation, war, debt crisis, and energy crisis have become new keywords. In face of such a complex and severe external situation, weak domestic consumption and insufficient domestic demand, China continued to make steady progress, and gradually recovered from the pandemic, with the national economy improving. According to the preliminary data from the National Bureau of Statistics, the annual gross domestic product (GDP) in 2023 totaled RMB126 trillion, a 5.2% year-on-year increase.

2023 was a challenging year for the pharmaceutical industry. At the beginning of the year, after three years of rigorous anti-pandemic measures, China adjusted its prevention and control policies and measures in a timely manner and downgraded the novel coronavirus infection to "Category B". The number of infections soared in a short period of time, resulting in restrictions in the movement of goods and people, which dragged down the overall development of the pharmaceutical industry in the first quarter. According to data from the National Bureau of Statistics, the total operating revenue of China's above-scale pharmaceutical manufacturing industry was RMB674.09 billion in the first quarter of 2023, 3.3% lower than the previous year, while total profit decreased by 19.9% year-on-year to RMB89.22 billion.

The pharmaceutical industry, as an important industry for the health and well-being of the country and its people, has been a key area of the country's anti-corruption work. In early July 2023, 10 departments, including the National Health Commission, the Ministry of Public Security, the National Audit Office, the National Healthcare Security Administration, and the National Medical Products Administration, jointly fought corruption in China's pharmaceutical sector. At the end of July, the Central Commission for Discipline Inspection and the National Commission of Supervision convened a mobilization meeting, during which disciplinary inspection and supervision organs were deployed to launch a centralized rectification and strengthen supervision and enforcement of discipline and laws. This centralized rectification covered all areas and chains of the pharmaceutical industry, and strictly cracked down on illegal activities such as the transfer of benefits. This is vital to promoting the high-quality and sustainable development of China's pharmaceutical industry.

The State purified the business environment by combating corruption, returned marketing and promotion to the clinical value and essence of medicines, and promoted the long-term and healthy development of the industry. The State also adopted new pricing policies to encourage high-quality innovation and guide the industry from follow-on innovation or simulation innovation to original innovation. In February 2024, the National Healthcare Security Administration issued the "Notice on Establishing an Initial Price Formation Mechanism for Newly Launched Chemical Drugs to Encourage High-Quality Innovation (Draft for Comments)", giving more pricing freedom to high-quality innovative drugs, advocating returns on investment matching risks, and encouraging the positive cyclical development of innovation.

Since 2018, the National Healthcare Security Administration has continued to promote important work such as adjusting the national reimbursement drug list ("NRDL") and the centralized procurement of drugs. While increasing support for pharmaceutical innovation, it has increased the availability of drugs and eased the financial burden on the public. In 2023, 126 new drugs were added to the NRDL, bringing the total number of drugs in the adjusted list to 3,088. Six of the Group's products, Yilishu (Efbemalenograstim alfa Injection), Sitagliptin Phosphate and Metformin Hydrochloride Sustained-release Tablets, Lubiprostone Soft Capsules, Tedizolid Phosphate Tablets, Tedizolid Phosphate for Injection, and Trifluridine and Tipiracil Hydrochloride Tablets, have been added to the "Drug List for National Basic Medical Insurance, Work-Related Injury Insurance, and Maternity Insurance (2023)", and are expected to become important contributors to the Group's revenue growth in 2024. The eighth and ninth batches of centralized drug procurement organized by the government were carried out smoothly in 2023. In total, 39 and 41 drugs were procured, respectively, with average price reductions of 56% and 58%. All of the Group's generic drugs with annual revenue of more than RMB500 million (excluding exclusive products) have been included in the scope of centralized drug procurement, and the related risks have basically been removed.

Business Review

Oncology

– Focus V (Anlotinib Hydrochloride Capsules) has been approved for 5 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 application for marketing of anlotinib combined with benmelstobart (anti-PD-L1) for the first-line treatment of small cell lung cancer has been accepted by the Center for Drug Evaluation ("CDE") of the National Medical Products Administration of China ("NMPA") in January 2023, and it is expected to be approved in 2024. In February 2024, anlotinib combined with benmelstobart (anti-PD-L1) submitted a new indication marketing application to CDE and the application was accepted, for the third-line treatment of endometrial cancer. In addition, anlotinib has 10 new indications in Phase III clinical studies, including the combination of anlotinib with penpulimab (anti-PD-1), the combination of anlotinib with benmelstobart (anti-PD-L1), and the combination of anlotinib with chemotherapy, which are expected to progressively submit marketing applications in the next one to two years. In December 2023, anlotinib successfully renewed its contract through NRDL negotiations. Its indication for differentiated thyroid cancer was newly included in the NRDL. At present, all of the 5 approved indications of anlotinib have been included in the NRDL.

– Yilishu (Efbemalenograstim alpha Injection) was approved by the NMPA in May 2023 for the prevention and treatment of neutropenia in cancer patients after receiving chemotherapy drugs. In November 2023, Efbemalenograstim alpha Injection was approved for marketing by the U.S. Food and Drug Administration ("FDA") and was included in the authoritative clinical guideline of the National Comprehensive Cancer Network (NCCN), in December. Yilishu has completed three global multi-center, randomized and controlled pivotal phase III clinical trials and compared with the short-acting and long-acting drugs commonly used in clinical practice, proving the efficacy and safety of Yilishu. As a third-generation long-acting granulocyte colony stimulating factor (G-CSF), Yilishu forms a dimer through Fc fusion protein without PEG modification, which better avoids the immune response caused by PEG, and has the significant advantages of high stability and low immunogenicity, allowing earlier dosing and better treatment compliance for patients. In December 2023, Yilishu was successfully included in the NRDL, which is expected to accelerate its sales in 2024 and become an important contributor to the Group's revenue growth.

– The NMPA has granted market approval for Anbeisi (Bevacizumab Injection), Delituo (Rituximab Injection), and Saituo (Trastuzumab for Injection) in February 2023, May 2023 and July 2023, respectively. Anbeisi (Bevacizumab Injection) was approved for the treatment of metastatic colorectal cancer, recurrent glioblastoma, and advanced, metastatic or recurrent non-small cell lung cancer. Delituo (Rituximab Injection) was approved for the treatment of non-Hodgkin's lymphoma (follicular lymphoma, CD20-positive diffuse large B-cell lymphoma, and chronic lymphocytic leukemia). Saituo (Trastuzumab for Injection) was approved for the treatment of human epidermal growth factor receptor 2 (HER2)-positive early breast cancer, metastatic breast cancer and metastatic gastric cancer. Sales of these biosimilar drugs are expected to increase rapidly in 2024, accelerating the Group's revenue growth.

– For the R&D pipeline, as at the end of the reporting period, the Group had a total of 43 innovative oncology drug candidates in or after clinical trials, of which 5 were at the marketing application stage, 4 were in Phase III clinical trials, 13 were in Phase II clinical trials, and 21 were in Phase I clinical trials. In addition, the Group has 17 biosimilar or generic drug candidates in the oncology field in or after clinical trials, including 7 at the marketing application stage, 2 in pivotal clinical trials, and 8 in bioequivalence ("BE") trials. The Group expects 7 innovative drugs and 9 biosimilars or generic drugs in the oncology field to be approved for marketing in the next three years (2024-2026).

– Benmelstobart (anti-PD-L1) submitted a marketing application to CDE in January 2023 and the application was accepted for the first-line treatment of small cell lung cancer in combination with anlotinib. In February 2024, benmelstobart submitted a marketing application for a new indication to CDE and the application was accepted for use in combination with anlotinib to treat recurrent or metastatic endometrial cancer that is not microsatellite instability-high (non-MSI-H) or not DNA mismatch repair defect (non-dMMR) and that have previously received first-line or second-line chemotherapy that was either unsuccessful or not tolerated. Benmelstobart is an innovative fully humanized anti-PD-L1 monoclonal antibody with a new sequence independently developed by the Group. In 2022, benmelstobart was included in the list of breakthrough therapeutics by CDE. In February 2024, benmelstobart was included in the priority review and approval procedures by CDE for the treatment of recurrent or metastatic endometrial cancer in combination with anlotinib. Benmelstobart will become one of the important auxiliary products of anlotinib, and it will rapidly increase in sales with the help of anlotinib's large patient population.

– D-1553 (KRAS G12C inhibitor) submitted a marketing application to CDE in December 2023 and the application was accepted for the second-line treatment of KRAS G12C mutated locally advanced or metastatic non-small cell lung cancer. Currently, there are no drugs targeting KRAS G12C on the market in China. D-1553 is the first KRAS G12C inhibitor independently developed and entered clinical trials stage in China. In 2022, D-1553 was included in the list of breakthrough therapeutics by CDE. In January 2024, D-1553 was included in the priority review and approval procedures by CDE. The potential indications of D-1553 are large. The Group is actively planning to advance the clinical trials of D-1553 for a number of solid tumors such as first-line non-small cell lung cancer. It is expected that D-1553 will further expand its indications in the next few years, and is expected to be another anlotinib-level blockbuster oncology product.

– TQ-B3139 (ALK/c-Met inhibitor) submitted a marketing application to CDE in May 2022 and the application was accepted for treatment of patients with locally advanced or metastatic non-small cell lung cancer who are positive for anaplastic lymphoma kinase ("ALK"). TQ-B3139 is a tyrosine kinase receptor inhibitor ("TKI") that has significant inhibitory effects on both ALK and MET receptor tyrosine kinases ("c-Met"). Phase III clinical data show that TQ-B3139 can significantly prolong the progression-free survival of patients with ALK-positive non-small cell lung cancer, and at the same time can well control the occurrence and development of brain metastases in patients. TQ-B3139 is expected to be approved in 2024 and is expected to become the third domestic ALK inhibitor approved for marketing in China.

– TQ-B3101 (ROS1/ALK/c-Met inhibitor) submitted a marketing application to CDE in June 2022 and the application was accepted for the treatment of patients with ROS1-positive locally advanced or metastatic non-small cell lung cancer. TQ-B3101 is a ROS1/ALK/c-Met TKI. Clinical data show that TQ-B3101 has a significant efficacy in the treatment of non-small cell lung cancer in both short-term and long-term, with low ocular toxicity and good safety. TQ-B3101 is expected to be approved in 2024 and is expected to be the first domestic ROS1 inhibitor approved for the treatment of ROS1-positive non-small cell lung cancer.

Liver diseases

– In 2023, sales of Tianqing Ganmei (Magnesium Isoglycyrrhizinate Injection) increased significantly. Tianqing Ganmei has been recommended by the "Chinese Guideline for Diagnosis and Management of Drug-Related Liver Injury in China (2023 Edition)", and a study was selected for oral presentation at the 33rd Annual Meeting of the Asian Pacific Association for the Study of the Liver (APASL). 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 induced liver injury and liver function abnormalities. The academic conferences at various levels helped expand doctor coverage and gain greater recognition from experts, and the Group's efforts to actively explore new patients and new markets also drove the rapid sales growth of Tianqing Ganmei.

– For the R&D pipeline, as at the end of reporting period, the Group had a total of 6 innovative drug candidates in the field of liver diseases in or after clinical trials, including 1 in Phase III clinical trials, 4 in Phase II clinical trials and 1 in Phase I clinical trials. In addition, the Group had 3 biosimilar or generic drug candidates in the field of liver diseases in or after the clinical trial stage, including 2 at the marketing application stage and 1 in BE trials. The Group expects to have 2 biosimilar or generic drugs in the field of liver diseases approved for marketing in the next three years (2024-2026).

– Lanifibranor (pan-PPAR agonist) is an orally available small molecule drug that regulates anti-fibrostic and anti-inflammatory pathways in the body by activating three peroxisome proliferator-initiated receptor ("PPAR") isoforms, which is beneficial for vascular and metabolic changes and can be used to treat metabolic dysfunction-associated steatohepatitis ("MASH") and other underlying metabolic diseases. Compared with other PPAR agonists that target only one or two PPAR isoforms, this product targets all three PPAR isoforms, and its moderate and balanced pan-PPAR binding properties can make the drug well tolerated. In March 2023, lanifibranor submitted a clinical trial application to CDE and the application was accepted, and in July, lanifibranor was included in the list of breakthrough therapeutics. Currently, lanifibranor is conducting Phase III clinical trials globally and is actively advancing the enrollment of subjects. Lanifibranor is the first oral MASH drug to enter phase III clinical trials in China, which is expected to fill the gap in China's MASH market.

– TQA2225/AP025 (recombinant human FGF21-Fc fusion protein) is a fully human long-acting fibroblast growth factor 21 ("FGF21") fusion protein, currently undergoing phase II clinical trials in China for the treatment of MASH. Compared with other similar targeted drugs, TQA2225 uses natural human FGF21 as the active form, which reduces the possible immunogenicity and has good safety. In addition, TQA2225 uses a unique linker platform technology to prolong the half-life of FGF21 in vivo while preserving the biological activity of human FGF21, and is the first fully human long-acting FGF21 fusion protein that has entered clinical trial stage in the world. Clinical studies have shown that FGF21 signal transduction can reverse many features of the pathogenesis of MASH, and has the potential to reverse fibrosis, reduce liver fat, and improve blood sugar control. TQA2225 is the fastest-developing product among drugs with the same target in China, and is expected to become the first FGF21 fusion protein to be marketed in China.

Respiratory system

– Tianqing Suchang (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 outside of centralized drug procurement. It withstood the pressure of centralized drug procurement and achieved a significant increase in sales.

– Tianyun (Colistimethate Sodium for Injection) became a first-to-market generic drug in 2021 and was successfully included in the NRDL in January 2023. Colistimethate sodium is one of the most widely used and evidence-based polymyxins in the world, and has been recommended by the "Multidisciplinary Expert Consensus on the Rational Clincial Use of Polymyxin Antibiotics in China (2021)", "International Consensus Guidelines for the Optimal Use of Polymyxins (2019)" and many other authoritative guidelines at home and abroad. Compared with polymyxin E sulfate and polymyxin B sulfate, colistimethate sodium has the lowest acute toxicity and no adverse effects of skin pigmentation. At present, only two products with the same generic name have been approved in China. Leveraging the Group's strong commercialization capabilities, Tianyun has quickly captured market share and achieved rapid sales growth.

– For the R&D pipeline, as at the end of the reporting period, the Group had a total of 8 innovative respiratory drug candidates in or after clinical trials, including 1 at the marketing application stage, 4 in Phase II clinical trials, and 3 in Phase I clinical trials. In addition, the Group has 23 biosimilar or generic respiratory drug candidates in or after clinical trials, including 11 at the marketing application stage, 2 in Phase I clinical trials and 10 in BE trials. The Group expects 1 innovative drug and 11 biosimilar or generic drugs in the respiratory system field to be approved for marketing in the next three years (2024-2026).

– TDI01 (ROCK2 highly selective inhibitor) is a novel targeted and highly selective Rho/Rho-associated coiled-coil protein kinase 2 inhibitor. It is currently in clinical Phase II development. Its target indications include pneumoconiosis, pulmonary fibrosis, and graft-versus-host disease. Phase I clinical trials for the pneumoconiosis indication have been completed in the U.S. and Phase I clinical trials have commenced in China. As there are currently no approved drugs for the treatment of pneumoconiosis worldwide, TDI01 is expected to fill this gap and bring benefits to pneumoconiosis patients. A Phase II clinical trial of TDI01 for idiopathic pulmonary fibrosis was initiated in China in April 2023. The Group believes that TDI01 has the potential to become a block buster drug and will therefore vigorously pursue its clinical development.

– TQC2731 (TSLP monoclonal antibody) is a thymic stromal lymphopoietin ("TSLP") monoclonal antibody, currently undergoing phase II clinical trials in China. Its indications include severe asthma and chronic sinusitis with nasal polyps. It is the first domestic TSLP monoclonal antibody that has entered Phase II clinical trials. Among the trials, the Phase II clinical trial of severe asthma has successfully completed enrollment of all subjects. Studies have shown that TSLP monoclonal antibody is not only effective in the treatment of eosinophilic asthma, but also shows significant efficacy in people with low eosinophilic phenotypes, so it can cover a wider range of patients with severe asthma. Currently, no TSLP monoclonal antibody has been approved for marketing in China. The Group will vigorously promote the clinical development of TQC2731 to address the unmet clinical needs.

– TCR1672 (P2X3 receptor antagonist) is a second-generation highly selective P2X3 receptor antagonist. It is currently undergoing Phase Ib/II clinical trials in China for the treatment of refractory chronic cough. In 2021, TCR1672 submitted a new drug clinical trial (IND) application to the FDA and obtained clinical trial approval. Preclinical studies have shown that compared with the first-generation P2X3 receptor antagonists, TCR1672 is more effective in vivo and in vitro, and has better selectivity for P2X3 and P2X2/3 and less possible taste interference. Currently, there are no drugs targeting P2X3 on the market in China, and TCR1672 is expected to become one of the first three P2X3 receptor antagonists approved in China.

– TQC3721 (PDE3/4 inhibitor) is a dual PDE3/4 inhibitor, currently undergoing Phase II clinical trials in China for the treatment of moderate to severe chronic obstructive pulmonary disease. PDE3 mainly acts on bronchial smooth muscle. PDE4 is mainly expressed in various inflammatory cells. TQC3721 can reduce off-target effects through dual-target inhibition, and combines the dual activities of bronchiectasis and anti-inflammation in one compound. At present, no drug with the same targets has been approved for marketing in the world. TQC3721 is the fastest developing domestic PDE3/4 dual inhibitor in China.

– TQH2722 (IL-4Rα monoclonal antibody) is a humanized monoclonal antibody that targets interleukin 4 receptor α ("IL-4Rα"). It is currently undergoing phase II clinical trials in China, with indications for atopic dermatitis and chronic sinusitis with or without nasal polyps. Among the trials, the Phase II study of atopic dermatitis has completed enrollment of all subjects, and the results of the study are planned to be announced in 2024. TQH2722 can lead to double blockade of interleukin-4 (IL-4) and interleukin-13 (IL-13) signals, inhibiting type 2 inflammatory pathways, thereby achieving control on type 2 inflammatory diseases such as atopic dermatitis, asthma, and chronic sinusitis.

Surgery/Analgesia

– Zepolas (Flurbiprofen Cataplasms) maintained rapid sales growth in 2023. The Group focused on hospital access and development in high-potential areas to expand market coverage and hospital channels, strengthening downstream development and improving development and coverage of secondary hospitals and community healthcare facilities. With the ability to flexibly adjust sales and access strategies, it has seen sales of Zepolas continuing to grow with momentum in recent years.

– Anhengji (Recombinant Human Coagulation Factor VIII for Injection) received marketing approval from the NMPA in August 2023 for the prevention of bleeding in patients with hemophilia A (congenital coagulation factor VIII deficiency) aged 12 years and above. The sales of this product is expected to rapidly increase in 2024, boosting the Group's revenue growth.

– Regarding the R&D pipeline, as at the end of the reporting period, the Group had a total of 4 innovative surgical/analgesic drug candidates in or after clinical trials, including 2 in Phase III clinical trials, 1 in Phase II clinical trials and 1 in Phase I clinical trials. In addition, the Group had 11 biosimilar or generic surgical/analgesic drug candidates in or after clinical trials, including 7 at the marketing application stage, 3 in pivotal clinical trial stage, and 1 in BE trials. The Group expects 2 innovative drugs and 10 biosimilars or generic drugs in the surgical/analgesic field to be approved for marketing in the next three years (2024-2026).

– PL-5 (Antimicrobial Peptide) is the first non-antibiotic antibacterial drug newly designed. It has a broad antibacterial spectrum, and is less susceptible to resistance and highly effective in sterilization. It has a good efficacy on local open wound infections, especially for drug-resistant bacteria strains, with no entry to the blood circulatory system and good safety. The product has now completed a Phase III clinical study for the treatment of secondary wound infections in China, and is expected to become the first marketed antimicrobial peptide product in China.

Awards

– On 19 February 2023, the 34th National Pharmaceutical Economic Information Conference was held in Zhuhai. Sino Biopharm's subsidiary Chia Tai Tianqing and its innovative drug Focus V (Anlotinib Hydrochloride Capsules) were awarded the "Leading Power • China Pharmaceutical High-quality Development Achievement Enterprise and Brand (2022)" award.

– On 24 February 2023, the 2022 Hong Kong Listed Company Development Summit Forum and the 10th Top 100 Hong Kong Listed Companies Awards Ceremony were held in Hong Kong. Sino Biopharm was included in the "Top 100 Comprehensive Strength" list and ranked 7th in the "Most Valuable Investment" award.

– On 5 May 2023, the 7th Future Healthcare VB 100 was officially opened in Shanghai. Sino Biopharm was included in the "Future Healthcare VB100 • Innovation of Listed Companies List".

– On 1 June 2023, Ciweek released the "2023 Top 50 Chinese Innovative Pharmaceutical Companies" list, in which Sino Biopharm was ranked second.

– On 13 June 2023, China Media Group's Financial and Economic Program Center released the "Annual ESG Action Report" and the "China's Top 100 ESG Listed Companies" list. Sino Biopharm was included in the list and received the rating of "Leading Level of ESG Development among Listed Companies".

– On 20 June 2023, the Conference on the High-Quality Development of Comprehensive Health Industry and the 8th China Top Pharmaceutical R&D Innovation (PDI) was held in Chongqing. Sino Biopharm's subsidiary Chia Tai Tianqing was once again included in the "2023 TOP 100 Enterprises in China – Comprehensive Strength in Medicine R&D" and the "2023 TOP 100 Enterprises in China – Chemical Medicine R&D Strength", ranking third in both categories. In addition, Chia Tai Tianqing was included in the "2023 Top 50 Enterprises in China – Biopharmaceutical R&D Strength". Beijing Tide, a subsidiary of Sino Biopharm, was included in the "2023 TOP 100 Enterprises in China – Chemical Medicine R&D Strength".

– On 27 June 2023, the "2022 Top 100 Enterprises in Chinese Pharmaceutical Industry" list was released in Huzhou. With its solid R&D and production strength and stable marketing promotion ability, Sino Biopharm ranked second in the "2022 Top 100 Chinese Chemical Medicine Companies".

– On 11 August 2023, the "2023 Pharmaceutical Industry Competitiveness Top 100 List" was officially released. Sino Biopharm ranked third in both the "2023 Pharmaceutical Industry Competitiveness Top 100 List" and the "2023 R&D Top 10" list.

– On 11 October 2023, the "Top 100 China's Innovative Pharmaceutical Enterprises" list was released. With its outstanding R&D and innovation capabilities and competitive innovation results, Sino Biopharm has been ranked in the first tier of the list for five consecutive years.

– On 27 October 2023, the Jiangsu Quality Conference was held in Nanjing. Chia Tai Tianqing, a subsidiary of Sino Biopharm, received the "Jiangsu Provincial Governor's Quality Award".

– On 2 November 2023, the 15th China Healthcare Summit of Entrepreneurs, Scientists and Investors (CHSESI) was held in Hangzhou. Sino Biopharm bagged three major awards, namely "2023 China's Top 100 Innovative Pharmaceutical Companies", "2023 Top 10 R&D Innovative Pharmaceutical Listed Companies in China" and "Top 20 Chinese Pharmaceutical Listed Companies in ESG Competitiveness in 2023".

– On 18 November 2023, the 40th China Pharmaceutical Industry Information Annual Conference cum 2022 Top 100 China Pharmaceutical Industry Forum was held in Beijing. The Group's subsidiaries CT Tianqing and Beijing Tide were again included in the "Top 100 China Pharmaceutical Industry List 2022" and the "Best Industrial Enterprise for Pharmaceutical R&D Product Line in China".

– On 23 November 2023, the High-Quality Development Forum for Listed Companies and the 25th Golden Bull Award Presentation Ceremony was held in Nantong. Sino Biopharm won the "Hong Kong Stock Golden Bull Award", making it one of only two winning Hong Kong-listed companies in the biomedical industry.

– On 21 December 2023, the Sina Finance 2023 Annual Conference and the 16th Gold Kirin Forum were held in Beijing. Sino Biopharm was awarded the title of "Innovative Drug Enterprise of the Year".

Financial Review

During the year, the Group recorded revenue of approximately RMB26,199.41 million, an increase of approximately 0.7% over last year. Profit attributable to the owners of the parent was approximately RMB2,331.94 million, a decrease of approximately 8.3% over last year. Earnings per share attributable to the owners of the parent were approximately RMB12.59 cents, a decrease of approximately 7.8% over last year. The decrease in profit attributable to the owners of the parent was mainly due to the lower financial performance of an associate over last year. Excluding the profit attributable to the owners of the parent from the discontinued operations, 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 (gains)/losses of current equity investments, share-based payments (net of related non-controlling interests), 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 RMB2,588.78 million, an increase of approximately 1.5% over last year. Selling expenses to revenue ratio (selling and distribution costs divided by revenue) for the year ended 31 December 2023 was approximately 35.1%, a decrease of 2.6 percentage points over last year. R&D expenses to revenue ratio for the year ended 31 December 2023 was approximately 16.8%, an increase of 0.8 percentage points over last year. The Group's liquidity remains strong. With cash and bank balances classified under current assets of approximately RMB9,451.88 million, bank deposits classified under non-current assets of approximately RMB7,312.89 million, and the wealth management products of approximately RMB4,365.22 million in aggregate, the Group's total fund reserve was approximately RMB21,129.99 million at the year end.

Discontinued operations

With the disposal of the entire equity interests held by the Group in Chia Tai Tongyong Pharmaceutical Co., Ltd. ("CT Tongyong"), Suzhou Tianqing Xingwei Medicines Co., Ltd., Lianyungang Chia Tai Tianqing Medicines Co., Ltd. and Zhejiang Tianqing Zhongwei Medicines Co., Ltd., and upon the board of directors (the "Board") of the Company resolved to adopt a plan to dispose the equity interest in CP Pharmaceutical Qingdao Co., Ltd. ("CP Qingdao") in December 2023 (collectively referred to as the "Target Group"), in accordance with Hong Kong Financial Reporting Standard 5, the Target Group has been classified as discontinued operations and CP Qingdao's underlying assets and liabilities have been classified as "Assets of a disposal group classified as held for sale" and "Liabilities directly associated with assets classified as held for sale" as at 31 December 2023.

In 2023, the Target Group earned profit of approximately RMB484.76 million, as compared to the profit of approximately RMB484.47 million for 2022, and was included in non-operating items.

Details of the disposal has been set out in note 7 to the financial statements in this announcement.

Continuing operations (comparatives are restated)

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 2023, the sales of oncology medicines amounted to approximately RMB8,800.51 million, representing approximately 33.6% of the Group's revenue, a decrease of approximately 4.2% over last year.

Liver disease medicines

For the year ended 31 December 2023, the sales of liver disease medicines amounted to approximately RMB3,823.92 million, representing approximately 14.6% of the Group's revenue, a decrease of approximately 0.4% over last year.

Respiratory system medicines

For the year ended 31 December 2023, the sales of respiratory medicines amounted to approximately RMB2,967.38 million, representing approximately 11.3% of the Group's revenue, an increase of approximately 1.4% over last year.

Surgery/analgesia medicines

For the year ended 31 December 2023, the sales of surgery/analgesia medicines amounted to approximately RMB3,749.38 million, representing approximately 14.3% of the Group's revenue, an increase of approximately 9.0% over last year.

Cardio-cerebral vascular medicines

For the year ended 31 December 2023, the sales of cardio-cerebral vascular medicines amounted to approximately RMB2,747.16 million, representing approximately 10.5% of the Group's revenue, an increase of approximately 2.5% over last year.

Others

For the year ended 31 December 2023, the sales of others amounted to approximately RMB4,111.06 million, representing approximately 15.7% of the Group' revenue, an increase of approximately 4.0% 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 discontinued operations, 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 (gains)/losses of current equity investments, share-based payments (net of related non-controlling interests), loss on extinguishment of partial convertible bond, fair value gain of convertible bond embedded derivative component, effective interest expenses, exchange loss/(gain) and fair value (gains)/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 for the year increased by approximately 1.5% over last year.

	For the year ended 31 December		
	2023	2022	Change
	RMB'000	*RMB'000*	*%*
		(Restated)	
Profit attributable to the owners of the parent	**2,331,939**	2,543,570	-8.3%
Profit attributable to the owners of the parent from discontinued operations	**(440,599)**	(436,942)	
Share of profits and losses of associates and a joint venture (net of related tax and non-controlling interests)	**479,075**	119,711	
One-off adjustments for the impairment and fair value changes of certain assets and liabilities (net of related tax and non-controlling interests)	**100,974**	220,516	
Fair value (gains)/losses of current equity investments, net	**(62,198)**	198,067	
Share-based payments (net of related non-controlling interests)	**15,382**	29,723	
Loss on extinguishment of partial convertible bond	**120,603**	9,591	
Fair value gain of convertible bond embedded derivative component	**(161)**	(75,696)	
Convertible bond debt component of:			
– Effective interest expenses	**10,427**	81,872	
– Exchange loss/(gain)	**80,326**	(248,137)	
– Fair value (gains)/losses of derivative financial instruments in relation to foreign currency forward contracts	**(46,985)**	107,109	
Adjusted non-HKFRS profit attributable to the owners of the parent	**2,588,783**	2,549,384	+1.5%
Basic earnings per share			
Adjusted non-HKFRS profit attributable to the owners of the parent used in the basic earnings per share calculation	**2,588,783**	2,549,384	+1.5%
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation (Shares)	**18,529,064,920**	18,622,248,991	
Basic earnings per share, based on adjusted non-HKFRS profit attributable to the owner of the parent (RMB cents)	**13.97**	13.69	+2.0%

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 the impact 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 LS"), 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, is the leading unit of BRICS Vaccine R&D Centre in China and titled as Beijing Engineering Technology Research Centre for Preventive Human Vaccines. Its COVID-19 vaccine CoronaVac, with a global supply of more than 2.9 billion doses, has become a true "global public goods". However, as the market environment continues to change, the sales volume of its COVID-19 vaccine decreased and its financial performance was lower compared with last year. SINOVAC LS will continually strengthen its R&D and commercialization capabilities in biological medicine technology and dedicate itself to developing innovative vaccines and related biopharmaceutical products. The profits and losses of associates and a joint venture attributable to the Group was a loss of approximately RMB525.71 million during the year. After deducting related taxes credit and non-controlling interests of approximately RMB46.63 million, the losses of associates and a joint venture totaled approximately RMB479.08 million.

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

As at 31 December 2023, 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 RMB1,562.87 million (31 December 2022: approximately RMB1,574.81 million) and current equity investments designated at fair value through profit or loss (including certain listed shares investments) of approximately RMB301.08 million (31 December 2022: approximately RMB312.21 million).

In addition, as at 31 December 2023, the Group had the non-current financial assets at fair value through profit or loss of approximately RMB4,699.70 million (31 December 2022: RMB4,104.62 million) and the current financial assets at fair value through profit or loss, including certain wealth management products and trust funds of approximately RMB2,811.96 million (31 December 2022: approximately RMB4,543.24 million), including the wealth management products of China Galaxy Securities (approximately RMB940.53 million), Bank of Jiangsu (approximately RMB501.29 million), China Securities Co., Ltd. (approximately RMB475.57 million), Bank of Nanjing (approximately RMB240 million) and other banks. The wealth management products mainly consisted of principal-guaranteed products with floating return and relatively lower risk of default. All principal and interests will be paid together on the maturity date. The Board of the 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 2023, the above mentioned wealth management products (approximately RMB2,811.96 million) together with the wealth management products reclassified in other receivables (approximately RMB1,553.26 million), including the wealth management products of China Securities Co., Ltd. (approximately RMB1,300 million), amounted to approximately RMB4,365.22 million in total, representing approximately 6.9% 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 2023, the Group recorded fair value gain (net) of the current equity investments of approximately RMB62.20 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 the four therapeutic areas of oncology, liver diseases, respiratory system and surgery/analgesia. As at the end of the reporting period, the Group had 145 products under development, including 60 oncology products, 9 liver disease products, 31 respiratory system products, and 15 surgery/analgesia products, of which 67 were Category I innovative products.

The Group has always attached the utmost importance to R&D and has continuously improved its R&D capabilities and speed by adopting the R&D concept of combining independent innovation, collaborative development, and the development of both innovative and generic drugs. It views R&D as the foundation for its sustainable development and has continued to increase R&D investment. For the year ended 31 December 2023, it incurred total R&D expenses of approximately RMB4,704.27 million, accounting for approximately 18.0% of the Group's revenue, most of which was charged to the statement of profit or loss. During the reporting period, innovative drugs and biological drugs accounted for more than 77% of the total R&D investment, and the amount of investment increased by approximately 10% year-on-year. The oncology therapeutic area accounted for approximately 71% of the total R&D investment, and the amount of investment increased by more than 1% year-on-year.

The Group also attaches tremendous importance to the protection of intellectual property rights and encourages its member enterprises to file patent applications in order to enhance the Group's core competitiveness. During the reporting period, the Group filed 841 new patent applications and received 264 patent invention approvals. As at the end of the reporting period, the Group had accumulated 4,311 effective patents and patent applications and obtained 1,595 patent invention approvals.

INVESTOR RELATIONS

The Group is committed to maintaining high standards of corporate governance to ensure its long-term sustainable development. It also values communication with shareholders and investors. During the period under review, the Group seized the opportunity to resume offline activities after the pandemic subsided to actively reach out to a wide range of investors in various regions through different channels to maintain close and good relationships and ensure adequate two-way communication with investors. While ensuring that investors had a thorough understanding of its latest business developments and strategies, the Group was also able to gauge the valuable views and feedback of the investment community through its interaction with investors to help raise corporate governance standards.

In the past year, the Group continued to proactively disclose the latest information on its business development to investors. The Group held investor presentations in late March and late August to explain in detail its 2022 annual results, 2023 interim results and latest business updates, which attracted the participation of hundreds of investors, including analysts and fund managers. On 1 August 2023, the Group held an Investor Day on Innovative Platforms and Products to introduce its leading innovative R&D technology platform and blockbuster innovative products, which was enthusiastically received by the market. The Group also issued results press releases to the media in a timely manner to keep retail investors informed about its latest business status and prospects through medial channels. In addition to results press releases, the Group also released information through the media, such as the Company's share repurchase and the purchase of shares under its restricted share award scheme, in the hope of strengthening 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 major 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, to help investors understand its business development and competitive advantages.

The Group publishes its annual reports, interim reports, disclosures and circulars in a timely manner both on its corporate website and on the website of the Hong Kong Exchanges and Clearing Limited. Moreover, the Group voluntarily issues announcements to inform shareholders and investors of its latest business endeavors to maintain a high level of corporate 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. On 17 February 2023, the Company redeemed a principal amount of EUR487.582 million in aggregate of the convertible bonds. On 31 May 2023, the Company prepaid the senior term loan of USD500 million with variable interest rate under the facility agreement entered into by the Company on 1 December 2021 to reduce the finance costs. As at 31 December 2023, the Group's cash and bank balances classified under current assets were approximately RMB9,451.88 million (31 December 2022: approximately RMB12,066.22 million). Bank deposit classified under non-current assets were approximately RMB7,312.89 million (31 December 2022: approximately RMB6,352 million).

CAPITAL STRUCTURE

As at 31 December 2023, the Group had short term loans of approximately RMB11,135.94 million (31 December 2022: approximately RMB6,217.15 million) and had long term loans of approximately RMB1,057.94 million (31 December 2022: approximately RMB3,933.86 million). Debt component of the convertible bonds amounted to approximately RMB16.48 million as at 31 December 2023 (31 December 2022: RMB3,446.26 million). In addition, total lease liabilities (classified under current and non-current liabilities) amounted to approximately RMB369.88 million as at 31 December 2023 (31 December 2022: RMB384.69 million).

CHARGE ON ASSETS

As at 31 December 2023, the Group had charge on assets of approximately RMB1,494 million (31 December 2022: approximately RMB2,113.50 million).

CONTINGENT LIABILITIES

As at 31 December 2023, the Group and the Company had no contingent liabilities (31 December 2022: Nil).

ASSETS AND GEARING RATIO

As at 31 December 2023, the total assets of the Group amounted to approximately RMB63,604.82 million (31 December 2022: approximately RMB64,064.28 million) whereas the total liabilities amounted to approximately RMB25,434.87 million (31 December 2022: approximately RMB26,120.74 million). The gearing ratio (total liabilities over total assets) was approximately 40.0% (31 December 2022: approximately 40.8%). The Group was in a net cash position of approximately RMB4,184.53 million (31 December 2022: approximately RMB4,436.25 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 25,806 employees as at 31 December 2023 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 RMB4,353.03 million (2022: approximately RMB4,664.54 million).

The Group adopted a share option scheme on 15 June 2023 (the "2023 Share Option Scheme") and a share award scheme on 5 January 2018 (the "2018 Share Award Scheme"), both of which will provide incentive to retain and encourage the selected participants for the continual operation and development of the Group. No option in respect of the shares of the Company ("Shares") had been granted under the 2023 Share Option Scheme up to 31 December 2023. During the year ended 31 December 2023, 6,854,834 Shares had been granted to a total of 15 selected participants under the 2018 Share Award Scheme, and as of 31 December 2023, 454,093,043 Shares were held on trust by the trustee responsible for administering the 2018 Share Award Scheme.

On 3 October 2023, 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 12 months. Up to 31 December 2023, approximately HK$141.42 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 hedged part of the RMB risk in net foreign operations by borrowing RMB loan 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 the Company, society and the environment through high-quality ESG management. Such high-quality ESG management has also helped the Group to practice its operating philosophy of "For the Country, for the People, for the Company", to respond to the United Nations Sustainable Development Goals and to contribute to the Healthy China initiative, thereby enabling it to seek health and well-being for more patients and allow more diseases to be treated. The Group also strives to control risks and seize opportunities to drive the harmonious development of the Company, its employees, society and the environment, resolutely fulfill its corporate mission, support its sustainable development, and create long-term value for itself and its partners in various sectors.

In 2023, the Group's ESG management system continued to function effectively. Under the leadership of the Board of Directors and management, the Group continued to implement ESG management and optimize the internal monitoring of ESG risks. It also proactively responded to international cutting-edge ESG concepts and took substantive actions to address climate risks and apply ISSB standards. At the same time, the Group increased its efforts to promote the digital integration of ESG management to further enhance the standard and efficiency of ESG management. As at the end of the reporting period, 651 ESG indicators were managed through the Group's digital ESG platform, covering the ESG key performance management of all major member companies.

In 2023, the Group fully considered 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, universal health care, climate change response, business ethics, and talent development. Significant progress has been made in these areas, including but not limited to:

- Ensuring the effective operation of the full-lifecycle quality and safety management system, with no material quality and safety or product recall issues occurring during the year;

- Continuing to build an environmentally friendly enterprise. The Group's key member company CT Tianqing was recognized as a "National Green Factory", while the other two key member companies, CT Qingjiang and NJCTT, were honored with the "Provincial Green Factory" title. CT Tianqing and its subsidiary Lianyungang Runzhong Pharmaceutical Co., Ltd. were named "2023 Leading Enterprise in Green Development in Jiangsu Province";

- Actively responding to the challenges of climate change and continuing to promote the "Sino Biopharm Carbon Neutrality Planning Project". The Group has completed the 2022 and 2023 carbon footprint verifications on two pilot units, and is currently setting carbon neutrality goals and planning roadmaps;

- Actively shouldering the core corporate responsibilities of the industry chain. In 2023, the Group and its member companies completed the establishment of a responsible supply chain management system, set standards for tiered ESG management of suppliers, and achieved a 100% implementation rate on codes of conduct for key suppliers and a signing rate of over 90%;

- Building an equal, inclusive and diversified workplace culture and launching an employee development policy to facilitate the growth of both the Company and its employees. The Group also won the "2023 Forbes China Best Employer" and "2023 Forbes China Most Digitally Responsible Employer of the Year" awards;

- Giving back to society with care and responsibility. The Group continued to engage in disaster relief, rural revitalization, universal health care, education donations and charitable works.

During the year, the Group's ESG efforts were widely recognized by various sectors at home and abroad. As for ESG ratings, the Group's MSCI ESG Ranking was upgraded to "A" and it was included among the top 9% of the global pharmaceutical industry in terms of S&P CSA rating for the second consecutive year. Its CDP climate change rating was also upgraded to "B". Regarding professional recognition, the Group was included in CCTV's "China Top 100 ESG Pioneer Listed Companies" list and S&P Global's Sustainability Yearbook (China). It also won a number of major awards, including "2023 Forbes China ESG Innovative Enterprise", "ESG Top List – Governance" in the Bloomberg Green 2023 ESG 50, and "Social Innovation Contribution Award" in the "2023 Yicai The Corporate Social Responsibility Ranking in China".

The Group believes that high standards of ESG management are important as they provide a critical foundation for promoting quality development and creating long-term value for the Group and its partners in various sectors. Details of the Group's ESG management in 2023 will be presented in the ESG report to be published at a later date.

PROSPECTS

With the COVID-19 pandemic gradually subsiding, the economic and social order has returned to normal, and the pharmaceutical industry is expected to recover at a faster pace in 2024. The Group has been closely monitoring the development of the country, society and industry, and has made timely adjustments to its development strategies. It has also actively carried out organizational integration, optimized its structure, and focused on the operation of core assets. At the same time, it has focused on innovation and development in the four major therapeutic areas of oncology, liver diseases, respiratory system, and surgery/analgesia, and accelerated the deployment of internationalization to realize rapid business development and steady improvement in results.

Sino Biopharm is committed to "be a leading global pharmaceutical company through delivering innovative therapies for patients". It strives to promote innovative development through its dual engines of internal research and development (R&D) and business development. Over the years, the Group has stepped up its R&D investment and built strong internal R&D capabilities. At the same time, it has vigorously promoted business development and strategic cooperation, striving to become the best partner for global pharmaceutical and biotechnology enterprises. At present, the Group has entered the harvest period of its innovative development. In the next three years, more than 10 innovative products are expected to be launched to market, and the other 30 or more innovative products under R&D have the potential to be launched by 2030, which will further strengthen the Group's dominance in the four major therapeutic areas and provide strong impetus for its long-term sustainable growth.

In addition to its foothold in China, the Group also keeps an eye on the vast global market to accelerate innovation and development through globalization. The Group will adhere to its dual-pronged approach in the implementation of its globalization strategy, so as to become an important platform connecting innovation around the world. Through this approach, the Group will introduce global pharmaceutical innovations to China to benefit Chinese patients, and also go global and open up new markets to accelerate the satisfaction of unmet clinical needs worldwide.

In 2023, the Group sold its equity interests in CT Tongyong and three commercial distribution companies, and in February 2024, it sold its controlling equity interests in CP Qingdao. Looking ahead, the Group will further focus on its core business and innovation, and continue to improve R&D efficiency and quality in the four major therapeutic areas of oncology, liver diseases, respiratory system, and surgery/analgesia. It will also actively accelerate the deployment for globalization of its business and is expected to achieve faster growth in 2024.

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 2023 together with the comparative consolidated results for 2022 as follows:

Consolidated Statement of Profit or Loss

		For the year ended 31 December	
		2023	2022
	Notes	***RMB'000***	*RMB'000* (Restated)
CONTINUING OPERATIONS			
REVENUE	*3*	**26,199,409**	26,026,164
Cost of sales		**(4,989,877)**	(4,487,616)
Gross profit		**21,209,532**	21,538,548
Other income	*3*	**1,134,432**	689,626
Other losses, net	*3*	**(142,816)**	(258,733)
Selling and distribution costs		**(9,193,351)**	(9,809,372)
Administrative expenses		**(1,873,284)**	(1,899,408)
Other expenses		**(4,703,660)**	(4,463,322)
Including: Research and development costs		***(4,402,973)***	*(4,164,498)*
Finance costs	*4*	**(495,237)**	(429,494)
Share of profits and losses of associates and a joint venture		**(525,710)**	(152,976)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	*5*	**5,409,906**	5,214,869
Income tax expense	*6*	**(797,267)**	(696,716)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**4,612,639**	4,518,153
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations	*7*	**484,759**	484,465
PROFIT FOR THE YEAR		**5,097,398**	5,002,618
Profit attributable to:			
Owners of the parent		**2,331,939**	2,543,570
Non-controlling interests		**2,765,459**	2,459,048
		5,097,398	5,002,618
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic			
– For profit for the year		**RMB12.59 cents**	RMB13.66 cents
– For profit from continuing operations		**RMB10.21 cents**	RMB11.31 cents
Diluted			
– For profit for the year		**RMB12.59 cents**	RMB12.15 cents
– For profit from continuing operations		**RMB10.21 cents**	RMB9.86 cents

Details of the final dividend recommended for the year are disclosed in note 8 to the financial statements of this announcement.

Consolidated Statement of Comprehensive Income

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**5,097,398**	5,002,618
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Net loss on hedge of net investment	**(70,564)**	–
Exchange differences on translation of foreign operations	**46,023**	(333,880)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**(24,541)**	(333,880)
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	**98,418**	(295,177)
Income tax effect	**–**	–
	98,418	(295,177)
Share of other comprehensive income of associates and a joint venture	**16,110**	(84,481)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**114,528**	(379,658)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**89,987**	(713,538)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**5,187,385**	4,289,080
Attributable to:		
Owners of the parent	**2,421,926**	1,830,032
Non-controlling interests	**2,765,459**	2,459,048
	5,187,385	4,289,080

Consolidated Statement of Financial Position

	Notes	31 December 2023 RMB'000	31 December 2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**8,080,907**	7,759,592
Investment properties		**289,342**	720,754
Right-of-use assets		**1,831,254**	1,491,591
Goodwill		**680,452**	662,611
Intangible assets		**2,228,509**	1,251,839
Investments in associates and a joint venture		**12,243,675**	13,198,157
Equity investments designated at fair value through other comprehensive income		**1,562,870**	1,574,808
Financial assets at fair value through profit or loss		**4,699,703**	4,104,618
Bank deposit		**7,312,891**	6,352,000
Deferred tax assets		**567,012**	505,148
Prepayments and other asset		**302,673**	508,261
Total non-current assets		**39,799,288**	38,129,379
CURRENT ASSETS			
Inventories		**1,993,472**	2,328,844
Trade and bills receivables	*10*	**4,510,195**	4,638,396
Prepayments, other receivables and other assets		**3,635,630**	1,663,260
Amounts due from related companies		**188,610**	382,742
Equity investments designated at fair value through profit or loss		**301,080**	312,207
Financial assets at fair value through profit or loss		**2,811,960**	4,543,239
Cash and bank balances	*11*	**9,451,878**	12,066,217
		22,892,825	25,934,905
Assets of a disposal group classified as held for sale	*7*	**912,706**	–
Total current assets		**23,805,531**	25,934,905
CURRENT LIABILITIES			
Trade and bills payables	*12*	**1,334,703**	1,637,351
Tax payable		**271,871**	107,455
Other payables and accruals		**9,405,589**	8,153,130
Interest-bearing bank borrowings		**11,135,940**	6,217,153
Amount due to related companies		**136,130**	382,579
Lease liabilities		**71,488**	60,431
Contingent consideration		**12,195**	–
Derivative financial instruments		**–**	110,506
Convertible bonds – debt component (current)		**–**	3,446,257
Convertible bonds – embedded derivative instrument (current)		**–**	35,815
		22,367,916	20,150,677
Liabilities directly associated with the assets classified as held for sale	*7*	**238,859**	–
Total current liabilities		**22,606,775**	20,150,677
NET CURRENT ASSETS		**1,198,756**	5,784,228
TOTAL ASSETS LESS CURRENT LIABILITIES		**40,998,044**	43,913,607

	Notes	31 December 2023 RMB'000	31 December 2022 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**40,998,044**	43,913,607
NON-CURRENT LIABILITIES			
Convertible bonds – debt component		**16,478**	–
Deferred government grants		**548,272**	749,070
Interest-bearing bank borrowings		**1,057,944**	3,933,859
Lease liabilities		**298,394**	324,263
Contingent consideration		**125,460**	131,076
Deferred tax liabilities		**781,543**	831,791
Total non-current liabilities		**2,828,091**	5,970,059
Net assets		**38,169,953**	37,943,548
EQUITY			
Equity attributable to owners of the parent			
Share capital	*13*	**414,615**	414,899
Treasury shares		**(1,769,723)**	(1,432,484)
Reserves		**31,829,577**	30,764,620
		30,474,469	29,747,035
Non-controlling interests		**7,695,484**	8,196,513
Total equity		**38,169,953**	37,943,548

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, certain bills receivables measured at fair value through other comprehensive income, contingent consideration liabilities and embedded derivative components of convertible bonds which have been measured at fair value. Disposal company held for sale is stated at the lower of its carrying amount and fair value less cost to sell. 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 2023. 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 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 the related assets (including goodwill) liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and 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 new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 17	*Insurance Contracts*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform – Pillar Two Model Rules*

Amendments to HKAS 12 "International Tax Reform – Pillar Two Model Rules" were issued in July 2023 which are effective upon issuance and require retrospective application. The Group applied the temporary exception to deferred tax accounting for Pillar Two top-up taxes immediately upon the release of the amendments in July 2023.

Except for Amendments to HKAS 12, the adoption of these new and amended standards does not have significant impact on the consolidated financial statements of the Group.

1.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised HKFRSs, if applicable, when they become effective.

Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current (the "2022 Amendments")*[1,4]
Amendments to HKAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*[1,4]
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*[1]
Amendments to HKAS 21	*Lack of Exchangeability*[2]

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

2 Effective for annual periods beginning on or after 1 January 2025

3 No mandatory effective date yet determined but available for adoption

4 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 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.

With the disposal of the entire equity interests in the Commercial Distribution Subsidiaries and CT Tongyong, and upon the board of directors of the Company passed the plan to dispose of its interests in CP Qingdao, these companies are classified as discontinued operations in the current year, details of which are described in note 7 in this announcement, and the segment information reported in the following pages does not include any amounts for these discontinued operations. The corresponding items of consolidated statement of profit or loss, consolidated statement of cash flows, relevant disclosure notes and segment information for the year ended 31 December 2022 have been restated accordingly.

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 2023

	Modernised Chinese medicines and chemical medicines *RMB'000*	Investment *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue:				
Sales to external customers	**25,771,303**	**–**	**428,106**	**26,199,409**
Segment results	**6,525,182**	**(405,888)**	**19,878**	**6,139,172**
Reconciliation:				
Interest and unallocated gains				**389,494**
Share of profits and losses of associates and a joint venture				**(525,710)**
Unallocated expenses				**(593,050)**
Profit before tax				**5,409,906**
Income tax expense				**(797,267)**
Profit for the year from continuing operations				**4,612,639**
As at 31 December 2023				
Assets and liabilities				
Segment assets	**40,489,011**	**7,791,693**	**1,600,722**	**49,881,426**
Reconciliation:				
Investments in associates and a joint venture				**12,243,675**
Other unallocated assets				**567,012**
Assets related to discontinued operations				**912,706**
Total assets				**63,604,819**
Segment liabilities	**16,116,328**	**7,261,854**	**764,411**	**24,142,593**
Reconciliation:				
Other unallocated liabilities				**1,053,414**
Liabilities related to discontinued operations				**238,859**
Total liabilities				**25,434,866**
Other segment information:				
Depreciation and amortization	**1,005,227**	**14,724**	**16,744**	**1,036,695**
Capital expenditure	**2,377,188**	**11,776**	**253,951**	**2,642,915**
Other non-cash expenses	**18,123**	**–**	**–**	**18,123**

The segment results for the year ended 31 December 2022 (Restated)

	Modernised Chinese medicines and chemical medicines *RMB'000*	Investment *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue:				
Sales to external customers	25,477,419	–	548,745	26,026,164
Segment results	6,355,633	(780,468)	77,848	5,653,013
Reconciliation:				
Interest and unallocated gains				346,540
Share of profits and losses of associates and a joint venture				(152,976)
Unallocated expenses				(631,708)
Profit before tax				5,214,869
Income tax expense				(696,716)
Profit for the year from continuing operations				4,518,153
As at 31 December 2022				
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 (Restated):				
Depreciation and amortisation	969,615	14,273	7,255	991,143
Capital expenditure	1,742,660	8,326	8,938	1,759,924
Other non-cash expenses	19,401	–	44	19,445

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 2023	31 December 2022
	RMB'000	*RMB'000*
Hong Kong	**8,987,602**	7,241,145
Mainland China	**16,239,046**	17,973,761
Others	**430,164**	377,899
	25,656,812	25,592,805

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 2023 and 2022.

3. REVENUE, OTHER INCOME AND OTHER LOSSES, 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, net is as follows:

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000* (Restated)
Revenue from contracts with customers		
Sale of industrial products	**25,771,303**	25,477,419
Revenue from other sources	**428,106**	548,745
	26,199,409	26,026,164

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Other income		
Bank interest income	**186,675**	195,908
Dividend income	**87,104**	14,193
Government grants	**346,477**	113,358
Sale of materials	**21,331**	31,173
Investment income	**337,598**	262,274
Gross rental income	**8,964**	15,469
Others	**146,283**	57,251
	1,134,432	689,626
Other losses, net		
Gain on disposal of items of property, plant and equipment	**62,554**	3,465
Foreign exchange (losses)/gains, net	**(96,015)**	138,216
Fair value gains/(losses), net		
Equity investments designated at fair value through profit or loss	**62,198**	(198,067)
Financial assets at fair value through profit or loss	**8,416**	44,623
Financial assets at fair value through profit or loss (Non-current)	**(117,518)**	(295,633)
Convertible bond embedded derivative component	**161**	75,696
Contingent consideration	**(16,645)**	89,667
Derivative financial instruments	**46,985**	(107,109)
Loss on termination of right-of-use assets	**(5,538)**	–
Loss on extinguishment of partial convertible bonds	**(120,603)**	(9,591)
Gain on step acquisition of pHion*	**33,189**	–
	(142,816)	(258,733)

* Gain on step acquisition of pHion represented the gain on remeasurement of the interests previously held and classified as an associate with the amount of RMB34,098,000 and the loss transferred from the accumulated exchange fluctuation reserve with the amount of RMB909,000.

4. FINANCE COSTS

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Interest on bank borrowings	**465,006**	330,227
Interest on convertible bonds	**10,427**	81,872
Interest on lease liabilities	**19,804**	17,395
	495,237	429,494

5. PROFIT BEFORE TAX

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

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Cost of inventories sold	**4,989,877**	4,487,616
Depreciation of property, plant and equipment	**836,116**	766,610
Depreciation of investment properties	**27,274**	39,138
Depreciation of right-of-use assets	**64,207**	98,980
Amortization of intangible assets	**109,098**	86,415
Research and development costs	**4,402,973**	4,164,498
Gain on disposal of items of property, plant and equipment	**(62,554)**	(3,465)
Loss on termination of right-of-use assets	**5,538**	–
Loss on extinguishment of partial convertible bonds	**120,603**	9,591
Gain on step acquisition of pHion	**(33,189)**	–
Bank interest income	**(186,675)**	(195,908)
Investment income	**(337,598)**	(262,274)
Fair value (gains)/losses, net:		
Equity investments designated at fair value through profit or loss	**(62,198)**	198,067
Financial assets at fair value through profit or loss	**(8,416)**	(44,623)
Financial assets at fair value through profit or loss (non-current)	**117,518**	295,633
Convertible bond embedded derivative component	**(161)**	(75,696)
Contingent consideration	**16,645**	(89,667)
Derivative financial instruments	**(46,985)**	107,109
Minimum lease payments under operating leases:		
Lease payments not included in the measurement of lease liabilities	**139,878**	116,657
Auditors' remuneration	**6,000**	6,000
Staff cost (including directors' remuneration) in selling and distribution costs and administrative expenses:		
Wages and salaries	**3,400,119**	3,608,468
Pension scheme contributions	**934,789**	1,026,345
Equity-settled share-based payments	**18,123**	29,723
	4,353,031	4,664,536
(Reversal)/recognition of impairment of trade receivables	**(3,535)**	5,261
Impairment of intangible assets*	**–**	19,401
Foreign exchange differences, net	**96,015**	(138,216)

* The impairment of intangible assets was included in "Other expenses" in the consolidated statement of profit or loss.

6. INCOME TAX EXPENSE

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Group:		
Current – Hong Kong	**–**	–
Current – Mainland China	**608,335**	692,188
Deferred tax	**188,932**	4,528
Total tax charge for the year from continuing operations	**797,267**	696,716
Total tax charge for the year from discontinued operations	**38,914**	79,270
Total	**836,181**	775,986

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% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

The subsidiary incorporated in the United Kingdom ("UK") is subject to UK Corporate Income Tax at a notional rate of 23.5% (2022: 19%) on the estimated assessable profits arising in the UK during the year, due to an increase in the UK Corporate Income Tax rate from 19% to 25%, effective from 1 April 2023.

Belgium profits tax has been provided at a rate of 25% (2022: 25%) on the estimated assessable profits arising in Belgium during the year.

The provision for corporate income tax in Chinese Mainland is based on the statutory rate of 25% of the assessable profits as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008.

Certain subsidiaries operating in Chinese Mainland were entitled to a preferential corporate income tax rate of 15% during the year because they were qualified as "High and New Technology Enterprises".

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 2023, income tax credit related to the share of profits and losses of associates and a joint venture were amounted to approximately RMB42,986,000 (2022: income tax expense of RMB4,309,000).

7. DISCONTINUED OPERATIONS

In June 2023, the board of directors of the Company resolved to dispose of the equity interests in three subsidiaries engaged in commercial distribution business in China, namely Suzhou Tianqing Xingwei Medicines Co., Ltd. ("Suzhou Xingwei"), Lianyungang Chia Tai Tianqing Medicines Co., Ltd. ("Lianyungang Tianqing") and Zhejiang Tianqing Zhongwei Medicines Co., Ltd. ("Zhejiang Zhongwei") (or collectively referred to as "Commercial Distribution Subsidiaries"). The disposal of the Commercial Distribution Subsidiaries was completed in December 2023, and the Group no longer holds any equity interest in the Commercial Distribution Subsidiaries.

In June 2023, the board of directors of the Company resolved to dispose of the equity interest in its subsidiary Shanghai Chia Tai Tongyong Pharmaceutical Co., Ltd. ("CT Tongyong"). The disposal of CT Tongyong was completed during the year, and the Group no longer holds any equity interest in CT Tongyong.

The board of directors of the Company resolved in December 2023 to adopt the plan for the disposal of the equity interest in its subsidiary CP Pharmaceutical Qingdao Co., Ltd. ("CP Qingdao"), and subsequently resolved in February 2024 to dispose part of the equity interest in CP Qingdao. The disposal of CP Qingdao is expected to be completed within the first quarter of 2024. Upon the completion of the disposal, the interest of the Group in CP Qingdao will decrease from 93% to 26%.

The Group has decided to divest its commercial distribution business in China and the osteoporosis medicines and marine pharmaceuticals business in order to further focus on its four core therapeutic areas of oncology, liver diseases, respiratory diseases and surgery/analgesia.

As at 31 December 2023, the disposal plan of CP Qingdao was under implementation and CP Qingdao was therefore classified as a disposal group held for sale and as discontinued operation. As the disposals of the Commercial Distribution Subsidiaries and CT Tongyong were completed during the year, the Commercial Distribution Subsidiaries and CT Tongyong were recorded as discontinued operations.

The results of the Commercial Distribution Subsidiaries and CT Tongyong for the year are presented below:

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Revenue	**1,143,739**	1,260,528
Expenses	**(1,091,962)**	(1,248,724)
Finance costs	**(15,801)**	(9,551)
Gain on disposal of the discontinued operation	**231,880**	–
Profit before tax from the discontinued operation	**267,856**	2,253
Income tax:		
Related to pre-tax profit	**(8,304)**	(5,843)
Profit/(loss) for the year from the discontinued operation	**259,552**	(3,590)

The results of the CP Qingdao for the year are presented below:

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Revenue	**639,149**	1,493,720
Expenses	**(383,305)**	(932,225)
Finance costs	**(27)**	(13)
Profit before tax from the discontinued operation	**255,817**	561,482
Income tax:		
Related to pre-tax profit	**(30,610)**	(73,427)
Profit for the year from the discontinued operation	**225,207**	488,055

The major classes of assets and liabilities of CP Qingdao classified as held for sale as at 31 December are as follows:

	2023
	RMB'000
Assets	
Property, plant and equipment	**387,822**
Right-of-use assets	**44,377**
Goodwill	**2,152**
Intangible assets	**14,582**
Prepayments and other asset	**127**
Deferred tax assets	**11,553**
Inventories	**71,045**
Trade and bill receivables	**153,579**
Prepayments, other receivables and other assets	**24,249**
Cash and bank balances	**203,220**
Assets classified as held for sale	**912,706**
Liabilities	
Trade and bill payables	**(23,185)**
Tax payable	**(8,445)**
Other payables and accruals	**(147,320)**
Deferred tax liabilities	**(1,029)**
Deferred government grants	**(58,478)**
Lease liabilities	**(402)**
Liabilities directly associated with the assets classified as held for sale	**(238,859)**
Net assets directly associated with the disposal group	**673,847**

The net assets of the Commercial Distribution Subsidiaries and CT Tongyong at the date of disposal are as follows:

	2023
	RMB'000
Net assets disposed of:	
Property, plant and equipment	**98,821**
Right-of-use assets	**12,287**
Intangible assets	**7,822**
Prepayments, other receivables and other assets	**39,088**
Deferred tax assets	**13,387**
Inventories	**129,004**
Trade receivables	**794,186**
Cash in bank and at other institutes	**27,756**
Trade payables	**(570,756)**
Tax payable	**(7,687)**
Other payables and accruals	**(247,966)**
Interest-bearing bank borrowings	**(51,000)**
Lease liabilities	**(10,937)**
Goodwill	**45,132**
Non-controlling interests	**(69,448)**
Subtotal	**209,689**
Gain on disposal of subsidiaires	**231,880**
Total consideration	**441,569**
Satisfied by:	
Cash	**441,569**

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

Cash consideration	**441,569**
Cash and bank balances disposed of	**(27,756)**
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	**413,813**

The net cash flows incurred by the Commercial Distribution Subsidiaries and CT Tongyong are as follows:

	2023	2022
	RMB'000	*RMB'000*
Operating activities	**64,926**	174,879
Investing activities	**(42,445)**	(89,378)
Financing activities	**(54,295)**	27,377
Net cash (outflow)/inflow	**(31,814)**	112,878

The net cash flows incurred by the CP Qingdao are as follows:

	2023	2022
	RMB'000	*RMB'000*
Operating activities	**80,462**	345,361
Investing activities	**66,118**	25,292
Financing activities	**–**	67
Net cash inflow	**146,580**	370,720

Earnings per share:

	2023	2022
Basic, from the discontinued operations	**RMB2.38 cents**	RMB2.35 cents
Diluted, from the discontinued operations	**RMB2.38 cents**	RMB2.29 cents

The calculations of basic and diluted loss per share from the discontinued operations are based on:

	2023	2022
	RMB'000	*RMB'000*
Profit attributable to ordinary equity holders of the parent from the discontinued operations	**440,599**	436,942
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**18,529,064,920**	18,622,248,991
Weighted average number of ordinary shares in issue during the year used in the diluted earnings per share calculation	**18,529,064,920**	19,017,201,976

8. DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has recommended the payment of a final dividend of HK3 cents per ordinary share for the year ended 31 December 2023 (2022: HK6 cents). Subject to the approval by the shareholders of the Company at the annual general meeting to be held on Wednesday, 5 June 2024, the final dividend will be paid to shareholders on Friday, 5 July 2024 whose names appear on the register of members of the Company on Tuesday, 18 June 2024.

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 Friday, 31 May 2024 to Wednesday, 5 June 2024, 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 Thursday, 30 May 2024.

(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 Thursday, 13 June 2024 to Tuesday, 18 June 2024, 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, 12 June 2024.

9. 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 RMB2,331,939,000 (2022: approximately RMB2,543,570,000), and the weighted average number of ordinary shares of 18,529,064,920 (2022: 18,622,248,991) 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.

No adjustment has been made to the basic earnings per share amounts presented for the year ended 31 December 2023 in respect of a dilution as the impact of the convertible bonds outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

The calculations of basic and diluted earnings per share for the year ended 31 December 2023 are based on:

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:		
From continuing operations	**1,891,340**	2,106,628
From discontinued operations	**440,599**	436,942
Subtotal	**2,331,939**	2,543,570
Interest on convertible bonds	**10,427**	81,872
Exchange loss/(gain) on convertible bonds – debt component	**80,326**	(248,137)
Fair value gain on convertible bonds – derivative component	**(161)**	(75,696)
Loss on extinguishment of partial convertible bonds	**120,603**	9,591
Profit attributable to ordinary equity holders of the parent before interest, loss on extinguishment, exchange gain and fair value gain on convertible bonds	**2,543,134**	2,311,200
Profit attributable to ordinary equity holders of the parent, used in the diluted earnings per share calculation:		
From continuing operations	**2,102,535**	1,874,258
From discontinued operations	**440,599**	436,942
	2,543,134	2,311,200

	Number of shares	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**18,529,064,920**	18,622,248,991
Effect of dilution – weighted average number of ordinary shares:		
– Convertible bonds	**46,015,510**	394,952,985
	18,575,080,430	19,017,201,976

10. TRADE AND BILLS 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 bills receivables as at the end of reporting period, based on invoice date and net of provisions, is as follows:

	31 December 2023	31 December 2022
	RMB'000	*RMB'000*
Current to 90 days	**4,319,725**	4,050,406
91 days to 180 days	**142,561**	466,707
Over 180 days	**47,909**	121,283
	4,510,195	4,638,396

11. CASH AND BANK BALANCES

	31 December 2023	31 December 2022
	RMB'000	*RMB'000*
Cash and bank balances, unrestricted	**4,203,568**	6,413,982
Time deposits with original maturity of less than three months	**3,098,310**	2,240,823
Time deposits with original maturity of more than three months	**2,150,000**	3,411,412
Cash and bank balances	**9,451,878**	12,066,217

12. 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 2023	31 December 2022
	RMB'000	*RMB'000*
Current to 90 days	**694,354**	996,140
91 days to 180 days	**397,702**	350,513
Over 180 days	**242,647**	290,698
	1,334,703	1,637,351

13. SHARE CAPITAL

	31 December 2023	31 December 2022
	RMB'000	*RMB'000*
Issued and fully paid:		
18,801,217,230 ordinary shares of HK$0.025 each (2022: 18,813,867,230 ordinary shares of HK$0.025 each)	**414,615**	414,899

CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company has complied with all the Code Provisions of the Corporate Governance Code as set out in Appendix C1 of the Listing Rules for the year ended 31 December 2023 except for the deviation from Code Provision C.1.6 in relation to attendance of the annual general meeting of the Company (the "AGM") by the independent non-executive Directors ("INEDs") of the Company. Two INEDs were unable to attend the AGM held on 15 June 2023 due to 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 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2023, the Company bought back a total of 12,650,000 Shares on the Stock Exchange at an aggregate consideration of approximately HK$46,032,500 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**		**Consideration paid**
		Highest	**Lowest**	
		HK$	*HK$*	*HK$*
February	4,650,000	4.22	4.05	19,192,500
June	8,000,000	3.41	3.33	26,840,000

Pursuant to the rules of the 2018 Share Award Scheme, the trustee of the scheme purchased on the Stock Exchange a total of 115,150,000 Shares at a total consideration of approximately HK$388,722,490 during 2023.

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, 28 March 2024

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.