三生制药
3SBIO INC.

*(Incorporated in the Cayman Islands with limited liability)*
**(Stock Code: 01530)**

# ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

## FINANCIAL HIGHLIGHTS*

- Revenue increased by RMB1,292.1 million or 16.5% to RMB9,108.0 million.
- Gross profit increased by RMB1,186.8 million or 17.9% to RMB7,828.4 million, and gross profit margin was 86.0%.
- Net profit attributable to owners of the parent increased by RMB541.1 million or 34.9% to RMB2,090.3 million. Net profit attributable to owners of the parent adjusted for non-operating items[1] increased by RMB366.4 million or 18.8% to RMB2,318.8 million.
- EBITDA increased by RMB784.7 million or 32.8% to RMB3,173.8 million. EBITDA adjusted for non-operating items[2] increased by RMB633.9 million or 22.9% to RMB3,402.3 million.
- The Board proposed to declare a final dividend of HKD25 cents per share for the year ended 31 December 2024 (2023: HKD25 cents).

* All numbers in this "Financial Highlights" section are subject to rounding adjustments and therefore approximate numbers only.

*Notes:*

1. The net profit attributable to owners of the parent adjusted for non-operating items is defined as the profit attributable to owners of the parent for the period excluding, as applicable (such excluded items, as applicable, "**Excluded Items**"):

    a) the interest expenses incurred in relation to the Euro ("**EUR**")-denominated zero-coupon convertible bonds in an aggregate principal amount of EUR320,000,000 due 2025 ("**2025 Bonds**");

    b) gain on redemption of 2025 Bonds;

    c) the expenses associated with awarded shares granted by 3SBio Inc. ("**3SBio**" or the "**Company**") in March 2020;

    d) the expenses associated with the awarded shares granted by 3SBio in September 2024;

    e) the expenses associated with the awarded shares granted under an employee share ownership plan by Sunshine Guojian Pharmaceutical (Shanghai) Co., Ltd. ("**Sunshine Guojian**"), an indirect non-wholly owned subsidiary of the Company in February 2021;

    f) the expenses associated with the restricted share incentive plan granted by Sunshine Guojian in July 2024;

    g) fair value gains or losses on financial assets at fair value through profit or loss ("**FVTPL**"); and

    h) non-operating foreign exchange differences.

2. The EBITDA adjusted for non-operating items is defined as the EBITDA for the period excluding the same items as listed in Note 1 above.

## ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of the Company is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2024 (the "**Reporting Period**"), together with the comparative figures for the previous year as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*Year ended 31 December 2024*

| | Notes | **2024** ***RMB'000*** | 2023 *RMB'000* |
|---|---|---|---|
| **REVENUE** | *5* | **9,107,978** | 7,815,938 |
| Cost of sales | *6* | **(1,279,602)** | (1,174,298) |
| Gross profit | | **7,828,376** | 6,641,640 |
| Other income and gains | *5* | **4,701** | (53,486) |
| Selling and distribution expenses | | **(3,351,349)** | (3,006,225) |
| Administrative expenses | | **(501,948)** | (480,825) |
| Research and development costs | | **(1,326,530)** | (794,794) |
| Other expenses | *6* | **(93,251)** | (85,760) |
| Finance costs | *7* | **(190,846)** | (212,296) |
| Share of profits and losses of: | | | |
| Joint ventures | | **(1,628)** | 1,053 |
| Associates | | **350,560** | (30,848) |
| **PROFIT BEFORE TAX** | | **2,718,085** | 1,978,459 |
| Income tax expense | *8* | **(500,536)** | (392,167) |
| **PROFIT FOR THE YEAR** | | **2,217,549** | 1,586,292 |
| Attributable to: | | | |
| Owners of the parent | | **2,090,320** | 1,549,239 |
| Non-controlling interests | | **127,229** | 37,053 |
| | | **2,217,549** | 1,586,292 |
| **EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT** | | | |
| — Basic | *10* | **RMB0.86** | RMB0.64 |
| — Diluted | *10* | **RMB0.85** | RMB0.62 |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*Year ended 31 December 2024*

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **PROFIT FOR THE YEAR** | **2,217,549** | 1,586,292 |
| **OTHER COMPREHENSIVE INCOME/(LOSS)** | | |
| Other comprehensive income that may be reclassified to profit or loss in subsequent periods: | | |
| Exchange differences: | | |
| Exchange differences on translation of foreign operations | **38,657** | 14,331 |
| Net other comprehensive income that may be reclassified to profit or loss in subsequent periods | **38,657** | 14,331 |
| Other comprehensive income/(loss) 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 | **30,563** | (115,197) |
| Income tax effect | **(1,564)** | (461) |
| Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods | **28,999** | (115,658) |
| OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX | **67,656** | (101,327) |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | **2,285,205** | 1,484,965 |
| Attributable to: | | |
| Owners of the parent | **2,157,976** | 1,447,912 |
| Non-controlling interest | **127,229** | 37,053 |
| | **2,285,205** | 1,484,965 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*31 December 2024*

| | Notes | **31 December 2024** ***RMB'000*** | 31 December 2023 *RMB'000* |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | | **4,993,461** | 4,692,152 |
| Right-of-use assets | | **374,056** | 375,606 |
| Goodwill | | **4,252,618** | 4,199,458 |
| Other intangible assets | | **1,684,510** | 1,554,451 |
| Investments in joint ventures | | **637** | 2,265 |
| Investments in associates | | **498,519** | 593,316 |
| Equity investments designated at fair value through other comprehensive income | | **817,951** | 521,724 |
| Prepayments, other receivables and other assets | | **326,756** | 203,422 |
| Non-pledged time deposits | *12* | **1,621,381** | 2,015,347 |
| Deferred tax assets | | **295,917** | 274,604 |
| Total non-current assets | | **14,865,806** | 14,432,345 |
| **CURRENT ASSETS** | | | |
| Inventories | | **795,191** | 777,539 |
| Trade and notes receivables | *11* | **1,305,160** | 1,095,132 |
| Prepayments, other receivables and other assets | | **741,138** | 1,132,499 |
| Financial assets at fair value through profit or loss | | **3,769,187** | 3,302,596 |
| Derivative financial instruments | | **8,547** | — |
| Pledged deposits | *12* | **178,568** | 195,432 |
| Non-pledged time deposits | *12* | **406,492** | 78,324 |
| Cash and cash equivalents | *12* | **2,142,651** | 2,611,161 |
| Total current assets | | **9,346,934** | 9,192,683 |
| **CURRENT LIABILITIES** | | | |
| Trade and bills payables | *13* | **179,561** | 212,062 |
| Other payables and accruals | | **1,721,896** | 1,332,393 |
| Deferred income | | **27,131** | 29,152 |
| Interest-bearing bank and other borrowings | *14* | **2,243,750** | 2,111,603 |
| Lease liabilities | | **15,269** | 9,735 |
| Bonds payable | *15* | **1,226,098** | – |
| Tax payable | | **49,819** | 32,665 |
| Total current liabilities | | **5,463,524** | 3,727,610 |
| **NET CURRENT ASSETS** | | **3,883,410** | 5,465,073 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **18,749,216** | 19,897,418 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

*31 December 2024*

| | Notes | **31 December 2024** ***RMB'000*** | 31 December 2023 *RMB'000* |
|---|---|---|---|
| **NON-CURRENT LIABILITIES** | | | |
| Interest-bearing bank and other borrowings | *14* | **37,628** | 1,462,733 |
| Lease liabilities | | **31,660** | 27,813 |
| Bonds payable | *15* | **—** | 1,225,959 |
| Deferred income | | **390,290** | 412,156 |
| Deferred tax liabilities | | **248,835** | 250,554 |
| Other non-current liabilities | | **4,473** | 4,603 |
| Total non-current liabilities | | **712,886** | 3,383,818 |
| Net assets | | **18,036,330** | 16,513,600 |
| **EQUITY** | | | |
| **Equity attributable to owners of the parent** | | | |
| Share capital | | **146** | 149 |
| Treasury shares | | **(235,641)** | (235,641) |
| Share premium | | **2,729,341** | 3,517,283 |
| Reserves | | **12,942,412** | 10,751,980 |
| Equity attributable to owners of the parent | | **15,436,258** | 14,033,771 |
| **Non-controlling interests** | | **2,600,072** | 2,479,829 |
| Total equity | | **18,036,330** | 16,513,600 |

## 1. CORPORATE AND GROUP INFORMATION

3SBio was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Islands Companies Laws on 9 August 2006. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**HKEx**") on 11 June 2015.

The Company is an investment holding company. During the year, the subsidiaries of the Company were principally engaged in the development, production, marketing and sale of biopharmaceutical products in the mainland area ("**Mainland China**") of the People's Republic of China (the "**PRC**").

## 2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") (which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations) issued by the International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investments and certain financial assets which have been measured at fair value. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

**Basis of consolidation**

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2024. 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), 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.

## 3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

| | |
|---|---|
| Amendments to IFRS 16 | *Lease Liability in a Sale and Leaseback* |
| Amendments to IAS 1 | *Classification of Liabilities as Current or Non-current* (the "**2020 Amendments**") |
| Amendments to IAS 1 | *Non-current Liabilities with Covenants* (the "**2022 Amendments**") |
| Amendments to IAS 7 and IFRS 7 | *Supplier Finance Arrangements* |

The nature and the impact of the revised IFRS Accounting Standards that are described below:

(a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 1 January 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

## 4. OPERATING SEGMENT INFORMATION

The Group has only one operating segment, which is the development, production, marketing and sale of biopharmaceutical products.

**Geographical information**

***(a) Revenue from external customers***

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Mainland China | **8,850,696** | 7,598,511 |
| Others | **257,282** | 217,427 |
| Total revenue | **9,107,978** | 7,815,938 |

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

***(b) Non-current assets***

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Mainland China | **10,169,932** | 9,371,178 |
| Others | **1,960,625** | 2,249,492 |
| Total non-current assets | **12,130,557** | 11,620,670 |

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

**Information about major customers**

The Group's customer base is diversified and no revenue from transactions with a significant customer accounted for 10% or more of the Group's total revenue during the year.

## 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| *Revenue from contracts with customers* | | |
| Sale of biopharmaceuticals | **8,927,872** | 7,641,957 |
| Contract development and manufacturing operation business | **180,106** | 173,981 |
| Total | **9,107,978** | 7,815,938 |

**Revenue from contracts with customers**

***(a) Disaggregated revenue information***

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Types of goods or services** | | |
| Sale of biopharmaceuticals | **8,927,872** | 7,641,957 |
| Contract development and manufacturing operation business | **180,106** | 173,981 |
| Total | **9,107,978** | 7,815,938 |
| **Geographical markets** | | |
| Mainland China | **8,850,696** | 7,598,511 |
| Others | **257,282** | 217,427 |
| Total | **9,107,978** | 7,815,938 |
| **Timing of revenue recognition** | | |
| Goods transferred at a point in time | **8,927,872** | 7,641,957 |
| Services transferred at a point in time | **180,106** | 173,981 |
| Total | **9,107,978** | 7,815,938 |

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

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Revenue recognised that was included in contract liabilities at the beginning of the reporting period: | | |
| Sale of biopharmaceuticals | **19,877** | 37,552 |

***(b) Performance obligations***

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

*Sale of biopharmaceuticals*

The performance obligation is satisfied upon receipt of the biopharmaceutical products by customers and payment is generally due within 60 to 90 days from reception, except for new customers, where payment in advance is normally required. Some contracts provide customers with a right of return and trade discounts which give rise to variable consideration subject to constraint.

*Contract development and manufacturing operation business*

The performance obligation is satisfied upon receipt of the technical services by customers as services are rendered and payment is generally due within 30 to 60 days from reception, except for new customers, where payment in advance is normally required.

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Other income** | | |
| Government grants related to | | |
| — Assets (a) | **30,185** | 22,756 |
| — Income (b) | **55,422** | 61,149 |
| Interest income | **147,781** | 153,124 |
| Others | **30,103** | 19,765 |
| Total other income | **263,491** | 256,794 |
| **Gains** | | |
| Gain on repurchase of convertible bonds | **—** | 48,268 |
| Foreign exchange differences, net | **25,281** | — |
| Fair value losses on financial assets at fair value through profit or loss | **(284,071)** | (358,548) |
| Total gains | **(258,790)** | (310,280) |
| Total other income and gains | **4,701** | (53,486) |

*Notes:*

(a) The Group has received certain government grants to purchase items of property, plant and equipment. The grants are initially recorded as deferred income and are amortised against the depreciation charge of the underlying property, plant and equipment in accordance with the assets' estimated useful lives.

(b) The government grants have been received for the Group's contribution to the development of the local pharmaceutical industry. There are no unfulfilled conditions or contingencies attaching to these grants.

## 6. PROFIT BEFORE TAX

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

| | Notes | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| Cost of inventories sold | | **1,116,084** | 1,029,861 |
| Cost of service provided | | **163,518** | 144,437 |
| Depreciation of property, plant and equipment | | **259,729** | 211,283 |
| Depreciation of right-of-use assets | | **25,432** | 19,692 |
| Amortisation of other intangible assets | | **109,787** | 103,873 |
| Amortisation of long-term deferred expenses | | **17,674** | 16,614 |
| Lease payments not included in the measurement of lease liabilities | | **8,242** | 8,437 |
| Auditor's remuneration | | **7,629** | 8,301 |
| Employee benefit expenses (excluding directors' and chief executive's remuneration): | | | |
| Wages, salaries and staff welfare | | **1,266,134** | 1,125,939 |
| Equity-settled compensation expenses | | **29,298** | (4,656) |
| Pension scheme contributions* | | **105,483** | 95,094 |
| Social welfare and other costs | | **163,799** | 145,885 |
| Total | | **1,564,714** | 1,362,262 |
| Other expenses: | | | |
| Donation | | **25,187** | 21,629 |
| Loss on disposal of items of property, plant and equipment | | **15,077** | 1,877 |
| Provision/(reversal of provision) for impairment of trade receivables | *11* | **2,631** | (14,670) |
| Provision/(reversal of provision) for impairment of prepayments, other receivables and other assets | | **2,835** | (10,502) |
| Provision for impairment of other intangible assets | | **41,245** | — |
| Foreign exchange differences, net | | **—** | 71,934 |
| Others | | **6,276** | 15,492 |
| Total | | **93,251** | 85,760 |

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

## 7. FINANCE COSTS

An analysis of finance costs is as follows:

| | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|
| Interest on bank borrowings | **136,735** | 159,546 |
| Interest on bonds payable | **50,583** | 25,606 |
| Interest on convertible bonds | **—** | 23,885 |
| Interest on lease liabilities | **3,528** | 3,259 |
| Total | **190,846** | 212,296 |

## 8. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the relevant rules and regulations of the Cayman Islands and the British Virgin Islands ("**BVI**"), the Company and the subsidiaries of the Group incorporated therein are not subject to any income tax in the Cayman Islands and the BVI.

No provision for Hong Kong profits tax has been made during the year as the Group had no assessable profits arising in Hong Kong.

Under the relevant PRC income tax law, except for Shenyang Sunshine Pharmaceutical Co., Ltd. ("**Shenyang Sunshine**"), Shenzhen Sciprogen Bio-pharmaceutical Technology Co., Ltd. ("**Sciprogen**"), Zhejiang Sunshine Mandi Pharmaceutical Co., Ltd. ("**Sunshine Mandi**"), National Engineering Research Center of Antibody Medicine ("**NERC**") and Sunshine Guojian which enjoy certain preferential treatment available to the Group, the PRC subsidiaries of the Group are subject to income tax at a rate of 25% on their respective taxable income.

Shenyang Sunshine, Sunshine Mandi, NERC and Sunshine Guojian are qualified as High and New Technology Enterprises for the year ended 31 December 2024 and are entitled to a preferential income tax rate of 15%. The qualification as a High and New Technology Enterprise is subject to review by the Ministry of Science and Technology every three years, and Sciprogen is currently in the process of applying for the High and New Technology Enterprise qualification review. The Group expects that Sciprogen would maintain the High and New Technology Enterprise qualification and has adopted a preferential CIT rate of 15% for the year ended 31 December 2024. In accordance with relevant Italian tax regulations, Sirton Pharmaceuticals S.p.A. ("**Sirton**") is subject to income tax at a rate of 27.9% (2023: 27.9%).

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 became effective on 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 the PRC and the jurisdiction of the foreign investors.

An analysis of the provision for tax in the financial statements is as follows:

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Current | **522,004** | 391,672 |
| Deferred | **(21,468)** | 495 |
| Total tax charge for the year | **500,536** | 392,167 |

A reconciliation of the tax expense applicable to profit before tax using the statutory rate for Mainland China to the tax expense at the effective tax rate is as follows:

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Profit before tax | **2,718,085** | 1,978,459 |
| At the PRC's statutory income tax rate of 25% | **679,521** | 494,615 |
| Preferential income tax rates applicable to subsidiaries | **(235,212)** | (219,026) |
| Additional deductible allowance for research and development expenses | **(173,162)** | (98,590) |
| Income not subject to tax | **(68,088)** | (3,558) |
| Adjustments in respect of current tax of previous periods | **67,742** | 15,018 |
| Effect of non-deductible expenses | **121,978** | 42,602 |
| Tax losses not recognised | **29,423** | 94,776 |
| Others | **78,334** | 66,330 |
| Tax charge at the Group's effective rate | **500,536** | 392,167 |

The effective tax rate of the Group for the year ended 31 December 2024 was 18.4% (2023: 19.8%).

**Pillar Two income taxes**

The Group is within the scope of the Pillar Two model rules. The Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes, and will account for the Pillar Two income taxes as current tax when incurred. Pillar Two legislation has been enacted or substantively enacted but not yet in effect as at 31 December 2024 in certain jurisdictions in which the Group operates.

The Group is in the process of assessing the potential exposure arising from Pillar Two legislation based on the information available for the financial year ended 31 December 2024. Based on the assessment carried out so far, the Group has identified certain countries where the Pillar Two effective tax rates are likely to be lower than 15%. Quantitative information to indicate potential exposure to Pillar Two income taxes is currently not known or reasonably estimable.

## 9. DIVIDENDS

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Proposed 2023 final — HKD25 cents per ordinary share | **545,302** | — |
| Proposed 2022 final — HKD10 cents per ordinary share | **—** | 224,883 |

A final dividend in respect of the year ended 31 December 2023 of HKD25 cents per share was proposed pursuant to a resolution passed by the Board on 20 March 2024 and was approved at the annual general meeting of the Company on 25 June 2024. The dividend had been paid to the shareholders of the Company during the reporting period.

## 10. 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 for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 2,423,500,054 (2023: 2,438,916,302) outstanding during the year, as adjusted to reflect the issue of ordinary shares during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the interest 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 outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

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

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Earnings** | | |
| Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation: | **2,090,320** | 1,549,239 |
| Interest on convertible bonds | **—** | 23,885 |
| Less: Gain on repurchase of convertible bonds | **—** | (48,268) |
| Profit attributable to ordinary equity holders of the parent before interest on convertible bonds and gain on repurchase of convertible bonds | **2,090,320** | 1,524,856 |

| | **Number of shares** | |
|---|---|---|
| | **2024** | 2023 |
| **Shares** | | |
| Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation | **2,423,500,054** | 2,438,916,302 |
| Effect of dilution — weighted average number of ordinary shares: | | |
| Awarded shares | **43,107,688** | 2,750,000 |
| Total | **2,466,607,742** | 2,441,666,302 |

## 11. TRADE AND NOTES RECEIVABLES

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Trade receivables | **1,312,969** | 1,060,439 |
| Notes receivable | **45,574** | 85,445 |
| Total | **1,358,543** | 1,145,884 |
| Provision for impairment of trade receivables | **(53,383)** | (50,752) |
| Net carrying amount | **1,305,160** | 1,095,132 |

The Group's trading terms with its customers are mainly on credit. The credit period is generally two months, extending up to three months for major customers. 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. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Within 1 month | **743,850** | 514,891 |
| 1 to 3 months | **491,003** | 470,039 |
| 3 to 6 months | **16,054** | 16,884 |
| 6 months to 1 year | **9,620** | 9,132 |
| 1 to 2 years | **7,530** | 7,283 |
| Over 2 years | **44,912** | 42,210 |
| Total | **1,312,969** | 1,060,439 |

The movements in the loss allowance for impairment of trade receivables are as follows:

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| At beginning of year | **50,752** | 65,422 |
| Impairment losses, net | **2,631** | (14,670) |
| At end of year | **53,383** | 50,752 |

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns (i.e., by customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

**As at 31 December 2024**

| | **Ageing** | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Within 1 month** | **1 to 3 months** | **3 to 6 months** | **6 months to 1 year** | **1 to 2 years** | **Over 2 years** | **Total** |
| **Expected credit loss rates** | **0.43%** | **0.43%** | **0.43%** | **0.43%** | **40.66%** | **100.00%** | **4.07%** |
| **Gross carrying amount (RMB'000)** | **743,850** | **491,003** | **16,054** | **9,620** | **7,530** | **44,912** | **1,312,969** |
| **Expected credit losses (RMB'000)** | **3,189** | **2,111** | **69** | **41** | **3,061** | **44,912** | **53,383** |

As at 31 December 2023

| | Ageing | | | | | | |
|---|---|---|---|---|---|---|---|
| | Within 1 month | 1 to 3 months | 3 to 6 months | 6 months to 1 year | 1 to 2 years | Over 2 years | Total |
| Expected credit loss rates | 0.53% | 0.50% | 0.44% | 0.35% | 46.24% | 100.00% | 4.79% |
| Gross carrying amount (RMB'000) | 514,891 | 470,039 | 16,884 | 9,132 | 7,283 | 42,210 | 1,060,439 |
| Expected credit losses (RMB'000) | 2,717 | 2,350 | 75 | 32 | 3,368 | 42,210 | 50,752 |

The illustrative disclosures for transfers of financial assets relating to trade receivable factoring arrangements are included in note 14.

## 12. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Cash at bank and on hand | **1,618,397** | 2,610,430 |
| Restricted cash | **524,254** | 731 |
| Pledged deposits | **178,568** | 195,432 |
| Non-pledged time deposits | **1,621,381** | 2,015,347 |
| Time deposits with original maturity of more than three months | **406,492** | 78,324 |
| Subtotal | **4,349,092** | 4,900,264 |
| Less: | | |
| Pledged deposits | **(178,568)** | (195,432) |
| Non-pledged time deposits | **(1,621,381)** | (2,015,347) |
| Cash and bank balances | **2,549,143** | 2,689,485 |
| Less: | | |
| Time deposits with original maturity of more than three months | **(406,492)** | (78,324) |
| Cash and cash equivalents | **2,142,651** | 2,611,161 |

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

The Group's cash and cash equivalents and deposits as at 31 December 2024 are denominated in the following currencies:

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Denominated in: | | |
| — RMB | **2,953,324** | 4,049,851 |
| — HKD | **39,986** | 81,060 |
| — USD | **1,211,301** | 727,181 |
| — EUR | **144,315** | 42,171 |
| — Japanese Yen ("**JPY**") | **2** | — |
| — Australian Dollar ("**AUD**") | **163** | — |
| — Great Britain Pound ("**GBP**") | **1** | 1 |
| | **4,349,092** | 4,900,264 |

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximated to their fair values as at the end of the reporting period. Deposits of approximately RMB178,568,000 (2023: RMB195,432,000) have been pledged to secure letters of credit, bank acceptance bills and pending lawsuits and arbitration as at 31 December 2024.

## 13. TRADE AND BILLS PAYABLES

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

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Within 3 months | **152,171** | 182,022 |
| 3 to 6 months | **24,752** | 25,875 |
| Over 6 months | **2,638** | 4,165 |
| Total | **179,561** | 212,062 |

The trade and bills payables are non-interest-bearing and repayable within the normal operating cycle or on demand.

## 14. INTEREST-BEARING BANK AND OTHER BORROWINGS

| | **2024** | | | 2023 | | |
|---|---|---|---|---|---|---|
| | **Effective interest rate (%)** | **Maturity** | ***RMB'000*** | Effective interest rate (%) | Maturity | *RMB'000* |
| **Current** | | | | | | |
| Bank loans — unsecured | **2.27-3.03** | **2025** | **1,993,750** | 2.30-3.91 | 2024 | 1,485,796 |
| Bank loan — secured | **2.10** | **2025** | **250,000** | 1.95-3.65 | 2024 | 625,807 |
| Bonds payable *(note 15)* | **4.20** | **2025** | **1,226,098** | — | — | — |
| Total — current | | | **3,469,848** | | | 2,111,603 |
| **Non-current** | | | | | | |
| Bank loan — unsecured | | | **—** | 4.18-6.60 | 2025 | 1,401,578 |
| Bank loans — secured | **2.75** | **2028** | **37,628** | 2.75-3.65 | 2028-2031 | 61,155 |
| Bonds payable *(note 15)* | **—** | **—** | **—** | 4.20 | 2025 | 1,225,959 |
| Total — non-current | | | **37,628** | | | 2,688,692 |
| Total | | | **3,507,476** | | | 4,800,295 |

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Interest-bearing bank borrowings denominated in: | | |
| — RMB | **800,374** | 689,835 |
| — HKD | **721,367** | 877,036 |
| — USD | **—** | 701,250 |
| — EUR | **759,637** | 1,306,215 |
| Total | **2,281,378** | 3,574,336 |

| | 2024 | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Analysed into: | | |
| Bank loans and overdrafts repayable: | | |
| Within one year or on demand | **2,243,750** | 2,111,603 |
| In the second year | **—** | 1,293,578 |
| In the third to tenth years, inclusive | **37,628** | 169,155 |
| Total | **2,281,378** | 3,574,336 |

*Notes:*

(a) For the twelve months ended 31 December 2024, the bank borrowings bear interest at fixed interest rates ranging from 2.10% to 3.03% (31 December 2023: 1.95% to 6.60%) per annum.

(b) Certain of the Group's bank borrowings are secured by mortgages over the Group's freehold land and buildings.

(c) The Group has entered into certain recourse factoring agreements with certain bank for financing purposes. As at 31 December 2024, trade receivables of RMB251,803,000 (31 December 2023: RMB333,333,000) had been transferred under recourse factoring agreements. Those trade receivables from Shenyang Sunshine by Liaoning Sunshine Bio-Pharmaceutical Company Limited were derived from internal transactions within the Group and were eliminated in full on consolidation. In the opinion of the directors, such transactions did not qualify for derecognition of the relevant trade receivables and the loans received from the bank were accounted for as secured borrowings.

(d) The carrying amounts of the current bank borrowings approximate to their fair values.

## 15. BONDS PAYABLE

On 26 June 2023, the Company issued unsecured non-listed bonds in an aggregate amount of RMB1,200,000,000 (the "**Panda Bonds**"). The bonds were priced at par at RMB100 each, carrying interest at a fixed rate of 4.20% per annum. The bonds will mature on 25 June 2025.

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Bonds payable | **1,226,098** | 1,225,959 |
| Amount repayable: | | |
| Within one year | **1,226,098** | — |
| In the second year | **—** | 1,225,959 |

## Business Review

### *Overview*

3SBio is a leading biotechnology company in the PRC. As a pioneer in the Chinese biotechnology industry, the Group has extensive expertise in researching, developing, manufacturing and marketing bio-pharmaceuticals. The core products of the Group include several bio-pharmaceutical drugs, TPIAO (特比澳), recombinant human erythropoietin ("**rhEPO**") products EPIAO (益比奧) and SEPO (賽博爾), Yisaipu (益賽普) and Cipterbin (賽普汀), and a small molecule drug, Mandi (蔓迪). TPIAO is the only commercialized recombinant human thrombopoietin ("**rhTPO**") product in the world. According to IQVIA[1], the market share in the treatment of thrombocytopenia of TPIAO in Mainland China was 66.6% in 2024 in terms of sales value. With its two rhEPO products, the Group has been the premier market leader in the Mainland China rhEPO market for over two decades, holding a total market share of 42.0% in 2024. Yisaipu is the first-to-market Tumour Necrosis Factor ("**TNF**") α inhibitor product in Mainland China. Mandi has a dominant position in the Mainland China minoxidil market. The Group has been expanding its therapeutic coverage by adding products through internal research and development ("**R&D**") and various external strategic partnerships. In 2024, the Group introduced Semaglutide Injection, Paclitaxel Oral Solution, Clifutinib, and Her-2 ADC, actively exploring in the commercialization field.

### *Key Events*

*Mandi Foam Approved for Market Launch*

As announced on 8 January 2024, the application for market launch of Mandi (5% minoxidil) Foam as an over-the-counter drug for the treatment of androgenetic alopecia and alopecia areata by 3SBio's subsidiary, Sunshine Mandi, to the PRC National Medical Products Administration ("**NMPA**") has been approved.

Mandi Foam is the first domestic minoxidil foam approved for market launch. Its successfully completed phase III study showed Mandi Foam being of equivalent efficacy and similar safety and tolerability as ROGAINE®, the leading minoxidil drug in the U.S.. Minoxidil is currently a first-line topical drug for the clinical treatment of androgenetic alopecia. Mandi Foam has better transdermal speed and scalp accumulation rate, with milder scalp tolerance, rendering it a better choice for alopecia users.

1 All market share information throughout this announcement cites the IQVIA data, unless otherwise noted.

*TPIAO Approved for Pediatric ITP Indication*

TPIAO, which was submitted for the new indication of treatment of persistent or chronic immune thrombocytopenia ("**ITP**") in children or adolescents to the NMPA, has been approved on 2 April 2024.

Primary ITP is an acquired autoimmune hemorrhagic disease. Pediatric ITP is often characterized by sudden petechiae, ecchymosis or bleeding in children who are normally healthy. Occasionally, thrombocytopenia is found in patients who undergo whole blood cell counts due to other conditions.

*Semaglutide (Weight Management) Cooperation*

As announced on 28 May 2024, Sunshine Mandi entered into the Semaglutide Injection Cooperation Agreement (the "**Semaglutide Agreement**") with Hybio Pharmaceutical Co., Ltd. ("**Hybio Pharmaceutical**"). Pursuant to the Semaglutide Agreement, Hybio Pharmaceutical and Sunshine Mandi will jointly develop, and supply/purchase on an exclusive basis, the Semaglutide Injection in weight management indication ("**Semaglutide WM**") and share the profits from its sales. Sunshine Mandi will pay Hybio Pharmaceutical milestone payments of up to RMB270 million under the Semaglutide Agreement, including a consideration for preclinical technical results of RMB45 million, in addition to an exclusive procurement price and royalties. Sunshine Mandi will receive the preclinical technical research results of the cooperation product from Hybio Pharmaceutical and entrust Hybio to provide clinical research and registration application services, with Sunshine Mandi to be the marketing authorization holder (MAH) of Semaglutide WM in certain regions. Sunshine Mandi shall acquire the right to market the product exclusively and be responsible for the commercialization of the product in the region; meanwhile, Sunshine Mandi will entrust Hybio Pharmaceutical to be responsible for the exclusive production and supply of Semaglutide WM. After the launch of the product, Sunshine Mandi will pay Hybio Pharmaceutical two-digit royalties based on the gross profit derived from the net sales of the product in the region in each calender year.

*Cooperation with Haihe Biopharma in respect of Paclitaxel Oral Solution*

Shenyang Sunshine, a subsidiary of 3SBio, entered into the Paclitaxel Oral Solution Exclusive Commercialization Cooperation Agreement (the "**Paclitaxel Agreement**") with Shanghai Haihe Biopharma Research and Development Co., Ltd. ("**Haihe Biopharma**") and its subsidiary Shanghai RMX Biopharma Co., Ltd. ("**RMX Biopharma**"). Pursuant to the Paclitaxel Agreement, Shenyang Sunshine will obtain the exclusive commercialization rights of RMX Biopharma's product of Paclitaxel Oral Solution in Mainland China and Hong Kong. Shenyang Sunshine will pay RMX Biopharma an initial payment as well as R&D and sales milestone payments in accordance with the Paclitaxel Agreement. RMX Biopharma will continue to be responsible for the ongoing phase III clinical trials and any follow up development, clinical and registration works for the product.

*Cooperation with Sunshine Lake Pharma in respect of Clifutinib Besylate*

Shenyang Sunshine entered into the cooperation agreement (the "**Clifutinib Agreement**") with Sunshine Lake Pharma Co., Ltd. (廣東東陽光藥業股份有限公司) ("**Sunshine Lake Pharma**") and its subsidiary YiChang HEC ChangJiang Pharmaceutical Co., Ltd. (宜昌東陽光長江藥業股份有限公司) in respect of clifutinib besylate (the "**Clifutinib**"). Pursuant to the Clifutinib Agreement, Shenyang Sunshine will obtain the exclusive commercialization rights of Clifutinib, a product of Sunshine Lake Pharma, for specific indications in Mainland China. Shenyang Sunshine will pay Sunshine Lake Pharma an initial payment as well as the corresponding R&D and sales milestone payments in accordance with the Clifutinib Agreement. Sunshine Lake Pharma will continue to be responsible for the R&D, registration, production and other works of Clifutinib.

*Cooperation with Duality Biologics in respect of HER2 ADC Drug*

Shenyang Sunshine and its subsidiaries entered into a cooperation agreement with Duality Biologics (Shanghai) Co., Ltd. ("**Duality Biologics**"), a clinical-stage innovative biopharmaceutical company focusing on the R&D of next-generation ADC therapeutic agents for patients suffering from cancers and autoimmune diseases, in respect of a HER2 ADC drug DB-1303. Pursuant to the agreement, Shenyang Sunshine will obtain the commercialization right of the HER2 ADC drug DB-1303 developed by Duality Biologics for various indications in Mainland China, Hong Kong and Macau. Shenyang Sunshine will pay Duality Biologics an initial payment as well as R&D and sales milestone payments in accordance with the agreement. Meanwhile, Duality Biologics will continue to be responsible for the clinical development, registration and other works of the relevant indications in the cooperation regions.

***Key Products***

***— Bio-pharmaceuticals***

*TPIAO*

TPIAO is the Group's self-developed proprietary product, and has been the only commercialized rhTPO product in the world since its launch in 2005. TPIAO has been approved by the NMPA for three indications: the treatment of chemotherapy-induced thrombocytopenia ("**CIT**"), ITP and pediatric ITP. TPIAO has the advantages of higher efficacy, faster platelet recovery and fewer side effects as compared to alternative treatments for CIT and ITP.

TPIAO has been listed on the National Reimbursement Drug List for Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance (《國家基本醫療保險、工傷保險和生育保險藥品目錄》) ("**NRDL**") as a Class B Drug for the treatment of CIT in patients with solid tumors or ITP since 2017. In the "*Guidelines of CSCO — Cancer Therapy Induced Thrombocytopenia ("**CTIT**") (2024 version)*"[2], rhTPO is listed as a treatment choice with the highest level recommendation, the Grade I recommendation. According to the "*Adapted Guideline for the Diagnosis and Treatment of Primary Immune Thrombocytopenia for Chinese Children (2021)*"[3], rhTPO is the preferred choice among the conventional second line treatments. According to the "*Chinese Guideline on the Diagnosis and Management of Adult Primary Immune Thrombocytopenia (2020 version)*"[4], rhTPO is one of the primary treatments for ITP emergency cases and is the preferred choice in the second line treatments list for both ITP and ITP in pregnancy. In "*Consensus on the Clinical Diagnosis, Treatment, and Prevention of Chemotherapy-Induced Thrombocytopenia in China (2019 version)*"[5], rhTPO is one of the primary treatments for CIT. rhTPO has also received similar professional endorsements in several national guidelines and experts consensus on treating certain other diseases in Mainland China.

Future growth of TPIAO may be driven by: 1) the enhanced market position as for inpatients attributable to its safety and efficacy, and its continually supplanting traditional interleukin ("**IL**") platelet-raising drugs in clinical use; 2) the continued increase in the number of hospitals covered; and 3) the expansion of indications. In 2024, its market share for the treatment of thrombocytopenia in Mainland China was 34.3% in terms of sales volume and 66.6% in terms of sales value. The supplemental New Drug Application ("**NDA**") for treatment of persistent or chronic primary ITP in children or adolescents has been approved by the NMPA on 2 April 2024. In July 2024, the primary endpoint has been achieved in the trial of phase III clinical study of TPIAO in the treatment of patients with chronic liver disease ("**CLD**") related thrombocytopenia who are candidates for invasive surgery. 3SBio submitted a marketing application for this indication to the NMPA in August 2024 and the application was accepted.

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2 Issued by the Chinese Society of Clinical Oncology ("**CSCO**")

3 Issued by the Subspecialty Group of Hematologic Diseases, the Society of Pediatrics, Chinese Medical Association (the "**CMA**"); the Editorial Board, Chinese Journal of Pediatrics

4 Issued by the Thrombosis and Hemostasis Group of the Chinese Society of Hematology of the CMA

5 Issued by the Society of Chemotherapy, China Anti-Cancer Association; and Committee of Neoplastic Supportive-Care (CONS), China Anti-Cancer Association

*EPIAO*

EPIAO is approved by the NMPA for the following three indications: the treatment of anemia associated with chronic kidney disease ("**CKD**"), the treatment of chemotherapy-induced anemia ("**CIA**"), and the reduction of allogeneic blood transfusion in surgery patients. rhEPO products has been listed on the NRDL as a Class B Drug for renal anemia since 2000, for CIA in patients with non-hematological malignancies since 2019, and, additionally, rhEPO products for the reduction of allogeneic blood transfusion in surgery patients also is under NRDL coverage since 2024. EPIAO has also been listed on the 2018 National Essential Drug List. EPIAO has consistently been the premier market leader in the Mainland China rhEPO market since 2002 in terms of both sales volume and sales value. EPIAO and SEPO together claim a majority market share of the Mainland China rhEPO market at 10,000 IU dosage. The Group believes that, 1) the continuous expansion of the dialysis market; 2) the coverage reduction of allogeneic blood transfusion in surgery patients in the NRDL; 3) the improvement of anemia treatment standards; 4) the improvement of the diagnosis and treatment rate of cancer anemia; and 5) the proactive going-deep strategy in the lower-tier market, will continue to drive the further growth of clinical applications of its erythropoietin products. The multi-center biosimilar clinical trials for EPIAO in Russia and Thailand were completed in 2021. These trials demonstrate that EPIAO has promising effectiveness and manageable safety in patients with end-stage renal disease on hemodialysis. EPIAO is in the process of registration in several countries in Asia, Africa, Europe, South and North America.

*Yisaipu*

Yisaipu (Recombinant Human TNF-α Receptor II: IgG Fc Fusion Protein for Injection), is a TNF-α inhibitor product. It was first launched in 2005 in Mainland China for rheumatoid arthritis ("**RA**"). Its indications were expanded to ankylosing spondylitis ("**AS**") and psoriasis in 2007. Yisaipu has been listed on the NRDL as a Class B Drug since 2017 for RA and for AS, each subject to certain medical prerequisites, and additionally, since 2019 for the treatment of adult patients with severe plaque psoriasis. Yisaipu is the first-to-market TNF-α inhibitor product in Mainland China that filled a gap among domestic peers in regard to the fully-human therapeutic antibody-drugs. Compared with competitors, the efficacy and safety of Yisaipu have been proven in the domestic market over two decades. In "*2018 China Rheumatoid Arthritis Treatment Guidance*", an authoritative document issued by the CMA, Yisaipu was adopted under 'TNF-α inhibitors' as one of the RA treatment options, and TNF-α inhibitors was deemed as a group of biological agents with relatively sufficient evidence and relatively wide adoption in treating RA. TNF-α inhibitors have been recommended in a number of professional guidelines, such as "*EULAR Recommendations for the Management of Rheumatoid Arthritis with Synthetic and Biological Disease-Modifying Anti-rheumatic Drugs: 2022 Update*", "*Group for Research and Assessment of Psoriasis and Psoriatic Arthritis (GRAPPA): Updated Treatment Recommendations for Psoriatic Arthritis 2021*" and "*Recommendations for Diagnosis and Treatment of Ankylosing Spondylitis*"[6].

6 Issued by Chinese Rheumatology Association of the CMA, Chin J Intern Med, August 2022, Vol. 61, No. 8

In 2024, Yisaipu will actively embrace centralized procurement to further promote the concept of long-term benefits of early-stage biotherapy and encourage its use early in the treatment process. It will continue to enhance its awareness and application within the medical profession and market growth of rheumatic immune biological agents in key third and fourth tier cities, and meanwhile, actively expand the application of Yisaipu in different departments and fields including Chinese traditional medicine. The prefilled syringe of Yisaipu, launched since 2023, improves patient convenience and enhances the overall market competitiveness of Yisaipu.

*Cipterbin*

Cipterbin (Inetetamab) is the first innovative anti-HER2 monoclonal antibody ("**mAb**") in Mainland China with the engineered Fc region and optimized production process. Sunshine Guojian independently developed this product based on its proprietary technology platform. It was approved by the NMPA in June 2020 for treatment of HER2-positive metastatic breast cancer in combination with chemotherapy. Cipterbin has been listed on the NRDL since 2020. Inetetamab has been included in several clinical guidelines and experts consensus, including "*Guidelines of CSCO — Breast Cancer (2024 edition)*" and "*Guidelines for Breast Cancer Diagnosis and Treatment by China Anti-Cancer Association (2024 edition)*". With excellent efficacy and safety and increased clinical use, the acceptance of Cipterbin by physicians and patients has been in steady rise. In addition, positive research progress has been made in the application of Cipterbin in early neo-adjuvant therapy, treatment of advanced HER2-positive breast cancer, and pan-HER2. These researches provide a strong scientific basis for Cipterbin in the treatment of breast cancer at different stages, and also provide new ideas for the treatment of other HER2-positive cancers.

— ***Small Molecules***

*Mandi*

Mandi, generically known as minoxidil, was launched in 2001 as the first over-the-counter ("**OTC**") drug in Mainland China for androgenetic alopecia ("**AGA**") and alopecia areata. Minoxidil is the world's only topical OTC drug for male and female alopecia that is approved for marketing by the U.S. Food and Drug Administration ("**FDA**") as well as the NMPA. The topical minoxidil can promote hair growth through: 1) promoting angiogenesis to increase regional blood supply and dilate scalp vascular, so as to improve microcirculation; 2) directly stimulating proliferation and differentiation of hair follicle epithelial cells to extend hair growth cycle; and 3) regulating the balance between calcium ion and potassium ion. In the "*Guideline for Diagnosis and Treatment of Androgenetic Alopecia*" issued by Chinese Medical Doctor Association, minoxidil receives the highest endorsement level, as it is superior to other AGA treatments in terms of anti-alopecia and improvement effects and safety. In "*Chinese Experts Consensus on the Diagnosis and Treatment of Female Androgenetic Alopecia (2022 edition)*" (issued by the CMA), 5% minoxidil receives the highest endorsement level in female androgenetic alopecia (FAGA).

In 2024, Mandi still had a dominant position in the Mainland China minoxidil market. The Group believes that Mandi's continuous growth in the future will be driven by: 1) persistent market education, as the Group will continue to invest resources in promotion and market education regarding the science of hair growth, enhancing the social recognition of Mandi as the top brand of scientific hair growth; 2) professional digital marketing system, as Mandi expands its online layout from traditional e-commerce platforms such as Ali, JD, to new e-commerce platforms like Tiktok store and Little Red Book, creating diversified and fine-tuned operation, accurately reaching and converting potential customers, and continuously boosting sales on e-commerce platforms; and 3) launch of new foam formulation. The application for market launch of Mandi (5% minoxidil) foam was approved by the NMPA as over-the-counter (OTC) drug for male alopecia and alopecia areata, as announced on 8 January 2024. Mandi foam is currently the only minoxidil foam that is approved for marketing in Mainland China, which significantly improves its market competitiveness.

In Mainland China, the current penetration rate of Mandi is still at a low level among the 250 million hair loss population. The Group focuses on greater brand promotion of Mandi and on improving recognition of drug treatment effectiveness for hair loss. The Group believes that with greater promotion, the enhanced penetration rate will continue to aggrandize the market potential of Mandi.

*Remitch®*

As announced on 5 July 2023, the NDA of nalfuraphine hydrochloride orally disintegrating tablets (Group R&D code: TRK-820, marketed in Japan as "Remitch" since 2009, marketed in Mainland China as 麗美治®) was approved by the NMPA to treat hemodialysis pruritus where current treatments do not produce satisfactory results. On 28 November, 2024, Remitch® has been successfully listed on the NRDL (2024 Edition). In December 2017, Toray Industries Inc. ("**Toray**") granted to the Group the exclusive right to develop and commercialize TRK-820 in Mainland China.

According to the CMA, there are over 2 million patients with uremia in China, with 800,000 individuals undergoing hemodialysis per year. According to the results of the global survey DOPPS (*Dialysis Outcomes and Practice Patterns Study*), 82% of hemodialysis patients in China suffer from varying degrees of skin itching. Among them, as high as 39% of patients are suffering from moderate or more severe level of skin itching, and patients suffering from severe or acutely severe skin itching are up to 19%. Pruritus and the accompanying persistent sleep obstacles have become one of the important causes of depression suffered by hemodialysis patients; there is also a clear correlation between the state of depression and the increased death rates in hemodialysis patients.

Antihistamines is one of the most commonly used drugs for treatment of skin pruritus in clinical practice, but it is not very effective for treating hemodialysis pruritus. Remitch® is the first marketed drug in Mainland China targeting hemodialysis pruritus, alleviating itching through a novel mechanism distinct from existing antihistamines or anti-allergic drugs. and is expected to alleviate the pruritus symptoms and improve patient quality of life, thereby bringing benefits to the large number of hemodialysis pruritus patients in Mainland China.

— ***CDMO Business***

The Group's contract development and manufacturing operation ("**CDMO**") business currently comprises Northern Medicine Valley Desen (Shenyang) Biologics Co., Ltd. ("**Desen Biologics**"), Shanghai Shengguo Pharmaceutical Development Co., Ltd., Guangdong Sunshine Pharmaceutical Co., Ltd. and Sirton in Italy, all being the Group's subsidiaries. Among them, Desen Biologics has a total planned area of 500 Chinese mu, designed as a biopharmaceutical CDMO base, a manufacturing base of biopharmaceutical raw and auxiliary materials and consumables, and a biopharmaceutical core process equipment base that are domestically-leading, oriented to the international market and compliant with relevant Chinese, EU and U.S. Good Manufacturing Practice ("**GMP**") regulations. The 76,000-liter drug substance and drug product manufacturing capacity has commenced to be successively certified since 2023.

***New Drug Approvals***

*Minoxidil foam formulation (MN709):* As announced on 8 January 2024, the application for market launch of Mandi (5% minoxidil) Foam as an over-the-counter drug for the treatment of androgenetic alopecia and alopecia areata by the Group to the NMPA has been approved.

*TPIAO (rhTPO):* As announced on 12 April 2024, the supplemental NDA of Recombinant Human Thrombopoietin Injection TPIAO for the treatment of persistent or chronic primary ITP in children or adolescents has been approved by the NMPA on 2 April 2024. In addition, the NDA for TPIAO in the treatment of patients with CLD related thrombocytopenia who are candidates for invasive surgery was submitted in August 2024 and the application was accepted.

*Eltrombopag Suspension:* The Group's cooperative product, Eltrombopag Suspension (Teaisheng® (特艾升®)), was approved for marketing by the NMPA in December 2024. It is indicated for the treatment of chronic immune (idiopathic) thrombocytopenia (ITP) in adults and children aged 6 years and above. Compared with other eltrombopag olamine drugs, the suspension offers improved palatability, effectively enhancing patient compliance. Additionally, it allows for convenient dose adjustment, enabling precise medication administration.

***Research and Development***

The Group's integrated R&D platform covers a broad range of technical expertise in the discovery and development of various innovative large and small molecule products, including antibody discovery, molecular cloning, antibody/protein engineering, gene expression, cell line construction, manufacturing process development, pilot and large scale manufacturing, quality control and assurance, design and management of pre-clinical and clinical trials, and regulatory filing and registration. The Group is well experienced in the R&D of mammalian cell-expressed, bacterial cell-expressed and chemically-synthesized pharmaceuticals.

The Group focuses its R&D efforts on researching and developing innovative biological products as well as small molecule therapeutics. Currently, the Group has several leading biological products in various stages of clinical development, including SSS06 (NuPIAO, a second-generation rhEPO to treat anemia), 608 (an anti-IL-17A antibody to treat plaque psoriasis and ankylosing spondylitis and other illness), CS1003 (an anti-programmed cell death protein 1 ("**PD1**") antibody for the first-line treatment of advanced hepatocellular carcinoma), 601A (an anti-vascular endothelial growth factor ("**VEGF**") antibody to treat branch retinal vein occlusion ("**BRVO**") and other ophthalmological diseases), 613 (an anti-IL-1ß antibody to treat acute/intermittent gouty arthritis), 611 (an anti-IL4Rα antibody to treat atopic dermatitis ("**AD**") and Chronic Rhinosinusitis with Nasal Polyps (CRSwNP) and other illness), 610 (an anti-IL-5 antibody to treat severe asthma), and 626 (an anti-BDCA2 antibody to treat systemic lupus erythematosus ("**SLE**") and cutaneous lupus erythematosus (CLE)), as well as multiple oncology treatment products such as 707 (anti-VEGF/PD1 BsAb), 705 (anti-PD1/Her2 BsAb), and 706 (anti-PD1/PDL1 BsAb). On the small molecule side, the Group is conducting clinical trials of HIF-117 capsule (SSS17, a selective small molecule inhibitor of hypoxia inducible factor ("**HIF**") proline hydroxylase) to treat anemia, and a bridging clinical trial in Mainland China for clascoterone cream (Winlevi®) in acne indication.

On the research front, the Group is engaged in developing innovative biological products, including mAbs, bi-specific antibodies and fusion proteins, and a number of small molecule drugs, both innovative and generic, in the areas of nephrology, oncology, autoimmune and inflammatory diseases, ophthalmology, dermatological and metabolic diseases.

The Group's R&D team, consisting of nearly 700 experienced scientists, is working diligently to research and discover new medicines, to accelerate the progress of clinical development, and to bring breakthrough therapies to fulfill the unmet medical needs of patients.

## *Product Pipeline*

As at 31 December 2024, amongst the 30 key product candidates within the Group's active pipeline, 29 were being developed as innovative drugs in Mainland China. Out of these product candidates, 18 are antibodies, 6 are other biologic products, and 6 are small molecule drugs. The Group has 13 product candidates in hematology/oncology; 11 product candidates that target auto-immune diseases including RA and other diseases including refractory gout and ophthalmological diseases such as BRVO; 3 product candidates in nephrology; 2 product candidates in dermatology and 1 product candidate in metabolic diseases.

*Notes:*

(1) Each arrow bar in the R&D Pipeline chart below indicates the progress in Mainland China, other than those bearing remarks on U.S. progress

(2) IND: Investigational new drug

(3) ANDA: abbreviated NDA

(4) The R&D Pipeline chart below only displays the highest clinical stage of all the indications of a product candidate

(5) The products approved for marketing in 2024 are Mandi Foam, eltrombopag suspension, apremilast tablets, and TPIAO was approved for a new pediatric ITP indication in 2024

## *R&D Pipeline*

The Group has fully utilized its thirty years of experience in the R&D of biopharmaceuticals, and has deployed a number of early discovery projects in hematology, oncology and autoimmune fields, covering more than 10 innovative targets, which provide a long-term strategic reserve for the Group's R&D.

***Key Product Developments***

(Unless otherwise noted, this Section "Key Product Developments" concerns the developments in Mainland China.)

– *New Drug Application*

*NuPIAO (Second-generation rhEPO, SSS06):* The Group completed the phase III clinical trial of SSS06 for the treatment of anemia in chronic renal failure in January 2024, which demonstrated that the study reached its pre-set primary endpoint. In addition, the Group submitted an NDA for this product to NMPA in July 2024 for the treatment of adult dialysis patients undergoing erythropoietin therapy and the application was accepted. Moreover, the IND application for SSS06 targeting CIA was approved for phase II clinical trial in December 2024.

*Anti-IL-17A mAb (608):* The phase III clinical trial of 608 in patients with moderate-to-severe plaque psoriasis has successfully reached all efficacy endpoints, and the NDA was submitted and accepted in November 2024. The phase II clinical study of 608 for the treatment of patients with ankylosing spondylitis has completed patient enrollment, while patient enrollment in the phase II clinical trial for patients with non-radiographic axial spondylitis is currently ongoing.

– *Phase III development*

*Anti-VEGF mAb (601A):* The Group has completed the phase III clinical trial of 601A for BRVO, and expects to submit the marketing application in 2025.

*Clascoterone (WS204):* Patient recruitment for the phase III bridging clinical trial of WS204 for treatment of moderate-to-severe acne vulgaris has been completed, and the Group plans to complete the clinical trial in 2025 and submit the marketing application.

*Anti-IL-1β mAb (613):* Patient enrollment for the phase III clinical trial of 613 for the treatment of acute gouty arthritis (AG) has been completed, with interim analysis results showing positive outcomes. The phase II clinical trial results were published in the journal of the European League Against Rheumatism (2024). Additionally, the patient enrollment for the phase II clinical trial treating patients in the intermittent phase of gouty arthritis (PFG) has been completed.

*Anti-IL-4Rα mAb (611):* Patient enrollment for the phase III clinical trial of the product in adult patients with AD has been completed. The patient enrollment for the phase III clinical trial for Chronic Rhinosinusitis with Nasal Polyps (CRSwNP) is currently ongoing. The phase II clinical trial of 611 for moderate-to-severe Chronic Obstructive Pulmonary Disease ("**COPD**") has completed patient enrollment, with interim analysis demonstrating positive efficacy outcomes. Furthermore, patient enrollment for the phase II clinical trial of 611 in adolescent AD indication has been completed, while the patient enrollment for the phase Ib/II clinical trial for children with moderate-to-severe AD is currently ongoing.

*Anti-IL-5 mAb (610):* The phase III clinical trial of 610 for the treatment of severe eosinophilic asthma is currently ongoing, with phase II data indicating positive efficacy outcomes.

*Semaglutide Injection:* Patient enrollment for the phase III clinical trial of the Group's collaborative product, Semaglutide Injection in weight management indication, was completed in February 2025 by the partner, Hybio Pharmaceutical. Currently, in accordance with the "Guidelines for Design of Clinical Trials for Biosimilar Semaglutide Injection in Weight Management Indication" issued by the NMPA Center for Drug Evaluation ("**CDE**"), the 44-week drug administration treatment is underway, to be followed by data evaluation and the marketing application process.

*Anti-PD-1/VEGF BsAb (707):* Currently, four clinical studies have been commenced for 707, of which the first-line monotherapy for PD-L1 positive advanced non-small cell lung cancer indications has been approved by the CDE to conduct a phase III clinical study. 707, the first-line combination therapy with chemotherapy for advanced non-small cell lung cancer, metastatic colorectal cancer, and advanced gynecological tumors indications are currently in phase II clinical trials. The phase II interim data read out in January 2025 showed that 707 has achieved excellent clinical efficacy in the first-line monotherapy for PD-L1 positive advanced non-small cell lung cancer. 707 is a PD-1/VEGF targeting bi-specific antibody developed on the Group's CLF$^2$ BsAb platform, and has been approved by the U.S. FDA for phase I clinical trial in advanced solid tumors in the U.S.

– *Phase II development*

*HIF-117 (SSS17):* The phase II clinical trial of SSS17 in non-dialysis patients with chronic renal anemia is being actively conducted. The Group plans to complete the clinical trial in 2025. The application for the phase II clinical trial of SSS17 for the indication of postoperative anemia (POA) was submitted to the CDE in February 2025, and it is expected to commence this year. SSS17 is a selective small molecule inhibitor to HIF proline hydroxylase (HIFPH), a molecule which can improve the stability and half-life period of HIF, so as to promote the secretion of erythropoietin (EPO). It is expected that SSS17 will have a synergistic effect with the Group's rhEPO injection drug in the future, providing patients with an alternative treatment option.

– *Phase I development and new IND applications*

*Anti-PD-1/HER2 BsAb (705):* It is an anti-PD-1/HER2 BsAb independently developed by the Group. It simultaneously inhibits the PD-1/PD-L1 signaling pathway and the HER2 signaling pathway, integrating the mechanisms of action of targeted therapy and immunotherapy, thus having the potential to achieve enhanced tumor immune surveillance. Currently, a phase I clinical trial of 705 for HER-2 positive advanced solid tumors is being carried out in Mainland China; the IND application of 705 has been approved by the U.S. FDA.

*Anti-PD-1/PD-L1 BsAb (706):* It is an anti-PD-1/PD-L1 BsAb independently developed by the Group. The phase I clinical trial for advanced solid tumors is currently in progress.

*Anti-NGF Ab (SSS40):* It is a humanized nerve-growth factor (NGF) mAb. The Group is currently conducting the phase Ib/IIa clinical trial of SSS40 for the treatment of patients with moderate-to-severe bone metastasis cancer pain. The phase II clinical study is expected to commence in 2025.

*Rapamycin Nanoparticle (SSS39):* The single drug safety clinical trial of SSS39 is currently ongoing, and the Group expects that the phase I clinical trial will be completed in 2025. Rapamycin nanoparticle is a new type of macrolide immunosuppressant that can be co-administered with biological agents to induce immune tolerance, thereby reducing the immunogenicity of the biological agents and maintaining their efficacy.

*Pegsiticase (SSS11):* The Group is conducting a phase Ib clinical trial for SSS11 in patients with high uric acid level and medical history of gout symptoms in Mainland China. The phase III clinical trial of the combination therapy SEL-212 for chronic refractory gout in the United States that the Group collaborates with its business partner Swedish Orphan Biovitrum AB (STO: SOBI) ("**Sobi**") has been completed. Sobi has submitted the rolling Biologics License Application (BLA) to the U.S. FDA in July 2024. SEL-212 contains pegsiticase (also known as pegadricase, a recombinant enzyme that metabolizes uric acid).

*Anti-BDCA2 Ab (626):* The Group has submitted IND applications for systemic lupus erythematosus (SLE) and cutaneous lupus erythematosus (CLE) indications in Mainland China and the United States respectively. Among these, the IND application in Mainland China for the above two indications has been approved by the CDE, and the phase I clinical trial is currently underway. The U.S. IND application has also been accepted.

*Anti-TL1A Ab (627):* It is a TL1A-targeting mAb independently developed by Sunshine Guojian. The Group has submitted IND applications for 627 for ulcerative colitis (UC) in Mainland China and the United States respectively. Among these, the IND application in Mainland China has been accepted by the CDE, marking it as the first TL1A antibody developed in Mainland China entering in the regulatory review. The U.S. IND application has been approved by the FDA.

***Sales, Marketing and Distribution***

The Group's sales and marketing efforts are characterized by a strong emphasis on academic promotion. The Group aims to promote and strengthen the Group's academic recognition and the brand awareness of its products among medical experts. The Group markets and promotes its key products mainly through its in-house team. The Group sells these products to distributors who are responsible for delivering products to hospitals and other medical institutions. Mandi is also sold through retail pharmacies and online stores.

As at 31 December 2024, the Group's extensive sales and distribution network in Mainland China was supported by 2,653 sales and marketing employees, 1,248 distributors and 1,811 third-party promoters. During the Reporting Period, the Group's products were sold in more than 3,000 Grade III hospitals and nearly 9,000 Grade II or lower hospitals and medical institutions across all provinces, autonomous regions and special municipalities in Mainland China. In addition, TPIAO, Yisaipu, EPIAO, SEPO and some of the Group's other products are exported to a number of countries through international promoters. During the Reporting Period, the Group's products were sold in 20 countries, including Thailand, Brazil, the Philippines and Pakistan.

***Outlook***

Looking back on 2024, the Chinese government has comprehensively enhanced its support for pharmaceutical innovation by improving policies in multi-dimensions, including pharmaceuticals, medical care, and medical insurance. In July 2024, the executive meeting of the State Council considered and passed the "*Implementation Plan for the Full Chain Support for Innovative Drugs Development*" (《全鏈條支持創新藥發展實施方案》), which pointed out that it is necessary to strengthen the policy guarantee of the full chain, make overall good use of the price management, medical insurance payment, commercial insurance, allocation and use of medicines, and investment and financing policies, and optimize the review and approval and the assessment mechanism of the medical institutions, so as to jointly promote breakthrough development of innovative drugs. In September 2024, the National Healthcare Security Administration officially launched a "1+3+N" multi-level medical security system, exploring a diversified payment mechanism that integrates basic medical insurance with commercial insurance, thereby enhancing payment support for innovative drugs. In December 2024, the National Healthcare Security Administration and the Ministry of Human Resources and Social Security published the 2024 NRDL, which added 91 new drugs, including 38 "globally new" innovative drugs, boosting the expected returns for innovative drugs. During this NRDL round, the Group's core product, TPIAO, has been successfully re-listed; and the exclusive product Remitch® has been successfully listed, holding promise to improve the quality of life for millions of dialysis patients. Under the new medical insurance policy, the Group continues to ensure the good order of production and quality control, be diligent in its social responsibilities, and benefit more patients with high-quality and high-standard medicines.

In 2024, the Group achieved important milestones for several key R&D products. Teaisheng® (特艾升®) (Eltrombopag Suspension) was successfully approved for marketing; the anti-IL-17A mAb (608) and the long-acting rhEPO NuPIAO (SSS06) were submitted for marketing approval; our independently developed anti-PD-1/VEGF BsAb (707) demonstrated excellent efficacy in the interim data readout of its phase II clinical trial; the anti-BDCA2 Ab (626) and the anti-TL1A mAb (627) are both the first domestic new drugs in Mainland China to apply for clinical trials for their respective targets. Meanwhile, the Group achieved four deals in external cooperation. By strategically collaborating with partners, it accelerates the progress of domestic new drugs in clinical trials and commercialization, actively contributes to the launch of domestic innovative drugs, and produces better treatment options for domestic patients.

Looking forward to 2025, the Group will actively prepare for the market launch of self-developed or co-developed innovative drugs such as Liporaxel® (paclitaxel oral solution), Teaisheng® (特艾升®) (Eltrombopag Suspension), and Remitch® (narfuraphine hydrochloride orally disintegrating tablets). With the advance of clinical research and the filing process, we expect that from 2025 onwards, the Group will have key new drugs entering the commercialization every year.

In 2025, the Group will place greater emphasis on the development of innovative drugs. In particular, it will actively explore targets and develop drugs in fields with broad patient needs, such as oncology, auto-immunity, and nephrology. The Group will focus on improving the efficacy and safety of innovative drugs, accelerating the pace of innovation, and enhancing the innovation capacity. The Group will set emphasis on advancing the early discovery projects in its oncology pipeline into clinical stage, and continuously explore the clinical efficacy of investigational drugs such as the anti-PD-1/VEGF BsAb (707) in multiple cancer types. It will continue to advance the clinical progress of auto-immune candidates such as the anti-IL-1β mAb (613), anti-IL-4α mAb (611), and anti-IL-5 mAb (610) to strengthen its competitive edge. The Group also attaches importance to collaborating with excellent products in the same therapeutic area, and explores better clinical treatment methods through diversified approaches such as combination therapies. In addition, the Group has made strategic moves in indications with large patient populations, such as hair, acne, and weight loss. It is actively pursue developing new drugs in these areas, aiming to achieve product reach to hundreds of millions of patients at an early date.

In 2025, the Group will continue a dual-track strategy of internal R&D and external cooperation. It will exploit innovative drug cooperation targets with potentials to complement the Group's existing product portfolio. Meanwhile, it will actively seek global partners to jointly promote the global development of pipeline products. The Group is committed to leveraging its mature capabilities in biopharmaceutical R&D, registration, commercial production, and sales to facilitate the R&D and launch process of more high-quality cooperative products. Driven by the mission of making innovative biopharmaceuticals accessible, the Group will accelerate the market launch of more high-quality products to benefit patients.

## Financial Review

### *Revenue*

For the Reporting Period, the Group's revenue amounted to approximately RMB9,108.0 million, as compared to approximately RMB7,815.9 million for the year ended 31 December 2023, representing an increase of approximately RMB1,292.1 million, or approximately 16.5%. The increase was mainly attributable to the strong sales growth of TPIAO, Mandi and Cipterbin.

For the Reporting Period, the Group's sales of TPIAO increased to approximately RMB5,062.0 million, as compared to approximately RMB4,204.6 million for the year ended 31 December 2023, representing an increase of approximately RMB857.4 million, or approximately 20.4%. The increase was primarily attributable to an increase in sales volume. For the Reporting Period, the sales of TPIAO accounted for approximately 55.6% of the Group's total revenue.

For the Reporting Period, the Group's combined sales of EPIAO and SEPO increased to approximately RMB1,018.5 million, as compared to approximately RMB940.3 million for the year ended 31 December 2023, representing an increase of approximately RMB78.2 million, or approximately 8.3%. For the Reporting Period, the Group's sales of EPIAO increased to approximately RMB757.5 million, as compared to approximately RMB725.3 million for the year ended 31 December 2023, representing an increase of approximately RMB32.2 million, or approximately 4.4%. For the Reporting Period, the Group's sales of SEPO increased to approximately RMB260.9 million, as compared to approximately RMB215.0 million for the year ended 31 December 2023, representing an increase of approximately RMB45.9 million, or approximately 21.3%. For the Reporting Period, the combined sales of EPIAO and SEPO accounted for approximately 11.2% of the Group's total revenue.

For the Reporting Period, the Group's sales from alopecia area were approximately RMB1,351.8 million, as compared to approximately RMB1,142.3 million for the year ended 31 December 2023 representing an increase of approximately RMB209.5 million, or approximately 18.3%. The increase was mainly attributable to the increased market demand for hair loss and growth treatments, which was fostered by the Group's diversified and effective promotional efforts. For the Reporting Period, the Group's sales of Mandi increased to approximately RMB1,336.8 million, as compared to approximately RMB1,124.1 million for the year ended 31 December 2023, representing an increase of approximately RMB212.7 million, or approximately 18.9%. For the Reporting Period, the sales from alopecia area accounted for approximately 14.8% of the Group's total revenue.

For the Reporting Period, the Group's revenue from CDMO business increased to approximately RMB180.1 million, as compared to approximately RMB174.0 million for the year ended 31 December 2023, representing an increase of approximately RMB6.1 million, or approximately 3.5%. The increase was mainly attributable to the increased CDMO orders from customers.

For the Reporting Period, the Group's other sales, which primarily consisted of sales from Cipterbin, Sparin (an injectable low-molecular-weight heparin calcium product indicated for: (1) prophylaxis and treatment of deep vein thrombosis; and (2) prevention of clotting during hemodialysis), export sales and other products, increased to approximately RMB951.9 million, as compared to approximately RMB827.7 million for the year ended 31 December 2023, representing an increase of approximately RMB124.2 million, or approximately 15.0%. The increase was mainly attributable to the strong sales growth of Cipterbin.

***Cost of Sales***

The Group's cost of sales increased from approximately RMB1,174.3 million for the year ended 31 December 2023 to approximately RMB1,279.6 million for the Reporting Period, which accounted for approximately 14.0% of the Group's total revenue for the same period. The increase in the Group's cost of sales was due to the increased sales volume for the Reporting Period, as compared to the corresponding period in 2023.

***Gross Profit***

For the Reporting Period, the Group's gross profit increased to approximately RMB7,828.4 million, as compared to approximately RMB6,641.6 million for the year ended 31 December 2023, representing an increase of approximately RMB1,186.8 million, or approximately 17.9%. The increase in the Group's gross profit was broadly in line with its revenue growth during the year. The Group's gross profit margin increased to approximately 86.0% for the year ended 31 December 2024 from approximately 85.0% for the corresponding period in 2023.

***Other Income and Gains***

The Group's other income and gains mainly comprised government grants, interest income, fair value losses on financial assets at FVTPL, net foreign exchange differences, and other miscellaneous income. For the Reporting Period, the Group's other income and gains increased to approximately RMB4.7 million, as compared to approximately RMB-53.5 million for the year ended 31 December 2023, representing an increase of approximately RMB58.2 million, or approximately 108.8%. The increase was mainly attributable to the decrease in the fair value losses on financial assets at FVTPL and the increase in foreign exchange gain in 2024, as compared to 2023.

***Selling and Distribution Expenses***

The Group's selling and distribution expenses primarily consisted of marketing and promotion expenses, staff costs, transportation expenses, consulting fees and other miscellaneous selling and distribution expenses. For the Reporting Period, the Group's selling and distribution expenses amounted to approximately RMB3,351.3 million, as compared to approximately RMB3,006.2 million for the year ended 31 December 2023, representing an increase of approximately RMB345.1 million, or approximately 11.5%. The increase was broadly in line with its revenue growth during the year. In terms of the percentage of revenue, the Group's selling and distribution expenses represented approximately 36.8% for the Reporting Period as compared to approximately 38.5% for the year ended 31 December 2023.

***Administrative Expenses***

The Group's administrative expenses consisted of staff costs, professional fees, depreciation and amortization, property expenses, share-based compensation, and other miscellaneous administrative expenses. For the Reporting Period, the Group's administrative expenses amounted to approximately RMB501.9 million, as compared to approximately RMB480.8 million for the year ended 31 December 2023, representing an increase of approximately RMB21.1 million, or approximately 4.4%. The administrative expenses as a percentage of revenue was approximately 5.5% for the Reporting Period, as compared to approximately 6.2% for the corresponding period in 2023.

***R&D Costs***

The Group's R&D costs primarily consisted of staff costs, materials consumption, clinical trials costs, depreciation and amortization, and other miscellaneous R&D expenses. For the Reporting Period, the Group's R&D costs amounted to approximately RMB1,326.5 million, as compared to approximately RMB794.8 million for the year ended 31 December 2023, representing an increase of approximately RMB531.7 million, or approximately 66.9%. The increase was mainly due to the speed-up of the Group's R&D projects. The R&D costs as a percentage of revenue was approximately 14.6% for the Reporting Period, as compared to approximately 10.2% for the corresponding period in 2023.

***Other Expenses***

The Group's other expenses primarily consisted of donation expenses, loss on disposal of items of property, plant and equipment, provisions for impairment of financial assets and impairment of other intangible assets, net foreign exchange differences, and other miscellaneous expenses. For the Reporting Period, the Group's other expenses amounted to approximately RMB93.3 million, as compared to approximately RMB85.8 million for the year ended 31 December 2023, representing an increase of approximately RMB7.5 million, or approximately 8.7%. The increase was mainly attributable to the increase in the provisions for impairment of financial assets and impairment of other intangible assets in 2024.

***Finance Costs***

For the Reporting Period, the Group's finance costs amounted to approximately RMB190.8 million, as compared to approximately RMB212.3 million for the year ended 31 December 2023, representing a decrease of approximately RMB21.5 million, or approximately 10.1%. The decrease was mainly due to the decrease in interest-bearing bank borrowings in 2024.

***Income Tax Expense***

For the Reporting Period, the Group's income tax expense amounted to approximately RMB500.5 million, as compared to approximately RMB392.2 million for the year ended 31 December 2023, representing an increase of approximately RMB108.3 million, or approximately 27.6%. The effective tax rates for the Reporting Period and the corresponding period in 2023 were approximately 18.4% and 19.8%, respectively. The decrease in effective tax rate was mainly due to a significant amount of tax-exempt special dividends from an overseas associate included in the pre-tax profit in 2024, as compared to 2023.

***EBITDA and Net Profit Attributable to Owners of the Parent***

The EBITDA for the Reporting Period increased by approximately RMB784.7 million or approximately 32.8% to approximately RMB3,173.8 million, as compared to approximately RMB2,389.1 million for the year ended 31 December 2023. The EBITDA adjusted for non-operating items is defined as the EBITDA for the period excluding, as applicable, the Excluded Items. The Group's EBITDA adjusted for non-operating items for the Reporting Period increased by approximately RMB633.9 million or approximately 22.9% to approximately RMB3,402.3 million, as compared to approximately RMB2,768.4 million for the year ended 31 December 2023.

The net profit attributable to owners of the parent for the Reporting Period was approximately RMB2,090.3 million, as compared to approximately RMB1,549.2 million for the year ended 31 December 2023, representing an increase of approximately RMB541.1 million, or approximately 34.9%. The net profit attributable to owners of the parent adjusted for non-operating items is defined as the profit attributable to owners of the parent for the period excluding, as applicable, the Excluded Items. The Group's net profit attributable to owners of the parent adjusted for non-operating items for the Reporting Period was approximately RMB2,318.8 million, as compared to approximately RMB1,952.4 million for the year ended 31 December 2023, representing an increase of approximately RMB366.4 million, or approximately 18.8%.

***Earnings Per Share***

The basic earnings per share for the Reporting Period was approximately RMB0.86 as compared to approximately RMB0.64 for the year ended 31 December 2023, representing an increase of approximately 34.4%.

***Financial Assets Measured at Fair Value***

As at 31 December 2024, financial assets measured at fair value primarily comprised the investment in treasury or cash management products issued by certain banks, the investment in listed companies and the investments in private equity funds which focus on the healthcare industry.

The treasury or cash management products subscribed by the Group for treasury management purposes from time to time during the Reporting Period included wealth management products offered by various independent commercial banks. For further information, please refer to the section headed "Management Discussion and Analysis — Liquidity, Financial and Capital Resources — Significant Investments Held" in this announcement relating to the Group's subscriptions from certain independent commercial banks.

**Liquidity, Financial and Capital Resources**

The Group's liquidity remained strong. For the Reporting Period, the Group's operating activities generated a net cash inflow of approximately RMB3,201.3 million, as compared to approximately RMB2,082.9 million for the year ended 31 December 2023, representing an increase of approximately RMB1,118.4 million or approximately 53.7%. The increase was mainly attributable to the increased cash inflow from the operating activities of the Group. As at 31 December 2024, the Group's cash and cash equivalents, non-pledged time deposits and pledged deposits were approximately RMB4,349.1 million.

***Net Current Assets***

As at 31 December 2024, the Group had net current assets of approximately RMB3,883.4 million, as compared to net current assets of approximately RMB5,465.1 million as at 31 December 2023. The current ratio of the Group was approximately 1.7 as at 31 December 2024, as compared to approximately 2.5 at 31 December 2023. The decrease in net current assets and current ratio was mainly attributable to the reclassification of the Panda Bonds, which mature in 2025, from non-current liabilities to current liabilities in 2024, resulting in an increase in current liabilities.

***Funding and Treasury Policies, Borrowing and Pledge of Assets***

The Group's finance department is responsible for the funding and treasury policies with regard to the overall business operation of the Group. The Company expects to fund its working capital and other capital requirements from a combination of various sources, including but not limited to internal financing and external financing at reasonable market rates. The Group continues to seek ways to improve the return of the equity and assets while maintaining a prudent funding and treasury policy.

As at 31 December 2024, the Group had an aggregate interest-bearing bank borrowing of approximately RMB2,281.4 million, as compared to approximately RMB3,574.3 million as at 31 December 2023. The decrease in bank borrowings primarily reflected the repayment of bank loans of approximately RMB2,797.0 million, which was partially offset by the additional bank loans of approximately RMB1,532.9 million in 2024. Among the short-term deposits, none was pledged to secure the aforementioned bank loans as at 31 December 2024.

As at 31 December 2024, the Group had the outstanding Panda Bonds of approximately RMB1,226.1 million. For more information on the Group's Panda Bonds, please refer to Note 15 "BONDS PAYABLE" to the Group's draft consolidated financial statements for the Reporting Period in this announcement above.

***Gearing Ratio***

The gearing ratio of the Group, which was calculated by dividing the total borrowings, lease liabilities and bonds by the total equity, decreased to approximately 19.7% as at 31 December 2024 from approximately 29.3% as at 31 December 2023. The decrease was primarily due to the decreased interest-bearing bank borrowings during the Reporting Period.

***Charge on Assets***

As at 31 December 2024, the Group had charge on assets of approximately RMB33.2 million (31 December 2023: RMB1,206.4 million).

***Contingent Liabilities***

As at 31 December 2024, the Group had no significant contingent liabilities.

***Contractual Obligations***

The Group's capital commitment amounted to approximately RMB901.9 million as at 31 December 2024, as compared to approximately RMB993.6 million as at 31 December 2023.

***Foreign Exchange and Exchange Rate Risk***

The Group mainly operates in Mainland China, with all material aspects of its regular business conducted in Renminbi other than: (1) the operations of Sirton; and (2) the Group's exports, which amounted to approximately RMB115.7 million, or approximately 1.3% of the Group's revenue, for the Reporting Period. Except for the operations of Sirton, the Group's exports, possible international deal expenditures (such as expenditures related to international licensing and acquisitions), foreign currency denominated bank borrowings and bank deposits and the Euro-denominated 2025 Bonds, the Group believes that it does not have any other material direct exposure to foreign exchange fluctuations. As at 31 December 2024, the Group's foreign currency denominated bank deposits primarily comprised: (1) approximately USD168.5 million (equivalent to approximately RMB1,211.3 million); (2) approximately HKD43.2 million (equivalent to approximately RMB40.0 million); and (3) approximately EUR19.2 million (equivalent to approximately RMB144.3 million). The Group expects that the fluctuation of the Renminbi exchange rate will not have a material adverse effect on the operations of the Group in the foreseeable future.

***Significant Acquisitions and Disposals***

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

***Significant Investments Held***

As at 31 December 2024, the Group did not hold any significant investment. As at 31 December 2024, the Group held (i) equity investments designated at fair value through other comprehensive income of approximately RMB818.0 million; and (ii) wealth management products of various independent commercial banks as financial assets at FVTPL of approximately RMB3,777.7 million, none of which such investments in any group of entities or products offered by any group of commercial banks, in aggregate, represented 5% or more of the total assets of the Group.

***Future Plans for Material Investments or Capital Assets***

The Group estimates that the total capital expenditure of the Group for the next three years will be in the range of RMB1,000 million to RMB1,200 million. These expected capital expenditures will primarily be incurred for the maintenance of the Group's existing facilities and the expansion of the Group's production capabilities. The Group expects to finance its capital expenditures through a combination of internally generated funds and bank borrowings.

## EMPLOYEES AND EMOLUMENTS POLICY

As at 31 December 2024, the Group employed a total of 5,577 employees, as compared to a total of 5,411 employees as at 31 December 2023. The staff costs, including Directors' emoluments but excluding any contributions to the pension scheme, were approximately RMB1,469.8 million for the Reporting Period, as compared to approximately RMB1,271.5 million for the corresponding period in 2023. The Group generally formulated its employees' remuneration package to include salary, bonus and allowance elements. The compensation programs were designed to remunerate the employees based on their performance, measured against specified objective criteria. The Group also provided the employees with welfare benefits in accordance with applicable regulations and the Group's internal policies. The Company has adopted a share option scheme and a share award scheme ("**2019 Share Award Scheme**") and there are other incentive initiatives such as cash awards, all of which are for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. In addition, Sunshine Guojian has adopted two restricted share incentive plans respectively in February 2021 and in July 2024, and there is also a gratuitous incentive scheme set up by founding and management members of the Group that serves to recognise employees' contributions.

## FINAL DIVIDEND

The Board resolved to declare a final dividend of HKD25 cents per share for the year ended 31 December 2024 (2023: HKD25 cents) to those shareholders whose names appeared on the register of members of the Company on Friday, 25 July 2025, which will be paid out of the Company's share premium account. Subject to the approval of shareholders of the Company at the forthcoming annual general meeting ("**AGM**"), the final dividend will be paid in cash on or around Friday, 15 August 2025.

## CLOSURE OF REGISTER OF SHAREHOLDERS

The AGM is scheduled to be held on Wednesday, 25 June 2025. For determining the entitlement to attend and vote at the AGM, the register of shareholders of the Company will be closed from Friday, 20 June 2025 to Wednesday, 25 June 2025, both days inclusive, during which period no transfer of shares of the Company will be registered. The record date for determining the entitlement of the shareholders of the Company to attend and vote at the AGM will be Wednesday, 25 June 2025. In order to be eligible to attend and vote at the AGM, all transfer of shares of the Company, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 19 June 2025.

For determining the entitlement to the final dividend, the register of shareholders of the Company will be closed from Wednesday, 23 July 2025 to Friday, 25 July 2025, both days inclusive, during which period no transfer of shares of the Company will be registered. The record date for determining the entitlement of the shareholders of the Company to the final dividend will be Friday, 25 July 2025. In order to qualify for the final dividend, all transfer of shares of the Company, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 22 July 2025.

## CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders of the Company and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") contained in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**HKEx Listing Rules**") as its own code of corporate governance.

Except as expressly described below, the Company has complied with all applicable code provisions set out in the CG Code during the Reporting Period.

### Separation of the Roles of the Chairman of the Board and Chief Executive Officer

Pursuant to code provision C.2.1 of the CG Code, companies listed on the HKEx are expected to comply with, but may choose to deviate from, the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. The Company does not have a separate chairman and chief executive officer. Dr. LOU Jing currently performs these two roles. The Board believes that vesting both the roles of chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and facilitating more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. In addition, all major decisions are made in consultation with members of the Board, including the relevant Board committees and independent non-executive Directors.

The Board will from time to time review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company at an appropriate time, taking into account the circumstances of the Group as a whole.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuer" as set out in Appendix C3 to the HKEx Listing Rules (the "**Model Code**") as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with the Directors, all Directors confirmed that they have complied with the required standards as set out in the Model Code during the Reporting Period.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, the Company had conducted on-market repurchases of a total of 43,346,500 ordinary shares of the Company ("**Shares**") on the HKEx at an aggregate cash consideration of HKD266,284,340 (excluding expenses). All such Shares repurchased by the Company during the Reporting Period had been cancelled by the Company. Save for the aforesaid on-market repurchases of Shares, there was no purchase, sale or redemption of any listed securities (including sale of treasury shares (as defined under the Listing Rules)) of the Company by the Company or any of its subsidiaries during the Reporting Period.

## AUDIT COMMITTEE

The Board has established an audit committee (the "**Audit Committee**") of the Company which comprises three independent non-executive Directors, namely Mr. PU Tianruo (chairman), Ms. YANG, Hoi Ti Heidi and Mr. NG, Joo Yeow Gerry.

The Audit Committee has, together with the Board, reviewed and approved the accounting standards and practices adopted by the Group and the annual results for the Reporting Period. The Audit Committee has also reviewed the effectiveness of the risk management and internal control system of the Company and considers it to be effective and adequate.

## SCOPE OF WORK OF ERNST & YOUNG

The financial information in the preliminary results announcement of the Group for the Reporting Period have been agreed to by the Group's auditors, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the Reporting Period. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Engagements or International Standards on Assurance Engagements issued by the International Auditing and Assurance Standards Board and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

## PUBLICATION OF THE ANNUAL RESULTS AND 2024 ANNUAL REPORT ON THE WEBSITES OF THE HKEX AND THE COMPANY

This annual results announcement is published on the respective websites of the HKEx (www.hkexnews.hk) and the Company (www.3sbio.com).

The Company's 2024 annual report containing all the information required under the HKEx Listing Rules will be published on the respective websites of the HKEx and the Company and will be despatched to the requesting shareholders of the Company in due course.

By Order of the Board
**3SBio Inc.**
**Dr. LOU Jing**
*Chairman*

Hong Kong SAR, the PRC
25 March 2025

*As at the date of this announcement, the Board comprises Dr. LOU Jing and Ms. SU Dongmei as executive Directors; Ms. ZHANG Jiaoe as non-executive Director; and Mr. PU Tianruo, Ms. YANG, Hoi Ti Heidi, and Mr. NG, Joo Yeow Gerry as independent non-executive Directors.*