



華潤醫藥集團有限公司

China Resources Pharmaceutical Group Limited

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2023 Interim Results Briefing

August 2023



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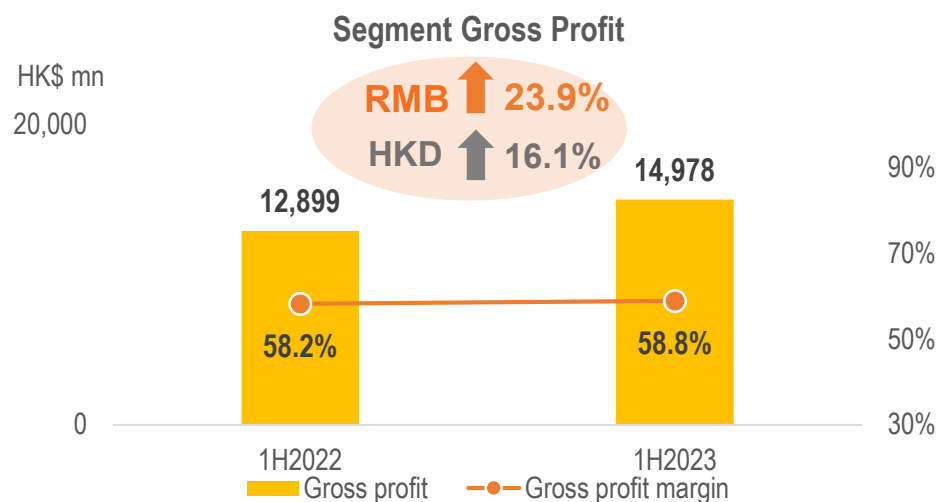
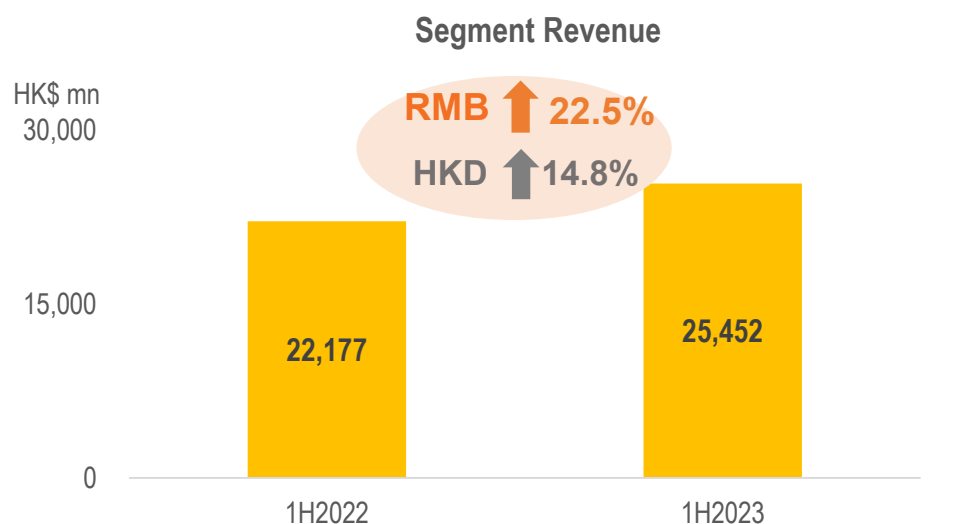
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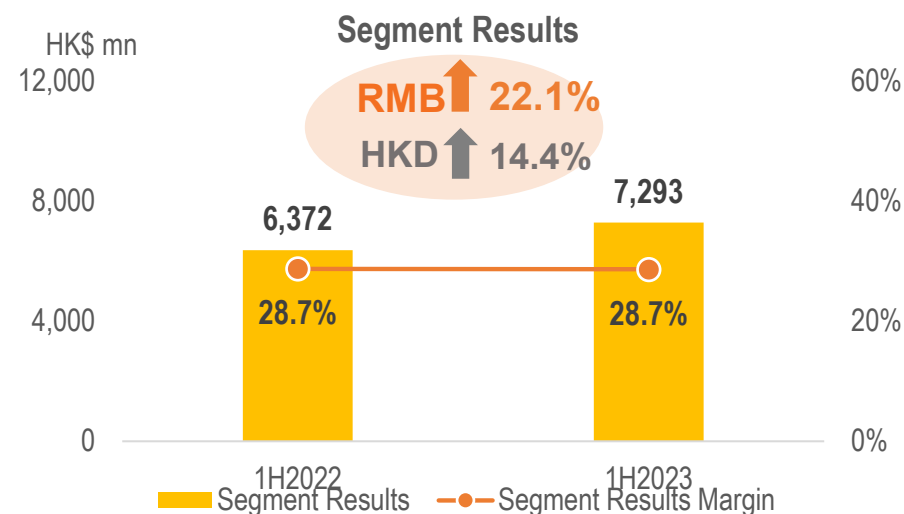
Core financial indicators

HK\$ million	1H 2022	1H 2023	YoY growth (in HK\$)	YoY growth (in RMB)
Revenue	125,716	138,940	10.5%	17.9%
Gross profit	19,832	22,341	12.7%	20.2%
Net profit	5,168	5,693	10.2%	17.1%
Net profit attributable to the owners of the parent company	3,025	3,038	0.4%	6.7%
Net profit attributable to the owners of the parent company net of non-recurring profit and loss	2,709	3,038	12.1%	19.5%
Earnings per share (HK\$)	0.48	0.48		

Manufacturing business



- Segment revenue was HK\$25.45 billion in 1H2023, representing a YoY growth of 14.8% (22.5% in RMB), and TCM, chemical drugs, nutritional and healthcare products, and the biopharmaceutical businesses saw increases in revenue
- Gross profit and segment results of the pharmaceutical manufacturing segment increased by 16.1% and 14.4% (23.9% and 22.1% in RMB), respectively
- GP Margin was 58.8%, increased by 0.6ppt YoY, mainly due to the optimisation of product and business structure and process improvements
- There are 782 products in production, of which 427 products included in National Reimbursement Drug List and 202 products in National Essential Drug List



Accelerate innovation and transformation, and comprehensively strengthen the R&D capabilities

Build a differentiated R&D technology platform

- **R&D expenditure** for 1H2023 amounted to **approximately RMB1.05 billion**, representing a YoY increase of 26.0%. There were over 300 projects under development (over 100 new drug projects) and **more than 2,400 R&D researchers**
- **Shenzhen R&D Center**: continued to build R&D platforms for **bio-innovative drugs and chemical innovative drugs**, and 10 bio-innovative drug projects and 4 chemical innovative drug projects in oncology field progressing well
- **CR Double-Crane**: actively built **two innovative technology platforms of anti-tumor and anti-virus** with independent intellectual property rights, and two core chemical innovative drugs completed Phase I clinical main trials

Leverage R&D innovations to fortify strength business

- In 1H2023, **10 products obtained drug registration approvals** issued by NMPA, of which Omeprazole and Sodium Bicarbonate Capsules were classified as Class 3 chemical drugs; and **7 products passed the consistency evaluation**
- Continuously strengthened the research on TCM classic formulas, standards of TCM granules and resources of medicinal herbs. **There were more than 40 TCM classic formulas under R&D**, mainly focusing on the fields of gynaecology, gastroenterology and paediatrics.



Milestones in R&D of biological drugs and innovative drugs

- **There were 34 biological drugs projects under development** (19 of which were bio-innovative drug projects). All cases of intravenous immunoglobulin (10%) were enrolled in the Phase III clinical trials; **the first C1 esterase inhibitor in China was approved to carry out clinical trials**; the Phase III clinical trials of Ruitongli for treating the new indication of acute stroke and the Phase II clinical trial of the new indication for treating acute pulmonary embolism progressed smoothly; the Class 1 bio-innovative drugs for treating anemia is in Phase II clinical trials
- **Class 1 chemical innovation drugs**: NIP292, which treats idiopathic pulmonary fibrosis and NIP046, which is designed for a variety of autoimmune diseases **have completed Phase I clinical trials** with positive results

Expand external innovation cooperation in multiple dimensions

- **Established 5 joint innovation centers with national innovation platforms**, reached cooperation intention with the National Center for Cardiovascular Diseases on 4 innovative medical equipment projects, signed a cooperation agreement with the National Center for Clinical Medicine of Infectious Diseases on 1 new vaccine project, and reached a strategic cooperation with Westlake University
- QBH-196, a new Class 1 small-molecule targeted anti-tumour drug introduced by **CR Sanjiu**, has advanced to Phase I clinical trials, and **ONC201, a new drug for glioma, was approved for clinical trials in July**. The Class 2 innovative drug in the field of reproductive health introduced by CR Zizhu has carried out Phase I clinical trails

Focus on intelligent manufacturing to advance operational excellence

Enhance production efficiency and quality through digitalization

- **CR Sanjiu:** Jointly developed automated quality control equipment, and **built intelligent quality testing laboratories**
- **CR Jiangzhong:** TCM Science and Technology Innovation City project is expected to be put into operation within the year. Jiangzhong Pharma became the first enterprise to obtain the “Level 4 of Matured Intelligent Manufacturing Capability” in Jiangxi Province
- **CR Double-Crane:** promoted **the development of benchmark factory for intelligent digitalization of industrial park**, and improved the level of intelligent digitalization of core businesses such as supply chain and quality system
- **Dong-E-E-Jiao:** developed a big data platform focusing on the full life-cycle of pharmaceuticals and realized intelligent management of logistic center warehouse by leveraging Internet of Things (IoT) technologies
- **CR Boya Bio-pharma:** introduced a **plasma station management system** based on cloud platform and a **plasma identification system** based on IoT



Promote the optimization and integration of production capacity and lean management

- **CR Double-Crane:** continued to implement a **low-cost strategy for the entire value chain**, promote the **production base integration** and capacity optimization for the large volume parenteral (LVP) and key preparations, while strengthened its lean management through optimization of production process, centralized procurement of materials, control of energy consumption and other measures. As a result, it **achieved a YoY decrease in the production cost of key products** in 1H2023
- **CR Sanjiu and CR Jiangzhong:** intensified the **tracking and monitoring of the price of TCM materials**. For major raw materials, procurement by category was implemented and strategic reserves were kept to effectively cope with the impact of price fluctuation of TCM materials on cost
- **Dong-E-E-Jiao:** Through systematic **integration of upstream donkey industry base**, strengthening the unified management plan and resource sharing, it promoted the integration of “breeding + slaughtering + deep processing + selling” industrial chain

Activate marketing potential and expand space for sustainable growth

Stabilize core competitive advantages of cornerstone products

- **Enhancing the leading position of CHC:** In 1H2023, CHC achieved the revenue of RMB11.5 billion, representing a YoY increase of 35%. According to the “Ranking of 2022 China OTC Manufacturers”, CR Sanjiu continuously won the first place, while Dong-E-E-Jiao, Jiangzhong Pharmaceutical and CR Zizhu all made the list
- **Growth of core products of prescription drugs:** CR Double-Crane seized the opportunity of rapid recovery in the **primary** diagnosis and treatment market, with an increase in the sales LVP of 28%; while strengthening the **health management of chronic diseases**, with a stable growth in the revenue of the core hypotensive product namely “No. 0”

Build a product echelon for future development

- **Accelerating the launch of high-quality new products:** In 1H2023, 10 chemical drugs were approved, further enriching the product portfolio in the fields of hypertension, anti-infection, alimentary tract and metabolism. Two formula food for special medical purposes of CR Jiangzhong were approved for marketing, expanding the rehabilitation nutrition business with growth potential
- **Strengthening upstream capabilities of securing core raw material:** In June, CR Boya Bio-pharma’s plasma collection stations in Yangcheng, Shanxi put into operation, further **improving the capacity of supplying raw material plasma**

Develop potential varieties to create a 2nd round of growth

- **CR Sanjiu:** Built an expert network for Class 2 new drug **Mitoxantrone Hydrochloride Injection** for tracking purposes, and the revenue rapidly increased YoY
- **CR Double-Crane: Incubated specialized differentiated products**, with an increase in revenue from Pregabalin Capsules for pain launched in 2020 of 35%; an increase in revenue from Teniposide Injection for anti-tumor of by more than 270%; recording a revenue from resumed products of around RMB170 million in 1H2023
- **Boya Bio-pharma:** Facilitated the special academic promotion of **human prothrombin complex concentrate** launched in 2021, with the market share of such product achieving 14%
- **Dong-E-E-Jiao:** Carried out crossover marketing for instant **E-Jiao powder**, with **doubled revenue**

Expand digital channels and improve academic capabilities

- **Deeply expanding digital channels:** Built brand recognition innovatively and strengthening precision marketing. In 1H2023, the **online sales** of the pharmaceutical manufacturing segment recorded an increase of 43% YoY
- **Improving capabilities of academic promotion:** Actively facilitated GPO and improving the **marketing efficiency of GPO products**. Established several academic marketing brands for factor products
- **Strengthening integration of sales channels:** Dong-E-E-Jiao carried out systematic channel classification for Taohuaji and optimized the customer structure, with an increase in revenue from Taohuaji of nearly 100% in 1H2023

Coordinate internal resources to achieve complementarity

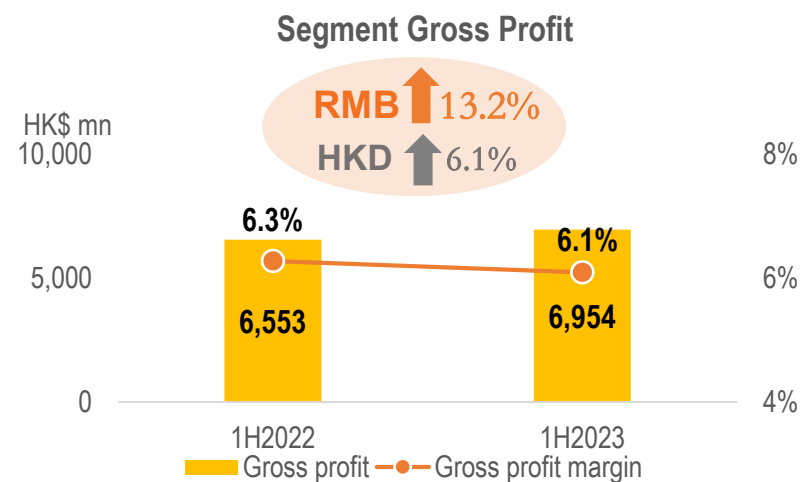
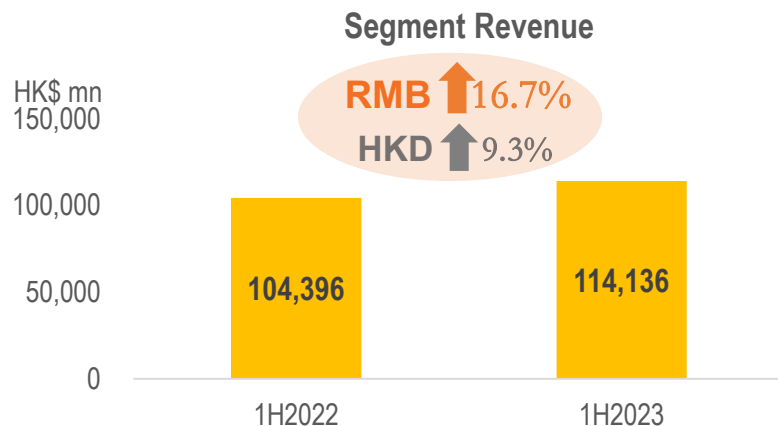
- Implemented the national regional strategy, and **promoted collaboration among business sectors and between the upstream and downstream of the industry in key national regions**. Strengthened the optimization and integration of internal resources, and improved synergies
- **CR Pharmaceutical Commercial planned to acquire 75% equity interest in Guangdong Fuda Pharmaceutical Co., Ltd. held by CR Boya Bio-pharma**. This business reorganization will help CR Boya Bio-pharma further focus on its main business and expand and strengthen its blood products business, strengthen the blood products distribution business of CR Pharmaceutical Commercial, **clarify the overall business structure of CR Pharmaceutical**, and enhance its operational efficiency
- **Improved the business layout by leveraging Industrial Fund and realize synergy with the existing business**. Industrial Fund realized synergy with CR Sanjiu and CR Double-Crane in terms of M&A projects in relation to Respirent Pharma and Tiandong Pharma

Optimize Business Layout Enhance Synergy Benefits

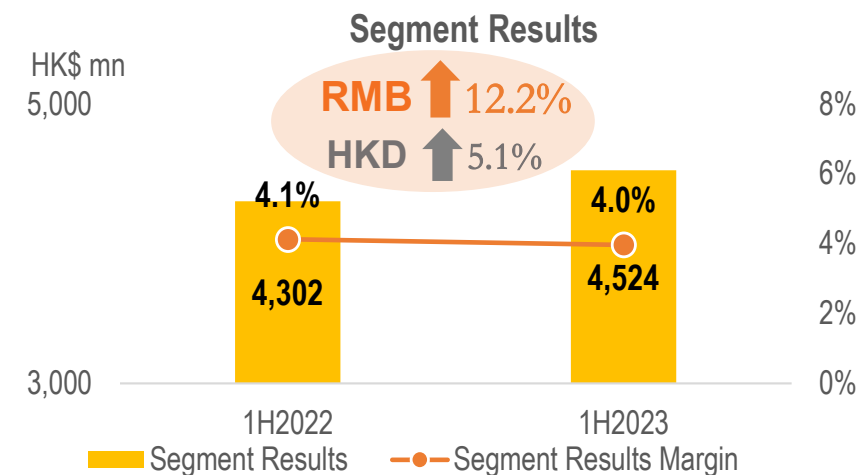


Build a leading edge in TCM through entire value chain management

- **Strengthened the management of the entire TCM industry chain**: In the upstream, breed good varieties of genuine medicinal materials; in the midstream, accelerate the construction of industrial clusters with a focus on TCM classic prescription and innovative TCM R&D; in the downstream, integrate consumer data and clinical evidence-based medical research to optimize the industrial chain; and build the “Alliance for High-Quality Development of the TCM Industry Chain”
- **CR Sanjiu advanced business and management integration in an orderly manner after its acquisition of KPC**, and KPC will strategically focus on the field of chronic disease management, mainly with the use of the traditional Chinese medicinal herb Sanqi (Panax notoginseng), as well as the quality TCM business. Both parties will **jointly drive the development of the Sanqi industry chain**
- In “2022 Top 100 Chinese TCM Enterprises” List, **CR Sanjiu, KPC, Dong-E-E-Jiao and CR Jiangzhong all made the list and ranked among top 30**



- In 1H2023, recorded segment revenue of HK\$114.14 billion, representing a YoY growth of 9.3% (16.7% in RMB); segment gross profit margin 6.1%, representing a YoY decline of 0.2ppt
- The pharmaceutical distribution network covered 28 provinces across the country with over 140,000 clients, including approximately 10,000 second-and-third-class hospitals
- Actively expanded primary medical market, and achieved approximately 30% YoY growth (in RMB) in sales revenue from primary medical institutions. Continued to explore the out-of-hospital market, and achieved approximately 19% YoY growth (in RMB) in sales from out-of-hospital distribution business
- Built a logistics visualization center to strengthen the construction of a specialised, large-scale and standardized modern logistics system, with over 220 logistics centers



Promote full value chain development of the device business

Entire value chain development of professional medical device business



Integrate medical device business management

- Set up **40 independent medical equipment companies** with approximately 20,000 downstream hospitals
- The medical device business recorded **revenue of RMB16.2 billion, representing a YoY growth of 13%**, reflected by the rapid growth of interventional supplies business in revenue over 30%



Accelerate product introduction and external cooperation

- Actively carried out product introduction and business cooperation
- Collaborated with brands such as Minimally Invasive and Mindray on significant **product lines**, providing **surgery accompanying and other services**, and collaborated with upstream manufacturers including Dirui Medical on the "Thousand County Project"



Strengthen the construction of specialised product lines

- Set up **marketing companies for various specialised product lines**, and accelerated the business layout of the such lines through M&A
- As for the orthopedics business, established a nationwide supply chain and service integrated platform, and set up **80 orthopedics sub-warehouses**. Established **eight professional inspection companies** in the IVD field



Operate value-added services

Continued to improve the innovative service capability for device business, and promote hospital supply chain service projects



Extend to the upstream of the industry chain

Built **R&D capabilities** for device business, established a **medical device research institute**, and carried out scientific and technological innovation project cooperation through the establishment of joint laboratories and other forms

Optimise network layout by outreach development to increase market share rapidly

Acquire Lifeon (立方医药) to strengthen the network layout in the out-of-hospital market

- In May 2023, CR Pharmaceutical Commercial completed **the acquisition of 51% equity interests in Lifeon** with a capital injection and became its controlling shareholder
- Conducive to **establishing the network of the out-of-hospital market in Anhui Province** rapidly and strengthening the terminal coverage to create our competitive advantages in the out-of-hospital market

Acquire Kelun Medicine & Trade (科伦医贸) to expand the competitive landscape in Southwest China

- In June 2023, CR Pharmaceutical Commercial entered into a cooperation agreement with Kelun Group (科伦集团). CR Pharmaceutical Commercial **intended to become the controlling shareholder of Kelun Medicine & Trade** with a capital injection
- Kelun Medicine & Trade is ranked among the Top 20 drug distributors in China, which helps to strengthen our **market expansion** and network layout **in Southwest China, especially in Sichuan Province**

Acquire Guangdong Fuda within the Group to enhance the plasma product distribution business

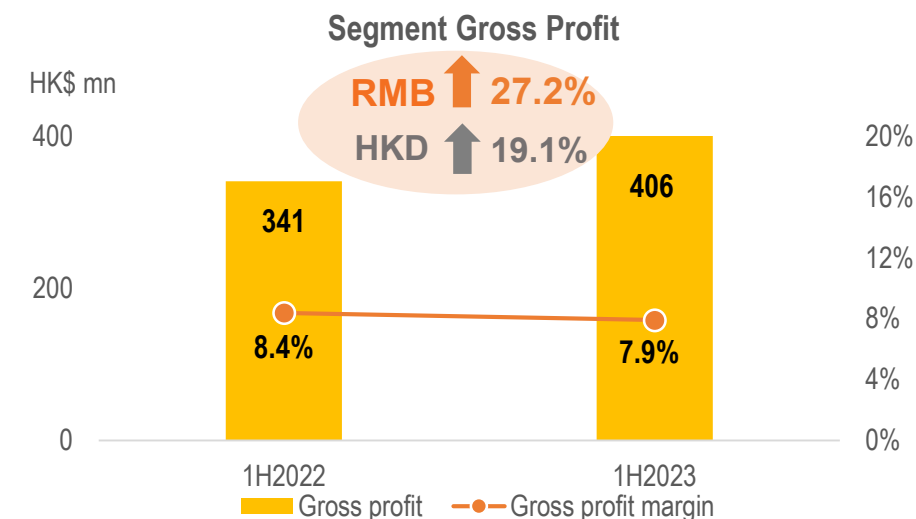
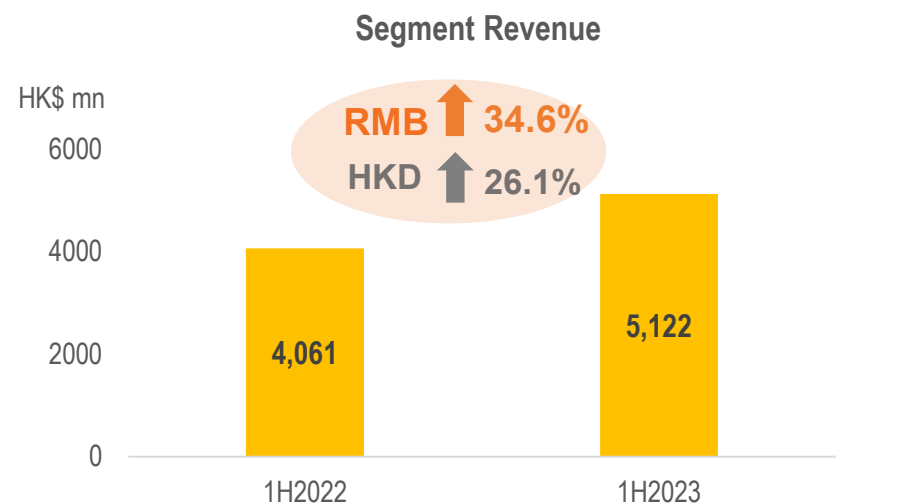
- CR Pharmaceutical Commercial planned to acquire 75% of the shares in Guangdong Fuda
- Conducive to remedying the shortcomings of CR Pharmaceutical Commercial in the plasma product distribution business and enriching the upstream plasma product resources

Acquire upstream quality resources and strengthen the port construction

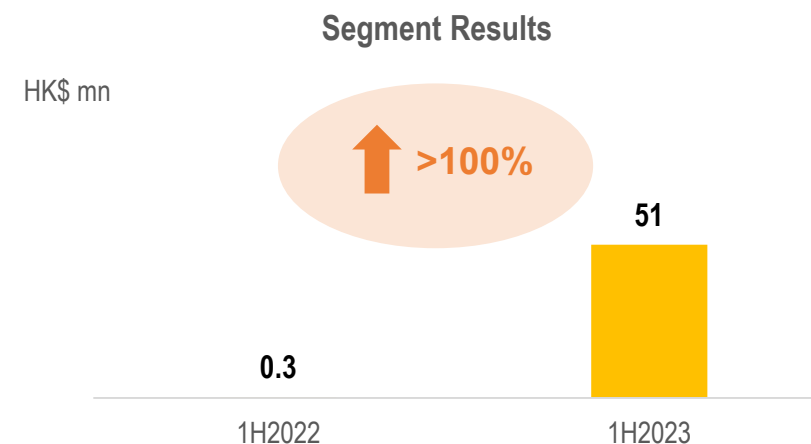
- In 1H2023, reached strategic cooperation with Roche, Johnson & Johnson and other pharmaceutical companies; **introduced all 28 innovative drugs approved for listing in China**
- Gathered superior resources to carry out **integrated negotiations for centralised procurement**, with an average regional product acquisition rate of 61% during the 7th batch of GPO
- Proactively planned to construct an **out-of-hospital market product line**, with a total of 70 exclusive distribution/product specifications introduced in the first half year, including the exclusive operating rights for Roche's anti-H1N1 influenza drug "Xofluza (速福达)" in the out-of-hospital market and online channels
- Constantly strengthened the service capabilities for port, and realized **RMB6.7 billion in sales of imported products**. Deeply participated "Hong Kong and Macao Medical Instrument Connect" and assisted hospitals to obtain a total of 28 clinical urgently needed medical device approvals

Innovative service model, and establish presence in "Internet+" businesses

- Actively explored innovative business model of **digitalised healthcare services, signing for over 110 COEs**. The Beijing Run Xiaoyi Internet Hospital, jointly established with Beijing Jiagong Hospital, is expected to commence online operation this year
- In terms of **commercial insurance payment**, introduced **inclusive outpatient insurance** in Hunan province by partnering with Yibao Technology to provide insured individuals with internet hospital consultation and medication services. The number of insured individuals exceeded 115,000 in the first week since its official launch. Such partnership model has been promoted in multiple provinces
- As a B2B online platform, "**CR Pharma e-Store (润药商城)**" covered 24 provinces in China, with a **transaction volume of approximately RMB14.8 billion** and 890,000 orders in 1H2023. Actively provided prescription platform services for hospitals and handled **around 460,000 prescriptions from internet hospital platforms** in 1H2023



- In 1H2023, the retail segment recorded revenue of HK\$5.12 billion, representing a YoY growth of 26.1% (34.6% in RMB), mainly due to actively participating in serving prescription outflows and consistently enriching and optimizing the product mix; the segment GP Margin was 7.9%, slightly down by 0.5ppt points YoY
- The revenue of DTP business reached RMB\$2.8 billion, representing a YoY growth of 14%, accounting for 64% of the retail segment's revenue
- By the end of 1H2023, there are a total of 809 retail pharmacies, including 253 DTP pharmacies



Develop specialized and distinctive competitiveness in retail business while proactively engaging in serving prescription outflows

Enhance professional pharmacies business

- Six DTP products were introduced in 1H2023, and **China's inaugural fully localized CAR-T product, Equecabtagene Autoleucel, was introduced** in July
- Provided comprehensive training for professional pharmacy pharmacists through the "Excellence Runyao Pharmacist" program; made preparations for the establishment of a **pharmacy services management platform** for DTP
- Ranked **54th** in the "2022-2023 **Top 100 Standalone Pharmacies** in China (professional pharmacies)"

Build a value-added service system

- Established a unified pharmacy customer relationship management (CRM) system to improve **its customer relationship management**, with over 2.6 million members
- In collaboration with CR Vanguard, established nearly 400 "Runde Vanguard (润德万家)" stores in Guangdong to create a one-stop health experience
- Provided customers with comprehensive services such as intelligent inspection and testing and chronic disease management through the **pharma-diagnosis-healthcare complexes**

Embrace the "outpatient co-ordination" and "dual channel" policies

- Actively collaborated with various areas to promote its designated pharmacies to apply for the "outpatient co-ordination" service and to participate in serving the prescription outflow
- Continuously promoted the application for "dual-channel" by professional pharmacies, with the number of "**dual-channel**" pharmacies **increasing by 7 to 145** in 1H2023

Create high-quality professional pharmacies

- Established integrated business models including online and offline, public and private domains
- Set up more than ten C-end warehouse and e-commerce integrated pharmacies, and promoted **self-owned online private domain platform "Runyao Preferred (润曜优选)"**, with sales **revenue** from its **C-end** online retail business **increasing by 23% YoY**



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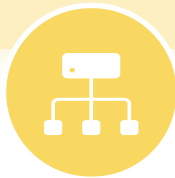
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Optimize corporate governance and incentive mechanisms

- In the **special assessment of “Science Reform Demonstration Enterprise”** in 2022, CR Sanjiu was rated as **“benchmark”**, CR Jiangzhong and CR Biopharma were rated as **“excellence”**
- CR Biopharma completed RMB600 million of series **B funding**; the **equity incentive plans** of CR Sanjiu, CR Double-Crane and Jiangzhong Pharmaceutical have been steadily promoted
- Strengthened the construction of the functions of the board of directors and the risk management and control



Green and low-carbon development and sustainable development

- Continued to increase the proportion of green and low-carbon energy, and develop green production and business models
- Three **rooftop distributed photovoltaic power generation** projects are connected to the grid, **reducing carbon emissions by about 1,200 tons** per year
- CR Sanjiu (Ya’an) Pharmaceutical Co., Ltd. and Beijing CR High-tech Natural Medicine Co., LTD., were rated as **National “Green Factory”**, and CR Sanjiu was rated as **“Shenzhen Green & Low-carbon Pioneer Enterprise”**



ESG management and investment value are recognized

- In January 2023, CR Pharma's **MSCI-ESG** rating was upgraded from **BBB** to **A**
- In April 2023, included in the **Hang Seng China Central Enterprises Index**, helping to further enhance the influence in the Hong Kong market
- “Fortune China’s Top 500 Listed Companies in 2023” was released, and CR Pharma ranked 64th



Serve national strategies Optimize industrial deployment

Emphasize the role in safeguarding people's wellbeing and dealing with major crisis by vigorously developing blood product sector, industriously tapping into vaccines sector and actively engaging in high-end medical devices sector

Take world first class as standard Improve development quality

Strive to become a world first class enterprise by improving management capability, optimizing product portfolio and business structure, promoting cost reduction, quality upgrade and efficiency improvement across all business lines. Optimize management system, improve management quality

Improve R&D capability Create innovation engine

Increase R&D investment and recruit more R&D researchers in line with clinical needs. Enrich product pipelines, improve new drug R&D and clinical capability through in-house R&D and external collaborations

Enhance coordination and integration Focusing on key areas

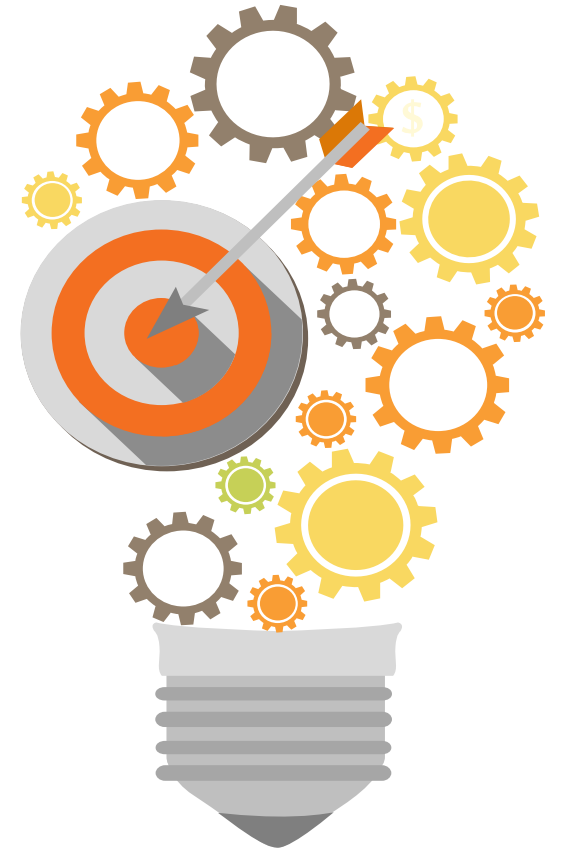
Take advantage of the comprehensive strengths from integrated industrial chains and the strengths from solid industrial foundation; achieve optimal overall efficiency through resource integration. Build a cross-regional, multi-level and multi-mode coordination mechanism

Actively extend business Integrate high-quality resources

Actively capture development opportunities of the industry to accelerate external merge and acquisition, enrich investment channels, enhance existing business and tap into emerging fields with high potentials. Enrich investment channels and optimize post-investment management

Improve intellectualization and digitalization Promote business transformation

Promote the digitalized transformation of each sector along the core value chain, enhance intellectualized and refined management as well as cost reduction and efficiency improvement, propel industrial digitalization, with an aim to facilitate the innovation, transformation and development of business



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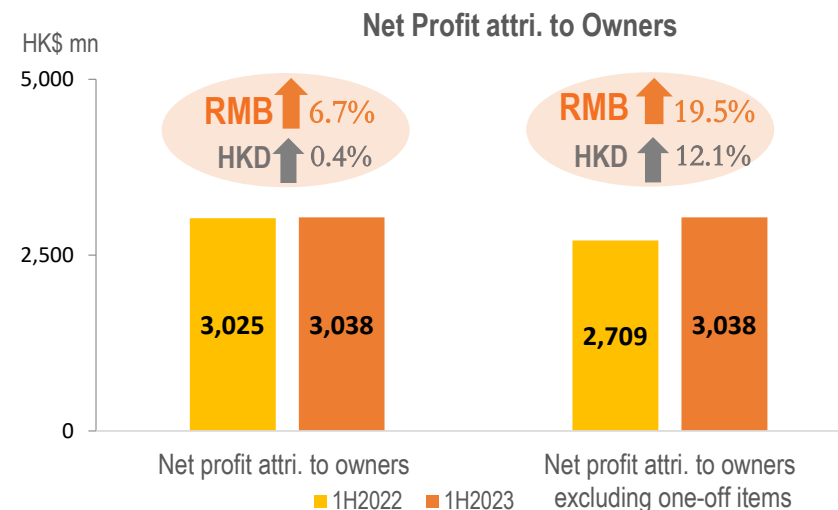
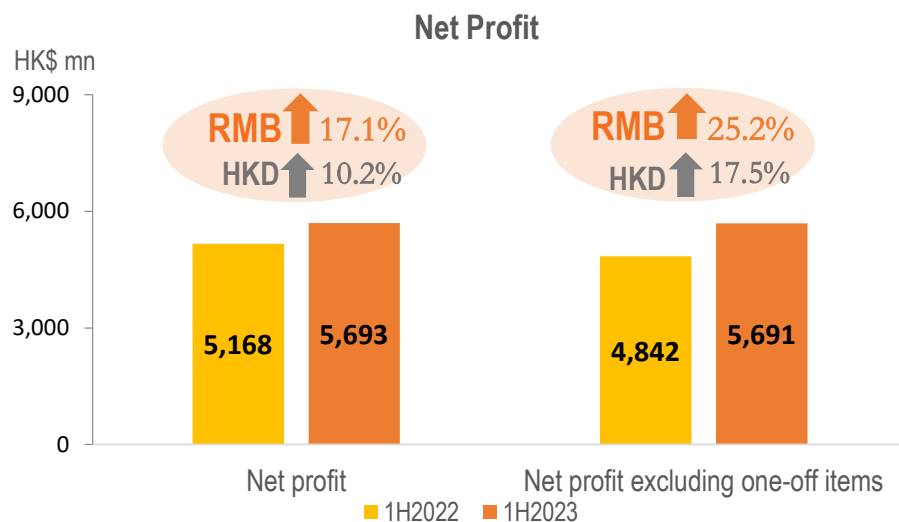
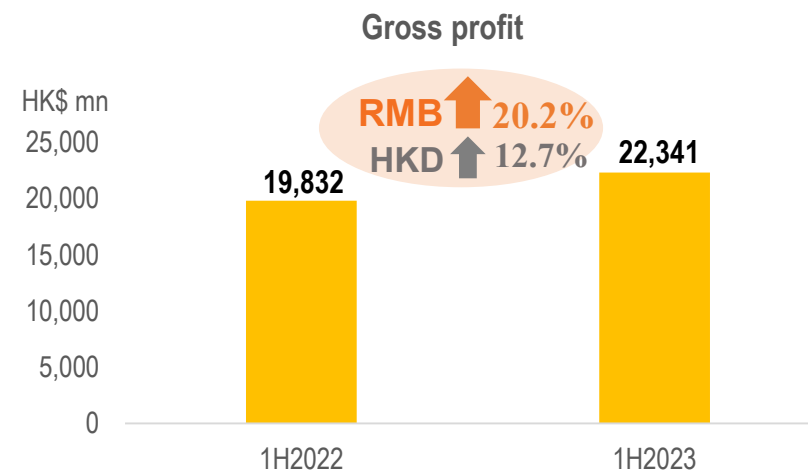
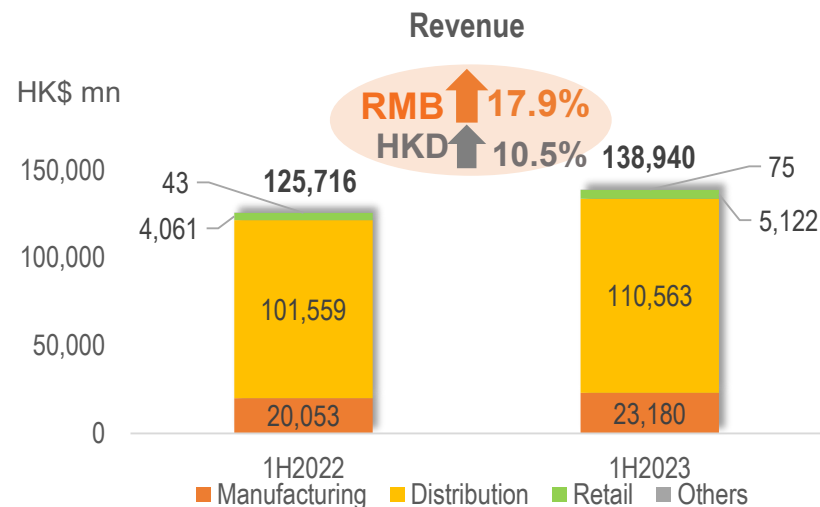
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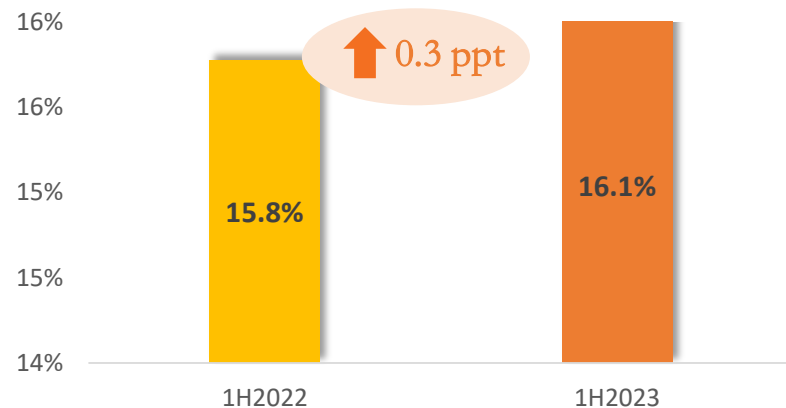
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Key financials

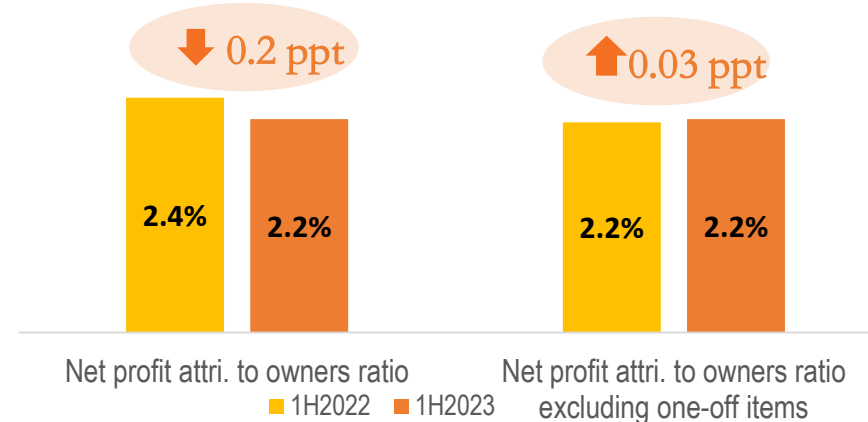


Profit margin and operating cash flow

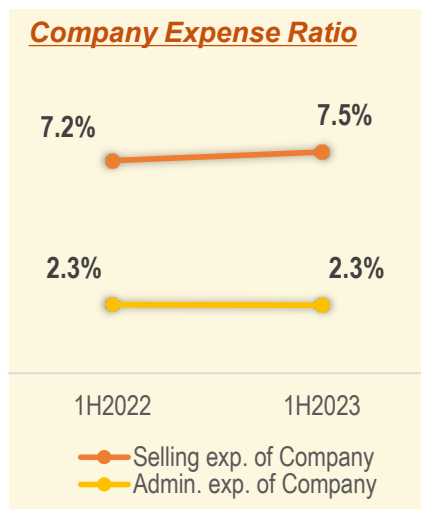
GP Margin



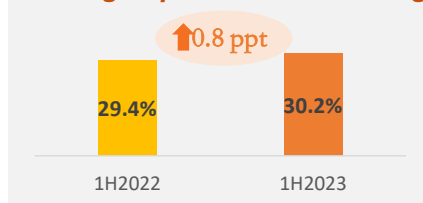
Net Profit attributable to Owners



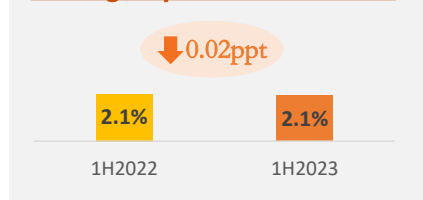
Operating Expense Ratio



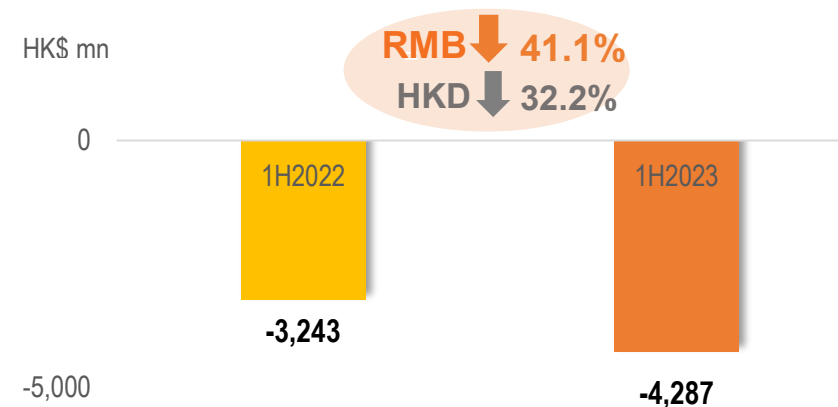
Selling Exp. of Manufacturing



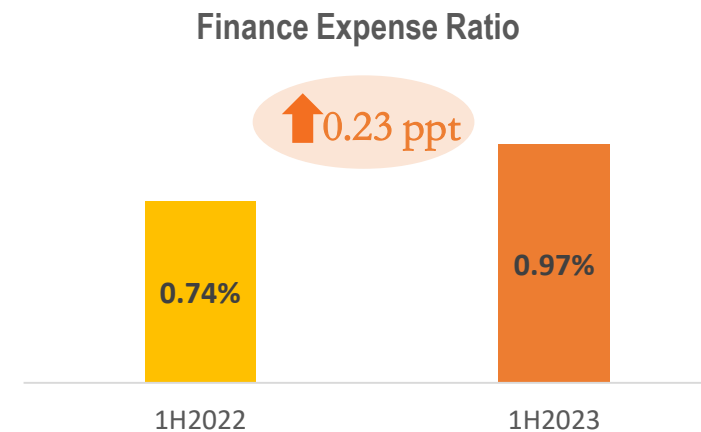
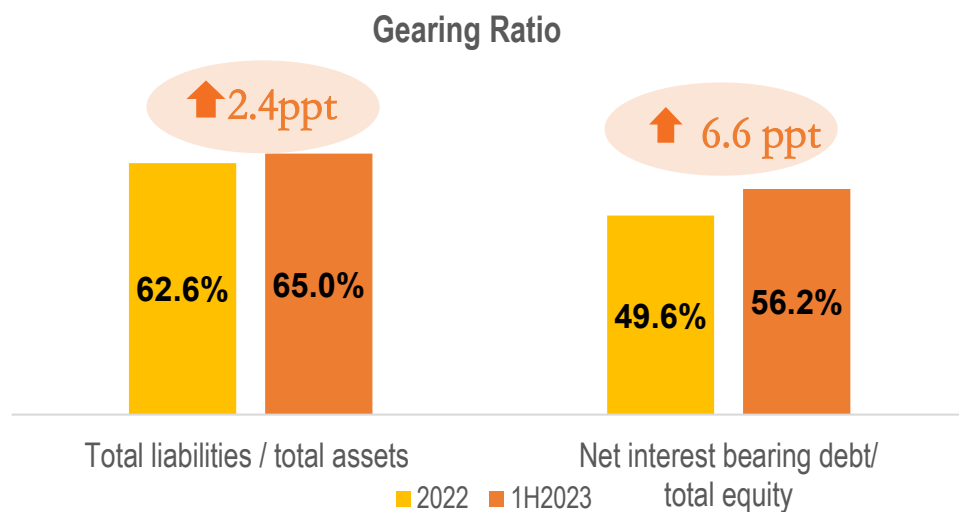
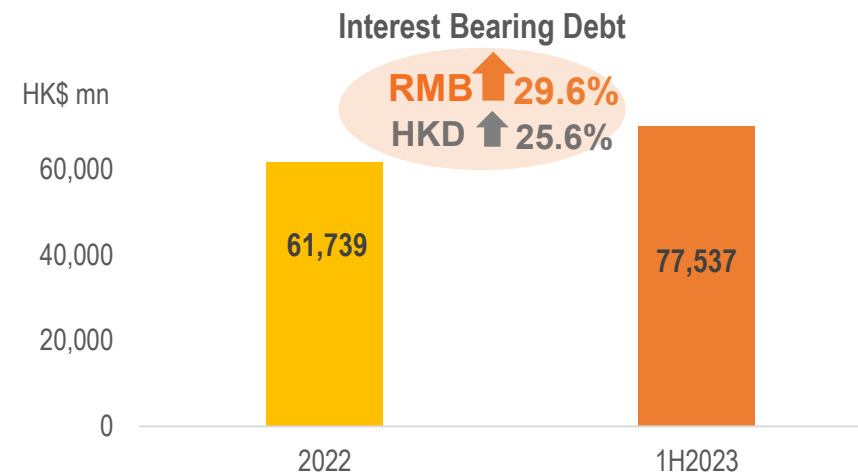
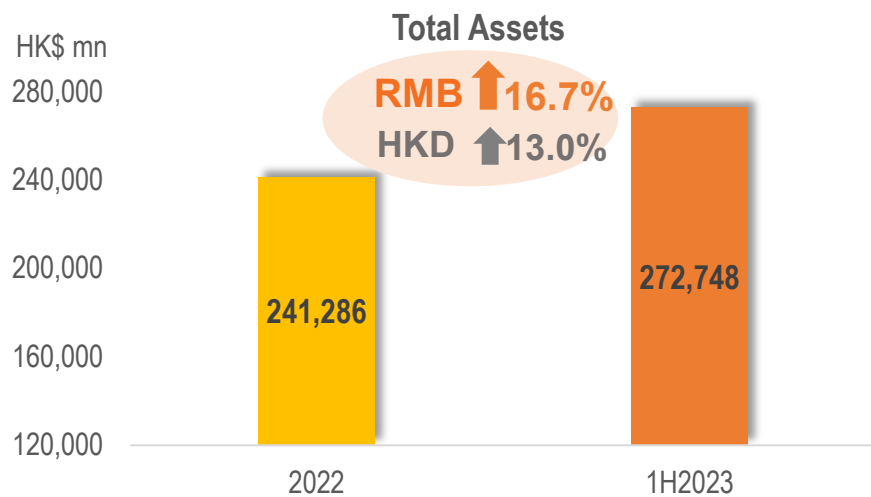
Selling Exp. of Distribution



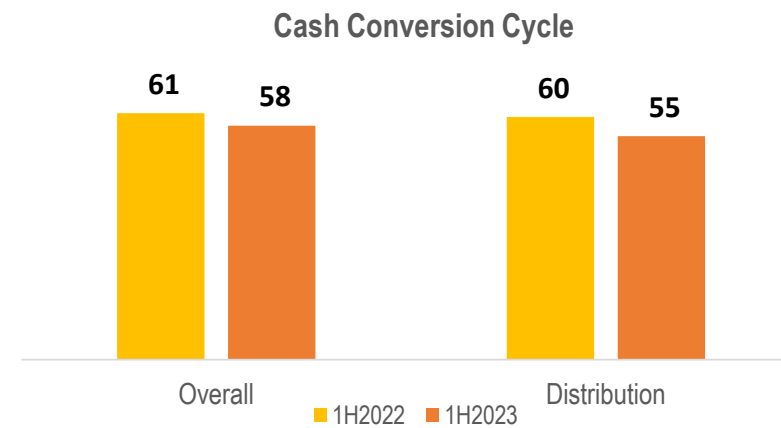
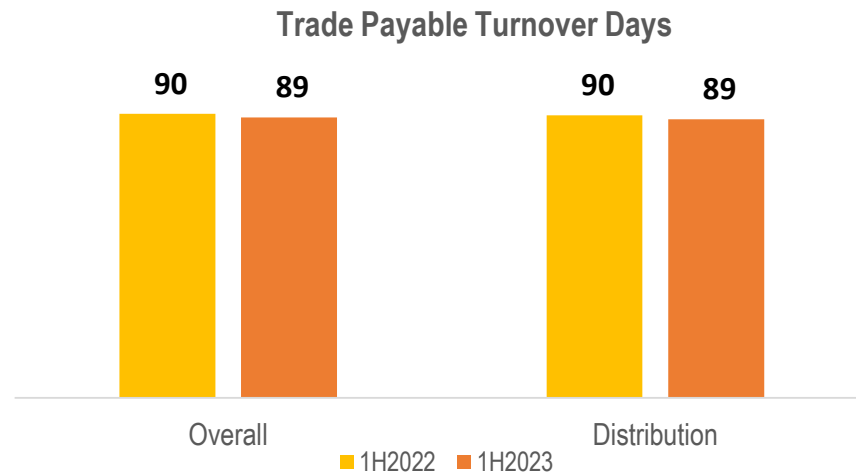
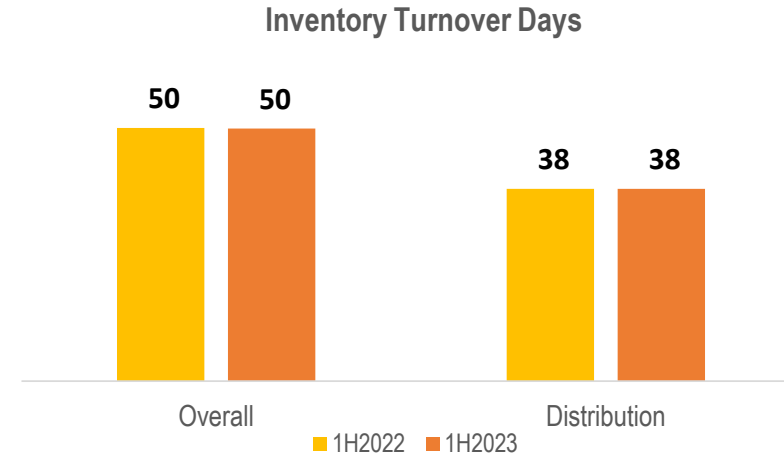
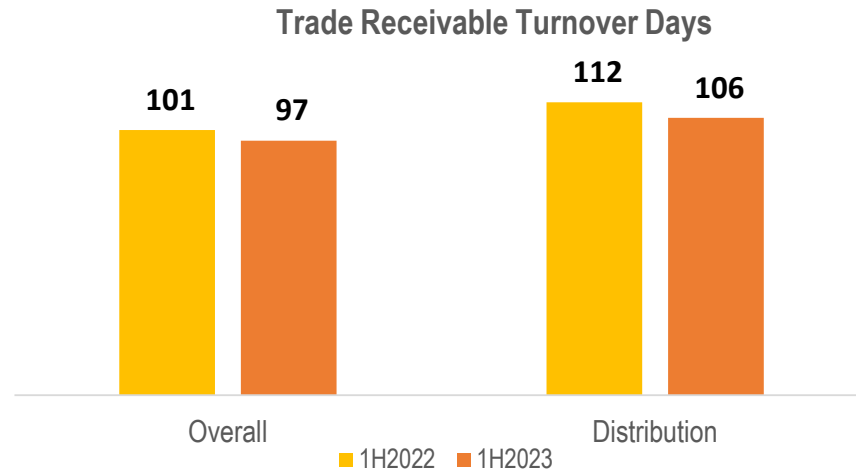
Net Cash from Operating Activities



Debt ratio and finance expense



Working capital turnover



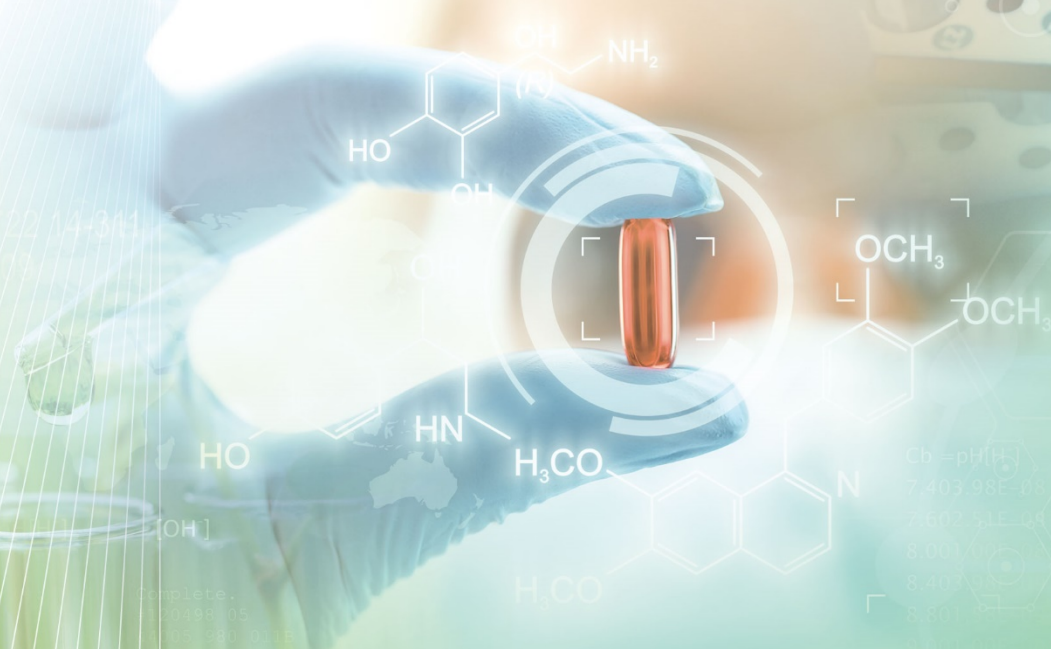


華潤醫藥集團有限公司

China Resources Pharmaceutical Group Limited

(Stock Code 股份代號: 3320)

Q&A



1

FINANCIAL RESULTS AND BUSINESS UPDATES

2

DEVELOPMENT STRATEGIES AND SUSTAINABLE DEVELOPMENT

3

FINANCIAL REVIEW

4

APPENDIXES

Appendix I: Statement of Profit or Loss

HK\$ million	1H2022	1H2023	YoY
Revenue	125,716	138,940	10.5%
Gross profit	19,832	22,341	12.7%
<i>Gross profit margin</i>	<i>15.8%</i>	<i>16.1%</i>	
Net profit of the Company	5,168	5,693	10.2%
Net profit attributable to owners of the parent company	3,025	3,038	0.4%
<i>Net profit margin attributable to the owners of the parent company</i>	<i>2.4%</i>	<i>2.2%</i>	
Net profit of the Company net of non-recurring profit or loss	4,842	5,691	17.5%
Net profit attributable to owners of the parent company net of non-recurring profit or loss	2,709	3,038	12.1%
Earnings per share (HK\$)	0.48	0.48	

Appendix II: Balance sheet

HK\$ million	31 December 2022	30 June 2023
Total assets	241,286	272,748
Property, plant and equipment	19,436	20,818
Goodwill	22,848	23,423
Trade and other receivables	79,529	94,328
Inventories	29,718	34,883
Cash and deposits	17,043	23,932
Total liabilities	151,104	177,343
Trade and other payables	77,653	86,996
Bank borrowings	45,613	67,860
Bonds payable	5,149	7,087
Total equity	90,182	95,405
Equity attributable to the parent company	49,559	50,413
Current ratio	1.3	1.3
Interest-bearing liabilities	61,739	77,537
Net interest-bearing liabilities	44,696	53,606
Net interest-bearing liabilities to total equity	49.6%	56.2%

Appendix III: Segment Results for 1H2023

HK\$ million	Manufacturing	Distribution	Retail	Others	Total
External income	23,180	110,563	5,122	75	138,940
Segment results	7,293	4,524	51	-3	11,865
Other income					790
Other gains and losses					-472
Administrative expenses					-3,213
Other expenses					-782
Share of profits of associates and joint ventures					240
Finance costs (other than interest on lease liabilities)					-1,574
Finance income					263
Profit before tax					7,117

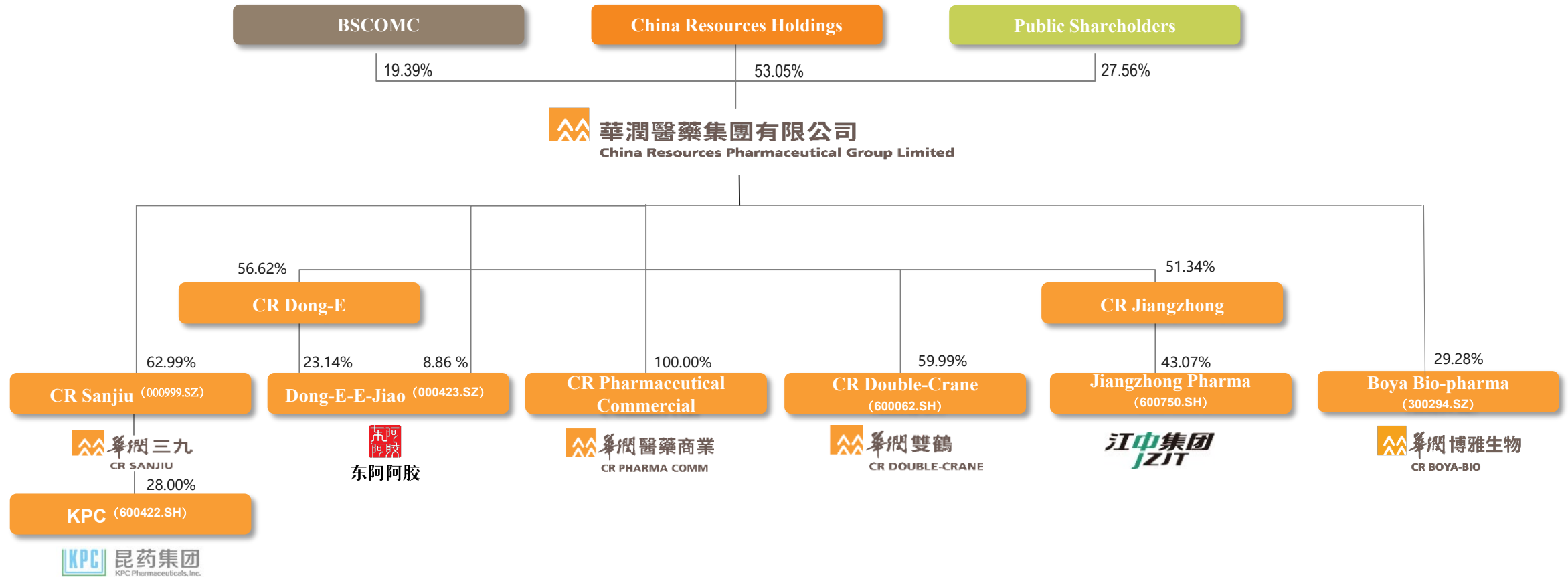
Appendix IV: Corporate Profile

Dominant Business

- A leading integrated pharmaceutical company in China, build the integrated business model
- Principally engaged in manufacturing, distribution and retail of our pharmaceutical and healthcare products

Stock Information

- Listed on the Hong Kong Stock Exchange on 28 October 2016 (3320.HK)
- Total share capital: 6,283 million shares¹
- Market capitalisation: HK\$42,850 million¹





華潤醫藥集團有限公司

China Resources Pharmaceutical Group Limited

Pharmaceutical Manufacturing Business

Segment Revenue: HK\$25.45 billion
Segment Gross Profit: HK\$14.98 billion

- One of the largest pharmaceutical manufacturers in China
- The largest OTC manufacturer in China
- Own a range of brands with strong name recognition: 999, Dong-E-E-Jiao, Double Crane, Jiangzhong, Zizhu, Boya Bio-pharmaceutical and etc.



- Production and manufacturing of 782 products
- Over 300 new drug development programs (including over 100 new drug programs); and 34 new biopharmaceutical drug research programs (19 of which are new biopharmaceutical drugs)

Pharmaceutical Distribution

Segment Revenue: HK\$114.14 billion
Segment Gross Profit: HK\$6.95 billion












- The 3rd largest pharmaceutical distributor in China
- 258 subsidiaries and over 220 logistics centres in 28 provinces in China
- Distribute about 220,000 types of products, including about 50,000 types of prescription medicines and about 20,000 types of OTC medicines
- Maintain long-term and stable relationships with over 100,000 domestic and international upstream suppliers
- The total downstream customers is over 140,000, including hospitals by class, primary medical institutions, retail pharmacies and other customers

Pharmaceutical Retail











Segment Revenue: HK\$5.12 billion
Segment Gross Profit: HK\$0.41 billion

- Operate 809 retail pharmacies, including 253 DTP pharmacies (145 “dual channel” pharmacies)
 - Own a wide range of quality brands, including Teck Soon Hong (德信行), CR Care (华润堂), Yibaoquanxin (医保全新), and Li'an chain (礼安连锁)
- 
- Set up a new retail business division and an internet medical business division to promote innovative business models such as "medicine + healthcare", "pharmacy + clinic" and "internet + pharmacy", and to build a new retail system outside hospitals

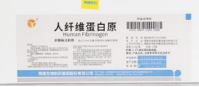



Appendix VI: Product portfolio - Chinese medicines and healthcare products





Major Products	Therapeutic Areas	Major Products	Therapeutic Areas
 <p>E-Jiao block 阿胶块, Compound E-Jiao slurry 复方阿胶浆, E-Jiao powder 阿胶粉</p>	<p>Nourishing Yin for moistening dryness, replenishing Qi and boosting blood production to relieve anemia</p>	 <p>Gutong patch 骨通贴膏, Tianhe Zhuifeng ointment 天和追风膏, Zhuanggu product series 壮骨系列</p>	<p>Orthopedics</p>
 <p>Ganmaoling 感冒灵, Compound Ganmaoling 复方感冒灵, Qiangli Pipalu 强力枇杷露</p>	<p>Cold and cough</p>	 <p>Shenfu injection 参附注射液, Shenmai injection 参麦注射液, Shengmai injection 生脉注射液</p>	<p>Cardiovascular system</p>
 <p>Zhengtian (正天) product series</p>	<p>Headache</p>	 <p>Huachansu 华蟾素, Javanica oil soft capsule 鸦胆子油软胶囊</p>	<p>Tumor treatment</p>
 <p>Sanjiu Weitai 三九胃泰, Qizhi Weitong 气滞胃痛, Yinzhihuang 茵栀黄 and Shenling Jianpiwei granules 参苓健脾胃颗粒</p>	<p>Alimentary tract and metabolism</p>	 <p>Portfolio of over 600 products of Chinese medicine formula granules</p>	<p>Chinese medicine formula granules</p>
 <p>Pediatric Paracetamol Artificial Cow-bezoar and Chlorphenamine Maleate granules 小儿氨酚黄那敏颗粒, Xiao'er Ganmao granules 小儿感冒颗粒, Xiao'er Zhike syrup 小儿止咳糖浆</p>	<p>Pediatrics</p>	 <p>Xuesaitong soft capsules 血塞通软胶囊 Xuesaitong injection 血塞通注射液</p>	<p>Cardiovascular system</p>
 <p>Jianwei Xiaoshi tablet 健胃消食片, Lactobacillus tablet 乳酸菌素片, Lihuo Probiotics 利活益生菌</p>	<p>Alimentary tract and metabolism</p>	 <p>Taohuaji 桃花姬 and Zhenyan E-Jiao jelly 真颜阿胶糕, derived from the E-Jiao Chinese medicine product series</p>	<p>Healthcare products</p>
 <p>Compound Caoshanhu buccal tablet 复方草珊瑚含片</p>	<p>Oropharynx</p>	 <p>Nutritional supplements, health food derived from core areas of Chinese medicine treatment</p>	<p>Healthcare products</p>

Appendix VII: Product portfolio - Chemical drugs

Major Products	Therapeutic Areas	Major Products	Therapeutic Areas
 <p>Compound Reserpine and Triamterene tablets (Hypertensive No.0) 复方利血平氨苯蝶啶片(降压0号)</p>	Cardiovascular system	 <p>Cefazolin Sodium Pentahydrate for injection (Xintailin) 注射用五水头孢唑林钠(新泰林)</p>	Anti-infective
 <p>Amlodipine Besylate tablets (Yashida) 苯磺酸氨氯地平片(压氏达)</p>	Cardiovascular system	 <p>Peritoneal dialysis solution (Peritoneal dialysate) 腹膜透析液</p>	Nephrology
 <p>Valsartan capsules (Suiyue) 缬沙坦胶囊(穗悦) Valsartan-Hydrochlorothiazide tablets (Fu Suiyue) 缬沙坦氢氯噻嗪片(复穗悦)</p>	Cardiovascular system	 <p>Calf Pulmonary Surfactant for injection (Kelisu) 注射用牛肺表面活性剂(珂立苏)</p>	Pediatrics
 <p>Pitavastatin Calcium tablets (Guanshuang) 匹伐他汀钙片(冠爽)</p>	Cardiovascular system	 <p>Pediatric Compound Amino Acid injection 小儿复方氨基酸注射液 Caffeine Citrate Injection (Fetoca) 枸橼酸咖啡因注射液(斐童)</p>	Pediatrics
 <p>Gliquidone tablets (Tangshiping) 格列喹酮片(糖适平) Metformin Sustained-release tablets (Buke) 二甲双胍缓释片(卜可)</p>	Alimentary tract and metabolism (diabetes therapy)	 <p>Levonorgestrel tablets (Yuting and Golden Yuting) 左炔诺孕酮片(毓婷和金毓婷)</p>	Reproductive health

Appendix VIII: Product portfolio - Biopharmaceutical products

Major Products	Therapeutic Areas
 <p>Human fibrinogen</p>	Blood products
 <p>Human albumin</p>	Blood products
 <p>Bifid Triple Viable Capsules Dissolving at Intestines (BIFIDO) 双歧杆菌三联活菌肠溶胶囊(贝飞达)</p>	Gastroenterology
 <p>Prothrombin Concentration Complex</p>	Blood products

Major Products	Therapeutic Areas
 <p>Recombinant Human Erythropoietin Injection (CHO Cell) (Jialinhao) 重组人促红素注射液(CHO细胞)(佳林豪)</p>	Blood and blood forming organs
 <p>Recombinant Human Interleukin-11 (I) for injection (Baijieyi) 注射用重组人白介素-11 (I) (百杰依)</p>	Blood and blood forming organs
 <p>Recombinant Human Tissue Plasminogen Activator Derivatives (r-PA) for injection (Ruitongli) 注射用重组人组织型纤溶酶原激酶衍生物(瑞通立)</p>	Blood and blood forming organs
 <p>Intravenous immunoglobulin</p>	Blood products