



華潤醫藥集團有限公司

China Resources Pharmaceutical Group Limited

(Stock Code 股份代號：3320)

*Innovation • Transformation • New Quality*

# 2023 Annual Results Briefing

March 2024



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# Financial Performance

RMB million	2023	2022	YoY growth
Revenue	244,704	218,183	12.2%
Gross profit	38,337	33,619	14.0%
Net profit	7,775	6,658	16.8%
Net profit attributable to the owners of the parent company	3,854	3,500	10.1%
Net profit attributable to the owners of the parent company, net of non-recurring profit or loss	4,190	3,444	21.7%
Earnings per share (RMB)	0.61	0.56	

# Optimizing business layout through extensive development, merger and acquisitions, and enhancing competitive edge by integrating resources



## Implementing high-quality extensive development, merger and acquisitions to expand business coverage

- In January 2023, **CR Sanjiu** acquired 28% stake in **KPC**, which further strengthened the market competitiveness of the TCM business
- In May 2023, CR Pharmaceutical Commercial **acquired** a 51% stake in **Lifang Pharmaceutical**, which enhanced its competitive advantage in **the out-of-hospital market of Anhui Province**
- In September 2023, CR Pharmaceutical Commercial **acquired** a 51% equity stake interests in **Kelun Medicine & Trade**, a company ranked in the top 20 in China's pharmaceutical distribution industry. Such acquisition contributed to **the market expansion and network layout** in the **Southwest region**
- In December 2023, **CR Pharma completed the acquisition of approximately 9.21% of the shares of CR Jiangzhong**, which further enhanced its control over CR Jiangzhong
- In February 2024, CR Sanjiu announced **its intention to increase its shareholding in the joint-stock company Respirient Pharmaceuticals**, an enterprise focusing on the R&D and manufacturing of respiratory medicine products. Such investment enabled to **fill the gap in inhalation products, enriched its respiratory medicines**, and was also beneficial for further developing inhalation powder products with high technical barriers

- In September 2023, **CR Pharmaceutical Commercial acquired 75% stake in Fuda Pharmaceutical**, and in November, **CR Double-Crane acquired** approximately 89.68% equity interests in **Tianan Pharmaceutical**. The relevant internal business reorganizations enabled CR Boya Bio-pharmaceutical, a subsidiary of China Resources Pharmaceutical, to focus more on its blood product business, allowed CR Pharmaceutical Commercial to strengthen its blood product distribution business and enabled CR Double-Crane to enhance its development in the field of chronic diseases
- In February 2024, **CR Double-Crane** announced that **its proposal to acquire 100% equity interests of CR Zizhu**, which contributed to the achievement of synergy benefits in channel marketing, product layout, international business, and retail business for both parties
- In December 2023, **CR Sanjiu and Jiangzhong Pharmaceutical** announced that, considering their individual development strategies and to concentrate on their respective core fields, they had discontinued the production and sales of products with identical name. This action **resolved** the previous issue of **business competition**
- In January 2024, **CR Sanjiu and CR Biopharm entered into a product sales cooperation agreement**, which enhanced the commercialization of relevant products
- **CR Pharmaceutical Industry Fund has helped to enhance the business layout**, and successfully established synergy between industry and financing. The establishment of CR Pharmaceutical Industry Fund II is under development



## Coordinating the integration of internal resources to achieve synergy benefits

# Deepening the reform of state-owned enterprises, and enhancing their capability for sustainable development

## In-depth conversion of operational mechanism to stimulate internal growth momentum

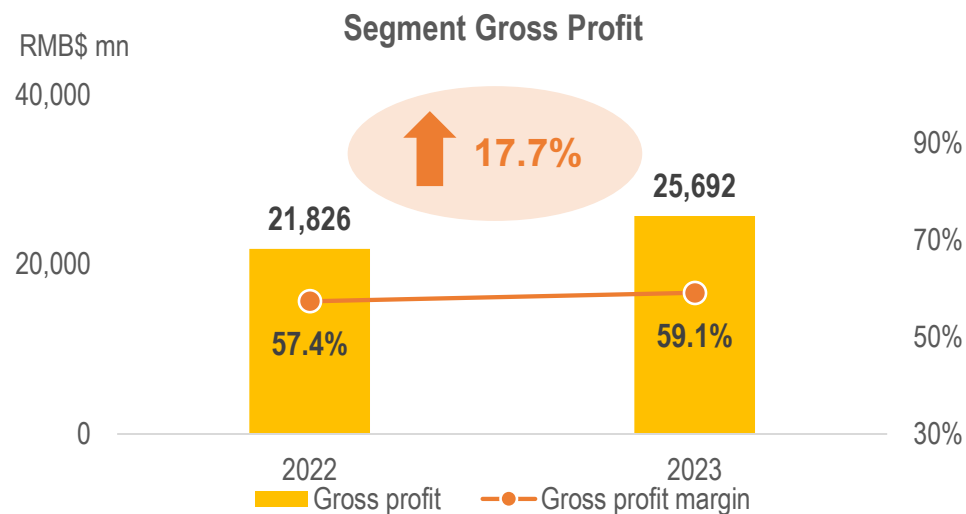
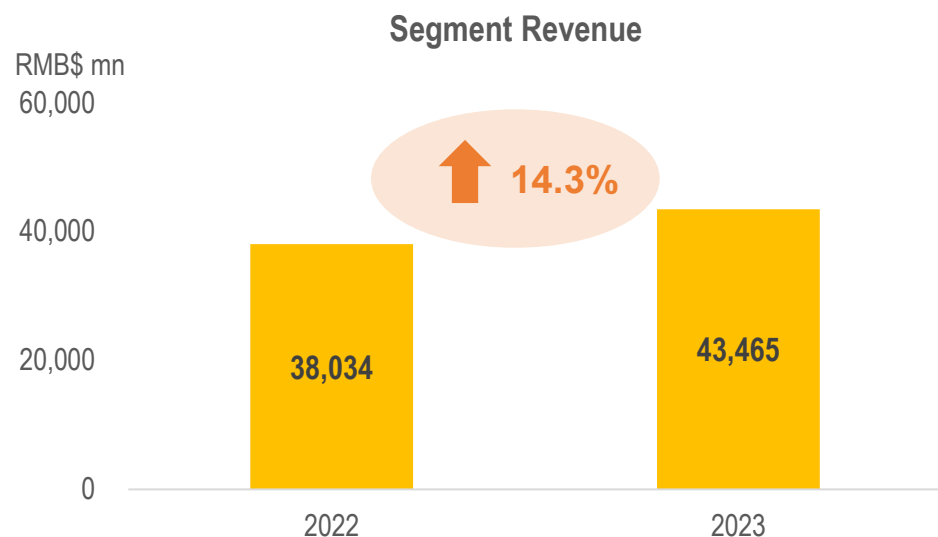
- In January 2024, **CR Pharmaceutical Commercial successfully introduced strategic investors**, which was conducive to optimizing the capital structure and releasing performance potential. The consideration for such transaction totalled RMB6.26 billion, of which seven strategic investors paid a transaction consideration of RMB5.26 billion. After the completion of the transaction, CR Pharma held approximately 80.13% of the shares of CR Pharmaceutical Commercial
- **Several subsidiaries continued to promote the implementation of restricted stock incentive plans.** In January 2024, Dong-E-E-Jiao and Jiangzhong Pharmaceutical introduced the Phase I and Phase II restricted stock incentive plan (draft), respectively. The restricted stock incentive plans for CR Sanjiu and CR Double-Crane have also been steadily progressing
- In January 2023, **CR Biopharm completed its B-round financing of RMB600 million**, which further enhanced the mixed-ownership reform
- **In the annual assessment of enterprises for Exemplary Scientific Reform Actions**, CR Sanjiu was evaluated as a **benchmark**, while Jiangzhong Pharmaceutical and CR Biopharm were both evaluated as **outstanding**



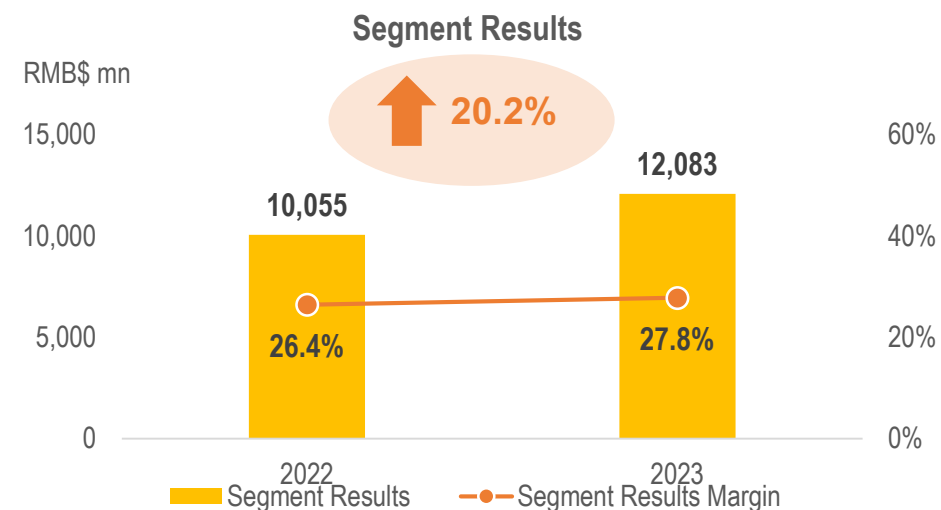
## Developing an ESG system specific to the pharmaceutical industry

- ESG management capabilities have received recognition from authoritative institutions. Specifically, **the MSCI-ESG Rating has been rated as A for two consecutive years; the Wind-ESG Rating was upgraded from A to AA; and CR Pharma ranked 27th in the Central Enterprise ESG Pioneer 100 Index of SASAC.** In January 2024, CR Pharma was newly included in **Hang Seng ESG Indexes of Central State-owned Enterprises**, such as the China State-owned Enterprise ESG 40 Index of Hang Seng Stock Connect
- **10 rooftop-distributed photovoltaic power generation projects achieved grid-connected power generation**, resulting in a reduction of carbon emissions by 6,700 tons per year. Moreover, CR Pharma established green industrial bases and green low-carbon logistics. **Five subsidiaries** were respectively received the **national-level Green Factory qualification, Level I (Three-Star) Green Warehouse and recognized as a Green Supply Chain Management Enterprise**
- CR Pharma improved **the functions of the Board** and enhanced the risk monitoring and management capabilities

# Manufacturing business



- Segment revenue was RMB43.46 billion in 2023, representing a YoY growth of 14.3%, and the TCM, chemical drugs, nutritional and healthcare products and biopharmaceutical businesses saw increases in revenue
- Segment gross profit and results increased by 17.7% and 20.2%, respectively. Due to the optimization of product and business structures and enhanced production efficiency, GP Margin was 59.1%, up by 1.7ppt YoY
- There are 796 products, out of which 435 were included in the National Reimbursement Drug List and 205 were included in the National Essential Drug List. Total annual sales of 72 products exceeded RMB100 million, including 7 products with sales over RMB1 billion



# Promoting the layout of the “Silver Economy” business and the development of the TCM industry chain

## Enhancing chronic disease management service capabilities

### Laying out the “Silver Economy” business

- Focused on cardiovascular, cerebrovascular, and metabolic conditions, with a product mix consisting of **various categories of chronic disease medications for elderly patients**, targeting the “Silver Economy”
- After CR Sanjiu completed the acquisition of KPC, significant progress was made in the integration of brand, product, channel, terminal, and management system. **KPC will anchor the new strategic goal of “silver health industry leader, boutique TCM leader, aging health/chronic disease management field leader”**, and both parties will promote the development of the panax notoginseng industry chain. KPC, with the support of CR Sanjiu, **focused on the “stroke prevention and control”** market to enhance its brand awareness for professionalism. KPC officially launched the new brand “777” for the product group with Notoginseng as the core ingredient
- **CR Double-Crane** continued to strengthen patient education, and its core blood pressure product “**No. 0 (0号)**” **achieved stable growth of sales**



## Establishing a leading position in TCM industry

### Promoting high-quality development of industry chain

- Implemented the “**High-Quality Development Program for the TCM Industrial Chain**” by focusing on key aspects to boost the development of the industry chain. **Expedited the development of TCM industry clusters**. The project “Application of Key Technology for Quality Control and Industrialization of Sichuan-produced Genuine Medicinal Materials” was awarded the first prize in science and technology by the China Association of Chinese Medicine
- Established an **expert committee for the high-quality development of the TCM industry chain**, and organized the “Salon of the TCM Industry Chain” events, to drive the holistic development of the TCM industry
- Utilized modern technology to extensively explore the value of TCM to establish a leading position. The TCM business segment possesses **two “China Intangible Cultural Heritage Protection Units”**
- **CR Sanjiu, Dong-E-E-Jiao, CR Jiangzhong, and KPC** were all included in the “**2023 Top 50 Chinese Patent Medicine Company Comprehensive Competitiveness Index**” and **ranked among the top 20**



# Utilizing marketing potential across multiple dimensions to expand opportunities for business growth

## Further consolidating the leading position and competitiveness in CHC business

- **Unleashing strong brand potential:** In 2023, the revenue in the field of CHC amounted to **RMB19.1 billion, representing a YoY increase of 17%**. “Dong-E-E-Jiao”, “Jiangzhong”, and “Yuting” brands were listed among the “**2023 China’s 500 Most Valuable Brands**”. CR Sanjiu maintained its first position in the “**Comprehensive Statistical Ranking of OTC Drug Manufacturing Enterprises in China**”, and Dong-E-E-Jiao and Jiangzhong Pharmaceutical were also listed and ranked among the top 15
- **Enhancing categories’ competitiveness:** The competitive strengths in core categories were further consolidated. The revenue from categories, including cold, gastroenterology, and oropharyngeal, recorded a steady increase. CR Pharma strengthened product development and expanded new categories. Jiangzhong Ganchun tablets were promoted through various new retail platforms, DEEJ’s instant E-Jiao powder significantly boosted product popularity, and CR Double Crane’s newly-released oropharyngeal product “Qingli (清利)” promoted online and offline multi-channel marketing. These three products all achieved sales revenue of about RMB100 million. DEEJ launched the "Royal Paddock 1619" brand to enter the men's healthcare market. CR Pharma also actively initiated external cooperations. CR Sanjiu reached strategic cooperation with Stada and Sanofi respectively to expand respiratory product category and promote the anti-allergy medicine, Allegra, in China
- **Strengthening precision marketing:** CR Pharma established and operated a customer platform that covers all consumption scenarios, and enhanced the ability of customer screening, mass production of digital content, and efficient allocation of resources. In 2023, the pharmaceutical manufacturing segment recorded a remarkable YoY increase of 30% in online sales revenue

## Promoting marketing transformation of prescription drug business and strengthening product power

- **Responding to policy guidance and market demand:** CR Pharma embraced centralized procurement and enhanced marketing efficiency. Essentially all of the key products in prescription drugs have been included in the scope of centralized procurement. In the adjustment of NRDL in December 2023, CR Pharma's two products were newly included, and the scope of payment under the health insurance for many major products were expanded. CR Pharma strengthened our presence in the primary market. The revenue from LVP recorded a significant YoY increase of 22%
- **Establishing an echelon of products:** CR Pharma enhanced potential varieties cultivation. Sales revenue from Teniposide Injection, an anti-tumor medicine, Pregabalin Capsules, an analgesia medicine, and Mitoxantrone Hydrochloride Injection for monitoring purposes of a Class 2 new drug surged on a YoY basis; Ceftobiprole Medocaril Sodium for Injection, as the first domestically developed fifth-generation cephalosporin, has been commercialized for sale. CR Pharma explored the market potential of “dormant” products. During the year, the sales of the revived products amounted to around RMB500 million. CR Pharma also accelerated the introduction of products through various ways including BD for future development

# Strengthening intelligent manufacturing and capacity coordination to improve production quality and efficiency

## Continuously enhancing the maturity level of intelligent manufacturing and maintaining a first mover advantage in intelligent manufacturing



- **Two** factories of CR Pharma were selected as the “**Intelligent Manufacturing Demonstration Factories 2023**” at the national level, and **five** scenarios were chosen as the “**Outstanding Scenarios of Intelligent Manufacturing 2023**”
- **CR Boya Bio-pharmaceutical: The blood product smart factory has commenced construction**, and is positioned as a demonstration base for intelligent manufacturing of blood products in China
- **CR Jiangzhong: TCM Science and Technology Innovation City project** has a high-starting point plan for TCM intelligent manufacturing, which has been **officially put into operation**
- **CR Double-Crane** actively promoted the construction of **intelligent digitalization benchmarking factory in its industrial park division**
- **Dong-E-Ejiao** developed a smart logistics management platform and built an automatic traceability management system for the entire product and industrial chain.
- CR Sanjiu and Jiangzhong Pharmaceutical are **currently the only two enterprises in the pharmaceutical industry** to have passed the “**Level 4 Assessment of Matured Intelligent Manufacturing Capability**” by the MIIT

## Coordinating the optimization and integration of production capacity, and strengthening lean management practices in the industrial chain



- **Enhanced the capabilities in the acquisition and management of upstream raw materials: CR Boya Bio-Pharmaceutical was approved to establish two plasma collection stations** in Jiangxi Province to enhance the supply capacity of core raw material plasma and facilitate the growth and expansion of its blood product business. The TCM business established approximately 40 **demonstration bases** for authentic medicinal materials and approximately 30 **fresh-processing bases**. **Dong-E-E-Jiao promoted model breeding, and emphasized technology leadership**, to promote the standardization of core raw material donkey hide and ensure the stable supply and quality of raw materials
- **Coordinated the optimization and integration of production capacity: CR Double-Crane** implemented the low-cost strategy of the entire value chain, and further **consolidated the production bases** of large volume parenteral and key preparations. **The production cost of key products decreased on a YoY basis**, while the gross profit margin of the LVP business increased by 5.4ppt. **CR Jiangzhong achieved comprehensive exchange and sharing of the production lines of its core products, and resolved the bottleneck in BIFIDO production capacity** through technological upgrades and other ways

# Driving high-quality development through new quality productive forces, stock enhancement, and increment expansion

## Expanding new collaborations

- Established 5 joint innovation centers with national innovation platforms, collaborated with Wenzhou Medical University to establish the Beijing Branch of the National Key Laboratory for Large Molecule Drugs and Large-scale Preparation, and signed 1 cooperation agreement for a new ophthalmic project
- Established strategic cooperations with affiliated institutions of the Chinese Academy of Medical Sciences, the Shanghai Institute of Materia Medica, Westlake University, and Hong Kong Baptist University; deepened collaboration with Shenyang Pharmaceutical University and Ningbo University to jointly establish a joint laboratory
- Relying on Shenzhen Institute of Drug Inspection and Research, CR Sanjiu collaborated with Shenyang Pharmaceutical University, and obtained approval from the NMPA to establish the “Key Laboratory for Research and Evaluation of Traditional Chinese Medicine Quality ”
- Three research projects in the TCM sector, in collaboration with institutions such as the China Academy of Chinese Medical Sciences Institute of Traditional Chinese Medicine , have been approved for the 14th Five-Year Plan National Key Research and Development Program for “Modernization of Traditional Chinese Medicine” in 2023

## Enhancing original platforms

- **Bio-innovative drugs:** Dedicated to building up differentiated technical advantages based on the antibody drug discovery empowered by computational biology and the establishment of CMC development technology platform, to promote high-quality biological innovative drug R&D pipeline
- **Chemical innovative drugs:** Focusing on anti-tumor, autoimmune and other major diseases, and promoting the research and development of new small molecule drugs
- **TCM innovation:** Leveraging national R&D platforms such as the National Key Laboratory for Modern Traditional Chinese Medicine to enhance research on innovative Chinese medicines and classic Chinese medicine prescriptions

## Emerging new achievements

- In 2023, R&D expenditure amounted to RMB2.50 billion, representing a year-on-year increase of 12.6%. The number of ongoing projects exceeded 330, including 28 biological drug projects and over 40 classic TCM formulas. 20 chemical drug products obtained drug registration approvals from NMPA, 12 products passed consistency evaluations, and 2 formula foods products for special medical use were approved
- **Biological drugs:** For Ruitongli, the Phase III clinical study for treating acute ischemic stroke was completed, and NDA was submitted. The Phase III clinical trial of intravenous immunoglobulin (10%) has been completed. The first domestic clinical trial for C1 Esterase Inhibitors has been approved. A Class 1 new biologic drug for the treatment of anemia has entered a Phase II clinical trial.
- **Chemical innovative drugs:** NIP046, designed for autoimmune diseases, has completed Phase I clinical trial. NIP142, used to treat mutant non-small cell lung cancer, is under Phase I clinical trial. Phase I clinical studies of a Class 1 innovative drug targeting the isocitrate dehydrogenase-1 (IDH1) gene mutation are underway
- **Innovative TCM:** 2 new Class 1 TCM for ischemic stroke and tonifying the kidney are in phase II clinical trial stage, and 1 improved new TCM project has received a notice of acceptance for a clinical trial application. 3 classic TCM formulas are in the registration stage

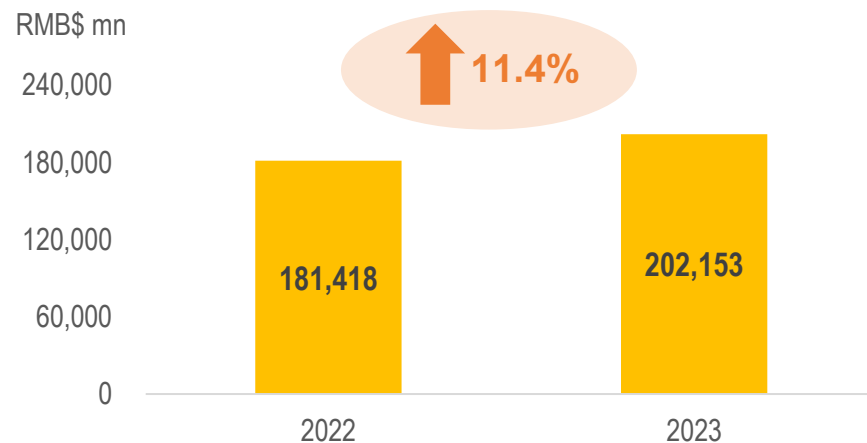
## Expanding into new territories

- Reached cooperation intentions with the National Center for Cardiovascular Diseases on three projects involving innovative medical devices
- Signed a cooperation agreement with the National Clinical Research Center for Infectious Diseases to advance 1 new vaccine project
- CR Double-Crane is actively expanding into the field of synthetic biology, establishing a Synthetic Biology Research Institute and recruiting renowned leading talents to serve as Chief Scientists. The institute focuses on research in cell engineering and enzyme engineering, and is constructing a pilot plant for testing and experimentation



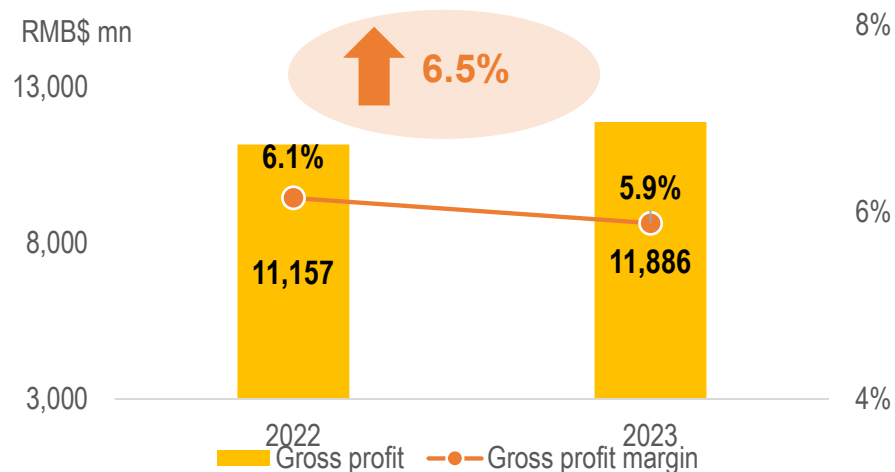
# Distribution Business

### Segment Revenue

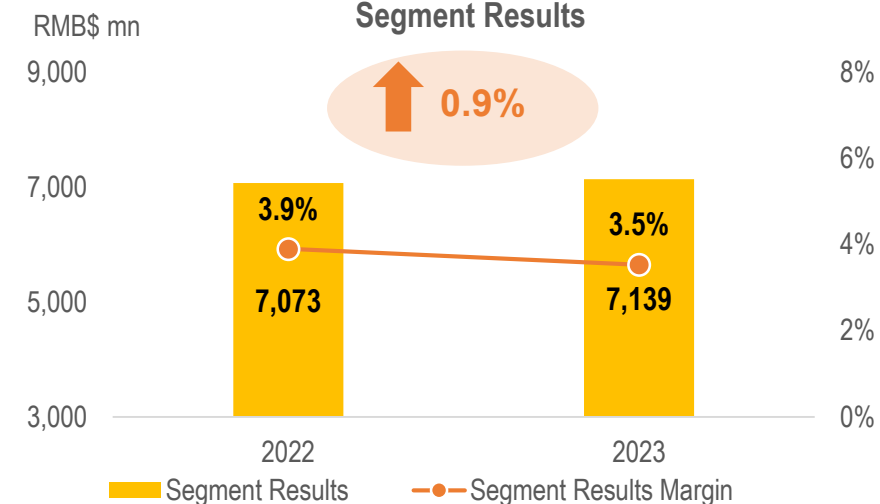


- In 2023, the segment revenue was RMB202.15 billion, representing a YoY increase of 11.4%. The segment GP Margin was 5.9%, representing a slight YoY decrease of 0.2ppt
- The pharmaceutical distribution network has covered 28 provinces across the country, serving approximately 240,000 clients, including 10,667 secondary and tertiary hospitals
- Actively developed the primary medical market. By strengthening the allocation of product resources to primary levels and diversifying the service capabilities, CR Pharma recorded a YoY increase of approximately 24% in sales revenue from primary medical institutions in 2023
- Advanced the establishment of a professional logistics system, reinforced standardized operational control, and operated over 230 logistics centres

### Segment Gross Profit



### Segment Results



# Enhancing product acquisition and import service capabilities, and accelerating the incubation of emerging businesses

## Optimizing the product coordination system

- Established a product committee and developed a unified BD system to continuously enhance the **integration of drug procurement, marketing, and supply chain management nationwide**. CR Pharma also coordinated and improved the ability to obtain upstream resources from various dimensions
- Strengthened **in-depth strategic cooperations with pharmaceutical companies such as Sanofi, Roche and Johnson & Johnson**

## Enhancing the capacity of import services

- In 2023, CR Pharma's sales revenue for import business achieved **RMB14.1 billion**, representing a YoY increase of 8%. During the year, **14 new imported products were introduced**
- Deeply involved in the **“Hong Kong and Macao Medical Instrument Connect” policy in the Greater Bay Area**, signed contracts with all medical institutions of the second batch, and assisted in obtaining 50 approvals for urgently needed clinical drugs/devices

## Acquiring high-quality product resources

- Introduced **49 innovative drug products that were newly approved for marketing and commercialization**. CR Pharma conducted **integrated negotiations for VBP**, and achieved an average product acquisition rate is 62% in the eighth round VBP
- For **out-of-hospital market**, also introduced **more than 70 in-depth marketing specifications**, including the in-depth marketing right for Roche's anti-influenza drug “Xofluza” and the agent distribution right for Ailine's scalp health drug “Cele” in the Chinese market

## Actively incubating emerging businesses

- Leveraging the acquisition of Fuda Pharmaceutical, CR Pharma diversified the blood product resources and **expanded its blood product distribution business**
- CR Pharma accelerated the layout of the **distribution business in the field of animal healthcare** and gained a national general agency right for a newly approved triple inactivated vaccine for cats in 2023



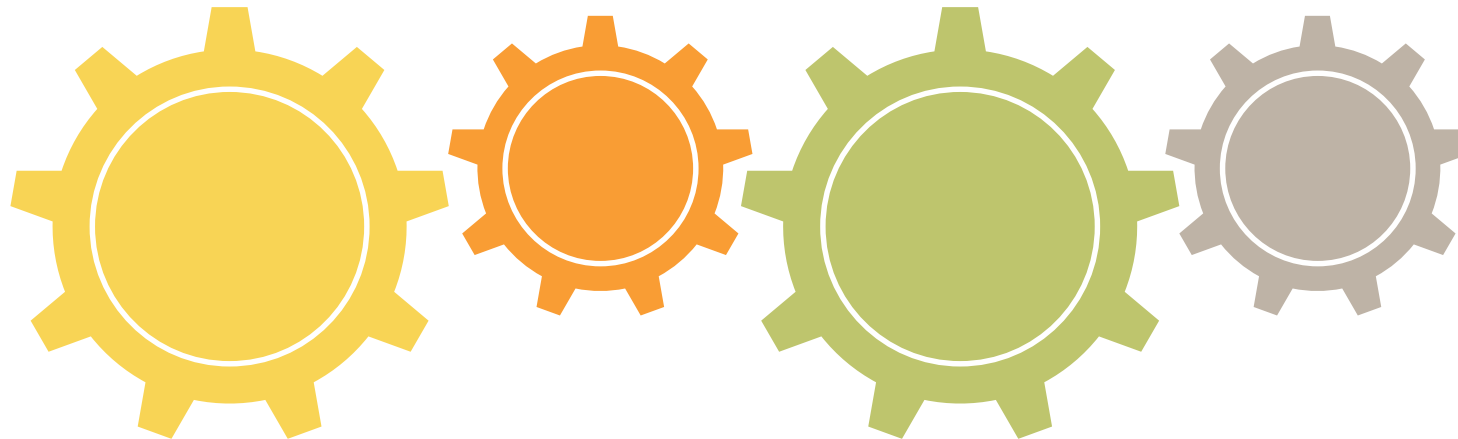
# Enhancing the professional development and expansion across the entire value chain of medical device distribution business

## Integrating the overall management and control

- To strengthen platform construction and integrated operational management, CR Pharma has established **40 independent medical device companies** and developed business relationships with **20,000 downstream hospitals**
- In 2023, the medical device business recorded **revenue of RMB32.3 billion**, representing a **YoY growth of 22%** excluding the impact of epidemic prevention materials
- CR Pharma **introduced 26 products as a general distributor/agency** and collaborated with upstream manufacturers such as DIRUI to advance the “Thousand Counties” project

## Accelerating business development in specialist areas

- CR Pharma continuously strengthened business layout and specialized capabilities in **orthopedics, interventional supplies, IVD** and other specialist areas
- **Orthopedics** sector: CR Pharma has set up a nationwide **supply chain and service-integrated platform**, established **over 80 orthopedic sub-warehouses** and launched a **surgery management system** to enhance intelligent service capabilities
- **IVD field**: CR Pharma has established **nine professional inspection companies** with inspection qualifications for immunity, biochemistry, microbiology and other sectors, and offering innovative services such as **smart laboratories**



## Expanding to the upstream of the industrial chain

- CR Pharma set-up IVD preparation joint venture company with Fapon Biotech, and established a **production base for IVD and basic consumables**. The first batch of nearly 100 medical device products entered mass production
- CR Pharma endeavoured to enhance the technological **R&D capabilities** of medical devices by setting up the Medical Device Research Institute and **forming a joint laboratory with Beijing Jishuitan Hospital**

## Providing lean services

- CR Pharma continued to **enhance the lean management capability of the in-hospital logistics for the medical device business**, and provided innovative value-added services such as supply chain management for hospitals
- In 2023, CR Pharma **secured over 80 new terminal innovative service projects**, with more than 10 projects utilizing their proprietary software systems

# Digitalization empowering business expansion, service innovation and management improvement in multiple dimensions

## Scaling-up business model



- In response to the trend of channel expansion and prescription outflow, CR Pharma **offered prescription platform services to hospitals, and processed prescription outflow business with a total amount of nearly RMB500 million from major internet hospital platforms** during the year
- CR Pharma obtained the first Category-3 license for an integrated internet hospital of traditional Chinese and western medicine in Beijing. **Its own internet medical platform, Beijing Run Xiaoyi (润小医) Internet Hospital, jointly built with Beijing Jiangong Hospital, was launched**
- The B2B platform, **CR Pharma e-Store (润药商城) recorded 1.96 million orders with a total transaction amount of approximately RMB30.4 billion for the year**

## Innovating medical services

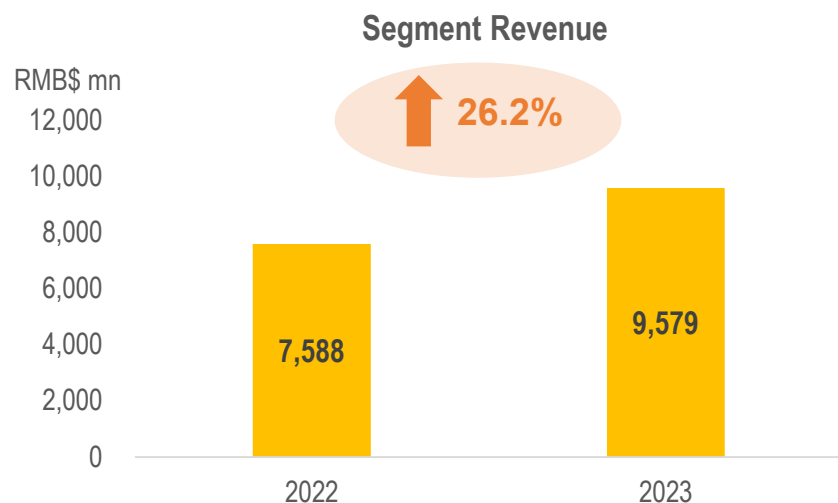


- CR Pharma **promoted digital value-added services** for medical customers and offered comprehensive supply chain solutions to reshape the value of traditional medical channels
- CR Pharma has **signed more than 120 COEs (Centers of Excellence) agreements** with over 70 medical institutions nationwide. In 2023, CR Pharma operated **three lung cancer COEs**, and implemented **two Digital Therapy Project** in cooperation with hospitals
- CR Pharma established a **look-through digital CRM (customer relationship management) platform** to optimize service capabilities, enhance customer loyalty and effectively explore the sales potential of high-quality customers

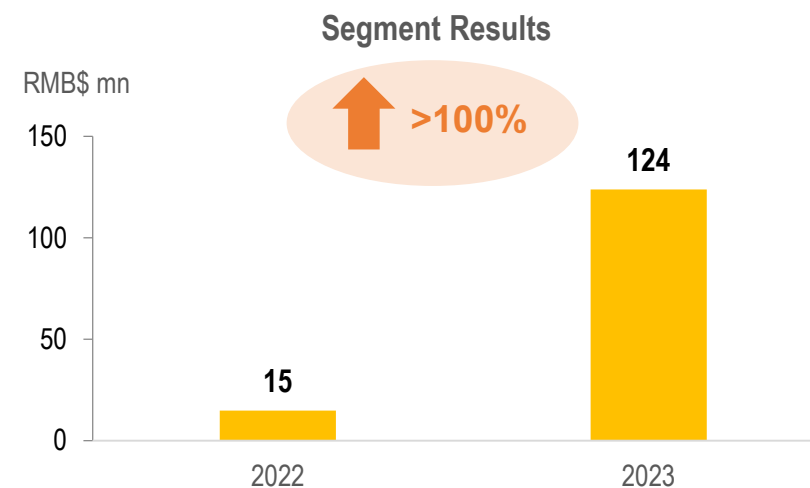
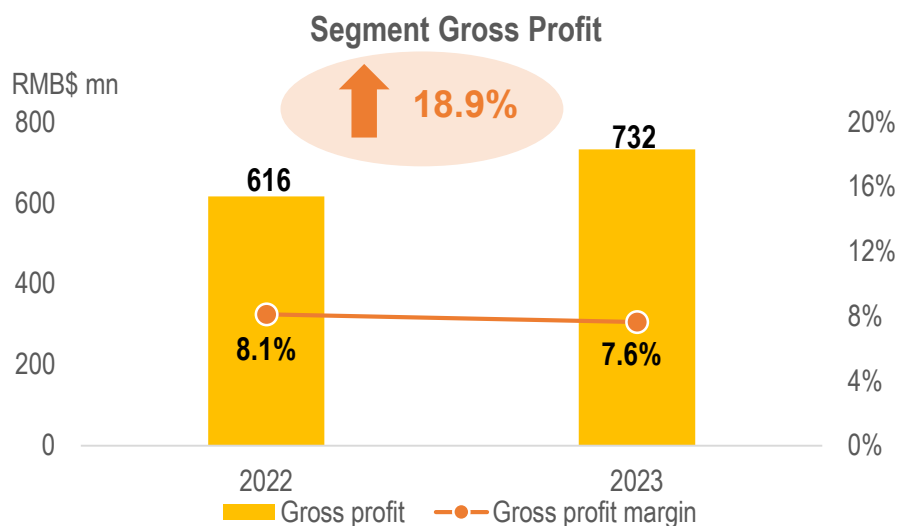
## Improving operational quality and efficiency



- CR Pharma established a **“digital business operation management platform”** to implement **the connection of multiple systems, such as customer classification, credit funds and supply chain management**. It effectively managed and reduced long-aging accounts receivable in a targeted manner, and controlled the payment schedule through an intelligent payment management platform, thereby increasing the working capital turnover and improving the operating cash flow
- "Runyao IoT (润曜物联)", **an intelligent logistics management tool**, was launched in a number of regions to effectively prevent risks while enhancing management quality and efficiency



- In 2023, by actively undertaking prescription outflows and consistently enriching and optimising the product portfolio, the retail segment recorded revenue of RMB9.58 billion, representing a YoY growth of 26.2%; the segment GP Margin was 7.6%, slightly down by 0.5ppt YoY
- The revenue of DTP business reached RMB5.9 billion, representing a YoY growth of 16%, accounting for 62% of the retail segment's revenue
- By the end of 2023, there are a total of 790 retail pharmacies, including 272 DTP pharmacies

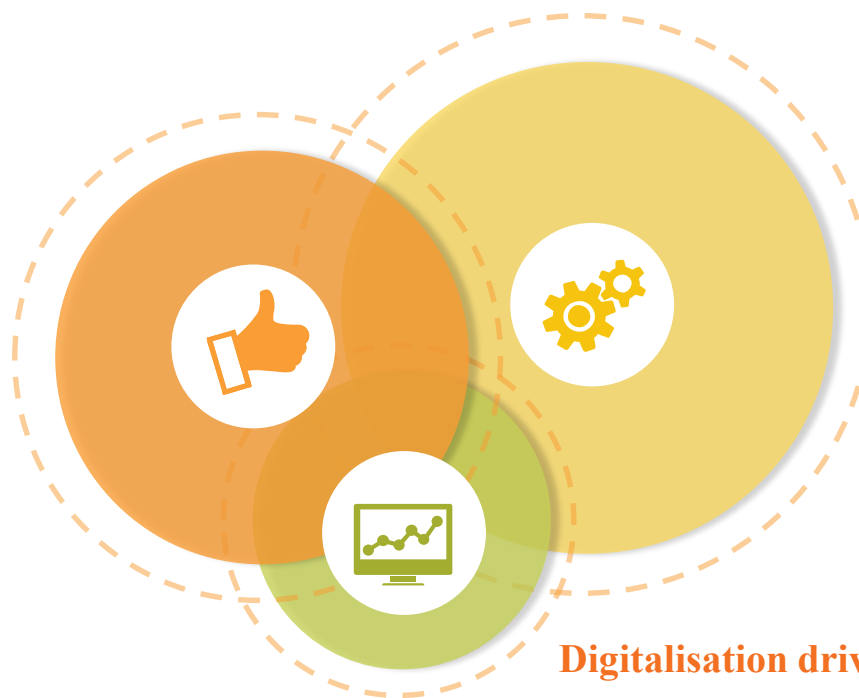




# Build professional, high-quality and digital retail pharmacies

## Building professional pharmacies to consolidate competitive advantage

- CR Pharma ranked **No.2** in “2022-2023 Top 10 DTP Enterprises” of CPEO, and occupied **54** positions in “2022-2023 Top 100 Standalone Pharmacies (Professional Pharmacies) in China”
- CR Pharma introduced **nine new DTP products**, including the globally first-in-class humanized targeted CAR-T product - relmacabtagene autoleucel injection, and the China’s first approved cutaneous T-cell lymphoma innovative drug product - mogamulizumab injection
- CR Pharma launched the “**Excellent Runyao Pharmacist**” program, providing in-depth and professional training to pharmacists and shop managers in CR Pharma’s professional pharmacies in collaboration with upstream manufacturers



## Enhancing service capacity to undertake prescription outflow

- CR Pharma optimised the professional service capabilities and strengthened the integrated management of pharmacies to coordinate and promote the pharmacies to acquire “**dual-channel**” and “**outpatient treatment**” qualifications, in order to actively undertake prescription outflow
- CR Pharma launched a **unified pharmaceutical service management platform**, with an aim of enhancing the connectivity between upstream and downstream sectors, and strengthening patient management and follow-up services
- CR Pharma actively **dealt with commercial insurance payments**, and has cooperated with Yibao Technology to launch **inclusive outpatient insurance** in Hunan, Shandong and other provinces, and the number of insured people has reached 300,000

## Digitalisation driving new retail development

- CR Pharma accelerated the digital transformation of its retail business and established an integrated online and offline business model. CR Pharma also developed new O2O and B2C retail platforms by **launching online private domain retail platform “Runyao Youxuan”**. The **online retail business sales growth of over 30% YoY** in 2023
- CR Pharma has built a **pharmacy member management system**, digitally enabling omni-channel unified member management and increasing customer stickiness, with the number of members reaching nearly 3 million

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## Aligning with national strategic needs, optimize industrial layout

Actively deploying strategic emerging industries in medicine, vigorously developing innovative biological drugs and blood products, actively deploying in the fields of vaccines, high-end medical devices, and synthetic biology, etc., and comprehensively engaging in the full value chain management of TCM

## Enhancing technological innovation capabilities as the cornerstone to build core competitive advantages

Improving the construction of innovative technology platforms, strengthening the differentiated layout of new product pipelines, accelerating the construction of national key laboratories, national engineering technology research centers, etc., and deepening external cooperation



## Taking benchmarking against world-class standards as the starting point to promote management improvement and value creation

Focusing on product excellence, outstanding brand, leading innovation, and modern governance, comprehensively benchmarking with world-class enterprises, implementing lean management, and promoting the simultaneous growth of scale and quality efficiency

## Driven by the dual-wheel development of connotation and extension to create a new development situation

Emphasizing both connotative growth and extensional development, strengthening innovation R&D, optimizing product structure, increasing investment and mergers and acquisitions in strategic industries, and continuing to consolidate, supplement, strengthen and extend the industrial chain

## Empowering business innovation transformation with intelligent digitization

Leveraging digitalization to drive industrial transformation and upgrade for high-quality development, enhancing the digital coverage of key business sectors, focusing on promoting intelligent manufacturing and model innovation, and improving management quality through digital means

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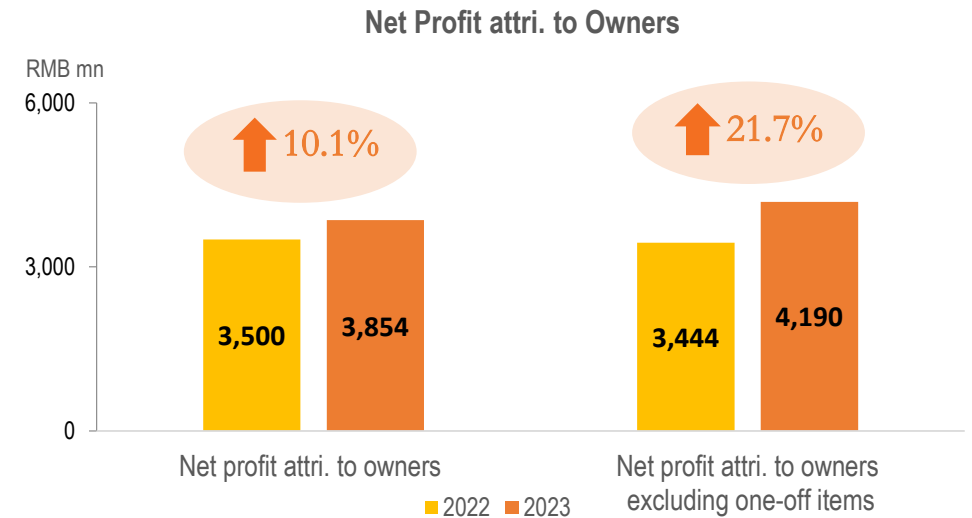
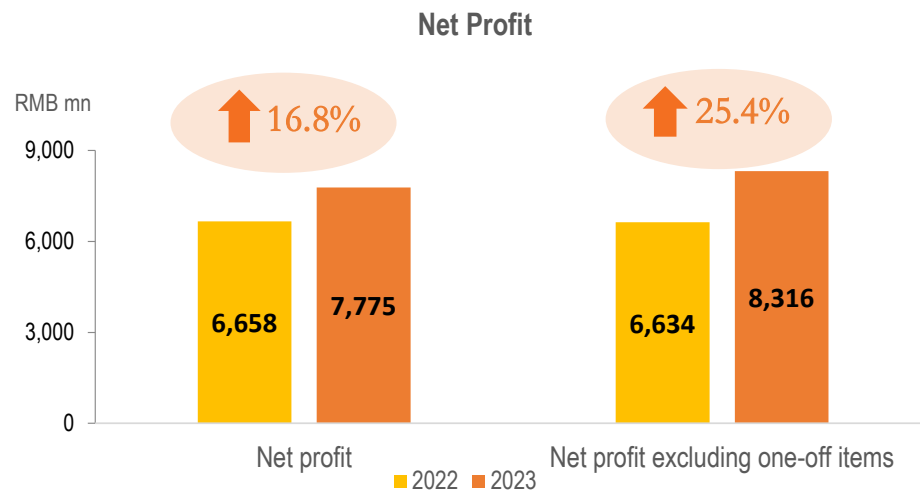
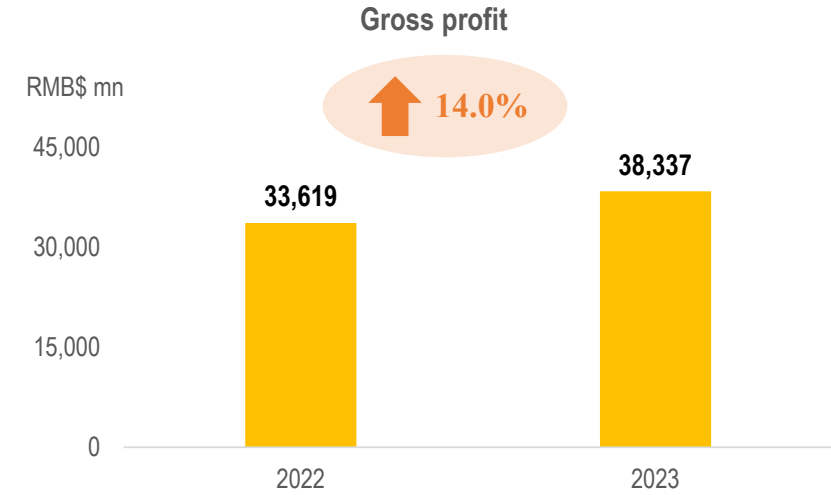
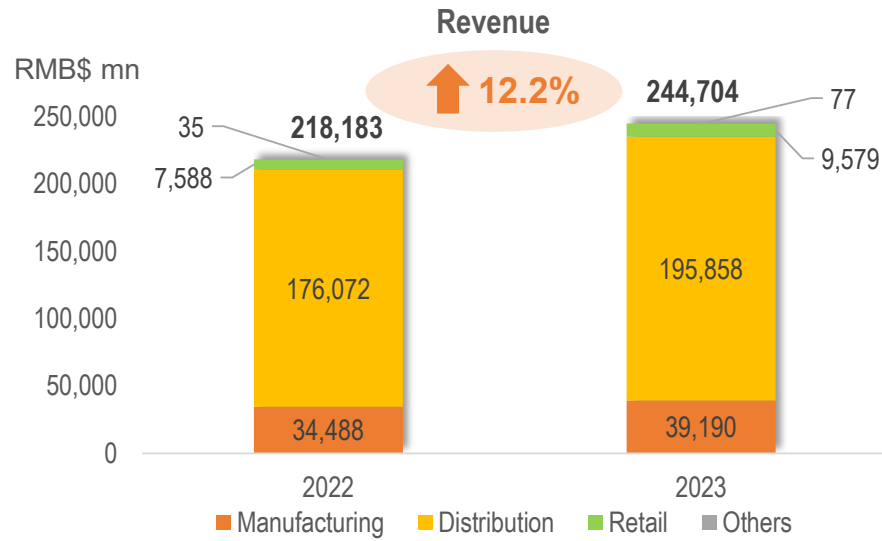
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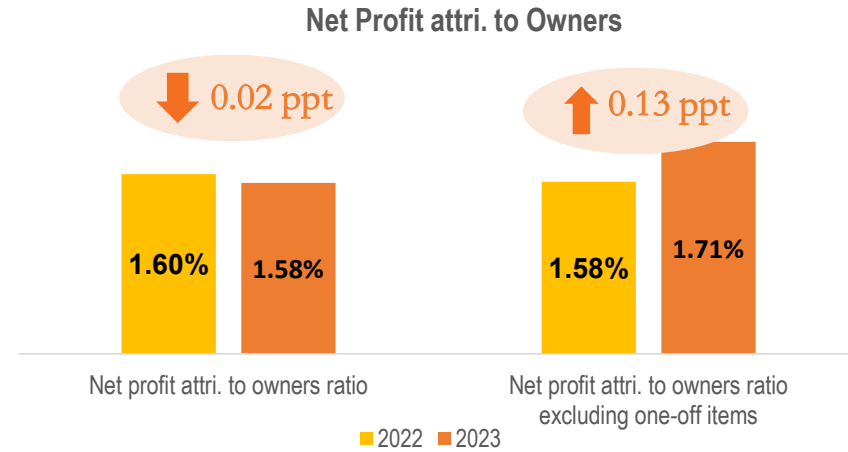
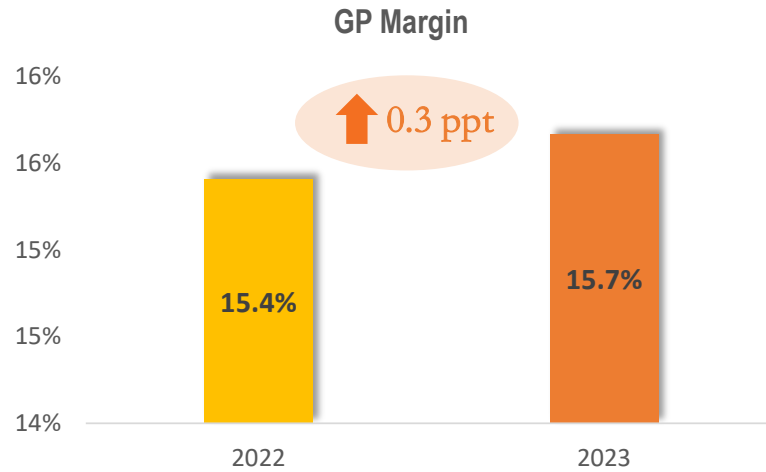
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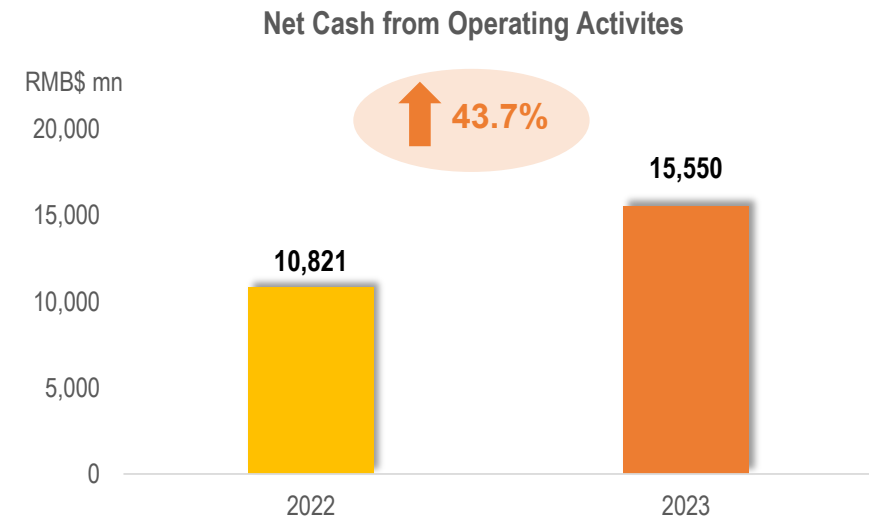
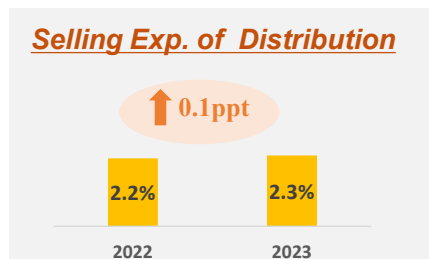
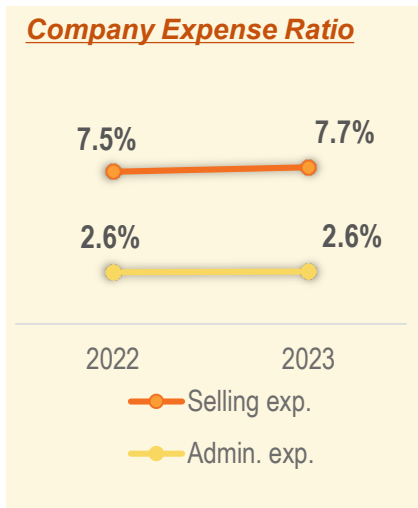
# Key financials



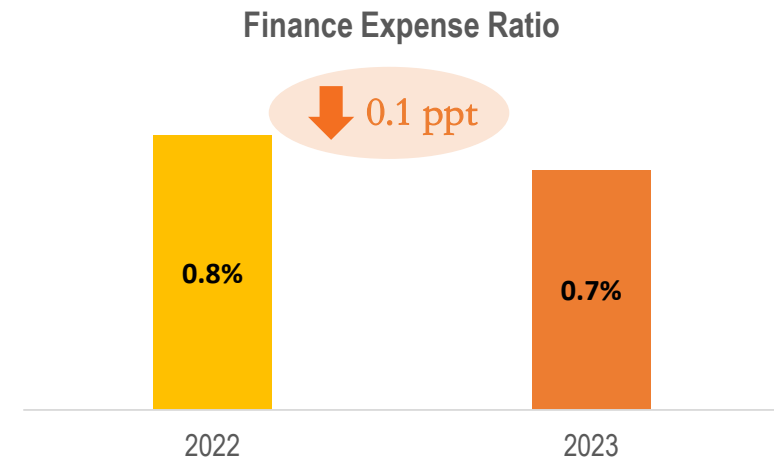
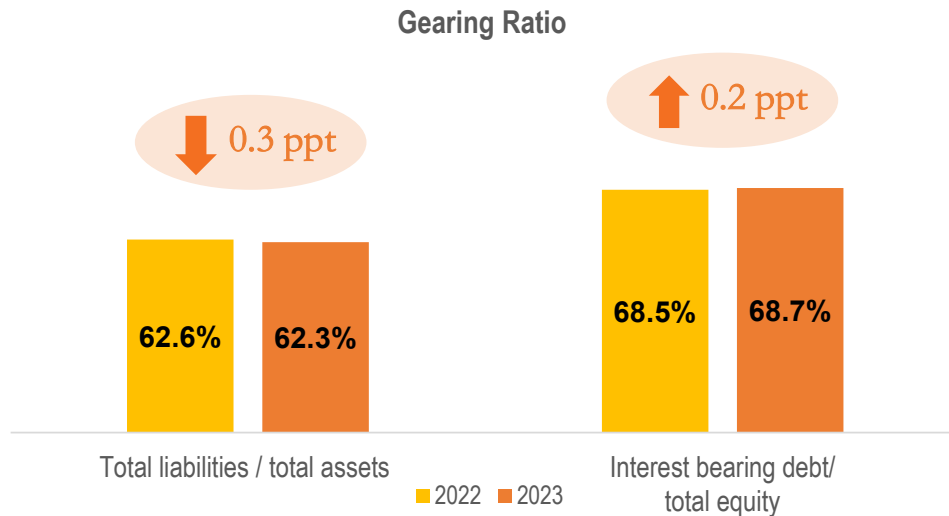
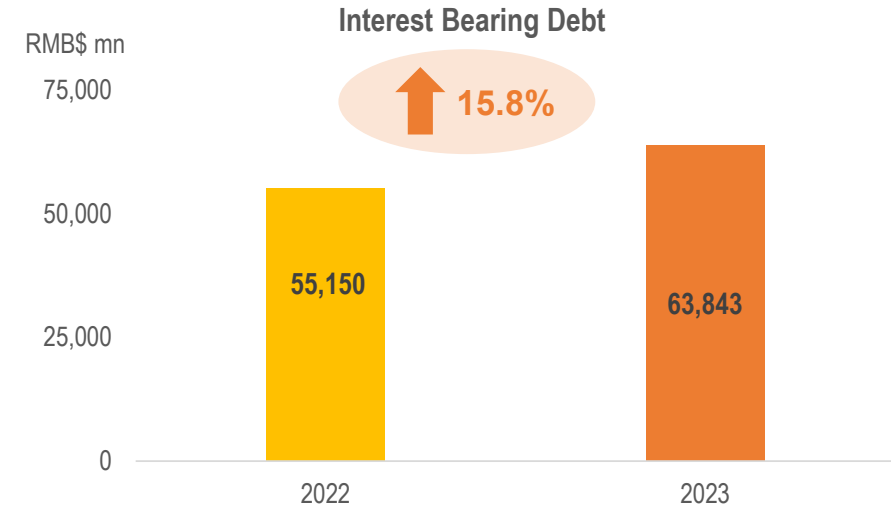
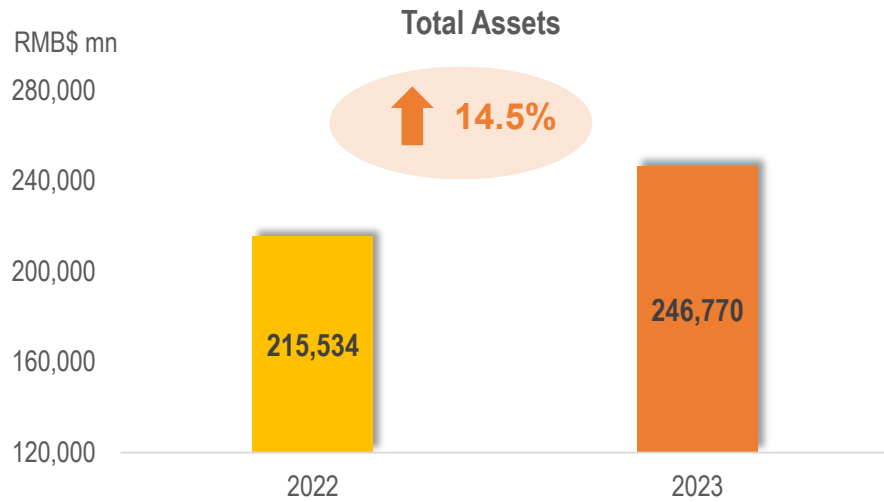
# Profit margin and operating cash flow



### Operating Expense Ratio

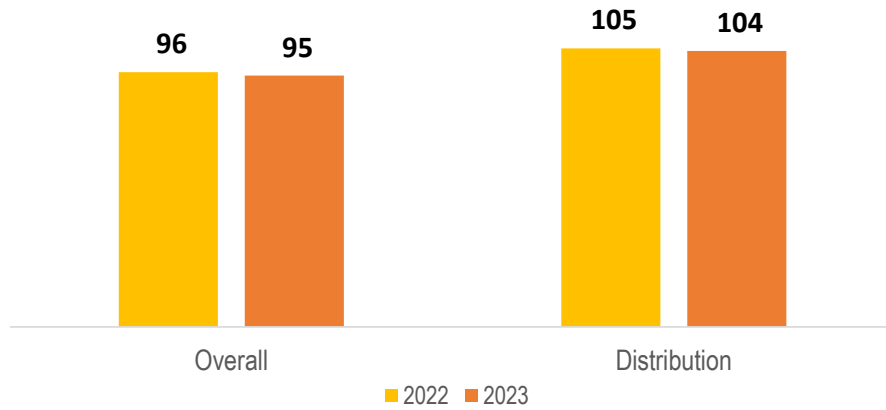


# Debt ratio and finance expense

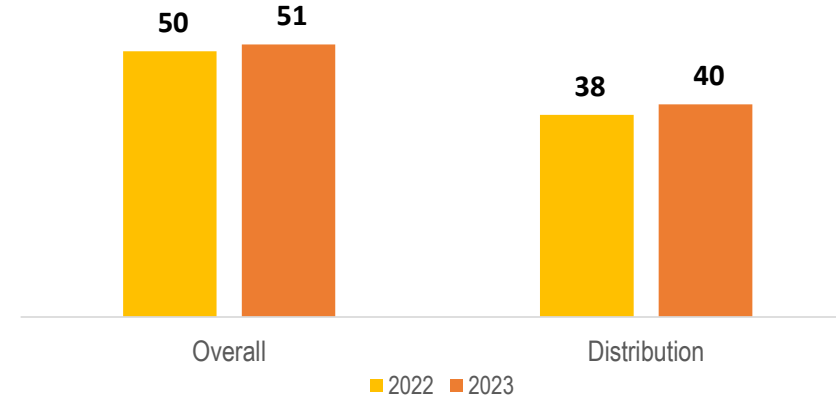


# Working capital turnover

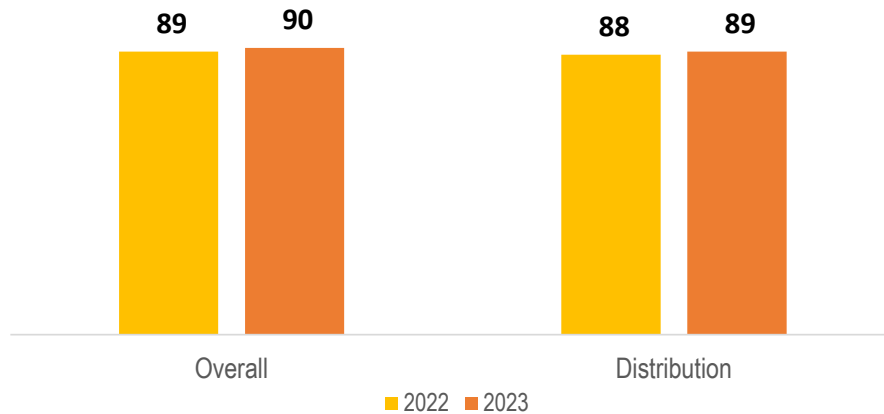
### Trade Receivable Turnover Days



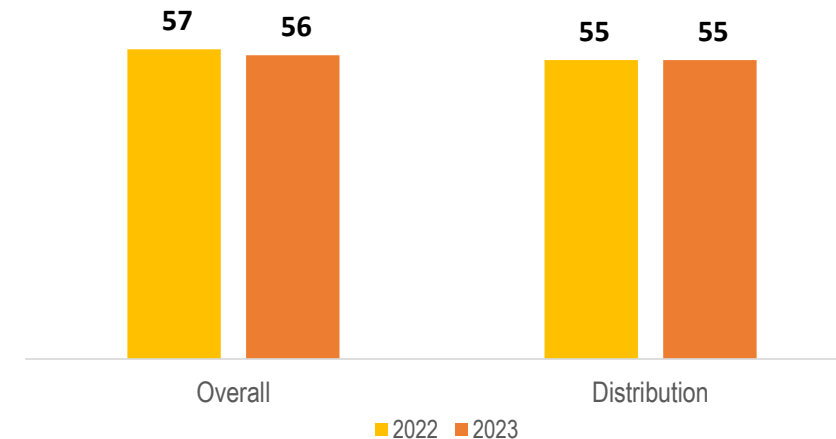
### Inventory Turnover Days



### Trade Payable Turnover Days



### Cash Conversion Cycle







# 華潤醫藥集團有限公司

## China Resources Pharmaceutical Group Limited

(Stock Code 股份代號：3320)

# Q&A



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## Appendix I: Statement of Profit or Loss

RMB million	2023	2022	YoY
Revenue	244,704	218,183	12.2%
Gross profit	38,337	33,619	14.0%
<i>Gross profit margin</i>	<i>15.7%</i>	<i>15.4%</i>	
Net profit of the Company	7,775	6,658	16.8%
Net profit attributable to owners of the parent company	3,854	3,500	10.1%
<i>Net profit margin attributable to the parent company</i>	<i>1.6%</i>	<i>1.6%</i>	
Net profit of the Company net of non-recurring profit or loss	8,316	6,634	25.4%
Net profit attributable to owners of the parent company net of non-recurring profit or loss	4,190	3,444	21.7%
Earnings per share (RMB)	0.61	0.48	

## Appendix II: Balance sheet

RMB million	31 December 2023	31 December 2022
<b>Total assets</b>	<b>246,770</b>	<b>215,534</b>
Property, plant and equipment	20,118	17,362
Goodwill	21,454	20,409
Trade and other receivables	79,188	71,041
Inventories	31,875	26,547
Cash and deposits	24,651	15,224
<b>Total liabilities</b>	<b>153,795</b>	<b>134,977</b>
Trade and other payables	79,075	69,365
Bank borrowings	54,213	40,745
Bonds payable	6,639	4,600
<b>Total equity</b>	<b>92,975</b>	<b>80,557</b>
Equity attributable to the parent company	45,960	43,557
Current ratio	1.3	1.3
Interest-bearing liabilities	63,843	55,150
Net interest-bearing liabilities	39,192	39,926
Net interest-bearing liabilities to total equity	42.2%	49.6%

## Appendix III: Segment results for 2023

RMB million	Manufacturing	Distribution	Retail	Others	Total
External income	39,190	195,858	9,579	77	244,704
Segment results	12,083	7,139	124	25	19,371
Other income					1,771
Other gains and losses					-1,565
Administrative expenses					-6,328
Other expenses					-2,044
Share of profits of associates and joint ventures					417
Finance costs (other than interest on lease liabilities)					-2,330
Finance income					588
Profit before tax					9,880

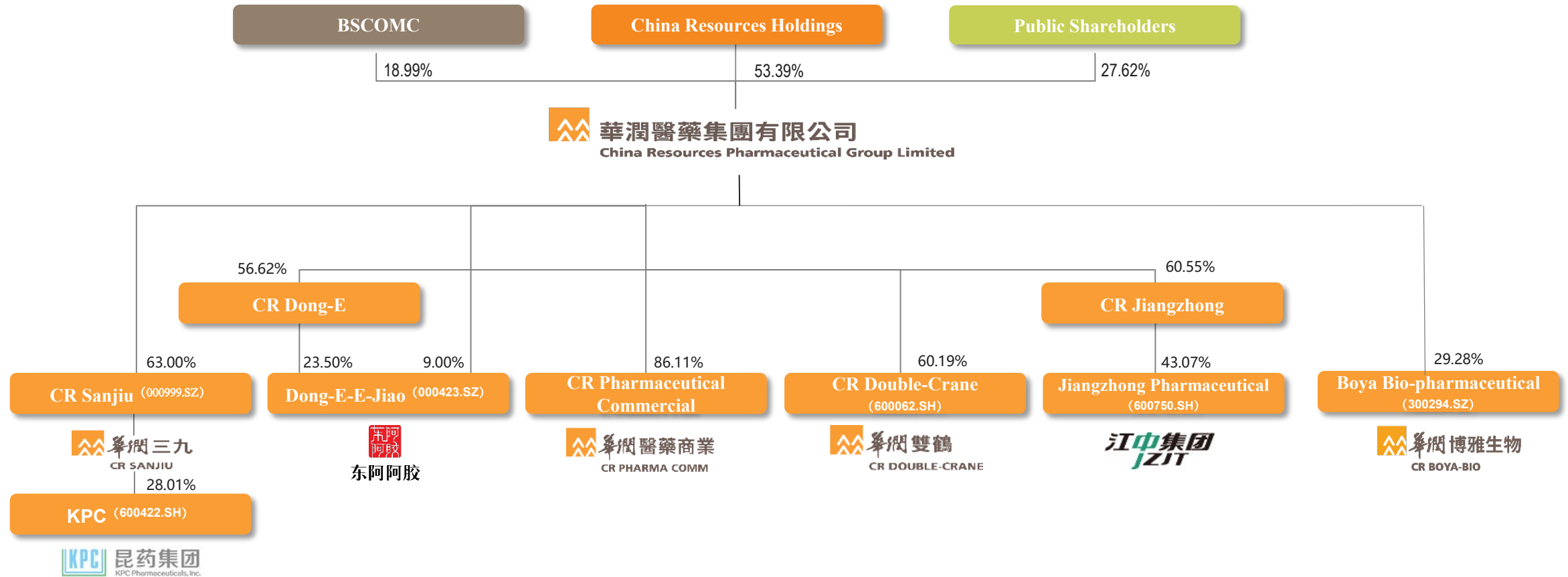
# Appendix IV: Corporate profile

## Principal Activities

- 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 billion shares<sup>1</sup>
- Market capitalisation: HK\$32,232 billion<sup>1</sup>





## 華潤醫藥集團有限公司

China Resources Pharmaceutical Group Limited

### Pharmaceutical Manufacturing Business

Segment Revenue: RMB43.46 billion

Segment Gross Profit: RMB25.69 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, KPC and etc.



- Production and manufacturing of 796 products
- Over 330 new drug development programs: including nearly 100 new drug programs and 28 new biopharmaceutical drug research programs (13 of which are new biopharmaceutical drugs)

### Pharmaceutical Distribution

Segment Revenue: RMB202.15 billion

Segment Gross Profit: RMB11.89 billion

- The third largest pharmaceutical distributor in China
- Over 230 logistics centres in 28 provinces in China
- Distribute about various 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 about 240,000, including hospitals by class, primary medical institutions, retail pharmacies and other customers



### Pharmaceutical Retail















Segment Revenue: RMB9.58 billion

Segment Gross Profit: RMB0.73 billion

- Operates 790 retail pharmacies under high-quality brands such as Teck Soon Hong(德信行) and CR Care (華潤堂)






- Enhance the construction of professional pharmacies such as DTP, improve pharmaceutical service capabilities, and establish differentiated competitive advantages. Own 272 DTP pharmacies (including 153 “Dual-channel” pharmacies)
- Build a new retail system outside hospitals, promote the digital transformation of retail business, establish an integrated online and offline business model, and actively undertake prescription outflow





# 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>

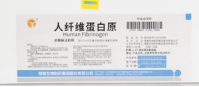









# Appendix VII: Product portfolio - Chemical drugs

Major Products	Therapeutic Areas
 <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>Amlodipine Besylate tablets (Yashida) 苯磺酸氨氯地平片(压氏达)</p>	Cardiovascular system
 <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>Pitavastatin Calcium tablets (Guanshuang) 匹伐他汀钙片(冠爽)</p>	Cardiovascular system
 <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)

Major Products	Therapeutic Areas
 <p>Cefazolin Sodium Pentahydrate for injection (Xintailin) 注射用五水头孢唑林钠(新泰林)</p>	Anti-infective
 <p>Peritoneal dialysis solution (Peritoneal dialysate) 腹膜透析液</p>	Nephrology
 <p>Calf Pulmonary Surfactant for injection (Kelisu) 注射用牛肺表面活性剂(珂立苏)</p>	Pediatrics
 <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>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