SciClone Pharmaceuticals (Holdings) Limited

賽生藥業控股有限公司 *

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6600)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2020

The board of directors (the "**Board**") of SciClone Pharmaceuticals (Holdings) Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended December 31, 2020. The results have been audited by the Auditor in accordance with Hong Kong Standards on Auditing. In addition, the results have also been reviewed by the Audit Committee.

HIGHLIGHTS

Financial Highlights

For the year ended December 31, 2020, the Group recorded the following audited results:

— Revenue was approximately RMB1,918.6 million, an increase of approximately 12.3% over the last year;

— Gross profit was approximately RMB1,490.5 million, an increase of approximately 13.4% over the last year;

— Net profit was approximately RMB753.7 million, approximately 22.6% higher than that of the last year;

— Basic earnings per share attributable to owners of the Company were approximately RMB1.38, approximately 22.1% higher than that of the last year; and

— Diluted earnings per share attributable to owners of the Company were approximately RMB1.35, approximately 19.5% higher than that of the last year.

Business Highlights

— **Growth of marketed products:** Revenue from sales of our proprietary product Zadaxin increased by RMB218.9 million, or 16.2% from RMB1,349.3 million in 2019 to RMB1,568.2 million in 2020. Since December 2020, we began distributing Zometa as the importer and distributor in certain provinces in China, and thereby began generating revenue from our sales of Zometa.

— **Expansion of pipeline products:** In 2020, we added three candidates to our portfolio of pipeline drug candidates. In March 2020, we in-licensed from Tarveda Therapeutics PEN-866, a selective precision oncology drug candidate treating solid tumors. In June 2020, we in-licensed from EpicentRx, Inc. RRx-001, a well-tolerated next generation small molecule immunotherapeutic treating solid tumors. In December 2020, we in-licensed from Y-mAbs Therapeutics, Inc. two drug candidates, Naxitamab, which is used to treat high risk neuroblastoma, and Omburtamab, which is used to treat CNS/leptomeningeal metastasis from neuroblastoma.

* *For identification purpose only*

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Year ended December 31, 2020 RMB'000	2019 RMB'000
Revenue	2	**1,918,562**	1,708,068
Cost of revenue		**(428,106)**	(393,141)
Gross profit		**1,490,456**	1,314,927
Sales and marketing expenses		**(456,389)**	(460,332)
Administrative expenses		**(216,220)**	(118,385)
Research and development ("**R&D**") expenses		**(75,420)**	(87,688)
Other income		**139,204**	6,795
Other expenses		**(75,173)**	—
Other gains/(losses) — net		**28,465**	(5,128)
Operating profit		**834,923**	650,189
Finance income		**11,478**	12,171
Finance costs		**(29,592)**	(1,189)
Finance (cost)/income, net		**(18,114)**	10,982
Profit before income tax		**816,809**	661,171
Income tax expense	3	**(63,114)**	(46,567)
Profit for the year attributable to owners of the Company		**753,695**	614,604
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Changes in the fair value of equity investments at fair value through other comprehensive income ("**FVOCI**")		**153,247**	17,679
Items that may be subsequently reclassified to profit or loss			
Currency translation differences		**9,168**	27,578
Total comprehensive income for the year		**916,110**	659,861
Total comprehensive income attributable to:			
Owners of the Company		**916,110**	659,861
Earnings per share attributable to owners of the Company (RMB)	5		
Basic earnings per share		**1.38**	1.13
Diluted earnings per share		**1.35**	1.13

CONSOLIDATED BALANCE SHEETS

	Notes	As at December 31, 2020 ***RMB'000***	2019 *RMB'000*
Assets			
Non-current assets			
Right-of-use assets		**8,810**	26,082
Property, plant and equipment		**5,454**	9,021
Intangible assets	6	**652,691**	169,251
Financial assets at fair value through profit or loss ("**FVPL**")		**55,936**	24,971
Financial assets at FVOCI		**232,352**	37,491
Deferred tax assets		**13,336**	—
Other assets		**5,151**	6,991
		973,730	273,807
Current assets			
Inventories		**171,585**	140,199
Trade receivables	7	**324,791**	362,900
Other current assets		**60,416**	25,666
Financial assets at FVPL		**70,013**	123,761
Cash and cash equivalents		**1,118,986**	919,490
Restricted cash		**163,123**	—
		1,908,914	1,572,016
Total assets		**2,882,644**	1,845,823
Equity and liabilities			
Liabilities			
Non-current liabilities			
Borrowings		**1,171,489**	—
Deferred tax liabilities		**9,258**	6,240
Lease liabilities		**2,070**	6,992
Other non-current liabilities		**194**	815
		1,183,011	14,047

CONSOLIDATED BALANCE SHEETS (continued)

	Notes	As at December 31, 2020 RMB'000	2019 RMB'000
Current liabilities			
Trade and other payables	8	**514,098**	224,321
Lease liabilities		**6,402**	19,466
Borrowings		**782,988**	—
Current tax liabilities		**84,283**	62,812
		1,387,771	306,599
Total liabilities		**2,570,782**	320,646
Net assets		**311,862**	1,525,177
Equity attributable to owners of the Company			
Share capital		**192**	—
Other reserves		**162,673**	1,296,133
Retained earnings		**148,997**	229,044
Total equity		**311,862**	1,525,177

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

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

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

— *New and amended standards adopted by the Group*

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

Standards	Effective for annual periods beginning on or after
Amendments to IAS 1 and IAS 8, "Definition of Material"	January 1, 2020
Amendments to IFRS 3, "Definition of a Business"	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, "Interest Rate Benchmark Reform"	January 1, 2020
Revised Conceptual Framework for Financial Reporting	January 1, 2020
Amendment to IFRS 16, "COVID-19-related Rent Concessions"	June 1, 2020

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

— *New standards and interpretations not yet adopted*

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

Standards	Effective for annual periods beginning on or after
IFRS 17, "Insurance Contracts"	January 1, 2023
Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined
Amendments to IAS 1, "Classification of Liabilities as Current and Non-current"	January 1, 2023
Amendments to IFRS 3, "Reference to the Conceptual Framework"	January 1, 2022
Amendments to IAS 37, "Onerous Contracts — Cost of Fulfilling a Contract"	January 1, 2022
Annual improvements to IFRS standards 2018–2020	January 1, 2022
Amendment to IAS 16, "Property, Plant and Equipment: Proceeds before intended use"	January 1, 2022

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

2. REVENUE

	Year ended December 31,	
	2020	2019
	RMB'000	*RMB'000*
Recognized at a point in time		
— Product sales	**1,918,562**	1,708,068

3. INCOME TAX EXPENSE

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

	Year ended December 31,	
	2020	2019
	RMB'000	*RMB'000*
Current income tax	**73,432**	45,265
Deferred income tax	**(10,318)**	1,302
Income tax expense	**63,114**	46,567

The income tax provision of the Group in respect of its operations in Mainland China was calculated at tax rate of 25% (2019: 25%) on the assessable profits for the periods presented, based on the existing legislation, interpretations and practices in respect thereof.

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

Entities incorporated in Hong Kong are subject to Hong Kong profits tax of which the tax rate was 16.5% up to April 1, 2018 when the two-tiered profits tax regime took effect, under which the tax rate is 8.25% for assessable profits in the first HKD2 million and 16.5% for any assessable profits in excess.

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

4. DIVIDENDS

	Year ended December 31,	
	2020	2019
	RMB'000	*RMB'000*
Dividends payable at beginning of the year	**—**	—
Declaration of dividends during the year	**2,230,394**	211,596
Dividends paid during the year	**(2,173,758)**	(211,596)
Exchange differences	**(4,437)**	—
Dividends payable at end of the year	**52,199**	—

The Group declared dividends of RMB2,230.39 million (2019: RMB211.60 million) and paid dividends in cash of RMB2,173.76 million (2019: RMB211.60 million) to the parent company.

5. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Year ended December 31,	
	2020	2019
	RMB'000	*RMB'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**753,695**	614,604
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**547,981**	543,136
Effect of dilutive potential ordinary shares		
Impact of Share option	**11,432**	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**559,413**	543,136

6. INTANGIBLE ASSETS

	License *RMB'000*	Software *RMB'000*	Total *RMB'000*
At January 1, 2019			
Cost	137,423	13,967	151,390
Accumulated amortization	—	(7,922)	(7,922)
Net book amount	137,423	6,045	143,468
Year ended December 31, 2019			
Opening net book amount	137,423	6,045	143,468
Exchange differences	2,201	100	2,301
Additions	30,695	—	30,695
Amortization charge	(5,240)	(1,973)	(7,213)
Closing net book amount	165,079	4,172	169,251
At December 31, 2019			
Cost	170,381	12,981	183,362
Accumulated amortization	(5,302)	(8,809)	(14,111)
Net book amount	165,079	4,172	169,251
Year ended December 31, 2020			
Opening net book amount	**165,079**	**4,172**	**169,251**
Exchange differences	**(40,282)**	**(81)**	**(40,363)**
Additions[(1)]	**627,363**	**1,379**	**628,742**
Amortization charge	**(83,040)**	**(2,272)**	**(85,312)**
Impairment losses	**(19,627)**	**—**	**(19,627)**
Closing net book amount	**649,493**	**3,198**	**652,691**
At December 31, 2020			
Cost	**753,239**	**14,360**	**767,599**
Accumulated amortization	**(84,171)**	**(11,162)**	**(95,333)**
Impairment losses	**(19,575)**	**—**	**(19,575)**
Net book amount	**649,493**	**3,198**	**652,691**

(1) Addition of intangible assets in the year ended December 31, 2020 was due to the Group's acquisition of the license of Zometa and the upfront payments for in-licensed pipeline drug candidates including PEN-866, RRx-001, Naxitamab and Omburtamab.

7. TRADE RECEIVABLES

	As at December 31,	
	2020	2019
	RMB'000	*RMB'000*
Trade receivables	**324,791**	362,900
Less: allowance for impairment of trade receivables	**—**	—
Trade receivables — net	**324,791**	362,900

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

	As at December 31,	
	2020	2019
	RMB'000	*RMB'000*
Up to 6 months	**307,824**	362,900
6 to 12 months	**914**	—
More than one year	**16,053**	—
	324,791	362,900

The Group's trade receivables are generally collectible within 180 days from the invoice date. No interest is charged on the trade receivables.

(b) Trade receivables were denominated in following currencies:

	As at December 31,	
	2020	2019
	RMB'000	*RMB'000*
RMB	**323,766**	337,546
USD	**422**	24,069
HKD	**603**	1,285
	324,791	362,900

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

As at December 31, 2020, the expected credit loss was minimal as these receivables had no history of default, most amount of trade receivables were subsequently settled, and there was no unfavorable current condition and forecast future economic condition identified. The Group considered the impact of COVID-19 and incorporated related forward-looking factors to measure expected credit losses as at December 31, 2020 and determined that the expected credit loss remained to be minimal as at December 31, 2020.

8. TRADE AND OTHER PAYABLES

	As at December 31,	
	2020	2019
	RMB'000	*RMB'000*
Trade payables	**57,546**	66,047
Payables for marketing and promotion expenses	**78,340**	71,633
Salaries and bonus payable	**81,214**	65,238
Payables for professional service fee	**15,216**	8,278
Payables for listing expenses	**26,790**	—
Payables for purchase of a license	**163,123**	—
Dividends payable	**52,199**	—
Others	**39,670**	13,125
	514,098	224,321

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

	As at December 31,	
	2020	2019
	RMB'000	*RMB'000*
Less than 1 year	**57,546**	66,047

BUSINESS REVIEW AND OUTLOOK

Financial Highlights

During 2020, in spite of a challenging operating environment resulted from the outbreak of COVID-19, which confronted businesses and the macroeconomy with uncertainties, risks and challenges, our sales of products maintained a strong growth momentum as we further deepened our market penetration of our key product Zadaxin through effective lifecycle management, achieved progresses in the commercialization process of our in-licensed products, Zometa and Angiomax, expanded our product pipeline, and continued to adopt innovative business models such as the "Go-to-Patient" model. Our revenue grew to RMB1,918.6 million in 2020 from RMB1,708.1 million in 2019, representing a year-on-year increase of 12.3%. Our gross profit grew to RMB1,490.5 million in 2020 from RMB1,314.9 million in 2019, representing a year-on-year increase of 13.4%. Our profit for the year attributable to owners of the Company was RMB753.7 million in 2020, as compared with RMB614.6 million in 2019. Our total comprehensive income for the year was RMB916.1 million in 2020 as compared with RMB659.9 million in 2019.

Business Review

We are a biopharmaceutical company with an integrated platform for product development and commercialization. We strategically focus on some of the largest and fast-growing therapeutic areas with significant unmet medical needs in China, primarily including oncology and severe infection. Leveraging our integrated platform, we strive to develop and commercialize a portfolio of high-quality marketed products, primarily including our proprietary product, Zadaxin, and pipeline drugs in our focused therapeutic areas.

Our Business Model and Products

In 2020, we primarily engage in the sales of (i) our proprietary product, Zadaxin; (ii) our in-licensed products; and (iii) promotion products on behalf of our business partners in China.

- *Sales of our proprietary product, Zadaxin:* In 2020, we generated our revenue primarily from the sales of Zadaxin in China. In 2020, we continue to generate revenue through the sales of Zadaxin to Sinopharm in China, which has acted as our exclusive importer and distributor for Zadaxin in China for approximately 10 years. We continued to expand our innovative "Go-To-Patient" model for the sales of Zadaxin. For the year ended December 31, 2020, sales through our "Go-To-Patient" model contributed to more than 55% of our total sales volume of Zadaxin during the same period. In 2020, we continued to manufacture Zadaxin through our CMO partner, Patheon Italia with whom we have worked since 2002 under a manufacturing and supply agreement subject to a term of automatic renewal every two years.

- *Sales of our in-licensed products:*

    - ***Zometa:*** Zometa is our marketed in-licensed product indicated for the treatment of patients with multiple myeloma and patients with documented bone metastases from solid tumors, and hypercalcemia of malignancy. In February 2020, Novartis transferred to us certain marketing authorization, domain name, trademark, other intellectual properties and third-party agreements related to Zometa. We reported profit sharing from Novartis as part of other income for its sales of Zometa in China pursuant to our licensing arrangement with

Novartis. As authorized by Novartis, we began distributing Zometa as the importer and distributor in certain provinces in China since December 2020 and thereby began recording as part of revenue from our sales of Zometa.

- o ***Angiomax:*** Angiomax is our to-be-marketed in-licensed product indicated for use as anticoagulant in patients undergoing percutaneous coronary intervention, including patients with heparin-induced thrombocytopenia and thrombosis syndrome. For Angiomax, we entered into an agreement with Huizheng (Shanghai) Pharmaceuticals Technology Co., Ltd ("**Huizheng**") on August 31, 2020, under which we engaged Huizheng for the promotion and distribution of Angiomax in Mainland China.

- *Sales of promotion products on behalf of our business partners:* In 2020, we continued to sell promotion products for our partner pharmaceutical companies, such as Pfizer and Baxter, as a promotor and distributor for such business partners.

Our Product Development

In 2020, we have been actively engage in the development of our proprietary and in-licensed pharmaceutical products, focusing on building up a drug portfolio with strong positioning in high-value and high-growth sectors. In recent years, we started the development of a number of pipeline drug candidates, primarily focusing on oncology and severe infection therapeutic areas. For our in-licensed products, we generally acquire licenses and get involved in the product development process from various stages, ranging from IND filing for some of our early-stage pipeline products, to pivotal clinical trials for some of our late-stage pipeline products. As of December 31, 2020, we had a portfolio of eight pipeline drug candidates, including five late-stage candidates in phase III clinical trial or later stage and three early-stage candidates that have entered into Phase II clinical trial or earlier stage.

- *Our expansion of our portfolio of pipeline drug candidates in 2020:*

  - o *PEN-866:* In March 2020, we in-licensed from Tarveda Therapeutics PEN-866, a selective precision oncology drug candidate treating solid tumors. PEN-866 is expected to complete its US Phase II trial in solid tumors in 2022.

  - o *RRx-001:* In June 2020, we in-licensed from EpicentRx, Inc. RRx-001, a well-tolerated next generation small molecule immunotherapeutic treating solid tumors. By December 31, 2020, RRx-001 has completed its US Phase II trial in colorectal cancer, is expected to launch its US Phase III trial in colorectal cancer in 2021, and is expected to complete its US phase II trial in small cell lung cancer by the end of 2021.

  - o *Naxitamab and Omburtamab:* In December 2020, we in-licensed from Y-mAbs Therapeutics, Inc. two drug candidates, Naxitamab, which is used to treat high risk neuroblastoma, and Omburtamab, which is used to treat CNS/leptomeningeal metastasis from neuroblastoma. By December 31, 2020, Naxitamab has completed Phase I and Phase II trials in the U.S. and received approval from FDA on Biologics License Application in November 2020, and we plan to utilize overseas clinical data for the NDA application in China for Naxitamab. By December 31, 2020, Omburtamab has completed Phase I and Phase II trials in the U.S. and Y-mAbs plans to refile BLA for Omburtamab in early 2021, and we plan to utilize overseas clinical data for the NDA application in China for Omburtamab.

- *Product development progress of our pipeline drug candidates in 2020:*

  - *Oravig:* Oravig is a miconazole buccal tablet pipeline drug candidate we in-licensed from BioAlliance, used to treat oropharyngeal candidiasis. After our completion of the registration trial and passed the data verification of the sampling test base by the NMPA in September 2019, we submitted the requested additional data for relevant technical review in June 2020 and succeeded in CDE technical review in December 2020.

  - *SGX-942:* In December 2020, SGX-942, one of our previous potential drug candidates, failed to achieve its Phase III clinical endpoint. As a result, we provided full impairment to related intangible assets with the amount of RMB19.6 million as of December 31, 2020. The impairment losses were recognized as administrative expenses in the consolidated statements of comprehensive income for the year ended December 31, 2020. We intended to closely monitor the subgroup analysis of the Phase III clinical data of SGX-942, and to continue to develop its other potential clinical adoptions.

In 2020, we continued to expand our product development teams. As of December 31, 2020, our product development team grew to more than 70 people.

Sales, Marketing and Distribution

In 2020, we continued to promote our proprietary and in-licensed products primarily to hospitals and pharmacies through our sales and marketing activities. We sold our proprietary and in-licensed pharmaceutical products through distributors to hospitals and pharmacies. Specifically, for our proprietary product, Zadaxin, we procured the API from Polypeptide, manufactured through our CMO partner Patheon Italia based on our sales and production forecast, and recognized revenue through sales to Sinopharm, which acts as our exclusive importer and distributor for Zadaxin in China. In compliance with the "two-invoice system", after our sales of Zadaxin to Sinopharm, Sinopharm cleared the products through customs of China as an imported drug and distributed further to hospitals and pharmacies. Sinopharm's distribution network of Zadaxin covered 31 provinces, municipalities and autonomous regions in China as of December 31, 2020.

During the year, we kept developing and maintaining our collaboration with pharmaceutical companies such as our partners Pfizer and Baxter. We promoted the promotion products we sold for such partners to hospitals and pharmacies through our sales and marketing activities. Our business partners supplied us with such promotion products and we imported through SciClone Pharmaceuticals (Jiangsu) Co, Ltd.. We recognized revenue of the sales of promotion products to our distributors through the distribution network we managed.

In 2020, we further expand our sales and marketing taskforce. As of December 31, 2020, our sales and marketing team grew to more than 650 employees systematically deployed to cover approximately more than 2,000 hospitals in China and to capture the latest market dynamics.

Production and Quality Control

We manufacture our proprietary product, Zadaxin, and our in-licensed products, Angiomax, through Patheon Italia, an industry-leading, highly reputable CMO. We outsourced the production of Zometa to Novartis under the Supply Agreement with Novartis. Our production quality management standards remained complied with GMP in various markets where we have operations.

Impacts of Significant Policies with Respect to Pharmaceutical Industry

In 2020, a number of reform policies were frequently issued in China pharmaceutical industry, and the volume-based procurement remained the most influential one for the operation of pharmaceutical companies. Bivalirudin, the compound for our product Angiomax, was listed in the catalog for the fourth batch of volume-based procurement on December 25, 2020. In the case that thymalfasin, the compound for our proprietary product Zadaxin, is included in the volume-based procurement catalog, Zadaxin may face more intensive competition in sales to public hospitals and public medical institutions, and consequently, our business, results of operations and financial conditions will be adversely affected. In such case, we may formulate our optimal strategy and choose whether to participate in the volume-based procurement depending on our balancing of various factors including the price level, sales volume and market shares.

Outlook

Looking out to the coming year, we will further leverage our integrated platform for product development and commercialization in order to capture more opportunities. Our development measures include continuing to:

– strengthen our marketed product portfolio through effective lifecycle management, including further accumulating clinical evidence of Zadaxin in sepsis, immune-oncology and as COVID-19 vaccine enhancement and investment in clinical studies and new assets;

– expand our pipeline through investment in new assets and clinical studies, such as the Phase III Multi-Regional Clinical Trials of RRx-001 for Small Cell Lung Cancer with EpicentRx, with accelerated fast-to-market strategy for late-stage assets and potential first/best-in-class focus for early-stage assets;

– innovate in business model, such as the "Go-To-Patient" model, and enhance our commercial and development capabilities to drive product growth;

– commit to development of talent and enhancement of our operational infrastructure to support our future expansion; and

– navigate through external challenges, such as the volume-based procurement, by orchestrating national and regional taskforce.

2020 Review

	Year ended December 31,			
	2020		2019	
	RMB million	*%*	*RMB million*	*%*
Revenue	**1,918.6**	**100.0**	1,708.1	100.0
Cost of revenue	**(428.1)**	**(22.3)**	(393.1)	(23.0)
Gross profit	**1,490.5**	**77.7**	1,314.9	77.0
Selling and marketing expenses	**(456.4)**	**(23.8)**	(460.3)	(27.0)
Administrative expenses	**(216.2)**	**(11.3)**	(118.4)	(6.9)
R&D expenses	**(75.4)**	**(3.9)**	(87.7)	(5.1)
Other income	**139.2**	**7.3**	6.8	0.4
Other expenses	**(75.2)**	**(3.9)**	—	—
Other gains/(losses), net	**28.5**	**1.5**	(5.1)	(0.3)
Operating profit	**834.9**	**43.5**	650.2	38.1
Finance income	**11.5**	**0.6**	12.2	0.7
Finance costs	**(29.6)**	**(1.5)**	(1.2)	(0.1)
Finance (costs)/income, net	**(18.1)**	**(0.9)**	11.0	0.6
Profit before income tax	**816.8**	**42.6**	661.2	38.7
Income tax expense	**(63.1)**	**(3.3)**	(46.6)	(2.7)
Profit for the year attributable to owners of the Company	**753.7**	**39.3**	614.6	36.0

Revenue

Our revenue increased by 12.3% to RMB1,918.6 million in 2020 from RMB1,708.1 million in 2019. This increase was primarily a result of increases in the revenue from sales of Zadaxin, promotion products for business partners, Angiomax and Zometa. The following table sets forth our revenues by products for the years ended December 31, 2019 and 2020.

	Year ended December 31,			
	2020		2019	
Revenue	***RMB million***	*%*	*RMB million*	*%*
Zadaxin	**1,568.2**	**81.7**	1,349.3	79.0
Promotion products for business partners	**336.3**	**17.5**	314.3	18.4
DC Bead	**8.1**	**0.4**	44.4	2.6
Angiomax	**1.3**	**0.1**	—	—
Zometa	**4.7**	**0.3**	—	—
Total	**1,918.6**	**100.0**	1,708.1	100.0

Zadaxin

Zadaxin is our proprietary product. We developed Zadaxin in the early 1990s and obtained the approval for its sales in the China market in 1996. Revenue from sales of Zadaxin increased by RMB218.9 million, or 16.2% from RMB1,349.3 million in 2019 to RMB1,568.2 million in 2020. The increase in our revenue from sales of Zadaxin was primarily due to the increase in market demand for Zadaxin as a result of various factors including Zadaxin's use in the prevention and clinical treatment of COVID-19 in China.

Promotion products for business partners

Our promotion products for business partners include Farlutal, Methotrexate, and Estracyt, which we promote and sell for Pfizer, and Holoxan, Mesna and Endoxan, which we promote and sell for Baxter. Revenue from sales of promotion products for business partners increased by RMB22.0 million, or 7.0% from RMB314.3 million in 2019 to RMB336.3 million in 2020. The increase in our revenue from sales of promotion products for business partners was primarily due to the increase in sales volume of promotion products for business partners.

DC Bead

DC Bead is a microbead used in Transarterial Chemo-Embolization for liver cancer treatment. Revenue from sales of DC Bead decreased by RMB36.4 million, or 81.9% from RMB44.4 million in 2019 to RMB8.1 million in 2020. The decrease in our revenue from DC Bead was primarily due to the discontinuation of our DC Bead business on April 30, 2020 pursuant to the termination agreement we entered into with Boston Scientific after Boston Scientific's acquisition of BTG plc., which previously owned DC Bead.

Angiomax

Angiomax is our to-be-marketed in-licensed product, indicated for use as an anticoagulant for use in patients undergoing percutaneous coronary intervention including patients with heparin-induced thrombocytopenia and thrombosis syndrome. Revenue from sales of Angiomax increased from nil in 2019 to RMB1.3 million in 2020, primarily due to the start of our sales of Angiomax in the fourth quarter of 2020 for promotion preparation.

Zometa

Zometa is our in-licensed product, indicated for the treatment of patients with multiple myeloma and patients with documented bone metastases from solid tumors, and hypercalcemia of malignancy. Revenue from sales of Zometa increased from nil in 2019 to RMB4.7 million in 2020, primarily due to the start of our sales of Zometa in December 2020.

Cost of revenue

Our cost of revenue increased by 8.9% to RMB428.1 million in 2020 from RMB393.1 million in 2019. The increase in our cost of revenue was mainly due to: (i) product costs increased which was in line with the increase in the sales of Zadaxin and promotion products for business partners; and (ii) the increase in transportation and freight cost caused by a decrease in flights between Italy and China due to the outbreak of COVID-19.

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

	Year ended December 31,					
	2020			2019		
	RMB million	***%***	***% of revenue***	*RMB million*	*%*	*% of revenue*
Product costs	**364.5**	**85.1**	**19.0**	322.6	82.1	18.9
Warehouse costs	**14.8**	**3.5**	**0.8**	20.2	5.1	1.2
Freight costs	**34.5**	**8.1**	**1.8**	28.4	7.2	1.7
Others	**14.3**	**3.3**	**0.7**	21.8	5.6	1.2
Total	**428.1**	**100.0**	**22.3**	393.1	100.0	23.0

Gross Profit and Gross Margin

Our gross profit increased by RMB175.5 million, or 13.4%, to RMB1,490.5 million in 2020 from RMB1,314.9 million in 2019, and our gross margin remained relatively stable at 77.0% and 77.7% in 2019 and 2020, respectively.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 0.9% to RMB456.4 million in 2020 from RMB460.3 million in 2019, primarily due to a decrease in market development and business promotion activities and a decrease in travel and meeting expenses, in both cases caused by the outbreak of COVID-19.

General and Administrative Expenses

Our general and administrative expenses increased by 82.6% to RMB216.2 million in 2020 from RMB118.4 million in 2019, primarily due to several one-off expenses including (i) a significant increase in listing expenses recognized; and (ii) an increase in impairment losses in connection with the impairment of intangible assets related to SGX-942, one of our potential drug candidates which failed to achieve its Phase III clinical endpoint in December 2020. In addition, there was an increase in employee benefit resulted from the share-based compensation expenses. Such increase was in line with the general expansion of our business.

Research and Development Expenses

Our research and development expenses decreased by 14.0% to RMB75.4 million in 2020 from RMB87.7 million in 2019, primarily due to reduced research and development activities in the COVID-19 pandemic.

Other Income and Other Expenses

Our other income increased significantly to RMB139.2 million in 2020 from RMB6.8 million in 2019, primarily due to (i) an increase in licensing income in relation to Zometa resulting from our licensing arrangement with Novartis; (ii) DC Bead business termination compensation from Boston Scientific.

Our other expenses of RMB75.2 million in 2020 primarily represented amortization of intangible assets in relation to Zometa.

Other Gains/(Losses), Net

We had net other gains of RMB28.5 million in 2020, compared to net other losses of RMB5.1 million in 2019, primarily due to a significant increase in net foreign exchange gains resulting from fluctuations in the value of USD against RMB in 2020 as we held more foreign currency liabilities than assets as of December 31, 2020.

Operating Profit

As a result of the foregoing, our operating profit was RMB834.9 million in 2020, compared to an operating profit of RMB650.2 million in 2019.

Finance (Costs)/Income, Net

We had net finance costs of RMB18.1 million in 2020, compared to a net finance income of 11.0 million in 2019, primarily due to a significant increase in interest expenses on borrowings resulting from interests accrued on the loan borrowed from China Minsheng Banking Corp., Ltd. Hong Kong Branch.

Income Tax Expense

Our income tax expense increased to RMB63.1 million in 2020 from the income tax expenses of RMB46.6 million in 2019, which was in line with our profit growth during the year.

Profit for the Year

As a result of the foregoing, our profit for the year was RMB753.7 million in 2020, compared to the profit for the year of RMB614.6 million in 2019.

Other Financial Information

Capital Structure

The Company continued to maintain a healthy and sound financial position. Our total assets grew to RMB2,882.6 million as of December 31, 2020 from RMB1,845.8 million as of December 31, 2019, whilst our total liabilities grew to RMB2,570.8 million as of December 31, 2020 from RMB320.6 million as of December 31, 2019.

Liquidity, Financial Resources, and Gearing

We have historically funded our cash requirements principally from cash generated from operations, and to a lesser extent, equity and debt financing. We adopt prudent treasury policies in cash and financial management. To achieve better risk control and minimize cost of funds, our treasury activities are centralized. Cash is generally placed in short-term deposits mostly denominated in RMB or USD. Our liquidity and financing requirements are reviewed regularly. We will consider new financing while maintaining an appropriate level of gearing in anticipation of new investments or maturity of bank loans.

As of December 31, 2020, we had cash and cash equivalents of RMB1,119.0 million, which were predominantly denominated in USD. Going forward, we believe that our liquidity requirements will be satisfied by using a combination of cash generated from operating activities, other funds raised from the capital markets from time to time and the net proceeds received from the global offering of the Company.

As of December 31, 2020, our total borrowings were approximately RMB1,954.5 million, all of which was denominated in USD. The following table sets forth further details of our banking borrowings as of December 31, 2020:

	RMB million	*Interest rate*
Secured	**1,954.5**	LIBOR plus 2.3%
Total	**1,954.5**	NA

As of December 31, 2020, we had no unutilized banking facilities, nor have any significant contingent liabilities. As of December 31, 2020, we had a gearing ratio (total liabilities over total assets) of 89.2% (17.4% as of December 31, 2019).

Capital Expenditure

Our capital expenditures principally comprise expenditures for purchases of property and equipment relating to office use and purchase of intangible assets. Our capital expenditures changed to RMB469.4 million in 2020 from RMB32.6 million in 2019. We plan to fund our planned capital expenditures using cash generated from operations and the net proceeds from the global offering of the Company.

Material Acquisitions and Future Plans for Major Investments

The Company did not conduct any material acquisition or investment during the year ended December 31, 2020.

Significant Investments Held

As of December 31, 2020, the Company did not hold any significant investments.

Foreign Exchange Risk Management

Our subsidiaries operate in Cayman Islands, Mainland China and Hong Kong, and they are exposed to foreign exchange risk arising from currency exposure, primarily with respect to RMB. Foreign exchange risk primarily arises from recognized assets and liabilities in our subsidiaries in Cayman Islands when receiving or to receive foreign currencies from, or paying or to pay foreign currencies to business partners. We manage foreign exchange risk by performing regular reviews of our foreign exchange exposures and try to minimize these exposures through natural hedges, wherever possible, and may enter into forward foreign exchange contracts, when necessary. We did not enter into any forward contract or other financial instruments to hedge our exposure to foreign currency risk in 2020.

Employees and Remuneration Policy

As of December 31, 2020, we had over 790 full-time employees, most of whom were based in mainland China, with the remainder in Hong Kong, United States, Italy, and the Cayman Islands.

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

EVENTS AFTER THE REPORTING PERIOD

In January 2021, we obtained the approval for the commercialization of Oravig in China from the NMPA.

In January 2021, we completed the transfer of Import Drug License ("**IDL**") for Zometa, and became the Marketing Authorization Holder ("**MAH**") of Zometa in the PRC.

On January 22, 2021, the Company's shareholders approved and adopted a share based payment scheme (the "**Post-IPO RSU Plan**"), under which a total number of 6,689,963 shares of the Company will be issued and granted to certain directors, officers, and other key contributors and employees of the Group subject to certain vesting conditions after the Listing.

In February 2021, an aggregate of 6,689,963 shares of the Company were issued and then directed to SCLN ESOP Management Limited, a company incorporated for the purpose of holding shares under the Post-IPO RSU Plan in trust for and on behalf of grantees to be determined after the Listing.

In February 2021, we participated in the fourth batch of volume-based procurement for bivalirudin with Angiomax, but Angiomax did not win the bid.

On February 5, 2021, our Board approved our plan to declare a dividend of approximately USD120.0 million from our consolidated retained earnings as of December 31, 2020 to our existing Shareholders. We completed the payment of such dividend with our own cash before the Listing.

On March 3, 2021, the Company was listed on the Main Board of the Stock Exchange.

Save as disclosed above, no important events affecting the Company occurred since December 31, 2020 and up to the date of this announcement.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Shares were first listed on the Stock Exchange on the Listing Date. Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period from the Listing Date to the date of this announcement.

FINAL DIVIDEND

On February 5, 2021, the Board declared a dividend of USD120.0 million from our consolidated retained earnings as of December 31, 2020 to the then Shareholders. Save as disclosed above, the Board did not recommend payment of any final dividend for the year ended December 31, 2020.

ANNUAL GENERAL MEETING

The AGM will be held on Wednesday, June 16, 2021. A notice convening the AGM will be published and despatched to the Shareholders in the manner required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain the Shareholders' entitlements to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, June 10, 2021 to Wednesday, June 16, 2021, both days inclusive, during which period no transfer of Shares will be registered. All Share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, June 9, 2021.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed in achieving a high standard of corporate governance standard. The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and all relevant code provisions as set out under the CG Code. As the Shares were listed on the Stock Exchange on the Listing Date, the CG Code has been applicable to the Company with effect from the Listing Date.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as a code of conduct of the Company regarding Directors' securities transactions. Upon specific enquiries to the Directors, all the Directors have confirmed that they have complied with the requirements of the Model Code during the period from the Listing Date to the date of this announcement.

REVIEW OF ANNUAL RESULTS BY THE AUDIT COMMITTEE

The Audit Committee, comprising two independent non-executive Directors and one non-executive Director, namely Ms. Wendy Hayes (chairperson of the Audit Committee), Mr. Gu Alex Yushao and Ms. Li Quan, and has reviewed the Group's annual results for the year ended December 31, 2020.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Company at http://www.sciclone.com/ and the Stock Exchange at http://www.hkexnews.hk. The 2020 annual report containing all the information required by Appendix 16 of the Listing Rules will be dispatched to the Shareholders and published on the above websites in due course.

DEFINITION

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

"AGM"	the annual general meeting of the Company proposed to be held on Wednesday, June 16, 2021
"Auditor"	PricewaterhouseCoopers
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors of the Company
"China" or "PRC"	the People's Republic of China excluding for the purpose of this announcement, Hong Kong, Macau and Taiwan
"Company"	SciClone Pharmaceuticals (Holdings) Limited, an exempted company incorporated in the Cayman Islands with limited liability on May 13, 2020
"CG Code"	code on corporate governance practices contained in Appendix 14 to the Listing Rules
"Director(s)"	the director(s) of the Company
"Group"	collectively, the Company and its subsidiaries
"HK$", "HKD" and "cents"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Listing"	the listing of our Shares on the Main Board of the Stock Exchange
"Listing Date"	March 3, 2021, the date on which the Shares were listed on the Stock Exchange
"Listing Rules"	The Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
"Model Code"	the model code for securities transactions by directors of listed issuers as set out in Appendix 10 to the Listing Rules

"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary share(s) of US$0.00005 each in the share capital of the Company
"Shareholder(s)"	the shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"USD"	the lawful currency of the United States of America
"%"	per cent

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

Hong Kong, March 26, 2021

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