CSPC PHARMACEUTICAL GROUP LIMITED
石藥集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 1093)

2021 INTERIM RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2021	2020	Change
	RMB'000	*RMB'000*	
	(Unaudited)	(Unaudited)	
Revenue by business units:			
Finished drugs	**11,233,382**	10,231,025	+9.8%
Bulk products			
— Vitamin C	**1,080,770**	1,004,964	+7.5%
— Antibiotics and others	**835,857**	638,822	+30.8%
Functional food and others	**672,266**	714,786	-5.9%
Total revenue	**13,822,275**	12,589,597	+9.8%
Profit attributable to shareholders	**3,062,569**	2,313,996	+32.3%
	RMB cents	*RMB cents* (Restated)	
Earnings per share			
— Basic	**25.62**	19.36	32.3%
— Diluted	**25.62**	19.35	32.4%

The Board has declared an interim dividend of HK8 cents per share for 2021.

The Board of Directors of CSPC Pharmaceutical Group Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

		For the six months ended 30 June	
		2021	2020
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**13,822,275**	12,589,597
Cost of sales		**(3,297,610)**	(3,152,244)
Gross profit		**10,524,665**	9,437,353
Other income		**162,113**	90,401
Other gains or losses		**464,857**	10,558
Selling and distribution expenses		**(5,320,143)**	(4,875,740)
Administrative expenses		**(497,030)**	(561,288)
Research and development expenses		**(1,612,964)**	(1,452,498)
Other expenses		**(79,659)**	(30,147)
Finance costs		**(4,784)**	(5,549)
Share of results of associates		**(19,471)**	(9,942)
Share of results of joint ventures		**21,021**	16,736
Gain on disposal of a joint venture		**24,273**	—
Gain on disposal of subsidiaries		**—**	314,901
Loss on deemed disposal of a subsidiary		**—**	(19,038)
Profit before tax	*4*	**3,662,878**	2,915,747
Income tax expense	*5*	**(553,767)**	(565,273)
Profit for the period		**3,109,111**	2,350,474
Profit for the period attributable to:			
Owners of the Company		**3,062,569**	2,313,996
Non-controlling interests		**46,542**	36,478
		3,109,111	2,350,474
		RMB cents	*RMB cents*
		(Unaudited)	(Unaudited) (Restated)
Earnings per share	*7*		
— Basic		**25.62**	19.36
— Diluted		**25.62**	19.35

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the period	**3,109,111**	2,350,474
Other comprehensive (expense) income:		
Item that will not be reclassified to profit or loss:		
Fair value (loss) gain on investments in financial assets measured at fair value through other comprehensive income, net of income tax	**(13,621)**	323,429
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**12,697**	(1,471)
Other comprehensive (expense) income for the period, net of income tax	**(924)**	321,958
Total comprehensive income for the period	**3,108,187**	2,672,432
Total comprehensive income for the period attributable to:		
Owners of the Company	**3,061,645**	2,635,954
Non-controlling interests	**46,542**	36,478
	3,108,187	2,672,432

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	**As at 30 June 2021** ***RMB'000*** **(Unaudited)**	As at 31 December 2020 *RMB'000* (Audited)
Non-current assets			
Property, plant and equipment		**8,074,548**	7,770,442
Right-of-use assets		**1,094,482**	1,163,898
Investment property		**34,547**	35,406
Goodwill		**149,983**	149,983
Other intangible assets		**459,328**	508,742
Interests in associates		**638,120**	571,640
Interests in joint ventures		**267,189**	261,546
Amounts due from joint ventures		**249,284**	757,331
Other financial assets		**1,936,191**	1,877,024
Deferred tax assets		**82,890**	117,471
Deposits, prepayments and other receivables	*9*	**347,531**	505,356
Bank deposits		**400,000**	430,000
		13,734,093	14,148,839
Current assets			
Inventories		**1,830,244**	1,861,066
Trade receivables	*8*	**3,603,577**	2,398,859
Deposits, prepayments and other receivables	*9*	**419,968**	484,289
Bills receivables	*10*	**1,976,449**	1,989,549
Amounts due from related companies		**186,285**	144,260
Amount due from an associate		**—**	82,428
Amounts due from joint ventures		**32,443**	129,680
Structured bank deposits	*12*	**2,983,795**	1,535,207
Bank balances and cash		**8,084,241**	7,296,029
		19,117,002	15,921,367

	Notes	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Current liabilities			
Trade payables	*13*	**1,429,973**	1,204,566
Other payables	*14*	**4,644,134**	3,554,759
Contract liabilities		**329,003**	625,699
Bills payables	*15*	**48,200**	37,000
Contingent consideration payable		**—**	24,346
Amounts due to related companies		**53,454**	13,168
Amounts due to joint ventures		**67,626**	239,630
Lease liabilities		**95,007**	124,835
Tax liabilities		**255,022**	378,839
Borrowing		**—**	99,000
		6,922,419	6,301,842
Net current assets		**12,194,583**	9,619,525
Total assets less current liabilities		**25,928,676**	23,768,364
Non-current liabilities			
Other payables	*14*	**204,734**	253,968
Lease liabilities		**59,502**	92,879
Deferred tax liabilities		**360,213**	320,444
		624,449	667,291
Net assets		**25,304,227**	23,101,073
Capital and reserves			
Share capital		**10,899,412**	10,899,412
Reserves		**13,600,271**	11,432,876
Equity attributable to owners of the Company		**24,499,683**	22,332,288
Non-controlling interests		**804,544**	768,785
Total equity		**25,304,227**	23,101,073

1. BASIS OF PREPARATION

The Company is a public limited company incorporated in Hong Kong and its shares are listed on the Stock Exchange.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial information relating to the year ended 31 December 2020 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements is as follows:

The Company has delivered the financial statements for the year ended 31 December 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Information reported to the executive directors, being the chief operating decision maker ("CODM"), for the purpose of resources allocation and assessment of segment performance focuses on types of goods delivered.

The Group's reportable segments under HKFRS 8 "Operating Segments" are as follows:

(a) Finished drugs — research and development, manufacture and sale of pharmaceutical products;

(b) Bulk products — manufacture and sale of vitamin C, antibiotic and other products in bulk powder form; and

(c) Functional food and others — manufacture and sale of functional food products (including caffeine additives and vitamin supplements), provision of healthcare service and others.

Glucose products were included in the segment of "Functional Food and Others" in prior periods. In the current interim period, as the directors of the Company consider it more appropriate to classify glucose products within bulk products in view of its nature and thus glucose products are included in the segment of antibiotics and others under "Bulk Products" for the current interim period. The comparative information has been restated to conform with current interim period's presentation.

Revenue is recognised at a point of time upon control of the goods has transferred, being when the goods have been delivered to the customer's specific location. Following delivery, the customer bears the risks of obsolescence and loss in relation to the goods. The normal credit term is 90 days upon delivery.

The following is an analysis of the Group's revenue and results by operating and reportable segments:

For the six months ended 30 June 2021 (Unaudited)

		Bulk products		Functional			
	Finished drugs	Vitamin C	Antibiotics and others	food and others	Segment total	Eliminations	Consolidated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
SEGMENT REVENUE							
External sales	11,233,382	1,080,770	835,857	672,266	13,822,275	—	13,822,275
Inter-segment sales	—	5,767	63,554	8,814	78,135	(78,135)	—
TOTAL REVENUE	11,233,382	1,086,537	899,411	681,080	13,900,410	(78,135)	13,822,275
SEGMENT PROFIT	2,591,280	359,335	46,059	154,623			3,151,297
Unallocated income							547,096
Unallocated expenses							(56,554)
Finance costs							(4,784)
Share of results of associates							(19,471)
Share of results of joint ventures							21,021
Gain on disposal of a joint venture							24,273
Profit before tax							3,662,878

For the six months ended 30 June 2020 (Unaudited)

		Bulk products		Functional			
	Finished drugs	Vitamin C	Antibiotics and others	food and others	Segment total	Eliminations	Consolidated
	RMB'000	*RMB'000*	*RMB'000* (Restated)	*RMB'000* (Restated)	*RMB'000*	*RMB'000*	*RMB'000*
SEGMENT REVENUE							
External sales	10,231,025	1,004,964	638,822	714,786	12,589,597	—	12,589,597
Inter-segment sales	—	3,263	82,919	6,871	93,053	(93,053)	—
TOTAL REVENUE	10,231,025	1,008,227	721,741	721,657	12,682,650	(93,053)	12,589,597
SEGMENT PROFIT	2,188,973	204,562	76,425	171,454			2,641,414
Unallocated income							73,249
Unallocated expenses							(96,024)
Finance costs							(5,549)
Share of results of associates							(9,942)
Share of results of joint ventures							16,736
Gain on disposal of subsidiaries							314,901
Loss on deemed disposal of a subsidiary							(19,038)
Profit before tax							2,915,747

Segment profit represents the profit earned by each segment without allocation of interest income, fair value changes on structured bank deposits, fair value changes on financial assets measured at fair value through profit or loss ("FVTPL"), finance costs, central administrative expenses, share of results of joint ventures and associates, loss on deemed disposal of a subsidiary and gain on disposal of subsidiaries and a joint venture. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

4. PROFIT BEFORE TAX

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit before tax has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**349,621**	331,595
Depreciation of right-of-use assets	**68,920**	51,069
Depreciation of investment property	**859**	—
Amortisation of other intangible assets	**11,080**	6,387
Total depreciation and amortisation	**430,480**	389,051
Fair value changes on structured bank deposits (included in other gains or losses)	**(33,832)**	(31,263)
Fair value changes on financial assets measured at FVTPL (included in other gains or losses)	**(425,631)**	—
Government grant income (included in other income)	**(30,338)**	(36,169)
Impairment losses (reversed) recognised under expected credit loss model (included in other gains or losses)	**(16,971)**	30,222
Impairment loss on intangible assets (included in other expenses)	**50,000**	—
Interest income on bank balances (included in other income)	**(75,007)**	(26,449)
Loss on disposal of property, plant and equipment (included in other gains or losses)	**2,209**	4,195
Net foreign exchange loss (gain) (included in other gains or losses)	**9,627**	(14,111)

Note: For the six months ended 30 June 2021 and 2020, cost of inventories recognised as an expense approximated cost of sales as shown in the condensed consolidated statement of profit or loss.

5. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
The tax charge comprises:		
Current taxation		
— PRC Enterprise Income Tax	**422,262**	511,374
— PRC withholding tax on dividends distributed by subsidiaries	**15,000**	—
— USA Federal and State Income Tax	**959**	8,008
	438,221	519,382
Deferred taxation	**115,546**	45,891
	553,767	565,273

The calculation of Hong Kong Profits Tax for the Company and its subsidiaries incorporated in Hong Kong is based on the prevailing tax rates in Hong Kong. No Hong Kong Profits Tax has been recognised as the Company and its subsidiaries incorporated in Hong Kong had no assessable profits for both periods.

The basic tax rate of the Company's PRC subsidiaries is 25% under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and implementation regulations of the EIT Law. Certain subsidiaries of the Company are qualified as advanced technology enterprises and have obtained approvals from the relevant tax authorities for the applicable tax rate reduced to 15%.

The calculation of USA Federal and State Income Tax is based on the prevailing tax rates in the USA.

6. DIVIDENDS

(a) Interim dividend

The board of directors has declared the payment of an interim dividend of HK8 cents per share for 2021 amounting to approximately RMB793,783,000 (2020: approximately RMB395,134,000) after the end of the reporting period, which has not been recognised as a liability at the end of the reporting period.

(b) Final dividend approved during the reporting period

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Dividends for ordinary shareholders of the Company recognised as distribution during the period:		
2020 final dividend of HK9 cents (equivalent to RMB8.3 cents) (2020: 2019 final dividend of HK20 cents (equivalent to RMB18.2 cents)) per share	**898,321**	1,135,014
Less: Dividend for shares held by share award scheme	**(1,441)**	(1,820)
	896,880	1,133,194

The 2020 final dividend was paid during the six months ended 30 June 2021. The 2019 final dividend, which was paid on 3 July 2020, has been recognised as a liability as at 30 June 2020.

7. 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:

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**3,062,569**	2,313,996

	For the six months ended 30 June	
	2021	2020
	'000	'000
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**11,954,570**	11,954,570
Effect of dilutive potential ordinary shares:		
Unvested shares under share award scheme	**1,415**	1,711
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**11,955,985**	11,956,281

The weighted average numbers of ordinary shares for the calculation of basic earnings per share for both periods have been adjusted for the shares held by the trustee pursuant to the share award scheme.

The weighted average number of ordinary shares for the calculation of basic earnings per share for the period ended 30 June 2020 has been restated to adjust for the effect of the bonus issue on 29 October 2020.

The computation of diluted earnings per share does not assume the exercise of a subsidiary's share options since their assumed exercise would result in an increase in earnings per share.

8. TRADE RECEIVABLES

	As at 30 June 2021	As at 31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**3,635,842**	2,421,295
Less: allowance for impairment	**(32,265)**	(22,436)
	3,603,577	2,398,859

The Group allows a general credit period of 90 days to its trade customers. The following is an aged analysis of trade receivables (net of allowance for impairment) at the end of the reporting period presented based on invoice dates which approximated the respective revenue recognition dates:

	As at 30 June 2021	As at 31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0 to 90 days	**3,384,430**	2,209,401
91 to 180 days	**214,287**	176,777
181 to 365 days	**3,778**	11,281
More than 365 days	**1,082**	1,400
	3,603,577	2,398,859

9. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 June 2021	As at 31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Prepayments (note)	**211,288**	90,098
Deposits paid for property, plant and equipment and right-of-use assets	**277,531**	461,437
Consideration receivable for disposal of a subsidiary	**—**	150,914
Other tax recoverable	**131,057**	134,215
Others	**147,623**	152,981
	767,499	989,645
Analysed as:		
Current	**419,968**	484,289
Non-current	**347,531**	505,356
	767,499	989,645

Note: During the period ended 30 June 2021, the Group entered into an agreement with a third party and paid a total of RMB70,000,000 as an upfront payment for acquiring the exclusive license and commercialization right of a pharmaceutical product which is undergoing clinical trials in the PRC.

10. BILLS RECEIVABLES

Bills receivables represent bills on hand. All bills receivables of the Group are with a maturity period of less than 365 days (31 December 2020: less than 365 days) and not yet due at the end of the reporting period. The management considers the default rate is low based on historical information and experience and forward-looking information that is available without undue cost or effort.

11. TRADE RECEIVABLES DUE FROM RELATED COMPANIES

The Group allows a general credit period of 90 days to its related companies. The trade receivables due from related companies at the end of the reporting period are aged within 90 days based on invoice dates which approximated the respective revenue recognition dates.

12. STRUCTURED BANK DEPOSITS

As at 30 June 2021, structured bank deposits of RMB2,983,795,000 carried guaranteed return ranging from 1.3% to 1.8% per annum and have a total expected return up to 3.7% per annum (31 December 2020: RMB712,737,000 carried guaranteed return of 1.4% per annum and have a total expected return up to 4.6% per annum and RMB822,470,000 carried no guaranteed return and have a total expected return up to 5.2% per annum), depending on the market prices of the underlying commodities quoted in the market as specified in the terms of relevant deposits.

The structured bank deposits are designated at FVTPL on initial recognition as they contain non-closely related embedded derivatives.

13. TRADE PAYABLES

The following is an aged analysis of trade payables at the end of the reporting period presented based on the invoice dates:

	As at 30 June 2021	As at 31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0 to 90 days	**1,227,901**	1,011,690
91 to 180 days	**60,842**	39,574
More than 180 days	**141,230**	153,302
	1,429,973	1,204,566

The general credit period on purchases of goods is up to 90 days (31 December 2020: 90 days).

14. OTHER PAYABLES

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Other tax payable	**78,080**	131,291
Selling expense payable	**2,738,768**	1,912,702
Payables arising from construction cost and acquisition of property, plant and equipment	**745,047**	848,242
Government grants	**411,509**	373,442
Salaries, wages and staff welfare payable	**365,271**	254,590
Others	**510,193**	288,460
	4,848,868	3,808,727
Analysed as:		
Current	**4,644,134**	3,554,759
Non-current	**204,734**	253,968
	4,848,868	3,808,727

15. BILLS PAYABLES

All bills payables of the Group are aged within 365 days (31 December 2020: within 365 days) and not yet due at the end of the reporting period. As at 31 December 2020, bills payable of RMB7,400,000 were secured by certain structured bank deposits and restricted bank deposits of the Group (30 June 2021: nil).

RESULTS

For the six months ended 30 June 2021, the Group achieved a revenue of RMB13,822 million, representing an increase of 9.8% year-on-year; and profit attributable to shareholders of RMB3,063 million, representing an increase of 32.3% year-on-year.

DIVIDEND

The Board has declared an interim dividend of HK8 cents per share for 2021 (2020: HK6 cents, equivalent to HK3.75 cents if adjusted for the effect of the issue of bonus shares on 29 October 2020). The interim dividend will be payable on 8 October 2021 to shareholders whose names appear on the register of members of the Company on 15 September 2021.

INDUSTRY REVIEW

The first half of 2021 has witnessed the continuous deepening of the national healthcare reform and the accelerated implementation of policies regulating the pharmaceutical industry. The national centralised procurement continued to expand to cover more medicine varieties with the fourth and fifth batches of procurement carried out during the period. The centralised medicines procurement has become a normalized and systematic purchase system which has effectively reduced the burden on patients as well as the medical insurance fund, and promoted industry concentration amidst competition, thus facilitating innovation and upgrading of enterprises. Regarding medical insurance policies, the 2021 adjustment plan for the national reimbursement drug list was officially released and the adjustment is expected to be completed by the end of the year. The guidelines on the "dual-channel" management framework for medicines participated in medical insurance negotiations released in May proposed to include designated retail pharmacies in the medical insurance coverage and implement a unified payment policy with medical institutions. These policies will greatly speed up the inclusion of innovative drugs in the national reimbursement drug list and promote the wider use and market coverage of products on the list. In July, the Center for Drug Evaluation of the National Medical Products Administration released draft guidelines on the clinical development of anti-tumor drugs, which highlighted a clinical value-oriented and patient-focused R&D approach. The introduction and implementation of these policies have undoubtedly brought significant impact to the pharmaceutical industry, intensified the competition for survival of the fittest in the industry and speeded up market re-shuffle. Under the environment of enhancing healthcare system and encouraging innovation in the country, the Group will fully capture the development potential and opportunities brought about by the healthcare reform policies with its strong product development and innovation capabilities, excellent product commercialisation capabilities and comprehensive production capacities.

BUSINESS REVIEW

In the first half of 2021, the results of the Group maintained a steady growth. The Group continued to put efforts in professional academic-based promotion, hospital development, lower-tier market penetration, clinical application extension and professional sales force expansion to drive the rapid growth of the key finished drug products and further enhance the market coverage to reach medical institutions at various levels in cities, counties, towns and communities. During the period, the market development of new products was carried out smoothly, which has brought in new sales contribution and facilitated a more balanced product mix of the finished drug business.

Good progress has also been made in respect of R&D:

1) Anfulike (安複利克) (amphotericin B cholesteryl sulfate complex for injection) obtained drug registration approval in China and was successfully launched in May. Amphotericin B is one of the most effective drugs with the broadest antimicrobial spectrum for prevention and treatment of invasive fungal infections. Compared with same product type available in the domestic market, the product could significantly reduce nephrotoxicity and increase dosage, demonstrating obvious clinical advantages;

2) Application for marketing approval of COPIKTRA (克必妥) (duvelisib capsules) in China was accepted and granted priority review. The product was granted marketing approval by the U.S. Food and Drug Administration (FDA) in September 2018, being the first approved dual PI3K-δ and PI3K-γ inhibitor for treatment of adult patients with relapsed/refractory follicular lymphoma after at least two prior systemic therapies;

3) Application for marketing approval of amphotericin B liposome for injection in China was submitted;

4) NBL-012, JMT101, SYHX1901, SYHX1903, JMT601, SG001 (PD-1) in combination with Keaili (克艾力) for the treatment of platinum-resistant relapsed epithelial ovarian cancer, SG001 (PD-1) in combination with Duomeisu (多美素) for the treatment of PD-L1 positive platinum-resistant relapsed epithelial ovarian cancer, SKLB1028 in combination with azacitidine for treatment-naive AML patients with FLT3 mutation, SKLB1028 in combination with standard treatment "7+3" for treatment-naive AML patients with FLT3 mutation, irinotecan liposome injection (advanced solid tumors), SYHA1811, SYSA1801 and sirolimus for injection (albumin-bound) obtained clinical trial approvals in China;

5) JMT601, NBL-012, NBL-015, DP303c and SYSA1801 obtained clinical trial approvals in the U.S.;

6) SYSA1801 for the treatment of pancreatic cancer and NBL-015 for the treatment of gastric cancer (including cancer of gastroesophageal junction) obtained orphan-drug designation in the U.S.;

7) Esomeprazole magnesium enteric capsules, nintedanib esilate soft capsules, entecavir tablets, sorafenib tosylate tablets, sitagliptin phosphate tablets, agoliptin benzoate tablets, linagliptin tablets, lacosamide tablets, pregabalin capsules, tofacitinib citrate tablets and afatinib dimaleate tablets obtained drug registration approvals in China;

8) Paroxetine hydrochloride enteric capsules and carbamazepine extended-release tablets obtained ANDA approvals in the U.S.; and

9) 19 generic drug products (33 specifications) passed or deemed to have passed the consistency of quality and efficacy evaluation of generic drugs.

Finished Drug Business

The finished drug business recorded sales of RMB11,233 million in the first half of 2021, representing an increase of 9.8% over the same period of last year. The sales performance of products by major therapeutic area is as follows.

Nervous System Disease Products

Major products include NBP (恩必普) (butylphthalide soft capsules and butylphthalide and sodium chloride injection), Oulaining (歐來寧) (oxiracetam capsules and oxiracetam for injection), Shuanling (舒安靈) (pentoxifylline extended-release tablets and pentoxifylline injection), Enxi (恩悉) (pramipexole dihydrochloride tablets) and Oulaituo (歐來妥) (memantine hydrochloride tablets).

NBP is a Class 1 new chemical drug in China and a patent-protected exclusive product mainly used for the treatment of acute ischemic stroke. Its efficacy has been widely recognised with its being listed as one of the recommended drugs in multiple editions of "Guidelines for Acute Ischemic Stroke Treatment in China" (2010, 2014 and 2018 editions) as well as in more than 20 guidelines and consensuses, including the "Guidelines for the Diagnosis and Treatment of Acute Ischemic Stroke in China", "Guidelines for the Assessment and Intervention of Cerebral Collateral Circulation in Ischemic Stroke in China (2017)", "Guidelines for the Diagnosis and Treatment of Cerebral Infarction with Traditional Chinese and Western Medicines in China (2017)", "Guidelines for Clinical Management of Cerebrovascular Diseases in China", "Guidelines for the Rational Medication for Stroke in China (2019)", "Guidelines for the Clinical Management of Cerebrovascular Diseases in China (2019)", "Community Guidelines for the Prevention and Treatment of Cerebrovascular Diseases (2020)", "Specialists' Consensus on Post-stroke Cognitive Impairment Management (2021)" and "Specialists' Consensus on the Clinical Assessment and Treatment of Acute Cerebral Infarction Ischemic Penumbra in China (2021)". For the exploration of new therapeutic areas, 167 research projects are in progress, including 74 fundamental and 93 clinical projects. In particular, the domestic Phase III trial of butylphthalide soft capsules for the treatment of vascular dementia has progressed well, with over 130 patients being enrolled in 34 centres. The application for clinical trial approval in China and related patents

for butylphthalide soft capsules for the treatment of "peripheral neuropathy caused by chemotherapy" is in progress. The seven studies under the national "13th Five Year Plan" with the participation of NBP include efficacy and safety studies of butylphthalide for new treatment areas such as cerebral small vessel diseases, aortic atherosclerotic cerebral infarction and intravenous thrombolysis or endovascular treatment for acute ischemic stroke and cerebral hemorrhage. The clinical studies have progressed well and are expected to be successively completed in one to two years, which would fully update and raise the level of clinical evidence of the products and provide support for subsequent academic-based promotion.

Oulaining is mainly used for the treatment of mild to moderate memory and mental impairment resulting from vascular dementia, senile dementia and brain trauma. Oulaining has been marketed in China for 18 years with inclusion in a number of authoritative guidelines. It has become a basic drug commonly used in clinical practice with a large user base of doctors and patients covering more than 4,400 basic and tiered end-user institutions across the country. With the aging population in China, the incidence of cerebrovascular diseases and cognitive impairment diseases is increasing at high pace, and thus there is a large clinical demand for this drug type. Oulaining is now actively expanding its sales channels, penetrating into the retail market, enhancing affordability as well as strengthening the academic promotion in order to promote a steady development.

Shuanling is mainly used for the treatment of cerebrovascular diseases, peripheral vascular disease and diabetes complications, having a wide range of applications. This product is a class B national reimbursement drug and is recommended by a number of domestic and foreign clinical medication guidelines. During the period, the Group cooperated with a number of professional academic institutions to carry out more than 4,000 academic activities, covering nearly 1,000 academic experts and 44,000 persons in aggregate.

In the first half of 2021, nervous system disease products recorded sales of RMB3,611 million, representing a year-on-year decrease of 5.1%. Since implementation of the new national reimbursement drug list in March, NBP has been selling in the market at the new national reimbursement negotiated price, affordability and competitiveness of the product has been greatly improved. Leveraging on the strong market foundation with wide coverage and deep market penetration, and promotion of online out-of-pocket sales through the patient management platform of internet hospitals, NBP achieved rapid growth in sales volume with the impact of price reduction substantially alleviated. During the period, sales of NBP decreased by 8.3%, while sales of Oulaining and Shuanling decreased by 22.0% and increased by 547.0%, respectively.

Oncology products

Major products include Duomeisu (doxorubicin hydrochloride liposome injections), Jinyouli (津優力) (PEG-rhGCSF injections) and Keaili (paclitaxel for injection (albumin-bound)).

In the first half of 2021, oncology products recorded sales of RMB3,964 million, representing a year-on-year increase of 26.6%. In particular, the sales of Dumeisu, Keaili and Jinyouli increased by 51.0%, 17.9% and 12.8% respectively.

Anti-infective products

Major products include Shuluoke (舒羅克) (meropenem for injection), Nuomoling (諾莫靈) (amoxicillin capsules), Xianqu/Shiyao (先曲/石藥) (ceftriaxone sodium for injection), Zhongnuo Lixin (中諾立新) (cefuroxime sodium for injection), Xinweihong (新維宏) (azithromycin tablets) and Weihong (維宏) (azithromycin dispersible tablets/capsules/enteric tablets).

Affected by the policy of restrictive use of antibiotics, the market of anti-infective products has not seen any significant growth. During the period, the adoption of infection prevention measures to fight the pandemic by the general public has led to a significant drop in the number of influenza and other infectious diseases cases, resulting in a decline in demand for related medicines. In the first half of 2021, anti-infective products recorded sales of RMB1,415 million, representing a year-on-year increase of 3.2%.

Cardiovascular disease products

Major products include Xuanning (玄寧) (maleate levamlodipine tablets and dispersible tablets), Encun (恩存) (clopidogrel bisulfate tablets), Daxinning (達新寧) (dronedarone hydrochloride tablets), Abikang (阿比康) (aspirin enteric tablets) and Meiluolin (美洛林) (ticagrelor tablets).

Xuanning is mainly used for the treatment of hypertension, chronic stable angina and variant angina, and is an essential product in the national reimbursement drug list. It is also included in domestic authoritative guidelines including the "Guidelines for the Prevention and Treatment of Hypertension in China" and the "Guidelines for the Rational Medication for Hypertension". In December 2019, Xuanning received marketing approval from the U.S. Food and Drug Administration (FDA) and was the first Chinese innovative drug granted full approval by the U.S. FDA. With the progress of national policy on essential drugs, there is a good development opportunity for Xuanning. During the period, the Group stepped up the efforts in building its own sales team, refining customer network and exploring retail markets, resulting in a stable increase in the sales of Xuaning.

Encun is the only domestic clopidogrel bisulfate tablets with marketing approval granted by the U.S. FDA and has won the centralised procurement with an ideal price in 2019. It is a preferred drug with high quality and reasonable price for the treatment of coronary heart disease and secondary prevention for stroke. In 2021, which is the second year of its centralised procurement tender, Encun continued to maintain a steady sales growth.

Daxinning is the first-to-market generic dronedarone hydrochloride tablets in China and is mainly used for the treatment of sinus arrhythmia patients with a medical history of paroxysmal or persistent atrial fibrillation. Daxinning, which has received support from the national project of "Major New Drugs Development", is an exclusive product in China and is not expected to be selected for national centralised procurement in the short term. With the ongoing aging population in China, the base of patients with atrial fibrillation will gradually increase with growing attention, antiarrhythmic drugs will have a promising market prospect. At present, drugs used for patients with arrhythmia are limited and with the existence of certain limitations. Dronedarone, with its good efficacy and the best safety, is recommended by the atrial fibrillation management guidelines in Europe and the U.S. Since launch in October 2019, the Group has established a dedicated sales team and engaged in professional academic-based promotion and patient management, with more than 25,000 patients with atrial fibrillation having used the drug so far within two years.

In the first half of 2021, cardiovascular disease products recorded sales of RMB1,450 million, representing a year-on-year increase of 31.1%. In particular, Xuanning, Encun and Daxinning recorded a sales growth of 32.1%, 35.5% and 537.9%, respectively.

Respiratory disease products

Major products include Qixiao (琦效) (arbidol hydrochloride tablets), Zhongnuo Like (中諾立克) (ambroxol hydrochloride oral solution), Zhongnuoping (中諾平) (ambroxol hydrochloride extended-release tablets) and Nuoyian (諾一安) (montelukast sodium tablets/chewable tablets).

Qixiao, a broad-spectrum antiviral drug, is mainly used for the treatment of viral infections represented by influenza. The Group will increase efforts in medical research on Qixiao in various therapeutic areas, establish the evidence of efficacy comparable to oseltamivir in the influenza area and actively promote clinical applications of the product in emergency, pediatrics, respiratory and infection departments.

In the first half of 2021, respiratory disease products recorded sales of RMB190 million, representing a year-on-year decrease of 25.7%.

Digestion and metabolism disease products

Major products include Linmeixin (林美欣) (glimepiride dispersible tablets), Shuanglexin (雙樂欣) (metformin hydrochloride tablets/extended-release tablets), Xinweiping (欣維平) (acarbose tablets) and Debixin (得必欣) (omeprazole enteric capsules). In the first half of 2021, digestion and metabolism disease products recorded sales of RMB247 million, representing a year-on-year decrease of 2.7%.

Products in other therapeutic areas

Major products include Gubang (固邦) (alendronate sodium tablets/enteric tablets), Qimaite (奇邁特) (tramadol hydrochloride tablets) and Youdening (優德寧) (celecoxib capsules). In the first half of 2021, products in other therapeutic areas recorded sales of RMB356 million, representing a year-on-year increase of 16.4%.

Bulk Product Business

Vitamin C

In the first half of 2021, the vitamin C product series recorded sales of RMB1,081 million, representing a year-on-year increase of 7.5%. Owing to the pandemic and changes in supply and demand, the average selling prices of vitamin C products were higher than the same period last year, and the Group continued to be ranked first in terms of export sales in the industry. The Group has laid out plan to further increase market share and extend to untapped markets. It will also continue to optimise customer structure, explore overseas sales channels and focus on branding in order to raise the overall market competitiveness.

Antibiotics and Others

In the first half of 2021, the antibiotic and other product series recorded sales of RMB836 million, representing a year-on-year increase of 30.8%, which was primarily attributable to the increase in sales volume and price of certain products. The Group will keep developing end-user customers, accelerating accreditation in the high-end market, as well as steadily improving product quality and reducing costs.

Functional Food and Other Business

In the first half of 2021, the business recorded sales of RMB672 million, representing a year-on-year decrease of 5.9%. The sales of caffeine products remained stable but sales of Guoweikang (vitamin C health supplements) declined slightly during the period. The Group will continue to maintain a steady business growth through technology upgrade, cost control and market development.

Research and Development

The Group has a leading R&D team in China with bases located in Shijiazhuang, Shanghai, Beijing and the United States, focusing on the discovery, research and development of small molecule target drugs, nanodrugs, monoclonal antibody drugs, bispecific antibody drugs, antibody-drug conjugates, mRNA vaccines, small nucleic acid drugs and biological drugs in the field of immunity.

The Group firmly believes in the importance of investing in research and development so that the Group can have strong product and technology innovation capability as well as a rich pipeline of drugs under development. The R&D expenses for the period amounted to RMB1,613 million (charged to the profit or loss statement), representing a year-on-year increase of 11.0% and accounting for approximately 14.4% of the revenue from the finished drug business. At present, there are around 300 projects in the pipeline, of which over 40 are innovative small molecule drugs, over 40 are innovative macromolecule drugs and over 30 are drugs of new preparation, primarily focusing on the therapeutic areas of oncology, immunology and respiratory, psychiatry and neurology, metabolism, cardio-cerebrovascular system and anti-infectives. Currently, there are 29 products pending drug registration approval, 40 products under clinical trials (including 33 innovative drugs and 7 new preparation drugs), 5 products under bioequivalence tests and 11 products and indications pending clinical trial approval.

With a focus on clinical value and innovation, the Group is committed to building a technology platform with its own intellectual property rights to differentiate itself from competitors in the industry. The Group's nanodrug technology platform is the most competitive in the industry with a leading pipeline layout in the international arena. The "National Key Laboratory for New Formulations and Excipients" established by the Group has been recognized as "excellent" for several times in the evaluation of the State Key Laboratories. In respect of nanodrug delivery technology, the Group has systematically deployed and developed a number of core delivery technologies including nanoliposomes, albumin nano-formulations, polymeric micelles, and lipid nanoparticles for the delivery of nucleic acid drugs and nucleic acid vaccines. In the area of large macromolecule drug development, the focus is on the development of multifunctional protein and antibody drugs, such as bispecific and trifunctional antibodies as well as novel ADC drugs. In the area of small molecule drug development, the focus is on building PROTAC, LYTAC and AI-based screening platforms, developing small molecule targeted drugs with multiple functions such as anti-tumour/immune modulation, and systematically developing small molecule drugs based on epigenetics in order to achieve competitive differentiation. In terms of nucleic acid drug development, mRNA vaccine and small nucleic acid drug platforms have been established. Important progress has been made in mRNA vaccines for a number of major infectious diseases as well as in small nucleic acid drugs for major genetic and metabolic diseases.

The major products under clinical trial are as follows:

Late clinical stage

Drug Candidate	Type	Target	Indication	Status
COPIKTRA (duvelisib capsules)	Chemical drug	PI3K-δ, PI3K-γ	Follicular lymphoma	NDA submitted
Rezetinib mesylate capsules	Chemical drug	EGFR	Non-small cell lung cancer	NDA submitted
SKLB1028	Chemical drug	FLT3, Abl, Lyn, EGFR	Acute myeloid leukemia	Pivotal trial
DBPR108	Chemical drug	DPP-4	Diabetes	Pivotal trial
SYHA121-28	Chemical drug	RET, EGFR, VEGFR, FGFR	Non-small cell lung cancer with RET gene fusion mutation	Pivotal trial
Butylphthalide soft capsules	Chemical drug		Vascular dementia	Pivotal trial
JMT101	Biological drug (monoclonal antibody)	EGFR	Non-small cell lung cancer with EGFR 20 exon insertion mutation	Pivotal trial
JMT103	Biological drug (monoclonal antibody)	RANKL	Giant cell tumor of bone	Pivotal trial
SYSA1802	Biological drug (monoclonal antibody)	PD-1	Cervical cancer	Pivotal trial
Omalizumab biosimilar	Biological drug (monoclonal antibody)	IgE	Urticaria	Pivotal trial
Mitoxantrone hydrochloride liposome injection	Nanodrug		Peripheral T-cell lymphoma	NDA submitted
Amphotericin B liposome for injection	Nanodrug		Invasive fungal infection	NDA submitted
Irinotecan liposome injection	Nanodrug		Pancreatic cancer	Pivotal trial
Daunorubicin cytarabine liposome for injection	Nanodrug		Leukemia	Pivotal trial
Paclitaxel nanoparticles for injection	Nanodrug		Multiple solid tumors	Pivotal trial

Early clinical stage

Drug Candidate	Type	Therapeutic Area
Ammuxetine	Chemical drug	Psychiatry
Butylphthalide soft capsules (U.S.)	Chemical drug	Neurology
Simmitinib, SYHA1803, SYHA1807, SYHA1801, SYHA1811, SYHA1813, SYHA1815, SYHX1903	Chemical drug	Oncology
SYHA1805, SYHA1402	Chemical drug	Metabolism
SYHX1901	Chemical drug	Immunity
M802*, M701*, Y150*, Y101D*, JMT601 (China and U.S.), KN026	Biological drug (bispecific antibody)	Oncology
DP303c, SYSA1801	Biological drug (antibody-drug conjugate)	Oncology
ALMB0168	Biological drug (monoclonal antibody)	Oncology
ALMB0166	Biological drug (monoclonal antibody)	Central nervous system
TG103	Biological drug (monoclonal antibody)	Metabolism
CM310, NBL-012 (China and U.S.)	Biological drug (monoclonal antibody)	Immunity
Paclitaxel cationic liposome for injection, Albumin-bound docetaxel for injection (China and U.S.), Albumin-bound sirolimus for injection	Nanodrug	Oncology
Prostaglandin liposomes for injection	Nanodrug	Cardiovascular

** Product developed by Wuhan YZY Biopharma Co. Ltd., an associate of the Group.*

The Group attaches great importance to the protection of intellectual property rights and actively files patent applications for its research and development projects. Since the beginning of the year, the Group has filed 12 international PCT applications, 86 patent applications (60 domestic and 26 overseas) and received 38 authorisations (28 domestic and 10 overseas).

In the five years ahead, the Group is expected to launch more than 30 innovative and new preparation drugs, and over 60 generic drugs. In particular, mitoxantrone liposomes, docetaxel albumin nanoparticles, sirolimus albumin nanoparticles, cisplatin micelle, and paclitaxel albumin nanoparticles (fast dissolving) developed based on the nanotechnology platform; the ultra-long-acting GLP1-IgD/IgG1 Fc fusion protein in the field of non-oncology, the world's new CX43 inhibiting and antagonizing antibody, the new ADC and ISAC based on enzymatic site-specific conjugation, the CD20/CD47 bispecific antibodies based on novel asymmetric structure; as well as the multivalent mRNA vaccines against novel coronavirus mutants and small nucleic acid drugs (dosed semi-annually) are all heavyweight products with global patents and great market value. The market launch of these new products will provide strong support to the Group's high-quality growth in the future.

Business Development

In addition to internal R&D, the Group also actively seeks acquisition and cooperation opportunities in order to strengthen its product pipeline and make full use of its strong sales platform. Since the beginning of the year, the Group has collaborated with (i) Beta Pharma (Shanghai) Company Limited to obtain the exclusive product license and commercialization rights of its rezetinib mesylate capsules (BPI-7711) in China. BPI-7711 is a third generation irreversible EGFR-TKI for the treatment of non-small cell lung cancer and its application for marketing approval in China was accepted in May 2021; (ii) Keymed Biosciences Co., Ltd. to obtain the exclusive product license and commercialization rights of its CM310 (an anti-IL-4Rα recombinant humanized monoclonal antibody) for moderate to severe asthma and chronic obstructive pulmonary disease (COPD) in China; and (iii) Jiangsu Alphamab Oncology Co., Ltd. to obtain the exclusive product license and commercialization rights of its KN026 (a HER2-targeted bispecific antibody) for breast cancer and gastric cancer in China.

In August, the Group has entered into a strategic partnership and license agreement with Flame Biosciences, Inc, ("Flame"), a U.S. innovative pharmaceutical company, to grant the exclusive rights outside of Greater China to Flame of the Group's drug candidate NBL-015 (an anti-Claudin 18.2 monoclonal antibody) and two new bispecific antibodies to be developed based on the Group's NovaTE bispecific antibody technology platform. This collaboration will be able to speed up the clinical development of the Group's innovative drug portfolio in the global market and represents a significant progress of the Group's commitment to advance its internationalization strategy.

FINANCIAL REVIEW

Revenue

During the period, revenue of the finished drugs business was RMB11,233 million, accounting for 81.3% of the total revenue, which was the major growth driver of the Group; revenue of bulk products was RMB1,917 million, accounting for 13.9% of the total revenue; revenue of functional food and others was RMB672 million, accounting for 4.8% of total revenue. Benefited from the enhancement in product portfolio of the finished drugs business as well as the increase in product prices of vitamin C bulk products, the gross profit margin increased by 1.1 percentage points to 76.1% for the period.

Other Income

Other income for the period was RMB162 million, mainly including government grant income and interest income on bank balances.

Other Gains or Losses

Other gains or losses for the period was a gain of RMB465 million, mainly including fair value changes on financial assets measured at fair value through profit or loss, fair value changes on structured bank deposits and net foreign exchange gain or loss.

Selling and Distribution Expenses

Selling and distribution expenses for the period was RMB5,320 million, representing a year-on-year increase of 9.1%. The increase in selling and distribution expenses was primarily attributable to (i) the expansion of sales force of the finished drugs business; and (ii) increased efforts in marketing and academic promotion for key finished drug products and newly launched finished drug products. The percentage of selling and distribution expenses to sales revenue was 38.5%, similar to same period last year.

Administrative Expenses

Administrative expenses for the period was RMB497 million, representing a year-on-year decrease of 11.4%, which was primarily attributable to the effective control of expenses.

Research and Development Expenses

R&D expenses for the period was RMB1,613 million, representing a year-on-year increase of 11.0%. The increase in R&D expenses was primarily attributable to (i) the increased number of products under development entering clinical trial stage; and (ii) the expansion of our own clinical team; and (iii) the significant increase in the number of patients enrolled in clinical trials.

Liquidity and Financial Position

For the first half of 2021, the Group's operating activities generated a cash inflow of RMB2,743 million (first half of 2020: RMB2,429 million). Average turnover period of trade receivables (ratio of balance of trade receivables to sales, inclusive of value added tax for sales in China) increased from 33 days in 2020 to 45 days for the period. Average turnover period of inventories (ratio of balance of inventories to cost of sales) decreased from 109 days in 2020 to 100 days for the period. Current ratio of the Group was 2.8 as at 30 June 2021, higher than 2.5 half year ago. Capital expenditure for the period amounted to approximately RMB661 million, which were mainly spent on the projects to construct production facilities and improve production efficiency.

The Group's financial position remained solid. As of 30 June 2021, the Group's bank deposits, bank balances and cash amounted to RMB8,484 million (31 December 2020: RMB7,726 million) in total with no outstanding bank loan (31 December 2020: RMB99 million).

The Group's sales are denominated in Renminbi (for domestic sales in China) and mainly in US dollars (for export sales). The Group manages its foreign exchange risks by closely monitoring its foreign exchange exposures and mitigating the impact of foreign currency fluctuations by using appropriate hedging arrangements when considered necessary.

Pledge of Assets

Assets of the Group were not charged to any third parties as of 30 June 2021.

Contingent Liabilities

The Group did not have any material contingent liabilities as of 30 June 2021.

Employees

As of 30 June 2021, the Group had a total of 23,300 employees, the majority of whom were employed in mainland China. The Group will continue to offer competitive remuneration packages, share options, share awards and bonuses to staff based on the performance of the Group and individual employee.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions in the Corporate Governance Code (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the six months ended 30 June 2021 except the deviation from code provision A.2.1 as set out below.

Code provision A.2.1 of the Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Cai Dongchen, the Company's Chairman, has also assumed the role as the chief executive officer of the Company. The Company believes that vesting both roles in Mr. Cai will allow for more effective planning and execution of business strategies. As all major decisions are made in consultation with members of the Board, the Company believes that there is adequate balance of power and authority in place.

REVIEW OF INTERIM RESULTS

The interim results for the six months ended 30 June 2021 have been reviewed by the external auditor and audit committee of the Company.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 14 September 2021 to Wednesday, 15 September 2021, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 13 September 2021.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2021.

By order of the Board
CSPC Pharmaceutical Group Limited
Cai Dongchen
Chairman

Hong Kong, 26 August 2021

As at the date of this announcement, the Board comprises Mr. CAI Dongchen, Mr. ZHANG Cuilong, Mr. WANG Zhenguo, Mr. PAN Weidong, Mr. WANG Huaiyu, Dr. LI Chunlei, Dr. WANG Qingxi, Mr. CHAK Kin Man and Dr. JIANG Hao as executive directors; and Mr. WANG Bo, Mr. CHEN Chuan, Prof. WANG Hongguang, Mr. AU Chun Kwok Alan and Mr. LAW Cheuk Kin Stephen as independent non-executive directors.