CSPC PHARMACEUTICAL GROUP LIMITED
石藥集團有限公司

(Incorporated in Hong Kong with limited liability)
(Stock code: 1093)

2023 INTERIM RESULTS

The Board of Directors of CSPC Pharmaceutical Group Limited (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and it subsidiaries (the "**Group**") for the six months ended 30 June 2023.

FINANCIAL HIGHLIGHTS
(in RMB'000, unless otherwise stated)

	Six months ended 30 June		
	2023	2022	Change
Revenue by business units:			
Finished drugs	**12,933,714**	12,292,908	+5.2%
Bulk products	**1,969,817**	2,180,074	-9.6%
Functional food and others	**1,176,881**	1,137,044	+3.5%
Total revenue	**16,080,412**	15,610,026	+3.0%
Profit attributable to shareholders			
As reported	**2,966,987**	2,966,205	+0.0%
Underlying profit *(Note)*	**3,161,861**	3,068,763	+3.0%
Earnings per share *(RMB cents)*			
Basic	**24.95**	24.89	+0.2%
Diluted	**24.95**	24.89	+0.2%
Interim dividend per share *(HK cents)*	**14.00**	10.00	40.0%

Note: Underlying profit attributable to shareholders, a non-HKFRS measure, represents profit before taking into account fair value loss on financial assets measured at fair value through profit or loss and employee share-based compensation expense. Reconciliation between the reported and underlying profit is provided on page 17 of this announcement.

RESULTS FOR THE FIRST HALF OF 2023

Revenue amounted to RMB16,080 million, an increase of 3.0% compared with the same period in 2022.

Underlying profit attributable to shareholders amounted to RMB3,162 million, an increase of 3.0% compared with the same period in 2022.

Profit attributable to shareholders amounted to RMB2,967 million, which remained at the same level as that of the same period in 2022.

DIVIDEND

The Board has declared an interim dividend of HK14 cents per share for 2023 (2022: HK10 cents) to be paid on 12 October 2023 to shareholders whose names appear on the register of members of the Company on 12 September 2023.

CORPORATE OVERVIEW

The Group is an innovation-driven pharmaceutical enterprise with integrated research and development (R&D), manufacture and sales capabilities. With the corporate mission of "All for Better Medicines, All for a Healthier World", the Group is committed to developing innovative products to address unmet clinical needs and provide innovative therapies for patients.

The Group has established a number of R&D centres in Shijiazhuang, Shanghai, Beijing and the US, with an R&D team with more than 2,000 members. Through continuous investment, the Group has established various R&D technology platforms, encompassing nano-formulation, long-acting injection formulation, monoclonal antibody, bispecific antibody, antibody-drug conjugate (ADC), mRNA, siRNA, PROTAC and AI-based drug design, providing strong support for the research and development of innovative drugs.

Currently, the Group's R&D focuses on the therapeutic areas of oncology, psychiatry and neurology, cardiovascular, immunology and respiratory, digestion and metabolism, and anti-infectives. The Group's nanotechnology platform has developed a number of core delivery technologies encompassing liposomes, albumin-bound nanoparticles, polymeric micelles, nanocrystals, lipid nanoparticle (LNP) and lipid cochleate, with a pipeline layout occupying a leading position in the international arena. For large molecule drugs, the focus is on the development of multifunctional proteins and antibody drugs, such as bispecific, trispecific and novel ADC drugs. For small molecule drugs, the focus is on the development of PROTAC, LYTAC and AI-based screening platforms to develop small molecule targeted drugs with multiple functions such as anti-tumor and immune modulation, and small molecule drugs based on epigenetics. The Group's mRNA technology platform has successfully developed the first and currently the only SARS-CoV-2 mRNA vaccine included for emergency use in China. We are currently actively developing new generation vaccines against mutant strains to deal with possible pandemic outbreak caused by the continuous mutating coronavirus. Leveraging the mRNA technology, the Group will develop other preventive and therapeutic vaccines for infectious diseases, respiratory viruses and tumors. For the mRNA and drug delivery technology platforms, the Group is also conducting development of protein replacement therapy, genome editing products and in vivo cell reprogramming technology such as CAR-T and CAR-M in vivo. The siRNA technology platform will focus on chronic and metabolic diseases such as hyperlipidemia, hypertension and gout.

The Group has strong commercialisation capabilities. Its professional sales force currently has over 10,000 members, with extensive coverage in medical institutions across the country. We are also actively stepping up our efforts in lower-tier market penetration and developing the county-level markets to provide quality drugs to the grass roots. In addition, the Group has been actively strengthening the retail sales and internet medicine platforms, and exploring the promotion model for chronic disease management. Through patient-centric and clinical-value driven academic promotion, the Group's sales team has successfully nurtured a number of market-leading core products. Leveraging the strong sales team and successful commercialisation experience, the Group will be able to ensure the rapid sales ramp-up and sales performance of innovative drugs to be commercially launched in the future.

BUSINESS REVIEW

1. Finished Drug Business

In the first half of 2023, the finished drug business maintained stable growth. The Group continued to adopt the strategies of hospital development, lower-tier market penetration, retail channel expansion and professional academic promotion to drive the growth of key finished drug products. In addition, the continuous commercial launch of new products also brought in new growth drivers and a more balanced product portfolio to the Group.

The finished drug business recorded a revenue of RMB12,934 million (including licence fee income of RMB35 million) in the first half of 2023, an increase of 5.2%. Sales by major therapeutic areas are as follows:

Therapeutic Area	**Sales** *(RMB' million)*	**Change**
Nervous system	4,553	+17.5%
Oncology	2,988	-26.0%
Anti-infectives	2,143	+22.3%
Cardiovascular	1,287	-15.3%
Respiratory system	874	+219.2%
Digestion and metabolism	416	+15.1%
Others	638	+33.9%

Nervous System

Major products include NBP (恩必普®) (butylphthalide soft capsules, butylphthalide and sodium chloride injection), Shuanling (舒安靈®) (pentoxifylline extended-release tablets, pentoxifylline injection), Oulaining (歐來寧®) (oxiracetam capsules, oxiracetam for injection), Enxi (恩悉®) (pramipexole dihydrochloride tablets), Enliwei (恩理維®) (lacosamide injection, lacosamide tablets) and Oushuan (歐舒安®) (paliperidone extended-release tablets).

- NBP is a Class 1 new chemical drug in China and a patent-protected exclusive product indicated for the treatment of acute ischemic stroke. The new NRDL renewal price implemented in March 2023 has further improved the accessibility of the injection formulation. During the period, through the continuous efforts in exploring the county-level hospital market and retail channels, the product delivered a stable growth.

- Shuanling is a non-selective phosphodiesterase inhibitor that can comprehensively improve microcirculation through multiple mechanisms of action. During the period, in addition to neurology and endocrine, we further developed the nephrology field, with sales continuing to achieve rapid growth.

- Enxi, which is used for the treatment of the signs and symptoms of adult idiopathic Parkinson's disease, is a selected product in the centralised procurement. During the period, the market coverage was further expanded by penetrating the lower-tier market and expanding retail channels.

- Enliwei, an anti-epileptic drug, was included in the NRDL through price negotiation in March 2023. Through the strategy of low price in exchange for volume, sales achieved rapid growth.

- Oushuan, a new product for the treatment of schizophrenia launched in 2023, has the lowest daily treatment cost among the paliperidone products at present.

Oncology

Major products include Duomeisu (多美素®) (doxorubicin hydrochloride liposome injection), Jinyouli (津優力®) (PEG-rhG-CSF injection) and Keaili (克艾力®) (paclitaxel for injection (albumin-bound)), as well as new products launched in recent years including Duoenda (多恩達®) (mitoxantrone hydrochloride liposome injection), Copiktra (克必妥®) (duvelisib capsules) and Geruite (戈瑞特®) (lenvatinib mesilate capsules).

- Duomeisu is a product developed by the National Key Laboratory for New Pharmaceutical Preparations and Excipients of the Group and supported by the Major New Drug Development project in China. It is recommended by the US National Comprehensive Cancer Network (NCCN) Guidelines and the Chinese Society of Clinical Oncology (CSCO) for the first-line treatment of lymphoma, ovarian cancer, relapsed or metastatic breast cancer, soft tissue sarcoma and AIDS-related Kaposi's sarcoma. Duomeisu is a leading brand of liposomal doxorubicin in China. During the period, the Group further expanded the broad market of prefecture-level cities and counties to drive the sustainable growth of the product.

- Jinyouli is the first long-acting white blood cell booster drug developed in China. It is used to prevent incidence of infection and pyrexia due to low neutrophil count in patients receiving chemotherapy. The current marketing efforts focus on promoting the long-acting formulation, expanding the coverage in core hospitals in prefecture-level cities, lower-tier market penetration and driving sales ramp-up in centralised procurement regions in order to maintain the sustainable growth of the product. With the implementation of results of the Guangdong Alliance centralised procurement during the period, sales volume of the product in six provinces including Guangdong and Henan achieved a rapid growth.

- Keaili is a new generation paclitaxel chemotherapy drug with recommendation in domestic and foreign guidelines and expert consensus for breast cancer, lung cancer, gastric cancer and gynaecological tumours. Keaili completed the contract renewal in the Henan Alliance centralised procurement in 2022. Thereafter, the new centralised procurement price has been progressively adopted in other provinces, imposing significant pressure on product sales and resulting in a significant decline in sales. The Group will continue to promote the replacement of conventional paclitaxel drugs, enhance lower-tier market penetration, and expand usage in more tumor types in order to increase market share.

- Duoenda, a class 2 new drug developed by the Group, is the world's first mitoxantrone nanodrug on the market with patents in several countries. The product was launched in January 2022 for the treatment of relapsed/refractory peripheral T-cell lymphoma. It was included into the CSCO Guidelines for Lymphoma in April 2022 which recommends its usage for the treatment of relapsed/refractory peripheral T-cell lymphoma (Grade 2A) and NKT cell lymphoma (Grade 2B). Since commercial launch, through professional academic promotion and continuous strengthening of medical evidence, the product has received good market response. At present, this product is also actively exploring and studying the field of hematological tumors including T-cell lymphoma, diffuse large B-cell lymphoma, acute myeloid leukemia and multiple myeloma, and solid tumors including nasopharyngeal cancer.

- Copiktra is the first approved dual PI3K δ/γ dual-target inhibitor in China. It achieves a balance between efficacy and safety by specifically acting on the δ and γ dual targets of PI3K signaling pathway, with recommendation by many domestic and foreign guidelines. At present, the Group is actively putting efforts on the academic promotion of the product.

Anti-infective products

Major products include Anfulike (安複利克®) (amphotericin B cholesteryl sulfate complex for injection), Shuluoke (舒羅克®) (meropenem for injection), Nuomoling (諾莫靈®) (amoxicillin capsules), Xianqu/Shiyao (先曲®/石藥®) (ceftriaxone sodium for injection), Weihong (維宏®) (azithromycin capsules, azithromycin for injection), and Zhongnuo Lixin (中諾立新®) (cefuroxime sodium for injection).

- Anfulike is recommended jointly by the State Ministry of Industry and Health Care Commission as a "clinically urgent, market-deficient" product. It was granted drug registration approval with priority review in March 2021 for the treatment of patients with invasive fungal infections. With modification of the product's lipid structure, the metabolism and distribution characteristics of amphotericin B have been altered to reduce the incidence of nephrotoxicity and hypokalaemia. It can be used for the treatment of patients with renal impairment or drug toxicity which precludes the use of effective dose of amphotericin B, or patients who have failed in prior conventional amphotericin B deoxycholate treatment. The drug accessibility of Anfulike has been improved with its inclusion into the NRDL through negotiation in December 2021. During the period, the Group continued to conduct academic promotion to enhance the knowledge of the clinical benefits of the product among doctors, and expanded the clinical application in haematology, infection and respiratory departments to achieve a rapid sales growth.

- Several anti-infective products, including Nomoling and Weihong, have been selected in the national or provincial alliance centralized procurements, with sales growth accelerated.

Cardiovascular

Major products include Xuanning (玄寧®) (levamlodipine maleate tablets and dispersible tablets), Mingfule (銘復樂®) (recombinant human TNK tissue-type plasminogen activator for injection), Encun (恩存®) (clopidogrel bisulfate tablets), Daxinning (達新寧®) (dronedarone hydrochloride tablets) and Yishuning (意舒寧®) (nifedipine controlled-release tablets).

- Xuanning is mainly used for the treatment of hypertension, chronic stable angina and variant angina, and is a product in the NRDL and essential drug list. Following the inclusion of levamlodipine in the eighth batch of national centralised procurement, the sales of Xuanning have been affected to certain extent. Leveraging the leading brand name, the Group will adopt the all-channel promotion strategy, step up efforts in lower-tier and private markets expansion and promote online sales channel in order to maintain stable sales.

- Mingfule is a third-generation thrombolytic drug with proprietary intellectual property mainly used for the thrombolysis treatment in patients with acute myocardial infarction. It has been listed as a recommended thrombolytic drug in the Chinese Expert Consensus on Pre-hospital Thrombolysis, Guidelines for Rational Use of Drugs for STEMI (201902) and other authoritative guidelines. The Chinese Expert Consensus on Tenecteplase Intravenous Thrombolytic Therapy for Acute Ischemic Stroke published in December 2022 provides a basis for the clinical promotion of TNK as a thrombolytic drug. Moreover, the new indication application for marketing approval of Mingfule for the thrombolytic treatment in patients with acute ischemic stroke has been submitted at the end of 2022. The approval of this indication will greatly expand the market potential of the product. During the period, the Group focused on the development of hospitals with thrombolytic capability to accelerate the market coverage, achieving a rapid sales growth.

- Yishuning is mainly used for the treatment of hypertension, chronic and stable angina pectoris and variant angina pectoris, and is a product in the NRDL and essential drug list. The product was selected in the seventh batch of national centralised procurement in July 2022 for supply to Henan, Hebei and Heilongjiang provinces, achieving rapid sales ramp-up during the period.

Respiratory

Major products include Yiluoda (伊絡達®) (nintedanib capsules), Qixin (琦昕®) (oseltamivir phosphate capsules), Qixiao (琦效®) (arbidol hydrochloride tablets), Nuoyian (諾一安®) (montelukast sodium tablets/chewable tablets), Zhongnuo Like (中諾立克®) (ambroxol hydrochloride oral solution) and Zhongnuoping (中諾平®) (ambroxol hydrochloride extended-release tablets).

- Yiluoda is the first-to-market generic nintedanib drug in China, which is indicated for the treatment of systemic sclerosis-associated interstitial lung disease (SSc-ILD) and progressive fibrosing interstitial lung diseases (PF-ILD). Since market launch in 2022, the product achieved continuous rapid sales growth.

- Qixin is the preferred drug for the prevention and treatment of influenza, and a product in the NRDL and essential drug list. The product was selected in the seventh batch of national centralised procurement in July 2022, with strong sales growth achieved during the period.

- Benefiting from effective marketing strategies and strong market demand, Qixiao and Nuoyian achieved rapid sales growth during the period.

Digestion and metabolism

Major products include Debixin (得必欣®) (omeprazole enteric capsules), Linmeixin (林美欣®) (glimepiride dispersible tablets), Shuanglexin (雙樂欣®) (metformin hydrochloride tablets/extended-release tablets) and Xinweiping (欣維平®) (acarbose tablets).

Other therapeutic areas

Major products include Gubang (固邦®) (alendronate sodium tablets/enteric tablets), Xianpai (先派®) (omeprazole sodium for injection) and Qimaite (奇邁特®) (tramadol hydrochloride tablets).

2. Bulk Product Business

In the first half of 2023, the bulk product business recorded sales of RMB1,970 million, a decrease of 9.6%.

- Sales of vitamin C product was RMB1,040 million, a decrease of 25.7%. The price of vitamin C product remained at a low level during the period, resulting in a decline in both sales and operating profit as compared with the same period last year.

- Driven by the increase in sales volume, sales of antibiotic products increased by 19.1% to RMB930 million for the period.

3. Functional Food and Others Business

In the first half of 2023, functional food and others business recorded sales of RMB1,177 million, an increase of 3.5%. During the period, there was certain decline in the prices of caffeine products. However, both production and sales volume continued to increase, further increasing the global market share.

4. SARS-CoV-2 mRNA Vaccine

In March 2023, the SARS-CoV-2 mRNA vaccine (brand name: Duentai (度恩泰)) containing BA.5 key mutations independently developed by the Group has been included for emergency use in China for the prevention of COVID-19 caused by the infection of SARS-CoV-2. The vaccine, which adopts advanced technology with proprietary intellectual property rights, has the advantages of greater production capacity, better process reproducibility, easy-to-scale-up and large-scale production. It also has good quality consistency and stability, and can be stored at 2-8°C for a long time. The Work Plan for Vaccination against Recent Covid-19 Infection issued by the Joint Prevention and Control Mechanism of the State Council on 10 April specifies that the focus of vaccination at this stage is to fill the gap of immunity level among different target groups and further reduce the risk of severe illness and death, and recommends the Group's SARS-CoV-2 mRNA vaccine as a priority for use as a booster for population aged 18 years or above. On 13 May, the first dose of Duentai was administered at a community healthcare center in Shijiazhuang, the capital of Hebei Province, marking the launch of the nationwide promotion of SARS-CoV-2 mRNA vaccination.

The Group will also continue to promote the research and development of new generation SARS-CoV-2 mRNA vaccines against mutant strains to deal with the threat posed by the continuous mutation of the viruses on people's life and health.

5. Research and Development

The Group strongly believes that innovative research and development is the most important driver for future development and continues to increase its investment in R&D. R&D expenses for the first half of 2023 amounted to RMB2,304 million (charged to income statement), an increase of 22.3%, accounting for approximately 17.8% of the revenue of the finished drug business. Currently, approximately 60 key drug candidates have entered clinical trial or registration stage, of which 8 have filed marketing approval application, 16 have entered pivotal clinical trial or about to file marketing approval application.

Regulatory Updates:

China

- In March 2023, the SARS-CoV-2 mRNA vaccine (brand name: Duentai) containing BA.5 key mutations independently developed by the Group has been included for emergency use in China for the prevention of COVID-19 caused by the infection of SARS-CoV-2.

- In March 2023, application for marketing approval of Enlonstobart for Injection (recombinant fully human anti-PD-1 monoclonal antibody) (SG001) for the treatment of recurrent or metastatic cervical cancer patients with positive PD-L1 expression who have failed at least first-line platinum-based chemotherapy was officially accepted with eligibility for conditional approval pathway.

- In March 2023, application for marketing approval of Amphotericin B Liposome for Injection for the treatment of invasive fungal infection was officially accepted.

- In April 2023, the application for marketing approval of Prusogliptin Tablets (DBPR108) for the treatment of type 2 diabetes was officially accepted.

- In June 2023, the biologic license application of Omalizumab for Injection for the treatment of chronic spontaneous urticaria was officially accepted.

- In June 2023, the biologic license application of Batoclimab (HBM9161) for the treatment of generalised myasthenia gravis (gMG) was officially accepted.

- Since the beginning of 2023, 8 innovative drugs candidates have obtained clinical trial approval for their first indication and 10 additional indications have obtained clinical trial approval:

First Indication

Drug candidate	Indication
SYH2045 (PRMT5 inhibitor)	Advanced malignant tumors
Meloxicam nanocrystal injection	Moderate to severe pain in adults
Clevidipine injectable emulsion	Hypertension
Octreotide long-acting injection	Acromegaly
NBL-020 (TNFR2 monoclonal antibody)	Advanced solid tumors
SYS6010 (ADC)	Advanced solid tumors
SYH2051 (ATM inhibitor)	Solid tumors
JMT203 (GFRAL monoclonal antibody)	Tumor cachexia

Additional Indication

Drug candidate	Indication
KN026 for injection	In combination with docetaxel (albumin-bound) for the treatment of first-line HER2 positive recurrent and metastatic breast cancer
Docetaxel for injection (albumin-bound)	In combination with SG001 (PD-1) for the perioperative treatment of non-small cell lung cancer
Docetaxel for injection (albumin-bound)	In combination with SG001 (PD-1) and cisplatin with concomitant radiotherapy for the treatment of locally advanced esophageal cancer
Docetaxel for injection (albumin-bound)	In combination with cisplatin with concomitant radiotherapy for the treatment of locally advanced unresectable non-small cell lung cancer
Docetaxel for injection (albumin-bound)	Neoadjuvant therapy for luminal breast cancer
SYH2055 tablets	Prevention of COVID-19
Enlonstobart for injection (SG001) (PD-1)	In combination with chemotherapy for first-line cervical cancer
CM326	Chronic obstructive pulmonary disease
Paclitaxel cationic liposome for injection	Arterial perfusion therapy in patients with advanced solid tumors who failed standard treatment
Simmitinib	In combination with SG001 (PD-1) for the treatment of solid tumors

- Since the beginning of 2023, 6 generic drugs have obtained drug registration approvals, including Apremilast Tablets, Mirabegron Extended-release Tablets, Paliperidone Extended-release Tablets, Tedizolid Phosphate for Injection, Rabeprazole Sodium Enteric-coated Tablets and Desvenlafaxine Succinate Extended-release Tablets.

North America

- In April 2023, antibody-drug conjugate CPO301 obtained clinical trial approval in the US.
- In June 2023, antibody-drug conjugate CPO301 was granted fast track designation in the US.
- In June 2023, antibody-drug conjugate CPO301 obtained clinical trial approval in Canada.

Major Clinical Trials Progress:

- In February 2023, the study results of Mingfule (recombinant human TNK tissue-type plasminogen activator for injection, rhTNK-tPA) in a Phase III clinical trial study (TRACE-2) for the treatment of acute ischemic stroke were published in The Lancet (IF: 202.731), an international medical journal, demonstrating that Mingfule is non-inferior to alteplase in efficacy and the safety profile is similar to alteplase.

- In March 2023, the first patient was dosed in a phase III clinical trial of Duoenda (mitoxantrone hydrochloride liposome injection) in China for the treatment of patients with recurrent metastatic nasopharyngeal carcinoma who have failed platinum-based therapy.

- In March 2023, a phase III therapeutic bioequivalence study of Omalizumab for Injection (SYSA1903) in comparison to the originator drug for the treatment of patients with chronic spontaneous urticaria who remain symptomatic despite H1 antihistamine treatment met its predefined endpoint.

- In March 2023, a randomized, double-blind, placebo-controlled Phase II/III clinical study on the efficacy and safety of CM310 (IL-4Rα antibody) for the treatment of moderate to severe asthma was launched.

- In March 2023, a randomized, double-blind, placebo-controlled Phase II clinical study on the efficacy and safety of CM326 (TSLP antibody) for the treatment of moderate to severe asthma was launched.

- In June 2023, the clinical data of ALMB-0168 (Cx43 hemichannel antibody agonist) for the treatment of osteosarcoma was announced at the 2023 ASCO annual meeting. Preliminary results indicate that ALMB-0168 demonstrates encouraging efficacy and tolerable safety in patients with metastatic or unresectable osteosarcoma after receiving standard chemotherapy in a Phase I dose-escalation trial.

- In June 2023, the Phase I clinical results of SYSA1801 (CLDN18.2 ADC) for the treatment of advanced malignant solid tumors with CLDN18.2 expression were presented at the 2023 ASCO annual meeting. Preliminary results indicate that SYSA1801 demonstrates promising anti-tumor efficacy in treating advanced malignant solid tumors with CLDN18.2 expression, especially in gastric cancer.

Clinical Pipeline Overview:

Registration and Pivotal Trial Stage

Drug candidate	Type	Target	Indication	Status
Narlumosbart for injection (JMT103)	Biological drug (monoclonal antibody)	RANKL	Giant cell tumor of bone	BLA
Irinotecan liposome for injection	Nanodrug	DNA topoisomerase inhibitors	Pancreatic cancer	NDA
Mingfule (recombinant human TNK tissue-type plasminogen activator for injection)	Biological drug (recombinant protein)	Plasminogen	Acute ischemic stroke	BLA
Amphotericin B liposome for injection	Nanodrug	Anti-infective, nonspecific drug	Invasive fungal infection	NDA
Enlonstobart (SG001)	Biological drug (monoclonal antibody)	PD-1	Cervical cancer	BLA
Prusogliptin tablets (DBPR108)	Chemical drug	DPP-4 inhibitor	Diabetes	NDA
Omalizumab monoclonal antibody for injection (SYSA1903)	Biological drug (monoclonal antibody)	IgE	Urticaria	BLA
Batoclimab (HBM9161)	Biological drug (monoclonal antibody)	FcRn	Myasthenia gravis	BLA
Recombinant humanized anti-epidermal growth factor receptor monoclonal antibody for injection (JMT101)	Biological drug (monoclonal antibody)	EGFR	EGFR exon 20 insertion mutation in non-small cell lung cancer	Pivotal trial
KN026 for injection	Biological drug (bispecific antibody)	HER2 bispecific antibody	Gastric cancer	Pivotal trial
Recombinant humanized anti-HER2 monoclonal antibody-MMAE conjugate for injection (DP303c) (SYSA1501)	Biological drug (ADC)	HER2 ADC	Breast cancer	Pivotal trial
Pertuzumab for injection (SYSA1901)	Biological drug (monoclonal antibody)	HER2	HER2 positive breast cancer	Pivotal trial
TG103 injection	Biological drug (fusion protein)	GLP1-Fc	Weight loss	Pivotal trial
CM310 injection	Biological drug (monoclonal antibody)	IL-4Rα	Asthma	Pivotal trial
Ustekinumab injection (SYSA1902)	Biological drug (monoclonal antibody)	IL-12, IL-23	Moderate to severe psoriasis	Pivotal trial
SKLB1028 capsules	Chemical drug	FLT3, Abl, Lyn, EGFR	Acute myeloid leukaemia	Pivotal trial
HA121-28 tablets	Chemical drug	RET, EGFR, VEGFR, FGFR	Non-small cell lung cancer with RET gene fusion mutation	Pivotal trial

Drug candidate	Type	Target	Indication	Status
SYH2055 tablets	Chemical drug	3CL protease inhibitor	High risk COVID-19	Pivotal trial
Paclitaxel for injection (albumin-bound) (II)	Nanodrug	Microtubule inhibitor	Breast cancer	Pivotal trial
Daunorubicin cytarabine liposome for injection	Nanodrug	RNA polymerase inhibitor DNA polymerase inhibitor	Leukemia	Pivotal trial
Docetaxel for injection (albumin-bound)	Nanodrug	Microtubule inhibitor	Pancreatic cancer, head and neck squamous cell carcinoma	Pivotal trial
Meloxicam nanocrystal injection	Nanodrug	COX-2	Pain	Pivotal trial
Clevidipine injectable emulsion	Nanodrug	Calcium channel blocker	Hypertension	Pivotal trial
Butylphthalide soft capsules	Chemical drug		Vascular dementia	Pivotal trial

Products in other clinical stage

Drug candidate	Type	Therapeutic Area
Ammuxetine hydrochloride enteric tablets	Chemical drug	Psychiatry
Butylphthalide soft capsules (China and US)	Chemical drug	Neurology
Simmitinib hydrochloride tablets, SYHA1801 capsules, SYHA1803 capsules, SYHA1807 capsules, SYHA1811 tablets, SYHA1813 oral liquid, SYHA1815 tablets, SYHX1903 tablets, SYHX2001 tablets, SYHX2005 tablets, SYHX2009 tablets, SYHX2043 tablets, SYHX2045 tablets, SYH2051 tablets	Chemical drug	Oncology
SYHA1402 tablets, SYHA1805 tablets	Chemical drug	Metabolism
SYHX1901 tablets	Chemical drug	Immunity
Octreotide long-acting injection	Chemical drug	Endocrine
JMT601 for injection (China and US)	Biological drug (bispecific antibody)	Oncology
SYS6002 for injection, SYSA1801 for injection (China and US)	Biological drug (ADC)	Oncology
ALMB0168 for injection, NBL-015 for injection (China and US), NBL-020 for injection (China and US), JMT203 SYS6010 (ADC) (China and US)	Biological drug (monoclonal antibody)	Oncology
ALMB0166 for injection	Biological drug (monoclonal antibody)	Central nervous system
CM326 for injection, NBL-012 for injection (China and US)	Biological drug (monoclonal antibody)	Immunity
Paclitaxel cationic liposome for injection, sirolimus for injection (albumin-bound), SYHA1908 for injection, cisplatin micelle injection	Nanodrug	Oncology
Prostaglandin liposome for injection	Nanodrug	Cardiovascular

Patents:

- In the first half of 2023, 14 international PCT applications and 122 patent applications (66 domestic and 56 overseas) have been filed, and 30 patents (14 domestic and 16 overseas) have been granted.

The Group is expected to launch more than 40 innovative and new-formulation drugs, and over 60 generic drugs within the next five years. Of which, 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/IgG4 Fc fusion protein in the field of metabolism, 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, the mRNA vaccine which offers protection against Covid-19 variants and small nucleic acid drugs (dosed semi-annually) are all heavyweight products with global patents and great market value. The launch of these new products will provide strong support to the Group's high-quality growth in the future.

6. Business Development

- In January 2023, the Group entered into an exclusive license agreement with Corbus Pharmaceuticals, Inc. in the US to out-license the development and commercialization rights of the Group's SYS6002 (Nectin-4 ADC) in the US, EU countries, UK, Canada, Australia, lceland, Liechtenstein, Norway and Switzerland. The Group will receive upfront payments of US$7.5 million and is also entitled to receive up to US$130 million in potential development and regulatory milestone payments and up to US$555 million in potential sales milestone payments, as well as tiered sales royalties.

- In June 2023, the Group and Pfizer signed a strategic partnership agreement to launch a local brand of the COVID-19 oral antiviral therapeutic treatment Nirmatrelvir/Ritonavir in China, jointly aiming to improve access of this treatment to Chinese patients.

FINANCIAL REVIEW

Financial Results

Revenue and Gross Profit Margin

Revenue for the first half of 2023 amounted to RMB16,080 million, an increase of 3.0% compared to RMB15,610 million in the first half of 2022. The increase was mainly due to the growth in the finished drug business. Gross profit margin for the period decreased by 2.7 percentage point to 69.9%, which was mainly attributable to the change in revenue mix and decline in selling prices of vitamin C products.

Other Income

Other income for the first half of 2023 amounted to RMB249 million (first half of 2022: RMB233 million), mainly consisting of interest income on bank deposits and balances of RMB125 million (first half of 2022: RMB98 million) and government grant income of RMB60 million (first half of 2022: RMB65 million).

Other gains and losses

A net gain of RMB20 million was reported in the first half of 2023 (first half of 2022: net gain of RMB50 million), mainly consisting of fair value loss on financial assets measured at FVTPL of RMB91 million (first half of 2022: loss of RMB34 million) and net foreign exchange gain of RMB85 million (first half of 2022: gain of RMB52 million).

Operating Expenses

Selling and distribution expenses for the first half of 2023 amounted to RMB4,902 million, a decrease of 9.4% compared to RMB5,410 million in the first half of 2022. During the period, the Group continued to expand its market coverage and actively promote the newly launched finished drug products. With enhanced efficiency of marketing activities, a lower expense ratio was achieved.

Administrative expenses for the first half of 2023 amounted to RMB536 million, a decrease of 5.2% compared to RMB565 million in the first half of 2022. The decrease was mainly due to the efforts on control of expenses during the period.

R&D expenses for the first half of 2023 amounted to RMB2,304 million, an increase of 22.3% compared to RMB1,884 million in the first half of 2022. The increase was primarily attributable to the increased spending on ongoing and newly initiated clinical trials.

Income tax expense

Income tax expenses for the first half of 2023 amounted to RMB624 million (first half of 2022: RMB692 million), which represented provision of income tax expense based on the taxable income of the subsidiaries and PRC withholding tax on dividend distributions by the subsidiaries.

Non-HKFRS Measure

For the purpose of assessing the performance of the Group, the Company has also presented the underlying profit attributable to shareholders as an additional financial measure, which is not required by, or presented in accordance with the Hong Kong Financial Reporting Standards ("HKFRS"). The Group believes that this non-HKFRS financial measure better reflects the underlying operational performance of the Group by eliminating certain non-operating items which the Group does not consider indicative of the Group's operational performance. However, the presentation of this non-HKFRS financial measure is not intended to be a substitute for, or superior to, the financial information prepared and presented in accordance with HKFRS.

Additional information is provided below to reconcile the profit attributable to shareholders as reported and the underlying profit attributable to shareholders.

	Six months ended 30 June	
	2023	2022
	(RMB'000)	*(RMB'000)*
Profit attributable to shareholders	**2,966,987**	2,966,205
Adjustment for:		
– Fair value loss on financial assets measured at FVTPL *(note a)*	**90,824**	33,517
– Employee share-based compensation expense *(note b)*	**109,536**	71,866
– Effect of corresponding income tax	**(5,486)**	(2,825)
Underlying profit attributable to shareholders	**3,161,861**	3,068,763

Notes:

(a) Fair value loss on financial assets measured at FVTPL is arisen from the measurement of the Group's investments in certain partnerships, funds and listed equity securities at fair value.

(b) Out of the total employee share-based compensation expense recognised in the current period, RMB94,251,000 (first half of 2022: RMB63,586,000) was in respect of share awards granted to selected employees of the Group by Key Honesty Limited, a shareholder of the Company.

Liquidity and Financial Position

For the first half of 2023, the Group's operating activities generated a cash inflow of RMB1,320 million (first half of 2022: RMB4,257 million). Turnover days of trade receivables (ratio of balance of trade receivables to sales, inclusive of value added tax for sales in China) were 58 days, higher than 44 days in 2022. This is mainly due to the slower settlement by customers during the period, but which was still within the normal credit period. The Group will strengthen the control and management in this aspect. Turnover days of inventories (ratio of balance of inventories to cost of sales) was 103 days, slightly lower than 107 days in 2022. Current ratio was 2.7 as of 30 June 2023, same as the level half year ago. Capital expenditure for the period amounted to RMB908 million, which were mainly spent to construct production facilities and improve production efficiency.

The Group's financial position remained solid. As of 30 June 2023, the Group had bank deposits, balances and cash of RMB11,205 million (31 December 2022: RMB10,498 million), structured bank deposits of RMB1,625 million (31 December 2022: RMB3,575 million) and bank borrowings of RMB75 million (31 December 2022: RMB182 million). As of 30 June 2023, gearing ratio (ratio of bank borrowings to total equity) was 0.2% (31 December 2022: 0.6%).

The Group's sales are primarily denominated in Renminbi for domestic sales in China and 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

As of 30 June 2023, bank deposits of RMB19 million have been pledged to secure short-term banking facilities.

Contingent Liabilities

The Group did not have any material contingent liabilities as of 30 June 2023.

Employees

The Group employed a total of 25,587 employees as of 30 June 2023, with a majority of them employed in mainland China. The Group continues to offer competitive remuneration packages, discretionary share options, share awards and bonuses to eligible staff, based on the performance of the Group and the individual employee.

In order to retain and motivate the employees of the Group for its continual operation and development, Key Honesty Limited, a shareholder of the Company which is indirectly wholly-owned by Mr. Cai Dongchen, the Chairman of the Board, has granted conditional share awards to selected employees of the Group during 2022 in respect of the existing issued shares of the Company held by Key Honesty Limited. The respective awarded shares will be vested and transferred to the grantees within 3 to 5 years from date of grant at a transfer price of HK$2.95 per share subject to the fulfilment of certain conditions. As of 30 June 2023, there were 206,050,000 unvested awarded shares.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2023 – Unaudited

		Six months ended 30 June	
		2023	2022
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**16,080,412**	15,610,026
Cost of sales		**(4,842,773)**	(4,271,542)
Gross profit		**11,237,639**	11,338,484
Other income		**248,811**	232,734
Other gains or losses, net		**20,126**	49,711
Selling and distribution expenses		**(4,902,391)**	(5,410,159)
Administrative expenses		**(535,640)**	(564,819)
Research and development expenses		**(2,303,611)**	(1,884,077)
Other expenses		**(54,155)**	(33,515)
Share of results of associates		**(16,248)**	(26,954)
Share of results of joint ventures		**(2,255)**	27,777
Finance costs		**(10,722)**	(9,722)
Profit before tax	*4*	**3,681,554**	3,719,460
Income tax expense	*5*	**(623,514)**	(692,377)
Profit for the period		**3,058,040**	3,027,083
Profit for the period attributable to:			
Owners of the Company		**2,966,987**	2,966,205
Non-controlling interests		**91,053**	60,878
		3,058,040	3,027,083
		RMB cents	*RMB cents*
Earnings per share	*7*		
– Basic		**24.95**	24.89
– Diluted		**24.95**	24.89

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023 – Unaudited

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Profit for the period	**3,058,040**	3,027,083
Other comprehensive income:		
Item that will not be reclassified to profit or loss:		
Fair value gain on financial assets measured at fair value through other comprehensive income, net of income tax	**10,979**	8,365
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**7,077**	44,435
Other comprehensive income for the period, net of income tax	**18,056**	52,800
Total comprehensive income for the period	**3,076,096**	3,079,883
Total comprehensive income for the period attributable to:		
Owners of the Company	**2,985,043**	3,019,005
Non-controlling interests	**91,053**	60,878
	3,076,096	3,079,883

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023 – Unaudited

	Note	**30 June 2023**	31 December 2022
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment		**10,037,227**	9,582,060
Right-of-use assets		**1,321,356**	1,394,859
Investment property		**61,085**	62,737
Goodwill		**234,904**	234,904
Intangible assets		**2,264,522**	1,908,112
Interests in associates		**678,042**	685,290
Interests in joint ventures		**707,227**	709,482
Other financial assets		**2,532,672**	2,125,574
Deferred tax assets		**146,351**	113,026
Deposits, prepayments and other receivables	*9*	**568,282**	796,570
Bank deposits		**740,000**	200,000
		19,291,668	17,812,614
Current assets			
Inventories		**2,751,952**	2,554,861
Trade receivables	*8*	**5,415,329**	3,937,967
Deposits, prepayments and other receivables	*9*	**659,499**	693,224
Bills receivables	*10*	**3,006,209**	2,602,551
Amounts due from related companies		**353,128**	195,643
Amounts due from joint ventures		**104,759**	100,048
Structured bank deposits	*11*	**1,625,425**	3,574,859
Bank deposits, balances and cash		**10,465,265**	10,298,007
		24,381,566	23,957,160

	Note	30 June 2023 RMB'000	31 December 2022 RMB'000
Current liabilities			
Trade payables	*12*	**1,922,553**	1,507,986
Other payables	*13*	**5,780,042**	5,355,516
Contract liabilities		**233,509**	799,458
Bills payables	*14*	**440,687**	502,079
Amounts due to related companies		**33,638**	104,938
Amounts due to joint ventures		**115,518**	130,860
Lease liabilities		**153,107**	142,071
Tax liabilities		**291,245**	261,608
Bank borrowings		**55,370**	153,484
		9,025,669	8,958,000
Net current assets		**15,355,897**	14,999,160
Total assets less current liabilities		**34,647,565**	32,811,774
Non-current liabilities			
Other payables	*13*	**372,317**	270,917
Lease liabilities		**186,885**	258,039
Deferred tax liabilities		**556,576**	611,993
Bank borrowings		**19,900**	28,950
		1,135,678	1,169,899
Net assets		**33,511,887**	31,641,875
Capital and reserves			
Share capital		**10,899,412**	10,899,412
Reserves		**20,920,068**	19,298,122
Equity attributable to owners of the Company		**31,819,480**	30,197,534
Non-controlling interests		**1,692,407**	1,444,341
Total equity		**33,511,887**	31,641,875

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2023 – Unaudited

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 2022 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 2022 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.

Other than additional accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for six months ended 30 June 2023 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2022.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on l January 2023 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	Income Taxes International Tax Reform-Pillar Two Model Rules

The application of the new and 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/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Sales of goods	**16,045,712**	15,610,026
Licence fee income	**34,700**	—
	16,080,412	15,610,026

Sales of goods

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.

Licence fee income

The Group provides licence of its patented intellectual property ("IP") or commercialisation licence to customers and revenue is recognised when the customers obtain rights to access or use the underlying IP or licence. Licence fee income is recognised at a point in time upon the customer obtains control of IP or if control is transferred over time, e.g. commercialisation licence to customers for a term of period, revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation.

The consideration for licence comprises a fixed element (the upfront payment) and variable elements (including but not limited to development milestones and royalties). For licence associated with customers' right to use, upfront fee received is recorded under contract liabilities and recognised as revenue only when customers have ability to use the licence and variable consideration is recognised only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future.

(ii) Segment Information

Information reported to the executive directors, being the chief operating decision maker, for the purpose of resources allocation and assessment of segment performance focuses on types of goods delivered. The Group's reportable segments are as follows:

(a) Finished drugs — research and development, manufacture and sale of pharmaceutical products and license fee income;
(b) Bulk products — manufacture and sale of vitamin C and antibiotic products in bulk powder form; and
(c) Functional food and others — manufacture and sale of functional food products (including caffeine food additives, anhydrous glucose, acarbose and vitamin C buccal tablets), provision of healthcare service and others.

Bulk products of anhydrous glucose and acarbose were included in the Bulk Products (antibiotics and others) segment in prior years. With the aim of strengthening synergy in business development, the Group's operating segments have been reorganised. Bulk products of anhydrous glucose and acarbose are now being managed and reported in the Functional and Food segment. Comparative figures have ben restated to conform with current period's presentation.

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

Six months ended 30 June 2023:

	Finished drugs	Bulk products		Functional food and others	Segment total	Eliminations	Consolidated
		Vitamin C	Antibiotic				
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
SEGMENT REVENUE							
External sales	**12,899,014**	**1,039,715**	**930,102**	**1,176,881**	**16,045,712**	**—**	**16,045,712**
Inter-segment sales	**—**	**3,574**	**138,097**	**112,200**	**253,871**	**(253,871)**	**—**
Licence fee income	**34,700**	**—**	**—**	**—**	**34,700**	**—**	**34,700**
TOTAL REVENUE	**12,933,714**	**1,043,289**	**1,068,199**	**1,289,081**	**16,334,283**	**(253,871)**	**16,080,412**
SEGMENT PROFIT	**3,192,433**	**67,582**	**71,421**	**331,005**			**3,662,441**
Unallocated income							**183,397**
Unallocated expenses							**(135,059)**
Share of results of associates							**(16,248)**
Share of results of joint ventures							**(2,255)**
Finance costs							**(10,722)**
Profit before tax							**3,681,554**

Six months ended 30 June 2022 (restated):

	Finished drugs	Bulk products		Functional food and others	Segment total	Eliminations	Consolidated
		Vitamin C	Antibiotics				
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
SEGMENT REVENUE							
External sales	12,292,908	1,398,898	781,176	1,137,044	15,610,026	—	15,610,026
Inter-segment sales	—	2,640	113,887	62,002	178,529	(178,529)	—
TOTAL REVENUE	12,292,908	1,401,538	895,063	1,199,046	15,788,555	(178,529)	15,610,026
SEGMENT PROFIT	3,008,121	321,077	71,614	285,808			3,686,620
Unallocated income							163,176
Unallocated expenses							(121,437)
Share of results of associates							(26,954)
Share of results of joint ventures							27,777
Finance costs							(9,722)
Profit before tax							3,719,460

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 and share of results of associates and joint ventures. This is the measure reported to the executive directors for the purposes of resources allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

The executive directors make decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the executive directors do 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

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Profit before tax has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**415,596**	389,425
Depreciation of right-of-use assets	**84,240**	68,025
Depreciation of investment property	**1,652**	860
Amortisation of intangible assets	**30,412**	23,324
Total depreciation and amortisation	**531,900**	481,634
Employee share-based compensation benefits *(note a)*	**109,536**	71,866
Government grant income (included in other income)	**(60,180)**	(64,808)
Fair value loss on financial assets measured at FVTPL (included in other gains or losses)	**90,824**	33,517
Fair value gain on structured bank deposits (included in other gains or losses)	**(58,415)**	(51,155)
Impairment losses recognised under expected credit loss model (included in other gains or losses)	**8,593**	14,492
Interest income on bank deposits and balances (included in other income)	**(124,805)**	(98,475)
Loss on disposal of property, plant and equipment (included in other gains or losses)	**23,659**	4,541
Net foreign exchange gain (included in other gains or losses)	**(84,704)**	(51,540)

Notes:

(a) The amount mainly included employee share-based compensation expense of RMB13,981,000 (six months ended 30 June 2022: RMB5,609,000) in respect of share awards granted under the Share Award Scheme of the Company and RMB94,251,000 (six months ended 30 June 2022: RMB63,586,000) in respect of share awards granted to selected employees of the Group by a shareholder of the Company in 2022 involving the existing shares of the Company held by the shareholder.

(b) For the six months ended 30 June 2023 and 2022, cost of inventories recognised as an expense approximated cost of sales as shown in the condensed consolidated income statement.

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
The tax charge comprises:		
Current taxation		
– PRC Enterprise Income Tax	**601,557**	707,703
– PRC withholding tax on dividends distributed by subsidiaries	**103,126**	51,330
– USA Federal and State Income Tax	**8,007**	5,782
	712,690	764,815
Deferred taxation	**(89,176)**	(72,438)
	623,514	692,377

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% for a period of 3 years up to 2025.

Under the EIT Law of the PRC, withholding tax at 10% or a lower applicable rate is imposed on dividends declared and payable to investors that are non-PRC resident enterprise.

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 HK14 cents per share for 2023 (2022: HK10 cents (approximately RMB9.0 cents) amounting to approximately RMB1,077,797,000) after the end of the interim period, which has not been recognised as a liability at the end of the interim period.

(b) Final dividend approved and paid during the interim period

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK11 cents (approximately RMB10.1 cents) (2021: HK10 cents (approximately RMB8.6 cents)) per share	**1,207,225**	1,020,529
Less: Dividend for shares held by share award scheme	**(3,496)**	(1,364)
	1,203,729	1,019,165

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:

	Six months ended 30 June	
	2023	2022
Earnings for the purposes of basic and diluted earnings per share *(RMB'000)*	**2,966,987**	2,966,205
Weighted average number of ordinary shares for the purpose of basic earnings per share *(in '000)*	**11,892,763**	11,917,148
Effect of dilutive potential ordinary shares:		
Unvested shares under share award scheme *(in '000)*	**504**	945
Weighted average number of ordinary shares for the purpose of diluted earnings per share *(in '000)*	**11,893,267**	11,918,093

The weighted average number 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 of the Company.

8. TRADE RECEIVABLES

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
Trade receivables	**5,447,198**	3,961,692
Less: allowance for impairment	**(31,869)**	(23,725)
	5,415,329	3,937,967

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:

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
0 to 90 days	**4,893,450**	3,664,707
91 to 180 days	**489,453**	261,185
181 to 365 days	**29,962**	9,562
More than 365 days	**2,464**	2,513
	5,415,329	3,937,967

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.

9. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
Prepayments for raw material and research and development expenses	**210,816**	207,224
Deposits paid for property, plant and equipment and right-of-use assets	**568,282**	646,570
Other tax recoverable	**191,296**	189,037
Prepayments for acquisition of intangible assets	**—**	150,000
Others	**257,387**	296,963
	1,227,781	1,489,794
Analysed as:		
Current	**659,499**	693,224
Non-current	**568,282**	796,570
	1,227,781	1,489,794

10. BILLS RECEIVABLES

The bills receivables of the Group are with a maturity period of less than 365 days (31 December 2022: 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. STRUCTURED BANK DEPOSITS

Structured bank deposits carry guaranteed return of up to 1.90% (31 December 2022: 1.60%) per annum and have a total expected return of up to 3.4% (31 December 2022: 3.5%) 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.

12. TRADE PAYABLES

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

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
0 to 90 days	**1,695,185**	1,333,746
91 to 180 days	**58,670**	51,978
More than 180 days	**168,698**	122,262
	1,922,553	1,507,986

The general credit period on purchases of goods is up to 90 days (31 December 2022: 90 days).

13. OTHER PAYABLES

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
Other tax payable	**121,163**	181,238
Payables arising from construction cost and acquisition of property, plant and equipment	**860,842**	818,967
Deferred government grants	**492,962**	411,959
Salaries, wages and staff welfare payable	**564,462**	546,927
Selling expense payable	**3,191,497**	3,049,003
Research and development expense payable	**194,246**	126,516
License fees payable	**119,428**	—
Others	**607,759**	491,823
	6,152,359	5,626,433
Analysed as:		
Current	**5,780,042**	5,355,516
Non-current	**372,317**	270,917
	6,152,359	5,626,433

14. BILLS PAYABLES

All bills payables of the Group are aged within 365 days (31 December 2022: within 365 days) and not yet due at the end of the reporting period.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions in the Corporate Governance 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 2023.

REVIEW OF INTERIM RESULTS

The interim results for the six months ended 30 June 2023 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 Monday, 11 September 2023 to Tuesday, 12 September 2023, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 8 September 2023.

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

During the six months ended 30 June 2023, the Company repurchased its own shares an The Stock Exchange of Hong Kong Limited as follows:

Date	**Number of shares repurchased**	**Highest purchase price per share** *HK$*	**Lowest purchase price per share** *HK$*	**Aggregate consideration (before expenses)** *HK$'000*	*RMB'000 (equivalent)*
March 2023	24,560,000	7.80	7.41	187,202	163,877
April 2023	5,440,000	7.75	7.61	41,673	36,481
	30,000,000			228,875	200,358

The above shares were cancelled upon delivery of the share certificates in April 2023.

The repurchase of shares was made for the benefit of the shareholders with a view to enhancing the earnings per share as well as maximizing shareholders' return.

Save as disclosed above, 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 2023.

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

Hong Kong, 23 August 2023

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, Mr. LAW Cheuk Kin Stephen and Ms. LI Quan as independent non-executive directors.