三生制药
3SBIO INC.

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1530)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS*

- Revenue increased by RMB605.6 million or 16.0% to RMB4,389.4 million, as compared to the six months ended 30 June 2023.
- Gross profit increased by RMB595.8 million or 18.6% to RMB3,797.4 million, as compared to the six months ended 30 June 2023. The gross profit margin increased to 86.5% from 84.6% for the six months ended 30 June 2023.
- Net profit attributable to owners of the parent increased by RMB109.3 million or 11.1% to RMB1,089.9 million, as compared to the six months ended 30 June 2023. Net profit attributable to owners of the parent adjusted for non-operating items[1] increased by RMB16.7 million or 1.5% to RMB1,112.4 million, as compared to the six months ended 30 June 2023.
- EBITDA increased by RMB311.0 million or 23.4% to RMB1,641.5 million, as compared to the six months ended 30 June 2023. EBITDA adjusted for non-operating items[2] increased by RMB241.6 million or 17.0% to RMB1,663.9 million, as compared to the six months ended 30 June 2023.

* All numbers in the "Financial Highlights" section are subject to rounding adjustments and therefore are approximate numbers only.

Notes:

1 The net profit attributable to owners of the parent adjusted for non-operating items is defined as the profit attributable to owners of the parent for the period excluding, as applicable: (a) the interest expenses incurred in relation to the Euro ("**EUR**")-denominated zero-coupon convertible bonds in an aggregate principal amount of EUR320,000,000 due 2025 ("**2025 Bonds**"); (b) the expenses associated with the share options and awarded shares granted in March 2020; (c) the expenses associated with the awarded shares under an employee share ownership plan (the "**ESOP**") by Sunshine Guojian Pharmaceutical (Shanghai) Co., Ltd. ("**Sunshine Guojian**"), an indirect non-wholly owned subsidiary of 3SBio Inc. ("**3SBio**" or the "**Company**"); (d) gain on redemption of 2025 Bonds; (e) fair value gains or losses on financial assets at fair value through profit or loss ("**FVTPL**"); and (f) non-operating foreign exchange differences.

2 The EBITDA adjusted for non-operating items is defined as the EBITDA for the period excluding the same items as listed in Note 1 above.

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of 3SBio is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2024 (the "**Reporting Period**"), together with the comparative figures for the corresponding period in 2023 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	Notes	**2024 (Unaudited) *RMB'000***	2023 (Unaudited) *RMB'000*
REVENUE	*4*	**4,389,445**	3,783,833
Cost of sales		**(592,052)**	(582,279)
Gross profit		**3,797,393**	3,201,554
Other income and gains	*5*	**86,144**	(7,201)
Selling and distribution expenses		**(1,593,979)**	(1,374,752)
Administrative expenses		**(201,196)**	(214,422)
Research and development costs		**(476,230)**	(306,593)
Other expenses	*6*	**(40,687)**	(5,079)
Finance costs	*7*	**(104,351)**	(88,878)
Share of profits and losses of:			
A joint venture		**(814)**	1,244
Associates		**(44,412)**	(11,805)
PROFIT BEFORE TAX		**1,421,868**	1,194,068
Income tax expense	*8*	**(314,283)**	(207,601)
PROFIT FOR THE PERIOD		**1,107,585**	986,467
Attributable to:			
Owners of the parent		**1,089,942**	980,577
Non-controlling interests		**17,643**	5,890
		1,107,585	986,467
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
— Basic	*10*	**RMB0.45**	RMB0.40
— Diluted	*10*	**RMB0.45**	RMB0.39

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	2024 (Unaudited) *RMB'000*	2023 (Unaudited) *RMB'000*
PROFIT FOR THE PERIOD	**1,107,585**	986,467
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**6,389**	18,227
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**6,389**	18,227
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	**48,473**	(71,056)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**48,473**	(71,056)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**54,862**	(52,829)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**1,162,447**	933,638
Attributable to:		
Owners of the parent	**1,144,804**	927,748
Non-controlling interests	**17,643**	5,890
	1,162,447	933,638

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	Notes	**30 June 2024 (Unaudited) *RMB'000***	31 December 2023 (Audited) *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*11*	**4,915,830**	4,692,152
Right-of-use assets		**381,432**	375,606
Goodwill		**4,221,637**	4,199,458
Other intangible assets		**1,615,731**	1,554,451
Investments in joint ventures		**1,451**	2,265
Investments in associates		**544,097**	593,316
Equity investments designated at fair value through other comprehensive income		**586,701**	521,724
Prepayments, other receivables and other assets		**225,290**	203,422
Non-pledged time deposits	*13*	**1,985,069**	2,015,347
Deferred tax assets		**270,046**	274,604
Total non-current assets		**14,747,284**	14,432,345
CURRENT ASSETS			
Inventories		**821,633**	777,539
Trade and notes receivables	*12*	**1,245,521**	1,095,132
Prepayments, other receivables and other assets		**1,172,278**	1,132,499
Financial assets at fair value through profit or loss		**3,542,626**	3,302,596
Pledged deposits	*13*	**177,664**	195,432
Non-pledged time deposits	*13*	**153,958**	78,324
Cash and bank equivalents	*13*	**2,085,208**	2,611,161
Total current assets		**9,198,888**	9,192,683
CURRENT LIABILITIES			
Trade and bills payables	*14*	**205,494**	212,062
Other payables and accruals		**1,974,421**	1,332,393
Deferred income		**32,169**	29,152
Interest-bearing bank and other borrowings	*15*	**1,924,512**	2,111,603
Lease liabilities		**14,118**	9,735
Bonds payable	*16*	**1,200,690**	—
Tax payable		**—**	32,665
Total current liabilities		**5,351,404**	3,727,610
NET CURRENT ASSETS		**3,847,484**	5,465,073
TOTAL ASSETS LESS CURRENT LIABILITIES		**18,594,768**	19,897,418

	Notes	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	15	**1,041,998**	1,462,733
Lease liabilities		**32,492**	27,813
Bonds payable	16	**–**	1,225,959
Deferred income		**388,012**	412,156
Deferred tax liabilities		**252,059**	250,554
Other non-current liabilities		**4,336**	4,603
Total non-current liabilities		**1,718,897**	3,383,818
Net assets		**16,875,871**	16,513,600
EQUITY			
Equity attributable to owners of the parent			
Share capital	17	**147**	149
Treasury shares		**(357,100)**	(235,641)
Share premium		**2,844,463**	3,517,283
Other reserves		**11,896,784**	10,751,980
Equity attributable to owners of the parent		**14,384,294**	14,033,771
Non-controlling interests		**2,491,577**	2,479,829
Total equity		**16,875,871**	16,513,600

1. CORPORATE INFORMATION

3SBio Inc. was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Islands Companies Laws on 9 August 2006. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**HKEx**") on 11 June 2015.

The Company is an investment holding company. During the six months ended 30 June 2024, the Company and its subsidiaries were principally engaged in the development, production, marketing and sale of biopharmaceutical products in the mainland area ("**Mainland China**") of the People's Republic of China (the "**PRC**").

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised International Financial Reporting Standards ("**IFRSs**") for the first time for the current period's financial information.

Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current* (the "**2020 Amendments**")
Amendments to IAS 1	*Non-current Liabilities with Covenants* (the "**2022 Amendments**")
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

The nature and impact of the revised IFRSs are described below:

(a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

The Group has only one operating segment, which is the development, production, marketing and sale of biopharmaceutical products.

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Mainland China	**4,306,754**	3,684,591
Others	**82,691**	99,242
Total revenue	**4,389,445**	3,783,833

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	30 June	31 December
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Mainland China	**9,996,347**	9,371,178
Others	**1,909,121**	2,249,492
Total non-current assets	**11,905,468**	11,620,670

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

The Group's customer base is diversified and no revenue from transactions with a significant customer accounted for 10% or more of the Group's total revenue during the Reporting Period.

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sale of biopharmaceuticals	**4,332,185**	3,688,923
Contract development and manufacturing operation business	**57,260**	94,910
Total	**4,389,445**	3,783,833

Disaggregated revenue information for revenue from contracts with customers

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Types of goods or services		
Sale of biopharmaceuticals	**4,332,185**	3,688,923
Contract development and manufacturing operation business	**57,260**	94,910
Total	**4,389,445**	3,783,833
Geographical markets		
Mainland China	**4,306,754**	3,684,591
Others	**82,691**	99,242
Total	**4,389,445**	3,783,833
Timing of revenue recognition		
Goods transferred at a point in time	**4,332,185**	3,688,923
Services transferred at a point in time	**57,260**	94,910
Total	**4,389,445**	3,783,833

5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income		
Interest income	**81,224**	131,947
Government grants related to		
— Assets	**15,860**	10,204
— Income	**19,568**	13,558
Others	**12,967**	7,544
Total other income	**129,619**	163,253
Gains		
Gain on repurchase of convertible bonds	**—**	47,067
Foreign exchange differences, net	**12,092**	14,666
Fair value loss on financial assets at fair value through profit or loss	**(55,567)**	(232,187)
Total gains	**(43,475)**	(170,454)
Total other income and gains	**86,144**	(7,201)

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**535,261**	493,292
Cost of services provided	**56,791**	88,987
Depreciation of items of property, plant and equipment	**122,759**	108,956
Amortisation of other intangible assets	**53,361**	52,473
Depreciation of right-of-use assets	**11,269**	10,270
Amortisation of long-term deferred expenses	**9,069**	7,805
Employee benefit expenses (including directors' and chief executive's remuneration):		
Wages, salaries and staff welfare	**645,512**	533,823
Equity-settled compensation expenses	**—**	2,434
Pension scheme contributions	**52,012**	45,993
Social welfare and other costs	**76,410**	68,184
Total	**773,934**	650,434
Other expenses and losses:		
Donation	**17,531**	9,030
Loss on disposal of items of property, plant and equipment	**12,533**	1,366
Provision/(reversal of provision) for impairment of trade receivables	**799**	(9,441)
Provision for impairment of other receivables	**4,494**	1,440
Others	**5,330**	2,684
Total	**40,687**	5,079

7. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank borrowings	**77,661**	63,581
Interest on bonds payable	**25,132**	530
Interest on convertible bonds	**—**	23,344
Interest on lease liabilities	**1,558**	1,423
Total	**104,351**	88,878

8. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the relevant rules and regulations of the Cayman Islands and the British Virgin Islands ("**BVI**"), the Company and the subsidiaries of the Group incorporated therein are not subject to any income tax in the Cayman Islands and the BVI.

No provision for Hong Kong profits tax has been made for the six months ended 30 June 2024 as the Group had no assessable profits arising in Hong Kong.

Under the relevant PRC income tax law, except for Shenyang Sunshine Pharmaceutical Co., Ltd. ("**Shenyang Sunshine**"), Shenzhen Sciprogen Bio-pharmaceutical Technology Co., Ltd. ("**Sciprogen**"), Zhejiang Sunshine Mandi Pharmaceutical Co., Ltd. ("**Sunshine Mandi**", formerly known as Zhejiang Wansheng Pharmaceutical Co., Ltd.), National Engineering Research Center of Antibody Medicine ("**NERC**") and Sunshine Guojian which enjoy certain preferential treatment available to the Group, the PRC subsidiaries of the Group are subject to income tax at a rate of 25% on their respective taxable income. In accordance with the relevant Italian tax regulations, Sirton Pharmaceuticals S.p.A. ("**Sirton**") is subject to income tax at a rate of 27.9%.

Shenyang Sunshine, Sciprogen, Sunshine Mandi, NERC and Sunshine Guojian, which are qualified as High and New Technology Enterprises, were entitled to a preferential income tax rate of 15% for the six months ended 30 June 2024.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. However, a lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors.

An analysis of the provision for tax in the interim condensed consolidated financial information is as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current	**308,218**	224,224
Deferred	**6,065**	(16,623)
Total tax charge for the period	**314,283**	207,601

9. DIVIDENDS

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Final 2023 — HKD25 cents per share	**551,834**	—
Final 2022 — HKD10 cents per share	**—**	224,883

A final dividend in respect of the year ended 31 December 2023 of Hong Kong Dollar ("**HKD**") 25 cents per share was proposed pursuant to a resolution passed by the Board on 20 March 2024 and was approved at the annual general meeting of the Company on 25 June 2024. The dividend had not been paid to the shareholders of the Company during the Reporting Period.

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent of RMB1,089,942,000 for the six months ended 30 June 2024 (for the six months ended 30 June 2023: RMB980,577,000) and the weighted average number of ordinary shares of 2,429,790,687 (for the six months ended 30 June 2023: 2,438,919,579) of the Company in issue during the period, as adjusted to reflect the issue of ordinary shares during the period.

The calculation of the diluted earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the convertible bonds, where applicable (see below). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:	**1,089,942**	980,577
Interest on convertible bonds	**—**	23,344
Less: Gain on repurchase of convertible bonds	**—**	(47,067)
Profit attributable to ordinary equity holders of the parent before interest and gain on convertible bonds	**1,089,942**	956,854

	Number of shares For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the reporting period used in the basic earnings per share calculation	**2,429,790,687**	2,438,919,579
Effect of dilution — weighted average number of ordinary shares:		
Share options	**—**	883,352
Awarded shares	**2,750,000**	2,750,000
Convertible bonds	**—**	960,521
Total	**2,432,540,687**	2,443,513,452

11. PROPERTY, PLANT AND EQUIPMENT

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Carrying amount at 1 January	**4,692,152**	4,113,675
Additions	**366,019**	798,009
Depreciation provided during the period/year	**(122,759)**	(211,283)
Disposals	**(15,528)**	(17,258)
Exchange realignment	**(4,054)**	9,009
Carrying amount at 30 June/31 December	**4,915,830**	4,692,152

A freehold land with a carrying amount of approximately RMB2,679,000 as at 30 June 2024 (31 December 2023: RMB2,748,000) is located in Italy.

The Group is in the process of applying for the title certificates of certain of its buildings with an aggregate book value of approximately RMB39,436,000 as at 30 June 2024 (31 December 2023: RMB40,218,000). The directors are of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned buildings. The directors are also of the opinion that the aforesaid matter did not have any significant impact on the Group's financial position as at 30 June 2024.

At 30 June 2024, certain of the Group's construction in progress, freehold land and buildings with aggregate carrying amounts of approximately nil (31 December 2023: RMB1,083,345,000), RMB2,679,000 (31 December 2023: RMB2,748,000) and RMB31,920,000 (31 December 2023: RMB90,680,000) respectively were pledged to secure general banking facilities granted to the Group (note 15).

12. TRADE AND NOTES RECEIVABLES

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**1,245,106**	1,060,439
Notes receivable	**51,966**	85,445
Total	**1,297,072**	1,145,884
Provision for impairment of trade receivables *(Note)*	**(51,551)**	(50,752)
Net carrying amount	**1,245,521**	1,095,132

The Group's trading terms with its customers are mainly on credit. The credit period is generally two months, extending up to three months for major customers. The Group seeks to maintain strict control over its outstanding receivables and overdue balances, which are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the Reporting Period, based on the invoice date, is as follows:

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 year	**1,195,072**	1,010,946
1 to 2 years	**6,820**	7,283
Over 2 years	**43,214**	42,210
Total	**1,245,106**	1,060,439

13. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Cash at bank and on hand	**2,078,344**	2,610,430
Restricted cash	**6,864**	731
Non-pledged time deposits	**2,139,027**	2,093,671
Pledged deposits	**177,664**	195,432
Subtotal	**4,401,899**	4,900,264
Less:		
Pledged deposits	**(177,664)**	(195,432)
Non-pledged time deposits	**(2,139,027)**	(2,093,671)
Cash and cash equivalents	**2,085,208**	2,611,161

The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. The remittance of funds out of Mainland China is subject to exchange restrictions imposed by the PRC government.

The Group's cash and cash equivalents and deposits as at 30 June 2024 are denominated in the following currencies:

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Denominated in:		
— RMB	**3,341,875**	4,049,851
— United States Dollar ("**USD**")	**708,863**	727,181
— HKD	**331,986**	81,060
— EUR	**19,129**	42,171
— Australian Dollar	**45**	—
— Great Britain Pound	**1**	1
Total	**4,401,899**	4,900,264

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and deposits are deposited with creditworthy banks with no recent history of default.

The carrying amounts of the cash and cash equivalents approximated to their fair values as at the end of the Reporting Period. Deposits of approximately RMB177,664,000 (31 December 2023: RMB195,432,000) have been pledged to secure letters of credit, bank acceptance bills and pending lawsuits and arbitration as at 30 June 2024.

14. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the Reporting Period, based on the invoice date, is as follows:

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**175,846**	182,022
3 to 6 months	**21,264**	25,875
Over 6 months	**8,384**	4,165
Total	**205,494**	212,062

The trade and bills payables are non-interest-bearing and repayable within the normal operating cycle or on demand.

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2024 ***RMB'000*** **(Unaudited)**	31 December 2023 *RMB'000* (Audited)
Current		
Bank loans — unsecured	**1,374,349**	1,485,796
Bank loan — secured	**550,163**	625,807
Subtotal — current	**1,924,512**	2,111,603
Bonds payable *(note 16)*	**1,200,690**	—
Total — current	**3,125,202**	2,111,603
Non-current		
Bank loans — unsecured	**999,859**	1,401,578
Bank loans — secured	**42,139**	61,155
Subtotal — non-current	**1,041,998**	1,462,733
Bonds payable *(note 16)*	**—**	1,225,959
Total — non-current	**1,041,998**	2,688,692
Total	**4,167,200**	4,800,295

	30 June 2024 ***RMB'000*** **(Unaudited)**	31 December 2023 *RMB'000* (Audited)
Analysed into:		
Bank loans and overdrafts repayable:		
Within one year or on demand	**1,924,512**	2,111,603
In the second year	**999,859**	1,293,578
In the third to ninth years, inclusive	**42,139**	169,155
Total	**2,966,510**	3,574,336

The Group's interest-bearing bank borrowings as at 30 June 2024 are denominated in the following currencies:

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Denominated in:		
— RMB	**1,100,495**	689,835
— USD	**291,726**	701,250
— HKD	**797,121**	877,036
— EUR	**777,168**	1,306,215
Total	**2,966,510**	3,574,336

Notes:

(a) For the six months ended 30 June 2024, the bank borrowings bore interest at fixed interest rates ranging from 1.95% to 6.63% (31 December 2023: 1.95% to 6.60%) per annum.

(b) Certain of the Group's bank borrowings are secured by mortgages over the Group's freehold land, leasehold land, buildings and construction in progress (note 11).

(c) The Group has entered into certain recourse factoring agreements with certain bank for financing purposes. As at 30 June 2024, trade receivables of RMB251,803,000 (31 December 2023: RMB333,333,000) had been transferred under recourse factoring agreements. Those trade receivables were derived from internal transactions within the Group and were eliminated in full on consolidation. In the opinion of the directors, such transactions did not qualify for derecognition of the relevant trade receivables and the loans received from the bank were accounted for as secured borrowings.

(d) The carrying amounts of the current bank borrowings approximate to their fair values.

16. BONDS PAYABLE

On 26 June 2023, the Company issued unsecured non-listed bonds ("**Panda Bonds**") in an aggregate amount of RMB1,200,000,000. The bonds were priced at par at RMB100 each, carrying interest at a fixed rate of 4.20% per annum. The bonds will mature on 26 June 2025.

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Bonds payable	**1,200,690**	1,225,959
Amount repayable:		
Within one year	**1,200,690**	–
In the second year	**–**	1,225,959

17. SHARE CAPITAL

Shares	30 June 2024 *RMB'000* (Unaudited)	31 December 2023 *RMB'000* (Audited)
Issued and fully paid:		
2,416,800,912 (31 December 2023: 2,438,920,412) ordinary shares	**147**	149

A summary of movements in the Company's issued share capital for the six months ended 30 June 2024 is as follows:

	Number of shares in issue	Share capital *RMB'000* (Unaudited)	Share premium *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Ordinary shares of USD0.00001 each at 31 December 2023 and 1 January 2024	**2,438,920,412**	**149**	**3,517,283**	**3,517,432**
Shares cancelled	**(22,119,500)**	**(2)**	**(120,986)**	**(120,988)**
Final 2023 dividend declared *(Note 9)**	**—**	**—**	**(551,834)**	**(551,834)**
Ordinary shares of USD0.00001 each at 30 June 2024	**2,416,800,912**	**147**	**2,844,463**	**2,844,610**

	Number of shares in issue	Share capital *RMB'000* (Audited)	Share premium *RMB'000* (Audited)	Total *RMB'000* (Audited)
Ordinary shares of USD0.00001 each at 31 December 2022 and 1 January 2023	2,438,870,412	149	3,693,433	3,693,582
Share options exercised	50,000	—	48,733	48,733
Final 2022 dividend declared	—	—	(224,883)	(224,883)
Ordinary shares of USD0.00001 each at 31 December 2023	2,438,920,412	149	3,517,283	3,517,432

* The Company declared the final 2023 dividend out of the Company's share premium account.

Business Review

Overview

3SBio is a leading biotechnology company in the PRC. As a pioneer in the Chinese biotechnology industry, the Group has extensive expertise in researching, developing, manufacturing and marketing bio-pharmaceuticals. The core products of the Group include several bio-pharmaceutical drugs, TPIAO (特比澳), recombinant human erythropoietin ("**rhEPO**") products EPIAO (益比奧) and SEPO (賽博爾), Yisaipu (益賽普) and Cipterbin (賽普汀), and a small molecule drug, Mandi (蔓迪). TPIAO is the only commercialized recombinant human thrombopoietin ("**rhTPO**") product in the world. According to IQVIA[3], the market share in the treatment of thrombocytopenia of TPIAO in Mainland China was 66.2% in the first half of 2024 in terms of sales value. With its two rhEPO products, the Group has been the premier market leader in the Mainland China rhEPO market for over two decades, holding a total market share of 42.7% in the first half of 2024. Yisaipu is the first-to-market Tumour Necrosis Factor ("**TNF**") α inhibitor product in Mainland China. Mandi has a dominant position in the Mainland China minoxidil market. The Group has been expanding its therapeutic coverage by adding products through internal research and development ("**R&D**") and various external strategic partnerships. In the first half of 2024, the Group introduced Semaglutide Injection, actively deploying in the domestic weight management market.

Key Events

Mandi Foam Approved for Market Launch

As announced on 8 January 2024, the application for market launch of Mandi (5% minoxidil) Foam as an over-the-counter drug for the treatment of androgenetic alopecia and alopecia areata by 3SBio's subsidiary, Sunshine Mandi, to the PRC National Medical Products Administration ("**NMPA**") has been approved.

Mandi Foam is the first domestic minoxidil foam approved for market launch. Its successfully completed phase III study showed Mandi Foam being of equivalent efficacy and similar safety and tolerability as ROGAINE®, the leading minoxidil drug in the U.S.. Minoxidil is currently a first-line topical drug for the clinical treatment of androgenetic alopecia. Mandi Foam has better transdermal speed and scalp accumulation rate, with milder scalp tolerance, rendering it a better choice for alopecia users.

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[3] All market share information throughout this announcement cites the IQVIA data, unless otherwise noted.

TPIAO Approved for Pediatric ITP Indication

TPIAO, which was submitted for the new indication of treatment of persistent or chronic immune thrombocytopenia ("**ITP**") in children or adolescents to the NMPA, has been approved on 2 April 2024.

Primary ITP is an acquired autoimmune hemorrhagic disease. Pediatric ITP is often characterized by sudden petechiae, ecchymosis or bleeding in children who are normally healthy. Occasionally, thrombocytopenia is found in patients who undergo whole blood cell counts due to other conditions.

Semaglutide (Weight Management) Cooperation

As announced on 28 May 2024, Sunshine Mandi entered into the Semaglutide Injection Cooperation Agreement (the "**Agreement**") with Hybio Pharmaceutical Co., Ltd. ("**Hybio Pharmaceutical**"). Pursuant to the Agreement, Hybio Pharmaceutical and Sunshine Mandi will jointly develop, and supply/purchase on an exclusive basis, the Semaglutide Injection in weight management indication ("**Semaglutide WM**") and share the profits from its sales. Sunshine Mandi will pay Hybio Pharmaceutical milestone payments of up to RMB270 million under the Agreement, including a consideration for preclinical technical results of RMB45 million, in addition to an exclusive procurement price and royalties. Sunshine Mandi will receive the preclinical technical research results of the cooperation product from Hybio Pharmaceutical and entrust Hybio to provide clinical research and registration application services, with Sunshine Mandi to be the marketing authorization holder (MAH) of Semaglutide WM in certain regions. Sunshine Mandi shall acquire the right to market the product exclusively and be responsible for the commercialization of the product in the region; meanwhile, Sunshine Mandi will entrust Hybio Pharmaceutical to be responsible for the exclusive production and supply of Semaglutide WM. After the launch of the product, Sunshine Mandi will pay Hybio Pharmaceutical two-digit royalties based on the gross profit derived from the net sales of the product in the region in each calender year.

Key Products

— Bio-pharmaceuticals

TPIAO

TPIAO is the Group's self-developed proprietary product, and has been the only commercialized rhTPO product in the world since its launch in 2006. TPIAO has been approved by the NMPA for three indications: the treatment of chemotherapy-induced thrombocytopenia ("**CIT**"), ITP and pediatric ITP. TPIAO has the advantages of higher efficacy, faster platelet recovery and fewer side effects as compared to alternative treatments for CIT and ITP.

TPIAO has been listed on the National Reimbursement Drug List for Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance (《國家基本醫療保險、工傷保險和生育保險藥品目錄》) ("**NRDL**") as a Class B Drug for the treatment of CIT in patients with solid tumors or ITP since 2017. In the "*Guidelines of CSCO — Cancer Therapy Induced Thrombocytopenia ("**CTIT**") (2024 version)*"[4], rhTPO is listed as a treatment choice with the highest level recommendation, the Grade I recommendation. According to the "*Adapted Guideline for the Diagnosis and Treatment of Primary Immune Thrombocytopenia for Chinese Children (2021)*"[5], rhTPO is the preferred choice among the conventional second line treatments. According to the "*Chinese Guideline on the Diagnosis and Management of Adult Primary Immune Thrombocytopenia (2020 version)*"[6], rhTPO is one of the primary treatments for ITP emergency cases and is the preferred choice in the second line treatments list for both ITP and ITP in pregnancy. In "*Consensus on the Clinical Diagnosis, Treatment, and Prevention of Chemotherapy-Induced Thrombocytopenia in China (2019 version)*"[7], rhTPO is one of the primary treatments for CIT. rhTPO has also received similar professional endorsements in several national guidelines and experts consensus on treating certain other diseases in Mainland China.

Future growth of TPIAO may be driven by: 1) the enhanced market position as for inpatients attributable to its safety and efficacy, and its continually supplanting traditional interleukin ("**IL**") platelet-raising drugs in clinical use; 2) the continued increase in the number of hospitals covered; and 3) the expansion of indications. In the first half of 2024, its market share for the treatment of thrombocytopenia in Mainland China was 34.5% in terms of sales volume and 66.2% in terms of sales value. The supplemental New Drug Application ("**NDA**") for treatment of persistent or chronic primary ITP in children or adolescents has been approved by the NMPA on 2 April 2024. In July 2024, the primary endpoint has been achieved in the trial of phase III clinical study of TPIAO in the treatment of patients with chronic liver disease ("**CLD**") related thrombocytopenia who are candidates for invasive surgery. 3SBio plans to submit a marketing application for this new indication to the NMPA in the near future. Outside of Mainland China, TPIAO is in the process of registration in several countries in Asia and Africa.

EPIAO

EPIAO is approved by the NMPA for the following three indications: the treatment of anemia associated with chronic kidney disease ("**CKD**"), the treatment of chemotherapy-induced anemia ("**CIA**"), and the reduction of allogeneic blood transfusion in surgery patients. rhEPO products has been listed on the NRDL as a Class B Drug for renal anemia since 2000, for CIA in patients with non-hematological malignancies since 2019, and, additionally, rhEPO products for the reduction of allogeneic blood transfusion in surgery patients also is under NRDL coverage since 2024. EPIAO has also been listed on the 2018 National Essential Drug List. EPIAO has consistently been the premier market leader in the Mainland China rhEPO market since 2002 in terms of both sales volume and sales value. EPIAO and SEPO together claim a majority market

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4 Issued by the Chinese Society of Clinical Oncology ("**CSCO**")

5 Issued by the Subspecialty Group of Hematologic Diseases, the Society of Pediatrics, Chinese Medical Association (the "**CMA**"); the Editorial Board, Chinese Journal of Pediatrics

6 Issued by the Thrombosis and Hemostasis Group of the Chinese Society of Hematology of the CMA

7 Issued by the Society of Chemotherapy, China Anti-Cancer Association; and Committee of Neoplastic Supportive-Care (CONS), China Anti-Cancer Association

share of the Mainland China rhEPO market at 10,000 IU dosage. The Group believes that, 1) the continuous expansion of the dialysis market; 2) the coverage reduction of allogeneic blood transfusion in surgery patients in the NRDL; 3) the improvement of anemia treatment standards; 4) the improvement of the diagnosis and treatment rate of cancer anemia; and 5) the proactive going-deep strategy in the lower-tier market, will continue to drive the further growth of clinical applications of its erythropoietin products. The multi-center biosimilar clinical trials for EPIAO in Russia and Thailand were completed in 2021. EPIAO demonstrated promising effectiveness and manageable safety in patients with end-stage renal disease on hemodialysis. EPIAO is in the process of registration in several countries.

Yisaipu

Yisaipu (Recombinant Human TNF-α Receptor II: IgG Fc Fusion Protein for Injection), is a TNF-α inhibitor product. It was first launched in 2005 in Mainland China for rheumatoid arthritis ("**RA**"). Its indications were expanded to ankylosing spondylitis ("**AS**") and psoriasis in 2007. Yisaipu has been listed on the NRDL as a Class B Drug since 2017 for RA and for AS, each subject to certain medical prerequisites, and additionally, since 2019 for the treatment of adult patients with severe plaque psoriasis. Yisaipu is the first-to- market TNF-α inhibitor product in Mainland China that filled a gap among domestic peers in regard to the fully-human therapeutic antibody-drugs. Compared with competitors, the efficacy and safety of Yisaipu have been proven in the domestic market over nearly two decades. In "*2018 China Rheumatoid Arthritis Treatment Guidance*", an authoritative document issued by the CMA, Yisaipu was adopted under 'TNF-α inhibitors' as one of the RA treatment options, and TNF-α inhibitors was deemed as a group of biological agents with relatively sufficient evidence and relatively wide adoption in treating RA. TNF-α inhibitors have been recommended in a number of professional guidelines, such as "*EULAR Recommendations for the Management of Rheumatoid Arthritis with Synthetic and Biological Disease-Modifying Anti-rheumatic Drugs: 2022 Update*", "*Group for Research and Assessment of Psoriasis and Psoriatic Arthritis (GRAPPA): Updated Treatment Recommendations for Psoriatic Arthritis 2021*" and "*Recommendations for Diagnosis and Treatment of Ankylosing Spondylitis*"[8]. In 2024, Yisaipu will actively embrace centralized procurement to further promote the concept of long-term benefits of early-stage biotherapy and encourage its use early in the treatment process. It will continue to enhance its awareness and application within the medical profession and market growth of rheumatic immune biological agents in key third and fourth tier cities, and meanwhile, actively expand the application of Yisaipu in different departments and fields including Chinese traditional medicine. The NDA for the pre- filled aqueous injection solution of Yisaipu (Group R&D code: 301S) was approved by the NMPA in March 2023. The launch of prefilled syringe of Yisaipu improves patient convenience and enhances the overall market competitiveness of Yisaipu.

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[8] Issued by Chinese Rheumatology Association of the CMA, Chin J Intern Med, August 2022, Vol. 61, No. 8

Cipterbin

Cipterbin (Inetetamab) is the first innovative anti-HER2 monoclonal antibody ("**mAb**") in Mainland China with the engineered Fc region and optimized production process. Sunshine Guojian independently developed this product based on its proprietary technology platform. It was approved by the NMPA in June 2020 for treatment of HER2-positive metastatic breast cancer in combination with chemotherapy. Cipterbin has been listed on the NRDL since 2020. Inetetamab has been included in several clinical guidelines and experts consensus, including "*Guidelines of CSCO — Breast Cancer (2024 edition)*" and "*Guidelines for Breast Cancer Diagnosis and Treatment by China Anti-Cancer Association (2024 edition)*". With excellent efficacy and safety and increased clinical use, the acceptance of Cipterbin by physicians and patients has been in steady rise. In addition, positive research progress has been made in the application of Cipterbin in early neo-adjuvant therapy, treatment of advanced HER2-positive breast cancer, and pan-HER2. These researches provide a strong scientific basis for Cipterbin in the treatment of breast cancer at different stages, and also provide new ideas for the treatment of other HER2-positive cancers.

— Small Molecules

Mandi

Mandi, generically known as minoxidil, was launched in 2001 as the first over-the-counter ("**OTC**") drug in Mainland China for androgenetic alopecia ("**AGA**") and alopecia areata. Minoxidil is the world's only topical OTC drug for male and female alopecia that is approved by the U.S. Food and Drug Administration ("**FDA**") as well as the NMPA. The topical minoxidil can promote hair growth through: 1) promoting angiogenesis to increase regional blood supply and dilate scalp vascular, so as to improve microcirculation; 2) directly stimulating proliferation and differentiation of hair follicle epithelial cells to extend hair growth cycle; and 3) regulating the balance between calcium ion and potassium ion. In the "Guideline for Diagnosis and Treatment of Androgenetic Alopecia" issued by Chinese Medical Doctor Association, minoxidil receives the highest endorsement level, as it is superior to other AGA treatments in terms of anti-alopecia and improvement effects and safety. In "Chinese Experts Consensus on the Diagnosis and Treatment of Female Androgenetic Alopecia (2022 edition)", 5% minoxidil receives the highest endorsement level in female androgenetic alopecia (FAGA).

In the first half of 2024, Mandi still had a dominant position in the Mainland China minoxidil market. The Group believes that Mandi's continuous growth in the future will be driven by: 1) persistent market education, as the Group will continue to invest resources in promotion and market education regarding the science of hair growth, enhancing the social recognition of Mandi as the top brand of scientific hair growth; 2) professional digital marketing system, as Mandi expands its online layout from traditional e-commerce platforms such as Ali, JD, to new e-commerce platforms like Tiktok store and Little Red Book, creating diversified and fine-tuned operation, accurately reaching and converting potential customers, and continuously boosting sales on e-commerce platforms; and 3) launch of new foam formulation. The application for market launch of Mandi (5% minoxidil) foam was approved by the NMPA as OTC drug for male alopecia and alopecia areata, as announced on 8 January 2024. Mandi foam is currently the only minoxidil foam that is approved for marketing in Mainland China, which significantly improves its market competitiveness.

In Mainland China, the current penetration rate of Mandi is only approximately 3%–4% among the 250 million hair loss population. The Group focuses on greater brand promotion of Mandi and on improving recognition of drug treatment effectiveness for hair loss. The Group believes that with greater promotion, the enhanced penetration rate will continue to aggrandize the market potential of Mandi.

Remitch

As announced on 5 July 2023, the NDA of nalfuraphine hydrochloride orally disintegrating tablets (Group R&D code: TRK-820, marketed in Japan as "Remitch" since 2009, marketed in Mainland China as 麗美治®) was approved by the NMPA to treat hemodialysis pruritus where current treatments do not produce satisfactory results. In December 2017, Toray Industries Inc. ("**Toray**") granted to the Group the exclusive right to develop and commercialize TRK-820 in Mainland China. Remitch is the first marketed drug in Mainland China targeting hemodialysis pruritus, and is expected to alleviate the pruritus symptoms and improve patient quality of life, thereby bringing benefits to the large number of hemodialysis pruritus patients in Mainland China.

In addition, the phase III clinical trial application of TRK-820 for improving pruritus in CLD patients (only in cases where the existing treatment efficacy is unsatisfactory) is underway. In the field of liver diseases, CLD patients, such as hepatitis, cirrhosis and obstructive jaundice, often experience intensive pruritus through the body. In addition, the primary biliary cholanitis is a disease characterized by pruritus. Pruritus can seriously affect patients' activity and sleep. The pruritus caused by CLD is believed to be related to a number of factors, and it is completely ineffective for certain patients treated with antihistamines, anti-allergic drugs and anion exchange resin. Such symptom is known as "refractory pruritus". According to national epidemiological data in *Global Liver Disease Burdens and Research Trends: Analysis from a Chinese Perspective*[9], more than one fifth of the population in Mainland China are suffering from liver diseases, including approximately 90 million chronic hepatitis B virus ("**HBV**") infection patients, approximately 10 million chronic hepatitis C virus ("**HCV**") infection patients, approximately 7 million cirrhosis patients, approximately 173 to 310 million non-alcoholic fatty liver patients, approximately 62 million alcoholic liver disease patients, and approximately 460,000 liver cancer patients. Among them, skin itch occurs in 20%–70% of primary biliary

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[9] Journal of Hepatology, 2019, 71(1): 212-221

cirrhosis patients, 20%–60% of primary sclerosing cholanitis patients, 20%–50% of jaundice patients, 5.1%–58.4% of HCV viral infection patients, and 8%–36.2% of HBV viral infection patients. According to Journal of Japanese Society of Gastroenterology[10], existing anti-pruritics drugs are ineffective for 57.8% of Japanese pruritus patients. Remitch was approved in Japan for pruritus in liver diseases in 2015. The Group will actively advance clinical development for this indication in Mainland China to meet the clinical needs of Chinese patients.

TRK-820 for improving pruritus in CLD patients as a product candidate is in development. For risks associated with drug development, please refer to, under the heading "PRINCIPAL RISKS AND UNCERTAINTIES" in the Company's 2023 annual report, "If the Group fails to develop and commercialize new pharmaceutical products, its business prospects could be adversely affected".

– CDMO Business

The Group's contract development and manufacturing operation ("**CDMO**") business currently comprises Northern Medicine Valley Desen (Shenyang) Biologics Co., Ltd. ("**Desen Biologics**"), Shanghai Shengguo Pharmaceutical Development Co., Ltd., Guangdong Sunshine Pharmaceutical Co., Ltd. and Sirton in Italy, all being the Group's subsidiaries. Among them, Desen Biologics has a total planned area of 500 Chinese mu, designed as a biopharmaceutical CDMO base, a manufacturing base of biopharmaceutical raw and auxiliary materials and consumables, and a biopharmaceutical core process equipment base that are domestically-leading, oriented to the international market and compliant with relevant Chinese, EU and U.S. Good Manufacturing Practice ("**GMP**") regulations. The 76,000-liter drug substance and drug product manufacturing capacity has commenced to be successively certified since 2023.

Key Product Candidate

Winlevi®

In the first half of 2024, new drug bridging clinical trial of 1% clascoterone cream (Group R&D code: WS204), a collaboration product between 3SBio and Cosmo Pharmaceuticals N.V. ("**Cosmo**"), has initiated the patient enrollment. In July 2022, 3SBio received from Cassiopea, a subsidiary of Cosmo, the exclusive right to develop and commercialize Winlevi®, to treat acne, in Greater China.

According to the data of Chinese Guidelines for the Treatment of Acne (2019 revised version), more than 95% of Chinese suffer from different degrees of acne; 3%–7% of acne patients incur scars on faces, which affects physical and mental health of acne patients. According to Frost & Sullivan, in 2018, there were over 100 million Chinese patients aged between 10 and 25 with acne vulgaris, while their drug treatment rate was at a low level, signaling that China's traditional therapeutic drugs failed to meet the clinical needs of these patients. The symptoms of acne can severely affect the appearance of the patients and burden them psychologically, causing social, work and life barriers. An effective acne drug is required to help relieve patients from this skin disease.

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[10] Journal of Japanese Society of Gastroenterology vol. 118, no. 1 (2021): 30-40

WS204 (1% Clascoterone) cream is the world's first marketed topical androgen receptor ("**AR**") inhibitor, developed by Cosmo for patients with acne vulgaris aged 12 and above. Winlevi® has been approved by the U.S. FDA in November 2021. It is the first acne drug with a new mechanism of action (MOA) approved by the FDA in the past 40 years, and is the only acne treatment cream that reduces inflammation by inhibiting local sebaceous gland androgen activity and reducing sebum production, which provides an innovative, safe and and effective treatment for dermatologists and patients, especially adolescent patients. Unlike oral hormones to treat acne, 1% clascoterone cream can be used by both male and female patients. According to Cosmo's public disclosure, Winlevi® has become the most prescribed branded topical acne drug in the U.S. market. As of the end of July 2024, there were more than 15,000 prescribers of Winlevi®, and this drug has generated more than 1,090,000 prescriptions in the U.S. market, since its launch in November 2021. WS204 is expected to become the first AR antagonist for treating acne vulgaris in Mainland China, which may provide an innovative treatment option for hundreds of millions of acne patients, and contribute to better general skin health condition nationally.

This product candidate is in development. For risks associated with drug development, please refer to, under the heading "PRINCIPAL RISKS AND UNCERTAINTIES" in the Company's 2023 annual report, "If the Group fails to develop and commercialize new pharmaceutical products, its business prospects could be adversely affected".

Research and Development

The Group's integrated R&D platform covers a broad range of technical expertise in the discovery and development of innovative large and small molecule products, including antibody discovery, molecular cloning, antibody/protein engineering, gene expression, cell line construction, manufacturing process development, pilot and large scale manufacturing, quality control and assurance, design and management of pre-clinical and clinical trials, and regulatory filing and registration. The Group is well experienced in the R&D of mammalian cell-expressed, bacterial cell-expressed and chemically-synthesized pharmaceuticals.

The Group focuses its R&D efforts on researching and developing innovative biological products as well as in small molecule therapeutics. Currently, the Group has several leading biological products in various stages of clinical development, including SSS06 (NuPIAO, a second-generation rhEPO to treat anemia), 608 (an anti-IL-17A antibody to treat autoimmune and other inflammatory diseases), CS1003 (an anti-PD-1 antibody for the first-line treatment of advanced hepatocellular carcinoma), 601A (an anti-vascular endothelial growth factor ("**VEGF**") antibody to treat Branch Retinal Vein Occlusion ("**BRVO**") and other ophthalmological diseases), 613 (an anti-IL-1ß antibody to treat acute/intermittent gouty arthritis), RD-01 (a pegylated long-acting rhEPO to treat anemia), 611 (an anti-IL4R α antibody to treat atopic dermatitis ("**AD**"), 610 (an anti-IL-5 antibody to treat severe asthma), SSS07 (an anti-TNF α antibody to treat RA and other inflammatory diseases), and pegsiticase (a modified pegylated recombinant uricase from candida utilis to treat refractory gout). On the small molecule side, the Group is conducting clinical trials of HIF-117 capsule (SSS17, a selective small molecule inhibitor to hypoxia inducible factor ("**HIF**") proline hydroxylase) to treat anemia, and bridging clinical trial in Mainland China for clascoterone cream (Winlevi®) in acne indication.

On the research front, the Group is engaged in developing innovative biological products, including mAbs, bi-specific antibodies and fusion proteins, and a number of small molecule drugs, both innovative and generic, in the areas of nephrology, oncology, auto-immune and inflammatory diseases, ophthalmology, dermatological and metabolic diseases.

The Group's R&D team, consisting of nearly 700 experienced scientists, is working diligently to research and discover new medicines, to accelerate the progress of clinical development, and to bring breakthrough therapies to fulfill the unmet medical needs of patients.

Product Pipeline

As at 30 June 2024, amongst the 28 product candidates within the Group's active pipeline, 25 were being developed as innovative drugs in Mainland China. Out of these product candidates, 15 are antibodies, 7 are other biologic products, and 6 are small molecule entities. The Group has 12 product candidates in hematology/oncology; 10 product candidates that target auto-immune diseases including RA and other diseases including refractory gout and ophthalmological diseases such as BRVO; 4 product candidates in nephrology; 1 product candidate in dermatology and 1 product candidate in metabolic diseases.

Notes:

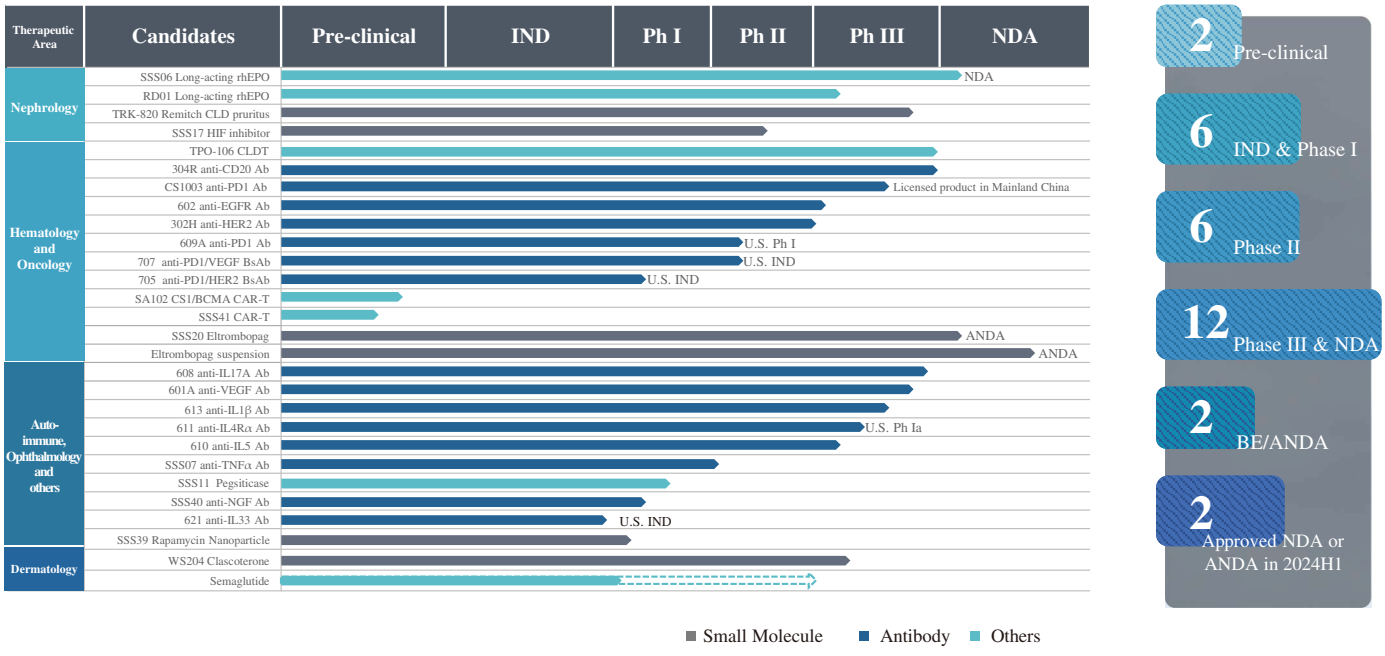
(1) Each arrow bar in the R&D Pipeline chart below indicates the progress in Mainland China, other than those bearing remarks on U.S. progress.

(2) IND: Investigational new drug

(3) BE: Bio-equivalence assessment

(4) ANDA: abbreviated NDA

R&D Pipeline



The Group has fully utilized its thirty years of experience in the research and development of biopharmaceuticals, and has deployed a number of early discovery projects in hematology, oncology and autoimmune fields, covering more than 10 innovative targets, which provide a long-term strategic reserve for the Group's research and development.

Key Product Developments

— *New Drug Listing Application and phase III development*

Minoxidil foam formulation (MN709): As announced on 8 January 2024, the application for market launch of Mandi (5% minoxidil) Foam as an over-the-counter drug for the treatment of androgenetic alopecia and alopecia areata by the Group to the NMPA has been approved.

TPIAO (rhTPO): As announced on 12 April 2024, the supplemental NDA of Recombinant Human Thrombopoietin Injection TPIAO for the treatment of persistent or chronic primary ITP in children or adolescents has been approved by the NMPA on 2 April 2024. In addition, the phase III clinical study of TPIAO in the treatment of patients with CLD related thrombocytopenia who are candidates for invasive surgery has been completed and has achieved the pre-defined primary endpoint, the Group expects to submit the NDA in the near future.

Nalfuraphine hydrochloride orally disintegrating tablets (TRK820): The phase III clinical trial application for TRK820 to improve pruritus in patients with CLD (only in cases where the efficacy of existing treatments is not satisfactory) is being carried out smoothly, and the Group expects to submit an NDA within 2024.

NuPIAO (EPO, SSS06): The Group completed the phase III clinical trial of SSS06 for the treatment of anemia in chronic renal failure in January 2024, which demonstrated that the study reached its pre-set primary endpoint. In addition, the Group has submitted an NDA for this product to NMPA in July 2024 for the treatment of adult dialysis patients undergoing erythropoietin therapy and the application was accepted.

Pegsiticase (SSS11): The phase III clinical trial of the combination therapy SEL-212 for chronic refractory gout in the United States that the Group collaborated with its business partner Swedish Orphan Biovitrum AB (STO: SOBI) ("**Sobi**") is completed . Sobi has submitted the rolling Biologics License Application (BLA) to US FDA in July 2024. SEL-212 contains pegsiticase (also known as pegadricase, a recombinant enzyme that metabolizes uric acid). The Group is conducting a phase Ib clinical trial for SSS11 in patients with high uric acid level and medical history of gout symptoms in Mainland China.

Anti-IL-17A mAb (608): The phase III trial of 608 in patients with moderate-to-severe plaque psoriasis has successfully reached all efficacy endpoints, and the BLA filing for this indication is expected to be completed in the fourth quarter of 2024. The phase II clinical study of 608 for the treatment of patients with ankylosing spondylitis is expected to complete patient enrollment within 2024, while patient enrollment in the phase II clinical trial for patients with non-radiographic axial spondylitis will continue.

Anti-VEGF mAb (601A): The Group is actively promoting the administration follow-up of the phase III clinical trial of 601A against BRVO, and expects to complete the phase III clinical trial within 2024.

Clascoterone (WS204): The phase III bridging clinical trial of WS204 for treatment of moderate-to-severe acne vulgaris is currently recruiting patients, and the Group plans to complete the clinical trial in 2025 and submit the marketing application.

Anti-IL4Rα mAb (611): The first patient was enrolled in the phase III clinical study of the product in adult patients with AD in Mainland China, and the Group plans to complete patient enrollment in 2024. The patient enrollment in the phase II clinical trial of 611 for adolescent AD indications is progressing smoothly, and the Group expects to complete patient enrollment for this trial within 2024. The phase II clinical trial of 611 for Chronic Rhinosinusitis with Nasal Polyps (CRSwNP) has reached the primary study endpoint and a phase III clinical trial has been initiated. The first patient in the phase II clinical trial of 611 for moderate-to-severe Chronic Obstructive Pulmonary Disease was enrolled, and the Group expects to complete the interim analysis of the trial in 2024.

Anti-IL-1ß Ab (613): The first patient was enrolled in the phase III clinical trial of 613 for AG arthritis, and the Group plans to complete patient enrollment in 2024. The patient enrollment in phase II clinical trial of 613 for patients in the intermittent phase of gouty arthritis was completed.

Anti-IL-5 mAb (610): The first patient in the phase III clinical trial of 610 for the severe eosinophilic asthma indication was enrolled in the first half of 2024.

— *Phase II development*

Anti-PD-1/VEGF BsAb (707): Phase II clinical studies of 707 as a monotherapy for the first-line treatment of PD-L1-positive advanced non-small cell lung cancer and as a combination chemotherapy for the first-line treatment of advanced non-small cell lung cancer were initiated in the first half of 2024, and the first patient has been enrolled in both studies. Meanwhile, phase II clinical studies of 707 for the first-line treatment of metastatic colorectal cancer and the treatment of advanced gynecological tumors have been initiated. 707 is a PD-1/VEGF targeting bi-specific antibody developed on the Group's CLF^2 BsAb platform, and has been approved by the U.S. FDA for phase I clinical trial in advanced solid tumors in the U.S..

HIF-117 (SSS17): The phase II clinical trial of SSS17 in non-dialysis patients with chronic renal anemia is being actively explored. The Group plans to complete the clinical trial in 2025. SSS17 is a selective small molecule inhibitor to HIF proline hydroxylase (HIF-PH), a molecule which can improve the stability and half-life period of HIF, so as to motivate the secretion of erythropoietin (EPO). It is expected that SSS17 will have a synergistic effect with the Group's rhEPO injection drug in the future, providing patients with an alternative treatment option.

— *Phase I development and new IND applications*

Semaglutide Injection: In April 2024, the Group received the Notice of Approval of Clinical Trial in Mainland China regarding Semaglutide Injection for the indication of weight management, which was developed by the Group in collaboration with Hybio Pharmaceutical.

Anti-NGF Ab (SSS40): It is a humanized nerve-growth factor (NGF) mAb. The Group has completed the first patient enrollment for the phase Ib/IIa clinical trial of SSS40 for the treatment of patients with moderate to severe bone metastasis cancer pain in the first half of 2024, and expects to complete patient enrollment in 2024.

Rapamycin Nanoparticle (SSS39): The application for single drug safety clinical trial of SSS39 was accepted by the NMPA Center for Drug Evaluation in February 2024, and the Group expects that this clinical trial will be completed in the first half of 2025. Rapamycin nanoparticle is a new type of macrolide immunosuppressant that can be co-administered with biological agents to induce immune tolerance, thereby reducing the immunogenicity of the biological agents and maintaining their efficacy.

Anti-BDCA2 Ab (626): The Group has submitted IND applications for systemic lupus erythematosus (SLE) and cutaneous lupus erythematosus (CLE) indications in Mainland China and the United States respectively. Of which, the China IND application for the above two indications has been accepted by the NMPA Center for Drug Evaluation.

Sales, Marketing and Distribution

The Group's sales and marketing efforts are characterized by a strong emphasis on academic promotion. The Group aims to promote and strengthen the Group's academic recognition and the brand awareness of its products among medical experts. The Group markets and promotes its key products mainly through its in-house team. The Group sells these products to distributors who are responsible for delivering products to hospitals and other medical institutions. Mandi is sold through retail pharmacies and online stores.

As at 30 June 2024, the Group's extensive sales and distribution network in Mainland China was supported by 2,778 sales and marketing employees, 1,189 distributors and 1,786 third-party promoters. During the Reporting Period, the Group's products were sold in nearly 2,900 Grade III hospitals and more than 6,800 Grade II or lower hospitals and medical institutions across all provinces, autonomous regions and special municipalities in Mainland China. In addition, TPIAO, Yisaipu, EPIAO, SEPO and some of the Group's other products are exported to a number of countries through international promoters. In the Reporting Period, the Group's products were sold in 16 countries, including Thailand, Brazil, Philippines and Pakistan.

OUTLOOK

In December 2023, the National Healthcare Security Administration and the Ministry of Human Resources and Social Security published the 2023 NRDL, and the Group's erythropoietin products have been allowed into coverage now for all indications. Under the new medical insurance policy, the Group continues to ensure the good order of production and quality control, be diligent in its social responsibilities, and benefit more patients with high-quality and high-standard medicines. In January 2024, The General Office of the Communist Party of China Central Committee and the General Office of the State Council published the "*Implementation Plan for the Pilot Comprehensive Reform of Pudong New Area of Shanghai (2023-2027)*" (《*浦東新區綜合改革試點實施方案(2023–2027年)*》), which allows new biopharmaceutical products to be priced with reference to similar international drugs, thus enhancing the reward prospects of pharmaceutical enterprises' R&D and innovation. In the same month, the PRC NMPA issued "*the Announcement on Optimizing the Marketing Registration Application for Transferring Overseas-produced Drugs Already Marketed in China to Domestic Production (Draft for Comments)*" (《*關於優化已在境內上市的境外生產藥品轉移至境內生產的藥品上市註冊申請相關事宜的公告(徵求意見稿)*》), proposing measures such as including the application for marketing registration of foreign chemical drugs and biopharmaceuticals that are transferred to domestic production in the scope of priority review and approval. This will bring changes to the market structure of imported drugs and the development of CDMOs. On 5 July 2024, the executive meeting of the State Council considered and passed the "*Implementation Plan for the Full-Chain Support for Innovative Drugs Development*" (《*全鏈條支持創新藥發展實施方案*》), which pointed out that it is necessary to strengthen the policy guarantee of the full chain, make overall good use of the price management, medical insurance payment, commercial insurance, allocation and use of medicines, and investment and financing policies, and optimize the review and approval and the assessment mechanism of the medical institutions, so as to jointly promote breakthrough development of innovative drugs.

In the first half of 2024, the Group achieved key milestones for several key R&D products, which actively contributed to domestic innovative drugs field. Looking forward to 2024, the Group will assign importance to innovative drug development. With the progress of clinical research and application process, the Group expects that there will be new drugs of the Group entering the commercialization stage every year from 2024 onwards. The Group will actively prepare for the market launch of self-developed or collaborative products such as long-acting rhEPO, eltrombopag suspension, and 608 (recombinant humanized anti-IL-17A mAb). In the meantime, the Group has always maintained strong confidence in the market potential of domestic hair and skin drugs. The Group will continue to promote the publicity and education of Mandi series products as a scientifically proven drug for hair loss treatment, command digital marketing, expand in new media channels, and enhance Mandi brand. In addition, the Group strategically positions in indications with large patient populations such as acne and weight management, and is actively promoting the development of new drugs in those areas, striving to attain coverage of hundreds of millions of patients at the earliest.

For R&D strategy, the Group will continue to focus on the fields of its strength, namely, nephrology, autoimmune diseases, hair and skin, hematology, and oncology. In particular, the Group will fast-track, and explore multiple indications of the autoimmune diseases products which the Group has made leading R&D progress in Mainland China. The Group will continually execute its strategy of exploiting synergies between in-house R&D and outside collaboration, and actively exploring collaboration targets with potentials to supplement the Company's existing product portfolio. The Group will conduct comprehensive research and prudent evaluation in investment and merger and acquisition strategies, and proactively acquire high-quality assets with long-term value. At the same time, leveraging mature biopharmaceutical R&D, registration, commercial production and sales strength, the Company provides assistance for the R&D process and future launch of more high-quality cooperative drug products. Driven by the mission to make innovative bio-pharmaceuticals within reach, the Group aims to accelerate the early launch of more high-quality products to benefit patients.

Financial Review

Revenue

For the Reporting Period, the Group's revenue amounted to approximately RMB4,389.4 million, as compared to approximately RMB3,783.8 million for the six months ended 30 June 2023, representing an increase of approximately RMB605.6 million, or approximately 16.0%. The increase was mainly attributable to the strong sales growth of TPIAO and Mandi.

For the Reporting Period, the Group's sales of TPIAO increased to approximately RMB2,475.9 million, as compared to approximately RMB2,019.1 million for the six months ended 30 June 2023, representing an increase of approximately RMB456.8 million, or approximately 22.6%. The increase was primarily attributable to an increase in sales volume. For the Reporting Period, sales of TPIAO accounted for approximately 56.4% of the Group's total revenue.

For the Reporting Period, the Group's sales of EPIAO and SEPO increased to approximately RMB515.7 million, as compared to approximately RMB463.2 million for the six months ended 30 June 2023, representing an increase of approximately RMB52.5 million, or approximately 11.3%. The increase was mainly due to the increase in sales volume which was in turn primarily driven by the improved penetration rate. For the Reporting Period, the Group's sales of EPIAO increased to approximately RMB393.1 million, as compared to approximately RMB365.9 million for the six months ended 30 June 2023, representing an increase of approximately RMB27.2 million, or approximately 7.4%. For the Reporting Period, the Group's sales of SEPO increased to approximately RMB122.6 million, as compared to approximately RMB97.4 million for the six months ended 30 June 2023, representing an increase of approximately RMB25.2 million, or approximately 25.9%. For the Reporting Period, the combined sales of EPIAO and SEPO accounted for a total of approximately 11.7% of the Group's total revenue.

For the Reporting Period, the Group's sales from alopecia area increased to approximately RMB557.2 million, as compared to approximately RMB508.8 million for the six months ended 30 June 2023, representing an increase of approximately RMB48.4 million, or approximately 9.5%. The increase was mainly attributable to the increased market demand for hair loss and growth treatments, which was driven by the Group's diversified and effective promotional efforts. For the Reporting Period, the Group's sales of Mandi increased to approximately RMB549.8 million, as compared to approximately RMB499.8 million for the six months ended 30 June 2023, representing an increase of approximately RMB50.0 million, or approximately 10.0%. For the Reporting Period, the sales from alopecia area accounted for a total of approximately 12.7% of the Group's revenue.

For the Reporting Period, the Group's sales of Yisaipu (domestic and overseas) increased to approximately RMB328.6 million, representing a year-on-year increase of approximately 9.5%. The increase was mainly attributable to increased sales volume. For the Reporting Period, the sales of Yisaipu accounted for approximately 7.5% of the Group's total revenue.

For the Reporting Period, the Group's other sales, primarily consisted of sales from Cipterbin, Sparin (an injectable low-molecular-weight heparin calcium product indicated for: (1) prophylaxis and treatment of deep vein thrombosis; and (2) prevention of clotting during hemodialysis), export sales and other products, increased to approximately RMB476.2 million, as compared to approximately RMB415.6 million for the six months ended 30 June 2023, representing an increase of approximately RMB60.6 million, or approximately 14.6%. The increase was mainly attributable to the increased sales volume of Cipterbin. For the Reporting Period, the Group's sales of Cipterbin increased to approximately RMB161.7 million, as compared to approximately RMB108.6 million for the six months ended 30 June 2023, representing an increase of approximately RMB53.1 million, or approximately 48.9%.

Cost of Sales

The Group's cost of sales increased from approximately RMB582.3 million for the six months ended 30 June 2023 to approximately RMB592.1 million for the Reporting Period, which accounted for approximately 13.5% of the Group's total revenue for the same period. The primary reason for the increase in the Group's cost of sales was mainly attributable to the increased sales volume of products for the Reporting Period, as compared to the corresponding period in 2023.

Gross Profit

For the Reporting Period, the Group's gross profit increased to approximately RMB3,797.4 million, as compared to approximately RMB3,201.6 million for the six months ended 30 June 2023, representing an increase of approximately RMB595.8 million, or approximately 18.6%. The increase in the Group's gross profit was broadly in line with its revenue increase during the Reporting Period. The Group's gross profit margin increased to approximately 86.5% for the Reporting Period from approximately 84.6% for the corresponding period in 2023.

Other Income and Gains

The Group's other income and gains mainly comprised government grants, interest income, foreign exchange gain, fair value gain or loss on financial assets at FVTPL, gain on redemption of convertible bonds and other miscellaneous income. For the Reporting Period, the Group's other income and gains increased to approximately RMB86.1 million, as compared to approximately RMB-7.2 million for the six months ended 30 June 2023, representing an increase of approximately RMB93.3 million. The increase was mainly attributable to the fair value changes on financial assets at FVTPL during the Reporting Period.

Selling and Distribution Expenses

The Group's selling and distribution expenses primarily consisted of marketing and promotion expenses, staff costs, and other miscellaneous selling and distribution expenses. For the Reporting Period, the Group's selling and distribution expenses amounted to approximately RMB1,594.0 million, as compared to approximately RMB1,374.8 million for the six months ended 30 June 2023, representing an increase of approximately RMB219.2 million, or approximately 15.9%. In terms of the percentage of revenue, the Group's selling and distribution expenses represented approximately 36.3% for the Reporting Period, same as the six months ended 30 June 2023.

Administrative Expenses

The Group's administrative expenses consisted of staff costs, professional fees, depreciation and amortization, property expenses, share-based compensation, and other miscellaneous administrative expenses. For the Reporting Period, the Group's administrative expenses amounted to approximately RMB201.2 million, as compared to approximately RMB214.4 million for the six months ended 30 June 2023, representing a decrease of approximately RMB13.2 million, or approximately 6.2%. The decrease was mainly attributable to the decreased advertising and publicity expenses. The administrative expenses as a percentage of revenue represented approximately 4.6% for the Reporting Period and approximately 5.7% for the six months ended 30 June 2023.

R&D Costs

The Group's R&D costs primarily consisted of staff costs, materials consumption, clinical trials costs, depreciation and amortisation, and other miscellaneous R&D expenses. For the Reporting Period, the Group's R&D costs amounted to approximately RMB476.2 million, as compared to approximately RMB306.6 million for the six months ended 30 June 2023, representing an increase of approximately RMB169.6 million, or approximately 55.3%. The increase was mainly due to the speed-up of the Group's R&D projects. The R&D costs accounted for approximately 10.8% of revenue for the Reporting Period, as compared to approximately 8.1% for the corresponding period in 2023.

Other Expenses and Losses

The Group's other expenses and losses primarily consisted of donation expenses, provision for impairment of financial assets, losses on disposal of items of property, plant and equipment, and other miscellaneous expenses and losses. For the Reporting Period, the Group's other expenses and losses amounted to approximately RMB40.7 million, as compared to approximately RMB5.1 million for the six months ended 30 June 2023, representing an increase of approximately RMB35.6 million. The increase was mainly due to the increase in provision for impairment of financial assets and losses on disposal of items of property, plant and equipment.

Finance Costs

For the Reporting Period, the Group's finance costs amounted to approximately RMB104.4 million, as compared to approximately RMB88.9 million for the six months ended 30 June 2023, representing an increase of approximately RMB15.5 million, or approximately 17.4%. Excluding the non-cash interest expenses of the 2025 Bonds, the finance cost increased from RMB65.5 million for the six months ended 30 June 2023 to approximately RMB104.4 million for the Reporting Period, representing an increase of approximately RMB38.8 million, or approximately 59.2%. The increase was mainly due to the interest expenses incurred in connection with the Group's Panda Bonds for the Reporting Period.

Income Tax Expense

For the Reporting Period, the Group's income tax expense amounted to approximately RMB314.3 million, as compared to approximately RMB207.6 million for the six months ended 30 June 2023, representing an increase of approximately RMB106.7 million, or approximately 51.4%. The increase was mainly due to the increase of the taxable income during the Reporting Period, as compared to the corresponding period in 2023. The effective tax rates for the Reporting Period and the corresponding period in 2023 were 22.1% and 17.4%, respectively. The increase in effective tax rate was mainly due to the increase in non-deductible expenses and increased withholding tax which was brought by the domestic and foreign transactions for the Reporting Period, as compared to those for the six months ended 30 June 2023.

EBITDA and Net Profit Attributable to Owners of the Parent

The EBITDA for the Reporting Period increased by approximately RMB311.0 million or approximately 23.4% to approximately RMB1,641.5 million, as compared to approximately RMB1,330.5 million for the six months ended 30 June 2023. The EBITDA adjusted for non-operating items is defined as the EBITDA for the period excluding, as applicable: (a) the interest expenses incurred in relation to the issuance of the 2025 Bonds; (b) the expenses associated with the share options and awarded shares granted in March 2020; (c) the expenses associated with the share options under the ESOP of Sunshine Guojian; (d) gain on redemption of 2025 Bonds; (e) fair value gain or loss on financial assets at FVTPL; and (f) non-operating foreign exchange differences. The Group's EBITDA adjusted for non-operating items for the Reporting Period increased by approximately RMB241.6 million or approximately 17.0% to approximately RMB1,663.9 million, as compared to approximately RMB1,422.3 million for the six months ended 30 June 2023.

The net profit attributable to owners of the parent for the Reporting Period was approximately RMB1,089.9 million, as compared to approximately RMB980.6 million for the six months ended 30 June 2023, representing an increase of approximately RMB109.3 million, or approximately 11.1%. The net profit attributable to owners of the parent adjusted for non-operating items is defined as the profit for the period excluding, as applicable: (a) the interest expenses incurred in relation to the issuance of the 2025 Bonds; (b) the expenses associated with the share options and awarded shares granted in March 2020; (c) the expenses associated with the share options under the ESOP of Sunshine Guojian; (d) gain on redemption of 2025 Bonds; (e) fair value gain or loss on financial assets at FVTPL; and (f) non-operating foreign exchange differences. The Group's net profit attributable to owners of the parent adjusted for non-operating items for the Reporting Period was approximately RMB1,112.4 million, as compared to approximately RMB1,095.7 million for the six months ended 30 June 2023, representing an increase of approximately RMB16.7 million, or approximately 1.5%.

Earnings Per Share

The basic earnings per share for the Reporting Period was approximately RMB0.45, as compared to approximately RMB0.40 for the six months ended 30 June 2023, representing an increase of approximately 12.4%.

Financial Assets Measured at Fair Value

As at 30 June 2024, financial assets measured at fair value primarily comprised the investment in treasury or cash management products issued by certain banks, the investments in listed companies and the investments in private equity funds which focus on investment in health-care industry.

The treasury or cash management products subscribed by the Group for treasury management purposes from time to time during the Reporting Period included wealth management products offered by various independent commercial banks. For further information, please refer to the section headed "Management Discussion and Analysis — Liquidity, Financial and Capital Resources — Significant Investments Held" hereinafter relating to the Group's subscriptions from independent commercial banks.

Liquidity, Financial and Capital Resources

The Group's liquidity remained strong. For the Reporting Period, the Group's operating activities generated a net cash inflow of approximately RMB1,092.7 million, as compared to approximately RMB1,184.5 million for the six months ended 30 June 2023, representing a decrease of RMB91.8 million or approximately 7.7%. The decrease was mainly attributable to the increase in other cash payments relating to operating activities. As at 30 June 2024, the Group's cash and bank balances and bank financial products were approximately RMB7,944.5 million.

Net Current Assets

As at 30 June 2024, the Group had net current assets of approximately RMB3,847.5 million, as compared to net current assets of approximately RMB5,465.1 million as at 31 December 2023. The current ratio of the Group decreased from approximately 2.5 as at 31 December 2023 to approximately 1.7 as at 30 June 2024. The decrease in net current assets and current ratio was mainly attributable to the higher current liabilities which was brought by the increase in payable dividends and the Panda Bonds in 2024.

Funding and Treasury Policies, Borrowing and Pledge of Assets

The Group's finance department is responsible for the funding and treasury policies with regard to the overall business operation of the Group. The Company expects to fund its working capital and other capital requirements from a combination of various sources, including but not limited to internal financing and external financing at reasonable market rates. The Group continues to seek improving the return of equity and assets while maintaining a prudent funding and treasury policy.

As at 30 June 2024, the Group had an aggregate interest-bearing bank borrowing of approximately RMB2,966.5 million, as compared to approximately RMB3,574.3 million as at 31 December 2023. The decrease in bank borrowings primarily reflected the repayment of loans of RMB2,071.6 million, partly offset by the additional bank-borrowing of approximately RMB1,482.9 million, during the Reporting Period. Among the short-term deposits, none was pledged to secure bank loans as at 30 June 2024.

As at 30 June 2024, the Group had outstanding Panda Bonds of approximately RMB1,200.7 million, as compared to approximately RMB1,226.0 million as at 31 December 2023. For more information on the Group's Panda Bonds, please refer to Note 16 "BONDS PAYABLE" to the interim condensed consolidated financial information for the Reporting Period in this announcement above.

Gearing Ratio

The gearing ratio of the Group, which was calculated by dividing the total borrowings, lease liabilities and bonds by the total equity, decreased to approximately 25.0% as at 30 June 2024 from approximately 29.3% as at 31 December 2023. The decrease was primarily due to the decreased interest-bearing bank borrowings during the Reporting Period.

Contingent Liabilities

As at 30 June 2024, the Group had no significant contingent liabilities.

Contractual Obligations

The Group's capital commitment amounted to approximately RMB977.8 million as at 30 June 2024, as compared to approximately RMB993.6 million as at 31 December 2023.

Foreign Exchange and Exchange Rate Risk

The Group mainly operates in Mainland China, with all material aspects of its regular business conducted in Renminbi other than: (1) the operations of Sirton; and (2) the Group's exports, which amounted to approximately RMB32.3 million, or approximately 0.7% of the Group's revenue, for the Reporting Period. Except for the operations of Sirton, the Group's exports, potential international deal-making expenditures (such as related to international licensing and acquisitions), foreign currency denominated bank borrowings and bank deposits and the Euro-denominated 2025 Bonds, the Group believes that it does not have any other material direct exposure to foreign exchange fluctuations. As at 30 June 2024, the Group's foreign currency denominated bank deposits primarily comprised: (1) approximately USD99.5 million (equivalent to approximately RMB708.9 million); (2) approximately HKD363.7 million (equivalent to approximately RMB332.0 million); and (3) approximately EUR2.5 million (equivalent to approximately RMB19.1 million). The Group expects that the fluctuation of the Renminbi exchange rate will not have a material adverse effect on the operations of the Group in the foreseeable future.

Significant Acquisitions and Disposals

The Group did not have material acquisitions and disposals of subsidiaries, associates and joint ventures during the Reporting Period.

Significant Investments Held

As at 30 June 2024, the Group did not hold any significant investments. As at 30 June 2024, the Group held (i) equity investments designated at fair value through other comprehensive income of approximately RMB586.7 million; (ii) wealth management products of various independent commercial banks as financial assets at FVTPL of approximately RMB3,542.6 million, and (iii) non-pledged time deposits of approximately RMB2,139.0 million, none of which such investments in any group of entities or products offered by any group of commercial banks, in aggregate, represented 5.0% or more of the total assets of the Group.

Future Plans for Material Investments or Capital Assets

The Group estimates that the total capital expenditure of the Group for the next three years will be in the range of RMB1,000 million to RMB1,100 million. These expected capital expenditure will primarily be incurred for the maintenance of the Group's existing facilities and the expansion of the Group's production capabilities. The Group expects to finance its capital expenditure through a combination of internally generated funds and bank borrowings.

EMPLOYEES AND EMOLUMENTS POLICY

As at 30 June 2024, the Group employed a total of 5,607 employees, as compared to a total of 5,411 employees as at 31 December 2023. The staff costs, including Directors' emoluments but excluding any contributions to the pension scheme, were approximately RMB721.9 million for the Reporting Period, as compared to approximately RMB604.4 million for the corresponding period in 2023. The Group generally formulated its employees' remuneration package to include salary, bonus, equity compensation, and allowance elements. The compensation programs were designed to remunerate the employees based on their performance, measured against specified objective criteria. The Group also provided the employees with welfare benefits in accordance with applicable regulations and the Group's internal policies. The Company has adopted a share option scheme and a share award scheme ("**2019 Share Award Scheme**") and there are other incentive initiatives such as cash awards, all of which are for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. In addition, Sunshine Guojian adopted a restricted share incentive plan in February 2021 and there is also a gratuitous incentive scheme set up by founding and management members of the Group that serves to recognise employees' contributions.

INTERIM DIVIDEND

The Board does not recommend any interim dividend for the Reporting Period.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of members of the Company and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**HKEx Listing Rules**") as its own code of corporate governance. Except as expressly described below, the Company has complied with all applicable code provisions set out in the CG Code during the Reporting Period.

Separation of the Roles of the Chairman of the Board and the Chief Executive Officer

Pursuant to code provision C.2.1 of the CG Code, companies listed on the HKEx are expected to comply with, but may choose to deviate from, the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. The Company does not have separate chairman and chief executive officer. Dr. LOU Jing currently performs these two roles. The Board believes that vesting both the roles of chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and facilitating a more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. In addition, all major decisions are made in consultation with members of the Board, including the relevant Board committees and independent non-executive Directors.

The Board will from time to time review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company at an appropriate time, taking into account the circumstances of the Group as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuer" as set out in Appendix C3 to the HKEx Listing Rules (the "**Model Code**") as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with the Directors, all Directors confirmed that they had complied with the required standard as set out in the Model Code during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, the Company had conducted on-market repurchases of a total of 43,346,500 ordinary shares of the Company ("**Shares**") on the HKEx at an aggregate cash consideration of HKD266,284,340 (excluding expenses). Amongst which, 22,119,500 Shares had been cancelled by the Company, while 21,227,000 Shares are held by the Company as treasury Shares. Save for the aforesaid on-market share repurchases, there was no purchase, sale or redemption of any listed securities of the Company by the Company or any of its subsidiaries during the Reporting Period.

AUDIT COMMITTEE

The Board has established an audit committee of the Company (the "**Audit Committee**") which comprises the three independent non-executive Directors, namely Mr. PU Tianruo (chairman), Mr. NG, Joo Yeow Gerry and Ms. YANG, Hoi Ti Heidi.

The Audit Committee, together with the Board, has reviewed the unaudited condensed consolidated interim results of the Group for the Reporting Period. The Audit Committee has also reviewed the effectiveness of the risk management and internal control system of the Company and considers them to be effective and adequate.

SCOPE OF WORK OF ERNST & YOUNG

The financial information in the interim results announcement of the Group for the Reporting Period has been agreed to by the Group's auditors, Ernst & Young, to the amounts set out in the Group's draft unaudited interim condensed consolidated financial information for the Reporting Period. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Auditing and Assurance Standards Board and consequently no assurance has been expressed by Ernst & Young on this interim results announcement.

PUBLICATION OF THE INTERIM RESULTS AND 2024 INTERIM REPORT ON THE WEBSITES OF THE HKEX AND THE COMPANY

This interim results announcement is published on the respective websites of the HKEx (www.hkexnews.hk) and the Company (www.3sbio.com).

The Company's 2024 interim report for the Reporting Period containing all the information required under the HKEx Listing Rules will be published on the respective websites of the HKEx and the Company in due course.

By Order of the Board
3SBio Inc.
Dr. LOU Jing
Chairman

Hong Kong, 22 August 2024

As at the date of this announcement, the Board comprises Dr. LOU Jing and Ms. SU Dongmei as executive directors; Ms. ZHANG Jiaoe as non-executive director; and Mr. PU Tianruo, Ms. YANG, Hoi Ti Heidi, and Mr. NG, Joo Yeow Gerry as independent non-executive directors.