



**三生制药**  
**3SBIO INC.**

(Incorporated in the Cayman Islands with limited liability)  
Stock Code : 1530 Convertible Bonds Code 40285



**2024**  
**INTERIM REPORT**



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# Company Overview



3SBio Inc. (the “**Company**” or “**3SBio**”, with its subsidiaries collectively, the “**Group**”) is a leading biotechnology company in the People’s Republic of China (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 (益比奥) 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<sup>1</sup>, the market share in the treatment of thrombocytopenia of TPIAO in Mainland China<sup>2</sup> 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**”)  $\alpha$  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.

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 rheumatoid arthritis (“**RA**”) and other diseases including refractory gout and ophthalmological diseases such as branch retinal vein occlusion (“**BRVO**”); 4 product candidates in nephrology; 1 product candidate in dermatology and 1 product candidate in metabolic diseases.

The Group operates in a highly attractive industry. Biotechnology has revolutionized the pharmaceutical industry by addressing unmet medical needs and offering innovative treatments for a wide array of human diseases. In Mainland China, the biotechnology industry enjoys strong government support and has been selected by the State Council of the PRC as a key strategic emerging industry. Strong government support along with increasing physician adoption of biopharmaceuticals has driven strong industry growth in Mainland China.

The Group is positioned for global expansion. In the six months ended 30 June 2024 (the “**Reporting Period**”), the Group’s products were sold in 16 countries. In the long-term, the Group aims to market its products in developed countries. Furthermore, the Group is collaborating with international partners to develop and market the Group’s product candidates, such as pegsitticase and anti-programmed cell death protein 1 (“**PD-1**”) monoclonal antibody (“**mAb**”). The Group aims to focus its R&D to provide innovative therapeutics for patients in Mainland China and globally.

As at 30 June 2024, the Group had operation facilities in Shenyang, Shanghai, Hangzhou and Shenzhen, all in Mainland China, as well as in Como, Italy, with 5,607 employees. The Group’s pharmaceutical products are marketed and sold in all provinces, autonomous regions and special municipalities in Mainland China, as well as a number of foreign countries and regions. During the Reporting Period, the Group’s nationwide sales and distribution network enabled it to sell its products to over 9,700 hospitals and medical institutions in Mainland China.

<sup>1</sup> All market share information throughout this report cites the IQVIA data, unless otherwise noted.

<sup>2</sup> Hereinafter referred to as the mainland area of the PRC.



# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Dr. LOU Jing (*Chairman & Chief Executive Officer*)

Ms. SU Dongmei

### Non-executive Directors

Ms. ZHANG Jiaoe (appointed on 25 June 2024)

Mr. HUANG Bin (retired on 25 June 2024)

### Independent Non-executive Directors

Mr. PU Tianruo

Ms. YANG, Hoi Ti Heidi

Mr. NG, Joo Yeow Gerry

Dr. ZHANG Dan (retired on 25 June 2024)

## COMPANY SECRETARY

Ms. LAI Siu Kuen

## AUTHORIZED REPRESENTATIVES

Ms. SU Dongmei

Ms. LAI Siu Kuen

## AUDIT COMMITTEE

Mr. PU Tianruo (*Chairman*)

Ms. YANG, Hoi Ti Heidi

Mr. NG, Joo Yeow Gerry

## REMUNERATION COMMITTEE

Ms. YANG, Hoi Ti Heidi (*Chairwoman*)

Mr. PU Tianruo

Mr. NG, Joo Yeow Gerry

(appointment effective on 25 June 2024)

Dr. ZHANG Dan (committee membership ended upon retirement on 25 June 2024)

## NOMINATION COMMITTEE

Dr. LOU Jing (*Chairman*)

Mr. PU Tianruo

Mr. NG, Joo Yeow Gerry

## REGISTERED OFFICE (IN THE CAYMAN ISLANDS)

Cricket Square, Hutchins Drive

PO Box 2681

Grand Cayman, KY1-1111

Cayman Islands

## HEADQUARTERS

No. 3 A1, Road 10

Shenyang Economy and Technology Development Zone

Shenyang

PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

5/F, Manulife Place

348 Kwun Tong Road

Kowloon

Hong Kong SAR

PRC

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

**Conyers Trust Company (Cayman) Limited**

Cricket Square, Hutchins Drive

PO Box 2681

Grand Cayman, KY1-1111

Cayman Islands





## Corporate Information

### HONG KONG SHARE REGISTRAR

#### Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong SAR  
PRC

### LEGAL ADVISERS

*As to Hong Kong law and United States law:*

#### Baker & McKenzie

14th Floor, One Taikoo Place  
979 King's Road  
Quarry Bay  
Hong Kong SAR  
PRC

*As to PRC law:*

#### Jingtian & Gongcheng

34th Floor, Tower 3, China Central Place  
77 Jianguo Road  
Chaoyang District  
Beijing, PRC

*As to Cayman Islands law:*

#### Conyers Dill & Pearman

29th Floor, One Exchange Square  
8 Connaught Place  
Central  
Hong Kong SAR  
PRC

### AUDITOR

#### Ernst & Young

*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*  
27th Floor, One Taikoo Place  
979 King's Road  
Quarry Bay  
Hong Kong SAR  
PRC

### SECURITIES CODE

*Shares Listing*

#### Ordinary Shares

The Stock Exchange of Hong Kong Limited  
(Stock Code: 01530)

### COMPANY'S WEBSITE

[www.3sbio.com](http://www.3sbio.com)

### PRINCIPAL BANK

#### Industrial Bank Co., Ltd., Shenyang Branch

No. 77 Wenhua Road  
Heping District  
Shenyang, PRC

# 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<sup>3</sup> 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<sup>4</sup> 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.

<sup>3</sup> 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; (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.

<sup>4</sup> The EBITDA adjusted for non-operating items is defined as the EBITDA for the period excluding the same items as listed in footnote 3 above.

# Management Discussion and Analysis

## BUSINESS REVIEW

### 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, Zhejiang Sunshine Mandi Pharmaceutical Co., Ltd. ("**Sunshine Mandi**", formerly known as Zhejiang Wansheng Pharmaceutical Co., Ltd.), 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.

#### 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 calendar 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)*”<sup>5</sup>, 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)*”<sup>6</sup>, 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)*”<sup>7</sup>, 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)*”<sup>8</sup>, 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 submitted a marketing application for this indication to the NMPA in August 2024 and the application was accepted. Outside of Mainland China, TPIAO is in the process of registration in several countries in Asia and Africa.

<sup>5</sup> Issued by the Chinese Society of Clinical Oncology (“**CSCO**”)

<sup>6</sup> Issued by the Subspecialty Group of Hematologic Diseases, the Society of Pediatrics, Chinese Medical Association (the “**CMA**”); the Editorial Board, Chinese Journal of Pediatrics

<sup>7</sup> Issued by the Thrombosis and Hemostasis Group of the Chinese Society of Hematology of the CMA

<sup>8</sup> Issued by the Society of Chemotherapy, China Anti-Cancer Association; and Committee of Neoplastic Supportive-Care (CONS), China Anti-Cancer Association



# Management Discussion and Analysis



## 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 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- $\alpha$  Receptor II: IgG Fc Fusion Protein for Injection), is a TNF- $\alpha$  inhibitor product. It was first launched in 2005 in Mainland China for 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- $\alpha$  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- $\alpha$  inhibitors’ as one of the RA treatment options, and TNF- $\alpha$  inhibitors was deemed as a group of biological agents with relatively sufficient evidence and relatively wide adoption in treating RA. TNF- $\alpha$  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”<sup>9</sup>. 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 pre-filled syringe of Yisaipu improves patient convenience and enhances the overall market competitiveness of Yisaipu.

<sup>9</sup> 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 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.

## Management Discussion and Analysis

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 麗美洽®) 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 cholangitis 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*<sup>10</sup>, 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 cirrhosis patients, 20%–60% of primary sclerosing cholangitis 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*<sup>11</sup>, 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”.*

<sup>10</sup> Journal of Hepatology, 2019, 71(1): 212-221

<sup>11</sup> Journal of Japanese Society of Gastroenterology vol. 118, no. 1 (2021): 30-40

### – 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 Pharmaceuticals S.p.A. ("**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.

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 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.



The background of the page features a light blue, bokeh-style image of microscopic cells and bacteria. In the top left corner, there is a circular inset showing a close-up of blue, rod-shaped bacteria. In the top right corner, another circular inset shows a cluster of blue, Y-shaped structures, likely representing antibodies or proteins. The main text is centered on the page.

## Management Discussion and Analysis

*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 BRVO and other ophthalmological diseases), 613 (an anti-IL-1 $\beta$  antibody to treat acute/intermittent gouty arthritis), RD-01 (a pegylated long-acting rhEPO to treat anemia), 611 (an anti-IL4R $\alpha$  antibody to treat atopic dermatitis (“**AD**”), 610 (an anti-IL-5 antibody to treat severe asthma), SSS07 (an anti-TNF $\alpha$  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<sup>®</sup>) 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, autoimmune 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.

# Management Discussion and Analysis

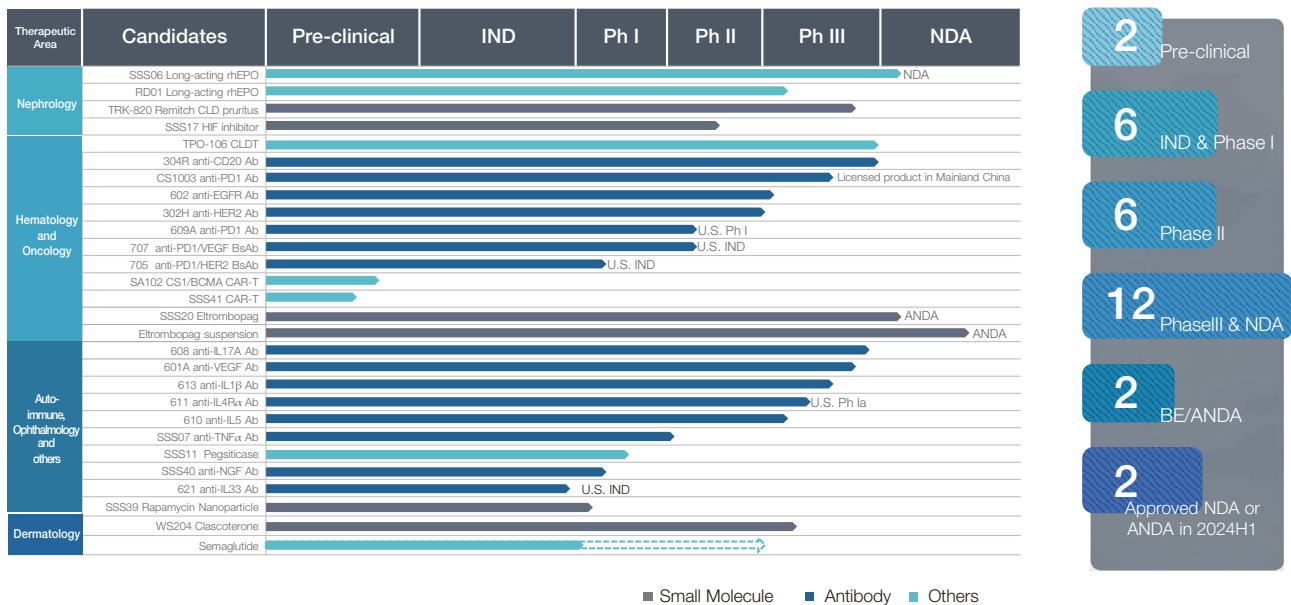
## Product Pipeline

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.



# Management Discussion and Analysis

## 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 submitted the NDA in August 2024 and the application was accepted.

*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.



## Management Discussion and Analysis

*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-IL4R $\alpha$  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-1 $\beta$  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<sup>2</sup> 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.

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## Management Discussion and Analysis

### — 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.



## Management Discussion and Analysis

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.



## Management Discussion and Analysis

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.

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## Management Discussion and Analysis

### 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 unsecured non-listed bonds ("**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 domestic and foreign transactions for the Reporting Period, as compared to those for the six months ended 30 June 2023.





# Management Discussion and Analysis

## 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 18 "BONDS PAYABLE" to the interim condensed consolidated financial information for the Reporting Period in this report.

### 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.



# Management Discussion and Analysis

## 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 United States Dollar ("USD") 99.5 million (equivalent to approximately RMB708.9 million); (2) approximately Hong Kong Dollar ("HKD") 363.7 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.



# Corporate Governance and Other Information

## 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 (the “**HKEx Listing Rules**”) on the Stock Exchange of Hong Kong Limited (the “**HKEx**”) as its own code of corporate governance.

Except as expressly described below, the Company complied with all applicable code provisions set out in the CG Code throughout the Reporting Period.

### Separation of the Roles of the Chairman of the Board and 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 of Directors (the “**Directors**”) of the Company (the “**Board**”) believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enabling 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 have complied with the required standard as set out in the Model Code during the Reporting Period.

## THE BOARD AND ITS COMMITTEES

The compositions of the Board, the audit committee (“**Audit Committee**”), the nomination committee and the remuneration committee of the Company are as set out in the “Corporate Information” section.



### INTERIM DIVIDEND

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

### CHANGES TO INFORMATION REGARDING DIRECTORS AND CHIEF EXECUTIVES

Certain changes in Directors' information since the preparation of the 2023 annual report and up to the latest practicable date prior to the printing of this report are set out below pursuant to Rule 13.51B(1) of the HKEx Listing Rules:

- **Dr. LOU Jing** resigned as director and general manager of Liaoning Sunshine Bio-Pharmaceutical Company Limited (遼寧三生醫藥有限公司).
- **Ms. SU Dongmei** has been appointed as director of Desen Biologics.
- **Dr. ZHANG Dan** retired as an independent non-executive Director effective from 25 June 2024, due to his other business commitments.
- **Mr. HUANG Bin** resigned as a non-executive Director effective from 25 June 2024, as he has reached his retirement age.
- **Ms. ZHANG Jiaoe** (“**Ms. ZHANG**”) has been appointed as a non-executive Director, effective from 25 June 2024.

Ms. ZHANG, aged 61, has extensive experience in the field of medicine and pharmaceuticals. She worked as a research assistant in the Military Medical Research Institute of the Logistics Department of the Shenyang Military Region (瀋陽軍區後勤部軍事醫學研究所) from August 1987 to December 1990. In January 1993, Ms. ZHANG joined Shenyang Sunshine Pharmaceutical Co., Ltd. (瀋陽三生製藥有限責任公司) (“**Shenyang Sunshine**”) and has held various positions within the Group ever since. She served as a manager at Shenyang Sunshine from July 1993 to December 2001 and was appointed as the deputy factory director and head of the foreign cooperation department in January 2002 and May 2011, respectively. In March 2016, Ms. ZHANG became the assistant to the general manager of Shenyang Sunshine. She currently serves as the general manager of Liaoning Sunshine Technology Development Co., Ltd. (遼寧三生科技發展有限公司). Currently, she is also a supervisor of each of Desen Biologics and Sunshine Mandi.

Ms. ZHANG obtained a bachelor's degree from the China Pharmaceutical University (中國藥科大學) in July 1987 and earned her qualifications as a chief pharmacist from the Human Resources Security Department of Liaoning Province (遼寧省人力資源和社會保障廳) in September 2010.

- **Mr. NG, Joo Yeow Gerry**, has been appointed as a member of the remuneration committee of the Company, effective from 25 June 2024.

Other than above, the Directors confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the HKEx Listing Rules since the preparation of the 2023 annual report and up to the latest practicable date prior to the printing of this report.



## Corporate Governance and Other Information

### AUDIT COMMITTEE

The Board has established 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 interim condensed consolidated financial information of the Group for the Reporting Period. The Audit Committee does not have any disagreement with any accounting treatment which had been adopted. 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.

In addition, the independent auditor of the Company, Ernst & Young, has reviewed the unaudited interim condensed consolidated financial information of the Group for the Reporting Period in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”.

### PURCHASE, SALE OR REDEMPTION BY THE COMPANY

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, which shall be used in light of various factors including market conditions and the Group’s capital management needs and any other relevant consideration. Save for the aforesaid on-market share repurchases, there was no purchase, sale or redemption of any listed securities of the Company (including sale of treasury Shares) by the Company or any of its subsidiaries during the Reporting Period.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, the interests or short positions of the Directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") required to be notified to the Company and the HKEx pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the HKEx pursuant to Model Code as set out in Appendix C3 to the HKEx Listing Rules were as follows:

### (i) Interests in the Company

Name	Position	Nature of Interest	Number of Shares held	Approximate percentage of all Shares in Issue <sup>(1)</sup>
LOU Jing <sup>(2)</sup> (婁競)	Executive Director	Beneficial owner	491,553 <sup>(L)</sup>	0.02%
		Beneficiary of a trust	51,156,895 <sup>(L)</sup>	2.12%
		Other	476,774,553 <sup>(L)</sup>	19.73%
		Total: 528,423,001 <sup>(L)</sup>	*21.86%	
SU Dongmei <sup>(3)</sup> (蘇冬梅)	Executive Director	Interest in controlled Corporation	24,384,630 <sup>(L)</sup>	1.01%
		Beneficial owner	440,000 <sup>(L)</sup>	0.02%
		Total: 24,824,630 <sup>(L)</sup>	1.03%	
ZHANG Jiaoe <sup>(4)</sup> (張皎娥)	Non-executive Director	Beneficial owner	12,978,639 <sup>(L)</sup>	0.54%

Notes:

(L): denotes long position

\* Figures shown as total may not be an arithmetic aggregation of the figures being added up due to rounding adjustment.

(1) The calculation is based on the total number of 2,416,800,912 Shares in issue as at 30 June 2024.

(2) Dr. LOU Jing was granted 440,000 share options by the Company, representing 440,000 Shares upon full exercise. Dr. LOU Jing was a beneficiary under two unnamed trusts which were interested in 41,746,000 Shares and 9,410,895 Shares respectively. Further, Dr. LOU Jing was an enforcer and a beneficiary of an unnamed discretionary trust which was interested in 476,774,553 Shares. Therefore, Dr. LOU Jing was deemed to be interested in all such Shares as discussed in the foregoing.

## Corporate Governance and Other Information

- (3) Ms. SU Dongmei directly holds the entire issued share capital of Joint Palace Group Limited ("**JPG**") and therefore, was deemed to be interested in the same number of the Shares in which JPG was interested (i.e. 24,384,630 Shares); and, Ms. SU Dongmei was granted 440,000 share options by the Company, representing 440,000 Shares upon full exercise.
- (4) 80,000 share options, representing 80,000 Shares upon full exercise, were granted by the Company to a trust and held for the benefit of Ms. ZHANG.

### (ii) Interests in Associated Corporations

Name	Position	Associated Corporation	Nature of Interest	Number of Securities	Approximate Percentage of Outstanding Share Capital of the Associated Corporation <sup>(1)</sup>
LOU Jing (婁競)	Executive Director	Sunshine Guojian	Interest in controlled corporation	25,160,657 <sup>(L)(1)</sup>	4.54% <sup>(1)</sup>
SU Dongmei (蘇冬梅)	Executive Director	Sunshine Guojian	Others <sup>(2)</sup>	200,000 <sup>(L)(2)</sup>	0.04% <sup>(2)</sup>

Notes:

(L): denotes long position.

(1) The shares were allotted by Sunshine Guojian to Achieve Well International Limited, a company wholly-owned by Dr. LOU Jing, under the ESOP of Sunshine Guojian, for purposes of holding the awarded shares granted to Dr. LOU Jing. Upon completion of the offering of Sunshine Guojian on the Shanghai Stock Exchange on 22 July 2020 ("**Guojian Offering**"), the approximate percentage of Dr. LOU Jing's interest in the share capital of Sunshine Guojian was diluted to 4.08%. The change did not trigger a disclosure obligation under the SFO and therefore the information shown in the table as of 30 June 2024 reflects Dr. LOU Jing's interests position as required to be disclosed under the SFO.

(2) An ultimate beneficial owner of an interest in a fund (the "**Fund**") that is used for holding shares awarded under the ESOP of Sunshine Guojian, which directly holds the awarded shares for the ultimate benefit of Ms. SU Dongmei, being one of the grantees of the awarded shares that have been allotted to the Fund by Sunshine Guojian. Upon completion of the Guojian Offering, the approximate percentage of Ms. SU Dongmei's interest in the share capital of Sunshine Guojian was diluted from 0.036% to 0.032%. The change did not trigger a disclosure obligation under the SFO and therefore the information shown in the table as of 30 June 2024 reflects Ms. SU Dongmei's interests position as required to be disclosed under the SFO.

Save as disclosed above, as at 30 June 2024, none of the Directors and chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the HKEx pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which would be required, pursuant to the Model Code, to be notified to the Company and the HKEx.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2024, to the best of the Directors' knowledge, the following persons (other than the Directors or chief executives of the Company), had interests or short positions in the shares and underlying shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Nature of Interest	Number of Shares held	Approximate percentage of all Shares in Issue <sup>(1)</sup>
Decade Sunshine Limited ("DSL") <sup>(2)</sup>	Beneficial owner	476,774,553 <sup>(L)</sup>	19.73%
Century Sunshine Limited ("CSL") <sup>(2)</sup>	Interest in a controlled corporation	476,774,553 <sup>(L)</sup>	19.73%
XING Lily <sup>(3)</sup>	Interest in a controlled corporation <sup>(2)</sup>	476,774,553 <sup>(L)</sup>	19.73%
	Interest of spouse <sup>(3)</sup>	51,648,448 <sup>(L)</sup>	2.14%
		Total: 528,423,001 <sup>(L)</sup>	*21.86%
Lambda International Limited <sup>(2)</sup>	Interest in a controlled corporation	476,774,553 <sup>(L)</sup>	19.73%
TMF (Cayman) Ltd. <sup>(4)</sup>	Trustee	577,085,928 <sup>(L)</sup>	23.88%
BlackRock, Inc.	Interest in a controlled corporation	124,083,572 <sup>(L)</sup>	5.13%

Notes:

(L): denotes long position

\* Figures shown as total may not be an arithmetic aggregation of the figures being added up due to rounding adjustment.

(1) The calculation is based on the total number of 2,416,800,912 Shares in issue as at 30 June 2024.

(2) DSL was wholly-owned by CSL and therefore CSL was deemed to be interested in 476,774,553 Shares held by DSL; further, 42.52% and 35.65% of CSL were respectively controlled by Ms. XING Lily and Lambda International Limited, who were therefore deemed to be interested in such 476,774,553 Shares.

(3) Ms. XING Lily's spouse is Dr. LOU Jing.

(4) TMF (Cayman) Ltd. was the trustee with respect to four unnamed trusts, which respectively were interested in 476,774,553, 51,156,895, 16,486,000, and 32,668,480 Shares, as disclosed under the SFO, and therefore TMF (Cayman) Ltd. was deemed to be interested in all such Shares.





## Corporate Governance and Other Information

Save as disclosed above, as at 30 June 2024, the Directors and the chief executives of the Company were not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

### **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Other than disclosed under the heading "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures", at no time during the Reporting Period was the Company or any of its subsidiaries or holding company or any subsidiary of the Company's holding company a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

### POST-IPO SHARE OPTION SCHEME

Pursuant to a written resolution passed by the then sole shareholder of the Company on 23 May 2015, the Company adopted a share option scheme pursuant to Chapter 17 of the HKEx Listing Rules (the “**3SBio Option Scheme**”). The details of the 3SBio Option Scheme were disclosed in the Company’s prospectus dated 1 June 2015 in the section headed “Statutory and General Information — 5. Post-IPO Share Option Scheme” in Appendix IV. Under the 3SBio Option Scheme, the Company was authorised to issue up to 242,439,857 ordinary shares of the Company (subject to possible adjustments), which represented approximately 10.03% of the issued Shares as at the date of this report. The total number of options available for grant under the scheme mandate of the 3SBio Option Scheme as at 1 January 2024 and 30 June 2024 were 225,953,857 and 225,953,857, respectively. The number of Shares that may be issued in respect of awards granted under the 3SBio Option Scheme during the Reporting Period divided by the weighted average number of the Shares in issue for the Reporting Period was 0. The purpose of the 3SBio Option Scheme is to provide selected participants with the opportunity to acquire proprietary interests in the Company and to encourage selected participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its shareholders as a whole.

Eligible participants include any Directors and employees of any member of the Group (including nominees and/or trustees of any employee benefit trusts established for them) and any advisors, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group).

Unless approved by the shareholders of the Company in accordance with the terms of the 3SBio Option Scheme, the total number of Shares issued and to be issued upon exercise of the options granted and to be granted under the 3SBio Option Scheme and any other share option scheme(s) of the Company to each selected participant (including both exercised and outstanding options) in any 12 month period shall not exceed 1% of the total number of Shares in issue. An option may be exercised in accordance with the terms of the 3SBio Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination under the 3SBio Option Scheme. A nominal consideration of RMB1.00 is payable upon acceptance of the grant of an option. For details, please refer to Appendix IV to the Company’s prospectus dated 1 June 2015.

The 3SBio Option Scheme will continue to be in effect for a term of ten years unless terminated sooner, and has a remaining term of approximately 0.5 year as at the date of this report. On 28 June 2016, the Company amended the 3SBio Option Scheme to include nominees and/or trustees of employee benefit trusts set up for the employees of the members of the Group as participants eligible to participate in the 3SBio Option Scheme.

## Corporate Governance and Other Information

The following outstanding share options were granted to the following Directors under the 3SBio Option Scheme as of 30 June 2024:

NAME OF DIRECTOR	NUMBER OF SHARE OPTIONS						AS AT 30 June 2024	DATE OF GRANT OF SHARE OPTIONS	EXERCISE PERIOD OF SHARE OPTIONS	EXERCISE PRICE OF SHARE OPTIONS (HKD PER SHARE)	THE WEIGHTED	
	AS AT 1 JANUARY 2024	GRANTED DURING THE PERIOD	EXERCISED DURING THE PERIOD	FORFEITED/ CANCELLED DURING THE PERIOD	LAPSED DURING THE PERIOD	PRICE OF THE COMPANY'S LISTED SHARES IMMEDIATELY BEFORE THE GRANT DATE OF OPTIONS (HKD PER SHARE)					AVERAGE CLOSING PRICE OF THE COMPANY'S LISTED SHARES IMMEDIATELY BEFORE THE EXERCISE DATES (HKD PER SHARE)	
LOU Jing	440,000	-	-	0	0	440,000	2 February 2017	From 2 August 2018 to 2 February 2027**	7.62	7.37	-	
SU Dongmei*	440,000	-	-	0	0	440,000	2 February 2017	From 2 August 2018 to 2 February 2027**	7.62	7.37	-	
ZHANG Jiace*	80,000	-	-	0	0	80,000	2 February 2017	From 2 August 2018 to 2 February 2027**	7.62	7.37	-	

\* The outstanding share options were held by The Empire Trust, a trust established by the Company for beneficiaries who are employees of the Company and its subsidiaries and affiliates, and any other persons as nominated from time to time by the advisory committee of The Empire Trust that is established with the authority of the Board.

\*\* Share options granted are subject to vesting conditions with vesting periods ended 2 August 2018, 2 February 2020 and 2 August 2021, respectively.

## Corporate Governance and Other Information

The following outstanding share options were granted to employee participants<sup>#</sup> of the Group (apart from Directors) as of 30 June 2024:

NUMBER OF SHARE OPTIONS										
AS AT 1 JANUARY 2024	GRANTED DURING THE PERIOD	EXERCISED DURING THE PERIOD	FORFEITED/ CANCELLED DURING THE PERIOD	LAPSED DURING THE PERIOD	AS AT 30 June 2024	DATE OF GRANT OF SHARE OPTIONS	EXERCISE PERIOD OF SHARE OPTIONS	EXERCISE PRICE OF SHARE OPTIONS (HKD PER SHARE)	THE WEIGHTED AVERAGE PRICE OF THE COMPANY'S LISTED SHARES IMMEDIATELY BEFORE THE GRANT DATE OF OPTIONS (HKD PER SHARE)	THE WEIGHTED AVERAGE CLOSING PRICE OF THE COMPANY'S LISTED SHARES IMMEDIATELY BEFORE THE EXERCISE DATES (HKD PER SHARE)
15,606,000*	-	0	0	0	15,606,000	2 February 2017	From 2 August 2018 to 2 February 2027**	7.62	7.37	-

\* The outstanding share options were held by The Empire Trust, a trust established by the Company for beneficiaries who are employees of the Company and its subsidiaries and affiliates, and any other persons as nominated from time to time by the advisory committee of The Empire Trust that is established with the authority of the Board.

\*\* Share options granted are subject to vesting conditions with vesting periods ended 2 August 2018, 2 February 2020 and 2 August 2021, respectively.

# Employee participants include employees of any member of the Group (apart from Directors).

All of the above grants were made prior to the amendment to Chapter 17 of the HKEx Listing Rules and none of the grants of options to any participant is in excess of the 1% individual limit.

Please refer to Note 20 to the interim condensed consolidated financial information in this report for the accounting policy adopted for share options.



## Corporate Governance and Other Information



### SHARE AWARD SCHEME

The Company adopted the 2019 Share Award Scheme to recognise the contributions by selected participants and to motivate and give incentives thereto in order to retain them for the continual operation and development of the Group; to attract suitable personnel for further development of the Group; and to provide selected participants with a direct economic interest in attaining a long-term relationship between the Group and the selected participants.

The 2019 Share Award Scheme was initially adopted by the Board on 16 July 2019 (the “**Adoption Date**”), with subsequent amendments thereafter. To provide more flexibility to the Company to operate an effective and efficient incentive plan with reference to market practices and for the purpose of the Trust’s Acquisition as further elaborated in the section headed “CONNECTED TRANSACTIONS – Connected transaction in relation to the Trust’s Acquisition and the Share Buy-back” of the Company’s 2022 annual report, the Board has resolved to amend the terms of the 2019 Share Award Scheme on 12 December 2021 to allow the purchase or subscription of the Shares purchased or subscribed by the trustee appointed in relation to the 2019 Share Award Scheme and reserved for award(s) as may be granted in future to selected participants. On the same date, the Company entered into a trust deed with Tricor Trust (Hong Kong) Limited and appointed Tricor Trust (Hong Kong) Limited as trustee (the “**Trustee**”) to assist with the administration of the 2019 Share Award Scheme pursuant to the 2019 Share Award Scheme. Save for the aforementioned and other incidental changes, no other substantive changes have been made to the 2019 Share Award Scheme and all other terms of the 2019 Share Award Scheme remain effective.

The 2019 Share Award Scheme allows Shares to be awarded to any director and employee of any member of the Group (including nominee and/or trustee of any employee benefit trust established for them) and any advisor, consultant, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner, service provider of any member of the Group who the Board considers, in its sole discretion, has contributed or will contribute to the Group. The Board has the power, at its absolute discretion and based on such factors and circumstances as it considers relevant and appropriate, to determine the terms and conditions in respect of each award, including but not limited to the vesting date and other vesting conditions, which shall be set out in the award letter to be issued by the Company to the relevant selected participant. Such Shares will be issued or acquired by the trustee through on-market transaction at the cost of the Company.

Under the 2019 Share Award Scheme, (i) as at 1 January 2024 there were 40,357,688 existing Shares and a maximum of 487,784,082 new Shares available for grant under the general mandate granted by the shareholders at the AGM held on 20 June 2023, which represented approximately 1.67% and 20.18% of the total issued Shares as at the date of this report; and (ii) as at 30 June 2024 there were 40,357,688 existing Shares available for grant under the general mandate granted by the shareholders at the AGM held on 25 June 2024, which represented approximately 1.67% of the total issued Shares as at the date of this report. The number of Shares that may be issued in respect of awards granted under the 2019 Share Award Scheme during the Reporting Period divided by the weighted average number of the Shares in issue for the Reporting Period was 0.



## Corporate Governance and Other Information

Subject to any early termination as may be determined by the Board pursuant to the terms of the 2019 Share Award Scheme, or unless the Board by resolutions, resolve otherwise, the 2019 Share Award Scheme shall be valid and effective for a term of ten years commencing on the Adoption Date, and has a remaining term of approximately 4.5 years as at the date of this report.

Further details of the 2019 Share Award Scheme are set out in Note 20 to the interim condensed consolidated financial information in this report.

As at 30 June 2024, details of the awarded shares granted under the 2019 Share Award Scheme of the Company were as follows:

NUMBER OF AWARDED SHARES									CLOSING PRICE IMMEDIATELY BEFORE THE DATE OF AWARD
SHARE AWARDS HOLDERS	DATE OF AWARD	NUMBER OF AWARDED SHARES	AS AT 1 JANUARY 2024	AWARDED DURING THE PERIOD	VESTED DURING THE PERIOD	LAPSED DURING THE PERIOD	AS AT 30 June 2024	VESTING PERIOD	(HKD PER SHARE)
Employee	16 July 2019 <sup>(1)</sup>	9,885,448	–	–	–	–	–	March 2020 to March 2023 <sup>(3)</sup>	13.88
	7 September 2020 <sup>(2)</sup>	10,000,000	–	–	–	–	–	NA <sup>(4)</sup>	8.98
Total		19,885,448	–	–	–	–	–		

#### Notes:

- (1) On 16 July 2019, the Board resolved to grant a maximum of 10,000,000 awarded Shares to 37 independent employees of the Group, pursuant to the terms of the 2019 Share Award Scheme, in order to recognize the contributions of the independent employees to the Group. For details, please refer to the announcement of the Company dated 17 July 2019 and Note 20 to the interim condensed consolidated financial information in this report.
- (2) On 7 September 2020, the Board resolved to conditionally grant 10,000,000 new awarded Shares to Dr. ZHU Zhenping of which 5,000,000 awarded Shares and 2,250,000 awarded Shares have so far been issued and allotted to Dr. ZHU Zhenping on 14 April 2021 and 8 March 2022, respectively. For details, please refer to the announcement of the Company dated 8 September 2020 and the circular of the Company dated 16 October 2020.
- (3) These awarded Shares are subject to vesting conditions involving financial targets and vesting periods.
- (4) These awarded Shares are not subject to any vesting condition or vesting period.
- (5) All of the above grants were made prior to the amendments to Chapter 17 of the HKEx Listing Rules taking effect.

# Independent Review Report

**To the board of directors of 3SBio Inc.**

(Incorporated in the Cayman Islands as an exempted company with limited liability)

## INTRODUCTION

We have reviewed the interim financial information set out on pages 40 to 79, which comprises the condensed consolidated statement of financial position of 3SBio Inc. (the “**Company**”) and its subsidiaries (the “**Group**”) as at 30 June 2024 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* (“**IAS 34**”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the International Auditing and Assurance Standards Board. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

### **Ernst & Young**

*Certified Public Accountants*

Hong Kong

22 August 2024

# 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
<b>REVENUE</b>	4	<b>4,389,445</b>	3,783,833
Cost of sales		(592,052)	(582,279)
Gross profit		<b>3,797,393</b>	3,201,554
Other income and gains	5	<b>86,144</b>	(7,201)
Selling and distribution expenses		<b>(1,593,979)</b>	(1,374,752)
Administrative expenses		<b>(201,196)</b>	(214,422)
Research and development costs		<b>(476,230)</b>	(306,593)
Other expenses	6	<b>(40,687)</b>	(5,079)
Finance costs	7	<b>(104,351)</b>	(88,878)
Share of profits and losses of:			
A joint venture		<b>(814)</b>	1,244
Associates		<b>(44,412)</b>	(11,805)
<b>PROFIT BEFORE TAX</b>		<b>1,421,868</b>	1,194,068
Income tax expense	8	<b>(314,283)</b>	(207,601)
<b>PROFIT FOR THE PERIOD</b>		<b>1,107,585</b>	986,467
Attributable to:			
Owners of the parent		<b>1,089,942</b>	980,577
Non-controlling interests		<b>17,643</b>	5,890
		<b>1,107,585</b>	986,467
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
— Basic	10	<b>RMB0.45</b>	RMB0.40
— Diluted	10	<b>RMB0.45</b>	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
<b>PROFIT FOR THE PERIOD</b>	<b>1,107,585</b>	986,467
<b>OTHER COMPREHENSIVE INCOME</b>		
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)
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b>54,862</b>	(52,829)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>1,162,447</b>	933,638
Attributable to:		
Owners of the parent	1,144,804	927,748
Non-controlling interests	17,643	5,890
	<b>1,162,447</b>	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
<b>NON-CURRENT ASSETS</b>			
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	14	1,985,069	2,015,347
Deferred tax assets		270,046	274,604
Total non-current assets		14,747,284	14,432,345
<b>CURRENT ASSETS</b>			
Inventories	12	821,633	777,539
Trade and notes receivables	13	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	14	177,664	195,432
Non-pledged time deposits	14	153,958	78,324
Cash and bank equivalents	14	2,085,208	2,611,161
Total current assets		9,198,888	9,192,683

# Interim Condensed Consolidated Statement of Financial Position (continued)

30 June 2024

	Notes	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	15	205,494	212,062
Other payables and accruals	16	1,974,421	1,332,393
Deferred income		32,169	29,152
Interest-bearing bank and other borrowings	17	1,924,512	2,111,603
Lease liabilities		14,118	9,735
Bonds payable		1,200,690	—
Tax payable		—	32,665
Total current liabilities		5,351,404	3,727,610
<b>NET CURRENT ASSETS</b>			
		3,847,484	5,465,073
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		18,594,768	19,897,418
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	17	1,041,998	1,462,733
Lease liabilities		32,492	27,813
Bonds payable	18	—	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
<b>Net assets</b>			
		16,875,871	16,513,600
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	19	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

Dr. LOU Jing

Director

SU Dongmei

Director

# Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Attributable to owners of the parent										
	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	Contributed surplus RMB'000	Statutory		Fair value reserve RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
					surplus reserves	Retained earnings					
					RMB'000	RMB'000					
At 31 December 2023 (audited)	149	(235,641)	3,517,283	289,169	1,360,242	9,174,676	(151,570)	79,463	14,033,771	2,479,829	16,513,600
Profit for the period	–	–	–	–	–	1,089,942	–	–	1,089,942	17,643	1,107,585
Other comprehensive income for the period:											
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	–	–	48,473	–	48,473	–	48,473
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	6,389	6,389	–	6,389
Total comprehensive income for the period	–	–	–	–	–	1,089,942	48,473	6,389	1,144,804	17,643	1,162,447
Transfer to statutory surplus reserves	–	–	–	–	302,720	(302,720)	–	–	–	–	–
Final 2023 dividend declared (Note 9)	–	–	(551,834)	–	–	–	–	–	(551,834)	–	(551,834)
Final 2023 dividend declared by Sunshine Guojian Pharmaceutical (Shanghai) Co., Ltd. ("Sunshine Guojian")	–	–	–	–	–	–	–	–	–	(5,895)	(5,895)
Shares repurchased	–	(242,447)	–	–	–	–	–	–	(242,447)	–	(242,447)
Shares cancelled (Note 19)	(2)	120,988	(120,986)	–	–	–	–	–	–	–	–
At 30 June 2024 (unaudited)	147	(357,100)	2,844,463	289,169	1,662,962	9,961,898	(103,097)	85,852	14,384,294	2,491,577	16,875,871

# Interim Condensed Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2024

	Attributable to owners of the parent											
	Equity component											Total equity
	Share capital	Treasury shares	Share premium	Contributed surplus	of convertible bonds	Statutory surplus reserves	Retained earnings	Fair value reserve	Exchange fluctuation reserve	Total	Non-controlling interests	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2022 (audited)	149	(235,641)	3,693,433	332,179	110,744	1,142,169	7,890,011	(35,502)	65,132	12,962,674	2,437,776	15,400,450
Business combination under common control	–	–	–	10,042	–	–	(46,911)	–	–	(36,869)	–	(36,869)
At 1 January 2023 (restated)	149	(235,641)	3,693,433	342,221	110,744	1,142,169	7,843,100	(35,502)	65,132	12,925,805	2,437,776	15,363,581
Profit for the period	–	–	–	–	–	–	980,577	–	–	980,577	5,890	986,467
Other comprehensive income for the period:												
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	–	–	–	(71,056)	–	(71,056)	–	(71,056)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	18,227	18,227	–	18,227
Total comprehensive income for the period	–	–	–	–	–	–	980,577	(71,056)	18,227	927,748	5,890	933,638
Transfer to statutory surplus reserves	–	–	–	–	–	108,667	(108,667)	–	–	–	–	–
Final 2022 dividend declared (Note 9)	–	–	(224,883)	–	–	–	–	–	–	(224,883)	–	(224,883)
Repurchase of convertible bonds	–	–	–	–	(110,684)	–	–	–	–	(110,684)	–	(110,684)
Equity-settled share incentive scheme (Note 20)	–	–	–	2,434	–	–	–	–	–	2,434	–	2,434
Shares issued upon exercise of share options (Note 19)	–	–	570	(233)	–	–	–	–	–	337	–	337
At 30 June 2023 (unaudited)	149	(235,641)	3,469,120	344,422	60	1,250,836	8,715,010	(106,558)	83,359	13,520,757	2,443,666	15,964,423

# Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Notes	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		1,421,868	1,194,068
Adjustments for:			
Finance costs	7	104,351	65,534
Interest on convertible bonds	7	—	23,344
Fair value loss on financial assets at fair value through profit or loss	5	55,567	232,187
Gain on repurchase of convertible bonds	5	—	(47,067)
Share of profits and losses of a joint venture and associates		45,226	10,561
Interest income	5	(81,224)	(131,947)
Foreign exchange differences	5	(12,092)	(14,666)
Charge of share-based compensation costs	6	—	2,434
Depreciation of property, plant and equipment	6	122,759	108,956
Amortisation of other intangible assets	6	53,361	52,473
Depreciation of right-of-use assets	6	11,269	10,270
Amortisation of long-term deferred expenses	6	9,069	7,805
Recognition of deferred income		(21,328)	(12,049)
Provision/(reversal of provision) for impairment of trade receivables	6	799	(9,441)
Provision for impairment of other receivables	6	4,494	1,440
Provision for impairment of inventories		58	3,725
Loss on disposal of items of property, plant and equipment	6	12,533	1,366
		<b>1,726,710</b>	1,498,993
Increase in inventories		(44,151)	(31,007)
Decrease in pledged deposits		18,704	18,943
Increase in trade and notes receivables		(151,187)	(16,568)
(Increase)/decrease in prepayments and other receivables		(42,896)	9,688
(Decrease)/increase in trade and bills payables		(6,568)	24,352
Decrease in other payables and accruals		(67,477)	(98,942)
Cash generated from operations		<b>1,433,135</b>	1,405,459
Income tax paid		(340,424)	(220,974)
Net cash flows from operating activities		<b>1,092,711</b>	1,184,485

# Interim Condensed Consolidated Statement of Cash Flows (continued)

For the six months ended 30 June 2024

	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	24,765	128,348
Purchase of items of property, plant and equipment	(241,061)	(323,337)
Purchase of financial assets at fair value through profit or loss	(1,270,622)	(3,626,741)
Purchase of non-pledged time deposits	(450,248)	(355,464)
Proceeds from disposal of financial assets at fair value through profit or loss	980,225	3,653,857
Purchase of equity investments designated at fair value through other comprehensive income	(19,748)	(53,155)
Proceeds from disposal of non-pledged time deposits	463,961	—
Proceeds from disposal of equity investments designated at fair value through other comprehensive income	2,909	1,667
Additions to other intangible assets	(115,050)	(42,728)
Repayment of loans from a third party	2,971	3,164
Government grants received	—	13,361
Advance payment for investments	—	(800,000)
Proceeds from disposal of property, plant and equipment	3,010	1,232
Net cash flows used in investing activities	(618,888)	(1,399,796)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	—	337
Increase in pledged deposits	(936)	(4,420)
Repayments of bank borrowings	(2,071,609)	(303,939)
Proceeds from bank borrowings	1,482,850	1,640,888
Proceeds from issuances of bonds	—	1,200,000
Repurchase of treasury shares	(242,447)	—
Repurchase of convertible bonds	—	(2,373,077)
Principal portion of lease payments	(9,592)	(9,131)
Dividend paid	(5,895)	—
Interest paid	(125,188)	(58,321)
Net cash flows (used in)/from financing activities	(972,817)	92,337
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents at beginning of period	2,611,161	2,151,746
Effect of foreign exchange rate changes, net	(26,959)	42,749
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>2,085,208</b>	<b>2,071,521</b>



# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 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 "Stock Exchange") 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 ("Chinese Mainland") 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	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the "2020 Amendments")
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i> (the "2022 Amendments")
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

## 2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

### 2.2 Changes in Accounting Policies and Disclosures (continued)

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.

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 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 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Chinese Mainland	4,306,754	3,684,591
Others	82,691	99,242
<b>Total revenue</b>	<b>4,389,445</b>	<b>3,783,833</b>

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

#### (b) Non-current assets

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
	Chinese Mainland	9,996,347
Others	1,909,121	2,249,492
<b>Total non-current assets</b>	<b>11,905,468</b>	<b>11,620,670</b>

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.

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 4. REVENUE

An analysis of revenue is as follows:

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

### Disaggregated Revenue Information for Revenue from Contracts With Customers

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

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (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
<b>Total other income</b>	<b>129,619</b>	<b>163,253</b>
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)
<b>Total gains</b>	<b>(43,475)</b>	<b>(170,454)</b>
<b>Total other income and gains</b>	<b>86,144</b>	<b>(7,201)</b>

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 6. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (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
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
<b>Total</b>	<b>773,934</b>	<b>650,434</b>
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
<b>Total</b>	<b>40,687</b>	<b>5,079</b>



# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 7. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (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
<b>Total</b>	<b>104,351</b>	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 Co., Ltd. (“**Sciprogen**”), Zhejiang Sunshine Mandi Pharmaceutical Co., Ltd. (“**Sunshine Mandi**”), 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%.

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 8. INCOME TAX (continued)

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 Chinese Mainland. 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 RMB'000 (Unaudited)	2023 RMB'000 (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 RMB'000 (Unaudited)	2023 RMB'000 (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 HKD25 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.

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 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 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Earnings</b>		
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

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (continued)

	Number of shares For the six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
<b>Shares</b>		
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
<b>Total</b>	<b>2,432,540,687</b>	<b>2,443,513,452</b>

## 11. PROPERTY, PLANT AND EQUIPMENT

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (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	<b>4,915,830</b>	<b>4,692,152</b>

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 11. PROPERTY, PLANT AND EQUIPMENT (continued)

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 17).

## 12. INVENTORIES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Raw materials	289,944	264,479
Work in progress	334,565	305,646
Finished goods	138,887	149,642
Consumables and packaging materials	61,527	61,006
<b>Total</b>	<b>824,923</b>	780,773
Impairment	(3,290)	(3,234)
Net carrying amount	<b>821,633</b>	777,539

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 13. TRADE AND NOTES RECEIVABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade receivables	1,245,106	1,060,439
Notes receivable	51,966	85,445
<b>Total</b>	<b>1,297,072</b>	<b>1,145,884</b>
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.

Note:

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 RMB'000 (Unaudited)	31 December 2023 RMB'000 (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
<b>Total</b>	<b>1,245,106</b>	<b>1,060,439</b>



# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 14. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (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
<b>Subtotal</b>	<b>4,401,899</b>	4,900,264
Less:		
Pledged deposits	(177,664)	(195,432)
Non-pledged time deposits	(2,139,027)	(2,093,671)
<b>Cash and cash equivalents</b>	<b>2,085,208</b>	2,611,161

The RMB is not freely convertible into other currencies. However, under Chinese Mainland'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 Chinese Mainland 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 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Denominated in:		
– RMB	3,341,875	4,049,851
– Hong Kong Dollar (“HKD”)	331,986	81,060
– United States Dollar (“USD”)	708,863	727,181
– Euro (“EUR”)	19,129	42,171
– Australian Dollar	45	—
– Great Britain Pound	1	1
<b>Total</b>	<b>4,401,899</b>	4,900,264

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 14. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS (continued)

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.

## 15. 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 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 3 months	175,846	182,022
3 to 6 months	21,264	25,875
Over 6 months	8,384	4,165
<b>Total</b>	<b>205,494</b>	<b>212,062</b>

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

## 16. OTHER PAYABLES AND ACCRUALS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Accrued selling and marketing expenses	785,984	750,790
Accrued salaries, bonuses and welfare expenses	129,828	188,902
Contract liabilities	33,857	23,241
Taxes payable (other than income tax)	68,351	54,306
Payable to vendors of property, plant and equipment and other intangible assets	221,700	183,735
Dividends payable	551,834	—
Others	182,867	131,419
<b>Total</b>	<b>1,974,421</b>	<b>1,332,393</b>

Note:

(a) Other payables are non-interest-bearing.

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 17. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
<b>Current</b>		
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 18)	1,200,690	—
Total — current	3,125,202	2,111,603
<b>Non-current</b>		
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 18)	—	1,225,959
Total — non-current	1,041,998	2,688,692
Total	4,167,200	4,800,295

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 17.INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

	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
<b>Total</b>	<b>2,966,510</b>	<b>3,574,336</b>

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (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
<b>Total</b>	<b>2,966,510</b>	<b>3,574,336</b>

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.

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 18. BONDS PAYABLE

On 26 June 2023, the Company issued unsecured non-listed 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 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Bonds payable	1,200,690	1,225,959
Amount repayable:		
Within one year	1,200,690	—
In the second year	—	1,225,959

## 19. 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

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 19. SHARE CAPITAL (continued)

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.



# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 20. SHARE INCENTIVE SCHEME

### Share Option Scheme Adopted by the Company

On 26 September 2016, a total of 20,000,000 share options, each of which entitles the holders to subscribe for one ordinary share of the Company at an exercise price of HKD9.10, under the post-IPO share option scheme of the Company adopted on 23 May 2015 and amended on 28 June 2016 (the “**Share Option Scheme**”), were granted to TMF (Cayman) Ltd. (“**TMF**”), as the trustee of The Empire Trust (the “**Grantee**”), a trust established by the Company for the beneficiaries who are executive directors and employees of the Group and its holding companies, and any other persons as nominated from time to time by the advisory committee of the Grantee that is established with the authority of the board of the directors of the Company. The share options will vest and become exercisable upon meeting certain vesting conditions. If the vesting conditions are not met, the share options will lapse.

On 2 February 2017, the Company and the Grantee had agreed that the grant of 20,000,000 share options which was approved by the board of the Company on 22 September 2016 was cancelled at no consideration. By the date of cancellation, no beneficiary had been nominated by the advisory committee of the Grantee and no options had been designated to any beneficiary, and thus the Group did not recognise any share-based payment expenses in relation to the cancelled 20,000,000 share options. On the same date, a total of 20,000,000 share options, each of which entitles the holders to subscribe for one ordinary share of the Company at an exercise price of HKD7.62 (which is the highest of the closing price of HKD7.30 per share and the average closing price of HKD7.62 per share), were granted to TMF, as the trustee of the Grantee under the Share Option Scheme for the benefits of the designated beneficiaries. The share options will vest and become exercisable upon meeting certain vesting conditions. If the vesting conditions are not met, the share options will lapse.

The fair value of the share options at the grant date is estimated using a binomial option pricing model, taking into account the terms and conditions upon which the share options were granted. The contractual life of each option granted is ten years. There is no cash settlement of the share options.

At the end of the reporting period, the Company had 16,486,000 share options outstanding under the Share Option Scheme, which represented approximately 0.68% of the Company’s shares in issue as at that date.

As the vesting period has passed, the share options have been fully amortised for the six months ended 30 June 2024. No share-based payment expenses have been recorded in the interim condensed consolidated statement of profit or loss for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

## 20. SHARE INCENTIVE SCHEME (continued)

### Share Award Scheme Adopted by the Company

As part of the Group's initiatives to recognise the contributions of the selected participants, attract suitable personnel and provide the selected participants with a direct economic interest in attaining a long-term relationship between the Group and the selected participants, on 16 July 2019, the board of the directors of the Company approved the adoption of the share award scheme and the award of a maximum of 10,000,000 shares to 37 independent employees of the Group. Such award is subject to vesting conditions and the awarded shares will lapse if the vesting conditions are not met. Since 23 March 2020, a total of 9,885,448 shares have been awarded to and vested with 32 employees of the Group at nil consideration.

The fair value of the awarded shares at the grant date is estimated using a binomial option pricing model, taking into account the terms and conditions upon which the awarded shares were granted. There is no cash settlement of the awarded shares. The fair value of the awarded shares granted on 23 March 2020 was estimated on the date of grant using the following assumptions:

Dividend yield (%)	—
Expected volatility (%)	44.83
Risk-free interest rate (%)	0.86
Discounts for the lack of marketability (%)	17.00
Expected contractual life of share award (years)	10.00
Underlying share price (RMB)	5.12

The 9,885,448 awarded shares were exercised in the previous year. No share-based payment expenses have been recorded in the interim condensed consolidated statement of profit or loss for the six months ended 30 June 2024 (for the six months ended 30 June 2023: RMB1,626,000).

On 7 September 2020, the board of the directors of the Company approved the grant of 10,000,000 shares through the share award scheme at nil consideration to Dr. Zhu. The fair value of the 10,000,000 awarded shares granted to Dr. Zhu was approximately HKD84,400,000 on the grant date. No awarded shares were exercised during the period. At the end of the reporting period, the Company had 2,750,000 awarded shares outstanding under the share award scheme, which represented approximately 0.11% of the Company's shares in issue as at that date.

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 20. SHARE INCENTIVE SCHEME (continued)

### Restricted Shares Incentive Plan Adopted by Sunshine Guojian

As part of the Group's initiatives to recognise the contributions of the selected participants, attract suitable personnel and provide the selected participants with a direct economic interest in attaining a long-term relationship between the Group and the selected participants, the board of directors of Sunshine Guojian approved the adoption of the restricted share incentive plan of 2,670,600 shares with an exercise price of RMB4.00 per share, of which 2,243,500 restricted shares were granted to 139 employees and 427,100 restricted shares were granted to 33 employees of Sunshine Guojian on 8 April 2021 and 16 February 2022, respectively. Vesting conditions upon which the restricted shares will vest and become exercisable by batch include revenue growth rate and the progress of research and development programs from 2021 to 2023. If the vesting conditions are not met, the restricted shares will lapse.

The fair value of the restricted shares at the grant date is estimated using a binomial option pricing model, taking into account the terms and conditions upon which the restricted shares were granted. There is no cash settlement of the restricted shares.

At the end of the reporting period, Sunshine Guojian had no restricted shares outstanding under the restricted shares incentive plan. No share-based payment expenses have been recorded in the interim condensed consolidated statement of profit or loss for the six months ended 30 June 2024 (for the six months ended 30 June 2023: RMB808,000).

## 21. CONTINGENT LIABILITIES

### Arbitration of Sunshine Guojian

In July 2021, Aohai Biotechnology (Shanghai) Co., Ltd. ("Aohai") filed an arbitration application with Shanghai International Economic and Trade Arbitration Commission for a dispute with regard to its collaboration with Sunshine Guojian and the application has been accepted. Aohai requested to terminate its cooperation agreement with Sunshine Guojian signed in December 2015 with a compensation of RMB131.4 million. In August 2021, Sunshine Guojian received the dispute notice with a compensation of RMB131.1 million. In December 2022, Aohai altered the dispute application with a compensation of RMB401.02 million. At the date of approval of the interim condensed consolidated financial information, the arbitration is still in progress.

The directors of the Company have made an overall analysis and considered the possibility of the compensation is remote. There is no significant impact to the interim condensed consolidated financial information as at 30 June 2024.

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 22. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Contracted, but not provided for:		
Plant and machinery	511,110	526,884
Capital contribution payable to funds	466,667	466,667
Total	977,777	993,551

## 23. RELATED PARTY TRANSACTIONS

Details of the Group's principal related parties are as follows:

Company	Relationship
Shenyang Sunshine Logistics Co., Ltd. ("Shenyang Sunshine Logistics")	Joint venture
Dalian Huansheng Medical Investment Co., Ltd. ("Dalian Huansheng")	Under control of certain middle management personnel of the Company
Zhejiang Sunshine Pharmaceutical Co., Ltd. ("Zhejiang Sunshine")	Under control of certain middle management personnel of the Company
Medical Recovery Limited ("Medical Recovery")	Under control of directors of the Company
Shanghai Sunshine Guojian Biotechnology Research Institute ("Guojian Biotechnology")	A private non-enterprise unit set up by Sunshine Guojian

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 23. RELATED PARTY TRANSACTIONS (continued)

(a) The Group had the following other transactions with related parties during the period:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Lease from Shenyang Sunshine Logistics	2,079	3,958
Services received from Dalian Huansheng	—	2,355
Lease to Guojian Biotechnology	28	28
Testing fee to Guojian Biotechnology	600	—

(b) The Group had the following loans and prepayments with related parties during the period:

	Notes	For the six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
A Loan to Dalian Huansheng	(i)	12,389	12,448
Loans to Zhejiang Sunshine	(ii)	86,100	95,024
A Loan to Medical Recovery	(iii)	262,658	258,290

## 23. RELATED PARTY TRANSACTIONS (continued)

- (b) The Group had the following loans and prepayments with related parties during the period: (continued)

Notes:

(i) It represents a loan to Dalian Huansheng with the principal amount of RMB10,000,000 and the interest rate is 4.35% per annum. Pursuant to a supplemental agreement dated 27 May 2024, the maturity date was extended to 26 May 2025 and the interest rate was changed to 3.29%. The accrued interest for the six months ended 30 June 2024 was RMB155,000 (for the six months ended 30 June 2023: RMB157,000).

(ii) On 8 August 2019, Shenyang Sunshine provided an entrusted loan with the principal amount of RMB30,000,000 to Zhejiang Sunshine at an annual interest rate of 3.48% per annum. Pursuant to supplemental agreements dated 7 August 2023, the interest rate was changed to 2.50% and the maturity date was extended to 7 August 2024. In October 2023, Shenyang Sansheng exempted Zhejiang Sansheng from interest amounting to RMB4,391,000 and the amount of loan with no interest is RMB30,000,000. There were no accrued interest for the six months ended 30 June 2024 (for the six months ended 30 June 2023: RMB548,000).

On 30 November 2020, Shenyang Sunshine provided an entrusted loan with the principal amount of RMB55,000,000 to Zhejiang Sunshine at an annual interest rate of 3.15% per annum. Pursuant to supplemental agreements dated 16 December 2023, the maturity date was extended to 16 December 2024 and the nature of the loan was changed to an interest-free loan. In October 2023, Shenyang Sansheng exempted Zhejiang Sansheng from interest amounting to RMB5,203,000 and the amount of interest-free loan is RMB55,000,000. There were no accrued interest for the six months ended 30 June 2024 (for the six months ended 30 June 2023: RMB894,000).

On 8 August 2018, Shanghai Xingsheng Pharmaceutical Company Limited provided a loan of RMB1,100,000 to Zhejiang Sunshine with no maturity date and interest.

(iii) It represents a loan to Medical Recovery with the principal amount of USD30,000,000 and the maturity date on 17 July 2023, which was secured by mortgages over all assets of Medical Recovery. Pursuant to a supplemental agreement dated 17 July 2023, the maturity date was extended to 17 July 2026 and the interest rate was changed to 4.00% per annum. The accrued interest for the six months ended 30 June 2024 was RMB3,085,000 (for six month ended 30 June 2023: RMB6,486,000). Medical Recovery is a company set up for purposes of The Sun Shine Trust. The Sun Shine Trust is a gratuitous incentive scheme set up by certain directors of the Group and it was established prior to the listing of the Company and Medical Recovery is considered as a related party of the Group.

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 23. RELATED PARTY TRANSACTIONS (continued)

- (c) Outstanding balances with related parties:

The Group had the following significant balances with its related parties at the end of the reporting period:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Due from related parties		
Medical Recovery	195,594	191,186
Directors and senior management	28	28
<b>Total</b>	<b>195,622</b>	<b>191,214</b>

- (d) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Salaries, allowances and benefits in kind	5,987	6,497
Pension scheme contributions	388	611
<b>Total</b>	<b>6,375</b>	<b>7,108</b>



# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
<b>Financial assets</b>				
Equity investments designated at fair value through other comprehensive income	586,701	521,724	586,701	521,724
Financial assets at fair value through profit or loss	3,542,626	3,302,596	3,542,626	3,302,596
Non-pledged time deposits	1,985,069	2,015,347	1,958,506	2,016,558
<b>Total</b>	<b>6,114,396</b>	<b>5,839,667</b>	<b>6,087,833</b>	<b>5,840,878</b>
<b>Financial liabilities</b>				
Interest-bearing bank and other borrowings: non-current	1,041,998	1,462,733	1,065,015	1,424,483
Bonds payable	1,200,690	1,225,959	1,200,690	1,225,959
<b>Total</b>	<b>2,242,688</b>	<b>2,688,692</b>	<b>2,265,705</b>	<b>2,650,442</b>

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The following methods and assumptions were used to estimate the fair values of those financial assets and liabilities measured at fair value:

The fair values of the non-current portion of interest-bearing bank and other borrowings, lease liabilities and bonds payable have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 30 June 2024 was assessed to be insignificant.

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted equity investments designated at fair value through other comprehensive income have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as enterprise value to earnings before interest, taxes, depreciation and amortisation ("**EV/EBITDA**") multiple and price to earnings ("**P/E**") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the interim condensed consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The Group invests in unlisted investments, which represent wealth management products issued by banks and other financial institutions in Chinese Mainland. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

For the fair value of the unlisted equity investments at fair value through other comprehensive income, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

Set out below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 30 June 2024 and 31 December 2023:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Market approach	Discount for lack of marketability	30 June 2024: (10%) to 10%  (31 December 2023: (10%) to 10%)	10% (31 December 2023: 10%) increase/decrease in discount would result in decrease/increase in fair value of RMB46,000/ RMB46,000, respectively (31 December 2023: RMB46,000/ RMB46,000, respectively).

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

## Notes to Interim Condensed Consolidated Financial Information

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### 24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

#### Fair Value Hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

*Assets measured at fair value:*

**As at 30 June 2024**

	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
Equity investments designated at fair value through other comprehensive income:				
Listed equity investments	99,800	—	—	99,800
Unlisted equity investments	—	—	486,901	486,901
Financial assets at fair value through profit or loss:				
Treasury or cash management products	—	3,542,626	—	3,542,626
<b>Total</b>	<b>99,800</b>	<b>3,542,626</b>	<b>486,901</b>	<b>4,129,327</b>

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

### Fair Value Hierarchy (continued)

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments: (continued)

Assets measured at fair value: (continued)

As at 31 December 2023

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	
Equity investments designated at fair value through other comprehensive income:				
Listed equity investments	104,133	—	—	104,133
Unlisted equity investments	—	—	417,591	417,591
Financial assets at fair value through profit or loss:				
Treasury or cash management products	—	3,302,596	—	3,302,596
<b>Total</b>	<b>104,133</b>	<b>3,302,596</b>	<b>417,591</b>	<b>3,824,320</b>

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

### Fair Value Hierarchy (continued)

The movements in fair value measurements within Level 3 during the period are as follows:

	2024 RMB'000 (Unaudited)	2023 RMB'000 (Audited)
Equity investments at fair value through other comprehensive income:		
At 1 January	417,591	419,815
Purchases	18,259	72,709
Disposal	(2,909)	(14,488)
Total gains recognised in other comprehensive income	53,960	(60,445)
At 30 June	486,901	417,591

The Group did not have any financial liabilities measured at fair value as at 30 June 2024 and 31 December 2023.

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2023: Nil).

## 25. EVENT AFTER THE REPORTING PERIOD

As part of the Group's initiatives to recognise the contributions of the selected participants, attract suitable personnel and provide the selected participants with a direct economic interest in attaining a long-term relationship between the Group and the selected participants, the board of directors of Sunshine Guojian approved the adoption of a restricted share incentive plan and which 5,174,500 shares with an exercise price of RMB11.95 per share were granted to 92 employees of Sunshine Guojian on 30 July 2024. Vesting conditions upon which the restricted shares will vest and become exercisable by batch include revenue amounts and the progress of research and development programs from 2024 to 2026.

## 26. APPROVAL OF ISSUANCE OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The unaudited interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 22 August 2024.