先声药业
Simcere

先聲藥業集團有限公司
Simcere Pharmaceutical Group Limited

(Incorporated in Hong Kong with limited liability)
Stock Code: 2096

INTERIM REPORT 2024

Providing Today's Patients with
MEDICINES
of the **Future**

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. REN Jinsheng *(Chairman and Chief Executive Officer)*
Mr. TANG Renhong
Mr. WAN Yushan
Ms. WANG Xi

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. SONG Ruilin
Mr. WANG Jianguo
Mr. WANG Xinhua
Mr. SUNG Ka Woon

AUDIT COMMITTEE

Mr. WANG Xinhua *(Chairman)*
Mr. SONG Ruilin
Mr. WANG Jianguo

REMUNERATION AND APPRAISAL COMMITTEE

Mr. WANG Jianguo *(Chairman)*
Mr. REN Jinsheng
Mr. WAN Yushan
Mr. WANG Xinhua
Mr. SUNG Ka Woon

NOMINATION COMMITTEE

Mr. SONG Ruilin *(Chairman)*
Mr. REN Jinsheng
Ms. WANG Xi
Mr. WANG Jianguo
Mr. SUNG Ka Woon

STRATEGY COMMITTEE

Mr. REN Jinsheng *(Chairman)*
Mr. TANG Renhong
Mr. WANG Jianguo

JOINT COMPANY SECRETARIES

Mr. WAN Yushan
Ms. WONG Wai Ling *(Member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute)* [1]

AUTHORIZED REPRESENTATIVES

Mr. WAN Yushan
Mr. TANG Renhong

Note:

(1) Ms. WONG Wai Ling has been appointed as a joint company secretary of the Company with effect from June 14, 2024.

PRINCIPAL BANKS

Bank of China Limited
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Building 2, 33 Mengze Road
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Jiangsu PRC

China Merchants Bank Co., Ltd.
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No. 53, Jiefang Street
Qinhuai District, Nanjing
Jiangsu PRC

AUDITOR

KPMG
Certified Public Accountants
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
8/F Prince's Building
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LEGAL ADVISER

Tian Yuan Law Firm LLP
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COMPANY'S WEBSITE

http://www.simcere.com

HONG KONG SHARE REGISTRAR

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Shops 1712-1716
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Wan Chai
Hong Kong

REGISTERED OFFICE

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HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Xuanwu District, Nanjing
Jiangsu
PRC

PLACE OF LISTING AND STOCK CODE

The Stock Exchange of Hong Kong Limited
2096

FINANCIAL HIGHLIGHTS

For the six months ended June 30, 2024 (the "**Reporting Period**" or the "**Period**"), the Group recorded the following unaudited financial results:

- Revenue was approximately RMB3,114 million, representing a decrease of approximately 7.9% as compared to approximately RMB3,382 million[1] for the same period of 2023.
- Revenue from the innovative pharmaceutical business was approximately RMB2,203 million, accounting for approximately 70.7% of the total revenue and representing a decrease of approximately 8.7% as compared to approximately RMB2,413 million for the same period of 2023.
- Profit attributable to equity shareholders of the Company was approximately RMB457 million, representing a decrease of approximately RMB1,817 million or approximately 79.9% as compared to approximately RMB2,274 million for the same period of 2023. Adjusted profit attributable to equity shareholders of the Company[2] was approximately RMB538 million, representing an increase of approximately RMB144 million or approximately 36.5% as compared to approximately RMB394 million for the same period of 2023.

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1 See "COMPARATIVE FINANCIAL INFORMATION" section in this report.

2 See "NON-HKFRS MEASURE – ADJUSTED PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY"section in this report.

Simcere Pharmaceutical Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") is an innovation and R&D-driven pharmaceutical company with capabilities in R&D, production and professional marketing. The Group primarily focuses on the therapeutic areas of oncology, nervous system, autoimmune and anti-infection, with proactive forward-looking layout of disease areas that have significant clinical needs in the future, aiming to achieve the corporate mission of "providing today's patients with medicines of the future".

The Group has seven innovative drugs approved for marketing and sale in the focus areas. As of June 30, 2024, the Group had 14 products recommended in guidelines and pathways issued by over 100 government authorities or prestigious professional associations, and had over 40 products included in the National Reimbursement Drug List (the "**NRDL**").

The Group pays high attention to the establishment of innovative pharmaceutical R&D capability, and has established R&D innovation centers in Shanghai, Nanjing, Beijing, Boston and Hong Kong, as well as a State Key Laboratory of Neurology and Oncology Drug Development. The Group's R&D system has achieved functions covering the whole process from drug discovery, pre-clinical development, clinical trial to registration, and owns leading platforms of protein engineering, PAb/TCE, ADC, AI-aided drug discovery and protein degradation. As of June 30, 2024, the Group had a R&D team of approximately 880 personnel in total with approximately 160 doctors and 460 masters.

The Group has a nationwide marketing network and leading commercialization capability, and will continuously strengthen its professional marketing capability, so as to enhance the coverage and accessibility of medicines. As of June 30, 2024, the Group's sales department, which was divided into four business units (oncology, neuroscience, autoimmune & comprehensive and retail grassroots) and other support departments had a total of approximately 3,900 personnel across 32 provinces, municipalities and autonomous regions in China, with its products covering over 3,000 Class III hospitals, approximately 17,000 other hospitals and medical institutions as well as more than 200 large-scale national or regional chain pharmacies.

The Group has established manufacturing infrastructures and quality management systems in line with international standards and has continuously improved its manufacturing capabilities of pharmaceuticals. The Group has put into use six PRC GMP certified production facilities for the manufacturing of its pharmaceutical products, and has received the EU GMP certification or passed the U.S. Food and Drug Administration ("**FDA**") inspection for some of its production workshops.

Driven by its in-house R&D efforts and synergistic innovation, the Group has established strategic cooperation partnerships with many innovative companies, research institutes and clinical centers at home and abroad, exploring multiple collaborative modes in various aspects such as cooperative R&D and achievement transfer, and continuously developing products that patients urgently need and have significant market potential. The Group has established the Scientific Advisory Board (SAB) comprising over 10 world-renowned scientists in the areas of oncology, nervous system and autoimmune, etc., so as to bring their professional capabilities and industrial experiences to provide scientific advice for the Group's early drug discovery and clinical development and explore and create unprecedented treatments.

MAJOR PRODUCTS

Oncology Products	
恩度 ENDOSTAR	Endostar® (Recombinant Human Endostatin Injection)
恩维达	ENWEIDA® (Envafolimab Injection)
科赛拉	COSELA® (Trilaciclib Hydrochloride for Injection)
恩立妥 西妥昔单抗β注射液	ENLITUO® (Cetuximab Beta Injection)

Nervous System Products	
先必新	Sanbexin® (Edaravone and Dexborneol Concentrated Solution for Injection)

Autoimmune Products	
Iremod 艾得辛	Iremod® (Iguratimod Tablets)
英太青	ANTINE® (Diclofenac Sodium Sustained Release Capsules/Gel)

Other Products	
先诺欣 先诺特韦片/利托那韦片组合包装	XIANNUOXIN® (Simnotrelvir Tablets/Ritonavir Tablets (co-packaged))
再林	ZAILIN® (Amoxicillin/Amoxicillin and Clavulanate Potassium/Cefaclor/Cefprozil)
先声咳喘宁	Simcere® Kechuanning Oral Solution
新必奇	BIQI® (Montmorillonite/Dispersible Tablets)

INDUSTRY REVIEW

In the first half of 2024, the development of pharmaceutical industry has demonstrated a complex and everchanging landscape. In June 2024, the Key Tasks of 2024 for Deepening the Reform of Medical and Healthcare System (《深化醫藥衛生體制改革2024年重點工作任務》) published by the General Office of the State Council focused on the synergistic development and governance of health insurance, healthcare and medicine, which has put forward a number of key tasks, including promoting the centralized procurement of medicines and medical consumables in a quantity-led manner to improve quality and expand coverage. On July 5, 2024, the "Implementation Plan for Full-Chain Support of Innovative Drug Development"(《全鏈條支持創新藥發展實施方案》) was approved at the meeting of the executive meeting of the State Council, which has supported innovative pharmaceutical R&D in all aspects, including R&D, assessment and approval, admission, payment, investment and financing, strengthening market confidence. Under the dual impetus of continuous policy guidance and technological innovation, pharmaceutical enterprises continue to improve R&D efficiency and and R&D quality while increasing the number of R&D projects. Along with the structural transformation and upgrading of the pharmaceutical industry in China, the proportion of innovative drugs has gradually increased. Chinese pharmaceutical enterprises have significantly accelerated the pace of international cooperation, with a significant increase in the number of overseas licensing transactions. In the future, innovative pharmaceutical enterprises with innovative products of higher value and the ability to commercialize them in a compliant and efficient manner will continue to enjoy sustainable and high-quality development.

BUSINESS REVIEW

Innovative drug products have been commercialized continuously, which bring long-term healthy growth momentum for the Group. As of the date of this report, innovative drugs that entered the commercialization stage increased to seven (Endostar®, Iremod®, Sanbexin®, ENWEIDA®, COSELA®, XIANNUOXIN® and ENLITUO®), one innovative drug (ENLITUO®) was approved for marketing, and the New Drug Application ("NDA") of two innovative drugs (ENZESHU® and QUVIVIQ®) was accepted.

Based on the unmet clinical demands, the Group promotes the R&D pipelines of innovative drugs effectively. As of the date of this report, the Group has over 60 R&D pipelines of innovative drugs. The Group added eight investigational new drug applications ("IND(s)")[1], and completed six FPIs/FIHs[2] and two LPIs[3].

The Group has been improving its production capability and efficiency continuously, and provides solid security for global supply chains.

- Jiangsu Xiansheng Biology Medical Co., Ltd. (江蘇先盛生物醫藥有限公司) (a pharmaceutical ingredient base) only spent 12 months from initiation to completion, which is far exceeding the industry average. It is now capable of production, and the production transfer and process validation of key products are progressing at an accelerated pace.
- In April 2024, the production license (B certificate) of the new Rademikibart Injection (specification: 150mg (1ml)/bottle) of Simcere Pharmaceutical Co., Ltd. (先聲藥業有限公司) has been approved.

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1 Eight investigational new drug applications ("**IND**") were approved, namely XIANNUOXIN® (COVID-19 among 12-17 years old, January 9), SIM0501 (advanced malignant solid tumors, January 10), Deunoxavir Marboxil Tablets (influenza in children, February 21), SIM0500 (relapsed or refractory multiple myeloma, March 9, the United States; March 12, China), SIM0506 (solid tumor, April 24) and SIM0508 (advanced solid tumors, August 22, China; August 29, the United States).

2 Two studies completed First-in-Human ("**FIH**"), namely SIM0501 (advanced malignant solid tumors, March 19) and SIM0500 (relapsed or refractory multiple myeloma, May 24). Four studies completed First-Patient-in ("**FPI**"), namely SIM0237 (NMIBC, phase I, January 23), Sanbexin® sublingual tablets (post stroke cognitive impairment, phase II, April 8) and Rademikibart (atopic dermatitis in adults/adolescents, phase III, July 8; asthma in adults/adolescents, phase III, July 23).

3 A total of two studies completed Last-Patient-In ("**LPI**"), namely Sanbexin® (acute ischemic stroke, phase IIa, March 6) and QUVIVIQ® (insomnia, phase III, March 15).

KEY MILESTONES

During the six months ended June 30, 2024, the Group made a series of advances in respect of its product candidates and business operations, including the following key milestones and achievements:

March 15, 2024	The new drug application of ENZESHU® (Suvemcitug for Injection) has been accepted by the NMPA. The indication is Suvemcitug combined with chemotherapy for the treatment of recurrent platinum-resistant ovarian, fallopian tube or primary peritoneal cancer.
May 20, 2024	QUVIVIQ® (Daridorexant Hydrochloride Tablets), a hypnotic jointly developed by the Group and Idorsia Pharmaceuticals Ltd. ("**Idorsia**"), has obtained the certificate of drug/product registration issued by the Pharmacy and Poisons Board of Hong Kong, which allowed "QUVIVIQ TABLETS 50MG" and "QUVIVIQ TABLETS 25MG" to be sold, offered for sale, distributed and possessed in Hong Kong.
June 18, 2024	ENLITUO® (Cetuximab Beta Injection), which is collaborated by the Group and Mabpharm Limited, has been approved for marketing in China by the NMPA, the indication of which is to be used for the first-line therapy of RAS/BRAF wild-type metastatic colorectal cancer ("**mCRC**") in combination with FOLFIRI regimen.

From the end of the Reporting Period and up to the date of this report, the Group has also reached the following milestones:

July 8, 2024	XIANNUOXIN® (Simnotrelvir Tablets/Ritonavir Tablets (co-packaged)), an innovative drug of the Group, has been reviewed and approved by the NMPA for conversions from conditional approval to regular approval. The indication is to treat adult patients infected with mild to moderate novel coronavirus (COVID-19). XIANNUOXINR became the first oral anti-SARS-CoV-2 innovative drug which has obtained regular approval in China.
July 16, 2024	The new drug application of QUVIVIQ® (daridorexant hydrochloride tablets), a hypnotic jointly developed by the Group and Idorsia, has been approved by the NMPA, which is indicated for the treatment of adult patients with insomnia characterised by having difficulty in sleep onset and/or sleep maintenance.
September 2, 2024	The Group entered into a cooperation agreement with Shenzhen TargetRx, Inc. in relation to TGRX-326, a non-small cell lung cancer drug. The cooperation will further strengthen the Group's product portfolio in the field of lung cancer.

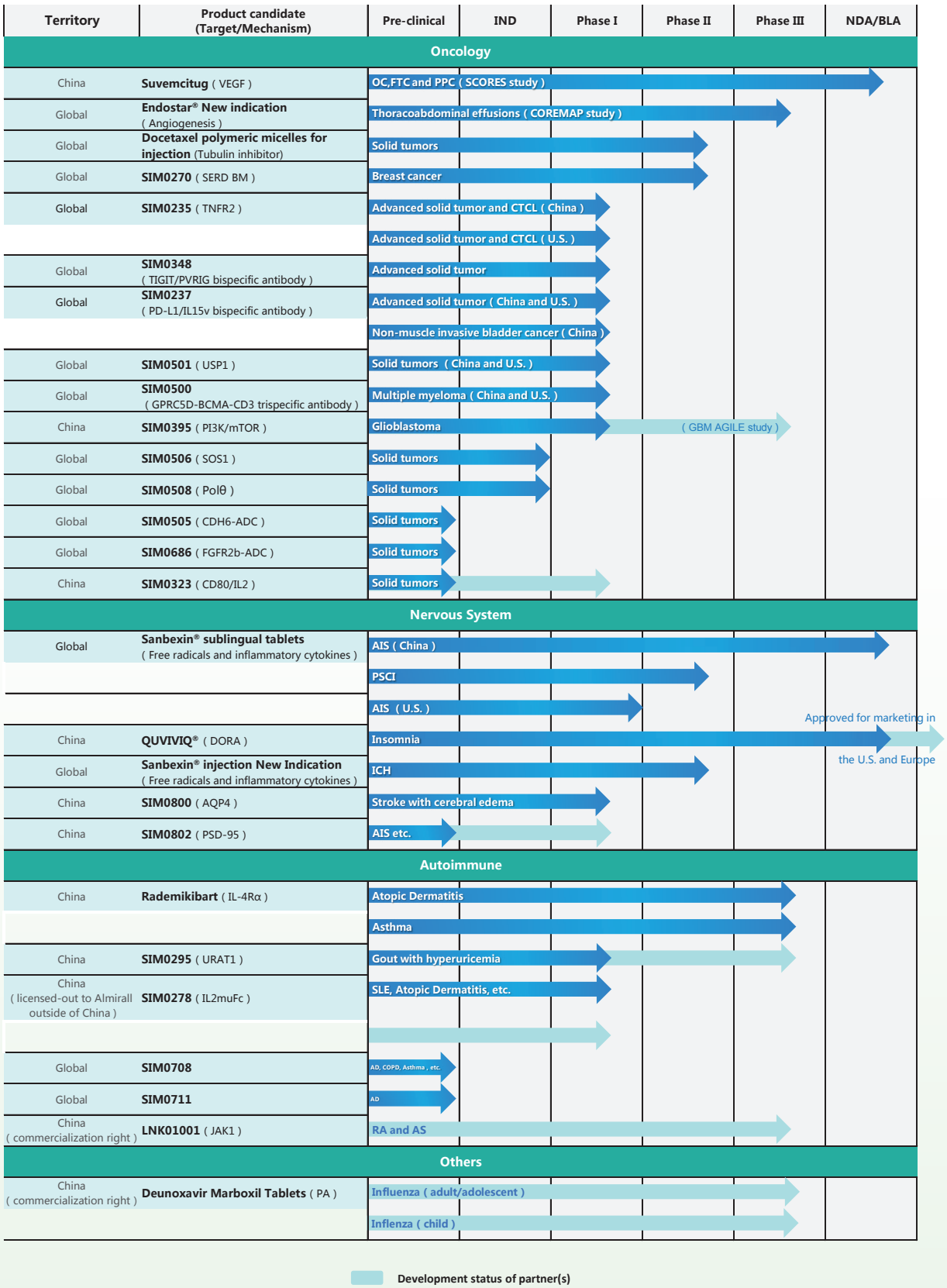
For details of each milestone above, please refer to the following of this report and, where appropriate, previous announcements of the Company published on the websites of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Company.

SUMMARY OF PRODUCT PIPELINES

As of the date of this report, the Group has over 60 R&D pipelines of innovative drugs and is currently initiating clinical studies for 16 innovative drugs, four drug candidates that are in NDA/pivotal trial stage[4], 12 drug candidates that are in phase I/II and approximately 40 pre-clinical drug candidates. The forms of innovative drugs under development contain monoclonal antibodies, bispecific antibodies, multi-specific antibodies, fusion proteins, antibody-drug conjugates ("**ADC**") and small molecule drugs, etc. The extensive pipeline reserves are expected to help more patients.

The table below summarizes the therapeutic targets, therapeutic areas, rights and development of principal R&D pipelines of the Group as of the date of this report.

[4] Excluding products with commercial rights, namely Deunoxavir Marboxil Tablets and LNK01001.

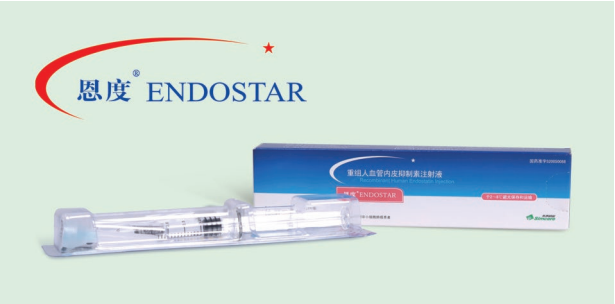

Territory
Product candidate (Target/Mechanism)
Pre-clinical
IND
Phase I
Phase II
Phase III
NDA/BLA
Oncology
China
Suvemcitug (VEGF)
OC,FTC and PPC (SCORES study)
Global
Endostar® New indication (Angiogenesis)
Thoracoabdominal effusions (COREMAP study)
Global
Docetaxel polymeric micelles for injection (Tubulin inhibitor)
Solid tumors
Global
SIM0270 (SERD BM)
Breast cancer
Global
SIM0235 (TNFR2)
Advanced solid tumor and CTCL (China)
Advanced solid tumor and CTCL (U.S.)
Global
SIM0348 (TIGIT/PVRIG bispecific antibody)
Advanced solid tumor
Global
SIM0237 (PD-L1/IL15v bispecific antibody)
Advanced solid tumor (China and U.S.)
Non-muscle invasive bladder cancer (China)
Global
SIM0501 (USP1)
Solid tumors (China and U.S.)
Global
SIM0500 (GPRC5D-BCMA-CD3 trispecific antibody)
Multiple myeloma (China and U.S.)
China
SIM0395 (PI3K/mTOR)
Glioblastoma
(GBM AGILE study)
Global
SIM0506 (SOS1)
Solid tumors
Global
SIM0508 (Polθ)
Solid tumors
Global
SIM0505 (CDH6-ADC)
Solid tumors
Global
SIM0686 (FGFR2b-ADC)
Solid tumors
China
SIM0323 (CD80/IL2)
Solid tumors
Nervous System
Global
Sanbexin® sublingual tablets (Free radicals and inflammatory cytokines)
AIS (China)
PSCI
AIS (U.S.)
Approved for marketing in
China
QUVIVIQ® (DORA)
Insomnia
the U.S. and Europe
Global
Sanbexin® injection New Indication (Free radicals and inflammatory cytokines)
ICH
China
SIM0800 (AQP4)
Stroke with cerebral edema
China
SIM0802 (PSD-95)
AIS etc.
Autoimmune
China
Rademikibart (IL-4Rα)
Atopic Dermatitis
Asthma
China
SIM0295 (URAT1)
Gout with hyperuricemia
China (licensed-out to Almirall outside of China)
SIM0278 (IL2muFc)
SLE, Atopic Dermatitis, etc.
Global
SIM0708
AD, COPD, Asthma , etc.
Global
SIM0711
AD
China (commercialization right)
LNK01001 (JAK1)
RA and AS
Others
China (commercialization right)
Deunoxavir Marboxil Tablets (PA)
Influenza (adult/adolescent)
Inflenza (child)
Development status of partner(s)

INNOVATIVE DRUGS AT THE COMMERCIALIZATION STAGE

As of the date of this report, the commercialized innovative drugs in the portfolio increased into seven successfully, spanning multiple therapeutic areas, including oncology, nervous system, autoimmune and anti-infection, which have significant market potentials and synergistic effects. For the six months ended June 30, 2024, revenue from innovative pharmaceutical business was approximately RMB2,203 million, accounting for 70.7% of the total revenue.

Oncology Products

Endostar® (Recombinant Human Endostatin Injection)



Endostar® is the first anti-angiogenic targeted drug in China and the only endostatin approved for sale worldwide. Endostar® has been included in the NRDL since 2017 and is recommended as a first-line treatment for patients with advanced non-small-cell lung cancer ("**NSCLC**") by a number of oncology clinical practice guidelines issued by the National Health Commission of the PRC ("**NHC**"), Chinese Medical Association (中華醫學會) and Chinese Society of Clinical Oncology ("**CSCO**"). Meanwhile, it is included in the recommendations by various guidelines in relation to nasopharyngeal carcinoma, melanoma, esophageal carcinoma and osteosarcoma. At present, the Group is actively exploring the new indications of this product in thoracoabdominal effusions.

- In January 2024, the Expert Consensus on Diagnosis and Treatment of Malignant Pleural Effusion Caused by Lung Cancer (《肺癌合併惡性胸腔積液診療專家共識》) was published by China Anti-cancer Association (中國抗癌協會). Endostar® was included in the Consensus for the first time and was recommended by experts to be used in the treatment of malignant pleural effusion caused by lung cancer.
- In May 2024, the annual meeting of the American Society of Clinical Oncology (ASCO) was held in Chicago. Four studies of Recombinant Human Endostatin were presented in this meeting, including one oral presentation, one poster showcase and two online publications. The study results covered nasopharyngeal carcinoma, melanoma and other areas.

ENWEIDA® (Envafolimab Injection)

ENWEIDA® is the world's first PD-(L)1 antibody to be administered by subcutaneous injection and approved for marketing. Its unique method of injection differentiates itself from other PD-(L)1 products currently on the market, with the differentiation advantages of short administration time and good safety. On March 30, 2020, the Group entered into a tripartite cooperation agreement in relation to Envafolimab with 3D (Beijing) Medicines Inc. (思路迪(北京)醫藥科技有限公司) and Jiangsu Alphamab Biopharmaceuticals Co., Ltd. (江蘇康寧傑瑞生物製藥有限公司). The above-mentioned agreement provides the Group with the exclusive right to promote Envafolimab for all oncology indications and the right of first refusal of external licensing or assignment in mainland China.

- In March 2024, at the European Lung Cancer Congress (ELCC) 2024, the results of a phase II clinical study of the first-line treatment of advanced non-small-cell lung cancer (NSCLC) with gene negative by ENWEIDA® in combination with Recombinant Human Endostatin and chemotherapy were presented. Such treatment protocol demonstrated good efficacy and manageable safety, which was worthy for further studies in wider population.
- In May 2024, at the annual meeting of the American Society of Clinical Oncology (ASCO), nine studies of ENWEIDA® were presented in this meeting, including four poster showcases and five online publications. The study results covered biliary tract cancer, liver cancer, rectal cancer, endometrial cancer, esophageal squamous cell carcinoma, adenocarcinoma of the stomach/gastroesophageal junction and other areas.

COSELA® (Trilaciclib Hydrochloride for Injection)

COSELA® is an effective, selective and reversible cyclin-dependent kinases 4 and 6 (CDK4/6) inhibitor. COSELA® is the world's first-in-class comprehensive myeloprotection innovative drug. In August 2020, the Group entered into the exclusive license agreement with G1 Therapeutics, Inc. ("**G1 Therapeutics**") to develop and commercialize COSELA® in Greater China. On February 13, 2021, COSELA® was approved for marketing by FDA. On July 12, 2022, the marketing of COSELA® in China has obtained the conditional approval by NMPA. On April 28, 2023, the Group has obtained full rights to the sales milestones of COSELA®. On December 20, 2023, the localization application of COSELA® has been approved by the NMPA and it can be produced by the production enterprises of the Group in Haikou, Hainan Province, which further improved its accessibility to patients with cancer in China. Currently, the product has been recommended by the related key guidelines of National Comprehensive Cancer Network Guidelines (NCCN), CSCO and other organizations.

- In January 2024, the supplementary application for new specifications of COSELA® 100mg was accepted, and it is expected to further facilitate the clinical medication selections of physicians and patients.
- In April 2024, the Guidelines of CSCO for the treatment of Small Cell Lung Cancer in 2024 (《CSCO 非小細胞肺癌診療指南(2024版)》) was officially released at the meeting. The guidelines updated the recommendation for first-line treatment of extensive-stage small cell lung cancer (ES-SCLC), among which, COSELA® was modified from Level II, Class 2A to Level I, Class 1A. In relation to the recommendation for second-line therapy of recurrent small cell lung cancer, COSELA® was modified from Class 2A to Class 1A.

ENLITUO® (Cetuximab Beta Injection)

ENLITUO® is a recombinant anti-epidermal growth factor receptor ("**EGFR**") chimeric monoclonal antibody for first-line treatment of RAS/ BRAF wild-type metastatic colorectal cancer ("**mCRC**") in combination with FOLFIRI. ENLITUO® is prepared using a specific expression process, effectively avoiding glycosylation modification that may lead to hypersensitivity. On June 18, 2024, ENLITUO® has been approved for marketing in China by the NMPA and is the first anti-EGFR monoclonal antibody innovative drug developed in China with independent intellectual property rights which has been approved by the NMPA for first-line treatment of mCRC. The successful launch of ENLITUO® will provide high quality and affordable biological targeted remedy for Chinese mCRC patients.

Nervous System Products

Sanbexin® (Edaravone and Dexborneol Concentrated Solution for Injection)

Sanbexin® is a category I innovative drug developed by the Group with proprietary intellectual property right used to treat acute ischemic stroke (AIS). Sanbexin® was approved for marketing in China in July 2020 and has been included in the NRDL since December 2020. Results of the phase III pivotal clinical TASTE study of Sanbexin®, which are published in STROKE, an international authoritative medicine journal, indicated that Sanbexin® can significantly increase the proportion of patients with an mRS score of 0-1 after 90 days of treatment, i.e. reduce the proportion of patients disabled by AIS. Sanbexin® was recommended by the Guidelines for Clinical Management of Cerebrovascular Diseases in China (《中國腦血管病臨床管理指南》) (only Class IIa, Level B), the Specialists' Consensus on the Clinical Assessment and Treatment of Acute Cerebral Infarction Ischemic Penumbra in China (《急性腦梗死缺血半暗帶臨床評估和治療中國專家共識》), the Guidelines on Establishment of Stroke Prevention and Treatment System (《腦卒中防治體系建設指導規範》) and other guidelines and consensuses, and multiple relevant studies were presented at the European Stroke Organization Conference (ESOC), the scientific meeting of the American Heart Association (AHA) Hypertension Council and the World Congress of Neurology (WCN).

- In May 2024, the hindsight of the TASTE and TASTE-SL study was officially released in the 10th European Stroke Organization Conference. The results demonstrated that regardless of Edaravone and Dexborneol for Injection or sublingual tablets, Edaravone and Dexborneol can significantly improve the neurological function outcome of atherosclerotic (LAA) stroke.

- In May 2024, a multi-center, prospective and real-world cohort study (EXPAND) initiated by the team led by Professor Hao Junwei from Xuanwu Hospital of the Capital Medical University (首都醫科大學宣武醫院) was published during the 10th European Stroke Organization Conference. The EXPAND study was the first large-sample and prospective clinical study which observed the efficacy and safety of Edaravone and Dexborneol in the treatment of AIS in a real medical environment. Such abstract reported initial analysis results, representing Edaravone and Dexborneol can improve the changes from baseline in NIHSS scores of AIS patients at discharge.
- For the six months ended June 30, 2024, Sanbexin® Injection, accounting for approximately 22% of the market share in stroke injection, covered approximately 630,000 patients and covers over 4,800 medical institutions currently.

Autoimmune Products

Iremod® (Iguratimod Tablets)

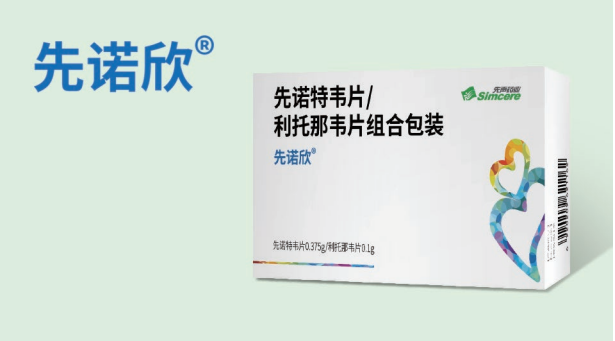
Iremod® is the first Iguratimod pharmaceutical product approved for marketing in the world. Iremod® has been included in the National Medical Insurance Catalogue since 2017. The indication is the active rheumatoid arthritis. Iremod® is recommended as the primary therapy drug for the treatment of active rheumatoid arthritis by a number of clinical practice guidelines and pathways issued by the NHC, Chinese Medical Association, Asia Pacific League of Associations for Rheumatology and Labor and Welfare of Japan. Since its launch in 2012, Iremod® has benefited over 1 million patients (persons) in China.

- In June 2024, at the annual meeting of the European League Against Rheumatism (EULAR), Iguratimod announced 5 study results, which involved rheumatoid arthritis, Primary Sjögren's Syndrome, disuse osteoporosis and other disease areas.

Anti-infection Products

XIANNUOXIN® (Simnotrelvir Tablets/Ritonavir Tablets (co-packaged))

XIANNUOXIN® is the first domestic 3CL small molecule anti-SARS-CoV-2 innovative drug with independent intellectual rights in China. On November 17, 2021, the Group entered into a technology transfer contract with Shanghai Institute of Materia Medica and Wuhan Institute of Virology, Chinese Academy of Sciences, pursuant to which, the Group obtained the development, production and commercialization rights on an exclusive basis of Simnotrelvir worldwide.



- In January 2024, the New England Journal of Medicine digitally published the complete data of the Group's phase II/III, double-blind, randomized, placebo-controlled clinical trial of XIANNUOXIN® for the treatment of adult patients with mild-to-moderate COVID-19. The median age of the patients included in the Study was 35 years, and 1,092 patients (95.9%) had completed primary vaccination, with 874 patients (76.7%) had received a booster dose. Various Omicron variants were covered in the Study, which demonstrated the application value of XIANNUOXIN® in clinical practice. The publication of the Study with great success signifies that XIANNUOXIN® has become the first domestically-made 3CL target anti-SARS-CoV-2 innovative drug with a complete evidence chain.
- In May 2024, the Chinese Medical Journal (《中華醫學雜誌》) published the Expert Consensus on the Clinical Application of Anti-SARS-CoV-2 Small Molecule Drugs (《抗新型冠狀病毒小分子藥物臨床應用專家共識》), which mainly included the introduction of seven anti-SARS-CoV-2 small molecule drugs and highlighted the recommendation of drugs for 14 special patient populations from the elderly to populations with combined chronic diseases, tumor patients, pregnant women and children, so as to provide recommendations for standard medications by clinical physicians.
- On July 8, 2024, XIANNUOXIN® has been reviewed and approved by the NMPA for conversions from conditional approval to regular approval, and became the first oral anti-SARS-CoV-2 innovative drug which has obtained regular approval in China.

DRUG CANDIDATES AT THE NDA/PIVOTAL TRIAL STAGE

Sanbexin® sublingual tablets

Sanbexin® sublingual tablets is an innovative drug jointly developed by the Group and Neurodawn Pharmaceutical Co., Ltd. (南京寧丹新藥技術有限公司), which are solid formulations absorbed through the sublingual mucous containing Edaravone and Dexborneol that can be rapidly disintegrated under the tongue, absorbed into the blood through the sublingual venous plexus, and its key pharmacologic activities are anti-inflammations and free radicals scavenging, thus minimizing the cascading injury caused by AIS and protecting brain cells. Such unique dosage form is expected to increase the flexibility of stroke treatment. In the future, Sanbexin® sublingual tablets are expected to form a sequential therapy combined with Sanbexin® (Edaravone and Dexborneol Concentrated Solution for Injection) which has been launched by the Company, facilitating patients to obtain a complete course of treatment. At the same time, sublingual tablets are not limited by medical site conditions, and are also more suitable to expand other indications for neurological diseases.

- On February 19, 2024, the Journal of American Medical Association • Neurology (JAMA NEUROLOGY, IF: 29.0) published online the key results of the multi-center, randomized, double-blind and placebo controlled phase III clinical study (the TASTE-SL Study) of Sanbexin® sublingual tablets used for the treatment of acute ischemic stroke. The results showed that, Sanbexin® sublingual tablets have significantly improved the recovery of neurological function and ability to live independently in AIS patients after treatment.
- On August 29, 2024, the Breakthrough Therapy designation ("**BTD**") of Sanbexin® sublingual tablets was granted by FDA for the treatment of AIS. The BTD of Sanbexin® sublingual tablets granted by FDA will be beneficial to obtaining the FDA's guidance in the clinical development of Sanbexin® sublingual tablets, accelerating the overseas clinical development process, and is also expected to significantly shorten the time for marketing review through the priority review designation.

ENZESHU® (Suvemcitug for Injection)

ENZESHU® (Suvemcitug for Injection) is a new-generation recombinant humanized anti-VEGF rabbit monoclonal antibody developed by the Group and Apexigen, Inc. (now part of Pyxis Oncology, Inc). Pre-clinical studies have showed that Sevacizumab has a stronger affinity and antitumor effect than bevacizumab at the same dose in multiple tumor models.

- On January 3, 2024, the SCORES Study has met the primary study endpoint. The initial results showed that, as compared with the Placebo Group, the improvement of PFS in the Experimental Group is both statistically and clinically significant. There is a trend of OS benefit in the Experimental Group. The safety is manageable, no new safety signals are identified.
- On March 15, 2024, the new drug application of ENZESHU® has been accepted by the NMPA. The indication is Suvemcitug combined with chemotherapy for the treatment of recurrent platinum-resistant ovarian, fallopian tube or primary peritoneal cancer.

- On June 2, 2024, the latest data of the SCORES Study were presented through an oral report at the 2024 American Society of Clinical Oncology ("**ASCO**") Annual Meeting. The released data of the study demonstrated that: (1) as assessed by the BIRC, the progression-free survival of the Suvemcitug group was significantly extended as compared with the placebo group, and across all pre-defined subgroups, positive results were observed in efficacy analyses and significant improvements were achieved in PFS; (2) among the group who have been treated with VEGF and/or PARP inhibitors previously, Suvemcitug in combination with chemotherapy can improve the PFS of patients significantly; (3) the OS of the Suvemcitug group has shown a trend of benefit as compared to the Control group; (4) the disease control rate ("**DCR**") and duration of response ("**DoR**") as assessed by the BIRC and investigators have also shown consistent benefits; and (5) when used in combination with chemotherapy, Suvemcitug has a good overall safety profile and there is no new safety signals compared to the other drugs of the same class.

QUVIVIQ® (daridorexant hydrochloride tablets)

QUVIVIQ® (daridorexant hydrochloride tablets) is an insomnia drug jointly developed by the Group and Idorsia, and is a dual orexin receptor antagonist ("**DORA**") that blocks orexin neuropeptides that promote wakefulness (orexin A and orexin B) from binding to their receptors. Unlike generally promoting sleep by calming the brain, QUVIVIQ® only blocks orexin neuropeptide initiation of orexin receptors. Thus, QUVIVIQ® reduces the arousal drive and induces sleep development without altering sleep architecture. QUVIVIQ® has clinical data available for up to 12 months of continuous treatment, supporting the long-term use of QUVIVIQ®. In addition to improving nighttime sleep in the adult population with chronic insomnia disorder, QUVIVIQ® also improves daytime functioning, which is the only DORA class insomnia drug approved by the European Medicines Agency (EMA). QUVIVIQ® is currently approved in the United States, Great Britain, Italy, Germany, Switzerland and Canada.

- On March 15, 2024, the phase III clinical trial of QUVIVIQ® completed the enrollment of all 205 patients (LPI).
- On July 16, 2024, the new drug application of QUVIVIQ® has been accepted by the National Medical Products Administration.

LNK01001 (JAK1)[5]

LNK01001 is a highly selective JAK1 inhibitor which has completed 3 phase II clinical studies for patients with rheumatoid arthritis (RA), ankylosing spondylitis (AS) and atopic dermatitis (AD), all of which have successfully met their corresponding primary and secondary endpoints. No related adverse effects of approved JAK1 inhibitors, such as major adverse cardiovascular events, blood clots, serious infection or formation of malignant tumors, were observed. On March 18, 2022, the Group entered into a cooperation agreement with Lynk Pharmaceuticals Co., Ltd. (凌科藥業(杭州)有限公司) ("**Lynk Pharmaceuticals**"), pursuant to which, the Group obtained the exclusive commercialization interest of LNK01001 for rheumatoid arthritis and ankylosing spondylitis indications in China and be responsible for promotion after regulatory approval.

Deunoxavir Marboxil Tablets (PA)[6]

Deunoxavir Marboxil Tablets is a polymerase acidic (PA) protein inhibitor for anti-influenza. As shown in the pre-clinical research, Deunoxavir Marboxil Tablets demonstrates several benefits, including the absence of central nervous system side effects, no effect of food intake on oral drug absorption and higher safety dose. The entire oral dose of Deunoxavir Marboxil Tablets is merely "one tablet" and is capable of stopping influenza virus replication in 24 hours, having a prospect of bringing great convenience to a large number of patients, including child patients.

- On February 21, 2024, children's granules of Deunoxavir Marboxil Tablets has received the clinical approval and is initiating the phase III clinical trials.
- On April 1, 2024, the bridging of bioavailability (BA) of children's granules of Deunoxavir Marboxil Tablets completed the Last-Patient-In (LPI).

Rademikibart (IL-4Rα)

Rademikibart is a fully human monoclonal antibody targeting IL-4Rα, a common subunit of IL-4 receptor and IL13 receptor. By binding with IL-4Rα, Rademikibart can block the functions of IL-4 and IL-13 effectively, thereby blocking the Th2 inflammatory pathway, thus achieving the goal of treating Th2 related inflammatory diseases such as atopic dermatitis and asthma.

- On July 8, 2024, Rademikibart's phase III clinical study of atopic dermatitis in adults and adolescents completed the FPI.
- On July 23, 2024, Rademikibart's phase III clinical study of asthma in adults and adolescents completed the FPI.

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5 A product with commercial right

6 A product with commercial right

DRUG CANDIDATES AT THE PHASE I/II STAGE

SIM0270 (SERD)

SIM0270 is a second-generation oral selective estrogen receptor degraders ("**SERD**") with blood-brain barrier penetration characteristics independently developed by the Group. SIM0270 was significantly more effective than fulvestrant a marketed intramuscular SERD product, in an in vivo model, comparable to the leading compound in the clinical trial phase, and reflected a brain-blood ratio significantly better than competitive compounds and showed a much better tumor inhibition effect than fulvestrant in the orthotropic model of breast cancer brain. It is expected to be used for the treatment of breast cancer with brain metastases. As of the date of this report, the phase I clinical trial of SIM0270 was progressing well and has completed the dose exploration and optimization of safety and efficacy. It has completed the proof of concept for the efficacy and safety of monotherapy and combination regimens under pre-determined PP2D dose and has recruited over 200 patients.

- On July 7, 2024, the Group has submitted the application for meetings before the commencement of the phase III clinical trial of SIM0270 to the CDE (Pre-III).

SIM0235 (humanized anti-TNFR2 monoclonal antibody)

SIM0235 is a brand-new target of tumor immunity independently developed by the Group, human immunoglobulin G1 ("**IgG1**") type humanized anti-tumor necrosis factor type 2 receptor ("**TNFR2**") monoclonal antibody. The pre-clinical pharmacodynamic model showed significant single-agent efficacy and the potential and superior safety in combination with PD-1. In addition, SIM0235 can specifically recognize TNFR2 expressed on the surface of tumor cells and directly kill tumor cells with high expression of TNFR2 through the effector function mediated by Fc terminal of antibody.

SIM0237 (PD-L1/IL15v bispecific antibody)

SIM0237 is an anti-PD-L1 monoclonal antibody fused with IL-15/IL-15Rα sushi protein and independently developed based on the Group's protein engineering platform. It can block the PD-1/PD-L1 immunosuppressive pathway by binding to PD-L1 and activate the immune system through its IL-15 part, thus playing a dual synergistic role in relieving immunosuppression and initiating the immune system to exert anti-tumor effects. Pre-clinical studies showed that SIM0237 is more effective than PD-L1 or IL-15 mono treatment in mouse tumor models, predicting a high potential for clinical development.

- On January 23, 2024, SIM0237 for patients with non-muscle invasive bladder cancer completed the FPI.

SIM0501 (USP1 small molecule inhibitor)

SIM0501 is an oral, non-covalent and highly selective small molecule inhibitor of Ubiquitin Specific Peptidase 1 ("**USP1**") independently developed by the Group with global intellectual property rights. In preclinical in vitro and in vivo pharmacology studies, SIM0501 has shown significant anti-proliferation activity against HRD tumors as a monotherapy or in combination with PARPi, which demonstrates high potential for clinical development.

- On January 10, 2024, SIM0501 tablets has obtained the Clinical Trial Approval issued by the NMPA, pursuant to which, SIM0501 tablets have been approved to initiate clinical trials for advanced malignant solid tumors as monotherapy.
- On March 19, 2024, the above clinical trial completed the First-in-Human (FIH) trial at the Cancer Hospital affiliated to Shandong First Medical University (山東第一醫科大學附屬腫瘤醫院).

SIM0500 (humanized GPRC5D-BCMA-CD3 trispecific antibody)

SIM0500 is a potential category I innovative drug independently developed by the Group with global intellectual property rights, and it may be the potential best-in-class (BIC) drug for the treatment of multiple myeloma based on the preclinical data.

- On March 9, 2024, the IND application of SIM0500 in the U.S. has been approved by FDA. SIM0500 is intended to be investigated in a clinical trial in patients with relapsed or refractory multiple myeloma.
- On March 12, 2024, the IND application of SIM0500 in China has been approved by the NMPA. SIM0500 is intended to be investigated in a clinical trial in patients with relapsed or refractory multiple myeloma.
- On April 9, 2024, SIM0500 has been granted a FDA Fast Track Designation for patients with multiple myeloma, who are refractory to, or intolerant of, established therapies known to provide clinical benefit and have received ≥3 prior lines of therapy including a proteasome inhibitor (PI), an immunomodulatory agent (IMiD) and an anti-CD38 monoclonal antibody.
- On May 24, 2024, the above clinical trial completed the First-in-Human (FIH) at the Hospital of Blood Diseases of the Chinese Academy of Medical Sciences (the Institute of Hematology of the Chinese Academy of Medical Sciences) (中國醫學科學院血液病醫院(中國醫學科學院血液學研究所)).

SIM0348 (humanized TIGIT/PVRIG bispecific antibody)

SIM0348 is a humanized TIGIT/PVRIG bispecific IgG1 antibody independently developed based on Group's protein engineering platform. It can specifically bind two novel immune checkpoint proteins, human TIGIT and PVRIG at the same time, aiming to block the interaction between CD155/TIGIT and CD112/PVRIG, and improve the anti-tumor activity of immune cells. As of the date of this report, the clinical trial of SIM0348 was progressing well and was under the dose optimization and exploration of combination treatment phase.

SIM0395 (Paxalisib)

SIM0395 is a BBB-penetrant inhibitor of the PI3K/mTOR pathway. A phase II clinical study showed that Paxalisib has shown highly encouraging signals of clinical efficacy among glioblastoma patients with unmethylated MGMT promoter status. Paxalisib was awarded the GBM orphan drug certification by FDA in 2018 and the fast track certification by FDA, the rare childhood disease and orphan drug certification of diffuse intrinsic pontine glioma (DIPG) in 2020. In March 2021, the Group entered into an exclusive licensing agreement with Kazia to introduce the development and commercialization rights of SIM0395 for all indications in the Greater China region.

- On July 10, 2024, Kazia released the top-line results of the pivotal phase III clinical trial (the GAM-AGILE study) for the versus standard-of-care (SOC) of Paxalisib for the use in glioblastoma, and is planned to initiate communication with the FDA in the second half of 2024.

SIM0278 (IL2 mu Fc)

SIM0278 is an Fc fusion protein (IL2 mu Fc) with an IL-2 mutein of Regulatory T cells ("**Treg**"), developed based on the Group's protein engineering technology platform. By introducing the mutation, the affinity of SIM0278 to effector T cells is reduced, while the high affinity of Treg cells is retained and then the selectivity of Treg cells is improved. On September 28, 2022, the Group entered into a licensing agreement with Almirall S.A. ("**Almirall**"), an international biopharmaceutical company. Pursuant to the agreement, the Group grants Almirall an exclusive rights and interests in the development and commercialization of SIM0278 outside Greater China, and retains all rights and interests in the Greater China region.

SIM0800 (AQP4)

SIM0800 is an Aquaporin-4 (AQP4) inhibitor developed based on the Aquaporin water channel theory which has been awarded the Nobel Prize. It is intended for the treatment of acute severe ischaemic stroke complicated by cerebral oedema, as a first-in-class small molecule drug with a novel mechanism of action for brain oedema therapy. The Group entered into a license agreement with Aeromics, Inc. in October 2019, pursuant to which, the Group obtained a proprietary and sublicensable license for its self-funded research, development, production and commercialization of SIM0800 in the Greater China region.

SELECTED IND/PRE-CLINICAL STAGE DRUG CANDIDATES

The Group has approximately 40 pre-clinical drug candidates and its in-house pipelines focus on differentiated targets with first-in-class (FIC) and BIC potential, which provide strong and diversified product pipelines for the long-term sustainable growth of the Group. Certain research and development assets with high potential are as follows.

SIM0506 (SOS1 small molecule inhibitor)

SIM0506 is an effective and highly selective SOS1 inhibitor independently developed by the Group with global intellectual property rights for the treatment of various solid tumors. Pre-clinical studies showed that SIM0506 demonstrates pan-KRAS inhibitory activity and its synergistic effect was remarkable after combination, which is safe and tolerant with low effective dose and good anti-tumor effect.

- On April 26, 2024, the IND of SIM0506 capsules has been approved by the NMPA, and was intended to commence clinical trials on advanced solid tumors with KRAS pathway mutations.

SIM0508 (Pol θ small molecule inhibitor)

Pol θ is a DNA polymerase, whose mediation of MMEJ repair pathway is one of the important approaches for repairing DNA double strand breaks.

- On August 22, 2024, the IND application of SIM0508 in China has been approved by the NMPA, and is intended to commence clinical trials on advanced solid tumors.
- On August 29, 2024, the IND application of SIM0508 in the U.S. has been approved by FDA, and is intended to commence clinical trials on advanced solid tumors.

SIM0505 (CDH6-ADC)

CDH6 is a type II classical cadherin, also known as K-cadherin, located in the lateral basement membrane of epithelial cells and mediates calcium-dependent cell-cell adhesion. Such ADC is intended to be developed for the treatment of malignant tumors like ovarian cancer and renal cancer, and the Group plans to submit the IND application to the NMPA and FDA at the end of 2024 and in the first half of 2025, respectively.

SIM0686 (FGFR2b-ADC)

Fibroblast growth factor receptor (FGFR) is a transmembrane tyrosine kinase receptor of fibroblast growth factor (FGF). At present, there are four known subtypes, namely FGFR1, FGFR2, FGFR3 and FGFR4. Such ADC is intended to be developed for the treatment of advanced malignant tumors like gastric cancer and lung cancer, and the Group plans to submit the IND application to the NMPA and FDA in the first half of 2025.

SIM0323 (CD80/IL2)

SIM0323 is the first-in-class CD80/IL-2 bifunctional fusion protein developed by the Group and GI Innovation, Inc. The preclinical pharmacodynamic model shows significant single-drug efficacy and the potential for combined use with other anticancer drugs, such as PD-1 inhibitors and chemotherapeutics. In 2021, the partner was approved for clinical trials by the Korean Ministry of Food and Drug Safety and the FDA to carry out phase I/II clinical trials of the drug.

SIM0802 (PSD-95)

SIM0802 is a dimer peptide candidate drug that the Group cooperates with Avilex, a Danish biotechnology company, and is intended to be used for the treatment of a variety of neurological diseases such as AIS and Subarachnoid Hemorrhage (SAH). The action target is PSD-95. Its molecular structure has been optimized to have higher affinity, higher stability and stronger neuroprotective activity.

GENERIC PHARMACEUTICALS

For the six months ended June 30, 2024, the Group obtained additional approvals for one generic pharmaceuticals regarding Ritonavir Tablets (100mg), and one consistency evaluation application regarding levamlodipine besylate tablets (2.5mg (calculated by $C_{20}H_{25}ClN_2O_5$)) has been approved.

INTELLECTUAL PROPERTY RIGHTS

Meanwhile, the Group attaches great importance to the protection of intellectual property rights. For the six months ended June 30, 2024, the Group had 199 new patent applications (including domestic and overseas unpublished patent applications), being 193 invention patents, three utility model patent applications and three appearance design patents. As of June 30, 2024, the Group has accumulatively obtained 263 invention patents, 98 utility model patents and 28 appearance design patents.

COMPARATIVE FINANCIAL INFORMATION

All comparative financial information in this report has been adjusted to reflect the restated consolidated financial statements for the six months ended June 30, 2023. In November 2023, the Group completed the acquisition of Nanjing Jiayuantang Biological Technology Co., Ltd., and such acquisition was regarded as a business combination under common control by the Group in accordance with the principles of merger accounting as set out in Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants. The financial information of the Group for the six months ended June 30, 2023 was restated accordingly to comply with the relevant accounting standards.

REVENUE

For the six months ended June 30, 2024, the Group recorded revenue of approximately RMB3,114 million, representing a decrease of approximately 7.9% as compared to approximately RMB3,382 million for the same period of 2023. The decrease in revenue was mainly attributable to (a) the decrease in revenue from promotion service, which included: i) the termination of the promotion service agreement with Daiichi Sankyo Pharmaceutical (Shanghai) Co., Ltd. (第一三共製藥(上海)有限公司) (and its affiliates) due to the entry of the centralized procurement of Softan® (Rosuvastatin Calcium Tablets); and ii) the revenue from promotion service of ENWEIDA® (Envafolimab Injection) falling short of expectations; and (b) the decrease in the sales revenue of XIANNUOXIN® (Simnotrelvir Tablets/Ritonavir Tablets (co-packaged)) after the change of COVID-19 pandemic situation.

Revenue of the Group was mainly derived from the therapeutic areas where its businesses are focused, among which, revenue from the field of oncology was approximately RMB619 million, accounting for 19.9% of the total revenue and representing a decrease of approximately 20.9% as compared to approximately RMB783 million for the same period of 2023. Revenue from the field of nervous system was approximately RMB909 million, accounting for 29.2% of the total revenue and representing a decrease of approximately 13.8% as compared to RMB1,055 million for the same period of 2023. Revenue from the field of autoimmune was approximately RMB850 million, accounting for 27.3% of the total revenue and representing an increase of approximately 29.0% as compared to RMB659 million for the same period of 2023. Revenue from other fields was approximately RMB736 million, accounting for 23.6% of the total revenue and representing a decrease of approximately 16.8% as compared to approximately RMB885 million for the same period of 2023.

THE EXPENDITURE ON RESEARCH AND DEVELOPMENT ACTIVITIES

The expenditure on research and development activities of the Group includes research and development costs and the addition of in-licensed rights of intangible assets.

- For the six months ended June 30, 2024, the total expenditure on research and development activities of the Group amounted to approximately RMB612 million, representing a decrease of approximately 38.1% as compared to approximately RMB989 million for the same period of 2023. The expenditure on research and development activities accounted for approximately 19.7% of the Group's revenue, representing a decrease of 9.5 percentage points as compared to approximately 29.2% for the same period of 2023.
- For the six months ended June 30, 2024, the research and development costs of the Group amounted to approximately RMB566 million, representing a decrease of approximately 27.0% as compared to approximately RMB776 million for the same period of 2023. The research and development costs accounted for approximately 18.2% of the Group's revenue, representing a decrease of 4.7 percentage points as compared to approximately 22.9% for the same period of 2023.
- For the six months ended June 30, 2024, the addition of in-licensed rights of intangible assets amounted to approximately RMB46 million, representing a decrease of approximately 78.4% as compared to the approximately RMB213 million for the same period of 2023. The addition of in-licensed rights of intangible assets accounted for approximately 1.5% of the Group's revenue, representing a decrease of 4.8 percentage points as compared to approximately 6.3% for the same period of 2023.

PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The Group recorded a profit attributable to equity shareholders of the Company of approximately RMB457 million for the six months ended June 30, 2024, representing a decrease of approximately 79.9% as compared to approximately RMB2,274 million for the corresponding period of last year. Such change in profit attributable to equity shareholders of the Company was mainly attributable to: (a) the change in fair value of the shares of 3D Medicines Inc. held by the Group (measured based on the closing price of the shares of 3D Medicines Inc.) led to a net fair value loss before tax of approximately RMB48 million recorded in the six months ended June 30, 2024, while a net gain before tax of approximately RMB1,134 million recorded for such investment in the corresponding period of last year; and (b) one-off gain before tax of approximately RMB789 million recorded by the Group from the disposal of interest in subsidiaries in the corresponding period of last year.

NON-HKFRS MEASURE – ADJUSTED PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

To supplement the financial information presented in accordance with HKFRS, the Group also uses adjusted profit attributable to equity shareholders of the Company as a non-HKFRS measure. Such measure is unaudited in nature and is not required by, or presented in accordance with, HKFRS. The Group defines adjusted profit attributable to equity shareholders of the Company as profit attributable to equity shareholders of the Company after adjusting the following items: (i) net realized and unrealized (loss)/gain on financial assets at fair value through profit or loss; (ii) interest expenses arising from redemption liability; and (iii) the net gain on disposal of interest in subsidiaries. The Group is of the view that the Group's management and investors may benefit from referring to such measure in assessing the financial performance of the Group's core businesses by eliminating the impacts of certain non-recurring, non-cash and/or non-operating items. However, the presentation of adjusted profit attributable to equity shareholders of the Company may not be comparable to similarly titled measures presented by other companies as it does not have a standardized meaning. The application of the non-HKFRS measure has limitations as an analytical tool, and the Shareholders and investors should not consider it in isolation from, or as substitute for analysis of, the results of operations or financial condition of the Group as reported under HKFRS.

Adjusted profit attributable to equity shareholders of the Company increased by approximately 36.5% from RMB394 million for the six months ended June 30, 2023 to RMB538 million for the six months ended June 30, 2024.

The following table presents the Group's adjusted profit attributable to equity shareholders of the Company and the most directly comparable financial measure calculated and presented in accordance with HKFRSs, which is profit attributable to equity shareholders of the Company:

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Profit attributable to equity shareholders of the Company	**456,600**	2,273,684
Less:		
Net realized and unrealized (loss)/gain on financial assets at fair value through profit or loss[1]	**(84,175)**	1,148,800
Interest expenses arising from redemption liability[2]	**(5,103)**	–
Net gain on disposal of interest in subsidiaries[3]	**–**	789,491
Effect of corresponding income tax	**8,208**	(58,629)
Adjusted profit attributable to equity shareholders of the Company	**537,670**	394,022

Notes:

(1) Net realized and unrealized (loss)/gain on financial assets at fair value through profit or loss arises from the remeasurement of the Group's investments in certain private companies and investment funds, listed equity securities, structured deposits and wealth management products at fair value.

(2) Interest expenses arising from redemption liability represent the change in the carrying amount of the financial liability issued in connection with the capital contributions in Simcere Zaiming in the first half of 2024.

(3) Net gain on disposal of interest in subsidiaries represents gain on disposal of the Group's equity interest in Simcere (Shanghai) Pharmaceutical Co., Ltd. (先聲(上海)醫藥有限公司) and BCY Pharm Co., Ltd. (江蘇博創園生物醫藥科技有限公司) in the first half of 2023.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a sound financial position. For the six months ended June 30, 2024, the net cash generated from operating activities was approximately RMB863 million, while the net cash outflow from operating activities for the same period of last year was approximately RMB82 million. Such change was mainly due to the high investment in XIANNUOXIN® and other innovative drugs by the Group in the first half of 2023. As of June 30, 2024, the Group had cash and cash equivalents of approximately RMB2,755 million (as of December 31, 2023: approximately RMB2,007 million), time deposits of approximately RMB302 million (as of December 31, 2023: approximately RMB12 million). As of June 30, 2024, the Group had a balance of bank loans of approximately RMB1,003 million (as of December 31, 2023: approximately RMB1,221 million), of which RMB994 million (as of December 31, 2023: RMB1,015 million) would mature within one year. As of June 30, 2024, approximately RMB1,003 million of the Group's bank loan balances bore interest at fixed rates, and the effective interest rate range for these loans was 1.0% to 2.35% per annum.

As of June 30, 2024, the current ratio (total current assets divided by current liabilities) of the Group was approximately 209.9% (as of December 31, 2023: approximately 209.9%), while the gearing ratio (total liabilities divided by total assets) was approximately 41.0% (as of December 31, 2023: approximately 33.5%). The increase in gearing ratio was mainly due to: (a) the receipt of an investment amount of RMB970 million by Simcere Zaiming (as defined below), a subsidiary of the Company, from third party investors in the first half of 2024 which was accounted for as financial liabilities, while the change in the carrying amount of financial liabilities was charged to profit or loss; and (b) the recognition of dividends payable of approximately RMB401 million in respect of the final dividend for the year ended December 31, 2023 declared by the Group in June 2024.

Currently, the Group follows a set of funding and treasury policies to manage its capital resources and prevent risks involved. The Group expects to fund its working capital and other capital requirements from a combination of various sources, including but not limited to external financing at reasonable market rates. In order to better control and minimize the cost of funds, the Group's treasury activities are under the centralized management.

The assets and liabilities of the Group were denominated in RMB, USD, GBP and HKD. During the Reporting Period, the Group did not employ financial derivative instrument or enter into foreign derivative contract to hedge against foreign exchange risk. However, the Group managed the foreign exchange risk by closely monitoring the net exposure of foreign exchange risk, so as to minimize the impact of foreign exchange fluctuations.

PLEDGE OF GROUP'S ASSETS

As of June 30, 2024, the Group pledged bills receivable of approximately RMB68 million for issuance of bank acceptance bills and pledged bank deposits of approximately RMB24 million for issuance of letter of guarantee. As of June 30, 2024, leasehold land with net book value of approximately RMB112 million was pledged as security for banking facilities, which were not utilized as of June 30, 2024. Save as disclosed above, as of June 30, 2024, none of the Group's assets were pledged.

CONTINGENT LIABILITIES

As of June 30, 2024, the Group did not have contingent liabilities.

SIGNIFICANT INVESTMENTS HELD

During the Reporting Period, the Group did not hold any significant investments.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in "Use of Proceeds from the Listing" in this report, as of June 30, 2024, the Group did not have any other future plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS

On January 1, 2024, Jiangsu Simcere Biological Co., Ltd. (江蘇先聲生物製藥有限公司) ("**Simcere Biological**", an indirectly wholly-owned subsidiary of the Company) entered into an equity transfer agreement with Jiangsu Simcere Diagnostics Technology Co., Ltd. (江蘇先聲診斷技術有限公司) ("**Jiangsu Diagnostics Technology**"), pursuant to which Simcere Biological has agreed to acquire, and Jiangsu Diagnostics Technology has agreed to sell, the entire equity interest in Nanjing BioSciKin Innovative Medical Technology Co., Ltd. (南京百家匯創新醫療科技有限公司) ("**Nanjing BioSciKin**") for a cash consideration of RMB42,306,500 (the "**Acquisition**"). The Acquisition was completed on January 31, 2024. Upon completion, Nanjing BioSciKin has become an indirectly wholly-owned subsidiary of the Company. For details, please refer to the announcement of the Company dated January 1, 2024.

On February 24, 2024, the Company, Simcere Pharmaceutical (Shandong) Co., Ltd. (先聲藥業(山東)有限公司) (a directly wholly-owned subsidiary of the Company), Hainan Simcere Pharmaceutical Co., Ltd. (海南先聲藥業有限公司) (an indirectly wholly-owned subsidiary of the Company), Hainan Simcere Zaiming Pharmaceutical Co., Ltd. (海南先聲再明醫藥股份有限公司) ("**Simcere Zaiming**", formerly known as Simcere Zaiming Pharmaceutical Co., Ltd. (先聲再明醫藥有限公司) and an indirectly wholly-owned subsidiary of the Company before the Capital Contribution) and each of its subsidiaries (collectively, the "**Simcere Zaiming Group**") entered into the capital contribution agreement, the shareholders' agreement and other relevant transaction documents with Future Industry Investment Fund II (Limited Partnership) (先進製造產業投資基金二期(有限合夥)), Shenzhen Zhongshen Xinchuang Equity Investment Partnership (Limited Partnership) (深圳中深新創股權投資合夥企業(有限合夥)), Suzhou Apricot Xingyong Emerging Medical Industry Investment Fund Management Partnership (Limited Partnership) (蘇州杏澤興湧新興醫療產業投資基金管理合夥企業(有限合夥)) and Quanzhou Dingxin Zhonghe Investment Partnership (Limited Partnership) (泉州鼎信中和投資合夥企業(有限合夥)) (collectively, the "**Investors**"). Pursuant to the Capital Contribution Agreement, the Investors have conditionally agreed to make capital contribution, by way of cash, to Simcere Zaiming in the aggregate amount of RMB970 million in return for approximately 11.45% of the enlarged issued share capital of Simcere Zaiming in aggregate (the "**Capital Contribution**"). Upon completion of the Capital Contribution, the financial results of Simcere Zaiming Group continued to be consolidated into the financial statements of the Group. For details, please refer to the announcement of the Company dated February 24, 2024.

In addition, as a step of pre-completion restructurings of the Capital Contribution, the board of directors and shareholders of Simcere Zaiming have resolved to adopt an employee incentive scheme to recognize the past and present contributions and to incentivize the future contributions by senior management and core employees of Simcere Zaiming Group. On March 20, 2024, the Board has resolved to grant the incentive interest to the selected participants by way of subscribing for registered capital in Simcere Zaiming either directly or through the Employee Stock Ownership Plan Platform, representing approximately 5% of the enlarged issued share capital of Simcere Zaiming immediately upon completion of such subscription. For details, please refer to the announcement of the Company dated March 20, 2024. Upon completion of the Capital Contribution and as of the date of this report, the incentive interest represents approximately 4.43% of the enlarged issued share capital of Simcere Zaiming.

Save as disclosed above, for the six months ended June 30, 2024, the Group had no material acquisition or disposal of subsidiaries, associates and joint ventures.

EMPLOYEES AND REMUNERATION POLICY

As of June 30, 2024, the Group had a total of 6,412 full-time employees. The Group attached great importance to the recruitment, training and retention of outstanding employees, maintaining a high standard in selecting and recruiting talents worldwide, and offered competitive compensation packages. The remuneration of employees mainly included basic salary, performance-based bonus and long-term incentives. Remuneration of the Directors and senior management who worked full time for the Company shall be determined by the remuneration and appraisal committee of the Company under the Board with reference to the principal duties, the results of performance assessment as well as the remuneration level in the market of the relevant managerial positions. During the six months ended June 30, 2024, staff costs of the Group (including emoluments, social insurance and other benefits of the Directors) amounted to approximately RMB1,062 million. The Group established Simcere Institute, which provides employees with training on a regular basis, including orientation programs and technical training for new employees, professional and management training for middle and senior management and health and safety training across all staff. In addition, the Group has also adopted a restricted share unit ("**RSU**") scheme on May 20, 2021 (the "**2021 RSU Scheme**"), with an aim to (1) incentivise the existing and incoming directors, senior management and employees for their contribution to the Group; and (2) attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company. Please refer to "2021 RSU SCHEME" section in "Corporate Governance and Other Information" of this report for details.

PROSPECTS

In the current financial year and future, the Group will uphold the corporate mission of "providing today's patients with medicines of the future" actively, enhance market distribution and deepen the cooperation with medical institutions at all levels while exploring diversified sales channels, so as to increase the market share and accessibility of its launched products and lay a solid foundation for sustainable development. In addition, the Group will also provide more quality treatment options for patients and contribute more to the health and wellbeing of the community by way of enhancing R&D processes, enhancing the cooperation in production, learning and research, improving R&D efficiency continuously, strengthening the gradient of pipelines, commencing overseas clinical trials proactively as well as promoting the overseas licensing of pipelines under research.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As of June 30, 2024, the interest or short position of the Directors or chief executives of the Company in the shares of the Company (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 (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")) which were (i) required to be notified to the Company and the Stock Exchange 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 (ii) required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") to be notified to the Company and the Stock Exchange, were as follows:

Name of Director/ Chief executive	Nature of interest	Number of Shares/ underlying Shares interested	Approximate percentage of shareholding interest[1]
Mr. REN Jinsheng[2]	Interest in controlled corporations/ Interest of concert parties/ Interest of spouse	1,802,238,668	70.85%
Mr. TANG Renhong[3]	Beneficial owner	1,550,000	
	Beneficiary of a trust (other than a discretionary interest)	2,100,000	
	Sub-total:	3,650,000	0.14%
Mr. WAN Yushan[4]	Beneficial owner	1,228,333	
	Beneficiary of a trust (other than a discretionary interest)	1,241,667	
	Sub-total:	2,470,000	0.10%
Ms. WANG Xi[5]	Beneficial owner	164,000	
	Beneficiary of a trust (other than a discretionary interest)	246,000	
	Interest of spouse	1,801,828,668	
	Sub-total:	1,802,238,668	70.85%

Notes:

(1) The calculation is based on the total number of 2,543,785,618 issued Shares as of June 30, 2024.

(2) Mr. REN Jinsheng, together with Simcere Investments Group Limited ("**SIG**"), P&H Holdings Group Ltd. ("**P&H Holdings**"), Right Wealth Holdings Limited ("**Right Wealth**"), Mr. REN Yong, Ms. LI Shimeng, Mr. REN Weidong, Ms. REN Zhen and Ms. PENG Suqin (collectively, the "**Ultimate Controlling Shareholders**"), collectively hold 1,801,828,668 Shares, including (i) 606,810,031 Shares and 950,431,689 Shares directly held by Artking Global Limited ("**Artking**") and Simcere Pharmaceutical Holding Limited ("**SPHL**"), respectively, both of which are companies controlled by the Ultimate Controlling Shareholders; and (ii) 116,259,578 Shares and 128,327,370 Shares directly or indirectly held by SIG and Fortune Fountain Investment Limited ("**FFI**"), respectively, both of which are companies controlled by Mr. REN Jinsheng. By virtue of the SFO, as the Ultimate Controlling Shareholders are deemed to be persons acting in concert under the Codes on Takeovers and Mergers and Share Buybacks (the "**Takeovers Code**"), each of them is deemed to be interested in the Shares held by each other. Mr. REN Jinsheng is also deemed to be interested in (i) 164,000 Shares held by his spouse, Ms. WANG Xi; and (ii) 246,000 Shares underlying the RSUs granted to Ms. WANG Xi.

(3) Mr. TANG Renhong (i) directly holds 1,550,000 Shares; and (ii) is interested in 2,100,000 RSUs granted to him under the 2021 RSU Scheme which entitled him to receive the aggregate of 2,100,000 Shares subject to vesting.

(4) Mr. WAN Yushan (i) directly holds 1,228,333 Shares; (ii) is interested in 1,241,667 RSUs granted to him under the 2021 RSU Scheme which entitled him to receive the aggregate of 1,241,667 Shares subject to vesting.

(5) Ms. WANG Xi (i) directly holds 164,000 Shares; (ii) is interested in 246,000 RSUs granted to her under the 2021 RSU Scheme which entitled her to receive an aggregated of 246,000 Shares subject to vesting; and (iii) is deemed to be interested in an aggregate of 1,801,828,668 Shares directly and indirectly held by her spouse, Mr. REN Jinsheng, together with other Ultimate Controlling Shareholders who are deemed to be persons acting in concert under the Takeovers Code.

Save as disclosed above, as of June 30, 2024, so far as is known to the Directors, none of the Directors or the chief executives of the Company had or were deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company under Divisions 7 and 8 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As of June 30, 2024, the interests or short positions of persons (other than the Directors and chief executives of the Company) in the Shares or underlying Shares (within the meaning of Part XV of the SFO) which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Name of Shareholder	Nature of interest	Number of Shares or underlying Shares interested	Approximate percentage of shareholding interest[1]
Mr. REN Yong[2][3]	Interest in controlled corporations/ Interest of concert parties/Founder of a discretionary trust	1,801,828,668	70.83%
Ms. LI Shimeng[2][3]	Interest in controlled corporations/ Interest of concert parties/Interest of spouse	1,801,828,668	70.83%
P&H Holdings[2][3]	Interest in controlled corporations/ Interest of concert parties	1,801,828,668	70.83%
Mr. REN Weidong[2][4]	Interest in controlled corporations/ Interest of concert parties	1,801,828,668	70.83%
Right Wealth[2][4]	Interest in controlled corporations/ Interest of concert parties	1,801,828,668	70.83%
Ms. REN Zhen[2][5]	Interest in controlled corporations/ Interest of concert parties	1,801,828,668	70.83%

Name of Shareholder	Nature of interest	Number of Shares or underlying Shares interested	Approximate percentage of shareholding interest[1]
Ms. PENG Suqin[2][6]	Interest in controlled corporations/ Interest of concert parties	1,801,828,668	70.83%
Artking[2][7]	Beneficial owner	606,810,031	
	Interest in controlled corporations	950,431,689	
	Interest of concert parties	244,586,948	
	Sub-total:	1,801,828,668	70.83%
Simcere Holding Limited ("**Simcere Holding**")[2][8]	Interest in controlled corporations	950,431,689	
	Interest of concert parties	851,396,979	
	Sub-total:	1,801,828,668	70.83%
Excel Investments Group Limited ("**Excel Investments**")[2][9]	Interest in controlled corporations	950,431,689	
	Interest of concert parties	851,396,979	
	Sub-total:	1,801,828,668	70.83%
SPHL[2][10]	Beneficial owner	950,431,689	
	Interest of concert parties	851,396,979	
	Sub-total:	1,801,828,668	70.83%
SIG[2][11]	Beneficial owner	116,259,578	
	Interest in controlled corporation	128,327,370	
	Interest of concert parties	1,557,241,720	
	Sub-total:	1,801,828,668	70.83%
FFI[2][12]	Beneficial owner	120,961,370	
	Interest of concert parties	1,680,867,298	
	Sub-total:	1,801,828,668	70.83%

Notes:

(1) The calculation is based on the total number of 2,543,785,618 issued Shares as of June 30, 2024.

(2) The Ultimate Controlling Shareholders collectively hold 1,801,828,668 Shares, including (i) 606,810,031 Shares and 950,431,689 Shares directly held by Artking and SPHL, respectively, both of which are companies controlled by the Ultimate Controlling Shareholders; and (ii) 116,259,578 Shares and 128,327,370 Shares directly or indirectly held by SIG and FFI, respectively, both of which are companies controlled by Mr. REN Jinsheng. As the Ultimate Controlling Shareholders are deemed to be persons acting in concert under the Takeovers Code, each of them is deemed to be interested in the Shares held by each other by virtue of the SFO.

(3) Mr. REN Yong, son of Mr. REN Jinsheng and spouse of Ms. LI Shimeng, is the settlor of the P&H Family Trust, which holds the entire equity interest in P&H Holdings through P&H Family Trust. Mr. REN Yong, Ms. LI Shimeng and P&H Holdings are the Ultimate Controlling Shareholders and are deemed to be interested in the Shares collectively held by the Ultimate Controlling Shareholders.

(4) Mr. REN Weidong is the brother of Mr. REN Jinsheng and holds the entire equity interest in Right Wealth. Mr. REN Weidong and Right Wealth are the Ultimate Controlling Shareholders and are deemed to be interested in the Shares collectively held by the Ultimate Controlling Shareholders.

(5) Ms. REN Zhen is the sister of Mr. REN Jinsheng. She is one of the Ultimate Controlling Shareholders and is deemed to be interested in the Shares collectively held by the Ultimate Controlling Shareholders.

(6) Ms. PENG Suqin is the mother of Mr. REN Yong. She is one of the Ultimate Controlling Shareholders and is deemed to be interested in the Shares collectively held by the Ultimate Controlling Shareholders.

(7) Artking directly holds 606,810,031 Shares and is deemed to be interested in 1,195,018,637 Shares, including (i) 950,431,689 Shares directly held by SPHL, a controlled corporation of Artking and (ii) an aggregate of 244,586,948 Shares directly or indirectly held by SIG and FFI, both of which are companies controlled by Mr. REN Jinsheng and are deemed to be acting in concert with Artking under the Takeovers Code. Mr. REN Jinsheng is the director of Artking.

(8) Simcere Holding is deemed to be interested in 1,801,828,668 Shares, including (i) 950,431,689 Shares directly held by SPHL, a controlled corporation of Simcere Holding, and (ii) an aggregate of 851,396,979 Shares, which comprises of (a) 606,810,031 Shares directly held by Artking, a company controlled by the Ultimate Controlling Shareholders and (b) an aggregate of 244,586,948 Shares directly or indirectly held by SIG and FFI, both of which are companies controlled by Mr. REN Jinsheng. Artking, SIG and FFI are deemed to be acting in concert with Simcere Holding under the Takeovers Code. Mr. REN Jinsheng is the director of Simcere Holding.

(9) Excel Investments is deemed to be interested in 1,801,828,668 Shares, including (i) 950,431,689 Shares directly held by SPHL, a controlled corporation of Excel Investments and (ii) an aggregate of 851,396,979 Shares, which comprises of (a) 606,810,031 Shares directly held by Artking, a company controlled by the Ultimate Controlling Shareholders and (b) an aggregate of 244,586,948 Shares directly or indirectly held by SIG and FFI, both of which are companies controlled by Mr. REN Jinsheng. Artking, SIG and FFI are deemed to be acting in concert with Excel Investments under the Takeovers Code. Mr. REN Jinsheng is the director of Excel Investments.

(10) SPHL directly holds 950,431,689 Shares and is deemed to be interested in an aggregate of 851,396,979 Shares, including (i) 606,810,031 Shares directly held by Artking, a company controlled by the Ultimate Controlling Shareholders and (ii) an aggregate of 244,586,948 Shares directly or indirectly held by SIG and FFI, both of which are companies controlled by Mr. REN Jinsheng. Artking, SIG and FFI are deemed to be acting in concert with SPHL under the Takeovers Code. Mr. REN Jinsheng is the director of SPHL.

(11) SIG directly holds 116,259,578 Shares and is deemed to be interested in 1,685,569,090 Shares, including (i) 120,961,370 Shares and 7,366,000 Shares directly held by FFI and Nanjing BioSciKin Technology Development Co., Ltd (南京百家匯科技發展有限公司), both of which are controlled corporations of SIG and ultimately controlled by Mr. REN Jinsheng and (ii) an aggregate of 1,557,241,720 Shares directly held by Artking and SPHL, both of which are deemed to be acting in concert with SIG under the Takeovers Code. Mr. REN Jinsheng is the director of SIG.

(12) FFI directly holds 120,961,370 Shares and is deemed to be interested in an aggregate of 1,680,867,298 Shares directly or indirectly held by SPHL, Artking and SIG, all of which are deemed to be acting in concert with FFI under the Takeovers Code. Mr. REN Jinsheng is the director of FFI.

Save as disclosed above, as of June 30, 2024, so far as is known to the Directors, there was no other person (other than the Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

2021 RSU SCHEME

The Company has approved and adopted the 2021 RSU Scheme on May 20, 2021, the purposes of which are to (i) incentivize the existing and incoming directors, senior management and employees for their contribution to the Group; and (ii) attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company. The 2021 RSU Scheme shall be valid and effective for a period of ten years commencing from the date of adoption.

In light of the amended Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") taking into effect from January 1, 2023, the Company amended the 2021 RSU Scheme and adopted the scheme mandate limit (as defined in the Listing Rules) of the 2021 RSU Scheme, which were approved at the annual general meeting of the Company held on June 15, 2023. For details of the amendments to the 2021 RSU Scheme, please refer to the announcements and circular of the Company dated March 31, 2023, May 25, 2023 and June 15, 2023, respectively.

During the Reporting Period, the Board resolved on March 21, 2024 to grant an aggregate of 3,828,000 RSUs, representing 3,828,000 underlying Shares, to an aggregate of 31 eligible participants, including an executive Director, Ms. WANG Xi, and other 30 employees of the Group, under the 2021 RSU Scheme at nil consideration. For details of such grant, please refer to the announcement of Company dated March 21, 2024.

The number of RSUs available for grant under the 2021 RSU Scheme was 262,650,561 as of January 1, 2024 and was 260,500,061 as of June 30, 2024. The number of Shares underlying the RSUs that granted under the 2021 RSU Scheme during the Reporting Period divided by the weighted average number of Shares in issue during the Reporting Period is 0.15%. Details of the outstanding RSUs granted under the 2021 RSU Scheme and the movements during the Reporting Period are set out below:

Name or category of grantee	Date of grant	Number of Shares underlying the RSUs outstanding as of the date of grant[Note 1]	Number of Shares underlying the RSUs outstanding as of January 1, 2024	Number of RSUs granted during the Reporting Period	Closing price of the Shares immediately before the date on which the awards were granted	Weighted average closing price of the Shares immediately before the vesting date[Note 2]	Fair value of awards at the date of grant and the accounting standard and policy adopted[Note 3]	Vested during the Reporting Period	Lapsed during the Reporting Period[Note 4]	Number of Shares underlying the RSUs outstanding as of June 30, 2024	Vesting dates (subject to vesting conditions [Note 5])	Approximate percentage of total number of Shares in issue as of June 30, 2024
Directors												
Mr. TANG Renhong	November 1, 2021	3,000,000	1,000,000	-	HK$8.12	-	HK$7.92	-	-	1,000,000	Note 6	0.0393%
	November 9, 2022	1,650,000	1,100,000	-	HK$11.34	-	HK$11.62	-	-	1,100,000	Note 7	0.0432%
Mr. WAN Yushan	November 1, 2021	2,025,000	675,000	-	HK$8.12	-	HK$7.92	-	-	675,000	Note 6	0.0265%
	November 9, 2022	850,000	566,667	-	HK$11.34	-	HK$11.62	-	-	566,667	Note 7	0.0223%
Ms. WANG Xi	November 1, 2021	492,000	164,000	-	HK$8.12	-	HK$7.92	-	-	164,000	Note 6	0.0064%
	March 21, 2024	82,000	-	82,000	HK$5.30	-	HK$5.49	-	-	82,000	Note 8	0.0032%
Other grantees												
Employees	July 16, 2021	10,937,000	2,188,998	-	HK$12.22	-	HK$12.50	-	106,000	2,082,998	Note 9	0.0819%
	November 1, 2021	3,195,000	856,000	-	HK$8.12	-	HK$7.92	-	-	856,000	Note 6	0.0337%
	December 23, 2021	11,841,000	2,978,000	-	HK$9.12	-	HK$9.35	-	212,000	2,766,000	Note 10	0.1087%
	May 11, 2022	6,810,000	2,612,000	-	HK$7.85	-	HK$8.27	-	1,682,000	930,000	Note 11	0.0366%
	September 28, 2022	14,489,000	7,388,000	-	HK$7.01	-	HK$6.72	-	634,000	6,754,000	Note 12	0.2655%
	November 9, 2022	1,169,000	519,334	-	HK$11.34	-	HK$11.62	-	-	519,334	Note 13	0.0204%
	June 28, 2023	4,378,000	3,754,000	-	HK$7.43	-	HK$7.25	-	1,622,000	2,132,000	Note 14	0.0838%
	March 21, 2024	3,746,000	-	3,746,000	HK$5.30	-	HK$5.49	-	55,500	3,690,500	Note 15	0.1451%
Total	-	**64,664,000**	**23,801,999**	**3,828,000**	-	-	-	-	**4,311,500**	**23,318,499**	-	**0.9167%**[Note 16]

Notes:

1. The RSUs were granted to the grantees at nil consideration and were or will be transferred to the grantees upon vesting at nil consideration.

2. As no RSUs held by the relevant Directors and employees were vested during the Reporting Period according to their respective vesting schedules, the weighted average closing price of the Shares immediately before the vesting date for each of them are not applicable.

3. For details of the accounting standard and policy adopted in relation to and the basis of the measurement of fair value of RSUs, please see Note 21 to the unaudited interim financial statement in this report.

4. During the Reporting Period, no RSU was cancelled.

5. The vesting of the RSUs shall be subject to the satisfaction of the following performance targets as vesting conditions:

   (i) the aggregate amount of profit for the year and research and development costs for the year has an increment to a certain extent; and

   (ii) the results of individual performance assessments carried out by the Group's human resources committee comply with each department's function and target.

6. One third of the RSUs granted shall vest on August 27, 2022, 2023 and 2024, respectively.

7. One third of the RSUs shall vest on November 9, 2023, 2024 and 2025, respectively.

8. The RSUs granted shall vest on March 21, 2025.

9. One third of the RSUs granted shall vest on July 16, 2022, 2023 and 2024, respectively.

10. One third of the RSUs granted shall vest on December 23, 2022, 2023 and 2024, respectively.

11. In relation to 1,500,000 RSUs granted, one third of the RSUs shall vest on January 17, 2023, 2024 and 2025, respectively. In relation to 5,310,000 RSUs granted, one third of the RSUs shall vest on May 11, 2023, 2024 and 2025, respectively.

12. In relation to 13,881,000 RSUs granted, one third of the RSUs shall vest on September 28, 2023, 2024 and 2025, respectively. In relation to 528,000 RSUs granted, one third of the RSUs shall vest on May 11, 2023, 2024 and 2025, respectively. In relation to 80,000 RSUs granted, one half of the RSUs shall vest on May 11, 2023 and 2024, respectively.

13. In relation to 1,015,000 RSUs granted, one third of the RSUs shall vest on November 9, 2023, 2024 and 2025, respectively. In relation to 154,000 RSUs granted, all of them shall vest on November 9, 2023.

14. In relation to 4,302,000 RSUs granted, one third of the RSUs shall vest on June 28, 2024, 2025 and 2026, respectively. In relation to 76,000 RSUs granted, all of them shall vest on June 28, 2024.

15. In relation to 359,000 RSUs granted, all of the RSUs shall vest on March 21, 2025. In relation to 126,000 RSUs granted, half of the RSUs shall vest on March 21, 2025 and 2026, respectively. In relation to 3,261,000 RSUs granted, one third of the RSUs shall vest on March 21, 2025, 2026 and 2027, respectively.

16. The aggregate percentage of number of Shares underlying the RSUs outstanding as of June 30, 2024 divided by total number of Shares in issue as of June 30, 2024 may not add up to the total percentage of 0.9167% due to rounding.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

After the Reporting Period and up to the date of this report, there were no material events affecting the Company or any of its subsidiaries.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining and promoting stringent corporate governance. The principles of the Group's corporate governance are to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business operation, so as to ensure that its business and operation are conducted in accordance with applicable laws and regulations, enhance the transparency of the Board, and strength the accountability to all Shareholders. The Group's corporate governance practices are based on the principles and code provisions prescribed in the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Listing Rules.

Save as disclosed below, the Group has complied with the code provisions contained in the CG Code during the Reporting Period.

Under code provision C.2.1 of Part 2 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. As of June 30, 2024, the roles of chairman of the Board (the "**Chairman**") and chief executive officer of the Company (the "**Chief Executive Officer**") were not separated and Mr. REN Jinsheng ("**Mr. REN**") currently performs these two roles. Mr. REN is the founder of the Group, the Chairman and the Chief Executive Officer. He has been primarily responsible for developing overall corporate business strategies and business operation of the Group and making significant business and operational decisions of the Group. The Directors jointly consider that vesting the roles of both the Chairman and the Chief Executive Officer in Mr. REN is beneficial to the business prospects of the Group by ensuring consistent leadership to the Group as well as prompt and effective decision making and implementation. In addition, the Directors jointly believe that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) any decision to be made by the Board requires approval by at least a majority of the Directors; (ii) Mr. REN and other Directors are aware of and undertake to fulfill their fiduciary duties as the Directors, which require, among other things, that he acts for the benefit and in the best interests of the Company and will make decisions for the Company accordingly; (iii) as of the date of this report, the balance of power and authority is ensured by the operations of the Board, which consists of four executive Directors (including Mr. REN) and four independent non-executive Directors, and has a fairly strong independence element; and (iv) the overall strategic and other key business, financial, and operational policies of the Company are made collectively after thorough discussion at both Board and senior management levels.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the Model Code as set out in Appendix C3 to the Listing Rules as the Group's code of conduct regarding the Directors' securities transactions. Having made specific enquiry of all the Directors, all the Directors confirmed that they have strictly complied with the Model Code during the Reporting Period.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL INFORMATION

The Group established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the CG Code. As of the date of this report, the Audit Committee consists of three members, all of which are independent non-executive Directors, being Mr. WANG Xinhua, Mr. SONG Ruilin and Mr. WANG Jianguo. The chairperson of the Audit Committee is Mr. WANG Xinhua, who possesses the appropriate professional qualifications and accounting and related financial management expertise. The main duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group, oversee the audit process, review and oversee the existing and potential risks of the Group and perform other duties and responsibilities as assigned by the Board.

The Audit Committee has reviewed the financial reporting processes of the Group and the unaudited condensed consolidated interim financial statements and interim report of the Group for the six months ended June 30, 2024, and is of the opinion that these statements have complied with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosure has been made.

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

The Directors have been granted a general mandate by the shareholders of the Company (the "**Shareholders**") at the annual general meeting of the Company held on June 14, 2024 (the "**2023 AGM**") to repurchase up to 260,976,161 Shares on the Stock Exchange (the "**Repurchase Mandate**"), representing 10% of the total number of issued Shares as of the date of the 2023 AGM. During the Reporting Period, the Company repurchased a total of 79,825,000 Shares on the Stock Exchange pursuant to the Repurchase Mandate at a total consideration (excluding expenses) of HK$440,685,620 (the "**Share Repurchase**"), which was funded by internal resources of the Company. As of the date of this report, such repurchased Shares (i.e. 79,825,000 Shares) have been cancelled. Details of the Shares repurchased by the Company during the Reporting Period are as follows:

Month of Share repurchase	Total number of Shares repurchased	The highest purchase price per Share (HK$)	The lowest purchase price per Share (HK$)	Total consideration (excluding expense) (HK$)
January 2024	6,961,000	6.58	5.82	42,583,540
March 2024	8,021,000	5.49	5.28	43,162,320
April 2024	34,421,000	5.44	5.07	179,728,360
May 2024	17,519,000	5.84	5.53	100,067,750
June 2024	12,903,000	6.20	5.53	75,143,650
Total	**79,825,000**	**–**	**–**	**440,685,620**

The Share Repurchase was governed by section 257 of the Hong Kong Companies Ordinance. The total amount paid on the repurchased Shares of HK$440,685,620 (RMB equivalent 401,740,000) was paid wholly out of retained profits.

The Board believes that the Share Repurchase demonstrates the Company's confidence in its own business outlook and prospects and would, ultimately, benefit the Company and create value to the Shareholders. In addition, the Board believes that the current financial resources of the Company enables it to implement the Share Repurchase while maintaining a solid financial position.

Save as disclosed above, during the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares). The Company did not hold any treasury shares as of June 30, 2024.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended June 30, 2024.

USE OF PROCEEDS FROM THE LISTING

The net proceeds from the initial public offering of the Shares in October 2020 and allotment and issuance of Shares pursuant to the partial exercise of the over-allotment option in November 2020 (the "**Net Proceeds**"), amounted to approximately HK$3,513.09 million in aggregate. The proposed use of the Net Proceeds was disclosed in the prospectus of the Company dated October 13, 2020 (the "**Prospectus**").

The following table sets out the utilization of the Net Proceeds as of June 30, 2024 and the expected timeline for utilization:

Purpose	Percentage of the total amount	Actual amount of the Net Proceeds (HK$ in million)	Amount of the Net Proceeds utilized during the six months ended June 30, 2024 (HK$ in million)	Accumulated amount of the Net Proceeds utilized as of June 30, 2024 (HK$ in million)	Amount of the Net Proceeds unutilized as of June 30, 2024 (HK$ in million)	Expected timeline for utilization
Continued research and development of the Group's selected product candidates in its strategically focused therapeutic areas	60%	2,107.85	59.93	1,635.40	472.45	The actual Net Proceeds are expected to be fully utilized by 2027.
Reinforcement of the Group's sales and marketing capabilities	10%	351.31	–	351.31	–	The actual Net Proceeds have been fully utilized.
Investment in companies in the pharmaceutical or biotechnology sector	10%	351.31	–	351.31	–	The actual Net Proceeds have been fully utilized.
Repayment of certain of the Group's outstanding bank loans	10%	351.31	–	351.31	–	The actual Net Proceeds have been fully utilized.
Working capital and other general corporate purposes	10%	351.31	–	351.31	–	The actual Net Proceeds have been fully utilized.
Total	**100%**	**3,513.09**	**59.93**	**3,040.64**	**472.45**	

For more details, please refer to the section headed "Future Plans and Use of Proceeds – Use of Proceeds" of the Prospectus. On April 15, 2021, the Board resolved to reallocate the Net Proceeds amounted to approximately HK$325.62 million for the selected cell therapy product candidates, including CD19 CAR T-cell therapy (Indication 1), CD19 CAR T-cell therapy (Indication 2), BCMA CAR T-cell therapy and SIM0325, to the selected oncology product candidates that are currently under development, including COSELA® (SCLC, metastatic CRC and TNBC), SIM0395 and Docetaxel Polymeric Micellar for Injection. On August 31, 2022, the Board resolved to reallocate part of the unutilized Net Proceeds amounted to approximately HK$530 million which originally proposed to be used in selected innovative oncology product candidates at pre-clinical stages (including SIM-200, SIM-203-1, SIM-203-2, SIM-203-3 and SIM-236) to continuous R&D of Sanbexin® sublingual tablets, Sanbexin® (Edaravone and Dexborneol Concentrated Solution for Injection), XIANNUOXIN® and SIM0278. For relevant details, please refer to the announcements of the Company dated April 15, 2021 and August 31, 2022 in relation to the change in use of proceeds (the "**Announcements**"). As of June 30, 2024, the Net Proceeds utilized was approximately HK$3,040.64 million and the Net Proceeds unutilized was approximately HK$472.45 million. The Group intends to apply the unutilized Net Proceeds as of June 30, 2024 in the manner and proportion set out in the Prospectus and the Announcements.

Review report to the board of directors of
Simcere Pharmaceutical Group Limited
(Incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 44 to 80 which comprises the consolidated statement of financial position of Simcere Pharmaceutical Group Limited (the "**Company**") as of June 30, 2024 and the related consolidated statement of profit or loss, statement of profit or loss and other comprehensive income and statement of changes in equity and condensed consolidated cash flow statement 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 an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard ("**HKAS**") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The directors are responsible for the preparation and presentation of the interim financial report in accordance with HKAS 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion 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 Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. A review of the interim financial report consists of making enquiries, 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 Hong Kong 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 report as at June 30, 2024 is not prepared, in all material respects, in accordance with HKAS 34, *Interim financial reporting*.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

August 21, 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended June 30, 2024 — unaudited

(Expressed in Renminbi)

	Note	Six months ended June 30, 2024 RMB'000	Six months ended June 30, 2023 RMB'000 (restated) (Note 25)
Revenue	4	3,113,524	3,381,695
Cost of sales		(651,592)	(820,358)
Gross profit		2,461,932	2,561,337
Other income	5(a)	71,476	76,461
Other net (loss)/gain	5(b)	(90,519)	1,953,152
Research and development costs		(566,129)	(775,892)
Selling and distribution expenses		(1,155,619)	(1,247,477)
Administrative and other operating expenses		(230,806)	(257,474)
Reversals of impairment loss on trade and other receivables		1,825	939
Profit from operations		492,160	2,311,046
Finance income	6(a)	25,411	30,936
Finance costs	6(a)	(18,366)	(18,156)
Interest expenses arising from redemption liability	6(a)	(5,103)	–
Net finance income		1,942	12,780
Share of profits/(loss) of associates		18	(793)
Share of profits of joint ventures		573	1,186
Profit before taxation	6	494,693	2,324,219
Income tax	7	(38,093)	(51,346)
Profit for the period		456,600	2,272,873
Attributable to:			
Equity shareholders of the Company		456,600	2,273,684
Non-controlling interest		–	(811)
Profit for the period		456,600	2,272,873
Earnings per share	8		
Basic (RMB)		0.18	0.87
Diluted (RMB)		0.18	0.86

The notes on pages 52 to 80 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in Note 21(a).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2024 — unaudited

(Expressed in Renminbi)

	Six months ended June 30,	
	2024 RMB'000	2023 RMB'000 (restated) (Note 25)
Profit for the period	456,600	2,272,873
Other comprehensive income for the period (after tax adjustments)		
Items that will not be reclassified to profit or loss:		
Financial assets at fair value through other comprehensive income (FVOCI) – net movement in fair value reserves (non-recycling), net of tax	(1,055)	(5,159)
Exchange difference on translation of company level financial statements	(1,116)	53,979
Items that will be reclassified to profit or loss:		
Exchange difference on translation of financial statements of overseas subsidiaries	2,229	17,555
Other comprehensive income for the period	58	66,375
Total comprehensive income for the period	456,658	2,339,248
Attributable to:		
Equity shareholders of the Company	456,658	2,340,059
Non-controlling interest	–	(811)
Total comprehensive income for the period	456,658	2,339,248

The notes on pages 52 to 80 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At June 30, 2024 — unaudited

(Expressed in Renminbi)

	Note	June 30, 2024 RMB'000	December 31, 2023 RMB'000
Non-current assets			
Property, plant and equipment	9	**2,246,969**	2,170,339
Intangible assets	9	**953,499**	715,786
Goodwill		**142,474**	142,474
Interest in associates		**52,520**	52,502
Interest in joint ventures		**98,277**	98,069
Prepayments, deposits and other receivables	14	**19,724**	188,954
Financial assets at fair value through other comprehensive income	10	**173,024**	174,267
Financial assets at fair value through profit or loss	11	**1,111,053**	1,254,331
Loan to a third party		**100,096**	100,326
Time deposits	15(c)	**683**	673
Deferred tax assets		**396,782**	317,002
		5,295,101	5,214,723
Current assets			
Inventories	12	**656,525**	614,562
Contract assets		**3,719**	13,000
Trade and bills receivables	13	**2,413,321**	2,631,645
Prepayments, deposits and other receivables	14	**245,122**	286,777
Pledged deposits	15(b)	**23,787**	52,513
Restricted deposits	15(b)	**19,169**	22,148
Time deposits	15(c)	**301,430**	11,137
Cash and cash equivalents	15(a)	**2,754,982**	2,007,162
		6,418,055	5,638,944
Current liabilities			
Bank loans	16	**994,483**	1,015,133
Lease liabilities		**83,829**	79,848
Trade and bills payables	17	**355,912**	317,218
Other payables and accruals	18	**1,473,730**	1,229,812
Taxation payable		**127,082**	17,899
Provisions		**22,000**	25,990
		3,057,036	2,685,900
Net current assets		**3,361,019**	2,953,044
Total assets less current liabilities		**8,656,120**	8,167,767

The notes on pages 52 to 80 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At June 30, 2024 — unaudited

(Expressed in Renminbi)

	Note	June 30, 2024 RMB'000	December 31, 2023 RMB'000
Non-current liabilities			
Bank loans	16	**8,513**	205,846
Lease liabilities		**95,053**	128,397
Deferred income		**438,706**	393,112
Deferred tax liabilities		**65,032**	102,676
Other financial liability	19	**975,103**	–
Other non-current liability	20	**165,000**	115,000
		1,747,407	945,031
NET ASSETS		**6,908,713**	7,222,736
CAPITAL AND RESERVES			
Share capital	21	**3,173,805**	3,173,805
Reserves	21	**3,734,908**	4,048,931
TOTAL EQUITY		**6,908,713**	7,222,736

Approved and authorized for issue by the board of directors on August 21, 2024.

The notes on pages 52 to 80 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2024 — unaudited

(Expressed in Renminbi)

		Attributable to equity shareholders of the Company								
	Note	Share capital RMB'000	Other reserve RMB'000	PRC statutory reserve RMB'000	Exchange reserve RMB'000	Fair value reserve (non-recycling) RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interest RMB'000	Total equity RMB'000
Balance at January 1, 2023, as restated		3,081,131	182,948	774,388	55,672	(18,896)	3,056,467	7,131,710	16,062	7,147,772
Changes in equity for the six months ended June 30, 2023:										
Profit for the period		-	-	-	-	-	2,273,684	2,273,684	(811)	2,272,873
Other comprehensive income		-	-	-	71,534	(5,159)	-	66,375	-	66,375
Total comprehensive income		-	-	-	71,534	(5,159)	2,273,684	2,340,059	(811)	2,339,248
Equity settled share-based transactions	21(b)	-	53,713	-	-	-	-	53,713	-	53,713
Vesting of restricted shares	21(b)	13,477	(13,477)	-	-	-	-	-	-	-
Disposal of interest in subsidiaries		-	-	-	-	-	-	-	(15,251)	(15,251)
Purchase of own shares	21(c)	-	-	-	-	-	(49,031)	(49,031)	-	(49,031)
Appropriation of dividends	21(a)	-	-	-	-	-	(419,218)	(419,218)	-	(419,218)
Balance at June 30, 2023, as restated		3,094,608	223,184	774,388	127,206	(24,055)	4,861,902	9,057,233	-	9,057,233

The notes on pages 52 to 80 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2024 — unaudited

(Expressed in Renminbi)

		Attributable to equity shareholders of the Company						
	Note	Share capital RMB'000	Other reserve RMB'000	PRC statutory reserve RMB'000	Exchange reserve RMB'000	Fair value reserve (non-recycling) RMB'000	Retained profits RMB'000	Total RMB'000
Balance at June 30, 2023 and July 1, 2023, as restated		3,094,608	223,184	774,388	127,206	(24,055)	4,861,902	9,057,233
Changes in equity for the six months ended December 31, 2023:								
Profit for the period		–	–	–	–	–	(1,558,923)	(1,558,923)
Other comprehensive income		–	–	–	(25,119)	36,204	–	11,085
Total comprehensive income		–	–	–	(25,119)	36,204	(1,558,923)	(1,547,838)
Appropriation of reserve		–		191,403	–	–	(191,403)	–
Consideration for acquisition of Nanjing Jiayuantang Biotechnology Co., Ltd.	25	–	(5,023)	–	–	–	–	(5,023)
Equity settled share-based transactions	21(b)	–	(41,594)	–	–	–	–	(41,594)
Vesting of restricted shares	21(b)	79,197	(79,197)	–	–	–	–	–
Purchase of own shares		–	–	–	–	–	(240,042)	(240,042)
Balance at December 31, 2023		3,173,805	97,370	965,791	102,087	12,149	2,871,534	7,222,736

The notes on pages 52 to 80 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2024 — unaudited

(Expressed in Renminbi)

	Note	Attributable to equity shareholders of the Company						
		Share capital RMB'000	Other reserve RMB'000	PRC statutory reserve RMB'000	Exchange reserve RMB'000	Fair value reserve (non-recycling) RMB'000	Retained profits RMB'000	Total RMB'000
Balance at January 1, 2024		3,173,805	97,370	965,791	102,087	12,149	2,871,534	7,222,736
Changes in equity for the six months ended June 30, 2024:								
Profit for the period		-	-	-	-	-	456,600	456,600
Other comprehensive income		-	-	-	1,113	(1,055)	-	58
Total comprehensive income		-	-	-	1,113	(1,055)	456,600	456,658
Equity settled share-based transactions	21(b)	-	32,543	-	-	-	-	32,543
Purchase of own shares	21(c)	-	-	-	-	-	(401,740)	(401,740)
Appropriation of dividends	21(a)	-	-	-	-	-	(401,484)	(401,484)
Balance at June 30, 2024		3,173,805	129,913	965,791	103,200	11,094	2,524,910	6,908,713

The notes on pages 52 to 80 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended June 30, 2024 — unaudited

(Expressed in Renminbi)

	Note	Six months ended June 30, 2024 RMB'000	Six months ended June 30, 2023 RMB'000 (restated) (Note 25)
Operating activities			
Cash generated from/(used in) operations		906,396	(71,565)
Tax paid		(43,737)	(10,371)
Net cash generated from/(used in) operating activities		862,659	(81,936)
Investing activities			
Payment for acquisition of financial assets at fair value through profit or loss		(36,526)	(19,824)
Proceeds from disposal of financial assets measured at fair value through profit or loss		36,547	–
Proceeds from disposal of interest in subsidiaries		–	943,520
Proceeds from redemption of time deposits		10,000	900,000
Payment for placement of time deposits		(300,000)	–
Payment for acquisition of intangible assets		(89,223)	(213,258)
Other cash flows used in investing activities		(22,762)	(258,334)
Net cash (used in)/generated from investing activities		(401,964)	1,352,104
Financing activities			
Proceeds from new bank loans		996,016	620,000
Repayment of bank loans		(1,214,057)	(1,000,301)
Payment for purchase of own shares		(401,740)	(49,031)
Proceeds from other financial liability		970,000	–
Other cash flows used in financing activities		(63,686)	(55,032)
Net cash generated from/(used in) financing activities		286,533	(484,364)
Net increase in cash and cash equivalents		747,228	785,804
Cash and cash equivalents at 1 January	15(a)	2,007,162	1,658,312
Effect of foreign exchange rate changes		592	2,988
Cash and cash equivalents at 30 June	15(a)	2,754,982	2,447,104

The notes on pages 52 to 80 form part of this interim financial report.

1 GENERAL INFORMATION

Simcere Pharmaceutical Group Limited (the "**Company**") was incorporated in Hong Kong on November 30, 2015 as a limited liability company with its registered office at Room 703, 7/F, Block 20E, Hong Kong Science Park Phase 3, Pak Shek Kok, New Territories, Hong Kong. The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited on October 27, 2020. The Company is an investment holding company. The Company and its subsidiaries (together, "**the Group**") are principally engaged in the research and development, manufacturing and sales of pharmaceutical products as well as rendering promotion service of pharmaceutical products that are not manufactured by the Group.

2 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("**HKAS**") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). It was authorized for issue on August 21, 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRSs.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on page 43.

2 BASIS OF PREPARATION *- continued*

The financial information relating to the financial year ended December 31, 2023 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended December 31, 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

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

3 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current ("**2020 amendments**")*
- Amendments to HKAS 1, *Presentation of financial statements: Non-current liabilities with covenants ("**2022 amendments**")*
- Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

None of these developments had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by business lines is as follows:

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000 (restated) (Note 25)
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of pharmaceutical products	**2,955,614**	3,062,491
Promotion service income	**130,398**	319,204
Research service income	**27,512**	–
	3,113,524	3,381,695

4 REVENUE AND SEGMENT REPORTING - *continued*

(a) Revenue - *continued*

Disaggregation of revenue - continued

Disaggregation of revenue from contracts with customers by business lines is as follows: - continued

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000 (restated) (Note 25)
Timing of revenue recognition		
At a point in time	**3,086,012**	3,381,695
Over time	**27,512**	–
	3,113,524	3,381,695

(b) Segment reporting

Operating segments are identified on the basis of internal reports that the Group's most senior executive management reviews regularly in allocating resources to segments and in assessing their performances.

The Group's most senior executive management makes resources allocation decisions based on internal management functions and assess the Group's business performance as one integrated business instead of by separate business lines or geographical regions. Accordingly, the Group has only one operating segment and therefore, no segment information is presented.

HKFRS 8, *Operating Segments*, requires identification and disclosure of information about an entity's geographical areas, regardless of the entity's organization (i.e. even if the entity has a single reportable segment). The Group operates within one geographical location because primarily all of its revenue was generated in the PRC and primarily all of its non-current operating assets and capital expenditure were located/incurred in the PRC. Accordingly, no geographical information is presented.

5 OTHER INCOME AND OTHER NET (LOSS)/GAIN

(a) Other income

	Six months ended June 30,	
	2024 RMB'000	2023 RMB'000 (restated) (Note 25)
Government grants	64,360	59,844
Rental income	435	4,517
Property management income	628	5,436
Consulting and technology service income	3,459	1,754
Others	2,594	4,910
	71,476	76,461

(b) Other net (loss)/gain

	Six months ended June 30,	
	2024 RMB'000	2023 RMB'000
Net foreign exchange (loss)/gain	(4,869)	14,279
Net gain on disposal of property, plant and equipment	108	582
Net realized and unrealized (loss)/gain on financial assets at fair value through profit or loss	(84,175)	1,148,800
Net gain on disposal of interest in subsidiaries (Note)	–	789,491
Reversal of provisions for litigation	902	–
Net loss on disposal of intangible assets	(2,485)	–
	(90,519)	1,953,152

Note:

On February 24, 2023, the Group entered into an agreement with a third party to dispose its 50% equity interest in BCY Pharm Co., Ltd. ("**BCY**"), one of its controlled subsidiaries, at consideration of RMB200,000,000. Upon the completion of the disposal in March 2023, the Group lost its control on BCY and recognized the remaining 13.57% equity interest in BCY, which amounted to RMB54,150,000, as a financial asset measured at fair value through profit or loss. The net gain on disposal of interest in BCY was RMB197,222,000.

On April 13, 2023, the Group entered into an agreement with a third party to dispose its total equity interest in Simcere (Shanghai) Pharmaceutical Co., Ltd. ("**Simcere (Shanghai)**") at consideration of RMB926,865,000. The disposal was completed in May 2023. The net gain on disposal of interest in Simcere (Shanghai) was RMB592,269,000.

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Net finance income

	Six months ended June 30,	
	2024 RMB'000	2023 RMB'000 (restated) (Note 25)
Interest income from bank deposits	**(23,700)**	(30,936)
Interest income from loan to a third party	**(1,711)**	–
Finance income	**(25,411)**	(30,936)
Interest expenses on bank loans	**15,242**	14,547
Interest expenses on lease liabilities	**3,124**	3,609
Finance costs	**18,366**	18,156
Interest expenses arising from redemption liability (Note 19)	**5,103**	–
Net finance income	**(1,942)**	(12,780)

(b) Other items

	Six months ended June 30,	
	2024 RMB'000	2023 RMB'000 (restated) (Note 25)
Depreciation charge		
– owned property, plant and equipment	**108,424**	109,129
– right-of-use assets	**39,459**	36,048
Amortization of intangible assets	**13,365**	5,428
Provision for write-down of inventories	**29,969**	3,163

7 INCOME TAX

Taxation in the consolidated statements of profit or loss represents:

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Current tax		
PRC Corporate Income Tax		
Provision for the period	**160,507**	52,706
Over-provision in respect of prior years	**(5,262)**	(4,927)
	155,245	47,779
Overseas Corporate Income Tax		
Provision for the period	**75**	1,928
Deferred tax		
Origination and reversal of temporary differences	**(117,227)**	1,639
	38,093	51,346

The provision for PRC income tax is based on the respective corporate income tax rates applicable to the subsidiaries located in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC.

Taxation for overseas subsidiaries is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the relevant countries.

(Expressed in Renminbi unless otherwise indicated)

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB456,600,000 (six months ended June 30, 2023: RMB2,273,684,000, as restated) and the weighted average of 2,552,167,209 ordinary shares (six months ended June 30, 2023: 2,618,949,497 ordinary shares) in issue during the interim period.

Weighted average number of ordinary shares

	Six months ended June 30,	
	2024	2023
Issued ordinary shares at January 1	**2,616,722,618**	2,660,376,618
Effect of ordinary shares issued (Note 21(b))	**–**	1,028,126
Effect of purchase of own shares (Note 21(c))	**(30,418,363)**	(15,011)
Effect of unvested shares under 2021 RSU Scheme (Note 21(b))	**(34,137,046)**	(42,440,236)
Weighted average number of ordinary shares at June 30	**2,552,167,209**	2,618,949,497

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB456,600,000 (six months ended June 30, 2023: RMB2,273,684,000, as restated) and the weighted average of 2,552,167,209 ordinary shares (six months ended June 30, 2023: 2,629,759,497 shares).

Weighted average number of ordinary shares (diluted)

	Six months ended June 30,	
	2024	2023
Weighted average number of ordinary shares at June 30	**2,552,167,209**	2,618,949,497
Effect of contingently issuable shares under 2021 RSU scheme (Note 21(b))	**–**	10,810,000
Weighted average number of ordinary shares (diluted) at June 30	**2,552,167,209**	2,629,759,497

9 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

(a) Right-of-use assets

During the six months ended June 30, 2024, additions to right-of-use assets were RMB57,575,000 (six months ended June 30, 2023: RMB178,512,000). This amount included the addition of leasehold land of RMB35,025,000 (six months ended June 30, 2023: RMB143,346,000) due to the acquisition of entire equity interest in Nanjing BioSciKin Innovative Medical Technology Co., Ltd. ("**BioSciKin Innovative**"), and the remainder primarily related to the capitalized lease payments under new tenancy agreements. Apart from that, items of right-of-use assets with a net book value of RMB5,144,000 (six months ended June 30, 2023: RMB13,379,000) were disposed of during the six months ended June 30, 2024, resulting in a gain on disposal of RMB304,000 (six months ended June 30, 2023: RMBnil).

On January 31, 2024, the Group acquired entire equity interest BioSciKin Innovative for a cash consideration of RMB42,307,000. In the view of the directors of the Company, the acquisition of BioSciKin Innovative constitute an asset acquisition rather than a business acquisition, as BioSciKin Innovative had not commenced any business operation except for the construction of plant. Substantially all of the fair value of the gross assets acquired in BioSciKin Innovative is concentrated in its leasehold land and construction in progress.

As at June 30, 2024, leasehold land with net book value of RMB111,791,000 was pledged as security for banking facilities, which were not used.

(b) Acquisitions and disposals of owned assets

During the six months ended June 30, 2024, the Group acquired items of property, plant and equipment at a cost of RMB173,130,000 (six months ended June 30, 2023: RMB188,042,000). Apart from that, items of property, plant and equipment with a net book value of RMB1,048,000 (six months ended June 30, 2023: RMB857,000) were disposed of during the six months ended June 30, 2024, resulting in a loss on disposal of RMB196,000 (six months ended June 30, 2023: a gain of RMB582,000).

During the six months ended June 30, 2024, additions to intangible assets were RMB253,563,000 (six months ended June 30, 2023: RMB213,258,000) arising from certain exclusive commercialization right and development expenditure of in-licensed right. Apart from that, items of intangible asset with a net book value of RMB2,485,000 (six months ended June 30, 2023: RMB43,502,000) were disposed of during the six months ended June 30, 2024, resulting in a loss on disposal of RMB2,485,000 (six months ended June 30, 2023: RMBnil).

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	June 30, 2024 RMB'000	December 31, 2023 RMB'000
Equity securities designated at FVOCI (non-recycling)		
– Listed equity securities	9,471	10,714
– Unlisted equity security	163,553	163,553
	173,024	174,267

The listed equity securities at FVOCI (non-recycling), represent investment in listed equity securities issued by listed companies incorporated in the United States. The unlisted equity security at FVOCI (non-recycling), represents investment in unlisted equity interest in a private entity incorporated in the PRC. These investments are engaged in research and development of innovative pharmaceutical products.

The Group designated these investments at FVOCI (non-recycling), as the investments are held for strategic purposes. No dividends were received on these investments during the six months ended June 30, 2024 and 2023.

The analysis on the fair value measurement of the above financial assets is disclosed in Note 24.

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2024 RMB'000	December 31, 2023 RMB'000
Financial assets at FVPL		
– Listed equity securities	111,918	159,540
– Unlisted investments	477,197	563,077
– Unlisted units in investment funds	521,938	531,714
	1,111,053	1,254,331

The Group's balances of financial assets at FVPL represent listed equity securities issued by listed company incorporated in Australia and the Cayman Islands, the unlisted investments in private entities incorporated in the PRC, the United States and the Cayman Islands and unlisted units in investment funds incorporated in the PRC, the United States, and the Netherlands. These investments are primarily engaged or further invested in the healthcare and pharmaceutical sectors.

The analysis on the fair value measurement of the Group's above financial assets is disclosed in Note 24.

12 INVENTORIES

	June 30, 2024 RMB'000	December 31, 2023 RMB'000
Raw materials	406,980	212,668
Semi-finished goods	49,022	96,424
Finished goods	200,523	305,470
	656,525	614,562

During the six months ended June 30, 2024, the Group recognized a write-down of RMB29,969,000 (six months ended June 30, 2023: RMB3,163,000) against those inventories with net realizable value lower than carrying value. The write-down is included in cost of sales in the consolidated statement of profit or loss.

13 TRADE AND BILLS RECEIVABLES

	June 30, 2024 RMB'000	December 31, 2023 RMB'000
Trade receivables	2,060,527	1,996,245
Bills receivable	374,181	658,575
	2,434,708	2,654,820
Less: loss allowance	(21,387)	(23,175)
	2,413,321	2,631,645

All of the trade and bills receivables are expected to be recovered within one year.

As at June 30, 2024, bills receivable of RMB67,579,000 were pledged for issuance of bills payable (2023: RMB75,977,000).

13 TRADE AND BILLS RECEIVABLES - *continued*

Aging analysis

As of the end of the reporting period, the aging analysis of trade and bills receivables, based on the invoice date and net of loss allowance, is as follows:

	June 30, 2024 RMB'000	December 31, 2023 RMB'000
Within 3 months	2,065,144	2,014,485
Over 3 months but within 6 months	256,718	564,369
Over 6 months but within 9 months	91,047	47,761
Over 9 months but within 12 months	412	5,030
	2,413,321	2,631,645

Trade receivables are due within 30 - 90 days from the date of billing.

14 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	June 30, 2024 RMB'000	December 31, 2023 RMB'000
Current		
Prepayments for raw materials and expenses	97,490	155,577
Value added tax recoverable	113,633	73,275
Other deposits and receivables	56,505	80,468
	267,628	309,320
Less: loss allowance	(22,506)	(22,543)
	245,122	286,777
Non-current		
Prepayments for property, plant and equipment	5,776	21,275
Other deposits and receivables	9,094	21,315
Prepayments for exclusive commercialization rights	4,854	146,364
	19,724	188,954

All of prepayments, deposits and other receivables current balances are expected to be recovered or recognized as expense within one year.

15 CASH AND CASH EQUIVALENTS, TIME DEPOSITS, PLEDGED DEPOSITS AND RESTRICTED DEPOSITS

(a) Cash and cash equivalents comprise:

	June 30, 2024 RMB'000	December 31, 2023 RMB'000
Cash at bank	2,754,982	2,007,162

As of the end of the reporting period, cash and cash equivalents situated in Chinese Mainland amounted to RMB2,050,807,000 (2023: RMB1,843,969,000). Remittance of funds out of Chinese Mainland is subject to relevant rules and regulations of foreign exchange control.

(b) Pledged deposits and restricted deposits comprise:

	June 30, 2024 RMB'000	December 31, 2023 RMB'000
Pledged deposits for		
– issuance of letter of guarantee	23,787	52,513

	June 30, 2024 RMB'000	December 31, 2023 RMB'000
Restricted deposits for		
– 2021 RSU Scheme	10,232	10,232
– litigations	204	3,990
– research and development projects	8,733	7,926
	19,169	22,148

(c) Time deposits:

	June 30, 2024 RMB'000	December 31, 2023 RMB'000
Current portion	301,430	11,137
Non-current portion	683	673
	302,113	11,810

16 BANK LOANS

The maturity profile for the interest-bearing bank loans of the Group at the end of each reporting period is as follows:

	June 30, 2024 RMB'000	December 31, 2023 RMB'000
Short-term bank loans	993,773	762,427
Current portion of long-term bank loans	710	252,706
Within 1 year or on demand	994,483	1,015,133
After 1 year but within 2 years	659	197,655
After 2 years but within 5 years	1,977	1,965
After 5 years	5,877	6,226
	8,513	205,846
	1,002,996	1,220,979

The bank loans were secured as follows:

	June 30, 2024 RMB'000	December 31, 2023 RMB'000
Bank loans		
– Unsecured	1,002,996	1,220,979

17 TRADE AND BILLS PAYABLES

	June 30, 2024 RMB'000	December 31, 2023 RMB'000
Trade payables	288,333	228,585
Bills payable	67,579	88,633
	355,912	317,218

17 TRADE AND BILLS PAYABLES - *continued*

As of the end of the reporting period, the aging analysis of trade and bills payables, based on the invoice date, is as follows:

	June 30, 2024 RMB'000	December 31, 2023 RMB'000
Within 3 months	270,226	220,812
3 to 12 months	82,186	94,377
Over 12 months	3,500	2,029
	355,912	317,218

All of the trade and bills payables are expected to be settled within one year or repayable on demand.

18 OTHER PAYABLES AND ACCRUALS

	June 30, 2024 RMB'000	December 31, 2023 RMB'000
Accrued expenses (Note i)	430,157	495,241
Contract liabilities (Note ii)	38,979	43,311
Payable for employee reimbursements	13,059	18,236
Payables for staff related costs	292,529	335,832
Payables for purchase of property, plant and equipment	19,712	29,675
Payable for acquisition of intangible assets	70,000	47,170
Dividends payable	401,484	–
Other tax payables	126,235	152,670
Payables for research and development	33,036	43,516
Others	48,539	64,161
	1,473,730	1,229,812

Notes:

(i) Accrued expenses primarily comprise marketing and promotion expenses, research and development costs and other expenses.

(ii) Contract liabilities represent customers' advances received for goods that have not yet been transferred to the customers.

19 OTHER FINANCIAL LIABILITY

On February 24, 2024, Hainan Simcere Zaiming Pharmaceutical Co., Ltd. ("**Simcere Zaiming**"), a PRC subsidiary of the Group, entered into capital contribution agreement with certain investors, pursuant to which Simcere Zaiming issued additional share capital of RMB52,559,000 for a total consideration of RMB970,000,000. The capital contribution was completed on June 4, 2024 with all consideration received.

In addition to voting rights and dividend rights same as other equity holders of Simcere Zaiming, certain special rights including repurchase rights, liquidation preference rights and anti-dilution rights are granted to these investors. Since there is an obligation for the Group to purchase its own equity instrument for cash when certain conditions set out in the agreement are met, it gives rise to a financial liability for the present value of the redemption amount. The subsequent changes of the financial liability under amortised costs are recognised in profit or loss directly.

Movements of the redemption liability are as follows:

	Redemption liability RMB'000
At January 1, 2024	–
Additions during the period	970,000
Charged to profit or loss	5,103
At June 30, 2024	975,103

20 OTHER NON-CURRENT LIABILITY

In 2023, Shandong Simcere entered into an agreement with the local government to relocate its production plant. The local government agreed to pay an amount of RMB230,000,000 as the compensation for the disposal of the property, plant and equipment and related relocation costs in the interest of urban planning. The relocation is expected to be completed in 2027.

As at June 30, 2024, the Group had received from the local government RMB165,000,000 (2023: RMB115,000,000) in relation to the abovementioned compensation.

21 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

Dividends payable to equity shareholders of the Company attributable to the previous financial years, declared and approved during the period:

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Dividends in respect of previous financial years declared and approved during the interim period, RMB0.16 per share (six months ended June 30, 2023: RMB0.16 per share)	**406,946**	426,247
Less: Dividends attributable to unvested shares under 2021 RSU scheme	**(5,462)**	(7,029)
	401,484	419,218

The directors did not recommend payment of interim dividends for the interim period (no interim dividend for the six months ended June 30, 2023).

(b) Equity settled share-based transactions

*2021 Restricted Stock Unit ("**RSU**") scheme ("**2021 RSU Scheme**") adopted by the Company*

On May 20, 2021, the board of the Company approved the adoption of the 2021 RSU Scheme and would grant up to 137,296,927 RSUs, representing 137,296,927 underlying shares to the directors and employees of the Company and its subsidiaries ("**the Participants**") under the 2021 RSU Scheme in aggregate.

On June 15, 2023, the shareholders of the Company approved the amendments of the 2021 RSU Scheme and would grant up to 266,404,561 RSUs, representing 266,404,561 underlying shares to the Participants under the 2021 RSU Scheme in aggregate.

(Expressed in Renminbi unless otherwise indicated)

21 CAPITAL, RESERVES AND DIVIDENDS - *continued*

(b) Equity settled share-based transactions - *continued*

*2021 Restricted Stock Unit ("**RSU**") scheme ("**2021 RSU Scheme**") adopted by the Company - continued*

The terms and conditions of the grants are as follows:

	Number of RSUs	Vesting condition	Consideration per RSU RMB
2021 RSU Scheme			
– on July 16, 2021	10,838,000	Graded vest of one third per year over three years from the date of grant and subject to performance conditions	Nil
– on November 1, 2021	8,712,000	Graded vest of one third on August 27, 2022, 2023 and 2024 respectively, and subject to performance conditions	Nil
– on December 23, 2021	11,841,000	Graded vest of one third per year over three years from the date of grant and subject to performance conditions	Nil
– on May 11, 2022	6,810,000	Graded vest of one third of 1,500,000 RSUs on January 17, 2023, 2024 and 2025, respectively, one third of 5,310,000 RSUs per year over three years from the date of grant and both subject to performance conditions	Nil
– on September 28, 2022	14,489,000	Graded vest of half of 80,000 RSUs on May 11, 2023 and 2024, Graded vest of one third of 528,000 RSUs on May 11, 2023, 2024 and 2025,respectively, Graded vest of one third of 13,881,000 RSUs on September 28, 2023, 2024 and 2025 and all subject to performance conditions	Nil
– on November 9, 2022	3,669,000	Cliff vest of 154,000 RSUs on November 9, 2023, Graded vest of one third of 3,515,000 RSUs on November 9, 2023, 2024 and 2025, and both subject to performance conditions	Nil
– on June 28, 2023	4,282,000	Cliff vest of 76,000 RSUs on June 28, 2024, Graded vest of one third of 4,206,000 RSUs on June 28, 2024, 2025 and 2026, and both subject to performance conditions	Nil
– on March 21, 2024	3,817,500	Cliff vest of 430,500 RSUs on March 21,2025, Graded vest of half of 126,000 RSUs on March 21, 2025 and 2026, respectively, Graded vest of one third of 3,261,000 RSUs on March 21, 2025, 2026 and 2027, and all subject to performance conditions	Nil

21 CAPITAL, RESERVES AND DIVIDENDS - *continued*

(b) Equity settled share-based transactions - *continued*

*2021 Restricted Stock Unit ("**RSU**") scheme ("**2021 RSU Scheme**") adopted by the Company - continued*

During the six months ended June 30, 2024, the Company allotted and issued nil shares (six months ended June 30, 2023: 3,669,000 shares), to Futu Trustee Limited or Tricor Trust (Hong Kong) Limited ("**the Trustees**"), which will be issued to the Participants upon the vest of the RSUs granted under 2021 RSU Scheme. As at June 30, 2024, the total shares allotted and issued to the Trustees were 55,404,000 shares (2023: 55,404,000 shares).

Neither the Participants nor the Trustees may exercise any of the voting rights in respect of any shares held by the Trustees for the purpose of the 2021 RSU Scheme.

A summary of RSUs outstanding for the six months ended June 30, 2024 and 2023:

	June 30, 2024		June 30, 2023	
	Weighted average grant-date fair value RMB	Number of RSUs '000	Weighted average grant-date fair value RMB	Number of RSUs '000
Balance at the beginning of the period	7.00	8,545	7.59	39,932
Grant during the period	4.98	3,818	6.67	4,288
Vested during the period	–	–	7.00	(1,926)
Forfeited during the period	6.57	(1,058)	7.77	(4,592)
Balance at the end of the period	6.36	11,305	7.49	37,702

The grant-date fair value of the RSUs granted is measured based on the closing price of the Company's shares at the respective grant dates.

During the six months ended June 30, 2024, RMB10,199,000 (six months ended June 30, 2023: RMB53,713,000) was charged to the profit or loss in respect of the 2021 RSU Scheme as equity settled share-based transactions.

(Expressed in Renminbi unless otherwise indicated)

21 CAPITAL, RESERVES AND DIVIDENDS - *continued*

(b) Equity settled share-based transactions - *continued*

Share incentive scheme adopted by Simcere Zaiming

In March 2024, the board of directors and shareholders of Simcere Zaiming approved the adoption of a share incentive scheme ("**Zaiming Share Incentive Scheme**") to the directors, supervisors, senior management and core employees ("**the Zaiming Participants**") of the Simcere Zaiming and its subsidiaries, pursuant to which, the total shares to be granted shall be additional 20,319,096 ordinary shares of Simcere Zaiming to be subscribed for by the Zaiming Participants (either directly or through any intermediate shareholding vehicles), representing approximately 4.43% of the enlarged issued share capital of Simcere Zaiming immediately upon completion of the capital contribution of Simcere Zaiming (see Note 19).

On March 20, 2024, 17,113,000 ordinary shares of Simcere Zaiming were granted to the Zaiming Participants with subscription price of RMB5.49 per share under the Zaiming Share Incentive Scheme. The above incentives are graded vest one fourth per year over four years from the date of grant and subject to performance conditions. Upon vesting of the relevant shares granted, the Zaiming Participants are obliged to pay the subscription price and make capital contribution to Simcere Zaiming. Failure to fully pay up capital contribution with respect to the vested shares will result in forfeiture of the relevant grant.

The fair value of services received in return for the shares granted is measured by reference to the fair value of such equity instruments on the grant date, of which the estimation is measured based on the Black-Scholes model with the following assumptions:

Grant date	March 20, 2024
Risk-free interest rate	1.81% - 2.17%
Expected volatility	57.69% - 64.64%
Expected dividend yield	–

The spot price used in the Black-Scholes model was determined with reference to the fair value of the underlying equity interest of Simcere Zaiming in the recent capital transaction close to the grant date.

During the six months ended June 30, 2024, RMB22,344,000 was charged to the profit or loss in respect of the Zaiming Share Incentive Scheme as equity settled share-based transactions.

21 CAPITAL, RESERVES AND DIVIDENDS - *continued*

(c) Purchase of own shares

During the interim period, the Company repurchased its own shares on The Stock Exchange of Hong Kong Limited as follows:

Trading date	Number of shares repurchased	Highest price paid per share HKD	Lowest price paid per share HKD	Aggregate price HKD
January 2024	6,961,000	6.58	5.82	42,583,540
March 2024	8,021,000	5.49	5.28	43,162,320
April 2024	34,421,000	5.44	5.07	179,728,360
May 2024	17,519,000	5.84	5.53	100,067,750
June 2024	12,903,000	6.20	5.53	75,143,650
Total				440,685,620
Equivalent to RMB				401,740,000

The repurchase was governed by section 257 of the Hong Kong Companies Ordinance. The total amount paid on the repurchased shares of HKD440,685,620 (RMB equivalent 401,740,000) was paid wholly out of retained profits.

As at June 30, 2024, 6,888,000 shares of repurchased shares were not cancelled yet and were subsequent cancelled on August 19, 2024.

22 CAPITAL COMMITMENTS

Capital commitments outstanding at June 30, 2024 not provided for in the interim financial report:

	June 30, 2024 RMB'000	December 31, 2023 RMB'000
Contracted for	624,902	586,333
Represented by:		
Construction of plant and buildings	599,208	571,872
Acquisition of machinery and equipment	25,694	14,461
	624,902	586,333

23 MATERIAL RELATED PARTY TRANSACTIONS

(a) Names and relationships of the related parties that had other material transactions with the Group:

Name of related party	Relationship
Mr. Ren Jinsheng	Ultimate controlling shareholder of the Group
Beijing Simcere Sanroad Biological Products Co., Ltd.	Controlled by the ultimate controlling shareholder of the Group
BioSciKin Precision Medical Holding Group Co., Ltd.	Controlled by the ultimate controlling shareholder of the Group
Nanjing BioSciKin Asset Management Co., Ltd.	Controlled by the ultimate controlling shareholder of the Group
Nanjing Medway Culture Media Co., Ltd.	Controlled by the ultimate controlling shareholder of the Group
Jiangsu Simcere Medical Diagnostics Co., Ltd.	Controlled by a close family member of the ultimate controlling shareholder of the Group
Jiangsu Simcere Diagnostics Technology Co., Ltd.	Controlled by a close family member of the ultimate controlling shareholder of the Group
Jiangsu Yoai Technology Co., Ltd.	Controlled by a close family member of the ultimate controlling shareholder of the Group
Nanjing Xuanwu Youai Clinic Co., Ltd.	Controlled by the ultimate controlling shareholder of the Group
Nanjing Simcere Medical Inspection Laboratory Co., Ltd.	Controlled by a close family member of the ultimate controlling
Shanghai Xianbo Biological Technology Co., Ltd.	Controlled by the ultimate controlling shareholder of the Group
Xianwei (Hainan) Biotechnology Co., Ltd.	Controlled by the ultimate controlling shareholder of the Group

23 MATERIAL RELATED PARTY TRANSACTIONS - *continued*

(b) Significant related party transactions

The Group had following transactions with related parties:

	Six months ended June 30,	
	2024 RMB'000	2023 RMB'000 (restated) (Note 25)
Purchase of goods		
Jiangsu Yoai Technology Co., Ltd.	**–**	18
Purchase of services		
Beijing Simcere Sanroad Biological Products Co., Ltd.	**5,141**	–
Nanjing Simcere Medical Inspection Laboratory Co., Ltd.	**526**	498
Nanjing Xuanwu Youai Clinic Co., Ltd.	**38**	392
Nanjing Medway Culture Media Co., Ltd.	**457**	1,551
Jiangsu Simcere Medical Diagnostics Co., Ltd.	**4**	–
	6,166	2,441
Rendering of services		
Beijing Simcere Sanroad Biological Products Co., Ltd.	**–**	21
Jiangsu Simcere Medical Diagnostics Co., Ltd.	**2,830**	54
BioSciKin Precision Medical Holding Group Co., Ltd.	**–**	34
	2,830	109
Receiving rental, property management and other related services		
BioSciKin Precision Medical Holding Group Co., Ltd.	**11,459**	24,663
Nanjing BioSciKin Asset Management Co., Ltd.	**930**	1,283
	12,389	25,946
Providing rental, property management and other related services		
Xianwei (Hainan) Biotechnology Co., Ltd.	**785**	1,721
Beijing Simcere Sanroad Biological Products Co., Ltd.	**–**	246
Shanghai Xianbo Biological Technology Co., Ltd.	**–**	4,083
	785	6,050
Payments made to behalf of the Group		
BioSciKin Precision Medical Holding Group Co., Ltd.	**–**	282

(Expressed in Renminbi unless otherwise indicated)

23 MATERIAL RELATED PARTY TRANSACTIONS - *continued*

(b) Significant related party transactions - *continued*

Acquisition of equity interest in a subsidiary

During the six months ended June 30, 2024, the Group acquired the entire equity interest of BioSciKin Innovative from Jiangsu Simcere Diagnostics Technology Co., Ltd. at cash consideration of RMB42,307,000, which was fully paid in February 2024.

Leasing arrangements

During the six months ended June 30, 2024, the Group newly entered into lease contracts with a related party in respect of leasehold property for research and development activities or office use, with lease term of two or three years. The monthly rental payment by the Group under these leases is RMB677,000, which was determined with reference to amounts charged by the related party to third parties. At the commencement date of the lease, the Group recognized a right-of-use asset and a lease liability of RMB21,760,000. As at June 30, 2024, the balance of right-of-use assets and lease liabilities for lease contracts with related parties amounted to RMB33,927,000 and RMB32,872,000, respectively.

24 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of each reporting period on a recurring basis, categorized into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

– Level 1 valuations:	Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
– Level 2 valuations:	Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available;
– Level 3 valuations:	Fair value measured using significant unobservable inputs.

The Group has a team headed by the finance manager performing valuations for the financial instruments, including unlisted investments and unlisted units in investment funds which are categorized into Level 3 of the fair value hierarchy. The team reports directly to the chief financial officer. A valuation report with analysis of changes in fair value measurement is prepared by the team at each interim and annual reporting date, and is reviewed and approved by the chief financial officer. Discussion of the valuation process and results with the chief financial officer is held twice a year, to coincide with the reporting dates.

24 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS - *continued*

(a) Financial assets and liabilities measured at fair value - *continued*

(i) Fair value hierarchy - continued

	Fair value at June 30, 2024 RMB'000	Fair value measurement at June 30, 2024 categorized into Level 1	Level 2	Level 3
Recurring fair value measurement				
Financial assets at FVOCI				
– Listed equity securities	9,471	9,471	–	–
– Unlisted equity security	163,553	–	163,553	–
Financial assets at FVPL				
– Listed equity security	111,918	111,918	–	–
– Unlisted investments	477,197	–	124,315	352,882
– Unlisted units in investment funds	521,938	–	–	521,938
Interest in associates	40,000	–	40,000	–

	Fair value at December 31, 2023 RMB'000	Fair value measurement at December 31, 2023 categorized into Level 1	Level 2	Level 3
Recurring fair value measurement				
Financial assets at FVOCI				
– Listed equity securities	10,714	10,714	–	–
– Unlisted equity security	163,553	–	163,553	–
Financial assets at FVPL				
– Listed equity securities	159,540	159,540	–	–
– Unlisted investments	563,077	–	124,095	438,982
– Unlisted units in investment funds	531,714	–	–	531,714
Interest in associates	40,000	–	40,000	–

During the six months ended June 30, 2024, there were no transfers between Level 1 and Level 2. During the six months ended June 30, 2024, there were no transfers (2023: RMB192,178,000) from level 2 to level 3 due to significant unobservable inputs in 2023. During the six months ended June 30, 2024, there were no transfers (2023: RMB186,547,000) from Level 3 to Level 2 due to the available recently comparable transaction with significant observable inputs in 2024. The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of unlisted equity securities, certain unlisted investments and interest in associates in Level 2 is determined by recent comparable transaction price on the market. These investments were either acquired, re-invested by the Group recently or newly financed on the market.

24 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS - *continued*

(a) Financial assets and liabilities measured at fair value - *continued*

(ii) Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs
Unlisted investments	Comparable transactions adjusted approach (Note i)	Changing trend of medium market multiples of comparable companies
Unlisted units in investment funds	Net asset value (Note ii)	Net asset value of underlying investments

Notes:

(i) The fair value of certain unlisted investments are determined using valuation multiples adjusted for changing trend of medium market multiples of comparable companies. The fair value measurement is positively correlated to the changing trend of medium market multiples of comparable companies. As at June 30, 2024, it is estimated that with all other variables held constant, an increase/decrease in change of medium market multiples of comparable companies by 5% would have increased/decreased the Group's profit for the period by RMB14,897,000 (2023: RMB18,260,000).

(ii) The fair value of unlisted units in investment funds is determined referencing net asset value of underlying investments. The fair value measurement is positively correlated to net asset value of underlying investments. As at June 30, 2024, it is estimated that with all other variables held constant, an increase/decrease in net asset value of underlying investments by 5% would have increased/decreased the Group's profit for the period by RMB21,481,000 (2023: RMB21,733,000).

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurement in Level 3 of the fair value hierarchy:

	At June 30, 2024 RMB'000	At June 30, 2023 RMB'000
Financial assets at FVPL		
At January 1	970,696	887,261
Net realized and unrealized losses on financial assets at fair value through profit or loss	(83,525)	(11,281)
Purchases	36,526	19,823
Sales and settlements	(52,099)	(3,162)
Exchange difference	3,222	17,365
Transfer from interest in a subsidiary	–	54,150
Transfer into Level 2	–	(22,504)
As at June 30	874,820	941,652

24 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS - *continued*

(b) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at December 31, 2023 and June 30, 2024.

25 COMPARATIVE FIGURES

In November 2023, the Group agreed to acquire the entire equity interest of Nanjing Jiayuantang Biotechnology Co., Ltd., which is principally engaged in manufacturing and sales of healthcare products in the PRC, from Jiangsu Xianhui Pharmaceutical Research and Development Co., Ltd. at a consideration of RMB5,022,600. The acquisition was completed on November 17, 2023. Upon completion of the acquisition, Nanjing Jiayuantang Biotechnology Co., Ltd. and its subsidiary (together, "**Nanjing Jiayuantang Group**") became subsidiaries of the Group. As Nanjing Jiayuantang Group and the Group was ultimately controlled by Mr. Ren Jinsheng before and after the business combination and the control is not transitory, the acquisition of Nanjing Jiayuantang Group was considered as a business combination involving entities under common control, and Accounting Guideline 5, Merger Accounting for Common Control Combinations, issued by HKICPA has been applied.

The financial performance previously reported by the Group for the six months ended June 30, 2023 have been restated to include the operating results of the combining entities from the earliest date presented or since the date when combining entities first came under common control, where this is a shorter period, regardless of the date of the common control combination, as set out below:

	The Group RMB'000 (as previously reported)	Nanjing Jiayuantang Group RMB'000	Inter-company elimination RMB'000	The Group RMB'000 (as restated)
Revenue	3,379,329	2,957	(591)	3,381,695
Cost of sales	(818,029)	(2,869)	540	(820,358)
Gross profit	2,561,300	88	(51)	2,561,337
Other income	76,446	15	–	76,461
Other net gain	1,953,152	–	–	1,953,152
Research and development costs	(775,892)	–	–	(775,892)
Selling and distribution expenses	(1,247,302)	(226)	51	(1,247,477)
Administrative and other operating expenses	(256,634)	(840)	–	(257,474)
Reversal of impairment loss on trade and other receivables	939	–	–	939
Profit from operations	2,312,009	(963)	–	2,311,046
Finance income	30,936	–	–	30,936
Finance costs	(18,155)	(1)	–	(18,156)

25 COMPARATIVE FIGURES - *continued*

	The Group RMB'000 (as previously reported)	Nanjing Jiayuantang Group RMB'000	Inter-company elimination RMB'000	The Group RMB'000 (as restated)
Net finance income	12,781	(1)	–	12,780
Share of loss of associates	(793)	–	–	(793)
Share of profits of joint ventures	1,186	–	–	1,186
Profit before taxation	2,325,183	(964)	–	2,324,219
Income tax	(51,346)	–	–	(51,346)
Profit for the period	2,273,837	(964)	–	2,272,873
Attributable to:				
Equity shareholders of the Company	2,274,648	(964)	–	2,273,684
Non-controlling interest	(811)	–	–	(811)
Profit for the period	2,273,837	(964)	–	2,272,873
Earnings per share				
– Basic (RMB)	0.87			0.87
– Diluted (RMB)	0.86			0.86
Profit for the period	2,273,837	(964)	–	2,272,873
Other comprehensive income for the period (after tax)				
Items that will not be reclassified to profit or loss:				
Financial assets at fair value through other comprehensive income (FVOCI) - net movement in fair value reserves (non-recycling), net of tax	(5,159)	–	–	(5,159)
Exchange difference on translation of financial statements	53,979	–	–	53,979
Items that will be reclassified to profit or loss:				
Exchange difference on translation of financial statements	17,555	–	–	17,555
Other comprehensive income for the period	66,375	–	–	66,375
Total comprehensive income for the period	2,340,212	(964)	–	2,339,248
Attributable to:				
Equity shareholders of the Company	2,341,023	(964)	–	2,340,059
Non-controlling interest	(811)	–	–	(811)
Total comprehensive income for the period	2,340,212	(964)	–	2,339,248

25 COMPARATIVE FIGURES - *continued*

The cash flows previously reported by the Group for the six months ended June 30, 2023 have been restated to include the cash flows of the combining entities from the earliest date presented or since the date when combining entities first came under common control, where this is a shorter period, regardless of the date of the common control combination, as set out below:

	The Group RMB'000 (as previously reported)	Nanjing Jiayuantang Group RMB'000	Inter-company elimination RMB'000	The Group RMB'000 (as restated)
Net cash used in operating activities	(82,033)	97	–	(81,936)
Net cash generated from investing activities	1,352,104	–	–	1,352,104
Net cash used in financing activities	(484,364)	–	–	(484,364)
Net increase in cash and cash equivalents	785,707	97	–	785,804
Cash and cash equivalents as at January 1, 2023	1,657,600	712	–	1,658,312
Effect of foreign exchange rate changes	2,988	–	–	2,988
Cash and cash equivalents as at June 30, 2023	2,446,295	809	–	2,447,104