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
2021

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

CONTENTS

Corporate Information

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Mr. WAN Yushan
Mr. TANG Renhong

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Mr. ZHAO John Huan

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Mr. SONG Ruilin
Mr. WANG Jianguo
Mr. WANG Xinhua

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

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Mr. WANG Jianguo *(Chairman)*
Mr. WANG Xinhua
Mr. REN Jinsheng

NOMINATION COMMITTEE
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Mr. WANG Jianguo
Mr. REN Jinsheng

STRATEGY COMMITTEE
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Mr. ZHAO John Huan
Mr. WANG Jianguo

JOINT COMPANY SECRETARIES
Mr. BAO Jun
Ms. MAK Po Man Cherie *(Associate member of The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom)*
Ms. FENG Jie *(Resigned on June 30, 2021)*

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Corporate Information

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Company Overview

Simcere Pharmaceutical Group Limited (the "**Company**", together with its subsidiaries, the "**Group**"), now rapidly transitioning to an innovation and R&D-driven pharmaceutical company, has R&D, production and professional marketing capabilities.

The Group focuses on three therapeutic areas, oncology, central nervous system diseases and autoimmune diseases. In these three areas, the Group has four innovative pharmaceuticals approved for sale (including an imported innovative pharmaceutical).

Attaching great importance to innovative pharmaceutical R&D, we devote ourselves to research and increase the R&D investment year on year. We have three innovative drug R&D centers located in Shanghai, Nanjing in the People's Republic of China ("**PRC**" or "**China**") and Boston in the United States of America ("**U.S.**" or "**United States**"), and was approved by the Ministry of Science and Technology of the PRC to build the National Key Laboratory of Translational Medicine and Innovative Pharmaceuticals. The Group currently has a R&D team of approximately 900 staff and nearly 60 innovative product candidates in its R&D pipeline.

We have leading commercial capabilities with nationwide sales and distribution network. As innovative pharmaceuticals continue to be approved for sale, the Group constantly enhanced training and improved the professional academic promotion capabilities of its marketing team, so as to ensure the speed and efficiency of commercial promotion and increase product coverage. As at June 30, 2021, the Group had a total of approximately 4,000 salespersons.

We establish world-class manufacturing infrastructures and quality control standards, and have continuously improved our manufacturing capabilities of pharmaceuticals. The Group currently has five PRC GMP certified production facilities for the manufacturing of our pharmaceutical products, and we have received EU GMP certification or passed the U.S. FDA inspection for some of our production workshops.

Driven by our in-house R&D efforts and R&D collaborations, we continuously develop products that patients urgently need and have significant market potential, striving to achieve the corporate mission of "providing today's patients with medicines of the future".

MAJOR PRODUCTS

Oncology Products	Endostar® (recombinant human endostatin injection) Jepaso® (nedaplatin for injection) Sinofuan® (5-fluorouracil implants)
Central Nervous System Products	Sanbexin® (edaravone and dexborneol concentrated solution for injection) Bicun® (edaravone injection)
Autoimmune Products	Iremod® (iguratimod tablets) Orencia® (abatacept injection) Yingtaiqing® (diclofenac sodium sustained release capsules/gel)
Other Products	Newanti® (biapenem for injection) ZAILIN® (amoxicillin granules/dispersible tablets/capsules) Softan® (rosuvastatin calcium tablets)

Company Overview

BUSINESS HIGHLIGHTS

We are rapidly transforming into an innovative company, and revenue from innovative pharmaceuticals is becoming the main source of revenue for the Group. For the six months ended June 30, 2021, sales revenue from innovative pharmaceuticals was approximately RMB1.22 billion, which increased significantly by approximately 56.8% as compared to the revenue from innovative pharmaceuticals for the same period of last year. The revenue from innovative pharmaceuticals contributed 57.6% of the total revenue for the same period to set a historic high (the proportions for 2018, 2019 and 2020 were 25.5%, 32.9% and 45.1%, respectively). Such achievements were mainly attributable to the rapid sales revenue growth of Sanbexin®, our core innovative pharmaceutical launched in July 2020.

We continue to increase investment in innovation to further enrich our product pipeline. The Group currently has nearly 60 innovative pharmaceutical projects in its R&D pipeline with 11 innovative pharmaceutical products in the stage of clinical study. For the six months ended June 30, 2021, 5 pivotal registrational trials and phase III clinical trials and 1 phase I clinical trial were newly added, 7 Clinical Trial Approvals were received and the first patient in for 7 trials were completed. As at the date of this report, there were 6 pivotal registrational trials and phase III clinical trials, 2 phase II clinical trials and 5 phase I clinical trials in progress.

We adhere to the dual-drive strategy of independent R&D and R&D cooperation. In March and June 2021, we reached strategic cooperation with Kazia Therapeutics and Vivoryon Therapeutics, respectively, striving to make the research and development results in the global life sciences field benefit more patients as soon as possible.

FINANCIAL HIGHLIGHTS

For the six months ended June 30, 2021, the Group recorded the following unaudited financial results:

- Revenue of approximately RMB2,120 million, representing an increase of approximately 10.1% as compared with that for the same period of last year;
- Research and development costs of approximately RMB627 million, representing an increase of approximately 38.0% as compared with that for the same period of last year, which accounted for approximately 29.6% of the revenue;
- Profit for the period of approximately RMB555 million, representing an increase of approximately 200.2% as compared with that for the same period of last year;
- Basic earnings per share of approximately RMB0.21, representing an increase of approximately 162.5% as compared with that for the same period of last year.

Management Discussion and Analysis

INDUSTRY REVIEW

After the new round of medical and healthcare system reform, China's innovative pharmaceutical industry ushered in an accelerated all-round development. Since the beginning of this year, the epidemic has been contained effectively; the drug evaluation and approval has been expedited; the volume-based procurement of generic pharmaceuticals has become a regular mechanism; the inclusion of innovative pharmaceuticals into the catalog of medicines covered by the national medical insurance after negotiations had been materialized within a much shorter timeframe. All these improvements have boosted the confidence of the industry about innovation investment. China's innovative pharmaceutical enterprises have drawn the attention of an increasing number of investors in the first half of the year. We believe that only by advancing the transition to innovation-driven development with firm determination, making deployment with forward thinking and unique insight, building a R&D organization full of vitality and cultivating a prominent commercialization ability, can we strengthen our core competence amid the complicated and changeable competition situation in the future.

KEY MILESTONES

During the six months ended June 30, 2021, the Group made a series of advances in respect of our product candidates and business operations, including the following key milestones and achievements:

On January 18, 2021, the innovative pharmaceutical Trilaciclib obtained the Clinical Trial Approval issued by the Center for Drug Evaluation ("**CDE**") of National Medical Products Administration, PRC (the "**NMPA**"), which is designed for preventing chemotherapy-induced myelosuppression of patients with small-cell lung cancer. On April 9, 2021 and June 10, 2021, the pharmaceutical product obtained another two phase III Clinical Trial Approvals issued by the NMPA respectively for two indications: metastatic colorectal cancer and triple negative breast cancer.

On February 9, 2021, Sevacizumab obtained the Clinical Trial Approval issued by the NMPA for treatment of malignant solid tumors, and the first patient in for the phase III clinical trial for ovarian cancer was completed on June 11.

On February 16, 2021, data from the result of phase III TASTE Trial relating to Sanbexin® (edaravone and dexborneol concentrated solution for injection), a category I innovative drug developed by the Group, was published in *STROKE*, a leading international authoritative medicine journal. The trial included a total of approximately 1,200 acute ischemic stroke patients and was completed at 48 clinical centers in China.

On March 18, 2021, the NMPA issued the Clinical Trial Approval for new indications of Endostar® (recombinant human endostatin injection). Pursuant to the approval, the Group plans to conduct a randomized, controlled and double-blinded multi-centre phase III clinical study of intracavitary injection with Endostar® in combination with Cisplatin versus Placebo in combination with Cisplatin for the treatment of malignant thoracoabdominal effusions.

On March 29, 2021, the Group entered into an exclusive license agreement with Kazia Therapeutics, to introduce the right to develop and commercialize SIM0395 (Paxalisib) for all indications in Greater China. SIM0395 is a PI3K/mTOR pathway inhibitor that can penetrate the blood-brain barrier and currently is in the global phase II/III clinical trial for treatment of glioblastoma (GBM).

On April 12, 2021, SIM0307, an innovative drug pipeline product, obtained the Clinical Trial Approval issued by the NMPA. SIM0307 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.

On June 17, 2021, the Group obtained the Clinical Trial Approval issued by the NMPA for lenvatinib mesilate capsules, which was used in a multi-center phase Ib/II clinical study for evaluation on treatment of advanced solid tumors with Envafolimab in combination with Lenvatinib.

On June 29, 2021, the Group entered into a strategic regional licensing partnership under the license agreement to develop and commercialize two medicines targeting the neurotoxic amyloid species N3pE (pGlu – Aβ) for treating Alzheimer's disease (AD) in Greater China with Vivoryon Therapeutics, namely Varoglutamstat, an oral small molecule inhibitor targeting glutaminyl peptide cyclotransferase (QPCT) in the global clinical phase IIb, preventing the formation of the toxic amyloid N3pE and PBD-C06, preclinical monoclonal N3pE-antibody.

For the six months ended June 30, 2021, the Group completed the first patient in (FPI) for 7 trials: SIM0201 (January 5, for solid tumor), SIM0295 (January 11, for gout with hyperuricemia), SIM0335 (March 30, for psoriasis), new indication of Iremod® (April 28, for Sjögren's syndrome), Trilaciclib (May 25, for small cell lung cancer), Sevacizumab (June 11, for ovarian cancer) and Sanbexin sublingual tablets (June 28, for acute ischemic stroke).

Following the reporting period and up to the disclosure date of this report, the Group completed the FPI for another trial, namely new indication of Endostar® (July 28, for thoracoabdominal effusions).

On July 29, 2021, a multiple-cohorts and multi-institutional phase II clinical trial of Sevacizumab in combination with Envafolimab with or without chemotherapy for the treatment of patients with advanced solid tumors obtained the Clinical Trial Approval issued by the NMPA.

For details of each of the above, please refer to the ensuing paragraphs 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.

REVENUE

For the six months ended June 30, 2021, the revenue of the Group was approximately RMB2.12 billion. In particular, the revenue from innovative pharmaceuticals is becoming the main source of revenue for the Group, and amounted to approximately RMB1.22 billion, representing a significant increase of approximately 56.8% as compared to the revenue of RMB778 million from innovative pharmaceuticals for the same period of 2020. The revenue from innovative pharmaceuticals contributed 57.6% of the total revenue for the same period to set a historic high (25.5%, 32.9% and 45.1% for 2018, 2019 and 2020, respectively).

Most of the Group's revenue primarily concentrated on the strategically focused therapeutic areas: oncology diseases, central nervous system diseases and autoimmune diseases. The increase of our total revenue during the first half of 2021 was mainly due to the rapid increase in revenue from Sanbexin® (edaravone and dexborneol concentrated solution for injection) launched in July 2020.

Central Nervous System Products

Main products in this therapeutic area include Sanbexin® (edaravone and dexborneol concentrated solution for injection), and Bicun® (edaravone injection). For the six months ended June 30, 2021, revenue from the central nervous system product portfolio reached approximately RMB595 million, accounting for approximately 28.1% of the Group's total revenue.

Sanbexin® is a category I innovative drug developed by the Group with proprietary intellectual property right. According to Frost & Sullivan (Beijing) Inc., Shanghai Branch Co. ("**Frost & Sullivan**"), it is the only pharmaceutical for the treatment of stroke which has obtained the approval for sale in the past five years worldwide.

- On February 16, 2021, data from the result of phase III TASTE Trial relating to Sanbexin® was published in *STROKE*, a leading international authoritative medicine journal. The trial included a total of approximately 1,200 acute ischemic stroke patients and was completed at 48 clinical centers in China, with randomized, double-blind, positive controlled, head-to-head comparison with edaravone monotherapy conducted. Data shows that Sanbexin® has the efficacy advantage and is fairly safe.

- On March 1, 2021, the "Drugs Catalogue for the National Basic Medical Insurance, Work-related Injury Insurance and Maternity Insurance ("**NRDL**")" was officially implemented. Sanbexin® was included in the NRDL on December 28, 2020.

- As of June 30, 2021, Sanbexin® has been sold to 30 provinces, municipalities and autonomous regions across the country, covering approximately 1,500 medical institutions.

Oncology Products

Main products in this therapeutic area include Endostar® (recombinant human endostatin injection), Jepaso® (nedaplatin for injection) and Sinofuan® (5-fluorouracil implants). For the six months ended June 30, 2021, revenue from the oncology product portfolio reached approximately RMB553 million, accounting for approximately 26.1% of the Group's total revenue.

Endostar® (recombinant human endostatin injection) is the first proprietary anti-angiogenic targeted drug in China and the only endostatin approved for sale in China and 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**"). In September 2020, CSCO's Expert Committee on Antineoplastic Safety Management (中國臨床腫瘤學會抗腫瘤藥物安全管理專家委員會) and Expert Committee on Vascular Targeting Therapy (血管靶向治療專家委員會) published the Expert Consensus on the Clinical Application of Recombinant Human Endostatin to Treat Malignant Serous Effusion (《重組人血管內皮抑制素治療惡性漿膜腔積液臨床應用專家共識》) in Chinese Clinical Oncology. Based on the relevant translational research, clinical trial and real world study, the consensus aimed to provide guidance for the reasonable application of Endostar® in the clinical practice to treat malignant serous effusions (including malignant pleural effusions, malignant ascites and malignant pericardial effusions).

- On March 18, 2021, the Group obtained the Clinical Trial Approval issued by the NMPA for the phase III clinical trial of Endostar® on the new indication of malignant thoracoabdominal effusions, that is, a randomized, controlled and double-blinded multi-centre phase III clinical study of intracavitary injection with Endostar® in combination with Cisplatin versus Placebo in combination with Cisplatin for the treatment of malignant thoracoabdominal effusions. The first patient in for the clinical trial was completed on July 28, 2021.

- In June 2021, the American Society of Clinical Oncology (ASCO) published 4 important research results in relation to Endostar® at its 57th annual meeting in the form of online summaries, including the combination with Nivolumab to treat non-small cell lung cancer, the combination with radiotherapy to treat nasopharyngeal carcinoma and the combination with chemotherapy to treat melanoma.

Autoimmune Products

Main products in this therapeutic area include Iremod® (iguratimod tablets), Orencia® (abatacept injection) and Yingtaiqing® (diclofenac sodium sustained release capsules/gel). For the six months ended June 30, 2021, revenue from the autoimmune product portfolio reached approximately RMB317 million, accounting for approximately 15.0% of the Group's total revenue.

Iremod® (iguratimod tablets), the first iguratimod pharmaceutical product approved for sale in the world and the only of its kind approved for sale in China, is the only small molecule DMARD that is developed independently and marketed in China in the recent ten years. Iremod® has been included in the NRDL since 2017 and 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 the Ministry of Health, Labor and Welfare of Japan. Currently, we are actively promoting the indication expansion program on Sjögren's syndrome for this product. In April 2020, Iremod® was adopted in the "Primary Sjögren's Syndrome Diagnosis and Treatment Standards" (《原發性乾燥綜合徵診療規範》) issued by the Division of Rheumatology of the Chinese Medical Doctor Association (中國醫師協會風濕免疫科醫師分會).

- In March 2021, the results of the phase IV prospective real-world study on Iremod® were published online in *The Lancet Regional Health-Western Pacific*, a sub publication of *The Lancet*.

- On April 28, 2021, the first patient in for the phase II clinical research on the treatment of active primary Sjögren's syndrome with Iremod® was enrolled.

- In June 2021, two important studies on Iremod® were selected for the poster of the annual meeting of the European League Against Rheumatism (EULAR).

Other Products

Main products in these therapeutic areas include Newanti® (biapenem for injection), ZAILIN® (amoxicillin granules/dispersible tablets/capsules) and Softan® (rosuvastatin calcium tablets). For the six months ended June 30, 2021, revenue from the said product portfolio reached approximately RMB480 million, accounting for approximately 22.6% of the Group's total revenue.

RESEARCH AND DEVELOPMENT

The Group pays high attention to the R&D of innovative pharmaceutical, and continues to increase R&D investment year on year. During the six months ended June 30, 2021, R&D investment amounted to approximately RMB627 million, accounting for approximately 29.6% of the revenue (in 2018, 2019 and 2020, the Group's R&D investment accounted for 9.9%, 14.2% and 25.3% respectively), representing an increase of approximately RMB173 million or 38.0% as compared to the same period of 2020.

The Group's R&D strategy continues to focus on the three advantageous therapeutic areas: oncology, central nervous system and autoimmune, and develops products covering both small molecule chemical drugs and large molecule biologics. The Group pays high attention to the building of innovative pharmaceutical R&D ability, and establishes innovative drug R&D centers in Shanghai, Nanjing and Boston, with about 900 R&D fellows (including about 110 doctors and 480 masters) and the clinical study team expanding rapidly to over 200 team members from the scale of 2020. The drug R&D of the Group has realized functions covering the whole process from drug discovery, pharmaceutical test, clinical trial to registration, and has constructed a national key laboratory of translational medicine and innovative pharmaceuticals.

The Group currently has nearly 60 innovative pharmaceutical projects in its R&D pipeline with 11 innovative pharmaceutical products in the stage of clinical study. As at June 30, 2021, 6 studies were in the stage of pivotal registrational trials and phase III clinical trials, namely Sanbexin sublingual tablets (for acute ischemic stroke), Trilaciclib (for SCLC, CRC and TNBC), recombinant human endostatin for new indications (for thoracoabdominal effusions) and Sevacizumab (for ovarian cancer), the latter 5 of which were newly added in the first half of 2021; 1 study was in the stage of phase II clinical trials, namely iguratimod tablets for new indications (for Sjögren's syndrome); 5 products were in the stage of phase I clinical trials, namely SIM0201 (for solid tumor), docetaxel polymeric micelles for injection (for solid tumor), SIM0335 (for psoriasis), SIM0295 (for gout with hyperuricemia) and SIM0307 (stroke with cerebral oedema), the latter 1 of which was newly added in the first half of 2021. In addition, on July 29, 2021, the Group recorded a new phase II clinical study for Sevacizumab in combination with Envafolimab (for solid tumor).

Therapeutic area	Product candidate	Target/mechanism	Intended indication(s)	Internally developing/ developing in collaboration with R&D partner(s)	Status
					Pre-clinical / IND / Phase I / Phase II / Phase III / NDA/IDL
Oncology	Trilaciclib	CDK4/6	SCLC	Collaboration with G1 Therapeutics	Phase III clinical trials → for launch in the U.S.
			mCRC		Phase III clinical trials
			TNBC		Phase III clinical trials
	Recombinant human endostatin (New indication)	Angiogenesis pathway	Thoracoabdominal effusions	Internally developing	Phase III clinical trials
	Sevacizumab	VEGF	Ovarian cancer	Collaboration with Apexigen	Phase III clinical trials
	Sevacizumab+Envafolimab	VEGF+PD-L1	Solid tumors	Collaboration with 3D Medicines (Beijing) and Jiangsu Alphamab	Phase II clinical trials
	SIM0201	NTRK/ROS1/ALK	Solid tumors	Internally developing	Phase I clinical trials
	Docetaxel polymeric micelles for injection	Tubulin inhibitor	Solid tumors	Collaboration with Hightechbio	Phase I clinical trials
	SIM0395	PI3K/mTOR pathway inhibitor	Glioblastoma	Collaboration with Kazia	pre-IND
	SIM0323	CD80/IL2	Solid tumors	Collaboration with GI Innovation	pre-IND
	SIM0270	Second-generation oral SERD	Breast cancer	Internally developing	pre-IND
	SIM0235	TNFR2	Solid tumors	Internally developing	pre-IND
	SIM0237	PD-L1/IL15	Solid tumors	Internally developing	Pre-clinical
Central nervous system	Sanbexin sublingual tablets	Free radicals and inflammatory cytokines	Acute ischemic stroke	Collaboration with Neurondawn Pharmaceutical	Phase III clinical trials
	SIM0307	AQP4	Stroke with cerebral edema	Collaboration with Aeromics	Phase I clinical trials
	SIM0339	DAPK1	Ischemic stroke	Collaboration with Primary Peptides	Pre-clinical
	SIM0408	QPCT	Alzheimer's disease	Collaboration with Vivoryon Therapeutics	
Autoimmune	Iguratimod tablets (New indication)	Inflammatory cytokines and immunoglobulins	Sjögren's syndrome	Internally developing	Phase II clinical trials
	SIM0335	IL-17A-related pathways	Psoriasis	Internally developing	Phase I clinical trials
	SIM0295	URAT1	Gout with hyperuricemia	Collaboration with JW Pharmaceutical	Phase I clinical trials
	SIM0278	IL2muFc	Systemic lupus erythematosus	Internally developing	Pre-clinical

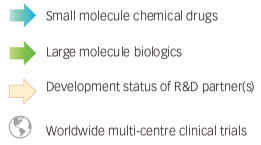

Chart The Group's Major Innovative Pharmaceutical Candidates and Their Development Status as at the Date of This Interim Report

Meanwhile, the Group attaches great importance to the protection of intellectual property rights. For the six months ended June 30, 2021, the Group had 93 new patent applications (including domestic and overseas unpublished patent applications): 81 invention patent applications, 10 utility model patent applications and 2 appearance design patent applications. As at June 30, 2021, the Group has accumulatively obtained 185 invention patents, 70 utility model patents and 19 appearance design patents.

For the six months ended June 30, 2021, the Group obtained approvals for 4 generic pharmaceuticals including Celecoxib capsules, mycophenolate mofetil capsules, nifedipine controlled-release tablets and bendamustine hydrochloride for injection (25mg). Besides, lenvatinib mesilate capsules obtained the approval in July 2021. Meanwhile, it obtained the consistency evaluation application regarding pemetrexed disodium for injection.

Milestone of Drug Candidates in the NDA Stage

Envafolimab is a recombinant single domain antibody against PD-L1 fused with human Fc. On March 30, 2020, the Group entered into a tripartite cooperation agreement in relation to Envafolimab with 3D Medicines (Beijing) Co., Ltd. (思路迪(北京)醫藥科技有限公司) ("**3D Medicines (Beijing)**") and Jiangsu Alphamab Biopharmaceuticals Co., Ltd. (江蘇康寧傑瑞生物製藥有限公司) ("**Jiangsu Alphamab**"). The abovementioned agreement provides the Group with the exclusive right to promote Envafolimab for all oncology treatment indications in Mainland China. It is expected that the product will be approved for sale in China in the second half of 2021 and potentially become the first subcutaneously injectable anti-PD-L1 domain antibody worldwide.

- On June 17, 2021, the Group obtained the Clinical Trial Approval issued by the NMPA for a multi-center phase Ib/II clinical study for evaluation on treatment of advanced solid tumors with Envafolimab in combination with Lenvatinib. During the clinical study, our partner 3D Medicines (Beijing) led the design and development of the clinical trials.

- On July 29, 2021, the Group obtained the Clinical Trial Approval issued by the NMPA for a multiple-cohorts and multi-institutional phase II clinical study on the efficacy and safety of Sevacizumab (BD0801) in combination with Envafolimab with or without chemotherapy for the treatment of patients with advanced solid tumors.

Drug Candidates in the Clinical Stage

Sanbexin sublingual tablets are the solid dosage form of edaravone dexborneol compound. Sublingual administration of this compound inhibits inflammation and improves the permeability in the blood-brain barrier, minimizing brain injury or impairment caused by acute ischemic stroke (AIS). Sequential therapy consisting of Sanbexin sublingual tablets and edaravone and dexborneol concentrated solution for injection is designed to enable patients to receive a timely and complete treatment. In addition, administration of sublingual tablets is less dependent on medical facility conditions or compliance of patients, which makes it more suitable for research on new indications such as other chronic central nervous system diseases.

- In December 2020, the product was approved by the CDE to conduct the phase III clinical trial directly after the phase I clinical trial. On June 28, 2021, the first patient in for the phase III clinical study for the treatment of AIS with Sanbexin sublingual tablets was completed, and currently more than 100 patients have been successfully enrolled in.

Trilaciclib is an effective, selective and reversible cyclin-dependent kinases 4 and 6 (CDK4/6) inhibitor. This first-in-class innovative drug can transiently retard hematopoietic stem cells and progenitor cells in G1 phase of cell cycle, thereby protecting bone marrow cells from damages of cytotoxic chemotherapy. In August 2020, the Group entered into the exclusive license agreement with G1 Therapeutics to develop and commercialize Trilaciclib in Greater China. On February 13, 2021, the product was approved for sale by the U.S. FDA, with the indication being preventive use in small cell lung cancer patients treated with a platinum-containing regimen in combination with etoposide-containing regimen or topotecan-containing regimen, to decrease the incidence of chemotherapy-induced myelosuppression.

- On January 18, 2021, Trilaciclib obtained the Clinical Trial Approval issued by the NMPA, to conduct the phase III clinical trial for small cell lung cancer patients. On May 25, 2021, the first patient in for this trial has been completed.

- On March 23, 2021, Trilaciclib was recommended by the National Comprehensive Cancer Network ("**NCCN**") Guidelines.

- On April 9, 2021 and June 10, 2021, the Group also obtained the Clinical Trial Approval issued by the NMPA for two phase III clinical trials of the product for indications of metastatic colorectal cancer and triple negative breast cancer, which were incorporated into a worldwide international multi-centre clinical trial program.

- On June 2, 2021, the product issued the first prescription in China in Hainan Free Trade Port Boao Hope City, and initiated the real world study.

Sevacizumab is a new-generation recombinant humanized anti-vascular endothelial growth factor (anti-VEGF) monoclonal antibody. In its pre-clinical studies, sevacizumab has shown higher anti-tumor efficacy than bevacizumab at the same dose in multiple cancer models. In the phase I clinical trial conducted in China for the treatment of ovarian cancer, preliminary results showed a favorable safety profile and efficacy signals.

- On February 9, 2021, the NMPA issued the Clinical Trial Approval for the initiation of phase III trials for the treatment of malignant solid tumors with sevacizumab, and the first patient with ovarian cancer was dosed in the phase III clinical trial on June 11.

- On July 29, 2021, the Group obtained the Clinical Trial Approval issued by the NMPA for a multiple-cohorts and multi-institutional phase II clinical trial to evaluate the safety and efficacy of Sevacizumab in combination with Envafolimab with or without chemotherapy in patients with advanced solid tumors.

SIM0307 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 SIM0307 in the Greater China region.

- On April 12, 2021, SIM0307 obtained the Clinical Trial Approval issued by the NMPA and initiated the phase I clinical trial study in China.

SIM0201 With the Group's in-house R&D efforts, SIM0201 is an effective multi-target tyrosine kinase inhibitor for NTRK, ROS1 or ALK fusion mutation. The pre-clinical animal model showed that SIM0201 can penetrate the blood-brain barrier and has favorable efficacy to metastatic brain tumors. Phase I clinical trial study on SIM0201 is undergoing in China.

- On January 5, 2021, the first patient in for the phase I clinical trial of SIM0201 was completed, with dose finding undergoing.

Docetaxel polymeric micelles for injection The polyethylene glycol monomethyl ether-polylactic acid block copolymer (mPEG-PDLLA), an amphiphilic biocompatible biodegradable material, is used as the solubilizing carrier of docetaxel to reduce the allergy and hematotoxicity of docetaxel injection to facilitate clinical application. In September 2020, the Group reached a global cooperation with Suzhou Hightechbio Biotechnology Co., Ltd. on this product. Phase I clinical trial study on docetaxel polymeric micelles for injection is undergoing in China, with dose finding completed.

SIM0335 With the Group's in-house R&D efforts, SIM0335 is an innovative small molecule drug, a category I drug candidate and the first of its kind in the world that controls fatty acid metabolism and works on IL-17A-related pathways, intended for the treatment of mild to moderate plaque psoriasis through topical administration. Phase I clinical trial study on SIM0335 is undergoing in China.

- On March 30, 2021, the first patient in for the phase I clinical trial of SIM0335 was completed.

SIM0295 is an effective selective urate transport protein 1 (URAT1) inhibitor that effectively reduce blood serum urate levels by inhibiting the reabsorption of uric acid in renal tubules and increasing uric acid excretion, and can be used in the treatment of gout with hyperuricemia. In the cooperation with JW Pharmaceutical, the Group is responsible for developing and commercializing the product in Mainland China.

- On January 11, 2021, we completed the first patient in for the phase I clinical trial of the product in China. All the enrollment has been completed as of the date of this report, with the clinical data summary undergoing.

- In March 2021, the partner JW Pharmaceutical completed the phase IIb clinical trial for the product in South Korea.

Selected Drug Candidates in the Pre-clinical Stage

SIM0395 is a PI3K/mTOR pathway inhibitor that can penetrate the blood-brain barrier and currently the partner Kazia Therapeutics is in the global phase II/III clinical trial for treatment of glioblastoma (GBM).

- On May 21, 2021, the Group submitted the pre-IND application to the CDE and have currently obtained assessment comments from the CDE.

SIM0270 is the second-generation oral selective estrogen receptor degrading agent (SERD) with blood-brain barrier-penetrating properties independently developed by the Group. The efficacy of SIM0270 in the in vivo model is significantly better than the only SERD-type fulvestrant for intramuscular injection currently on the market in the world, and is equivalent to the efficacy of the leading compound in the clinical trial stage. It reflects a brain-to-blood ratio significantly better than competing compounds and also shows a tumor-inhibiting drug therapy far superior to fulvestrant on the brain orthotopic model of breast cancer.

- On June 20, 2021, the Group submitted the pre-IND application to the CDE.

SIM0235 is a tumor-immune target tumor necrosis factor receptor 2 (TNFR2) inhibitor independently developed by the Group. The preclinical pharmacodynamic model shows single-agent efficacy equivalent to PD-L1 and the potential and superior safety in combination with PD-1.

- On June 30, 2021, the Group submitted the pre-IND application to the CDE.

SIM0323 is the first-in-class CD80/IL-2 bifunctional fusion protein developed by the Group and GI Innovation. The preclinical pharmacodynamic model shows significant single-drug efficacy and the potential for combined use with PD-1 inhibitor.

- On April 21, 2021 and June 10, 2021, the partner was approved for clinical trials by the Korean Ministry of Food and Drug Safety and the U.S. FDA to carry out phase I/II clinical trials of the drug.

- On July 28, 2021, the Group submitted the pre-IND application to the CDE.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a sound financial position. As at June 30, 2021, we had cash and cash equivalents of approximately RMB1,285 million (as at December 31, 2020: approximately RMB3,270 million), time deposits of approximately RMB1,618 million (as at December 31, 2020: nil). As at June 30, 2021, the Group had a balance of bank loans of RMB1,962 million (as at December 31, 2020: RMB3,068 million), of which RMB1,962 million (as at December 31, 2020: RMB1,793 million) would mature within one year. As at June 30, 2021, approximately RMB1,869 million of the Group's bank loan balance bore interest at fixed rates, and the effective interest rate range for these loans is 0.20% to 4.90%. As at June 30, 2021, the gearing ratio of the Group (total liabilities divided by total assets) was approximately 43.0% (as at December 31, 2020: approximately 51.2%).

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 internal financing and external financing at reasonable market rates. In order to better control and minimize the cost of funds, the Group's treasury activities are centralized and all cash transactions are dealt with the banks with good reputation.

Most assets and liabilities of the Group were denominated in RMB, USD and Euro. Currently, the Group does not employ any financial instruments or enter into any foreign exchange contracts to hedge against foreign exchange risk. However, by closely monitoring the net exposure of foreign exchange risk, the Group managed the foreign exchange risk, thus minimizing the impact of foreign exchange fluctuations.

PLEDGE OF GROUP'S ASSETS

As at June 30, 2021, approximately RMB209 million land and buildings was secured as guarantees of certain banking credits granted to the Group. Save as disclosed above, as at June 30, 2021, the Company had no other pledged assets.

CONTINGENT LIABILITIES

As at June 30, 2021, the Group had no contingent liabilities.

SIGNIFICANT INVESTMENTS HELD

As at June 30, 2021, the Group did not have any significant investments.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in "Use of Proceeds from the Listing" below in this report, as at June 30, 2021, the Group did not have any other plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group entered into the Share Purchase Agreement with Excel Good Group Limited ("**EGG**")[Note] and Simgene Group Limited ("**Simgene**") on April 15, 2021, pursuant to which the Company agreed to sell 100% of the total issued share capital of Simgene to EGG for a consideration of RMB104.17 million. For details, please refer to the announcement of the Company dated April 15, 2021 in respect of the connected transaction in relation to disposal of subsidiaries. Save as disclosed above, during the six months ended June 30, 2021, the Group has no material acquisition or disposal of subsidiaries, associates and joint venture.

EMPLOYEES AND REMUNERATION POLICY

As at June 30, 2021, the Group had a total of 6,204 full-time employees. We attached great importance to the recruitment, training and retention of outstanding employees, maintaining a high standard in selecting and recruiting talents worldwide, and offers competitive compensation packages. The remuneration of employees mainly included basic salary, performance-based bonus and long-term incentives. Remuneration of the directors of the Company (the "**Directors**") and senior management who worked full time for the Company shall be determined by the Remuneration and Appraisal Committee under the board of directors of the Company (the "**Board**") with reference to the principal duties of relevant managerial positions, the results of performance assessment as well as the remuneration level in the market. During the six months ended June 30, 2021, staff costs (including emoluments, social insurance and other benefits of the Directors) amounted to approximately RMB670 million. We established Simcere Institute, providing 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.

PROSPECTS

As revenue from innovative pharmaceuticals made greater contribution and the R&D pipeline of innovative pharmaceuticals was advanced rapidly during the first half of the year, Simcere has become a pharmaceutical company focused on innovative pharmaceutical business. In the second half of 2021, we will continue to invest in the R&D of innovative pharmaceuticals with a firm determination, enhance the talent density, improve the efficiency of R&D and management, and adhere to the strategy of open innovation and collaborative efforts, so as to provide today's patients with medicines of the future under the guidance of the huge unmet clinical demands.

Note: Excel Good Group Limited, having by Special resolution changed its name, is now incorporated under name of Simcere Investments Group Limited.

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

As at June 30, 2021, the interest or short position of the Directors or chief executives of the Company in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the 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 to be notified to the Company and the Stock Exchange, were as follows:

1. Interest in the Company

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	2,035,922,965	78.05%
Mr. ZHAO John Huan[3]	Interest in controlled corporations	107,065,613	4.10%

Notes:

(1) The calculation is based on the total number of 2,608,641,618 issued shares of the Company as at June 30, 2021.

(2) Mr. Ren Jinsheng, together with Excel Good Group Limited, P&H Holdings Group Ltd., Right Wealth Holdings Limited, Mr. Ren Yong, Ms. Li Shimeng, Mr. Ren Weidong, Ms. Ren Zhen and Ms. Peng Suqin (together, "**Ultimate Controlling Shareholders**") collectively and indirectly hold 2,035,922,965 Shares, including (i) 606,810,031 Shares and 1,196,009,986 Shares directly held by Artking Global Limited and Simcere Pharmaceutical Holding Limited, respectively, both of which are companies controlled by the Ultimate Controlling Shareholders; and (ii) 112,141,578 Shares and 120,961,370 Shares directly held by Excel Good Group Limited and Fortune Fountain Investment Limited, 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 Takeovers Code, each of them is deemed to be interested in the Shares held by each other.

(3) Premier Praise Limited (尚嘉有限公司) (the "**Premier Praise**") directly holds 107,065,613 Shares. Premier Praise is held as to 82.22% by Hony Capital Fund V, L.P. The general partner of Hony Capital Fund V, L.P. is Hony Capital Fund V GP, L.P., whose general partner is Hony Capital Fund V GP Limited. Hony Capital Fund V GP Limited is wholly owned by Hony Group Management Limited, 80% equity interest of which is held by Hony Managing Partners Limited, which in turn is wholly owned by Exponential Fortune Group Limited. Exponential Fortune Group Limited is held as to 49% by Mr. Zhao John Huan and as to 51% by two other individuals who are Independent Third Parties, respectively. Therefore, Mr. Zhao John Huan is deemed to be interested in the Shares held by Premier Praise by virtue of the SFO.

2. Interests in the associated corporations

As at June 30, 2021, so far as is known to the Directors, none of the Directors and 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/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at June 30, 2021, the interests or short positions of persons (other than the Directors and chief executives of the Company) in the shares or underlying shares of the Company (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	Approximate percentage of shareholding interest[1]
Mr. Ren Yong[2][3]	Interest in controlled corporations/Interest of concert parties/Founder of a discretionary trust	2,035,922,965	78.05%
Ms. Li Shimeng[2][3][4]	Interest in controlled corporations/Interest of concert parties/Interest of spouse	2,035,922,965	78.05%
P&H Holdings Group Ltd. ("**P&H Holdings**")[2][3]	Interest in controlled corporations/Interest of concert parties	2,035,922,965	78.05%
Mr. Ren Weidong[2][4]	Interest in controlled corporations/Interest of concert parties	2,035,922,965	78.05%
Right Wealth Holdings Limited ("**Right Wealth**")[2][4]	Interest in controlled corporations/Interest of concert parties	2,035,922,965	78.05%

Name of shareholder	Nature of Interest	Number of shares or underlying shares	Approximate percentage of shareholding interest[1]
Ms. Ren Zhen[2][5]	Interest in controlled corporations/Interest of concert parties	2,035,922,965	78.05%
Ms. Peng Suqin[2][6]	Interest in controlled corporations/Interest of concert parties	2,035,922,965	78.05%
Artking Global Limited ("**Artking**")[7]	Beneficial interest	606,810,031	23.26%
	Interest in controlled corporations	1,196,009,986	45.85%
	Interest of concert parties	233,102,948	8.94%
Simcere Holding Limited ("**Simcere Holding**")[8]	Interest in controlled corporations	1,196,009,986	45.85%
	Interest of concert parties	839,912,979	32.20%
Simcere Investments Group ("**Simcere Investments**")[9]	Interest in controlled corporations	1,196,009,986	45.85%
	Interest of concert parties	839,912,979	32.20%
Simcere Pharmaceutical Holding Limited ("**SPHL**")[10]	Beneficial interest	1,196,009,986	45.85%
	Interest of concert parties	839,912,979	32.20%
Excel Good Group Limited ("**EGG**")[2][11]	Beneficial interest	112,141,578	4.30%
	Interest in controlled corporations	120,961,370	4.64%
	Interest of concert parties	1,802,820,017	69.11%
Fortune Fountain Investment Limited ("**FFI**")[12]	Beneficial interest	120,961,370	4.64%
	Interest of concert parties	1,914,961,595	73.41%

Notes:

(1) The calculation is based on the total number of 2,608,641,618 issued shares of the Company as at June 30, 2021.

(2) The Ultimate Controlling Shareholders collectively and indirectly hold 2,035,922,965 Shares, including (i) 606,810,031 Shares and 1,196,009,986 Shares directly held by Artking and SPHL, respectively, both of which are companies controlled by the Company's Ultimate Controlling Shareholders; and (ii) 112,141,578 Shares and 120,961,370 Shares directly held by EGG and FFI, respectively, both of which are companies controlled by Mr. Ren Jinsheng. As the Company's 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 Company's Ultimate Controlling Shareholders and are deemed to be interested in the Shares collectively held by the Company's 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 Company's Ultimate Controlling Shareholders and are deemed to be interested in the Shares collectively held by the Company's Ultimate Controlling Shareholders.

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

(6) Ms. Peng Suqin is the mother of Mr. Ren Yong. She is one of the Company's Ultimate Controlling Shareholders and is deemed to be interested in the Shares collectively held by the Company's Ultimate Controlling Shareholders.

(7) Artking directly holds 606,810,031 Shares and indirectly holds 1,429,112,934 Shares, including (i) 1,196,009,986 Shares directly held by SPHL, a controlled corporation of Artking, and (ii) an aggregate of 233,102,948 Shares directly held by EGG 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. Therefore, Artking is deemed to be interested in the Shares held by SPHL, EGG and FFI by virtue of the SFO.

(8) Simcere Holding indirectly holds 2,035,922,965 Shares, including (i) 1,196,009,986 Shares directly held by SPHL, a controlled corporation of Simcere Holding, and (ii) an aggregate of 839,912,979 Shares, which comprises of 606,810,031 Shares directly held by Artking, a company controlled by the Company's Ultimate Controlling Shareholders, and 233,102,948 Shares directly held by EGG and FFI, both of which are companies controlled by Mr. Ren Jinsheng. Artking, EGG and FFI are deemed to be acting in concert with Simcere Holding under the Takeovers Code. Therefore, Simcere Holding is deemed to be interested in the Shares held by SPHL, Artking, EGG and FFI by virtue of the SFO.

(9) Simcere Investments indirectly holds 2,035,922,965 Shares, including (i) 1,196,009,986 Shares directly held by SPHL, a controlled corporation of Simcere Investments, and (ii) an aggregate of 839,912,979 Shares, which comprises of 606,810,031 Shares directly held by Artking, a company controlled by the Company's Ultimate Controlling Shareholders, and 233,102,948 Shares directly held by EGG and FFI, both of which are companies controlled by Mr. Ren Jinsheng. Artking, EGG and FFI are deemed to be acting in concert with Simcere Investments under the Takeovers Code. Therefore, Simcere Investments is deemed to be interested in the Shares held by SPHL, Artking, EGG and FFI by virtue of the SFO.

(10) SPHL directly holds 1,196,009,986 Shares and indirectly holds an aggregate of 839,912,979 Shares, including 606,810,031 Shares directly held by Artking, a company controlled by the Company's Ultimate Controlling Shareholders, and an aggregate of 233,102,948 Shares directly held by EGG and FFI, both of which are companies controlled by Mr. Ren Jinsheng. Artking, EGG and FFI are deemed to be acting in concert with SPHL under the Takeovers Code. Therefore, SPHL is deemed to be interested in the Shares held by Artking, EGG and FFI by virtue of the SFO.

(11) EGG directly holds 112,141,578 Shares and indirectly hold 1,923,781,387 Shares, including (i) 120,961,370 Shares directly held by FFI, a controlled corporation of EGG and ultimately controlled by Mr. Ren Jinsheng, and (ii) an aggregate of 1,802,820,017 Shares directly held by SPHL and Artking, both of which are deemed to be acting in concert with EGG under the Takeovers Code. Therefore, EGG is deemed to be interested in the Shares held by FFI, SPHL and Artking by virtue of the SFO.

(12) FFI directly holds 120,961,370 Shares and indirectly hold an aggregate of 1,914,961,595 Shares directly held by SPHL, Artking and EGG, all of which are deemed to be acting in concert with FFI under the Takeovers Code. Therefore, FFI is deemed to be interested in the Shares held by SPHL, Artking and EGG by virtue of the SFO.

RESTRICTED SHARE UNIT SCHEME

The Company has approved and adopted the 2021 restricted share unit scheme (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 Adoption Date. The 2021 RSU Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purposes of Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). It is a discretionary scheme of the Company. For further details of the 2021 RSU Scheme, please refer to the announcement of the Company dated May 20, 2021.

On July 16, 2021, an aggregate of 10,937,000 RSUs were granted to an aggregate of 117 Selected Persons under the 2021 RSU Scheme at nil consideration, all of which have been accepted by the Grantees. On August 27, 2021, the Board has resolved to grant a total of 8,712,000 RSUs to connected grantees under the 2021 RSU Scheme, subject to the independent shareholders' approval at the extraordinary general meeting of the Company to be convened. For details, please refer to the Company's announcements dated July 16, 2021 and August 27, 2021. As at the date of this report, the aggregate number of Shares underlying the outstanding RSUs under the 2021 RSU Scheme was 10,937,000 Shares, representing approximately 0.42% of the total number of the issued shares of the Company as at the date of this report. From the adoption date of the 2021 RSU Scheme to the date of this report, none of the RSUs granted was vested, cancelled or lapsed.

CHANGE IN DIRECTORS' INFORMATION

Mr. ZHANG Cheng has tendered his resignation as an executive Director and the chief operating officer of the Company to the Board with effect from March 31, 2021 due to his personal career development. For details, please refer to the announcement of the Company dated March 31, 2021.

Save as disclosed above, there is no other change in the Director's information required to be disclosed pursuant to Rule 13.51B of the Listing Rules since the date of the 2020 annual report of the Company.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

As at the date of this report, the Group has no important events that are required to be disclosed after the reporting period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining and promoting stringent corporate governance. The principle of the Group's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its business and operation are conducted in accordance with applicable laws and regulations, to enhance the transparency of the Board, and to strength 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 14 to the Listing Rules.

Save as disclosed below, the Group has complied with the code provisions contained in the CG Code during the period from January 1, 2021 to June 30, 2021.

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and performed by different individuals. As of June 30, 2021, the roles of Chairman and Chief Executive Officer of the Company were not separated and Mr. REN Jinsheng currently performs these two roles. Mr. REN Jinsheng is the founder of the Group, the Chairman of the Board and the Chief Executive Officer of the Company. 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. Directors consider that vesting the roles of both the Chairman of the Board and the Chief Executive Officer of the Company 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, Directors 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 Directors; (ii) Mr. REN and the other Directors are aware of and undertake to fulfil their fiduciary duties as 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) the balance of power and authority is ensured by the operations of the Board, which consists of three executive Directors (including Mr. REN), one non-executive Director and three 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 for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the Group's code of conduct regarding the Directors' securities transactions. Having made specific enquiry of all the Directors of the Group, all the Directors confirmed that they have strictly complied with the Model Code from January 1, 2021 to June 30, 2021.

AUDIT COMMITTEE

The Group established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the CG Code. The Audit Committee consists of 3 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. Mr. WANG Xinhua 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 our 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 financial statements and interim report of the Group for the six months ended June 30, 2021, and is of the opinion that these statements and the report 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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the period from January 1, 2021 to June 30, 2021.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended June 30, 2021.

USE OF PROCEEDS FROM THE LISTING

The net proceeds from the initial public offering of the shares of the Company 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 in aggregate to approximately HK$3,513 million. The proposed use of the Net Proceeds was disclosed in the prospectus of the Company dated October 13, 2020 (the "**Prospectus**"). As at June 30, 2021, the Net Proceeds utilized was approximately HK$1,281 million and the remaining Net Proceeds was approximately HK$2,232 million. As at June 30, 2021, the Net Proceeds utilized by the Group were as follows:

Purpose	Percentage of the total amount	Net amount of raised funds received (HK$ in million)	Net amount of raised funds unutilized as at June 30, 2021 (HK$ in million)	Net amount of raised funds utilized as at June 30, 2021 (HK$ in million)	Expected timeline for utilization
Continued research and development of our selected product candidates in our strategically focused therapeutic areas	60%	2,107.85	1,831.93	275.92	The actual Net Proceeds are expected to be fully utilized by 2027.
Reinforcement of our sales and marketing capabilities	10%	351.31	157.20	194.11	The actual Net Proceeds are expected to be fully utilized by 2022.
Investment in companies in the pharmaceutical or biotechnology sector	10%	351.31	242.55	108.76	The actual Net Proceeds are expected to be fully utilized by 2023.
Repayment of certain of our outstanding bank loans	10%	351.31	–	351.31	The actual Net Proceeds have been fully utilized in 2020.
Working capital and other general corporate purposes	10%	351.31	–	351.31	The actual Net Proceeds have been fully utilized in the first half of 2021.
Total	**100%**	**3,513.09**	**2,231.68**	**1,281.41**	

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 Trilaciclib (Indication 1, Indication 2 and Indication 3), SIM0395 and Docetaxel Polymeric Micellar for Injection, details of which were disclosed in the Company's announcement of change in use of proceeds dated April 15, 2021. Saved as disclosed therein, the Company intends to apply the unutilised Net Proceeds as at June 30, 2021 in the manner and proportion set out in the Prospectus.

Independent Auditor's Review Report

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 28 to 56 which comprises the consolidated statement of financial position of Simcere Pharmaceutical Group Limited (the "Company") as of June 30, 2021 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 the condensed consolidated cash flow statement for the six months 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, 2021 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 26, 2021

Consolidated Statement of Profit or Loss

For the six months ended June 30, 2021 – unaudited *(Expressed in Renminbi)*

	NOTE	Six months ended June 30, 2021 RMB'000	2020 RMB'000
Revenue	4	**2,120,002**	1,925,413
Cost of sales		**(456,977)**	(388,130)
Gross profit		**1,663,025**	1,537,283
Other revenue	5(a)	**62,670**	43,072
Other net gain/(loss)	5(b)	**490,504**	(6,447)
Research and development costs		**(626,803)**	(454,091)
Selling and distribution expenses		**(830,178)**	(628,502)
Administrative and other operating expenses		**(203,112)**	(193,464)
Profit from operations		**556,106**	297,851
Finance income	6(a)	**28,014**	10,851
Finance costs	6(a)	**(47,396)**	(79,576)
Net finance costs		**(19,382)**	(68,725)
Share of losses of associates		**(14,750)**	(4,353)
Share of losses of a joint venture		**(134)**	(40)
Profit before taxation	6	**521,840**	224,733
Income tax	7	**33,055**	(39,898)
Profit for the period		**554,895**	184,835
Attributable to:			
Equity shareholders of the Company		**557,814**	185,518
Non-controlling interest		**(2,919)**	(683)
Profit for the period		**554,895**	184,835
Earnings per share	8		
Basic and diluted (RMB)		**0.21**	0.08

The notes on pages 36 to 56 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 19(a).

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2021 – unaudited *(Expressed in Renminbi)*

	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
Profit for the period	**554,895**	184,835
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	**179,150**	133,077
Items that may be reclassified subsequently to profit or loss:		
Exchange difference on translation of financial statements of entities with functional currencies other than Renminbi ("RMB")	**(12,465)**	3,533
Other comprehensive income for the period	**166,685**	136,610
Total comprehensive income for the period	**721,580**	321,445
Attributable to:		
Equity shareholders of the Company	**724,499**	322,128
Non-controlling interest	**(2,919)**	(683)
Total comprehensive income for the period	**721,580**	321,445

The notes on pages 36 to 56 form part of this interim financial report.

Consolidated Statement of Financial Position

At 30 June 2021 – unaudited *(Expressed in Renminbi)*

	NOTE	June 30, 2021 RMB'000	December 31, 2020 RMB'000
Non-current assets			
Property, plant and equipment	9	**1,988,214**	2,127,879
Intangible assets		**68,150**	77,108
Goodwill		**172,788**	172,788
Interest in associates		**255,068**	211,148
Interest in a joint venture		**4,538**	4,672
Prepayments and deposits	14	**45,232**	113,534
Financial assets at fair value through other comprehensive income	10	**483,314**	327,655
Financial assets at fair value through profit or loss	11	**1,180,204**	1,231,701
Time deposits	15	**400,000**	–
Deferred tax assets		**212,618**	210,093
		4,810,126	4,476,578
Current assets			
Trading securities		**–**	3,634
Inventories	12	**292,646**	262,673
Trade and bills receivables	13	**1,992,498**	1,871,012
Prepayments, deposits and other receivables	14	**327,149**	120,557
Taxation recoverable		**19,725**	21,335
Pledged deposits	15	**–**	917,377
Restricted deposits	15	**1,581**	3
Time deposits	15	**1,218,000**	–
Cash and cash equivalents	15	**1,284,596**	3,270,241
		5,136,195	6,466,832
Current liabilities			
Bank loans	16	**1,961,526**	1,792,940
Lease liabilities		**37,738**	38,098
Trade and bills payables	17	**195,817**	242,077
Other payables and accruals	18	**1,336,174**	1,323,343
Taxation payable		**21,666**	–
Provision		**–**	100,700
		3,552,921	3,497,158
Net current assets		**1,583,274**	2,969,674
Total assets less current liabilities		**6,393,400**	7,446,252

The notes on pages 36 to 56 form part of this interim financial report.

Consolidated Statement of Financial Position (continued)

At 30 June 2021 – unaudited *(Expressed in Renminbi)*

	NOTE	June 30, 2021 RMB'000	December 31, 2020 RMB'000
Non-current liabilities			
Bank loans	16	–	1,275,550
Lease liabilities		123,927	193,430
Deferred income		430,319	447,950
Deferred tax liabilities		166,818	193,598
		721,064	2,110,528
NET ASSETS		5,672,336	5,335,724
CAPITAL AND RESERVES			
Share capital	19	3,002,871	3,002,871
Reserves	19	2,638,449	2,298,918
Total equity attributable to equity shareholders of the Company		5,641,320	5,301,789
Non-controlling interest		31,016	33,935
TOTAL EQUITY		5,672,336	5,335,724

Approved and authorised for issue by the board of directors on August 26, 2021.

Ren Jinsheng

Wan Yushan

Directors

The notes on pages 36 to 56 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended June 30, 2021 – 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, 2020		210	28,464	496,700	33,169	(47,101)	969,022	1,480,464	–	1,480,464
Changes in equity for the six months ended 30 June 2020:										
Profit for the period		–	–	–	–	–	185,518	185,518	(683)	184,835
Other comprehensive income		–	–	–	3,533	133,077	–	136,610	–	136,610
Total comprehensive income		–	–	–	3,533	133,077	185,518	322,128	(683)	321,445
Disposal of financial assets at fair value through other comprehensive income		–	–	–	–	(12,181)	12,181	–	–	–
Equity settled share-based transactions	19(b)	–	17,725	–	–	–	–	17,725	–	17,725
Acquisition of a subsidiary		–	–	–	–	–	–	–	39,182	39,182
Balance at June 30, 2020 and July 1, 2020		210	46,189	496,700	36,702	73,795	1,166,721	1,820,317	38,499	1,858,816

The notes on pages 36 to 56 form part of this interim financial report.

Consolidated Statement of Changes in Equity (continued)

For the six months ended June 30, 2021 – 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 June 30, 2020 and July 1, 2020		210	46,189	496,700	36,702	73,795	1,166,721	1,820,317	38,499	1,858,816
Changes in equity for the six months ended 31 December 2020:										
Profit for the period		–	–	–	–	–	484,016	484,016	(4,564)	479,452
Other comprehensive income		–	–	–	(98,487)	78,210	–	(20,277)	–	(20,277)
Total comprehensive income		–	–	–	(98,487)	78,210	484,016	463,739	(4,564)	459,175
Appropriation of reserve		–	–	40,199	–	–	(40,199)	–	–	–
Issue of ordinary shares by initial public offering and over-allotment, net of issuance costs		3,002,661	–	–	–	–	–	3,002,661	–	3,002,661
Equity settled share-based transactions	19(b)	–	15,072	–	–	–	–	15,072	–	15,072
Balance at December 31, 2020 and January 1, 2021		3,002,871	61,261	536,899	(61,785)	152,005	1,610,538	5,301,789	33,935	5,335,724

The notes on pages 36 to 56 form part of this interim financial report.

Consolidated Statement of Changes in Equity (continued)

For the six months ended June 30, 2021 – 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 December 31, 2020 and January 1, 2021		3,002,871	61,261	536,899	(61,785)	152,005	1,610,538	5,301,789	33,935	5,335,724
Changes in equity for the six months ended June 30, 2021:										
Profit for the period		-	-	-	-	-	557,814	557,814	(2,919)	554,895
Other comprehensive income		-	-	-	(12,465)	179,150	-	166,685	-	166,685
Total comprehensive income		-	-	-	(12,465)	179,150	557,814	724,499	(2,919)	721,580
Disposal of financial assets at fair value through other comprehensive income		-	-	-	-	(30,927)	30,927	-	-	-
Equity settled share-based transactions	19(b)	-	6,328	-	-	-	-	6,328	-	6,328
Appropriation of dividends	19(a)	-	-	-	-	-	(391,296)	(391,296)	-	(391,296)
Balance at June 30, 2021		3,002,871	67,589	536,899	(74,250)	300,228	1,807,983	5,641,320	31,016	5,672,336

The notes on pages 36 to 56 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

For the six months ended June 30, 2021 – unaudited *(Expressed in Renminbi)*

	NOTE	Six months ended June 30, 2021 RMB'000	2020 RMB'000
Operating activities			
Cash used in operations		**(518,229)**	(84,383)
Tax paid		**(4,602)**	(143,275)
Net cash used in operating activities		**(522,831)**	(227,658)
Investing activities			
Proceeds from disposal of financial assets measured at fair value through profit or loss		**315**	637,898
Increase in time deposits		**(1,018,000)**	–
Loans repaid by a related party		**445,830**	–
Other cash flows arising from investing activities		**(49,584)**	(141,725)
Net cash (used in)/generated from investing activities		**(621,439)**	496,173
Financing activities			
Proceeds from new bank loans		**537,405**	1,544,783
Repayment of bank loans		**(1,615,295)**	(858,022)
Decrease/(increase) in pledged deposits for banking facilities		**315,600**	(613,000)
Other cash flows arising from financing activities		**(70,714)**	(100,566)
Net cash used in financing activities		**(833,004)**	(26,805)
Net (decrease)/increase in cash and cash equivalents		**(1,977,274)**	241,710
Cash and cash equivalents at the beginning of the period	15(a)	**3,270,241**	354,804
Effect of foreign exchange rate changes		**(8,371)**	(598)
Cash and cash equivalents at the end of the period	15(a)	**1,284,596**	595,916

The notes on pages 36 to 56 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 43/F, AIA Tower, 183 Electric Road, North Point, 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, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorized for issue on August 26, 2021.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 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 2020 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 27.

The financial information relating to the financial year ended 31 December 2020 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 31 December 2020 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 Group has applied the following amendments to HKFRSs issued by the HKICPA to this interim financial report for the current accounting period:

- Amendment to HKFRS 16, *Covid-19-related rent concessions beyond 30 June 2021*
- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest rate benchmark reform – phase 2*

None of these developments have 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

The principal activities of the Group are 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.

(i) Disaggregation of revenue

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

	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
Sales of pharmaceutical products	**1,945,601**	1,803,398
Promotion service income	**174,401**	122,015
	2,120,002	1,925,413

The Group's revenue from contracts with customers was recognized at point in time for the six months ended June 30, 2021.

(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.

4 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

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 REVENUE AND OTHER NET GAIN/(LOSS)

(a) Other revenue

	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
Government grants	**38,165**	32,514
Rental income	**8,341**	5,497
Property management income	**2,855**	1,441
Consulting and technology service income	**3,759**	1,383
Others	**9,550**	2,237
	62,670	43,072

(b) Other net gain/(loss)

	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
Net foreign exchange gain/(loss)	**30,402**	(19,867)
Net gain/(loss) on disposal of property, plant and equipment	**208**	(3,053)
Net realized and unrealized loss on trading securities	**(119)**	(102)
Net realized and unrealized (loss)/gain on financial assets at fair value through profit or loss	**(42,658)**	13,261
Net gain on disposal of interest in associates	**103,341**	–
Net gain on disposal of interest in subsidiaries	**399,330**	1,552
Gain arising from business combination	**–**	1,762
	490,504	(6,447)

6 PROFIT BEFORE TAXATION

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

(a) Net finance costs

	Six months ended June 30, 2021 RMB'000	2020 RMB'000
Interest income from bank deposits	**(28,014)**	(10,721)
Interest income from loans to related parties	**–**	(130)
Finance income	**(28,014)**	(10,851)
Interest expenses on bank loans	**43,121**	78,937
Interest expenses on loans from related parties	**–**	298
Interest expenses on lease liabilities	**4,275**	5,124
Less: borrowing costs capitalized as construction in progress	**–**	(4,783)
Finance costs	**47,396**	79,576
Net finance costs	**19,382**	68,725

(b) Other items

	Six months ended June 30, 2021 RMB'000	2020 RMB'000
Depreciation charge		
– owned property, plant and equipment	**97,834**	75,421
– right-of-use assets	**24,230**	22,412
Amortization of intangible assets	**8,958**	8,152
Provision for impairment loss on trade and other receivables	**39,634**	7,662
Provision for write-down of inventories	**8,893**	5,913
Listing expenses	**–**	13,880

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Taxation in the consolidated statements of profit or loss represents:

	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
Current tax		
PRC Corporate Income Tax		
Provision for the period	**22,039**	29,537
Under/(over)-provision in respect of prior years	**4,791**	(4,138)
	26,830	25,399
Deferred tax	**(59,885)**	14,499
Total income tax	**(33,055)**	39,898

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.

8 EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the profit attributable to equity shareholders of the Company of RMB557,814,000 (six months ended June 30, 2020: RMB185,518,000) and the weighted average of 2,608,641,618 ordinary shares (six months ended June 30, 2020: 2,345,117,618 ordinary shares) in issue during the interim period.

Diluted earnings per share is equal to basic earnings per share as there were no dilutive potential shares outstanding the six months ended June 30, 2021 and 2020.

9 PROPERTY, PLANT AND EQUIPMENT

(a) Right-of-use assets

During the six months ended 30 June 2021, the Group entered new lease agreements for use of buildings, and therefore recognized the additions to right-of-use assets of RMB44,468,000.

9 PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Acquisitions and disposals of owned assets

During the six months ended 30 June 2021, the Group acquired items of property, plant and equipment at a cost of RMB102,726,000 (six months ended 30 June 2020: RMB152,408,000). Items of property, plant and equipment with a net book value of RMB2,530,000 were disposed of during the six months ended 30 June 2021 (six months ended 30 June 2020: RMB3,704,000), resulting in a gain on disposal of RMB208,000 (six months ended 30 June 2020: a loss of RMB3,053,000).

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	June 30, 2021 RMB'000	December 31, 2020 RMB'000
Equity securities designated at FVOCI (non-recycling)		
– Listed equity securities	**432,114**	297,232
– Unlisted equity security	**51,200**	30,423
	483,314	327,655

The listed equity securities at FVOCI (non-recycling), represent investment in listed equity securities issued by listed companies incorporated in the United States and the Cayman Islands. The unlisted equity security at FVOCI (non-recycling), represents investment in unlisted equity interest in 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, 2021 and 2020.

The analysis on the fair value measurement of the above financial assets is disclosed in Note 22.

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2021 RMB'000	December 31, 2020 RMB'000
Financial assets at FVPL – non-current		
– Listed equity security	**19,348**	–
– Unlisted investments	**211,212**	73,603
– Unlisted units in investment funds	**949,644**	1,158,098
	1,180,204	1,231,701

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

The listed equity security at FVPL, represents investment in listed equity security issued by listed company incorporated in the Australia. The unlisted investments at FVPL, represent investment in private entities incorporated in the PRC and the United States. The unlisted units in investment funds at FVPL, represent investment in funds incorporated in the PRC, the United States and the Cayman Islands. 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 22.

12 INVENTORIES

(a) Inventories in the consolidated statements of financial position comprise:

	June 30, 2021 RMB'000	December 31, 2020 RMB'000
Raw materials	**105,762**	86,649
Semi-finished goods	**37,160**	39,337
Finished goods	**162,562**	153,159
	305,484	279,145
Write down of inventories	**(12,838)**	(16,472)
	292,646	262,673

During the six months ended 30 June 2021, the Group recognized a write-down of RMB8,893,000 (six months ended 30 June 2020: RMB5,913,000) 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 and other comprehensive income.

13 TRADE AND BILLS RECEIVABLES

	June 30, 2021 RMB'000	December 31, 2020 RMB'000
Trade receivables	**1,761,499**	1,522,578
Bills receivable	**291,250**	369,275
	2,052,749	1,891,853
Less: loss allowance	**(60,251)**	(20,841)
	1,992,498	1,871,012

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

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, 2021 RMB'000	December 31, 2020 RMB'000
Within 3 months	**1,254,090**	1,553,979
Over 3 months but within 12 months	**728,103**	315,238
Over 12 months	**10,305**	1,795
	1,992,498	1,871,012

Trade and bills receivables are due within 30–90 days from the date of billing.

14 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	June 30, 2021 RMB'000	December 31, 2020 RMB'000
Current		
Prepayments for raw materials and expenses	**63,950**	48,453
Value added tax recoverable	**40,683**	25,280
Dividends receivable	**147,967**	–
Other deposits and receivables	**77,501**	49,651
	330,101	123,384
Less: loss allowance	**(2,952)**	(2,827)
	327,149	120,557
Non-current		
Prepayments for property, plant and equipment	**45,232**	63,534
Deposits for investments	**–**	50,000
	45,232	113,534

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, 2021 RMB'000	December 31, 2020 RMB'000
Cash at bank	**1,284,596**	3,270,241

15 CASH AND CASH EQUIVALENTS, TIME DEPOSITS, PLEDGED DEPOSITS AND RESTRICTED DEPOSITS (Continued)

(b) Pledged deposits and restricted deposits comprise:

	June 30, 2021 RMB'000	December 31, 2020 RMB'000
Pledged deposits for		
– issuance of bills payable and letters of credit	–	1,777
– banking facilities	–	915,600
	–	917,377

	June 30, 2021 RMB'000	December 31, 2020 RMB'000
Restricted deposits for		
– research and development projects	3	3
– others	1,578	–
	1,581	3

The pledged deposits will be released upon the settlement of the relevant bills payable and letters of credit by the Group or the termination of relevant banking facilities. The restricted deposits will be used for funding certain research and development projects and other contracts.

(c) Time deposits:

	June 30, 2021 RMB'000	December 31, 2020 RMB'000
Current portion	1,218,000	–
Non-current portion	400,000	–
	1,618,000	–

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, 2021 RMB'000	December 31, 2020 RMB'000
Short-term bank loans	**1,168,075**	1,560,740
Current portion of long-term bank loans	**793,451**	232,200
Within 1 year or on demand	**1,961,526**	1,792,940
After 1 year but within 2 years	**–**	1,231,450
After 2 years but within 5 years	**–**	44,100
More than 5 years	**–**	–
	–	1,275,550
	1,961,526	3,068,490

The bank loans were secured as follows:

	June 30, 2021 RMB'000	December 31, 2020 RMB'000
Bank loans		
– Secured	**1,859,712**	1,992,450
– Unsecured	**101,814**	1,076,040
	1,961,526	3,068,490

17 TRADE AND BILLS PAYABLES

	June 30, 2021 RMB'000	December 31, 2020 RMB'000
Trade payables	**80,884**	115,462
Bills payable	**114,933**	126,615
	195,817	242,077

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, 2021 RMB'000	December 31, 2020 RMB'000
Within 3 months	**138,049**	191,610
3 to 12 months	**53,335**	48,617
Over 12 months	**4,433**	1,850
	195,817	242,077

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, 2021 RMB'000	December 31, 2020 RMB'000
Accrued expenses (Note i)	**453,631**	719,708
Contract liabilities (Note ii)	**17,704**	18,762
Payable for employee reimbursements	**128,379**	139,552
Payables for staff related costs	**181,073**	235,162
Payables for purchase of property, plant and equipment	**42,617**	58,469
Dividends payable	**391,296**	–
Other tax payables	**63,336**	60,950
Others	**58,138**	90,740
	1,336,174	1,323,343

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 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,	
	2021	2020
	RMB'000	RMB'000
Dividends in respect of previous financial years declared and approved during the interim period, RMB0.15 per share (six months ended June 30, 2021: nil)	**391,296**	–

The directors did not recommend payment of interim dividends for the interim period (no interim dividend for the six months ended June 30, 2020).

(b) Equity settled share-based transactions

On October 1, 2019, the board of directors of Simcere Pharmaceutical Holding Limited granted 1,023,000 restricted shares under the Pre-IPO Share Incentive Scheme. The restricted shares were granted to the directors and employees of the Group at a price of RMB50 per each restricted share or at nil price. During the six months ended 30 June 2021, RMB6,328,000 (six months ended 30 June 2020: RMB17,725,000) was charged to the profit or loss in respect of the equity settled share-based transactions.

20 CAPITAL COMMITMENTS

Capital commitments outstanding at 30 June 2021 not provided for in the interim financial report:

	June 30, 2021	December 31, 2020
	RMB'000	RMB'000
Contracted for	**58,888**	127,910
Represented by:		
Construction of plant and buildings	**46,208**	113,096
Acquisition of machinery and equipment	**12,680**	14,814
	58,888	127,910

21 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
Simcere Pharmaceutical Holding Limited	Immediate parent of the Group
Excel Good Group Limited	Controlling shareholder of the Group
3D Biological Medicines (Shanghai) Co., Ltd.	Associate of the Group
Beijing 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 BioSciKin Innovative Pharmaceutical Retail Co., Ltd.	Controlled by the ultimate controlling shareholder of the Group
Nanjing BioSciKin Technology Development Co., Ltd.	Controlled by the ultimate controlling shareholder of the Group
Nanjing Jiayuantang Biological Technology 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 BioSciKin Transformation Medical Technology Co., Ltd.	Controlled by the ultimate controlling shareholder of the Group
Shanghai Xianbo Biological Technology Co., Ltd. (Note (a))	Controlled by the ultimate controlling shareholder of the Group
Jiangsu Medical Industry Research Institute Co., Ltd.	Controlled by a close family member of 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 Yoai Technology Co., Ltd.	Controlled by a close family member of the ultimate controlling shareholder of the Group
Shanghai Youxu Medical Equipment Co., Ltd.	Controlled by a close family member of the ultimate controlling shareholder of the Group
Jiangsu Simcare Pharmaceutical Co., Ltd. (Note (b))	Controlled by the ultimate controlling shareholder of the Group
Simcare Jiangsu Pharmaceutical Co., Ltd. (Note (b))	Controlled by the ultimate controlling shareholder of the Group
Xuancheng Menovo Pharmaceutical Co., Ltd. (Note (c))	Associate of the Group
BCY Pharm Co., Ltd. (Note (d))	Associate of the Group

21 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

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

Notes:

(a) This entity was disposed by the Group to the controlling shareholder of the Group on May 7, 2021 and recognized as the Group's related parties since then.

(b) These entities were disposed by the ultimate controlling shareholder of the Group on April 12, 2021 and no longer recognized as the Group's related parties since then.

(c) This entity is disposed by the Group on July 30, 2020 and no longer recognized as the Group's related parties since then.

(d) This entity become the subsidiary of the Group on May 13, 2020 and no longer recognized as the Group's related parties since then.

(b) Significant related party transactions

The Group had following transactions with related parties:

	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
Purchase of goods		
Nanjing Jiayuantang Biological Technology Co., Ltd.	**327**	–
Jiangsu Yoai Technology Co., Ltd.	**266**	–
Simcare Jiangsu Pharmaceutical Co., Ltd.	**13**	35
Jiangsu Simcare Pharmaceutical Co., Ltd.	**1**	8,070
Xuancheng Menovo Pharmaceutical Co., Ltd.	**–**	570
	607	8,675
Purchase of services		
BioSciKin Precision Medical Holding Group Co., Ltd.	**6,076**	–
Jiangsu BioSciKin Transformation Medical Technology Co., Ltd.	**191**	64
Nanjing Medway Culture Media Co., Ltd.	**24**	75
Jiangsu Simcere Medical Diagnostics Co., Ltd.	**30**	60
	6,321	199
Sales of goods		
Jiangsu Simcare Pharmaceutical Co., Ltd.	**2,206**	7,989
Simcare Jiangsu Pharmaceutical Co., Ltd.	**602**	1,154
	2,808	9,143

21 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Significant related party transactions (Continued)

	Six months ended June 30, 2021 RMB'000	2020 RMB'000
Rendering of services		
Beijing Sanroad Biological Products Co., Ltd.	**24,324**	19,374
Shanghai Xianbo Biological Technology Co., Ltd.	**1,109**	–
Jiangsu Simcere Medical Diagnostics Co., Ltd.	**164**	203
3D Biological Medicines (Shanghai) Co., Ltd.	**146**	–
Nanjing BioSciKin Innovative Pharmaceutical Retail Co., Ltd.	**99**	105
BioSciKin Precision Medical Holding Group Co., Ltd.	**–**	47
	25,842	19,729
Disposal of interest in subsidiaries		
Excel Good Group Limited	**104,170**	–
Receiving rental, property management and other related services		
BioSciKin Precision Medical Holding Group Co., Ltd.	**16,483**	23,525
Nanjing BioSciKin Asset Management Co., Ltd.	**1,147**	1,343
Nanjing BioSciKin Innovative Pharmaceutical Retail Co., Ltd.	**–**	704
	17,630	25,572
Providing rental, property management and other related services		
3D Biological Medicines (Shanghai) Co., Ltd.	**2,121**	–
Shanghai Xianbo Biological Technology Co., Ltd.	**640**	–
Shanghai Youxu Medical Equipment Co., Ltd.	**16**	8
	2,777	8
Payments made on behalf of related parties		
Jiangsu Medical Industry Research Institute Co., Ltd.	**163**	–
Shanghai Xianbo Biological Technology Co., Ltd.	**112**	–
	275	–
New loans from related parties		
Simcere Pharmaceutical Holding Limited	**–**	35,506

21 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Significant related party transactions (Continued)

	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
Interest expenses on loans from related parties		
Simcere Pharmaceutical Holding Limited	–	298
Interest income on loans to related parties		
BCY Pharm Co., Ltd.	–	130

22 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.

22 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial assets and liabilities measured at fair value (Continued)

(i) Fair value hierarchy (Continued)

Analysis on fair value measurement of derivative financial instruments as at June 30, 2021 are as follows:

	Fair value at June 30, 2021	Fair value measurement at June 30, 2021 categorized into		
	RMB'000	Level 1	Level 2	Level 3
Recurring fair value measurement				
Financial assets at FVOCI				
– Listed equity securities	**432,114**	**432,114**	**–**	**–**
– Unlisted equity security	**51,200**	**–**	**–**	**51,200**
Financial assets at FVPL				
– Listed equity security	**19,348**	**19,348**	**–**	**–**
– Unlisted investments	**211,212**	**–**	**–**	**211,212**
– Unlisted units in investment funds	**949,644**	**–**	**–**	**949,644**

	Fair value at December 31, 2020	Fair value measurement at December 31, 2020 categorized into		
	RMB'000	Level 1	Level 2	Level 3
Recurring fair value measurement				
Financial assets at FVOCI				
– Listed equity securities	297,232	297,232	–	–
– Unlisted equity security	30,423	–	–	30,423
Financial assets at FVPL				
– Unlisted investments	73,603	–	–	73,603
– Unlisted units in investment funds	1,158,098	–	–	1,158,098
Trading securities				
– Listed equity securities	3,634	3,634	–	–

(Expressed in Renminbi)

22 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial assets and liabilities measured at fair value (Continued)

(i) Fair value hierarchy (Continued)

During the six months ended June 30, 2021, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. During the six months ended June 30, 2021, there were transfers of amount of RMB Nil (2020: RMB296,387,000), respectively, from Level 3 to Level 1 due to the listing of the equity security. 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.

(ii) Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs
Unlisted equity securities	Valuation multiples (Note i)	Changing trend of medium market multiples of comparable companies
Unlisted investments	Valuation multiples (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 equity securities and 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, 2021, 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 RMB10,129,000 (2020: RMB4,421,000).

(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, 2021, 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 RMB36,656,000 (2020: RMB49,219,000).

The fair values of unlisted equity securities, unlisted investments and unlisted units in investment funds are determined using the recent comparable transaction price, if available, valuation multiples technique with comparable companies or net asset value of underlying investments. The fair values of the structured deposits and wealth management products have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

22 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 (Continued)

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:

	Financial assets at FVOCI RMB'000	Financial assets at FVPL RMB'000	Total RMB'000
As at January 1, 2021	**30,423**	**1,231,701**	**1,262,124**
Net realized and unrealized losses on financial assets at fair value through profit or loss	**–**	**(221,019)**	**(221,019)**
Equity investments at FVOCI – net movement in fair value reserves (non-recycling)	**20,777**	**–**	**20,777**
Purchases	**–**	**49,621**	**49,621**
Exchange difference	**–**	**(5,383)**	**(5,383)**
Transfer into Level 3	**–**	**105,936**	**105,936**
As at June 30, 2021	**51,200**	**1,160,856**	**1,212,056**

	Financial assets at FVOCI RMB'000	Financial assets at FVPL RMB'000	Total RMB'000
As at January 1, 2020	114,010	1,445,779	1,559,789
Net realized and unrealized gains on financial assets at fair value through profit or loss	–	(2,431)	(2,431)
Equity investments at FVOCI – net movement in fair value reserves (non-recycling)	120,123	–	120,123
Purchases	–	85,527	85,527
Sales and settlements	–	(637,898)	(637,898)
Exchange difference	–	6,597	6,597
Transfer into Level 1	(204,133)	–	(204,133)
As at June 30, 2020	30,000	897,574	927,574

22 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial assets and liabilities measured at fair value (Continued)

Any gains or losses arising from the remeasurement of the Group's unlisted equity securities held for strategic purposes are recognised in the fair value reserve (non-recycling) in other comprehensive income. Upon disposal of the equity securities, the amount accumulated in other comprehensive income is transferred directly to retained earnings.

(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 31 December 2020 and 30 June 2021.

23 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On July 16, 2021, an aggregate of 10,937,000 restricted share units ("RSUs"), representing 10,937,000 shares, were granted to an aggregate of 117 selected directors and employees under the 2021 RSU Scheme at nil consideration, all of which have been accepted by the grantees. Subject to the terms and conditions of the 2021 RSU Scheme and the fulfilment of relevant conditions to the vesting of the RSUs, the RSUs granted to the grantees shall vest on July 16, 2022, 2023 and 2024, respectively.