三生制药
3SBIO INC.

1993-2023

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

2023 INTERIM REPORT

Mission for Innovation
Champion for China
Global Outreach

Contents

Company Overview

3SBio Inc. (the "**Company**" or "**3SBio**", with its subsidiaries collectively, the "**Group**") is a leading biotechnology company in the People's Republic of China (the "**PRC**"). As a pioneer in the Chinese biotechnology industry, the Group has extensive expertise in researching, developing, manufacturing and marketing bio-pharmaceuticals. The core products of the Group include several bio-pharmaceutical drugs, TPIAO (特比澳), recombinant human erythropoietin ("**rhEPO**") products EPIAO (益比奧) and SEPO (賽博爾), Yisaipu (益賽普), Cipterbin (賽普汀) and a small molecule drug, Mandi (蔓迪). TPIAO is the only commercialized recombinant human thrombopoietin ("**rhTPO**") product in the world. According to IQVIA[1], the market share in the treatment of thrombocytopenia of TPIAO in Mainland China[2] was 64.6% in the first half of 2023 in terms of sales value. With its two rhEPO products, the Group has been the premier market leader in the Mainland China rhEPO market for two decades, holding a total market share of 42.9% in the first half of 2023. According to the data of Chinese Pharmaceutical Association (中國藥學會, "**CPA**"), Mandi has a dominant market share of 70.3% in the Mainland China minoxidil tincture market in terms of sales value in the first half of 2023. Yisaipu is a Tumour Necrosis Factor ("**TNF**") α inhibitor product with a market share of 23.7% in the Mainland China TNF α market in the first half of 2023. The Group has been expanding its therapeutic coverage by adding products through internal research and development ("**R&D**") and various external strategic partnerships. Meanwhile, the Group boosts its revenue scale through strategic positioning in contract development and manufacturing operation ("**CDMO**") business. Its operation officially commenced since December 2021, witnessing continuous growth in Mainland China.

As at 30 June 2023, amongst the 30 product candidates within the Group's active pipeline, 25 were being developed as innovative drugs in Mainland China. Out of these 30 product candidates, 14 are antibodies, 6 are other biologic products, and 10 are small molecule entities. The Group has 10 product candidates in hematology/oncology; 13 product candidates that target auto-immune diseases including rheumatoid arthritis ("**RA**") and other diseases including refractory gout and ophthalmological diseases such as branch retinal vein occlusion ("**BRVO**"); 5 product candidates in nephrology; and 2 product candidates in dermatology.

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

The Group is positioned for global expansion. Outside of Mainland China, TPIAO has been approved in nine countries; EPIAO has been approved in 24 countries; and Yisaipu has been approved in 16 countries. In the long-term, the Group aims to market its products in developed countries. Furthermore, the Group is collaborating with international partners to develop and market the Group's product candidates, such as pegsiticase and anti-programmed cell death protein 1 ("**PD-1**") monoclonal antibody ("**mAb**"). The Group aims to focus its R&D to provide innovative therapeutics for patients in Mainland China and globally.

As at 30 June 2023, the Group had operation facilities in Shenyang, Shanghai, Hangzhou and Shenzhen, all in Mainland China, as well as in Como, Italy, with 5,311 employees. The Group's pharmaceutical products are marketed and sold in all provinces, autonomous regions and special municipalities in Mainland China, as well as a number of foreign countries and regions. During the six months ended 30 June 2023 (the "**Reporting Period**"), the Group's nationwide sales and distribution network enabled it to sell its products to approximately 8,700 hospitals and medical institutions in Mainland China.

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

2 Hereinafter referred to as the mainland area of the PRC.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Ms. SU Dongmei

Non-executive Director

Mr. HUANG Bin

Independent Non-executive Directors

Mr. PU Tianruo

Ms. YANG, Hoi Ti Heidi

Mr. NG, Joo Yeow Gerry

Dr. ZHANG Dan

COMPANY SECRETARY

Ms. LAI Siu Kuen

AUTHORIZED REPRESENTATIVES

Ms. SU Dongmei

Ms. LAI Siu Kuen

AUDIT COMMITTEE

Mr. PU Tianruo (*Chairman*)

Ms. YANG, Hoi Ti Heidi

Mr. NG, Joo Yeow Gerry

REMUNERATION COMMITTEE

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

Mr. PU Tianruo

Dr. ZHANG Dan

NOMINATION COMMITTEE

Dr. LOU Jing (*Chairman*)

Mr. PU Tianruo

Mr. NG, Joo Yeow Gerry

REGISTERED OFFICE (IN THE CAYMAN ISLANDS)

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Grand Cayman, KY1-1111

Cayman Islands

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Shenyang

PRC

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Hong Kong SAR

PRC

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Grand Cayman, KY1-1111

Cayman Islands

HONG KONG SHARE REGISTRAR

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LEGAL ADVISERS

As to Hong Kong law and United States law:

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Quarry Bay
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As to China law:

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77 Jianguo Road
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Beijing, PRC

As to Cayman Islands law:

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Central
Hong Kong SAR
PRC

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
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Quarry Bay
Hong Kong SAR
PRC

SECURITIES CODE

Ordinary Shares
The Stock Exchange of Hong Kong Limited
(Stock Code: 1530)

COMPANY'S WEBSITE

www.3sbio.com

PRINCIPAL BANK

Industrial Bank Co., Ltd., Shenyang Branch
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Heping District
Shenyang, PRC

Financial Highlights*#

- **Revenue increased by RMB689.3 million or 22.3% to RMB3,783.8 million, as compared to the six months ended 30 June 2022.**

- **Gross profit increased by RMB636.4 million or 24.8% to RMB3,201.6 million, as compared to the six months ended 30 June 2022. The gross profit margin increased to 84.6% from 82.9% for the six months ended 30 June 2022.**

- **Net profit attributable to owners of the parent increased by RMB13.7 million or 1.4% to RMB980.6 million, as compared to the six months ended 30 June 2022. Normalized net profit attributable to owners of the parent(Note 1) increased by RMB199.3 million or 20.1% to RMB1,191.5 million, as compared to the six months ended 30 June 2022.**

- **EBITDA increased by RMB37.5 million or 2.9% to RMB1,330.5 million, as compared to the six months ended 30 June 2022. Normalized EBITDA(Note 2) increased by RMB228.4 million or 17.7% to RMB1,518.1 million, as compared to the six months ended 30 June 2022.**

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

 # The numbers for the six months ended 30 June 2022 have been restated with consolidation of Liaoning Sunshine Technology Development Co., Ltd..

Notes:

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

[2] The normalized EBITDA is defined as the EBITDA for the period excluding the same items as listed in Note 1 above.

Management Discussion and Analysis

BUSINESS REVIEW

Key Events

Termination of Exclusive License Agreement with AstraZeneca in respect of Byetta and Bydureon

Due to further streamlining in respect of the licensed products under an exclusive license agreement with AstraZeneca[3], Hongkong Sansheng Medical Limited, a wholly-owned subsidiary of the Company, and AstraZeneca entered into a termination agreement on 28 February 2023 to agree that, with effect from 31 December 2023, the exclusive license agreement shall be terminated and the commercialization of the licensed products thereunder shall cease, except that the distribution by the third party distributors of Byetta licensed products acquired by such third party distributors prior to 31 December 2023 shall cease on 31 August 2025. For further details, please refer to the announcements of the Company dated 11 October 2016 and 28 February 2023.

First Patient Enrolled in TPIAO CLD Indication Phase III Trial

As announced on 22 May 2023, the first patient has recently been enrolled in the trial of phase III clinical study of TPIAO in the treatment of patients with chronic liver disease ("**CLD**") related thrombocytopenia who are candidates for invasive surgery. Thrombocytopenia is a common complication of CLD, the degree of which is related to the severity of liver disease. About 78% of patients with liver cirrhosis have varying degrees of thrombocytopenia. The main cause of thrombocytopenia in CLD patients is decreased production of thrombopoietin (TPO).

*For certain other key event, please refer to, hereinafter, "PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES — **Redemption and Delisting of 2025 Bonds**".*

Key Events after the Reporting Period

Remitch NDA for Pruritus in Hemodialysis Patients Approved

As announced on 5 July 2023, the New Drug Application ("**NDA**") of narfuraphine hydrochloride orally disintegrating tablets (麗美治®, trade name in Japan: "レミッチOD錠2.5μg") submitted to the PRC National Medical Products Administration ("**NMPA**") has been approved (national drug approval No. HJ20230091) for the improvement of pruritus in hemodialysis patients (only in cases where the efficacy of existing treatments is not satisfactory). This is the first and only selective κ (kappa)-opioid receptor agonist approved by the NMPA to treat hemodialysis patients with refractory pruritus. In addition, the clinical trial application for this product to improve pruritus in patients with CLD (only in cases where the efficacy of existing treatments is not satisfactory) was approved in May 2023 (Notice No.: 2023LP00912).

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3 AstraZeneca refers to the applicable subsidiaries of AstraZeneca PLC.

Key Products

— Bio-pharmaceuticals

TPIAO

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

TPIAO has been listed on the National Reimbursement Drug List ("**NRDL**") as a Class B Drug for the treatment of severe CIT in patients with solid tumors or ITP since 2017. In the "Guidelines of CSCO — Cancer Therapy Induced Thrombocytopenia ("**CTIT**") (2022)"[4], rhTPO is listed as a treatment choice with the highest level recommendation, the Grade I recommendation. According to the "Chinese Guideline on the Diagnosis and Management of Adult Primary Immune Thrombocytopenia (2020 version)"[5], rhTPO is one of the primary treatments for ITP emergency cases and is the first choice recommendation in the second line treatments list for both ITP and ITP in pregnancy. In "Consensus on the Clinical Diagnosis, Treatment, and Prevention of Chemotherapy-Induced Thrombocytopenia in China (2019 version)"[6], rhTPO is one of the primary treatments for CIT. rhTPO has also received similar professional endorsements in several national guidelines and experts consensus on treating certain other diseases in Mainland China.

On 18 January 2023, TPIAO was listed on the 2022 NRDL through negotiation. Future growth of TPIAO may be driven by: 1) the enhanced market position as for inpatients attributable to its safety and efficacy, and its continually supplanting traditional interleukin ("**IL**") platelet-raising drugs in clinical use; 2) the continued increase in the number of hospitals covered; and 3) the expansion of indications. The Group estimates that the penetration rates for CIT and ITP indications in Mainland China are in the range of approximately 25% to 35%. In the first half of 2023, its market share for the treatment of thrombocytopenia in Mainland China was 33.1% in terms of sales volume and 64.6% in terms of sales value. As announced in May 2022, the phase III clinical trial of TPIAO in the pediatric ITP indication achieved the pre-defined primary endpoint, and the Group has submitted the supplemental NDA to the NMPA in November 2022. As announced on 22 May 2023, the first patient has recently been enrolled in the trial of phase III clinical study of TPIAO in the treatment of patients with CLD related thrombocytopenia who are candidates for invasive surgery. Outside of Mainland China, TPIAO has been approved in nine countries, including the Philippines and Thailand. Currently, TPIAO is in the process of registration in several countries in Asia, Africa and South America.

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

5 Issued by the Thrombosis and Hemostasis Group of the Chinese Society of Hematology of the Chinese Medical Association (the "**CMA**")

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

EPIAO

EPIAO is approved by the NMPA for the following three indications: the treatment of anemia associated with chronic kidney disease ("**CKD**"), the treatment of chemotherapy-induced anemia ("**CIA**"), and the reduction of allogeneic blood transfusion in surgery patients. EPIAO has been listed on the NRDL as a Class B Drug for renal anemia since 2000, and, additionally, for CIA in patients with non-hematological malignancies since 2019. EPIAO has also been listed on the 2018 National Essential Drug List. EPIAO has consistently been the premier market leader in the Mainland China rhEPO market since 2002 in terms of both sales volume and sales value. EPIAO and SEPO together claim a majority market share of the Mainland China rhEPO market at 10,000 IU dosage. The Group believes that, 1) the continuous expansion of the dialysis market; 2) the improvement of anemia treatment standards; 3) the improvement of the diagnosis and treatment rate of cancer anemia; and 4) the proactive going-deep strategy in the lower-tier market, will continue to drive the further growth of its erythropoietin products. Outside of Mainland China, EPIAO has been approved in 24 countries, including Brazil, Thailand and Pakistan. The multi-center biosimilar clinical trials for EPIAO in Russia and Thailand were completed in 2021. EPIAO demonstrated promising effectiveness and manageable safety in patients with end-stage renal disease on hemodialysis. EPIAO is in the process of registration in several countries.

Yisaipu

Yisaipu (Recombinant Human TNF-α Receptor II: IgG Fc Fusion Protein for Injection), is a TNF α inhibitor product. It was first launched in 2005 in Mainland China for RA. Its indications were expanded to ankylosing spondylitis ("**AS**") and psoriasis in 2007. Yisaipu has been listed on the NRDL as a Class B Drug since 2017 for RA and for AS, each subject to certain medical prerequisites, and additionally, since 2019 for the treatment of adult patients with severe plaque psoriasis. Yisaipu is the first-to-market TNF α inhibitor product in Mainland China that filled a gap among domestic peers in regard to the fully-human therapeutic antibody-drugs. Compared with competitors, the efficacy and safety of Yisaipu have been proven in the domestic market over 18 years. In "2018 China Rheumatoid Arthritis Treatment Guidance", an authoritative document issued by the CMA, Yisaipu was adopted under 'TNF α inhibitors' as one of the RA treatment options, and TNF α inhibitors was deemed as a group of biological agents with relatively sufficient evidence and relatively wide adoption in treating RA. TNF α inhibitors have been recommended in a number of professional guidelines, such as "EULAR Recommendations for the Management of Rheumatoid Arthritis with Synthetic and Biological Disease-Modifying Anti-rheumatic Drugs: 2022 Update", "Group for Research and Assessment of Psoriasis and Psoriatic Arthritis (GRAPPA): Updated Treatment Recommendations for Psoriatic Arthritis 2021" and "Recommendations for Diagnosis and Treatment of Ankylosing Spondylitis"[7]. With the increasing number of competitors and price adjustment of the Group's own accord, the market share of Yisaipu decreased, with a market share of 23.7% in the Mainland China TNF α market in the first half of 2023. The Group is working on: 1) promoting the concept of long-term treatment of chronic diseases to highlight efficacy and safety of Yisaipu through post-marketing clinical studies; 2) coverage of new patients; and 3) further expansion to lower-tier cities and hospitals. The NDA for the pre-filled aqueous injection solution of Yisaipu (Group R&D code: 301S) was approved by the NMPA in March 2023. The Group is of the view that the prefilled syringe of Yisaipu will improve patients convenience and contribute to further Yisaipu growth. Outside of Mainland China, Yisaipu has been approved in 16 countries, including Indonesia, the Philippines and Pakistan.

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

Cipterbin

Cipterbin (Inetetamab) is the first innovative anti-HER2 mAb in Mainland China with the engineered Fc region and optimized production process. Sunshine Guojian independently developed this product based on its proprietary technology platform. It was approved by the NMPA in June 2020 for treatment of HER2-positive metastatic breast cancer in combination with chemotherapy, as it was proven to be capable of delaying the disease progression for, and bringing survival benefits to, HER2-positive metastatic breast cancer patients. Cipterbin has been listed on the NRDL since 2020. Inetetamab has been included in several clinical guidelines and experts consensus. According to the "Guidelines of CSCO — Breast Cancer (2022 edition)", Inetetamab (Cipterbin) is listed as a treatment choice with the highest level recommendation, the Grade I recommendation, for patients with HER2-positive advanced breast cancer. Under the revised recommendation, the number of Inetetamab-applicable patients increases significantly. According to "Diagnosis and Treatment Guidelines of Breast Cancer (2022 edition)" issued by the PRC National Health Commission, Inetetamab (Cipterbin) is one of the treatments of advanced breast cancer. A large number of real-world studies, as well as studies initiated by clinical experts, have been conducted for inetetamab, and new evidence-based data continues to be accumulated. In the 2023 American Society of Clinical Oncology (ASCO) Annual Meeting, several clinical studies on Inetetamab (Cipterbin) have been selected for presentation[8]. In the meantime, the Group is actively promoting Inetetamab as a first-line treatment of HER2-positive advanced breast cancer. In the first half of 2023, the sales coverage of Cipterbin reaches over 1,300 hospitals in Mainland China and the duration-of-therapy per patient continues to grow.

— Small Molecules

Mandi

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

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[8] (1) In "*Neoadjuvant inetetamab combined with pertuzumab, paclitaxel, and carboplatin (TCbIP) for locally advanced HER2-positive breast cancer: Primary analysis of a phase II study*", TCbIP displays a promising efficacy (pCR rate of 66.7%) and manageable toxicity in patients with HER2-positive LA breast cancer in the neoadjuvant setting. (2) In "*Safety and efficacy of inetetamab in combination with pyrotinib in HER2 mutant patients with non-small cell lung cancer (NSCLC): An open-label, phase Ib trial*", the preliminary data of inetetamab in combination with pyrotinib showed manageable safety and compelling anti-tumor activity in advanced NSCLC patients harboring HER2 mutations. (3) In "*Anti-HER2 antibody inetetamab plus camrelizumab and utidelone for pre-treated HER2-positive metastatic breast cancer: Final results from the phase 2 ICU trial*", final efficacy and safety results were consistent with previous ICU study preliminary analyses. The ICU study showed a favorable benefit-risk profile and is an important option for Chinese patients with HER2-positive metastatic breast cancer after at least two lines of HER2-directed therapies with trastuzumab and TKIs.

According to the CPA's data, Mandi has a market share of 70.3% in Mainland China in the first half of 2023, with a year-on-year growth of 35.3% in sales value. The increase of Mandi's sales is mainly due to professional online brand operation. For the Reporting Period, the revenue of Mandi from e-commerce recorded a year-on-year growth of approximately 64%. The Group believes that Mandi's continuous growth in the future will be driven by: 1) persistent market education, as the Group will continue to invest resources in promotion and market education regarding the science of hair growth, enhancing the social recognition of Mandi as the top brand of scientific hair growth; 2) professional digital marketing system, as Mandi expands its online layout from traditional e-commerce platforms such as Ali, JD, to new e-commerce platforms like Tiktok store and Little Red Book, creating diversified and fine-tuned operation, accurately reaching and converting potential customers, and continuously boosting sales on e-commerce platforms; and 3) potential launch of new product formulation. The phase III study of the foam form of Mandi, comparing head-to-head in male hair loss patients to ROGAINE®, a leading minoxidil drug in the U.S., has been successfully completed, showing Mandi foam being of equivalent efficacy and similar safety and tolerability. The application for market launch of Mandi foam was accepted by the NMPA, as announced on 11 January 2022. If approved for marketing, Mandi will likely be the only minoxidil foam in the Mainland China market, which will significantly improve its market competitiveness.

In Mainland China, the current penetration rate of Mandi is only 2–3% among the 250 million hair loss population. The Group focuses on greater brand promotion of Mandi and on improving recognition of drug treatment effectiveness for hair loss. The Group believes that with greater promotion, the enhanced penetration rate will continue to aggrandize the market potential of Mandi.

Remitch

As announced on 4 July 2023, the NDA of nalfuraphine hydrochloride orally disintegrating tablets (Group R&D code: TRK-820, marketed in Japan as "Remitch" since 2009, to be marketed in Mainland China as 麗美治®) was approved by the NMPA to treat hemodialysis pruritus where current treatments do not produce satisfactory results. In December 2017, Toray Industries Inc. ("**Toray**") granted to the Group the exclusive right to develop and commercialize TRK-820 in Mainland China.

According to the results of the global survey DOPPS (Dialysis Outcomes and Practice Patterns Study), as high as 39% of hemodialysis patients in Mainland China are suffering from moderate or more severe level of skin itching, and patients suffering from severe or acutely severe skin itching are up to 19%. Pruritus and the accompanying persistent sleep obstacles have become one of the important causes of depression suffered by hemodialysis patients; there is also a clear correlation between the state of depression and the increased death rates in hemodialysis patients. At present, while antihistamines is one of the most commonly used drugs for treatment of skin pruritus in Mainland China, it is not very effective for treating hemodialysis pruritus, and using antihistamines alone is quite difficult to improve their quality of life effectively. The therapeutic effect of other treatments ranging from local phototherapy to skin lubricants, topical hormones, oral gabapentin or pregabalin is limited. For those hemodialysis patients who do not experience satisfactory results from such treatments for pruritus, there is presently no effective treatment method.

TRK-820 is a highly selective κ (kappa)-opioid receptor agonist developed by Toray. The soft capsule dosage-form of the TRK-820 has been launched in Japan since 2009 and in South Korea since 2016 to treat hemodialysis pruritus, which is limited to circumstances where current treatments do not produce satisfactory results. Additional indications of TRK-820, including pruritus in CLD patients and pruritus in peritoneal dialysis patients, were approved in Japan in 2015 and 2017, respectively. The orally disintegrating tablet was approved and launched in Japan in 2017. The orally disintegrating tablet can be taken with or without water, which is particularly suitable for patients whose swallowing capabilities have deteriorated or those who have restrictions on water intake, and therefore is expected to improve drug intake compliance of patients. According to the results of the Group's bridging clinical study, doses of 5μg and 2.5μg of nalfuraphine hydrochloride orally disintegrating tablets can safely improve the symptoms of hemodialysis patients with refractory pruritus when compared with the placebo. TRK-820 is the first marketed drug in Mainland China targeting hemodialysis pruritus, and is expected to alleviate the pruritus symptoms and improve patient quality of life, thereby bringing benefits to the large number of hemodialysis pruritus patients in Mainland China.

In addition, the phase III clinical trial application of TRK-820 for improving pruritus in CLD patients (only in cases where the existing treatment efficacy is unsatisfactory) was approved in May 2023. In the field of liver diseases, CLD patients, such as hepatitis, cirrhosis and obstructive jaundice, often experience intensive pruritus through the body. In addition, the primary biliary cholanitis is a disease characterized by pruritus. Pruritus can seriously affect patients' activity and sleep. The pruritus caused by CLD is believed to be related to a number of factors, and it is completely ineffective for certain patients treated with antihistamines, anti-allergic drugs and anion exchange resin. Such symptom is known as "refractory pruritus". According to the data of epidemiological investigation, more than one fifth of the population in Mainland China are suffering from liver diseases, including approximately 90 million chronic hepatitis B virus ("**HBV**") infection patients, approximately 10 million chronic hepatitis C virus ("**HCV**") infection patients, approximately 7 million cirrhosis patients, approximately 173 to 310 million non-alcoholic fatty liver patients, approximately 62 million alcoholic liver disease patients, and approximately 460,000 liver cancer patients. Among them, skin itch occurs in 20% ~ 70% of primary biliary cirrhosis patients, 20% ~ 60% of primary sclerosing cholanitis patients, 20% ~ 50% of jaundice patients, 5.1% ~ 58.4% of HCV viral infection patients, and 8% ~ 36.2% of HBV viral infection patients. It was reported that existing anti-pruritics drugs are ineffective for 57.8% of pruritus patients. Remitch was approved in Japan for pruritus in liver diseases in 2015. The Group will actively advance clinical development for this indication in Mainland China to meet the clinical needs of Chinese patients.

TRK-820 for improving pruritus in CLD patients as a product candidate is at an early stage of pharmaceutical development. For risks associated with pharmaceutical development, please refer to, under the heading "Principal Risks and Uncertainties" in the Company's 2022 Annual Report, "If the Group fails to develop and commercialize new pharmaceutical products, its business prospects could be adversely affected".

— CDMO Business

The Group's CDMO business currently comprises Northern Medicine Valley Desen (Shenyang) Biologics Co., Ltd. ("**Desen Biologics**"), Shanghai Shengguo Pharmaceutical Development Co., Ltd., Guangdong Sunshine Pharmaceutical Co., Ltd. and Sirton Pharmaceuticals S.p.A. ("**Sirton**") in Italy, all being the Group's subsidiaries. Among them, Desen Biologics has a total planned area of 500 Chinese mu, designed as a biopharmaceutical CDMO base, a manufacturing base of biopharmaceutical raw and auxiliary materials and consumables, and a biopharmaceutical core process equipment base that are domestically-leading, oriented to the international market and compliant with relevant Chinese, EU and U.S. Good Manufacturing Practice ("**GMP**") regulations. The first phase of Desen Biologics covers an area of over 110 Chinese mu. The 76,000-liter Drug Substance ("**DS**") and Drug Product ("**DP**") manufacturing capacity for the first phase of the project has commenced to be successively certified and put into operation since 2023.

The Group's CDMO business provides contract development and manufacturing services of biologics expressed by microbial and mammalian cells, including mAb, bispecific antibody, neutralization antibody, as well as vaccine. The Group's technology platforms provide services for cell and gene therapy products, including plasmid, mRNA nucleic acid drugs and virus vector. The full-process requirements of biologics are covered from DNA sequence, cell bank and Chemistry Manufacturing and Control (CMC) to DS/DP production for clinical trials, registration supports and commercial production. The production lines are equipped with reactors of various scales, with single-unit specifications of stainless steel systems and single-use bioreactors ranging from 10L to 10KL, which can meet different requirement scenarios from small batch sample testing at the R&D stage to mass commercial production. The total capacity of the production lines exceeds 200 million doses of formulation, covering the main forms of biologics such as liquid vials, freeze-dry powder injections and pre-filled injections. The Group's CDMO lines have received GMP certifications in Mainland China, Colombia, certain Pharmaceutical Inspection Co-operation Scheme (PIC/S) members, the EU (in regard to Sirton) and other countries; and have successfully passed all regulatory reviews, including multiple unannounced inspections, as well as quality audits by domestic and international customers.

The Group believes that it possesses various competitive advantages in the CDMO business, including the technological advantages associated with engaging in the whole process spanning from R&D to production of biopharmaceutical products over the years; the scalable cost advantages of a single 10,000 litre bioreactor for commercial production; the production cost advantages brought by the in-house capability to manufacture raw materials such as culture medium and chromatographic filler; and the quality control management advantage with high level of automation. In the first half of 2023, the Group's CDMO business completed orders of approximately RMB95 million, with signed orders valuing approximately RMB160 million. The Group's customers include leading domestic and international pharmaceutical companies and biotechnology companies, with services encompassing various steps from pre-clinical stage to commercialization for drugs.

Key Product Candidate

Winlevi®

In the second half of 2022, 3SBio officially commenced the preparation work for investigational new drug ("**IND**") application of 1% clascoterone cream (Group R&D code: WS204), a collaboration product with Cosmo Pharmaceuticals N.V. ("**Cosmo**"). In July 2022, 3SBio received from Cassiopea, a subsidiary of Cosmo, the exclusive right to develop and commercialize Winlevi®, to treat acne, in Greater China.

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

WS204 (1% Clascoterone) cream is the world's first marketed topical androgen receptor ("**AR**") inhibitor, developed by Cosmo for the patients with acne vulgaris aged 12 and above. Winlevi® has been approved by the U.S. FDA in November 2021. It is the first acne drug with a new mechanism of action (MOA) approved by the FDA in the past 40 years, which will provide an innovative and effective treatment for dermatologists and patients. Unlike oral hormones to treat acne, 1% clascoterone cream can be used by both male and female patients. According to Cosmo's public disclosure, Winlevi® has become the most prescribed branded topical acne drug in the U.S. market. As of the end of July 2023, there were more than 15,000 prescribers of Winlevi®, and this drug has generated more than 670,000 prescriptions in the U.S. market since its launch in November 2021. WS204 is expected to become the first AR antagonist for treating acne vulgaris in Mainland China, which may provide an innovative treatment option for hundreds of millions of acne patients, and contribute to better general skin health condition nationally.

This product candidate is at an early stage of pharmaceutical development. For risks associated with pharmaceutical development, please refer to, under the heading "Principal Risks and Uncertainties" in the Company's 2022 Annual Report, "If the Group fails to develop and commercialize new pharmaceutical products, its business prospects could be adversely affected".

Research and Development

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

The Group focuses its R&D efforts on researching and developing innovative biological products as well as in small molecule therapeutics. Currently, the Group has several leading biological products in various stages of clinical development, including SSS06 (NuPIAO, a second-generation rhEPO to treat anemia), 608 (an anti-IL-17A antibody to treat autoimmune and other inflammatory diseases), 601A (an anti-vascular endothelial growth factor (“**VEGF**”) antibody to treat BRVO and other ophthalmological diseases), 613 (an IL-1ß antibody to treat AG arthritis), RD-01 (a pegylated long-acting rhEPO to treat anemia), 611 (an anti-IL4R α antibody to treat atopic dermatitis), 610 (an anti-IL-5 antibody to treat severe asthma), SSS07 (an anti-TNF α antibody to treat RA and other inflammatory diseases), and pegsiticase (a modified pegylated recombinant uricase from candida utilis to treat refractory gout). On the small molecule side, the Group is conducting clinical trials of HIF-117 capsule (SSS17, a selective small molecule inhibitor to hypoxia inducible factor (“**HIF**”) proline hydroxylase) to treat anemia, and is actively preparing for the bridging clinical trial application in Mainland China for clascoterone cream (Winlevi) in acne indication, and performing bio-equivalency studies of a number of generic small molecule products in the field of nephrology, autoimmune and dermatological diseases.

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

The Group’s R&D team, consisting of nearly 600 experienced scientists, is working diligently to research and discover new medicines, to accelerate the progress of clinical development, and to bring breakthrough therapies to fulfill the unmet medical needs of patients.

Product Pipeline

As at 30 June 2023, amongst the 30 product candidates within the Group’s active pipeline, 25 were being developed as innovative drugs in Mainland China. Out of these 30 product candidates, 14 are antibodies, 6 are other biologic products, and 10 are small molecule entities. The Group has 10 product candidates in hematology/oncology; 13 product candidates that target auto-immune diseases including RA and other diseases including refractory gout and ophthalmological diseases such as BRVO; 5 product candidates in nephrology; and 2 product candidates in dermatology.

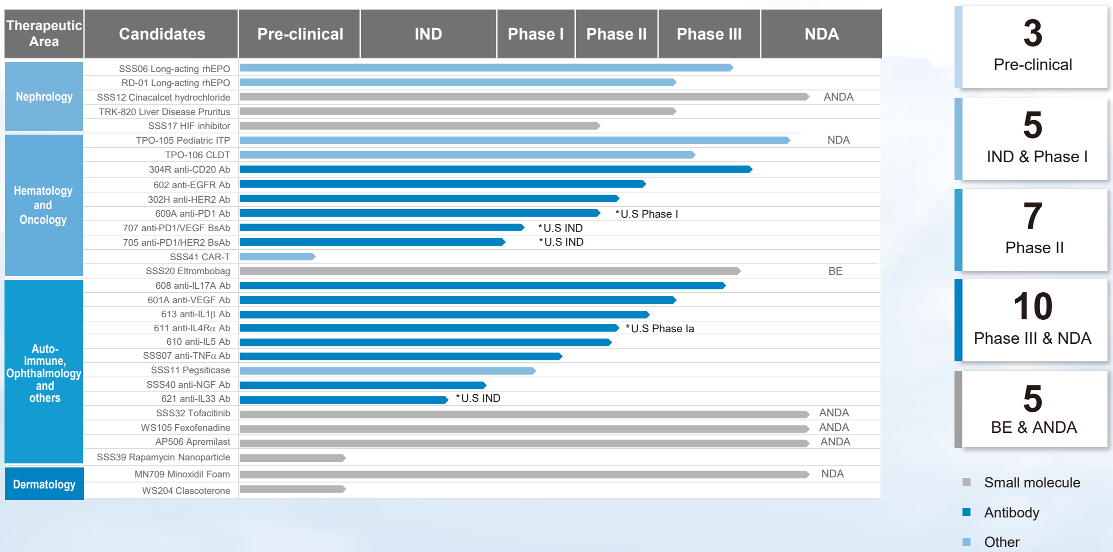
Notes:

(1) Each arrow bar in the R&D Pipeline chart below indicates the progress in Mainland China. Remarks starting with “*” note the progress in the U.S..

(2) BE: Bio-equivalence assessment

(3) ANDA: abbreviated NDA

R&D Pipeline



Key Product Developments

— New Drug Application submission and phase III development

Minoxidil foam formulation (MN709): The Group has completed a multi-centered, randomized, and double-blinded phase III study comparing head-to-head MN709 to ROGAINE® in male patients with hair loss. The study result shows that the efficacy of MN709 is equivalent to that of ROGAINE® and there is similarity between the two in terms of safety and tolerability. As announced on 11 January 2022, an NDA submitted to the NMPA was accepted for review.

Nalfuraphine hydrochloride (TRK820): As announced on 5 July 2023, the NDA of narfuraphine hydrochloride orally disintegrating tablets submitted to the NMPA has been approved for the improvement of pruritus in hemodialysis patients (only in cases where the efficacy of existing treatments is not satisfactory). In addition, the phase III clinical trial application for this product to improve pruritus in patients with CLD (only in cases where the efficacy of existing treatments is not satisfactory) was approved in May 2023.

TPIAO (TPO): As announced on 10 May 2022, a multicenter, randomized, double-blind, placebo-controlled study on the safety, efficacy, and pharmacokinetics of rhTPO injection in children or adolescents with chronic primary ITP achieved the pre-defined primary endpoint. The Group has submitted the supplemental NDA to the NMPA in November 2022. As announced on 22 May 2023, the first patient was recently enrolled in the trial of phase III clinical study of TPIAO in the treatment of patients with CLD related thrombocytopenia who are candidates for invasive surgery.

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

NuPIAO (EPO, SSS06): The Group is conducting the phase III clinical trial of SSS06 for anemia, and plans to complete the phase III clinical trial and obtain CSR (Clinical Study Reports) within the year.

Anti-IL-17A mAb (608): The phase II trial of 608 in patients with plaque psoriasis has reached the primary endpoints, and the patient enrollment of the phase III clinical trial for this indication has been completed in April 2023. The primary endpoints data of the 608 phase III clinical trial is expected in the second half of 2023.

Anti-VEGF mAb (601A): The Group is conducting the phase III clinical trial of 601A for BRVO, with over 180 patients enrolled as of June 2023.

Anti-IL-1ß Ab (613): The Group received an IND approval from the NMPA for 613 in respect to acute gout (AG) in March 2022, and the phase II clinical trial for acute gout arthritis has reached the primary endpoints in July 2023. It is expected that, in the second half of 2023, the submission of materials for the company-side consultation meeting with the NMPA Center for Drug Evaluation ("**CDE**") on the phase III clinical study of acute gout arthritis will be completed, and the CDE's opinions will be obtained.

— Phase II development

Anti-IL4R α mAb (611): A dose escalating phase Ia clinical study in healthy volunteers has been completed in the U.S.. The phase II study in patients with atopic dermatitis ("**AD**") in Mainland China has completed patient enrollment in the first quarter of 2023, and has produced the primary endpoint data in August 2023. The IND application for the adolescent AD indication was completed in August 2023. The IND application for the phase II clinical trial of 611 for CRSwNP was approved by the NMPA in April 2023, and the first patient has been enrolled in July 2023. The IND application for the phase II clinical trial of 611 for moderate-to-severe Chronic Obstructive Pulmonary Disease ("**COPD**") was approved by the NMPA in September 2023.

Anti-IL5 mAb (610): 610 for the severe eosinophilic asthma indication completed phase Ib 32-week data un-blinding in the first half of 2023. The efficacy data was positive and the enrollment of phase II clinical trial was completed in July 2023. The primary endpoint data of the phase II clinical study is expected in the second half of the year.

HIF-117 (SSS17): A phase II clinical trial of SSS17 to treat anemia is in patient enrollment. SSS17 is a selective small molecule inhibitor to hypoxia inducible factor proline hydroxylase (HIF-PH), a molecule which can improve the stability and half-life period of hypoxia inducible factor-α (HIF-α), so as to motivate the secretion of erythropoietin (EPO). It is expected that SSS17 will have a synergistic effect with the Group's rhEPO injection drug in the future, providing patients with an alternative treatment option.

— Phase I development and new IND applications

Anti-PD1/VEGF BsAb (707): The phase Ia clinical trial in patients with advanced or metastatic solid tumors has been initiated in Mainland China, and the patient enrollment for phase Ia is expected to be completed within the year. 707 is a PD1/VEGF-targeting bi-specific antibody developed on the Group's CLF[2] BsAb platform, and has been approved by the FDA for phase I clinical trial in advanced solid tumors in the U.S..

Anti-NGF Ab (SSS40): It is a humanized nerve-growth factor (NGF) mAb. In Mainland China, the clinical trial approval notice was issued by the NMPA in January 2023. The first patient for phase Ia trial was enrolled in August 2023.

Anti-IL-33 mAb (621): The IND approval for COPD in the U.S. has been obtained in July 2023. The IND application for COPD indication in Mainland China has been accepted.

Sales, Marketing and Distribution

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

As at 30 June 2023, the Group's extensive sales and distribution network in Mainland China was supported by approximately 2,704 sales and marketing employees, 1,144 distributors and 1,889 third-party promoters. During the Reporting Period, the Group's products were sold in nearly 2,700 Grade III hospitals and over 6,000 Grade II or lower hospitals and medical institutions across all provinces, autonomous regions and special municipalities in Mainland China. In addition, TPIAO, Yisaipu, EPIAO, SEPO and some of the Group's other products are exported to a number of countries through international promoters.

Outlook

In January 2023, the "National Reimbursement Drug List for Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance (2022)" (《國家基本醫療保險、工傷保險和生育保險藥品目錄(2022年)》) has been issued officially by the National Healthcare Security Administration and the Ministry of Human Resources and Social Security of the PRC in 2023. Among the Group's products, Recombinant Human Thrombopoietin (TPIAO) and Inetetamab (Cipterbin) successfully re-entered the national medical insurance and made adjustments in part in relevant indications. Under the new medical insurance policy, the Group keeps ensuring the good order of production and quality control, and be diligent in its social responsibilities, and benefit more patients with high-quality and high-standard medicines.

Looking forward to the second half of 2023, the biologics segment of the Group will maintain a steady growth. The Group has always maintained strong confidence in the market potential of domestic hair and skin drugs. The Group will continue to promote the publicity and education of Mandi as a scientifically proven drug for hair loss treatment, command digital marketing, expand in new media channels, and enhance Mandi's brand awareness. The Group will also focus on promoting the introduction of the global innovative acne drug, Clascoterone (WS204), in Mainland China. Leveraging on the Group's profound biopharmaceutical R&D experience and production capacity, the Group will continue to empower numerous domestic biotechnology companies and accelerate the launch of high-quality new domestic drugs. With a highly localized supply chain, the Group reduces the "stranglehold" risk imposed by overseas suppliers on the R&D of domestic customers, thereby maximizing the value of the Group's businesses and fostering new business growth points.

For business development, the Group will actively deploy in the second half of 2023 for the harvest period of the newly launched drugs. The prefilled syringe of Yisaipu was approved for marketing in March 2023, significantly improving medication convenience for hundreds of thousands of medical professionals and patients. Being approved for marketing in June 2023, Remitch® (nalfuraphine hydrochloride orally disintegrating tablets) is the first and only domestic drug indicated for dialysis pruritus, filling a gap in dialysis pruritus treatment area, which will bring significant clinical benefits to millions of patients with nephrology and liver diseases in Mainland China. In the second half of 2023, the Group expects to receive the marketing approval of Mandi foam, and the phase III key data readout of the Group's key product candidate 608 (recombinant humanized anti-IL-17A mAb). We expect that the Group will have new drugs entering the commercialization stage every year in the future.

For clinical R&D strategy, the Group will continue to focus on the fields of its strength, namely, nephrology, autoimmune diseases, hair and skin, hematology, and oncology. In particular, the Group will fast-track, and explore multiple indications of the autoimmune diseases products which the Group has made leading R&D progress in Mainland China. Meanwhile, the Group endeavours to drive forward the bridging clinical trials for Clascoterone cream in acne indication and Remitch in liver diseases pruritus, both with vast market potentials and large number of target patients. The Group will focus on and accelerate the overall R&D strategic set-up. The Group will conduct comprehensive research and prudent evaluation on investment and merger and acquisition strategies, proactively acquire high-quality assets with long-term value, and strive to maximize the Group's advantages. Driven by the mission to make innovative bio-pharmaceuticals within reach, the Group accelerates the early launch of more high-quality products to benefit patients.

FINANCIAL REVIEW

Revenue

For the Reporting Period, the Group's revenue amounted to approximately RMB3,783.8 million, as compared to approximately RMB3,094.5 million for the six months ended 30 June 2022, representing an increase of approximately RMB689.3 million, or approximately 22.3%. The increase was mainly attributable to the strong sales growth of TPIAO, Yisaipu and Mandi.

For the Reporting Period, the Group's sales of TPIAO increased to approximately RMB2,019.1 million, as compared to approximately RMB1,575.4 million for the six months ended 30 June 2022, representing an increase of approximately RMB443.7 million, or approximately 28.2%. The increase was primarily attributable to an increase in sales volume. For the Reporting Period, sales of TPIAO accounted for approximately 53.4% of the Group's total revenue.

For the Reporting Period, the Group's sales of EPIAO and SEPO decreased to approximately RMB463.2 million, as compared to approximately RMB533.1 million for the six months ended 30 June 2022, representing a decrease of approximately RMB69.9 million, or approximately 13.1%. The decrease was mainly due to a decrease of the ex-factory price and sales volume. For the Reporting Period, the Group's sales of EPIAO decreased to approximately RMB365.9 million, as compared to approximately RMB406.8 million for the six months ended 30 June 2022, representing a decrease of approximately RMB40.9 million, or approximately 10.1%. For the Reporting Period, the Group's sales of SEPO decreased to approximately RMB97.4 million, as compared to approximately RMB126.3 million for the six months ended 30 June 2022, representing a decrease of approximately RMB28.9 million, or approximately 22.9%. For the Reporting Period, the combined sales of EPIAO and SEPO accounted for a total of approximately 12.2% of the Group's total revenue.

For the Reporting Period, the Group's sales from alopecia area increased to approximately RMB507.5 million, as compared to approximately RMB374.3 million for the six months ended 30 June 2022, representing an increase of approximately RMB133.2 million, or approximately 35.6%. The increase was mainly attributable to the increased market demand for hair loss and growth treatments, which was driven by the Group's diversified and effective promotional efforts. For the Reporting Period, the Group's sales of Mandi increased to approximately RMB495.5 million, as compared to approximately RMB366.2 million for the six months ended 30 June 2022, representing an increase of approximately RMB129.3 million, or approximately 35.3%. For the Reporting Period, the sales from alopecia area accounted for a total of approximately 13.4% of the Group's revenue.

For the Reporting Period, the Group's sales of Yisaipu (domestic and overseas) increased to approximately RMB303.7 million, representing a year-on-year increase of approximately 25.0%. The increase was mainly attributable to increased sales volume.

For the Reporting Period, the Group's revenue from CDMO business increased to approximately RMB94.9 million, as compared to approximately RMB55.3 million for the six months ended 30 June 2022, representing an increase of approximately RMB39.6 million, or approximately 71.6%. The increase was mainly attributable to the increased CDMO orders from customers.

For the Reporting Period, the Group's other sales, primarily consisted of sales from Cipterbin, Sparin (an injectable low-molecular-weight heparin calcium product indicated for: (1) prophylaxis and treatment of deep vein thrombosis; and (2) prevention of clotting during hemodialysis), export sales and other products, increased to approximately RMB417.0 million, as compared to approximately RMB338.6 million for the six months ended 30 June 2022, representing an increase of approximately RMB78.4 million, or approximately 23.2%. The increase was mainly attributable to the increased sales volume of Cipterbin and Sparin. For the Reporting Period, the Group's sales of Cipterbin increased to approximately RMB108.6 million, as compared to approximately RMB67.7 million for the six months ended 30 June 2022, representing an increase of approximately RMB40.9 million, or approximately 60.4%. For the Reporting Period, the Group's sales of Sparin increased to approximately RMB150.6 million, as compared to approximately RMB118.3 million for the six months ended 30 June 2022, representing an increase of approximately RMB32.3 million, or approximately 27.3%.

Cost of Sales

The Group's cost of sales increased from approximately RMB529.3 million for the six months ended 30 June 2022 to approximately RMB582.3 million for the Reporting Period, which accounted for approximately 15.4% of the Group's total revenue for the Reporting Period. The primary reason for the increase in the Group's cost of sales was mainly attributable to the increased sales volume of products for the Reporting Period, as compared to the corresponding period in 2022.

Gross Profit

For the Reporting Period, the Group's gross profit increased to approximately RMB3,201.6 million, as compared to approximately RMB2,565.2 million for the six months ended 30 June 2022, representing an increase of approximately RMB636.4 million, or approximately 24.8%. The increase in the Group's gross profit was broadly in line with its revenue increase during the Reporting Period. The Group's gross profit margin increased to approximately 84.6% for the Reporting Period from approximately 82.9% for the corresponding period in 2022.

Other Income and Gains

The Group's other income and gains mainly comprised government grants, interest income, foreign exchange gain, fair value gain or loss on financial assets at FVTPL, gain on redemption of convertible bonds and other miscellaneous income. For the Reporting Period, the Group's other income and gains decreased to approximately RMB-7.2 million, as compared to approximately RMB349.0 million for the six months ended 30 June 2022, representing a decrease of approximately RMB356.2 million, or approximately 102.1%. The decrease was mainly attributable to the fair value loss on financial assets at FVTPL during the Reporting Period.

Selling and Distribution Expenses

The Group's selling and distribution expenses primarily consisted of marketing and promotion expenses, staff costs, transportation expenses and other miscellaneous selling and distribution expenses. For the Reporting Period, the Group's selling and distribution expenses amounted to approximately RMB1,374.8 million, as compared to approximately RMB1,150.3 million for the six months ended 30 June 2022, representing an increase of approximately RMB224.5 million, or approximately 19.5%. In terms of the percentage of revenue, the Group's selling and distribution expenses decreased from approximately 37.2% for the six months ended 30 June 2022 to approximately 36.3% for the Reporting Period.

Administrative Expenses

The Group's administrative expenses consisted of staff costs, professional fees, depreciation and amortization, property expenses, share-based compensation, and other miscellaneous administrative expenses. For the Reporting Period, the Group's administrative expenses amounted to approximately RMB214.4 million, as compared to approximately RMB198.1 million for the six months ended 30 June 2022, representing an increase of approximately RMB16.3 million, or approximately 8.2%. The administrative expenses as a percentage of revenue was approximately 5.7% for the Reporting Period and approximately 6.4% for the six months ended 30 June 2022.

R&D Costs

The Group's R&D costs primarily consisted of staff costs, materials consumption, clinical trials costs, depreciation and amortisation, and other miscellaneous R&D expenses. For the Reporting Period, the Group's R&D costs amounted to approximately RMB306.6 million, as compared to approximately RMB294.3 million for the six months ended 30 June 2022, representing an increase of approximately RMB12.3 million, or approximately 4.2%. The increase was mainly due to the speed-up of the Group's R&D projects. The R&D costs accounted for approximately 8.1% of revenue for the Reporting Period, as compared to approximately 9.5% for the corresponding period in 2022.

Other Expenses and Losses

The Group's other expenses and losses primarily consisted of donation expenses, provision for impairment of financial assets and investment in associates, and other miscellaneous expenses and losses. For the Reporting Period, the Group's other expenses and losses amounted to approximately RMB5.1 million, as compared to approximately RMB105.1 million for the six months ended 30 June 2022, representing a decrease of approximately RMB100.0 million, or approximately 95.1%. The decrease was mainly due to the decrease in provision for impairment of financial assets and investment in an associate.

Finance Costs

For the Reporting Period, the Group's finance costs amounted to approximately RMB88.9 million, as compared to approximately RMB36.5 million for the six months ended 30 June 2022, representing an increase of approximately RMB52.4 million, or approximately 143.6%. Excluding the non-cash interest expenses of the 2025 Bonds, the finance cost increased from RMB7.9 million for the six months ended 30 June 2022 to approximately RMB65.5 million for the Reporting Period, representing an increase of approximately RMB57.6 million, or approximately 729.1%. The increase was mainly due to the increased interest-bearing bank borrowings for the Reporting Period.

Income Tax Expense

For the Reporting Period, the Group's income tax expense amounted to approximately RMB207.6 million, as compared to approximately RMB164.0 million for the six months ended 30 June 2022, representing an increase of approximately RMB43.6 million, or approximately 26.6%. The increase was mainly due to the increase of the taxable income during the Reporting Period, as compared to the corresponding period in 2022. The effective tax rates for the Reporting Period and the corresponding period in 2022 were 17.4% and 14.7%, respectively. The increase in effective tax rate was mainly due to the increase in non-deductible expenses for the Reporting Period, as compared to those for the six months ended 30 June 2022.

Net Profit Attributable to Owners of the Parent and EBITDA

The net profit attributable to owners of the parent for the Reporting Period was approximately RMB980.6 million, as compared to approximately RMB966.9 million for the six months ended 30 June 2022, representing an increase of approximately RMB13.7 million, or approximately 1.4%. The normalized net profit attributable to owners of the parent is defined as the profit for the period excluding, as applicable: (a) the interest expenses incurred in relation to the issuance of the 2025 Bonds; (b) the expenses associated with the share options and awarded shares granted in March 2020; (c) the expenses associated with the share options under the ESOP of Sunshine Guojian; (d) gain on redemption of 2025 Bonds and (e) fair value gain or loss on financial assets at FVTPL. The Group's normalized net profit attributable to owners of the parent for the Reporting Period was approximately RMB1,191.5 million, as compared to approximately RMB992.2 million for the six months ended 30 June 2022, representing an increase of approximately RMB199.3 million, or approximately 20.1%.

The EBITDA for the Reporting Period increased by approximately RMB37.5 million or approximately 2.9% to approximately RMB1,330.5 million, as compared to approximately RMB1,293.0 million for the six months ended 30 June 2022. The normalized EBITDA is defined as the EBITDA for the period excluding, as applicable: (a) the interest expenses incurred in relation to the issuance of the 2025 Bonds; (b) the expenses associated with the share options and awarded shares granted in March 2020; (c) the expenses associated with the share options under the ESOP of Sunshine Guojian; (d) gain on redemption of 2025 Bonds, and (e) fair value gain or loss on financial assets at FVTPL. The Group's normalized EBITDA for the Reporting Period increased by approximately RMB228.4 million or approximately 17.7% to approximately RMB1,518.1 million, as compared to approximately RMB1,289.7 million for the six months ended 30 June 2022.

Earnings Per Share

The basic earnings per share for the Reporting Period was approximately RMB0.40, as compared to approximately RMB0.39 for the six months ended 30 June 2022, representing an increase of approximately 2.6%.

Financial Assets Measured at Fair Value

As at 30 June 2023, financial assets measured at fair value primarily comprised the investment in treasury or cash management products issued by certain banks, the investments in listed companies and the investments in private equity funds which focus on investment in health-care industry.

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

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

The Group's liquidity remained strong. For the Reporting Period, the Group's operating activities generated a net cash inflow of approximately RMB1,184.5 million, as compared to approximately RMB1,027.6 million for the six months ended 30 June 2022, representing an increase of RMB156.9 million or approximately 15.3%. The increase was mainly attributable to the increased cash inflow from the sales of biopharmaceuticals. As at 30 June 2023, the Group's cash and bank balances and bank financial products were approximately RMB7,423.8 million.

Net Current Assets

As at 30 June 2023, the Group had net current assets of approximately RMB6,691.7 million, as compared to net current assets of approximately RMB7,906.6 million as at 31 December 2022. The current ratio of the Group decreased from approximately 5.3 as at 31 December 2022 to approximately 2.9 as at 30 June 2023. The decrease in net current assets and current ratio was mainly attributable to the higher current liabilities which were brought by the increased interest-bearing bank borrowings in 2023.

Funding and Treasury Policies, Borrowing and Pledge of Assets

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

As at 30 June 2023, the Group had total interest-bearing bank borrowings of approximately RMB3,725.7 million, as compared to approximately RMB2,315.0 million as at 31 December 2022. The increase in bank borrowings primarily reflected the additional bank-borrowing of approximately RMB1,640.9 million, partly offset by the repayment of loans of RMB303.9 million, during the Reporting Period. Among the short-term deposits, none was pledged to secure bank loans as at 30 June 2023.

As at 30 June 2023, the Group had outstanding convertible bonds of approximately RMB11.2 million and outstanding Panda bonds of approximately RMB1,200.6 million. For more information on the Group's Panda bonds, please refer to Note 19 "BONDS PAYABLE" to the interim condensed consolidated financial information for the Reporting Period hereinafter.

Gearing Ratio

The gearing ratio of the Group, which was calculated by dividing the total borrowings and bonds by the total equity, increased to approximately 30.9% as at 30 June 2023 from approximately 29.2% as at 31 December 2022.

Contingent Liabilities

As at 30 June 2023, the Group had no significant contingent liabilities.

Contractual Obligations

The Group's capital commitment amounted to approximately RMB1,158.0 million as at 30 June 2023, as compared to approximately RMB1,320.5 million as at 31 December 2022.

Foreign Exchange and Exchange Rate Risk

The Group mainly operates in Mainland China, with all material aspects of its regular business conducted in Renminbi other than: (1) the operations of Sirton; and (2) the Group's exports, which amounted to approximately RMB28.8 million, or approximately 0.8% of the Group's revenue, for the Reporting Period. Except for the operations of Sirton, the Group's exports, potential international deal-making expenditures (such as expenditures related to international licensing and acquisitions), foreign currency denominated bank borrowings and bank deposits and the Euro-denominated bonds, the Group believes that it does not have any other material direct exposure to foreign exchange fluctuations. As at 30 June 2023, the Group's foreign currency denominated bank deposits primarily comprised: (1) approximately United States Dollar 59.3 million (equivalent to approximately RMB428.2 million); (2) approximately Hong Kong Dollar ("**HKD**") 12.2 million (equivalent to approximately RMB11.3 million); and (3) approximately EUR9.1 million (equivalent to approximately RMB71.8 million). The Group expects that the fluctuation of the Renminbi exchange rate will not have a material adverse effect on the operations of the Group in the foreseeable future.

Significant Investments Held

As at 30 June 2023, the Group did not hold any significant investments. As at 30 June 2023, the Group held (i) equity investments designated at fair value through other comprehensive income of approximately RMB567.5 million; (ii) wealth management products of various independent commercial banks as financial assets at FVTPL of approximately RMB4,601.8 million, and (iii) non-pledged time deposits of approximately RMB556.6 million, none of which such investments in any group of entities or products offered by any group of commercial banks, in aggregate, represented 5.0% or more of the total assets of the Group.

Material Acquisitions and Disposals

The Group did not have material acquisitions and disposals of subsidiaries, associated companies and joint ventures during the Reporting Period. For information relating to the Group's acquisition of 100% interest in Liaoning Sunshine Technology from Dalian Huansheng by way of business combination, please refer to Note 21 "BUSINESS COMBINATION" to the interim condensed consolidated financial information for the Reporting Period hereinafter.

Future Plans for Material Investments or Capital Assets

The Group estimates that the total capital expenditure of the Group for the next three years will be in the range of RMB1,200 million to RMB1,300 million. These expected capital expenditures will primarily be incurred for the expansion of the Group's production capabilities and the maintenance of the Group's existing facilities. The Group expects to finance its capital expenditures through a combination of internally generated funds, bank borrowings and equity financing.

EMPLOYEES AND EMOLUMENTS POLICY

As at 30 June 2023, the Group employed a total of 5,311 employees, as compared to a total of 5,213 employees as at 31 December 2022. The staff costs, including Directors' emoluments but excluding any contributions to the pension scheme, were approximately RMB604.4 million for the Reporting Period, as compared to approximately RMB596.4 million for the corresponding period in 2022. The Group generally formulated its employees' remuneration package to include salary, bonus, equity compensation, and allowance elements. The compensation programs were designed to remunerate the employees based on their performance, measured against specified objective criteria. The Group also provided the employees with welfare benefits in accordance with applicable regulations and the Group's internal policies. The Company has adopted a share option scheme and a share award scheme ("**2019 Share Award Scheme**") and there are other incentive initiatives such as cash awards, all of which are for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. In addition, Sunshine Guojian adopted a restricted share incentive plan in February 2021 and there is also a gratuitous incentive scheme set up by founding and management members of the Group that serves to recognise employees' contributions.

Corporate Governance and Other Information

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of members of the Company and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "**HKEx Listing Rules**") on the Stock Exchange of Hong Kong Limited (the "**HKEx**") as its own code of corporate governance.

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

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

Pursuant to code provision C.2.1 of the CG Code, companies listed on the HKEx are expected to comply with, but may choose to deviate from, the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. The Company does not have separate chairman and chief executive officer. Dr. LOU Jing currently performs these two roles. The board of directors (the "**Directors**") of the Company (the "**Board**") believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enabling more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will from time to time review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company at an appropriate time, taking into account the circumstances of the Group as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuer"as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with the Directors, all Directors confirmed that they have complied with the required standard as set out in the Model Code during the Reporting Period.

THE BOARD AND ITS COMMITTEES

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

INTERIM DIVIDEND

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

CHANGES TO INFORMATION REGARDING DIRECTORS AND CHIEF EXECUTIVES

Certain changes in Directors' information since the preparation of the 2022 annual report and up to the latest practicable date prior to the printing of this report are set out below pursuant to Rule 13.51B(1) of the Listing Rules:

- Dr. LOU Jing, the chairman of the Board and the chief executive officer of the Company, was appointed as a director of 3SBio (Hongkong) Limited, an indirect wholly-owned subsidiary of the Company.

Other than above, the Directors confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the preparation of the 2022 annual report and up to the latest practicable date prior to the printing of this report.

AUDIT COMMITTEE

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

The Audit Committee, together with the Board, has reviewed the unaudited interim condensed consolidated financial information of the Group for the Reporting Period. The Audit Committee does not have any disagreement with any accounting treatment which had been adopted. The Audit Committee has also reviewed the effectiveness of the financial reporting, internal control and risk management systems of the Company and considers such systems to be effective and adequate.

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

PURCHASE, SALE OR REDEMPTION BY THE COMPANY

Save as disclosed in the subsection headed "Redemption and Delisting of 2025 Bonds" below, there was no purchase, sale and redemption of any listed securities of the Company by the Company or any of its subsidiaries during the Reporting Period.

Redemption and Delisting of 2025 Bonds

Pursuant to the terms and conditions of the 2025 Bonds, the holder(s) of the 2025 Bonds have the right to require Strategic International Group Limited, a direct wholly-owned subsidiary of the Company, as the Issuer, to redeem all or some of the 2025 Bonds of such holder on 29 June 2023. Certain holders exercised such right in respect of EUR287,600,000 in aggregate principal amount of the 2025 Bonds (the "**Put Bonds**"). The redemption of the Put Bonds was completed and all payments had been made to the exercising holders on 29 June 2023 pursuant to the terms and conditions of the 2025 Bonds. The redeemed Put Bonds had been cancelled. The remaining outstanding 2025 Bonds amounted to a principal amount of EUR1,400,000 (the "**Remaining Bonds**").

On 26 July 2023, the Company announced that the Company served a notice to exercise its right to redeem the Remaining Bonds on 28 August 2023 pursuant to the terms and conditions of the 2025 Bonds. On 29 August 2023, the Company announced that all 2025 Bonds had been fully redeemed and no 2025 Bonds were outstanding. The 2025 Bonds were delisted from the HKEx on 5 September 2023.

For details, please refer to the Company's announcements dated 29 June 2023, 17 July 2023, 26 July 2023 and 29 August 2023.

POST-IPO SHARE OPTION SCHEME

Pursuant to a written resolution passed by the then sole shareholder of the Company on 23 May 2015, the Company adopted a share option scheme pursuant to Chapter 17 of the HKEx Listing Rules (the "**3SBio Option Scheme**"). The details of the 3SBio Option Scheme were disclosed in the Company's prospectus dated 1 June 2015 in the section headed "Statutory and General Information — 5. Post-IPO Share Option Scheme" in Appendix IV. Under the 3SBio Option Scheme, the Company was authorised to issue up to 242,439,857 ordinary shares of the Company (the "**Shares**") (subject to possible adjustments), which represented approximately 9.94% of the issued Shares as at the date of this report. The total number of options available for grant under the scheme mandate of the 3SBio Option Scheme as at 1 January 2023 and 30 June 2023 were 225,903,857 and 225,953,857, respectively. The purpose of the 3SBio Option Scheme is to provide selected participants with the opportunity to acquire proprietary interests in the Company and to encourage selected participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its shareholders as a whole.

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

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

The 3SBio Option Scheme will continue to be in effect for a term of ten years unless terminated sooner, and has a remaining term of approximately 1.5 years as at the date of this report. On 28 June 2016, the Company amended the 3SBio Option Scheme to include nominees and/or trustees of employee benefit trusts set up for the employees of the members of the Group as participants eligible to participate in the 3SBio Option Scheme.

The following outstanding share options were granted to the following Directors under the 3SBio Option Scheme as of 30 June 2023:

	NUMBER OF SHARE OPTIONS										
NAME OF DIRECTOR	AS AT 1 JANUARY 2023	GRANTED DURING THE PERIOD	EXERCISED DURING THE PERIOD	FORFEITED/ CANCELLED DURING THE PERIOD	LAPSED DURING THE PERIOD	AS AT 30 June 2023	DATE OF GRANT OF SHARE OPTIONS	EXERCISE PERIOD OF SHARE OPTIONS	EXERCISE PRICE OF SHARE OPTIONS (HKD PER SHARE)	PRICE OF THE COMPANY'S LISTED SHARES IMMEDIATELY BEFORE THE GRANT DATE OF OPTIONS (HKD PER SHARE)	THE WEIGHTED AVERAGE CLOSING PRICE OF THE COMPANY'S LISTED SHARES IMMEDIATELY BEFORE THE EXERCISE DATES (HKD PER SHARE)
Dr. LOU Jing	440,000	0	–	0	0	440,000	2 February 2017	From 2 August 2018 to 2 February 2027**	7.62	7.37	8.39
Ms. SU Dongmei*	440,000	–	–	0	0	440,000	2 February 2017	From 2 August 2018 to 2 February 2027**	7.62	7.37	8.39

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

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

The following outstanding share options were granted to employee participants# of the Group (apart from Directors) as of 30 June 2023:

NUMBER OF SHARE OPTIONS										
AS AT 1 JANUARY 2023	GRANTED DURING THE PERIOD	EXERCISED DURING THE PERIOD	FORFEITED/ CANCELLED DURING THE PERIOD	LAPSED DURING THE PERIOD	AS AT 30 June 2023	DATE OF GRANT OF SHARE OPTIONS	EXERCISE PERIOD OF SHARE OPTIONS	EXERCISE PRICE OF SHARE OPTIONS (HKD PER SHARE)	PRICE OF THE COMPANY'S LISTED SHARES IMMEDIATELY BEFORE THE GRANT DATE OF OPTIONS (HKD PER SHARE)	THE WEIGHTED AVERAGE CLOSING PRICE OF THE COMPANY'S LISTED SHARES IMMEDIATELY BEFORE THE EXERCISE DATES (HKD PER SHARE)
15,656,000*	–	50,000	0	0	15,606,000	2 February 2017	From 2 August 2018 to 2 February 2027**	7.62	7.37	8.39

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

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

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

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

Please refer to Note 22 to the interim condensed consolidated financial information in this report for the accounting policy adopted for share options.

SHARE AWARD SCHEME

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

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

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

The maximum number of Shares which can be awarded under the 2019 Share Award Scheme is 10% of the total issued Shares as at the Adoption Date and, unless otherwise approved by the Board and/or the shareholders of the Company (if applicable), the maximum number of Shares which can be awarded to a selected participant under the 2019 Share Award Scheme in a 12-month period shall not exceed 1% of the total issued Shares as at the Adoption Date, in accordance with the relevant requirements under the Listing Rules. The total issued Shares as at the Adoption Date were 2,535,002,551 Shares.

Under the 2019 Share Award Scheme, there were 233,614,807 Shares available for grant as at 1 January 2023 and 30 June 2023, which represented approximately 9.58% of the total issued Shares as at the date of this report.

Subject to any early termination as may be determined by the Board pursuant to the terms of the 2019 Share Award Scheme, or unless the Board by resolutions, resolve otherwise, the 2019 Share Award Scheme shall be valid and effective for a term of ten years commencing on the Adoption Date, and has a remaining term of approximately 5.5 years as at the date of this report.

Further details of the 2019 Share Award Scheme are set out in Note 22 to the interim condensed consolidated financial information in this report.

As at 30 June 2023, details of the awarded shares granted under the 2019 Share Award Scheme of the Company were as follows:

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

Notes:

(1) On 16 July 2019, the Board resolved to grant a maximum of 10,000,000 awarded Shares to 37 independent employees of the Group, pursuant to the terms of the 2019 Share Award Scheme, in order to recognize the contributions of the independent employees to the Group. For details, please refer to the announcement of the Company dated 17 July 2019 and Note 22 to the interim condensed consolidated financial information in this report.

(2) On 7 September 2020, the Board resolved to conditionally grant 10,000,000 new awarded Shares to Dr. ZHU Zhenping of which 5,000,000 awarded Shares and 2,250,000 awarded Shares have so far been issued and allotted to Dr. ZHU Zhenping on 14 April 2021 and 8 March 2022, respectively. For details, please refer to the announcement of the Company dated 8 September 2020 and the circular of the Company dated 16 October 2020.

(3) These awarded Shares are subject to vesting conditions involving financial targets and vesting periods.

(4) These awarded Shares are not subject to any vesting condition or vesting period.

(5) All of the above grants were made prior to the amendments to Chapter 17 of the Listing Rules taking effect.

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

As at 30 June 2023, the interests or short positions of the Directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) required to be notified to the Company and the HKEx pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO), or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which would be required to be notified to the Company and the HKEx pursuant to Model Code are as follows:

(i) Interests in the Company

Name	Position	Nature of Interest	Number of Shares held	Approximate percentage of all Shares in Issue[1]
LOU Jing[2]	Executive Director	Beneficial owner	491,553[L]	0.02%
		Beneficiary of a trust	50,174,510[L]	2.06%
		Other	476,774,553[L]	19.55%
			Total: 527,440,616[L]	21.63%
SU Dongmei[3]	Executive Director	Interest in controlled Corporation	24,384,630[L]	1.00%
		Beneficial owner	440,000[L]	0.02%
			Total: 24,824,630[L]	1.02%
HUANG Bin[4]	Non-executive Director	Interest in controlled corporation	32,197,350[L]	1.32%

Notes:

(L): denotes long position

(1) The calculation is based on the total number of 2,438,920,412 Shares in issue as at 30 June 2023.

(2) Dr. LOU Jing was granted 440,000 share options by the Company, representing 440,000 Shares upon full exercise. Dr. LOU Jing was a beneficiary under two unnamed trusts which were interested in 41,746,000 Shares and 8,428,510 Shares respectively. Further, Dr. LOU Jing was an enforcer and a beneficiary of an unnamed discretionary trust which was interested in 476,774,553 Shares. Therefore, Dr. LOU Jing was deemed to be interested in all such Shares as discussed in the foregoing.

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

(4) Mr. HUANG Bin directly holds the entire issued share capital of Known Virtue International Limited ("**KVI**") and therefore, was deemed to be interested in the same number of the Shares in which KVI was interested (i.e. 32,197,350 Shares).

(ii) Interests in Associated Corporations

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

Notes:

(L): denotes long position

(1) The shares were allotted by Sunshine Guojian to Achieve Well International Limited, a company wholly-owned by Dr. LOU Jing, under the ESOP of Sunshine Guojian, for purposes of holding the awarded shares granted to Dr. LOU Jing. Upon completion of the offering of Sunshine Guojian on the Shanghai Stock Exchange on 22 July 2020 ("**Guojian Offering**"), the approximate percentage of Dr. LOU Jing's interest in the share capital of Sunshine Guojian was diluted to 4.08%. The change did not trigger a disclosure obligation under the SFO and therefore the information shown in the table as of 30 June 2023 reflects Dr. LOU Jing's interests position as required to be disclosed under the SFO.

(2) An ultimate beneficial owner of an interest in a fund (the "**Fund**") that is used for holding shares awarded under the ESOP of Sunshine Guojian, which directly holds the awarded shares for the ultimate benefit of Ms. SU Dongmei, being one of the grantees of the awarded shares that have been allotted to the Fund by Sunshine Guojian. Upon completion of the Guojian Offering, the approximate percentage of Ms. SU Dongmei's interest in the share capital of Sunshine Guojian was diluted from 0.036% to 0.032%. The change did not trigger a disclosure obligation under the SFO and therefore the information shown in the table as of 30 June 2023 reflects Ms. SU Dongmei's interests position as required to be disclosed under the SFO.

Save as disclosed above, as at 30 June 2023, none of the Directors and chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which would be required to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which would be required, pursuant to the Model Code, to be notified to the Company and the HKEx.

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

As at 30 June 2023, to the best of the Directors' knowledge, the following persons (other than the Directors or chief executives of the Company), had interests or short positions in the shares and underlying shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Nature of Interest	Number of Shares held	Approximate percentage of all Shares in Issue(1)
Decade Sunshine Limited ("**DSL**")(2)	Beneficial owner	476,774,553(L)	19.55%
Century Sunshine Limited ("**CSL**")(2)	Interest in a controlled corporation	476,774,553(L)	19.55%
XING Lily(3)	Interest in a controlled corporation(2)	476,774,553(L)	19.55%
	Interest of spouse(3)	50,666,063(L)	2.08%
		Total: 527,440,616(L)	21.63%
Lambda International Limited(2)	Interest in a controlled corporation	476,774,553(L)	19.55%
TMF (Cayman) Ltd.(4)	Trustee	577,274,543(L)	23.67%
BlackRock, Inc.	Interest in a controlled corporation	147,821,680(L)	6.06%
		18,500(S)	0.00%

Notes:

(L): denotes long position

(S): denotes short position

(1) The calculation is based on the total number of 2,438,920,412 Shares in issue as at 30 June 2023.

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

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

(4) TMF (Cayman) Ltd. was the trustee with respect to four unnamed trusts, which respectively were interested in 476,774,553, 50,174,510, 16,486,000, and 33,839,480 Shares, and therefore TMF (Cayman) Ltd. was deemed to be interested in all such Shares.

Save as disclosed above, as at 30 June 2023, the Directors and the chief executives of the Company were not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

Independent Review Report

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To the board of directors of 3SBio Inc.

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

INTRODUCTION

We have reviewed the interim financial information set out on pages 38 to 78, which comprises the condensed consolidated statement of financial position of 3SBio Inc. (the "**Company**") and its subsidiaries (the "**Group**") as at 30 June 2023 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("**IAS 34**") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Ernst & Young
Certified Public Accountants

Hong Kong
24 August 2023

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2023

	Notes	2023 (Unaudited) RMB'000	2022 (Unaudited) (Restated) RMB'000
REVENUE	4	3,783,833	3,094,460
Cost of sales		(582,279)	(529,285)
Gross profit		3,201,554	2,565,175
Other income and gains	5	(7,201)	348,992
Selling and distribution expenses		(1,374,752)	(1,150,307)
Administrative expenses		(214,422)	(198,115)
Research and development costs		(306,593)	(294,337)
Other expenses	6	(5,079)	(105,136)
Finance costs	7	(88,878)	(36,516)
Share of profits and losses of:			
A joint venture		1,244	(654)
Associates		(11,805)	(12,096)
PROFIT BEFORE TAX	6	1,194,068	1,117,006
Income tax expense	8	(207,601)	(163,972)
PROFIT FOR THE PERIOD		986,467	953,034
Attributable to:			
Owners of the parent		980,577	966,893
Non-controlling interests		5,890	(13,859)
		986,467	953,034
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
— Basic	10	RMB0.40	RMB0.39
— Diluted	10	RMB0.39	RMB0.37

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2023

	2023 (Unaudited) RMB'000	2022 (Unaudited) (Restated) RMB'000
PROFIT FOR THE PERIOD	**986,467**	953,034
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**18,227**	51,033
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**18,227**	51,033
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	**(71,056)**	(109,189)
Income tax effect	**—**	(2,693)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**(71,056)**	(111,882)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**(52,829)**	(60,849)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**933,638**	892,185
Attributable to:		
Owners of the parent	**927,748**	906,044
Non-controlling interests	**5,890**	(13,859)
	933,638	892,185

Interim Condensed Consolidated Statement of Financial Position

30 June 2023

	Notes	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) (Restated) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	4,294,791	4,113,675
Right-of-use assets		380,213	388,620
Goodwill		4,271,428	4,140,061
Other intangible assets		1,568,945	1,578,312
Investments in joint ventures		2,456	1,212
Investments in associates		614,009	622,637
Equity investments designated at fair value through other comprehensive income		567,468	554,974
Prepayments, other receivables and other assets		362,804	353,810
Non-pledged time deposits	14	556,647	201,183
Deferred tax assets		299,843	303,949
Total non-current assets		12,918,604	12,258,433
CURRENT ASSETS			
Inventories	12	740,024	712,742
Trade and notes receivables	13	1,337,814	1,311,805
Prepayments, other receivables and other assets		1,306,332	504,790
Financial assets at fair value through profit or loss		4,601,751	4,861,054
Pledged deposits	14	193,869	208,392
Cash and cash equivalents	14	2,071,521	2,151,746
Total current assets		10,251,311	9,750,529

Interim Condensed Consolidated Statement of Financial Position (continued)

30 June 2023

	Notes	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) (Restated) RMB'000
CURRENT LIABILITIES			
Trade and bills payables	15	**273,875**	249,521
Other payables and accruals	16	**1,131,553**	1,028,460
Deferred income		**29,536**	28,549
Interest-bearing bank and other borrowings	17	**1,998,267**	413,259
Lease liabilities		**11,270**	12,234
Tax payable		**115,138**	111,888
Total current liabilities		**3,559,639**	1,843,911
NET CURRENT ASSETS		**6,691,672**	7,906,618
TOTAL ASSETS LESS CURRENT LIABILITIES		**19,610,276**	20,165,051
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	17	**1,727,398**	1,901,748
Lease liabilities		**22,706**	27,587
Convertible bonds	18	**11,266**	2,163,735
Bonds payable	19	**1,200,552**	—
Deferred income		**420,396**	422,610
Deferred tax liabilities		**259,136**	279,865
Other non-current liabilities		**4,399**	5,925
Total non-current liabilities		**3,645,853**	4,801,470
Net assets		**15,964,423**	15,363,581
EQUITY			
Equity attributable to owners of the parent			
Share capital	20	**149**	149
Treasury shares		**(235,641)**	(235,641)
Share premium		**3,469,120**	3,693,433
Other reserves		**10,287,129**	9,467,864
Equity attributable to owners of the parent		**13,520,757**	12,925,805
Non-controlling interests		**2,443,666**	2,437,776
Total equity		**15,964,423**	15,363,581

Dr. LOU Jing
Director

SU Dongmei
Director

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Attributable to owners of the parent											
	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	Contributed surplus RMB'000	Equity component of convertible bonds RMB'000	Statutory surplus reserves RMB'000	Retained earnings RMB'000	Fair value reserve RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2022 (audited)	149	(235,641)	3,693,433	332,179	110,744	1,142,169	7,890,011	(35,502)	65,132	12,962,674	2,437,776	15,400,450
Business combination under common control (Note 21)	–	–	–	10,042	–	–	(46,911)	–	–	(36,869)	–	(36,869)
At 1 January 2023 (restated)	149	(235,641)	3,693,433	342,221	110,744	1,142,169	7,843,100	(35,502)	65,132	12,925,805	2,437,776	15,363,581
Profit for the period	–	–	–	–	–	–	980,577	–	–	980,577	5,890	986,467
Other comprehensive income for the period:												
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	–	–	–	(71,056)	–	(71,056)	–	(71,056)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	18,227	18,227	–	18,227
Total comprehensive income for the period	–	–	–	–	–	–	980,577	(71,056)	18,227	927,748	5,890	933,638
Transfer to statutory surplus reserves	–	–	–	–	–	108,667	(108,667)	–	–	–	–	–
Final 2022 dividend declared (Note 9)	–	–	(224,883)	–	–	–	–	–	–	(224,883)	–	(224,883)
Repurchase of convertible bonds	–	–	–	–	(110,684)	–	–	–	–	(110,684)	–	(110,684)
Equity-settled share incentive scheme (Note 22)	–	–	–	2,434	–	–	–	–	–	2,434	–	2,434
Shares issued upon exercise of share options (Note 20)	–	–	570	(233)	–	–	–	–	–	337	–	337
At 30 June 2023 (unaudited)	149	(235,641)	3,469,120	344,422	60	1,250,836	8,715,010	(106,558)	83,359	13,520,757	2,443,666	15,964,423

Interim Condensed Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2023

	Attributable to owners of the parent											
	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	Contributed surplus RMB'000	Equity component of convertible bonds RMB'000	Statutory surplus reserves RMB'000	Retained earnings RMB'000	Fair value reserve RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2021 (audited)	155	–	4,152,181	338,198	110,744	890,772	6,643,663	98,378	(6,641)	12,227,450	2,430,347	14,657,797
Business combination under common control	–	–	–	10,042	–	–	(47,753)	–	–	(37,711)	–	(37,711)
At 1 January 2022 (restated)	155	–	4,152,181	348,240	110,744	890,772	6,595,910	98,378	(6,641)	12,189,739	2,430,347	14,620,086
Profit for the period	–	–	–	–	–	–	966,893	–	–	966,893	(13,859)	953,034
Other comprehensive income for the period:												
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	–	–	–	(111,882)	–	(111,882)	–	(111,882)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	51,033	51,033	–	51,033
Total comprehensive income for the period	–	–	–	–	–	–	966,893	(111,882)	51,033	906,044	(13,859)	892,185
Transfer to statutory surplus reserves	–	–	–	–	–	96,562	(96,562)	–	–	–	–	–
Final 2021 dividend declared (Note 9)	–	–	–	–	–	–	(417,140)	–	–	(417,140)	–	(417,140)
Shares repurchased	–	(711,321)	–	–	–	–	–	–	–	(711,321)	–	(711,321)
Shares cancelled	(6)	475,680	(475,674)	–	–	–	–	–	–	–	–	–
Equity-settled share incentive scheme (Note 22)	–	–	–	10,543	–	–	–	–	–	10,543	–	10,543
Shares issued upon exercise of share options (Note 20)	–	–	16,757	(16,757)	–	–	–	–	–	–	–	–
Capital injection from non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	2,297	2,297
At 30 June 2022 (unaudited and restated)	149	(235,641)	3,693,264	342,026	110,744	987,334	7,049,101	(13,504)	44,392	11,977,865	2,418,785	14,396,650

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Notes	2023 (Unaudited) RMB'000	2022 (Unaudited) (Restated) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**1,194,068**	1,117,006
Adjustments for:			
Finance costs	7	**65,534**	7,944
Interest on convertible bonds	7	**23,344**	28,572
Fair value loss/(gain) on financial assets at fair value through profit or loss	5	**232,187**	(13,809)
Gain on repurchase of convertible bonds	5	**(47,067)**	—
Share of profits and losses of a joint venture and associates		**10,561**	12,750
Interest income	5	**(131,947)**	(47,441)
Foreign exchange differences	5	**(14,666)**	(251,083)
Charge of share-based compensation costs	6	**2,434**	10,543
Depreciation of property, plant and equipment	6	**108,956**	93,095
Amortisation of other intangible assets	6	**52,473**	77,666
Depreciation of right-of-use assets	6	**10,270**	10,160
Amortisation of long-term deferred expenses	6	**7,805**	6,007
Recognition of deferred income		**(12,049)**	(19,993)
(Reversal of provision)/provision for impairment of trade receivables	6	**(9,441)**	9,844
Provision for impairment of other receivables	6	**1,440**	12,553
Amortisation of other non-current assets		**—**	15,939
Provision for impairment of investment in an associate	6	**—**	59,907
Provision for impairment of inventories		**3,725**	20,518
Loss on disposal of items of property, plant and equipment	6	**1,366**	1,067
		1,498,993	1,151,245
Increase in inventories		**(31,007)**	(97,522)
Decrease in pledged deposits		**18,943**	32,943
(Increase)/decrease in trade and notes receivables		**(16,568)**	202,021
Decrease in prepayments and other receivables		**9,688**	52,077
Decrease in trade and bills payables		**24,352**	33,418
Increase in other payables and accruals		**(98,942)**	(177,742)
Cash generated from operations		**1,405,459**	1,196,440
Income tax paid		**(220,974)**	(168,859)
Net cash flows from operating activities		**1,184,485**	1,027,581

	2023 (Unaudited) RMB'000	2022 (Unaudited) (Restated) RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	128,348	56,898
Purchase of items of property, plant and equipment	(323,337)	(269,308)
Purchase of financial assets at fair value through profit or loss	(3,626,741)	(8,280,549)
Proceeds from disposal of financial assets at fair value through profit or loss	3,653,857	6,837,114
Purchase of equity investments designated at fair value through other comprehensive income	(53,155)	(8,693)
Proceeds from disposal of equity investments designated at fair value through other comprehensive income	1,667	—
Additions to other intangible assets	(42,728)	(43,971)
Addition to right-of-use assets	—	(10,281)
Loans to third parties	—	(9,000)
Increase in non-pledged time deposits	(355,464)	(96,940)
Repayment of loans from a third party	3,164	12,116
Government grants received	13,361	53
Advance payment for investment	(800,000)	—
Proceeds from disposal of property, plant and equipment	1,232	876
Net cash flows used in investing activities	(1,399,796)	(1,811,685)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	337	—
Acquisition of treasury shares	—	(475,680)
(Increase)/decrease in pledged deposits	(4,420)	9,208
Repayments of bank borrowings	(303,939)	(150,000)
Proceeds from bank borrowings	1,640,888	1,456,273
Proceeds from issuances of bonds	1,200,000	—
Repurchase of convertible bonds	(2,373,077)	—
Capital injection from non-controlling shareholders	—	2,297
Principal portion of lease payments	(9,131)	(10,721)
Interest paid	(58,321)	(9,212)
Net cash flows from financing activities	92,337	822,165
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(122,974)	38,061
Cash and cash equivalents at beginning of period	2,151,746	2,868,250
Effect of foreign exchange rate changes, net	42,749	23,465
CASH AND CASH EQUIVALENTS AT END OF PERIOD	2,071,521	2,929,776

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

1. CORPORATE INFORMATION

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

The Company is an investment holding company. During the six months ended 30 June 2023, the Company and its subsidiaries were principally engaged in the development, production, marketing and sale of biopharmaceutical products in the mainland area ("**Mainland China**") of the People's Republic of China (the "**PRC**").

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

2.1 Basis of Preparation

The interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

As a result of the business combination under common control as described in note 21, the comparative figures have been restated.

2.2 Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised International Financial Reporting Standards ("**IFRSs**") for the first time for the current period's financial information.

IFRS 17	*Insurance Contracts*
Amendments to IFRS 17	*Insurance Contracts*
Amendment to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 — Comparative Information*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform — Pillar Two Model Rules*

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

2.2 Changes in Accounting Policies and Disclosures (continued)

The nature and impact of the new and revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. Since the Group has recognised a deferred tax asset and a deferred tax liability for temporary differences arising from transactions related to leases, the amendments did not have any impact on the financial position or performance of the Group.

(d) Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

3. OPERATING SEGMENT INFORMATION

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

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Mainland China	**3,684,591**	3,019,862
Others	**99,242**	74,598
	3,783,833	3,094,460

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

(b) Non-current assets

	30 June 2023	31 December 2022
	RMB'000	RMB'000
	(Unaudited)	(Audited)
		(Restated)
Mainland China	**10,115,195**	9,218,841
Others	**1,936,098**	2,180,669
	12,051,293	11,399,510

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

Information about major customers

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

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Revenue from contracts with customers		
Sale of biopharmaceuticals	**3,688,923**	3,039,146
Contract development and manufacturing operation business	**94,910**	55,314
	3,783,833	3,094,460

Disaggregated revenue information for revenue from contracts with customers

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Types of goods or services		
Sale of biopharmaceuticals	**3,688,923**	3,039,146
Contract development and manufacturing operation business	**94,910**	55,314
Total revenue from contracts with customers	**3,783,833**	3,094,460
Geographical markets		
Mainland China	**3,684,591**	3,019,862
Others	**99,242**	74,598
Total revenue from contracts with customers	**3,783,833**	3,094,460
Timing of revenue recognition		
Goods transferred at a point in time	**3,688,923**	3,039,146
Services transferred at a point in time	**94,910**	55,314
Total revenue from contracts with customers	**3,783,833**	3,094,460

5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Other income		
Interest income	**131,947**	47,441
Government grants related to		
— Assets	**10,204**	18,295
— Income	**13,558**	13,962
Others	**7,544**	4,402
	163,253	84,100
Gains		
Gain on repurchase of convertible bonds	**47,067**	—
Foreign exchange differences, net	**14,666**	251,083
Fair value (loss)/gain on financial assets at fair value through profit or loss	**(232,187)**	13,809
	(170,454)	264,892
	(7,201)	348,992

6. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited) (Restated)
Cost of inventories sold	493,292	478,201
Cost of services provided	88,987	51,084
Depreciation of items of property, plant and equipment	108,956	93,095
Amortisation of other intangible assets	52,473	77,666
Depreciation of right-of-use assets	10,270	10,160
Amortisation of long-term deferred expenses	7,805	6,007
Employee benefit expenses (including directors' and chief executive's remuneration):		
Wages, salaries and staff welfare	533,823	520,787
Equity-settled compensation expenses	2,434	10,543
Pension scheme contributions	45,993	41,401
Social welfare and other costs	68,184	65,050
	650,434	637,781
Other expenses and losses:		
Donation	9,030	8,814
Loss on disposal of items of property, plant and equipment	1,366	1,067
Provision for impairment of investment in an associate	—	59,907
(Reversal of provision)/provision for impairment of trade receivables	(9,441)	9,844
Provision for impairment of other receivables	1,440	12,553
Provision for litigation	—	7,300
Others	2,684	5,651
	5,079	105,136

7. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Interest on bank borrowings	**63,581**	7,294
Interest on bonds payable	**530**	—
Interest on convertible bonds	**23,344**	28,572
Interest on lease liabilities	**1,423**	650
	88,878	36,516

8. INCOME TAX

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

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

No provision for Hong Kong profits tax has been made for the six months ended 30 June 2023 as the Group had no assessable profits arising in Hong Kong.

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

8. INCOME TAX (continued)

Shenyang Sunshine, Sunshine Guojian, NERC, Shenzhen Sciprogen and Zhejiang Wansheng, which are qualified as High and New Technology Enterprises, were entitled to a preferential income tax rate of 15% for the six months ended 30 June 2023.

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

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

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Current	**224,224**	189,842
Deferred	**(16,623)**	(25,870)
Total tax charge for the period	**207,601**	163,972

9. DIVIDENDS

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Dividend for ordinary shareholders of the Company recognised as distribution during the period:		
Final 2022 — HKD10 cents per share (2022: Final 2021 — HKD20 cents per share)	**224,883**	417,140

A final dividend in respect of the year ended 31 December 2022 of HKD10 cents per share was proposed pursuant to a resolution passed by the Board on 21 March 2023 and was approved at the annual general meeting of the Company on 22 June 2023. The dividend had not been paid to the shareholders of the Company during the reporting period.

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

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent of RMB980,577,000 for the six months ended 30 June 2023 (for the six months ended 30 June 2022: RMB966,893,000 (restated)) and the weighted average number of ordinary shares of 2,438,919,579 (for the six months ended 30 June 2022: 2,448,991,145) of the Company in issue during the period, as adjusted to reflect the issue of ordinary shares during the period.

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

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

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:	**980,577**	966,893
Interest on convertible bonds	**23,344**	28,572
Less: Gain on repurchase of convertible bonds	**(47,067)**	—
Profit attributable to ordinary equity holders of the parent before interest and gain on convertible bonds	**956,854**	995,465

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

	Number of shares For the six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the reporting period used in the basic earnings per share calculation	2,438,919,579	2,448,991,145
Effect of dilution — weighted average number of ordinary shares:		
Share options	883,352	—
Awarded shares	2,750,000	12,635,448
Convertible bonds	960,521	212,035,522
	2,443,513,452	2,673,662,115

11. PROPERTY, PLANT AND EQUIPMENT

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited) (Restated)
Carrying amount at 1 January	4,113,675	3,470,278
Additions	283,678	830,752
Depreciation provided during the period/year	(108,956)	(186,844)
Disposals	(2,547)	(4,740)
Exchange realignment	8,941	4,229
Carrying amount at 30 June/31 December	4,294,791	4,113,675

11. PROPERTY, PLANT AND EQUIPMENT (continued)

A freehold land with a carrying amount of approximately RMB2,754,000 as at 30 June 2023 (31 December 2022: RMB2,595,000) is located in Italy.

The Group is in the process of applying for the title certificates of certain of its buildings with an aggregate book value of approximately RMB11,112,000 as at 30 June 2023 (31 December 2022: RMB13,076,000). The directors are of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned buildings. The directors are also of the opinion that the aforesaid matter did not have any significant impact on the Group's financial position as at 30 June 2023.

At 30 June 2023, certain of the Group's construction in progress, freehold land and buildings with aggregate carrying amounts of approximately RMB1,135,347,000 (31 December 2022: RMB1,071,168,000), RMB2,754,000 (31 December 2022: RMB2,595,000) and RMB93,055,000 (31 December 2022: RMB91,668,000) respectively were pledged to secure general banking facilities granted to the Group (note 17).

12. INVENTORIES

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited) (Restated)
Raw materials	**291,105**	262,671
Work in progress	**296,323**	324,895
Finished goods	**98,766**	93,993
Consumables and packaging materials	**61,794**	61,955
	747,988	743,514
Impairment	**(7,964)**	(30,772)
	740,024	712,742

13. TRADE AND NOTES RECEIVABLES

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited) (Restated)
Trade receivables	**1,314,848**	1,284,667
Notes receivable	**78,947**	92,560
	1,393,795	1,377,227
Provision for impairment of trade receivables (Note)	**(55,981)**	(65,422)
	1,337,814	1,311,805

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

Note:

With the collection efforts made by the Group, trade receivable amounting to United States Dollar ("**USD**") 999,960 was settled by certain customer in the second quarter of 2023, which individual provision was provided in 2022.

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

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited) (Restated)
Within 1 year	**1,259,411**	1,218,595
1 to 2 years	**12,377**	23,981
Over 2 years	**43,060**	42,091
	1,314,848	1,284,667

14. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited) (Restated)
Cash and bank balances	**2,070,791**	2,150,920
Restricted cash	**730**	826
Non-pledged time deposits	**556,647**	201,183
Pledged deposits	**193,869**	208,392
	2,822,037	2,561,321
Less:		
Pledged deposits	**(193,869)**	(208,392)
Non-pledged time deposits	**(556,647)**	(201,183)
Cash and cash equivalents	**2,071,521**	2,151,746

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

The Group's cash and cash equivalents and deposits as at 30 June 2023 are denominated in the following currencies:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited) (Restated)
Denominated in:		
— RMB	**2,310,753**	2,154,171
— Hong Kong Dollar ("**HKD**")	**11,280**	34,118
— USD	**428,155**	299,199
— Euro ("**EUR**")	**71,848**	73,832
— Great Britain Pound	**1**	1
	2,822,037	2,561,321

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

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

The carrying amounts of the cash and cash equivalents approximated to their fair values as at the end of the reporting period. Deposits of approximately RMB193,869,000 (31 December 2022: RMB208,392,000) have been pledged to secure letters of credit, bank acceptance bills and pending lawsuits and arbitration as at 30 June 2023.

15. TRADE AND BILLS PAYABLES

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

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited) (Restated)
Within 3 months	**230,737**	218,002
3 to 6 months	**38,061**	27,191
Over 6 months	**5,077**	4,328
	273,875	249,521

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

16. OTHER PAYABLES AND ACCRUALS

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited) (Restated)
Accrued selling and marketing expenses	511,263	492,379
Accrued salaries, bonuses and welfare expenses	129,322	205,273
Contract liabilities	28,527	50,692
Taxes payable (other than income tax)	42,525	45,132
Payable to vendors of property, plant and equipment and other intangible assets	72,603	113,189
Dividends payable	224,883	—
Others	122,430	121,795
	1,131,553	1,028,460

Other payables are non-interest-bearing.

17. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited) (Restated)
Current		
Bank loans — unsecured	1,541,375	300,259
Bank loan — secured	456,892	113,000
	1,998,267	413,259
Non-current		
Bank loans — unsecured	1,602,196	1,716,787
Bank loans — secured	125,202	184,961
	1,727,398	1,901,748
Convertible bonds (note 18)	11,266	2,163,735
Bonds payable (note 19)	1,200,552	—
	2,939,216	4,065,483
Total	4,937,483	4,478,742

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited) (Restated)
Analysed into:		
Bank loans and overdrafts repayable:		
Within one year or on demand	1,998,267	413,259
In the second year	300,218	470,309
In the third to ninth years, inclusive	1,427,180	1,431,439
	3,725,665	2,315,007

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

The Group's interest-bearing bank borrowings as at 30 June 2023 are denominated in the following currencies:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited) (Restated)
Denominated in:		
— RMB	630,933	546,260
— USD	889,420	857,756
— HKD	892,994	859,031
— EUR	1,312,318	51,960
	3,725,665	2,315,007

Notes:

(a) For the six months ended 30 June 2023, the bank borrowings bear interest at fixed interest rates ranging from 2.30% to 6.54% (31 December 2022: 1.48% to 6.27%) per annum.

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

(c) The Group has entered into certain recourse factoring agreements with certain bank for financing purposes. As at 30 June 2023, trade receivables of RMB333,333,000 (31 December 2022: RMB5,556,000) had been transferred under recourse factoring agreements. Those trade receivables were derived from internal transactions within the Group and were eliminated in full on consolidation. In the opinion of the directors, such transactions did not qualify for derecognition of the relevant trade receivables and the loans received from the bank were accounted for as secured borrowings.

(d) Certain of the Group's bank loans are secured by the 90.34% equity interests in Northern Medicine Valley Desen (Shenyang) Biologics Co., Ltd. held by Shenyang Sunshine.

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

18. CONVERTIBLE BONDS

On 29 June 2020, Strategic International issued Euro-denominated zero-coupon convertible bonds (the "**2025 Bonds**") with a nominal value of EUR320,000,000. The 2025 Bonds are guaranteed by the Company and convertible at the option of the bondholders into ordinary shares with the initial conversion price of HKD13.1750 per share at any time on and after 9 August 2020 and up to the close of business on the date falling seven days prior to 29 June 2025. On 29 June 2023, the conversion price was adjusted from HKD13.1750 to HKD12.5630 per conversion share. The 2025 Bonds are redeemable at the option of the bondholders at a 1.5% gross yield upon early redemption. On 15 July 2022 and 29 June 2023, the 2025 Bonds were repurchased partially with nominal values of EUR31,000,000 and EUR287,600,000, respectively.

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is included in shareholders' equity.

The 2025 Bonds have been split into the liability and equity components as follows:

	RMB'000
Nominal value of convertible bonds issued at 29 June 2020	2,547,520
Equity	(111,172)
Direct transaction costs attributable to the liability component	(25,475)
Liability component at the issuance date	2,410,873
Interest accrual	30,592
Exchange realignment	19,962
Liability component at 31 December 2020	2,461,427
Liability component at 1 January 2021	2,461,427
Interest accrual	60,416
Exchange realignment	(250,245)
Liability component at 31 December 2021	2,271,598
Liability component at 1 January 2022	2,271,598
Interest accrual	54,649
Repurchase	(227,873)
Exchange realignment	65,361
Liability component at 31 December 2022	2,163,735
Liability component at 1 January 2023	2,163,735
Interest accrual	23,344
Repurchase	(2,309,460)
Exchange realignment	133,647
Liability component at 30 June 2023 (note 17)	11,266

19. BONDS PAYABLE

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

	30 June 2023 RMB'000 (Unaudited)
Bonds payable	**1,200,552**
Amount repayable:	
In the second year	**1,200,552**

20. SHARE CAPITAL

Shares	**30 June 2023 RMB'000 (Unaudited)**	31 December 2022 RMB'000 (Audited)
Issued and fully paid:		
2,438,920,412 (31 December 2022: 2,438,870,412) ordinary shares	**149**	149

20. SHARE CAPITAL (continued)

A summary of movements in the Company's issued share capital for the six months ended 30 June 2023 is as follows:

	Number of shares in issue	Share capital RMB'000 (Unaudited)	Share premium RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Ordinary shares of USD0.00001 each at 31 December 2022 and 1 January 2023	2,438,870,412	149	3,693,433	3,693,582
Share options exercised	50,000	—	570	570
Final 2022 dividend declared (Note 9)*	—	—	(224,883)	(224,883)
Ordinary shares of USD0.00001 each at 30 June 2023	2,438,920,412	149	3,469,120	3,469,269

* The Company declared the final 2022 dividend out of the Company's share premium account.

21. BUSINESS COMBINATION

Acquisition of a subsidiary under common control

On 31 May 2023, the Group acquired a 100% interest in Liaoning Sunshine Technology Development Co., Ltd. ("**Liaoning Sunshine Technology**") from Dalian Huansheng Medical Investment Co., Ltd ("**Dalian Huansheng**") with cash consideration of RMB1.00. Liaoning Sunshine Technology is engaged in the manufacture and sale of medical devices.

Since Liaoning Sunshine Technology and the Group are both under common control of Dr. Lou Jing before and after the acquisition, the acquisition is accounted for as merger accounting, i.e., the assets and liabilities of Liaoning Sunshine Technology are consolidated by the Group using the existing book values from Dr. Lou Jing's perspective, as if the current group structure had been in existence throughout the periods presented, with the difference between the book value of the net assets of Liaoning Sunshine Technology and the consideration directly credited to equity. The comparative figures of the consolidated financial statements have also been restated as a result of the merger accounting.

21. BUSINESS COMBINATION (continued)

Acquisition of a subsidiary under common control (continued)

The book values of Liaoning Sunshine Technology's assets and liabilities as at 31 May 2023 and 31 December 2022 were as follows:

	31 May 2023 Book value RMB'000	31 December 2022 Book value RMB'000
Property, plant and equipment	26,164	27,578
Other intangible assets	8,309	8,405
Other current assets	5,046	5,690
Other current liabilities	(5,574)	(4,740)
Interest-bearing bank and other borrowings	(82,200)	(68,105)
Deferred income	(5,492)	(5,697)
Deficient in net assets	(53,747)	(36,869)
Difference directly credited to equity	(53,747)	
Cash consideration	RMB1.00	

22. SHARE INCENTIVE SCHEME

Share option scheme adopted by the Company

On 22 September 2016, a total of 20,000,000 share options, each of which entitles the holders to subscribe for one ordinary share of the Company at an exercise price of HKD9.10, under the post-IPO share option scheme of the Company adopted on 23 May 2015 and amended on 28 June 2016 (the "**Share Option Scheme**"), were granted to TMF (Cayman) Ltd. ("**TMF**"), as the trustee of The Empire Trust (the "**Grantee**"), a trust established by the Company for the beneficiaries who are executive directors and employees of the Group and its holding companies, and any other persons as nominated from time to time by the advisory committee of the Grantee that is established with the authority of the board of the directors of the Company. The share options will vest and become exercisable upon meeting certain vesting conditions. If the vesting conditions are not met, the share options will lapse.

22. SHARE INCENTIVE SCHEME (continued)

Share option scheme adopted by the Company (continued)

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

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

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

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

The 50,000 shares were exercised at an exercise price of HKD7.62 per share during the period, resulting in the issue of 50,000 ordinary shares of the Company and new share capital and share premium of RMB3 and RMB338,000, respectively, as further detailed in note 20 to the interim condensed consolidated financial information (for the six months ended 30 June 2022: Nil).

Share award scheme adopted by the Company

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

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

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

22. SHARE INCENTIVE SCHEME (continued)

Share award scheme adopted by the Company (continued)

The Group has recorded share-based payment expenses of RMB1,626,000 in the interim condensed consolidated statement of profit or loss for the six months ended 30 June 2023 (for the six months ended 30 June 2022: RMB4,820,000).

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

Restricted shares incentive plan adopted by Sunshine Guojian

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

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

At the end of the reporting period, Sunshine Guojian had 726,090 restricted shares outstanding under the restricted shares incentive plan, which represented approximately 0.12% of Sunshine Guojian's shares in issue as at that date. The Group had recorded share-based payment expenses of RMB808,000 in the interim condensed consolidated statement of profit or loss for the six months ended 30 June 2023 (for the six months ended 30 June 2022: RMB5,723,000).

23. CONTINGENT LIABILITIES

Arbitration of Sunshine Guojian

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

The directors of the Company have made an overall analysis including obtaining a legal opinion from an external lawyer, according to which the possibility of the compensation is remote. There is no significant impact to the interim condensed consolidated financial information as at 30 June 2023.

24. COMMITMENTS

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

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Contracted, but not provided for:		
Plant and machinery	**691,356**	853,803
Capital contribution payable to funds	**466,667**	466,667
	1,158,023	1,320,470

25. RELATED PARTY TRANSACTIONS

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

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

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

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited) (Restated)
Lease from Shenyang Sunshine Logistics	**3,958**	4,040
Services received from Dalian Huansheng	**2,355**	3,090
License fee to Numab	**—**	13,321
Lease to Guojian Biotechnology	**28**	28

25. RELATED PARTY TRANSACTIONS (continued)

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

	Notes	For the six months ended 30 June 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited) (Restated)
Convertible loan including interest to Zhejiang Sunshine	(i)	–	6,826
Loans to Dalian Huansheng	(ii)	**12,448**	12,115
Loans to Zhejiang Sunshine	(iii)	**95,024**	94,268
Loans to Medical Recovery	(iv)	**258,290**	230,234

Notes:

(i) On 29 March 2016, Shenyang Sunshine lent to Zhejiang Sunshine Pharmaceutical Co., Ltd. ("**Zhejiang Sunshine**"), a related party which was under control of certain middle management personnel of the Company, a convertible loan with a principal amount of RMB75,000,000 at an annual interest rate of 8.00%. The convertible loan can be converted into equity interests in Zhejiang Sunshine at the discretion of Shenyang Sunshine. In 2017, Zhejiang Sunshine had repaid the principal amount of RMB50,000,000. Pursuant to the supplemental agreement dated on 29 June 2018, the maturity date was extended to 29 June 2020. In 2020, Zhejiang Sunshine had repaid the principal amount of RMB25,000,000. In 2022, Shenyang Sunshine exempted Zhejiang Sunshine from interest amounting to RMB6,826,000. There was no accrued interest during the period (for the six months ended 30 June 2022: RMB6,826,000).

(ii) It represents a loan to Dalian Huansheng with the principal amount of RMB10,000,000 and the maturity date on 27 May 2022. The interest rate is 4.35% per annum. Pursuant to a supplemental agreement dated 27 May 2022, the maturity date was extended to 27 May 2023 and the interest rate was changed to 3.33%. Pursuant to a supplemental agreement dated 27 May 2023, the maturity date was extended to 27 May 2024 and the interest rate was changed to 3.29%. The accrued interest for the six months ended 30 June 2023 was RMB157,000 (for the six months ended 30 June 2022: RMB209,000).

(iii) On 8 August 2019, Shenyang Sunshine provided an entrusted loan with the principal amount of RMB30,000,000 to Zhejiang Sunshine at an annual interest rate of 3.48% per annum with the maturity date on 7 August 2020. Pursuant to supplemental agreements dated 7 August 2021 and 7 August 2022, the maturity date was extended to 7 August 2022 and 7 August 2023 and the interest rate was changed to 3.65%. The accrued interest for the six months ended 30 June 2023 was RMB548,000 (for the six months ended 30 June 2022: RMB548,000).

On 30 November 2020, Shenyang Sunshine provided an entrusted loan with the principal amount of RMB55,000,000 to Zhejiang Sunshine at an annual interest rate of 3.15% per annum with the maturity date on 11 November 2021. Pursuant to a supplemental agreement dated 11 November 2022, the maturity date was extended to 11 November 2023 and the interest rate was changed to 3.25%. The accrued interest for the six months ended 30 June 2023 was RMB894,000 (for the six months ended 30 June 2022: RMB1,004,000).

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

25. RELATED PARTY TRANSACTIONS (continued)

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

(iv) It represents a loan to Medical Recovery with the principal amount of USD30,000,000 and the maturity date on 17 July 2023, which was secured by mortgages over all assets of Medical Recovery. Pursuant to a supplemental agreement dated 17 July 2023, the maturity date was extended to 17 July 2026. The interest rate is 4.00% per annum. The accrued interest for the six months ended 30 June 2023 was RMB6,486,000 (for six month ended 30 June 2022: RMB3,033,000). Medical Recovery is a company set up for purposes of The Sun Shine Trust prior to the listing of the Company. The Sun Shine Trust is a gratuitous incentive scheme set up by certain management members of the Group and Medical Recovery is therefore considered a related party of the Group.

(c) Outstanding balances with related parties:

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

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited) (Restated)
Due from related parties		
Medical Recovery	**191,226**	176,904
Directors and senior management	**9,000**	12,000
	200,226	188,904

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

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Salaries, allowances and benefits in kind	**6,497**	6,829
Pension scheme contributions	**611**	628
	7,108	7,457

26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amounts		Fair values	
	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited) (Restated)	**30 June 2023 RMB'000 (Unaudited)**	31 December 2022 RMB'000 (Audited) (Restated)
Financial assets				
Equity investments designated at fair value through other comprehensive income	**567,468**	554,974	**567,468**	554,974
Financial assets at fair value through profit or loss	**4,601,751**	4,861,054	**4,601,751**	4,861,054
Non-pledged time deposits	**556,647**	201,183	**563,185**	204,796
	5,725,866	5,617,211	**5,732,404**	5,620,824
Financial liabilities				
Interest-bearing bank and other borrowings: non-current	**1,727,398**	1,901,748	**1,841,277**	1,902,998
Bonds payable	**1,200,552**	—	**1,216,582**	—
Convertible bonds	**11,266**	2,163,735	**11,266**	2,163,735
	2,939,216	4,065,483	**3,069,125**	4,066,733

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

26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

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

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

The fair values of the non-current portion of interest-bearing bank and other borrowings, lease liabilities, bonds payable and convertible bonds have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 30 June 2023 was assessed to be insignificant. The fair value of the liability portion of the convertible bonds is estimated by discounting the expected future cash flows using an equivalent market interest rate for a similar convertible bond with consideration of the Group's own non-performance risk.

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

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

26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

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

Set out below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 30 June 2023 and 31 December 2022:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Market approach	Discount for lack of marketability	30 June 2023: (10%) to 10% (31 December 2022: (10%) to 10%)	10% (31 December 2022: 10%) increase/decrease in discount would result in decrease/increase in fair value of RMB89,000 and RMB89,000, respectively (31 December 2022: RMB89,000 and RMB89,000, respectively).

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

26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

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

Assets measured at fair value:

As at 30 June 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Equity investments designated at fair value through other comprehensive income:				
Listed equity investments	98,589	—	—	98,589
Unlisted equity investments	—	—	468,879	468,879
Financial assets at fair value through profit or loss:				
Treasury or cash management products	—	4,601,751	—	4,601,751
	98,589	4,601,751	468,879	5,169,219

26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

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

Assets measured at fair value: (continued)

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	Total RMB'000 (Audited)
Equity investments designated at fair value through other comprehensive income:				
Listed equity investments	135,159	—	—	135,159
Unlisted equity investments	—	—	419,815	419,815
Financial assets at fair value through profit or loss:				
Treasury or cash management products	—	4,861,054	—	4,861,054
	135,159	4,861,054	419,815	5,416,028

26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

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

	2023 RMB'000 (Unaudited)	2022 RMB'000 (Audited)
Equity investments at fair value through other comprehensive income:		
At 1 January	419,815	354,609
Purchases	53,155	47,394
Disposal	(1,667)	(5,948)
Transfer to listed equity investment, net	—	(7,268)
Total gains recognised in other comprehensive income	(2,424)	31,028
At 30 June	468,879	419,815

The Group did not have any financial liabilities measured at fair value as at 30 June 2023 and 31 December 2022.

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2022: Nil).

27. APPROVAL OF ISSUANCE OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The unaudited interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 24 August 2023.