SINO BIOPHARMACEUTICAL LIMITED
中國生物製藥有限公司

(Incorporated in the Cayman Islands with limited liability)
Website: www.sinobiopharm.com
(Stock code: 1177)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE, 2023

FINANCIAL HIGHLIGHTS

	For the six months end 30 June,		
	2023	2022	Change
	RMB'Billion	*RMB'Billion*	*%*
Revenue	**15.28**	15.19	+0.5%
Profit for the period	**2.70**	3.18	-15.2%
Profit attributable to the owners of the parent *(Note 1)*	**1.26**	1.92	-34.5%
Adjusted non-HKFRS profit attributable to the owners of the parent *(Note 2)*	**1.48**	1.46	+1.2%
Sales *(Note 3)* of innovative medicines	**3.86**	3.49	+10.9%
Share of revenue	**25.3%**	22.9%	

	For the three months end 30 June,		
	2023	2022	Change
	RMB'Billion	*RMB'Billion*	*%*
Revenue for Q2	**8.63**	6.64	+30.0%
Adjusted non-HKFRS profit attributable to the owners of the parent for Q2	**0.96**	0.80	+20.7%

The Board of the Company has declared the payment of an interim dividend of HK2 cents per share for the six months ended 30 June, 2023.

Note 1: The significant decrease in profit attributable to the owners of the parent was mainly due to the lower financial performance of an associate over the same period last year.

Note 2: Adjusted non-HKFRS profit attributable to the owners of the parent is presented in this results announcement as an additional non-HKFRS financial measure to provide supplementary information for better assessment of the performance of the Group's core operations by excluding impacts of certain non-cash items and the contribution of associates and a joint venture. A reconciliation between profit attributable to the owners of the parent and adjusted non-HKFRS profit attributable to the owners of the parent has been set out under the following section "Adjusted non-HKFRS profit attributable to the owners of the parent".

Note 3: Sales is the gross sales amount minus the sales discount.

ADJUSTED NON-HKFRS PROFIT ATTRIBUTABLE TO THE OWNERS OF THE PARENT

Addition information is provided below to reconcile profit attributable to the owners of the parent and adjusted non-HKFRS profit attributable to the owners of the parent. The reconciling items principally adjust for the impact of share of profits and losses of associates and a joint venture (net of related tax and non-controlling interests), one-off adjustments for the impairment and fair value changes of certain assets and liabilities, fair value (gains)/losses of current equity investments, loss on extinguishment of partial convertible bond, fair value gain of convertible bond embedded derivative component, effective interest expenses, exchange loss/(gain) and fair value gains of derivative financial instruments in relation to foreign currency forward contracts of the convertible bond debt component. Adjusted non-HKFRS profit attributable to the owners of the parent for the period increased by approximately 1.2% over the same period last year.

	For the six months ended 30 June,		
	2023	2022	Change
	RMB'000	RMB'000	%
	(Unaudited)	(Unaudited)	
Profit attributable to the owners of the parent *(Note 1)*	**1,258,784**	1,921,037	-34.5%
Share of profits and losses of associates and a joint venture (net of related tax and non-controlling interests)	**206,402**	(468,503)	
One-off adjustments for the impairment and fair value changes of certain assets and liabilities	**(86,904)**	–	
Fair value (gains)/losses of current equity investments, net	**(61,251)**	129,086	
Loss on extinguishment of partial convertible bond	**117,865**	9,249	
Fair value gain of convertible bond embedded derivative component	**(143)**	(24,604)	
Convertible bond debt component of:			
– Effective interest expenses	**9,992**	46,178	
– Exchange loss/(gain)	**78,343**	(182,511)	
– Fair value gains of derivative financial instruments in relation to foreign currency forward contracts	**(45,918)**	–	
Share-based payments	**–**	29,723	
Adjusted non-HKFRS profit attributable to the owners of the parent	**1,477,170**	1,459,655	+1.2%

Note 1: The significant decrease in profit attributable to the owners of the parent was mainly due to the lower financial performance of an associate over the same period last year. Details are set out in the section headed "Investments in Associates and a Joint Venture" in this announcement.

Basic earnings per share			
Adjusted non-HKFRS profit attributable to the owners of the parent used in the basic earnings per share calculation	**1,477,170**	1,459,655	+1.2%
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation (Shares)	**18,564,162,723**	18,658,823,689	
Basic earnings per share, based on adjusted non-HKFRS profit attributable to the owner of the parent (RMB cents)	**7.96**	7.82	+1.8%

To supplement the consolidated results of the Group prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), adjusted non-HKFRS profit attributable to the owners of the parent is presented in this results announcement as an additional non-HKFRS financial measure to provide supplementary information for better assessment of the performance of the Group's core operations by excluding impacts of certain non-cash items and the contribution of associates and a joint venture. Adjusted non-HKFRS profit attributable to the owners of the parent is to be considered in addition to, and not as a substitute for, measures of the Group's financial performance prepared in accordance with HKFRS.

CORPORATE PROFILE

Sino Biopharmaceutical Limited (the "Company" or "Sino Biopharm", together with its subsidiaries, the "Group") is a leading, innovative R&D-driven pharmaceutical conglomerate in China. It prides itself on a fully-integrated industrial chain, covering various R&D platforms, intelligent production operations and a formidable sales system. Its products including biopharmaceutical and chemical medicines enjoy an advantageous position in a host of therapeutic areas, such as tumors, liver diseases, respiratory system diseases and surgery/analgesia.

The Company was listed on the Hong Kong Stock Exchange in 2000 and included in 2013 as a constituent stock of MSCI Global Standard Indices – MSCI China Index, Hang Seng Index in 2018, Hang Seng China Enterprises Index in 2019, and Hang Seng Connect Biotech 50 Index and Hang Seng China (Hong Kong-listed) 25 Index in 2020. It has been five years in a row among the "Top 50 Global Pharmaceutical Enterprises" named by the US authoritative magazine Pharm Exec and was for three consecutive years among the "Asia's Fab 50 Companies" named by Forbes Asia.

The subsidiaries of Sino Biopharm are located in Beijing, Shanghai, Nanjing, Lianyungang, Qingdao and multiple manufacturing sites. Since its inception, the Company has continued to boast outstanding achievements and robust growth. Its core member companies Chia Tai Tianqing Pharmaceutical Group Co., Ltd. and Beijing Tide Pharmaceutical Co., Ltd. have been among the "Top 100 Chinese Pharmaceutical Industry Enterprises" for years.

On the strong foundation its generic drug business provides, the Company is transforming at full steam powered by innovation, with innovative drug business driving revenue growth and contributing an increasing share to its revenue every year. Its in-house R&D pipeline is also a major force driving innovation and transformation of the Company, enabling continuous upgrade of the Company's technology platforms. Led by a top science team, the Company has pressed on with internationalization and has become a frontrunner in the international arena.

Sino Biopharm will continue to deliver its mission of "Science for a Healthier World" and focus on developing innovative therapies for patients. It is committed to becoming a world-leading pharmaceutical company. Sino Biopharm hopes to share its development results of the pharmaceutical and health industry with knowledgeable industry professionals, and work together with them for a win-win future.

Principal products:

Oncology medicines:	Focus V (Anlotinib Hydrochloride) capsules, Annike (Penpulimab) injection, Yilishu (Efbemalenograstim alfa) injection, Anyue (Pomalidomide) capsules, Anbeisi (Bevacizumab) injection, Delituo (Rituximab) injection, Saituo (Trastuzumab) for injection
Liver diseases medicines:	Tianqing ganmei (Magnesium Isoglycyrrhizinate) injection, Runzhong (Entecavir) dispersible tablets
Respiratory system medicines:	Tianqing suchang (Budesonide) suspension for inhalation, Tianqingsule (Tiotropium Bromide) powder for inhalation, Tianyun (Colistimethate Sodium) for injection
Surgery/analgesia medicines:	Zepolas (flurbiprofen) cataplasms, Kailitong (Limaprost) tablets, Gaisanchun (Calcitriol) soft capsules
Cardio-cerebral vascular medicines:	Yilunping (Irbesartan and Hydrochlorothiazide) tablets, Kaina (Beraprost Sodium) tablets

The medicines which have received Good Manufacturing Practice ("GMP") certifications issued by the National Medical Products Administration of the PRC ("NMPA") are in the following dosage forms: large volume injections, small volume injections, PVC-free soft bags for intravenous injections, capsules, tablets, powdered medicines and granulated medicines. The Group also received the GMP certification for health food in capsules from the Department of Health of Jiangsu Province.

The Group's principal subsidiaries include: Chia Tai Tianqing Pharmaceutical Group Co. Ltd. ("CT Tianqing"), Beijing Tide Pharmaceutical Co. Ltd. ("Beijing Tide"), Nanjing Chia Tai Tianqing Pharmaceutical Co., Ltd. ("NJCTT"), Jiangsu Chia Tai Fenghai Pharmaceutical Co., Ltd. ("Jiangsu CT Fenghai"), Jiangsu Chia Tai Qingjiang Pharmaceutical Co., Ltd. ("Jiangsu CT Qingjiang"), CP Pharmaceutical Qingdao Co., Ltd. ("CP Qingdao") and invoX Pharma Limited ("invoX"). NJCTT, Jiangsu CT Qingjiang and Jiangsu CT Fenghai have been designated "Engineering Technological Research Centre for treating tumors and cardio-cerebral phytochemistry medicines of Jiangsu Province", "Engineering Technological Research Centre for orthopedic medicines" and "Engineering Technological Research Centre for parenteral nutritious medicines" by the Science and Technology Committee of Jiangsu Province, respectively.

Named by the Ministry of Human Resources and Social Security of the PRC as a "Postdoctoral Research and Development Institute", the research center of CT Tianqing is also the only "New Hepatitis Medicine Research Center" in the country.

Beijing Tide obtained the renewed GMP certification for foreign pharmaceutical company from the Public Welfare and Health Ministry of Japan in December 2012. Japanese pharmaceutical enterprises can assign the manufacturing of aseptic pharmaceutical products (products that are under research and products already launched to the domestic market within Japan) to Beijing Tide for export to Japan.

The Company was selected as a constituent stock of Hang Seng Composite Industry Index – Consumer Goods and Hang Seng Composite SmallCap Index with effect from 8 March, 2010.

In September 2011, CT Tianqing received the first certificate of new edition GMP (Certificate No. CN20110001) issued by the State Food and Drug Administration of the PRC for its small volume (injection) dosage.

The Company became a constituent of the MSCI Global Standard Indices' MSCI China Index with effect from the close of trading on 31 May, 2013.

The Company was included in Forbes Asia's "Asia Fab 50 Companies" for three consecutive years in 2016, 2017 and 2018.

In December 2017, Qingzhong (Tenofovir Disoproxil Fumarate) tablet became the first generic drug in the PRC that had completed the bioequivalence study according to the "Consistency of Quality and Efficacy Evaluation for Generic Drugs" ("Consistency Evaluation") standard. The Group was the first enterprise that passed the Consistency Evaluation.

In January 2018, Tuotuo (Rosuvastatin Calcium) tablet became the only drug that was approved in the Consistency Evaluation among a whole variety of drugs within Jiangsu Province and was the first of the same kind of drugs in the PRC.

In May 2018, a new Chemicals Category 1 drug of antitumor – Focus V (Anlotinib Hydrochloride) capsule obtained the approval for drug registration granted by the NMPA.

The Company was selected as a constituent stock of the Hang Seng Index with effect from 10 September, 2018.

The Company was selected as a constituent stock of the Hang Seng China Enterprises Index with effect from 9 December, 2019.

The Company was selected as a constituent stock of Hang Seng Connect Biotech 50 Index on 23 March, 2020.

The Company was included in American Magazine Pharm Exec's Top 50 Companies for five consecutive years from 2019 to 2023.

The Group's website: http://www.sinobiopharm.com

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

According to National Bureau of Statistics data, gross domestic product ("GDP") of the country was RMB59.3 trillion in the first half of 2023, 5.5% more year-on-year, and growth in the first and second quarters were 4.5% and 6.3% respectively, showing that the economy has been gradually recovering with good momentum. However, at the prevailing impact of the COVID-19 pandemic, revenue growth of the pharmaceutical manufacturing industry again lagged behind GDP growth during the period.

At the end of 2022, China's anti-pandemic work moved into a new stage, with related measures further relaxed. Number of infections surged for a short period of time, and gradually peaked at the beginning of this year. Social mobility and activities were seriously affected as a result, leading to an overall slowdown of the pharmaceutical industry in the first quarter. According to National Bureau of Statistics data, in the first half of 2023, the operating revenue of the pharmaceutical manufacturing industry (above designated size) was RMB1,249.60 billion, a year-on-year decrease of 2.9%, and the total profit was RMB179.45 billion, down 17.1% year-on-year.

Since the second quarter, with the pandemic largely subsided, social activities have gradually resumed, social mobility also improved significantly. The domestic economy has shown signs of stabilizing and reviving and the pharmaceutical industry has also been recovering at a faster pace. The Group seized the post-COVID window to vigorously develop its four major therapeutic areas namely oncology, liver diseases, respiratory system, and surgery/analgesia, and stepped up launch of innovative products. During the period, two innovative products were launched to market and two biosimilar drugs received marketing approval.

On 21 July, the National Medical Insurance Administration issued the "Regulations for Negotiating Drug Renewals" and "Non-exclusive Drug Bidding Rules". The new rules set out clearly the management regulations for drugs to be included on the regular list, thus reduced the price-cut pressure on drugs adding new indications and renewing contracts, therefore conducive to the development of innovative drugs. On 29 March, results of the tender for the eighth batch of centralized drug procurement were announced in Hainan. A total of 39 drugs were selected with prices reduced by 56% on average. Centralized drug procurement has become a norm entering the systematic management stage. The Group's generic drugs making an annual revenue of more than RMB500 million (excluding exclusive products) are all on the centralized procurement list, thus are cleared of further centralized procurement risks.

Business Review

ONCOLOGY

– Focus V (Anlotinib hydrochloride capsules) has been approved for five indications: third-line non-small cell lung cancer, third-line small cell lung cancer, soft tissue sarcoma, medullary thyroid cancer and differentiated thyroid cancer. A marketing application has been submitted to the Center for Drug Evaluation ("CDE") of NMPA for Anlotinib in combination with TQB2450 (Anti PD-L1) for treating first-line small cell lung cancer in January 2023. In addition, 12 new indications for Anlotinib have entered Phase III clinical trials, including the combination of Anlotinib with Penpulimab monoclonal antibody, Anlotinib with TQB2450 (Anti PD-L1), Anlotinib with chemotherapy, and other treatment options, with marketing applications expected to be submitted within the next one to two years.

– Annike (Penpulimab monoclonal antibody) injection was approved in January 2023 for treating, in combination with chemotherapy, first-line locally advanced or metastatic squamous non-small cell lung cancer. To date, the product has been approved for two indications: third-line classic Hodgkin's lymphoma and first-line squamous non-small cell lung cancer. In addition, it has another indication (third-line nasopharyngeal carcinoma) going through marketing review.

– Yilishu (Efbemalenograstim alpha) injection was approved in May 2023 for preventing and treating cancer patients of neutropenia from taking chemotherapy drugs. Based on three pivotal Phase III multi-center, randomized and controlled studies completed worldwide, comparing the efficacy and safety of Yilishu with that of short-acting and long-acting drugs commonly used in clinical practice for increasing white blood cells, the efficacy and safety of Yilishu as well as its innovative mechanism have been verified. Yilishu is a third-generation recombinant long-acting granulocyte colony-stimulating factor (G-CSF), forming a dimer by its Fc fusion protein without having to be modified by polyethylene glycol (PEG), thus is better able to avoid immune response to PEG. It boasts notable advantages of high stability and low immunogenicity, allowing early administer hence better treatment compliance from patients.

– Regarding the R&D pipeline, as at the end of the reporting period, the Group had a total of 46 innovative oncology drug candidates in the process of clinical trial application or above, of which 3 were at the marketing application stage, 4 in Phase III clinical trials, 8 in Phase II clinical trials, and 31 in Phase I clinical trials. In addition, the Group had 14 biosimilar or generic oncology drug candidates in the process of clinical trial application or above, including 6 awaiting approval for marketing, 3 in Phase III clinical trials, 1 in Phase I clinical trial, and 4 in bioequivalence ("BE") trials. The Group expects 7 innovative drugs and 9 biosimilars or generic drugs for cancer patients to be approved for marketing in the next three years (2023-2025).

- TQB2450 (Anti PD-L1), the marketing application of which has been submitted to CDE in January 2023, is an innovative fully humanized anti PD-L1 monoclonal antibody with a novel sequence independently developed by Sino Biopharm. Multiple Head-to-Head trials are currently underway in China to evaluate the efficacy of TQB2450, including the Phase III clinical trials of TQB2450 combined with Anlotinib in treating first-line non-small cell lung cancer versus using Keytruda. In 2022, TQB2450 was included on the "Breakthrough Therapy Designation" list by CDE. It is expected to become an important complementary product to Anlotinib and to achieve rapid growth leveraging Anlotinib's large patient base.

LIVER DISEASES

- In the first half year, sales of Tianqing Ganmei (Magnesium Isoglycyrrhizinate) injection increased quickly. The Group made efforts to strengthen academic promotion of the efficacy and safety advantages of the drug to doctors for treating chronic viral hepatitis, acute drug-related liver injury and liver function abnormalities. The academic conferences at various levels helped expand doctor coverage and earn higher recognition for the drug among experts. Through the activities, the Group was able to actively locate new patients and new markets, continuing to drive rapid sales growth of Tianqing Ganmei.

- Regarding the R&D pipeline, as at the end of the reporting period, the Group had a total of 7 innovative liver disease drug candidates in the process of clinical trial application or above, including 1 in phase III clinical trial, 3 in phase II, 2 in phase I clinical trials and 1 applying to conduct clinical trials. Moreover, the Group had 3 biosimilar or generic liver disease drug candidates in the process of clinical trial application or above, including 2 with marketing application filed and 1 in phase III clinical trial. The Group expects to obtain approval to market 3 biosimilars or generic drugs for liver diseases in the next three years (2023-2025).

- Lanifibranor (pan-PPAR agonist) is an orally-available small molecule drug that acts to induce antifibrotic, anti-inflammatory and beneficial vascular and metabolic changes in the body by activating all three peroxisome proliferator-activated receptor (PPAR) isoforms for treating nonalcoholic steatohepatitis (NASH) and other potential metabolic diseases. Different from other PPAR agonists that target only one or two PPAR isoforms for activation, the product is designed to target all three PPAR isoforms. Its moderate and balanced pan-PPAR binding profile contributes to favorable tolerability. In March 2023, the clinical trial application of Lanifibranor was submitted to and accepted by CDE. In July, Lanifibranor was included on the "Breakthrough Therapy Designation" list by CDE. The product is currently undergoing Phase III clinical trials globally, and is the first oral drug for NASH to enter Phase III clinical trials in China. It is expected to address unmet needs in the China NASH market.

RESPIRATORY SYSTEM

– Tianqing suchang (Budesonide) suspension for inhalation has made the centralized procurement list. To address the impact from that, the Group responded timely taking a series of active management measures, including extending channel reach downward, expanding market coverage and stepping up development of markets not included in centralized procurement for the drug.

– Regarding the R&D pipeline, as at the end of the reporting period, the Group had a total of 8 innovative respiratory system drug candidates in the process of clinical trial application or above, including 1 with marketing application submitted, 4 in Phase II clinical trials and 3 in Phase I clinical trials. Moreover, the Group had 13 biosimilar or generic respiratory system drug candidates in the process of clinical trial application or above, including 6 products awaiting marketing approval, 2 in Phase III clinical trials, 1 in Phase I clinical trials and 4 in BE trials. The Group expects 1 innovative drug and 8 biosimilars or generic drugs in the field to obtain marketing approval in the next three years (2023-2025).

– TDI01 (a highly selective inhibitor of ROCK2) is a novel targeted and highly selective inhibitor of Rho/Rho-associated coiled-coil protein kinase 2. It is currently in Phase II clinical trial development targeting indications including pneumoconiosis, pulmonary fibrosis, graft versus host disease as well as COVID-19. Phase I clinical trial for pneumoconiosis in the US had been completed and Phase I clinical trial in China has commenced. As there is currently no approved drug for treating pneumoconiosis worldwide, TDI01 is expected to fill this gap and bring benefits to patients. In April 2023, Phase II clinical trial of TDI01 was started for idiopathic pulmonary fibrosis in China. Seeing the potential of TDI01 becoming a major drug, the Group will vigorously pursue its clinical development.

SURGERY/ANALGESIA

– Zepolas (Flurbiprofen) cataplasms maintained rapid sales growth in the first half year. The Group focused on hospital access and development in high-potential areas to expand market coverage and hospital channels, strengthening downstream development and improving development and coverage of secondary hospitals and community healthcare facilities. Able to flexibly adjust sales and access strategies, it has seen sales of Zepolas continue to grow with momentum in the past few years.

– Kailitong (Limaprost) tablets was approved for marketing in February 2023. It is the first drug in China to address the pathological mechanism of lumbar spinal stenosis and has the dual effect of improving neurological microcirculation and neurological functions, thus is a basic medication for the management of lumbar spinal stenosis. As a synthetic derivative of prostaglandin E1, Limaprost Tablet is the only small-molecule drug specifying in its package insert that it is for the treatment indication of lumbar spinal stenosis. With the launch of Kailitong, a brand-new solution is available to more than 30 million lumbar spinal stenosis patients in China, helping address a huge yet unmet clinical need.

– Regarding the R&D pipeline, as at the end of the reporting period, the Group had a total of 4 innovative surgery/analgesic drug candidates in the process of clinical trial application or above, including 2 in Phase III clinical trials, 1 in Phase I clinical trials and 1 applying to conduct clinical trials. In addition, the Group had 13 other biosimilar or generic surgery/analgesic drug candidates in the process of clinical trial application or above, including 6 waiting for marketing approval, 4 in Phase III clinical trials, 1 in Phase II clinical trials and 2 in BE trial. The Group expects 1 innovative drug and 10 biosimilar or generic drugs in the surgery/analgesic area to be approved for marketing in the next three years (2023-2025).

– PL-5 is an antimicrobial peptide product and also the first newly designed non-antibiotic antimicrobial drug with a broad antibacterial spectrum. It boasts low-level of drug resistance, can effectively kill bacteria and has excellent efficacy in treating local open wound infections, especially against drug-resistant strains, without entering the circulatory system, thus is very safe. The product has completed Phase III clinical study in China for treating secondary wound infections. When the product is launched, it will likely be the first antimicrobial peptide product available in China.

Financial Review

During the period, the Group recorded revenue of approximately RMB15,277.04 million, an increase of approximately 0.5% over the same period last year. Revenue for the second quarter (Q2) of 2023 was approximately RMB8,631.45 million, an increase of approximately 30.0% over the same period last year. Profit attributable to the owners of the parent was approximately RMB1,258.78 million, a decrease of approximately 34.5% over the same period last year. Earnings per share attributable to the owners of the parent were approximately RMB6.78 cents, a decrease of approximately 34.2% over the same period last year. Excluding the share of profits and losses of associates and a joint venture (net of related tax and non-controlling interests), one-off adjustments for the impairment and fair value changes of certain assets and liabilities, fair value (gains)/losses of current equity investments, loss on extinguishment of partial convertible bond, fair value gain of convertible bond embedded derivative component, effective interest expenses, exchange loss/(gain) and fair value gains of derivative financial instruments in relation to foreign currency forward contracts of the convertible bond debt component, adjusted non-HKFRS profit attributable to the owners of the parent was approximately RMB1,477.17 million, an increase of approximately 1.2% over the same period last year. Adjusted non-HKFRS profit attributable to the owners of the parent for Q2 2023 was approximately RMB964.36 million, an increase of 20.7% over the same period last year. The Group's liquidity remains strong. With cash and bank balances classified under current assets of approximately RMB11,577.19 million, bank deposit classified under non-current assets of approximately RMB4,225 million, and the wealth management products of approximately RMB3,807.02 million in aggregate, the Group's total fund reserve was approximately RMB19,609.21 million at the period end.

The Group continues to focus on developing specialized medicines where its strengths lie so as to build up its brand in specialist therapeutic areas. The major therapeutic areas of the Group include oncology medicines, liver disease medicines, respiratory system medicines, surgery/analgesia medicines, cardio-cerebral vascular medicines and others.

Oncology medicines

For the six months ended 30 June, 2023, the sales of oncology medicines amounted to approximately RMB4,491.86 million, representing approximately 29.4% of the Group's revenue, a decrease of approximately 9.4% over the same period last year.

Liver diseases medicines

For the six months ended 30 June, 2023, the sales of liver diseases medicines amounted to approximately RMB2,289.31 million, representing approximately 15.0% of the Group's revenue, an increase of approximately 14.0% over the same period last year.

Respiratory system medicines

For the six months ended 30 June, 2023, the sales of respiratory medicines amounted to approximately RMB1,682.03 million, representing approximately 11.0% of the Group's revenue, an increase of approximately 11.2% over the same period last year.

Surgery/analgesia medicines

For the six months ended 30 June, 2023, the sales of surgery/analgesia medicines amounted to approximately RMB2,332.00 million, representing approximately 15.3% of the Group's revenue, a decrease of approximately 7.5% over the same period last year.

Cardio-cerebral vascular medicines

For the six months ended 30 June, 2023, the sales of cardio-cerebral vascular medicines amounted to approximately RMB1,602.64 million, representing approximately 10.5% of the Group's revenue, an increase of approximately 3.2% over the same period last year.

Others

For the six months ended 30 June, 2023, the sales of others amounted to approximately RMB2,879.20 million, representing approximately 18.8% of the Group' revenue, an increase of approximately 9.0% over the same period last year.

INVESTMENT IN ASSOCIATES AND A JOINT VENTURE

Sinovac Life Sciences Co., Ltd. ("SINOVAC LS"), a company which is mainly engaged in the R&D, production and sales of human vaccines and in which the Group holds 15.03% equity interests, is the leading unit of BRICS Vaccine R&D Centre in China and titled as Beijing Engineering Technology Research Centre for Preventive Human Vaccines. Its COVID-19 vaccine CoronaVac, with a global supply of more than 2.9 billion doses, has become a true "global public goods". However, as the market environment continues to change, the sales volume of its COVID-19 vaccine decreased and its financial performance was lower compared with the same period last year. In the meantime, injection and nasal spray of a broad-spectrum neutralizing antibody SA55, jointly developed by SINOVAC LS and a research team led by Dr. Cao Yunlong/Dr. Xiaoliang Sunney Xie (researchers of Peking University's Biomedical Pioneering Innovation Center), were approved for clinical trials of the use in the prevention and treatment of COVID-19 infections, by the NMPA in the first half of 2023. SINOVAC LS will continually strengthen its R&D and commercialization capabilities in biological medicine technology and dedicate itself to developing innovative vaccines and related biopharmaceutical products. The profits and losses of associates and a joint venture attributable to the Group was losses of approximately RMB219.44 million during the period. After deducting related taxes credit and non-controlling interests of approximately RMB13.04 million, the losses of associates and a joint venture totaled approximately RMB206.40 million.

EQUITY INVESTMENTS/FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 30 June, 2023, the Group had the non-current and current equity investments designated at fair value through other comprehensive income (including certain listed and unlisted equity investments) of approximately RMB1,619.16 million (31 December 2022: approximately RMB1,574.81 million) and current equity investments designated at fair value through profit or loss (including certain listed shares investments) of approximately RMB132.06 million (31 December, 2022: approximately RMB312.21 million).

In addition, as at 30 June, 2023, the Group had the non-current financial assets at fair value through profit or loss of approximately RMB5,496.23 million (31 December 2022: RMB4,104.62 million) and the current financial assets at fair value through profit or loss, including certain wealth management products and trust funds of approximately RMB3,807.02 million (31 December 2022: approximately RMB4,543.24 million), including the wealth management products of China Galaxy Securities (approximately RMB990 million), CSC Financial Co., Ltd. (approximately RMB559.72 million), Industrial Bank (approximately RMB356.17 million), Guotai Junan (approximately RMB300 million), Bank of Communications (approximately RMB277.58 million), Ping An Bank (approximately RMB211.42 million) and other banks. The wealth management products mainly consisted of principal-guaranteed products with floating return and relatively lower risk of default. All principal and interests will be paid together on the maturity date. The board ("Board") of directors (the "Directors") of the Company believes that the investment in wealth management products and trust funds can strengthen the financial position of the Group and bring the fruitful contribution to the profit of the Group. As at 30 June, 2023, the above mentioned wealth management products (approximately RMB3,807.02 million), representing approximately 5.8% of the total assets of the Group.

Each of the transactions of acquisition or disposal of wealth management products was entered into with third party who was not a connected person (as defined in the Rules ("Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange")) of the Company, and did not constitute a notifiable transaction under Chapter 14 of the Listing Rules as all the applicable percentage ratios were less than 5%, calculated either on a standalone basis or by aggregation of the transactions with the same counterparty pursuant to the Rule 14.22 of the Listing Rules.

For the six months ended 30 June, 2023, the Group recorded fair value gain (net) of the equity investments of approximately RMB61.25 million. The Board believes that the investment in equity investments and financial assets can diversify the investment portfolio of the Group and achieve a better return to the Group in future.

R&D

The Group has continued to focus R&D efforts on new medicines in four therapeutic areas, namely oncology, liver diseases, respiratory system and the surgery/analgesia. At the end of the reporting period, the Group had 127 products under development, including 60 oncology products, 10 liver disease products, 21 respiratory system products, 17 surgery/analgesia products, and 19 products in other categories, 69 of which were Category I innovative products.

Always placing utmost importance on R&D, the Group has continuously improved its R&D capabilities and speed by embracing the R&D concept of combining independent innovation, collaborative development, and development of both innovative and generic drugs. It considers R&D as the foundation for its sustainable development and has kept increasing R&D investment. For the six months ended 30 June 2023, it incurred a total R&D expenditure amounted to approximately RMB2,604.95 million, accounted for approximately 17.1% of the Group's revenue, most of which was charged to the statement of profit or loss.

INVESTOR RELATIONS

The Group is committed to maintaining high corporate governance standards to ensure its long-term sustainable development. It also values communication with shareholders and investors. During the period, the Group seized the opportunity after anti-pandemic measures restricting social activities were lifted to continue to actively approach a wide range of investors in various regions via diverse channels, so as to maintain close and good relations and ensure adequate two-way communication with investors. While making sure investors had a thorough understanding of its latest business development and strategies, through the exchange with investors, the Group was able to gauge the worthy views and feedback of the investment community to help it raise corporate governance standards.

In late March, the Group held an online and offline combined investor presentation, during which it explained in depth its 2022 annual results and latest business updates. The event attracted more than 300 participants, including analysts and fund managers. On 1 August, after the review period, the Group hosted an Investor Day for Innovative Platforms and Products, to introduce its leading innovative research and development technology platform and blockbuster innovative products. The event had more than 300 enthusiastic participants, including analysts and fund managers. The Group also issued timely press releases on its financial results to the media to help it reach and keep retail investors informed about its latest business status and prospects. Apart from results press releases, the Group also dispatched via the media information, such as the Company buying back shares and purchasing shares pursuant to its restricted share award scheme, with the hope of strengthening the confidence of shareholders and investors through maintaining a high level of transparency.

In addition, during the reporting period, the Group participated in many investment summits and roadshows hosted by large investment banks and securities companies, including the Bank of America, Citi, J.P. Morgan, Morgan Stanley, UBS, Goldman Sachs, CICC, CITIC, CSC Financial, HTSC, Haitong and China Industrial Securities, to let investors understand its business development and competitive advantages.

As always, the Group publishes at adequate time its annual reports, interim reports, disclosures and circulars on both its corporate website and the website of the Hong Kong Exchanges and Clearing Limited. Moreover, it voluntarily issues announcements to inform shareholders and investors about its latest business endeavors to maintain high corporate transparency and market interest.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's liquidity remains strong. During the period, the Group's primary sources of funds were cash derived from operating activities, issuance of convertible bonds and bank borrowings. On 17 February, 2023, the Company redeemed a principal amount of EUR487.582 million in aggregate of the convertible bonds. On 31 May, 2023, the Company prepaid the senior term loan of USD500 million with variable interest rate under the facility agreement entered into by the Company on 1 December, 2021 to reduce the finance costs. As at 30 June, 2023, the Group's cash and bank balances classified under current assets were approximately RMB11,577.19 million (31 December, 2022: approximately RMB12,066.22 million). Bank deposit classified under non-current assets were approximately RMB4,225 million (31 December, 2022: approximately RMB6,352 million).

CAPITAL STRUCTURE

As at 30 June, 2023, the Group had short term loans of approximately RMB10,484.95 million (31 December, 2022: approximately RMB6,217.15 million) and had long term loans of approximately RMB685.63 million (31 December, 2022: approximately RMB3,933.86 million). Debt component of the convertible bonds amounted to approximately RMB16.45 million as at 30 June, 2023 (31 December, 2022: RMB3,446.26 million). In addition, total lease liabilities (classified under current and non-current liabilities) amounted to approximately RMB367.04 million as at 30 June, 2023 (31 December, 2022: RMB384.69 million).

CHARGE ON ASSETS

As at 30 June, 2023, the Group had charge on assets of approximately RMB1,822.04 million (31 December, 2022: approximately RMB2,113.50 million).

CONTINGENT LIABILITIES

As at 30 June, 2023, the Group and the Company had no material contingent liabilities (31 December, 2022: Nil).

ASSETS AND GEARING RATIO

As at 30 June, 2023, the total assets of the Group amounted to approximately RMB65,640.89 million (31 December, 2022: approximately RMB64,064.28 million) whereas the total liabilities amounted to approximately RMB29,182.08 million (31 December, 2022: approximately RMB26,120.74 million). The gearing ratio (total liabilities over total assets) was approximately 44.5% (31 December, 2022: approximately 40.8%). The Group was in a net cash position of approximately RMB4,248.12 million (31 December, 2022: approximately RMB4,436.25 million), being the aggregate of cash and bank balances classified under current assets and bank deposit classified under non-current assets less the aggregate of short term loans, long terms loans, debt component of the convertible bonds and total lease liabilities.

EMPLOYEE AND REMUNERATION POLICIES

The Group had 26,079 employees as at 30 June, 2023 and remunerates its employees based on their performance, experience and the prevailing market rates. Other employee benefits include mandatory provident fund, insurance and medical coverage, subsidized training programmes as well as employee share incentive schemes. Total staff cost (including Directors' remuneration) in selling and distribution costs and administrative expenses for the period was approximately RMB2,343.24 million (2022: approximately RMB2,514.43 million).

The Group adopted a share option scheme on 15 June, 2023 (the "2023 Share Option Scheme") and a share award scheme on 5 January, 2018 (the "2018 Share Award Scheme"), both of which will provide incentive to retain and encourage the selected participants for the continual operation and development of the Group. For the six months ended 30 June, 2023, (i) no option in respect of the shares of the Company ("Shares") had been granted under the 2023 Share Option Scheme; and (ii) no Share had been granted to any selected participant under the 2018 Share Award Scheme and as at the period end, 401,977,877 Shares were held on trust by the trustee.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

Most of the assets and liabilities of the Group were denominated in Renminbi, US dollars, Euro and HK dollars. The Group has hedged part of the Euro risk in financial liabilities by entering into foreign exchange forward contracts, and hedged part of the RMB risk in net foreign operations by borrowing RMB loan and will continue to closely monitor the net foreign exchange exposure to reduce the impact of foreign exchange fluctuations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

Upholding its long-term commitment on corporate sustainability and social responsibility, Sino Biopharm is committed to, via high-quality ESG management, fulfilling its corporate mission of "Improving the Quality and Protecting the Dignity of Human Life", for it believes health technologies can bring warmth to more lives. With its "CARE" ESG governance strategy, encapsulating four core directions, namely Cure (treatment of diseases), Accessible (access to health care), Relationship (a win-win relationship) and Environmental (environmentally friendly), giving it guidance, the Group has kept promoting sustainable development of the Company, its workforce, and society and the environment.

In early 2023, the Group laid down its "2023 ESG Work Plans", focusing on four core areas – "taking its ESG management system to greater depth", "optimizing ESG disclosure", "enhancing dedicated ESG governance" and "promoting ESG philosophy and culture", and 11 annual ESG-related key tasks and goals were set. In the first half of the year, the Board and the Group convened a total of five ESG special committee meetings. The Group and its member companies have embarked on a number of key tasks at good pace, and assured by its three-level "Board decision, Group management, and Member company execution" management system, achieved the results expected:

In "taking its ESG management system to greater depth", through continuous improvement and extension of the reach of its ESG management system from the Group to its member companies, the Board and the Group fulfilled their leading roles in ESG matters. At the same time, the synergy, consistency and overall level of the ESG management of key member companies have been enhanced.

Regarding "optimizing ESG disclosure", complying with the requirements of the Stock Exchange, the Group issued its 2022 ESG Report on 28 April. The seventh in a row, the report fully, truthfully and comprehensively presented to stakeholders all the management work done by Sino Biopharm and their results in 2022.

Regarding "enhancing dedicated ESG governance", taking reference to survey findings of existing ESG management status, the Group ascertained major areas to improve for the year. They are "employee satisfaction management, talent development plan, hazardous waste reduction and water conservation, responsible supply chain construction, ISSB (International Sustainability Standards Board) sustainable disclosure principles and Carbon Neutral Pathway Plan". It had completed drawing up the work plans, which have been implemented effectively.

On "promoting ESG philosophy and culture", the Group has completed general ESG training for the staff of key member companies. It had also, based on the annual dedicated ESG governance enhancement plan, formulated a series of ESG courses and promotion plans for the year to ensure employees have the knowledge to help ensure the smooth rollout of subsequent work.

The Group's ESG efforts and achievements have been widely recognized at home and overseas. On 28 June, 2023, boasting sustainable development advantages in the industry, the Group stood out among close to 1,600 companies and became one of the 88 included in S&P Global's "The Sustainability Yearbook 2023 (China Edition)". That is yet another recognition it earned after it leaped 45 points in 2022 in the S&P CSA-ESG ranking, better than 91% of the participating enterprises from around the world. Also, on 28 June, 2023, the Group made the "China ESG Listed Company Pioneer 100 (中國ESG 上市公司先鋒100)" list published by the Financial Program Center of China Media Group together with such parties as the State-owned Assets Supervision and Administration Commission of the State Council and All-China Federation of Industry and Commerce. With high-quality ESG management and excellent ESG performance, the Group beat 855 participating listed companies and placed 57th on the ESG Index, and was named among "Leading ESG Development Standard Listed Companies (上市公司ESG 發展領先水平)".

PROSPECTS

With the COVID-19 pandemic easing gradually, economic and social activities have gone back on the normal track. The pharmaceutical industry has also been gathering growth momentum and is expected to fully recover within the year. The Group continues to closely monitor market trends and actively optimized its development strategies, making timely adjustments along the entire industrial chain, including with procurement, production and sales, to mitigate the impact of the pandemic. At the same time, it focuses diligently on innovation and development in the four major therapeutic areas of oncology, liver diseases, respiratory system, and surgery/analgesia, and accelerate deployment for globalizing its business, to the end of building a healthier, more diversified and sustainable revenue system.

The Group prides strong in-house research and development capabilities and has continued to invest in business development, and with this dual-engine, drive innovation and transformation. To date, the Group has achieved significant progress in transforming its business and has entered the harvest period of abundant results of its innovative endeavors. In the next three years, close to 10 innovative drugs will be launched to market, and more than 40 innovative drugs under research and development have the potential to be launched by 2030, which will further strengthen the Group's dominance in the four stated therapeutic areas, and provide a strong impetus for its long-term sustainable growth.

The globalization strategy is another core growth driver of the Group. The Group will continue to adhere to its dual-pronged approach, that is, to *bring* global pharmaceutical innovations *into* China to benefit Chinese patients and to *go global* and open up new markets thereby speeding up the resolution of unmet clinical needs worldwide. The Group targets to make annual revenue of HK$100 billion by 2030 and become a world-class innovative pharmaceutical group.

APPRECIATION

On behalf of the Board, I would like to express my gratitude to our shareholders for their trust, support and understanding, as well as to all our staff for their dedication and diligence.

RESULTS

The Board of the Company announces the unaudited interim condensed consolidated results of the Group for the six months ended 30 June, 2023 together with the comparative figures for 2022 as follows:

Interim Condensed Consolidated Statement of Profit or Loss

		For the six months ended 30 June,	
		2023	2022
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
REVENUE	*3*	**15,277,037**	15,193,738
Cost of sales		**(3,256,505)**	(2,959,599)
Gross profit		**12,020,532**	12,234,139
Other income	*3*	**604,085**	290,817
Other gains/(losses), net	*3*	**18,300**	(31,552)
Selling and distribution costs		**(5,382,213)**	(5,751,550)
Administrative expenses		**(1,062,151)**	(1,182,354)
Other expenses		**(2,450,811)**	(2,138,772)
Including: Research and development costs		***(2,357,257)***	*(2,048,604)*
Finance costs	*4*	**(304,137)**	(169,271)
Share of profits and losses of associates and a joint venture		**(219,438)**	503,155
PROFIT BEFORE TAX	*5*	**3,224,167**	3,754,612
Income tax expense	*6*	**(524,743)**	(571,391)
PROFIT FOR THE PERIOD		**2,699,424**	3,183,221
Profit attributable to:			
Owners of the parent		**1,258,784**	1,921,037
Non-controlling interests		**1,440,640**	1,262,184
		2,699,424	3,183,221
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
– Basic		**RMB6.78 cents**	RMB10.30 cents
– Diluted		**RMB6.78 cents**	RMB9.20 cents

Details of the interim dividend declared for the period are disclosed in note 7 of this announcement.

Interim Condensed Consolidated Statement of Comprehensive Income

	For the six months ended 30 June,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	**2,699,424**	3,183,221
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Net gain on hedge of net investment	**63,753**	–
Exchange differences on translation of foreign operations	**147,151**	(376,949)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**210,904**	(376,949)
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	**(34,355)**	(230,781)
Income tax effect	**–**	–
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**(34,355)**	(230,781)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**176,549**	(607,730)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**2,875,973**	2,575,491
Attributable to:		
Owners of the parent	**1,434,530**	1,313,343
Non-controlling interests	**1,441,443**	1,262,148
	2,875,973	2,575,491

Interim Condensed Consolidated Statement of Financial Position

	Notes	**30 June, 2023** **_RMB'000_** **(Unaudited)**	31 December, 2022 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**7,897,904**	7,759,592
Investment properties		**713,651**	720,754
Right-of-use assets		**1,686,344**	1,491,591
Goodwill		**812,083**	662,611
Intangible assets		**2,129,608**	1,251,839
Investments in associates and joint ventures		**13,083,084**	13,198,157
Equity investments designated at fair value through other comprehensive income		**1,459,023**	1,574,808
Financial assets at fair value through profit or loss		**5,496,232**	4,104,618
Bank deposit		**4,225,000**	6,352,000
Deferred tax assets		**508,906**	505,148
Prepayments and other asset		**651,783**	508,261
Total non-current assets		**38,663,618**	38,129,379
CURRENT ASSETS			
Inventories		**2,018,498**	2,328,844
Trade and bills receivables	*9*	**7,108,970**	4,638,396
Prepayments, other receivables and other assets		**2,093,515**	1,663,260
Amounts due from related companies		**79,886**	382,742
Equity investments designated at fair value through profit or loss		**132,057**	312,207
Financial assets at fair value through profit or loss		**3,807,019**	4,543,239
Equity investments designated at fair value through other comprehensive income		**160,135**	–
Cash and bank balances	*10*	**11,577,189**	12,066,217
Total current assets		**26,977,269**	25,934,905
CURRENT LIABILITIES			
Trade and bills payables	*11*	**2,137,213**	1,637,351
Tax payable		**178,077**	107,455
Other payables and accruals		**13,981,167**	8,153,130
Interest-bearing bank borrowings		**10,484,951**	6,217,153
Amounts due to related companies		**30,954**	382,579
Contingent consideration		**15,264**	–
Lease liabilities		**37,789**	60,431
Derivative financial liabilities		**–**	110,506
Convertible bonds – debt component		**–**	3,446,257
Convertible bonds – embedded derivative instrument		**–**	35,815
Total current liabilities		**26,865,415**	20,150,677
NET CURRENT ASSETS		**111,854**	5,784,228
TOTAL ASSETS LESS CURRENT LIABILITIES		**38,775,472**	43,913,607

	Notes	**30 June, 2023** *RMB'000* **(Unaudited)**	31 December, 2022 *RMB'000* (Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES		**38,775,472**	43,913,607
NON-CURRENT LIABILITIES			
Convertible bonds – debt component		**16,447**	–
Convertible bonds – embedded derivative instrument		**15**	–
Deferred government grants		**525,684**	749,070
Interest-bearing bank borrowings		**685,632**	3,933,859
Lease liabilities		**329,246**	324,263
Contingent consideration		**136,196**	131,076
Deferred tax liabilities		**623,447**	831,791
Total non-current liabilities		**2,316,667**	5,970,059
Net assets		**36,458,805**	37,943,548
EQUITY			
Equity attributable to owners of the parent			
Share capital	*12*	**414,615**	414,899
Treasury shares		**(1,626,773)**	(1,432,484)
Reserves		**31,201,453**	30,764,620
		29,989,295	29,747,035
Non-controlling interests		**6,469,510**	8,196,513
Total equity		**36,458,805**	37,943,548

Notes:

1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June, 2023 has been prepared in accordance with HKAS 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.

1.2 CHANGES IN ACCOUNTING POLICIES

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 revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

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

* The amendments have been issued by the IASB. At the time of issuance of this financial information, the equivalent amendments are expected to be issued shortly by the HKICPA

The revised standards have had no significant financial effect on these financial statements.

2. OPERATING SEGMENT INFORMATION

Management considers the business from a product/service perspective. The three reportable segments are as follows:

(a) the modernised Chinese medicines and chemical medicines segment comprises the manufacture, sale and distribution of modernised Chinese medicine products and western medicine products;

(b) the investment segment is engaged in long term investments; and

(c) the "others" segment comprises, principally related healthcare and hospital business.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax.

Segment assets exclude deferred tax assets and the investments in associates and a joint venture as these assets are managed on a group basis.

Segment liabilities exclude tax payable and deferred tax liabilities as these liabilities are managed on a group basis.

The segment results for the six months ended 30 June, 2023 (Unaudited)

	Modernised Chinese medicines and chemical medicines *RMB'000*	Investment *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue				
Sales to external customers	14,963,976	–	313,061	15,277,037
Segment results	3,631,027	117,909	(125,610)	3,623,326
Reconciliation:				
Interest and unallocated gains				189,014
Share of profits and losses of associates and a joint venture				(219,438)
Unallocated expenses				(368,735)
Profit before tax				3,224,167
Income tax expense				(524,743)
Profit for the period				2,699,424
Other segment information				
Depreciation and amortisation	596,613	36,554	20,041	653,208
Capital expenditure	1,951,599	348	24,070	1,976,017
Other non-cash expenses	13,740	–	64	13,804
As at 30 June, 2023 (Unaudited)				
Assets and liabilities				
Segment assets	40,128,460	10,350,608	1,569,829	52,048,897
Reconciliation:				
Investments in associates and a joint venture				13,083,084
Other unallocated assets				508,906
Total assets				65,640,887
Segment liabilities	20,065,598	7,587,854	727,106	28,380,558
Reconciliation:				
Other unallocated liabilities				801,524
Total liabilities				29,182,082

The segment results for the six months ended 30 June, 2022 (Unaudited)

	Modernised Chinese medicines and chemical medicines *RMB'000*	Investment *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue				
Sales to external customers	14,950,324	736	242,678	15,193,738
Segment results	3,667,728	(139,662)	17,192	3,545,258
Reconciliation:				
Interest and unallocated gains				123,384
Share of profits and losses of associates and a joint venture				503,155
Unallocated expenses				(417,185)
Profit before tax				3,754,612
Income tax expense				(571,391)
Profit for the period				3,183,221
Other segment information				
Depreciation and amortisation	352,902	33,197	22,573	408,672
Capital expenditure	770,854	11,615	7,086	789,555
Other non-cash expenses	–	–	–	–
As at 31 December, 2022 (Audited)				
Assets and liabilities				
Segment assets	39,287,554	9,463,228	1,610,196	50,360,978
Reconciliation:				
Investments in associates and a joint venture				13,198,157
Other unallocated assets				505,149
Total assets				64,064,284
Segment liabilities	13,491,829	10,896,508	793,153	25,181,490
Reconciliation:				
Other unallocated liabilities				939,246
Total liabilities				26,120,736

Geographical information

(a) Revenue from external customers

No further geographical segment information is presented as over 90% of the Group's revenue is derived from customers based in Mainland China.

(b) Non-current assets

	30 June 2023 *RMB'000* **(Unaudited)**	31 December, 2022 *RMB'000* (Audited)
Hong Kong	**6,810,256**	7,241,145
Mainland China	**17,899,806**	17,973,761
Other countries/regions	**2,264,395**	377,899
	26,974,457	25,592,805

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

Information about a major customer

No information about a major customer is presented as no single customer contributes to over 10% of the Group's revenue for the six months ended 30 June, 2023 and 2022.

3. REVENUE, OTHER INCOME AND OTHER GAINS/(LOSSES), NET

Revenue, which is the Group's revenue, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of revenue, other income and other gains/(losses), net is as follows:

	For the six months ended 30 June,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sale of industrial products	**15,066,521**	14,951,060
Revenue from other sources	**210,516**	242,678
	15,277,037	15,193,738

	For the six months ended 30 June,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income		
Bank interest income	**185,950**	122,848
Interest income from an associate	**3,150**	–
Dividend income	**183**	74
Government grants	**256,855**	45,217
Sale of scrap materials	**3,915**	2,660
Investment income	**121,008**	91,048
Gross rental income	**9,702**	–
Others	**23,322**	28,970
	604,085	290,817

	For the six months ended 30 June,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other gains/(losses), net		
Gain on disposal of items of property, plant and equipment	**7,411**	1,961
Gain on disposal of items of right-of-use assets	**64,933**	–
Gain on step acquisition from an associate to a subsidiary	**60,282**	–
Fair value gains/(losses), net		
Equity investments designated at fair value through profit or loss	**61,251**	(129,086)
Financial assets at fair value through profit or loss	**3,313**	12,864
Financial assets at fair value through profit or loss (Non-current)	**26,622**	–
Convertible bond embedded derivative component	**143**	24,604
Derivative financial instruments	**45,918**	–
Exchange (losses)/gains, net	**(133,708)**	67,354
Loss on extinguishment of partial convertible bonds	**(117,865)**	(9,249)
	18,300	(31,552)

4. FINANCE COSTS

	For the six months ended 30 June,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank borrowings	**286,543**	111,719
Interest on convertible bonds	**9,992**	46,178
Interest on lease liabilities	**7,602**	8,438
Interest on loan from a related company	**–**	2,936
	304,137	169,271

5. PROFIT BEFORE TAX

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

	For the six months ended 30 June,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**3,256,505**	2,959,599
Depreciation of property, plant and equipment	**581,106**	353,592
Depreciation of investment properties	**19,479**	15,817
Depreciation of right-of-use assets	**41,819**	32,918
Amortization of intangible assets	**10,804**	6,345
Research and development costs	**2,357,257**	2,048,604
Gain on disposal of items of property, plant and equipment	**(7,411)**	(1,961)
Gain on disposal of items of right-of-use assets	**(64,933)**	–
Gain on step acquisition from an associate to a subsidiary	**(60,282)**	–
Share of profits and losses of associates and a joint venture	**219,438**	(503,155)
Bank interest income	**(185,950)**	(122,848)
Interest income from an associate	**(3,150)**	–
Dividend income	**(183)**	(74)
Investment income	**(121,008)**	(91,048)
Loss on extinguishment of partial convertible bonds	**117,865**	9,249
Fair value (gains)/loss, net:		
Equity investments at fair value through profit or loss	**(61,251)**	129,086
Financial assets at fair value through profit or loss	**(3,313)**	(12,864)
Financial assets at fair value through profit or loss (non-current)	**(26,622)**	–
Convertible bond embedded derivative component	**(143)**	(24,604)
Derivative financial instruments	**(45,918)**	–
Auditors' remuneration	**2,525**	2,517
Staff cost (including directors' remuneration) in selling and distribution costs and administrative expenses:		
Wages and salaries	**1,870,428**	2,007,649
Pension contributions	**472,816**	477,062
Equity-settled share-based payments	**–**	29,723
	2,343,244	2,514,434
Foreign exchange differences, net	**133,708**	(67,354)
Accrual of impairment losses of trade receivables	**12,271**	3,801

6. INCOME TAX

	For the six months ended 30 June,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Group:		
Current – Hong Kong	**–**	–
Current – Mainland China	**590,758**	481,175
Deferred tax	**(66,015)**	90,216
Total tax charge for the period	**524,743**	571,391

The Company incorporated in the Cayman Islands are not subject to income or capital gain tax under the law of the Cayman Islands. In addition, dividend payments are not subject to withholding tax in the Cayman Islands.

The subsidiaries incorporated in the British Virgin Islands ("BVI") are not subject to income tax as these subsidiaries do not have a place of business (other than a registered office only) or carry on any business in the BVI.

Hong Kong profits tax has been provided at a rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

Belgium profits tax has been provided at a rate of 25% on the estimated assessable profits arising in Belgium during the period.

During the period ended 30 June, 2023, NJCTT, CT Tianqing, Beijing Tide, Jiangsu Fenghai, Jiangsu Qingjiang, Shanghai Tongyong Pharmaceutical Co., Ltd., CP Qingdao, Lianyungang Runzhong Pharmaceutical Co., Ltd. and Nanjing Shunxin Pharmaceutical Co., Ltd. were subject to a corporate income tax rate of 15% because they are qualified as a "High and New Technology Enterprise".

Other than the above mentioned entities, the other entities located in Mainland China are subject to a corporate income tax rate of 25% in 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. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries and associates established in Mainland China in respect of earnings generated from 1 January 2008 with 5% and 10%, respectively.

During the period ended 30 June, 2023, taxes credit related to the share of profits and losses of associates and a joint venture were amounted to approximately RMB14,853,000 (2022: taxes expense of RMB48,868,000).

7. DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has declared the payment of an interim dividend of HK2 cents per ordinary share for the six months ended 30 June, 2023 (2022: HK6 cents). The interim dividend will be paid to shareholders on Friday, 27 October, 2023 whose names appear on the register of members of the Company on Monday, 9 October, 2023. For the purpose of determining shareholders who are qualified for the interim dividend, the register of members of the Company will be closed from Friday, 6 October, 2023 to Monday, 9 October, 2023, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Thursday, 5 October, 2023.

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

The calculation of the basic earnings per share amount is based on the profit attributable to ordinary equity holders of the parent for the period of approximately RMB1,258,784,000 (2022: approximately RMB1,921,037,000), and the weighted average number of ordinary shares of 18,564,162,723 (2022: 18,658,823,689) in issue 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, exchange difference and fair value change 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 diluted earnings per share for the six months period ended 30 June 2023 did not assume conversion of the convertible bonds as its conversion be anti-dilutive.

The calculations of basic and diluted earnings per share for the six months period ended 30 June 2022 are based on:

	For the six months ended 30 June, 2022 *RMB'000* (Unaudited)
Earnings	
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:	1,921,037
Interest on convertible bonds	46,178
Exchange gain on convertible bonds – debt component	(182,511)
Fair value gain on convertible bonds – derivative component	(24,604)
Profit attributable to ordinary equity holders of the parent before interest, exchange gain and fair value gain on convertible bonds	1,760,100

	No. of shares 2022 (Unaudited)
Shares	
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	18,658,823,689
Effect of dilution – weighted average number of ordinary shares:	
– Convertible bonds	463,918,295
	19,122,741,984

9. TRADE AND BILLS RECEIVABLES

An ageing analysis of the Group's trade and bills receivables as at the end of reporting period, based on invoice date and net of provisions, is as follows:

	30 June, 2023 *RMB'000* **(Unaudited)**	31 December, 2022 *RMB'000* (Audited)
Current to 90 days	**6,499,145**	4,050,406
91 days to 180 days	**452,544**	466,707
Over 180 days	**157,281**	121,283
	7,108,970	4,638,396

10. CASH AND BANK BALANCES

	30 June, 2023 *RMB'000* **(Unaudited)**	31 December, 2022 *RMB'000* (Audited)
Cash and bank balances, unrestricted	**2,821,838**	6,413,982
Time deposits with original maturity of less than three months	**472,126**	2,240,823
Time deposits with original maturity of more than three months	**8,283,225**	3,411,412
Cash and bank balances	**11,577,189**	12,066,217

11. TRADE AND BILLS PAYABLES

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

	30 June, 2023 *RMB'000* **(Unaudited)**	31 December, 2022 *RMB'000* (Audited)
Current to 90 days	**1,298,717**	996,140
91 days to 180 days	**529,389**	350,513
Over 180 days	**309,107**	290,698
	2,137,213	1,637,351

12. SHARE CAPITAL

	30 June, 2023 *RMB'000* **(Unaudited)**	31 December, 2022 *RMB'000* (Audited)
Issued and fully paid:		
18,809,217,230 ordinary shares of HK$0.025 each (2022: 18,813,867,230 ordinary shares of HK$0.025 each)	**414,615**	414,899

CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company has complied with all the Code Provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules for the six months ended 30 June, 2023 except for the deviation from Code Provision C.1.6 in relation to attendance of the annual general meeting of the Company (the "AGM") by the independent non-executive Directors ("INEDs") of the Company. Two INEDs were unable to attend the AGM held on 15 June, 2023 due to other business engagements.

INDEPENDENT NON-EXECUTIVE DIRECTORS, AUDIT COMMITTEE AND REVIEW OF RESULTS

During the six months ended 30 June, 2023, the Company has complied with Rules 3.10 and 3.10(A) of the Listing Rules and has appointed sufficient number of INEDs including two with appropriate professional qualifications, or accounting or related financial management expertise. The Audit Committee is comprised of four INEDs. It has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the unaudited consolidated financial statements of the Company for the period under review.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June, 2023, the Company bought back a total of 12,650,000 Shares on the Stock Exchange at an aggregate consideration of approximately HK$46,032,500 before expenses. The bought back Shares were subsequently cancelled. Further details are set out as follows:

Month	**Number of Shares bought back**	**Purchase consideration per Share**		**Consideration paid**
		Highest	**Lowest**	
		HK$	*HK$*	*HK$*
February	4,650,000	4.22	4.05	19,192,500
June	8,000,000	3.41	3.33	26,840,000

Pursuant to the rules of the 2018 Share Award Scheme, the trustee of the scheme purchased on the Stock Exchange a total of 56,200,000 Shares at a total consideration of approximately HK$215,768,000 during the period.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

FORWARD LOOKING STATEMENTS

Certain statements contained in this announcement may be viewed as "forward-looking statements" with respect to the business outlook, financial performance estimates, and business operations forecast of the Group. These forward-looking statements are based on the current beliefs, assumptions, and expectations of and the information currently available to the Board and the Company, and therefore involve risks and uncertainties. Actual outcome may differ materially from the forecasts and expectations in such forward-looking statements. The Company assume no obligation to update the forward-looking statements contained in this announcement. In light of the above risks and uncertainties, shareholders of the Company and potential investors should not place undue reliance on such statements.

By Order of the Board
Sino Biopharmaceutical Limited
Tse, Theresa Y Y
Chairwoman

Hong Kong, 25 August, 2023

As at the date of this announcement, the Board of the Company comprises seven executive directors, namely Ms. Tse, Theresa Y Y, Mr. Tse Ping, Ms. Cheng Cheung Ling, Mr. Tse, Eric S Y, Mr. Tse Hsin, Mr. Tian Zhoushan and Ms. Li Mingqin and five independent non-executive directors, namely Mr. Lu Zhengfei, Mr. Li Dakui, Ms. Lu Hong, Mr. Zhang Lu Fu and Dr. Li Kwok Tung Donald.