SciClone Pharmaceuticals (Holdings) Limited
賽生藥業控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6600)

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

The board of directors (the "**Board**") of SciClone Pharmaceuticals (Holdings) Limited (the "**Company**" or "**SciClone**") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "**Group**" or "**we**") for the six months ended June 30, 2023 (the "**Reporting Period**"). These interim results have been reviewed by the Company's Auditor in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". In addition, the results have also been reviewed by the Company's Audit Committee.

HIGHLIGHTS

Financial Highlights

The Group delivered the following favorable outcomes against the challenging global macro-economy backdrop for the six months ended June 30, 2023 vs. six months ended June 30, 2022:

— **Revenue** increased by approximately RMB128.3 million, or approximately 8.7%, to RMB1,603.3 million;

— **Gross profit** grew to approximately RMB1,194.7 million, representing an increase of approximately 5.3%;

— **Net profit** was up by approximately RMB98.0 million, or approximately 18.4%, to RMB630.2 million;

* *For identification purpose only*

— **Basic earnings per share** attributable to owners of the Company were approximately RMB1.00, an increase of approximately 26.6%;

— **Diluted earnings per share** attributable to owners of the Company were approximately RMB0.96, an increase of approximately 28.0%;

— **Operating cash flow** reached approximately RMB579.7 million, up by approximately RMB55.8 million or 10.6%. Total cash and cash equivalents and cash deposits (from 3 to 12 months or in floating rates) as at June 30, 2023 amounted to RMB2,343.2 million.

Business Highlights

We presented our development strategy in 2022 Annual Report and we have made steady progress in 2023 as of the date of this announcement:

— **Upgrade of "Go-To-Patient" ("GTP") model:** continued to consolidate patients, physicians and pharmacies onto the Hi-Doctor Platform to build a closed-cycle of "internet hospital-prescription-DTP pharmacies-delivery" and improve the functions. As of June 30, 2023, the GTP model had more than 208,000 registered patients and more than 143,000 registered doctors, up by 20.9% and 18.2% respectively from the end of 2022;

— **Increase of GTP sales contribution:** for the six months ended June 30, 2023, sales through GTP model contributed to approximately 78% of total sales volume of Zadaxin as compared with approximately 72% for the same period last year;

— **Commercial launch of Danyelza® (Naxitamab) ("Danyelza"):** based on the preparation work done during the Reporting Period, the Company officially launched commercialization of Danyelza on July 1, 2023. In several provinces and cities, Danyelza has been included in list of special drugs of Hui Min Bao (惠民保) which provides supplement coverage to basic medical insurance for severe diseases. The official commercial launch and inclusion in Hui Min Bao further improve the accessibility of this innovative drug to patients in China;

— **Achievements of Zadaxin lifecycle management:**

1) results from two clinical trials of Thymosin α-1 ("**Tα1**", generic name of Zadaxin) were released as online abstract by 2023 American Society of Clinical Oncology ("**ASCO**") Annual Meeting in May;

2) Tα1 was included in two more nationwide treatment guideline and consensuses during the Reporting Period;

3) Tα1 received positive review in a Comment article titled "Strategies for cancer-care resilience during the new COVID-19 wave in China" published in The Lancet Oncology (IF=54.43) in April 2023;

4) in January 2023, Tα1 was included in Shanghai COVID-19 Treatment Guidelines and was recommended by several Class III general hospitals in treating COVID-19 patients;

— **Milestone of Vaborem® (Meropenem+Vaborbactam) ("Vaborem") clinical trial:** in March 2023, the China National Medical Products Administration (the "**NMPA**") approved the Investigational New Drug (the "**IND**") application for Vaborem. This IND application consists of a Phase III clinical trial to evaluate the efficacy and safety of Vaborem in Chinese patients with complicated urinary tract infections ("**cUTI**") including pyelonephritis, as well as a pharmacokinetic study in healthy volunteers in China to evaluate the pharmacokinetic profile of Vaborem. These two clinical studies in China are to bridge foreign clinical trial data and eventually support the New Drug Application (the "**NDA**") of Vaborem in China. On July 5, 2023, the first subject has been dosed in the Phase III clinical trial.

Capital Highlights

— **Share repurchase:** 1) on March 1, 2023, the Company completed the voluntary cash offer to buy-back 77,534,791 Shares at HK$10.06 per Share; and 2) for the six months ended June 30, 2023, the Company has repurchased a total of 2,044,500 Shares on the Stock Exchange. Both cash offer and on-market buy-back enhanced the value of the Shares thereby improving the return to the Shareholders of the Company;

— **Stock Connect and index inclusion:** the Company was included as an eligible stock of Shanghai-Hong Kong Stock Connect in March 2023 and was included in MSCI China Small Cap Index in May 2023, which helped further expand our shareholder base and increase the trading liquidity of the Shares of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

China's economic data for the first half of 2023 indicated a steady post COVID-19 recovery. However, persistent high inflation in Europe, interest rate hikes in the U.S., international geopolitical tensions and the faltering recovery momentum have posed great challenges to our business. We were not immune to the headwinds, but our performance over the Reporting Period and our continued commitment to investing in our future development reinforced our confidence in delivering long-term sustainable growth.

Our performance over the Reporting Period:

We achieved revenue of RMB1,603.3 million for the six months ended June 30, 2023, 8.7% up from the same period last year. Our gross profit grew to RMB1,194.7 million for the first half of 2023, 5.3% ahead of the first half of 2022. Net profit increased by 18.4% to RMB630.2 million as compared with the net profit for the six months ended June 30, 2022. Operating cash flow reached RMB579.7 million, RMB55.8 million or 10.6% higher than that of six months ended June 30, 2022.

Increased input to underpin future success:

During the Reporting Period, selling and marketing expenses increased by 16.8% and research and development ("**R&D**") expenses grew by 45.4% compared with the same period last year, reflecting our continued investments in: 1) recruiting and retaining key talents in commercialization and product development; 2) digital commercialization capabilities by upgrading GTP model to 6.2 version to further increase product accessibility to patients; and 3) brand and loyalty enhancement through product lifecycle management and development.

Our financial resources for continuous growth:

As at June 30, 2023, the total cash and cash equivalents and cash deposits (from 3 to 12 months or in floating rates) amounted to approximately RMB2.3 billion, which were approximately 83.3% of our net assets. In addition, the ratio of total borrowings to total assets remained healthy at 20.7%. We are actively searching for potential merger and acquisition targets and will continue to invest for growth, while remaining positive in improving financial performance.

BUSINESS REVIEW

SciClone is a global biopharmaceutical company with an integrated platform for the development and commercialization of innovative therapies for cancer and severe infection. With an innovation-driven strategic transformation, the Group has established a product portfolio with differentiated advantages, including a number of first-in-class and best-in-class potential products/pipelines. Staying true to the Group's original aspiration of "SciClone gives life hope", the Group is dedicated to improving patients' health by providing top-tier healthcare products and services with global standards of care.

Commercialization

Our commercial capabilities bolster our success. As of June 30, 2023, our cohesive sales and marketing team comprised approximately 800 highly experienced personnel with industry knowledge, who are able to timely respond to market dynamics, improve operational efficiency and enhance customer experiences.

The sales and marketing team is systematically deployed to cover extensive hospitals and other medical institutions in China with a "Go Deeper and Broader" strategy, including approximately 550 employees assigned to the immunology business unit ("**IBU**"), approximately 210 employees to the oncology business ("**OBU**") unit and approximately 40 employees responsible for market access and commercial operations.

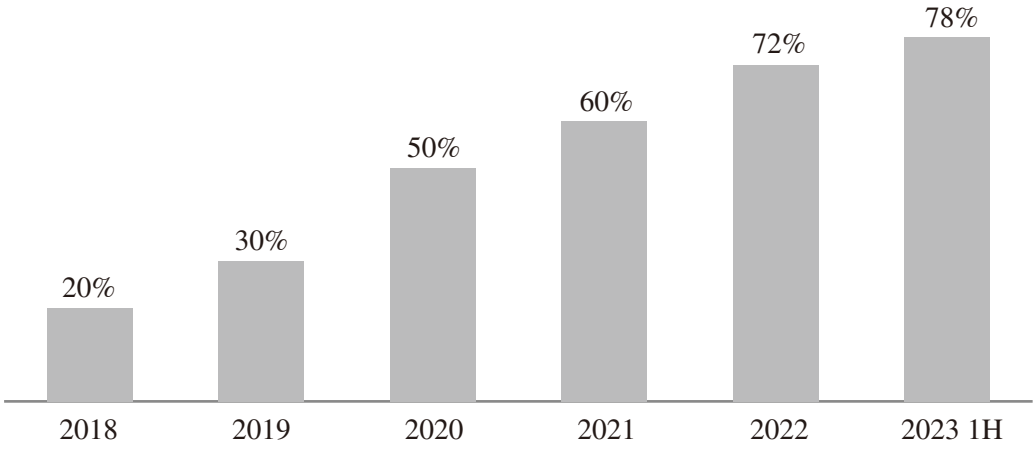
Our marketing strategies focus on the combination of accumulating research evidence and the establishment of therapeutic guidelines. We engage in a combination of offline and online marketing and promotional activities through our regular organization of and participation in marketing activities including academic conferences, expert meetings and consultation sessions, workshops and information sessions, national and local brand forums, and training sessions, which continuously enhance brand recognition for the products.

Driven by our market insights, we have been highly nimble in adopting innovative business models such as establishment and upgrade of the GTP model. These unique commercialization capabilities have been validated by our sales of Zadaxin and are being applied to promote other products as well.

1) GTP model:

In order to diversify our sales channels and promote Zadaxin's sales to patients through pharmacies, we piloted our GTP platform back in 2015 which had since enhanced Zadaxin's accessibility to patients by extending the sales of Zadaxin beyond hospitals into pharmacies. We started to generate sales volume through GTP platform in 2018 and since then the percentage of sales volume contributed by the GTP has been increasing (Chart 1).

Chart 1: GTP Sales Contribution by Volume



For the six months ended June 30, 2023, sales through GTP model contributed to more than 78% of total sales volume of Zadaxin as compared with approximately 72% for the same period last year. Taking the increase of total sales volume of Zadaxin into consideration, the growing contribution percentages from the GTP significantly increased accessibility of Zadaxin to patients through retail channels.

As at June 30, 2023, GTP model (IBU and OBU together) had more than 208,000 registered patients, more than 143,000 registered doctors and approximately 790 DTP pharmacies, up by 20.9%, 18.2% and 3.9% respectively from the end of 2022.

During the Reporting Period, the upgrade of GTP model to 6.2 version mainly included the below optimizations to embrace the new era of artificial intelligence:

1) integrated Intelligent Diagnosis feature to improve experience and efficiency of patients' visits, especially the follow-up visits;

2) incorporated Smart Functions such as facial recognition and dynamical name card QR code to make access more convenient for the doctors and patients and to facilitate better interaction and bonding between them;

Under the current GTP model, patients can access product information and services through WeChat official accounts of Immunology Online ("免e在線") for Zadaxin, Healthy Bone Alliance ("泰骨聯盟") for Zometa, and Neuroblastoma Care ("神母關愛") for Danyelza, together as the Hi-Doctor Platform. The registered patients of Hi-Doctor Platform can upload prescriptions online and drugs will be delivered to them directly or be picked up at assigned places such as DTP pharmacies. Patients can also make appointments online for Zadaxin injection or Zometa infusion. With integrated internet hospitals (such as connected Hi-Doctor Internet Hospital WeChat mini program) to the Hi-Doctor Platform, patients can get consultations and e-prescriptions directly online. In addition, the Company provides value added services to patients on the Hi-Doctor Platform such as comprehensive academic and patient education to enhance long-term brand loyalty. The digitalization model provides great convenience and all-around support to our patients.

Throughout the years, we have been investing in our GTP model and other digital technologies. With our active development and investment in technologies and online platform, we aim to achieve better operational efficiency and compliance by reaching more stakeholders, customers and patients with lower costs.

The current co-operations under GTP model (Table 1):

DTP Chains	**Commercial Insurance Providers**
1) Gaoji Health;	
2) Link Pharmacies	
3) Medbanks;	1) LinkDoc;
4) Sinopharm Care Plus;	2) Zhong An Insurance;
5) "Yiyao Pharmacies" of SPH Cloud Health;	3) Medi Trust
6) Yuanxin	

2) Lifecycle management:

The sustainable growth of our marketed products is driven by our ongoing clinical studies and academic promotions to expand their clinical adoptions. The major results of our lifecycle management of products for the first half of 2023 are as follows:

I) Clinical studies and publications

We have been sponsoring investigators to conduct randomized controlled trials ("**RCT**") and real-world studies ("**RWS**") to discover our marketed products' potential clinical adoptions in oncology, severe infection, vaccine and other therapeutic areas. As of the date of this announcement, we have more than 10 on-going clinical studies in China and overseas (the U.S. and Italy).

i) Research publications:

Results from two clinical trials of Tα1 were released as online abstract by 2023 ASCO Annual Meeting in May 2023. The ASCO Annual Meeting stands as the globe's most prestigious and influential scientific assembly within the clinical oncology community. Every year it highlights the latest breakthroughs in clinical oncology research and presents the most advanced cancer treatment strategies available. The two abstracts are:

a) "Safety and efficacy of loading-dose Tα1 in patients with advanced and refractory solid tumors with lower absolute T lymphocyte" (#Abstract e14543) with Professor Zhang Liyuan from The Second Affiliated Hospital of Soochow University as the leading principal investigator. The study concluded that a daily loading-dose Tα1 treatment increased the number of peripheral lymphocytic subpopulations, and this effect appears to benefit survival outcomes, shedding new light for patients with advanced or refractory solid tumors when initiated ICI (immune checkpoint inhibitor) treatment;

b) "A preliminary analysis of integrating Tα1 into concurrent chemoradiotherapy ("**CCRT**") and consolidative immunotherapy" (#Abstract e20569). The leading principal investigator is Professor Liu Hui from Sun Yat-sen University Cancer Center. The study concluded that the integration of Tα1 into CCRT and consolidative immunotherapy could yield synergistic effect in LA-NSCLC (locally advanced non-small cell lung cancer) patients. The combination might contribute to prolonged use of consolidative immunotherapy and survival benefit.

ii) Other clinical studies:

Table 2: Major studies and status

Major Studies	Status
RCT for sepsis in 1,106 patients	Research report is in preparation for publication
RCT of Tα1 combined with PD-1 antibody and apatinib in advanced gastric cancer	Preliminary data analysis
Pilot trial of Tα1 to prevent COVID-19 infection in elderly renal dialysis patients in the U.S.	Data cleaning and coding
RCT on the efficacy and safety of Tα1 in the application of CCRT in LA-NSCLC	Initiated

II) Treatment guidelines/consensuses

In addition to official indications (for treatment of chronic hepatitis B and vaccine enhancement in patients with impaired immunity), Tα1 has been included in treatment guidelines and consensuses issued by several professional associations including the Chinese Medical Association, the Chinese Society of Clinical Oncology ("**CSCO**"), Chinese Medical Doctor Association and China Anti-Cancer Association.

For the six months ended June 30, 2023, Tα1 was included in two more treatment guidelines and consensuses:

i) Expert Consensus on the Prevention and Treatment of COVID-19 in Patients with Lung Cancer (CSCO and China Medical Education Association) (《肺癌患者新型冠狀病毒感染防治專家共識》). It points out that Tα1 and other immunomodulators can enhance the immune response to vaccines in lung cancer patients with suppressed immune functions. For patients suffering from hypoxemia and lymphopenia due to COVID-19 infection, administering regular treatment in conjunction with Tα1 continuously for 5 days can significantly increase the count of CD4+ T cells, accelerate clinical recovery, and is well-tolerated. (Recommendation level: A, Evidence level: I). Both recommendation and evidence levels are at their highest possible ratings;

ii) Guidelines for Management of COVID-19 at Home for the Elderly in China (2023) (《中國老年人新型冠狀病毒感染居家管理指導意見(2023)》) by Geriatric Diseases Prevention and Control Committee of Chinese Preventive Medicine Association, Chinese Geriatric Society and Chinese Geriatric Doctors Association of Chinese Medical Doctor Association. It advises that the elderly patients with low cell immune function, immunomodulators, such as Tα1, can be used under the guidance of a doctor to enhance the body's immune function as immunity is the body's first line of defense and enhancing the body's immune response is an important measure to resist COVID-19 infection.

Zadaxin: in summary, Tα1 has been included in more than 25 treatment guidelines and consensuses since 2014:

Related disease or treatment	**Inclusion since**
Sepsis	2014, 2020 and 2022
Pancreatic cancer	2019, 2021* and 2022
Liver cancer	2017, 2018, 2019, 2020 and 2022
COVID-19	2020 and 2023
Hepatocellular carcinoma (HCC) recurrence after hepatectomy	2021
Lymph cancer	2017, 2019 and 2021
Transarterial chemoembolization (TACE)	2018 and 2021
Cancer-related fatigue (CRF)	2021
End-stage liver disease complicated with infections	2018 and 2022*
Gastric cancer	2022*
Immunomodulatory therapies for chronic obstructive pulmonary disease (COPD)	2022
Invasive fungal infection (IFT) in patients with liver cancer	2022

Zometa: in summary, Zoledronic Acid (the compound of Zometa) has been included in four major authoritative guidelines of treatments for breast cancer:

✓ In China: 1) Guidelines and Standards for Breast Cancer Diagnosis and Treatment (《中國抗癌協會乳腺癌診治指南與規範》2021); 2) Bone Health Management in Patients with Early Breast Cancer by Chinese Anti-Cancer Association and Chinese Expert Consensus (《早期乳腺癌患者骨健康管理中國專家共識》2022); and 3) Expert Consensus on Safety Management of Bone Modifying Drugs (《骨改良藥物安全性管理專家共識》);

* Year of publication

✓ Overseas: Clinical Practice Guideline and Updates on Using Adjuvant Bisphosphonates and Other Bone-Modifying Agents in Breast Cancer by ASCO and Ontario Health (Cancer Care Ontario [CCO]). The 2022 Update of Guideline was published in Journal of Clinical Oncology (JCO, the official journal of ASCO with Impact Factor of 50.7) in March 2022.

III) Other professional reviews/recommendations

i) Tα1 received positive review in a Comment article titled "Strategies for cancer-care resilience during the new COVID-19 wave in China" published in The Lancet Oncology (IF=54.43) in April 2023;

ii) In January 2023, Tα1 was included in Shanghai COVID-19 Treatment Guidelines and was recommended by several Class III general hospitals in treating COVID-19 patients.

Product Development

In recent years, we started the development of a number of pipeline drug candidates through in-licensing model. We acquire licenses and get involved in the product development process from various stages, ranging from IND filing for some of our early-stage pipeline products, to pivotal clinical trials for some of our late-stage pipeline products.

Our product development process is carried out through the joint efforts of our Business Development, Research & Development, and Regulatory Affair teams. These teams actively seek to develop products focusing on targeted therapies, immunotherapy and enhanced chemotherapy options with first/best-in-class potential. As at June 30, 2023, our product development teams consisted of approximately 115 members.

Dr. Mao Li is our Vice President, General Manager of R&D and Chief Medical Officer. Dr. Mao is a worldwide prominent physician-scientist in upper aerodigestive tract malignancies, with more than 35 years of extensive experience in clinical practice, clinical and basic research, and leadership in the field of oncology both in the U.S. and China. He chairs for the Group's Drug Development Committee to support product development.

Our efforts in product development have yielded a pipeline of potential drug candidates in different stages of development spanning our key therapeutic areas and also high-value/high-growth sectors: oncology and severe infection. As of the date of this announcement, we have built a portfolio of 9 pipeline drug candidates, 5 of which are in phase III or later stages overseas with a fast-to-market strategy in China, and 4 are in earlier stages from pre-clinical to phase II clinical trials overseas or in China.

The following table summarizes the mechanism of action, indication(s)/clinical adoptions, and development status of our pipeline assets as of the date of this announcement.

Product Name	Mechanism of Action	Indication(s)/Clinical Adoptions	Partner	Partner's Overseas Status	Status in China
Late stage:					
Vibativ	Dual antibacterial activity on cell wall and cell membrane	HABP/VABP complicated skin and skin structure infections	Cumberland Pharmaceuticals (U.S.)	Marketed	Obtained clinical trial waiver and submitted NDA in September 2021
Vaborem® (Meropenem+ Vaborbactam)	Carbapenem + β-lactamase inhibitor	cUTI, cIAI, HABP, VABP and Bacteremia	Menarini Group (Italy)	Marketed	Registration study on-going obtained IND approval in March 2023; the first subject was dosed in July 2023
DANYELZA® (naxitamab)	Targeting GD2	High risk neuroblastoma	Y-mAbs Therapeutics, Inc. (U.S.)	Marketed	Obtained BLA approval from the NMPA in December 2022; Obtained BLA approval in Macau in June 2023; Submitted BLA in Hong Kong in January 2023
		Naxitamab and GM-CSF in combination with IT in patients with high-risk neuroblastoma (Study 203)		US Phase II trial on-going	Obtained IND approval from the NMPA in June 2022; in preparation of patient enrolment
		Relapsed second-line osteosarcoma		US Phase II trial on-going	In preparation of IND submission
Omburtamab	Targeting B7-H3 — expressing cells	CNS/leptomeningeal metastasis from neuroblastoma	Y-mAbs Therapeutics, Inc. (U.S.)	Submitted MAA to EMA in April 2021	—
RRx-001	Myc inhibitor and antagonist of CD47-SIRPα pathway	Small cell lung cancer	EpicentRx, Inc. (U.S.)	US Phase III trial on-going	Phase III study of 3rd line and beyond SCLC on-going
		Colorectal cancer		US Phase II (+irinotecan) completed	—
Early stage:					
PEN-866	Mini-conjugate of HSP90-SN38	Solid tumors	Tarveda Therapeutics (U.S.)	US Phase II basket trial On-going	Obtained IND approval for Phase I/II in lung cancer in June 2022
HSP90-PI3K SMDC	Mini-conjugate of HSP90-PI3K	Solid tumors		Pre-clinical	Spared efforts in lead conjugate optimization
PT-112	Platinum-containing compounds	Late stage prostate cancer	Phosplatin Therapeutics (U.S.)	US Phase II trial on-going	Completed Phase 2a trial
		Cholangiocarcinoma		US Phase I trial (+gemicitabine) completed	
ABTL-0812	Akt/mTOR inhibitor	Endometrial/lung/pancreatic cancer	Ability Pharma (Spain)	EU Phase 2a completed	Obtained IND

Key pipeline products and milestones:

- ***Vaborem:*** in August 2022, the Group and A. Menarini Asia-Pacific Holdings Pte. Ltd., part of The Menarini Group ("**Menarini**"), entered into a license and collaboration agreement granting the Group the exclusive right to develop and commercialize Vaborem in China under Menarini's head license agreement with Melinta Therapeutics.

  Vaborem is a fixed-dose combination of a carbapenem and a novel boronic acid β-lactamase inhibitor of class A and Class C serine β-lactamase. Vaborbactam can inhibit various class A and class C β-lactamases, so it protects meropenem from degradation by serine carbapenemases, restoring meropenem's activity against carbapenem-resistant strains. Vaborem has been specifically developed to inhibit carbapenem-resistant enterobacterales ("**CRE**") including the commonly found Klebsiella pneumoniae carbapenemase ("**KPC**")-producing bacteria.

  CRE has become a public health threat worldwide, which the World Health Organization has listed as one of the three critical pathogens in need of new antimicrobial options. The incidence of carbapenem-resistant Klebsiella pneumonia (CR-KP) infections is rising fast in China over the last 10 years according to CHINET. Rates of mortality in patients with invasive infections caused by CRE have been reported high but antimicrobial agents with activity against CRE are few in number and often associated with significant toxicities and/or suboptimal pharmacokinetic parameters.

  Currently Vaborem has been granted marketing authorizations in the U.S. and the European Union, among other countries and regions, for adults with cUTI including pyelonephritis. In select territories, it has also been approved for the treatment of complicated intra-abdominal infections ("**cIAI**"), hospital-acquired bacterial pneumonia ("**HABP**") and ventilator-associated bacterial pneumonia ("**VABP**"). Once approved in China, Vaborem will meet significant unmet medical needs in the country.

  Milestones during the Reporting Period

  In March 2023, the NMPA approved the Company's IND application for Vaborem.

  The IND application consisted of a Phase III, randomized, double-blind, double-dummy, active-controlled, multi-center clinical trial to be conducted in China to evaluate the efficacy and safety of Vaborem for patients with cUTI including pyelonephritis. The results of this study and a concurrent study in healthy volunteers in China to evaluate the pharmacokinetic profile of Vaborem, are meant to bridge the foreign clinical trial data and eventually support the NDA submission of Vaborem in China.

Post-Reporting Period (Expected) Milestones

In early July 2023, the first subject has been dosed in the Phase III clinical trial of Vaborem in China.

- ***Danyelza:*** Danyelza is the first humanized, monoclonal antibody targeting GD2, a tumor antigen on the cell surface of neuroblastoma. It was approved by the U.S. Food and Drug Administration ("**FDA**") in November 2020 and by the NMPA in China in December 2022 for the treatment, in combination with granulocyte-macrophage colony-stimulating factor ("**GM-CSF**"), of pediatric patients of 1 year of age and older and adult patients with relapsed or refractory high-risk neuroblastoma in the bone or bone marrow who have demonstrated a partial response, minor response, or stable disease to prior therapy (the "**Indication**").

  In addition to demonstrated clinical benefits, Danyelza has the advantages of convenient administration and high patient compliance. It has short infusion time (30–60 minutes), which makes it possible to be administered in outpatient setting. There is no requirement of pre-treatment with autologous stem cell transplant or combination with IL-2 (Interleukin-2) therapy when patients receive Danyelza.

  Except for the Indication, our partner Y-mAbs Therapeutics, Inc. ("**Y-mAbs**") is expanding naxitamab's indications such as naxitamab and GM-CSF in combination with irinotecan and temozolomide (IT) in patients with high-risk neuroblastoma (Study 203) and relapsed second-line osteosarcoma (both are Phase II trials on-going).

  In June 2022, the Company obtained IND approval for Study 203 from the NMPA. STUDY 203 is an international single-arm, multi-centre, Phase II clinical trial. It is the first time that Chinese research centres join and play an important role in international multicentre clinical study of immunotherapy on neuroblastoma.

  Milestones during the Reporting Period

  — In January 2023, the Company submitted BLA of Danyelza in Hong Kong;

  — In June 2023, the Company obtained BLA approval for Danyelza in Macau;

  — The Company was laying the groundwork for Study 203 patient enrollment; and

  — The Company was in preparation for the official commercial launch of Danyelza in China.

Post-Reporting Period (Expected) Milestones

— On July 1, 2023, Danyelza was officially commercial launched in China; and

— To initiate patient enrollment in the second half of 2023.

The Company cannot guarantee that it will be able to develop, or ultimately market, any of the products in its pipeline successfully. Shareholders and potential investors of the Company are advised to exercise due care when dealing in the shares of the Company.

PERFORMANCE REVIEW

	Six months ended June 30,			
	2023		2022	
	RMB million	***%***	*RMB million*	*%*
	(Unaudited)		(Unaudited)	
Revenue	**1,603.3**	**100.0**	1,475.1	100.0
Cost of revenue	**(408.6)**	**(25.5)**	(341.0)	(23.1)
Gross profit	**1,194.7**	**74.5**	1,134.1	76.9
Selling and marketing expenses	**(326.5)**	**(20.4)**	(279.5)	(18.9)
Administrative expenses	**(62.7)**	**(3.9)**	(95.3)	(6.5)
R&D expenses	**(72.7)**	**(4.5)**	(50.0)	(3.4)
Other income	**19.0**	**1.2**	7.3	0.5
Other losses, net	**(57.0)**	**(3.6)**	(129.4)	(8.8)
Operating profit	**694.8**	**43.3**	587.2	39.8
Finance income	**33.5**	**2.1**	8.0	0.5
Finance costs	**(30.0)**	**(1.9)**	(16.7)	(1.1)
Finance income/(costs), net	**3.5**	**0.2**	(8.7)	(0.6)
Profit before income tax	**698.3**	**43.5**	578.5	39.2
Income tax expenses	**(68.1)**	**(4.2)**	(46.3)	(3.1)
Profit for the period attributable to owners of the Company	**630.2**	**39.3**	532.2	36.1

Revenue

	Six months ended June 30,			
	2023		2022	
	RMB million	***%***	*RMB million*	*%*
	(Unaudited)		(Unaudited)	
Proprietary product	**1,334.0**	**83.2**	1,179.4	80.0
In-licensed products	**107.6**	**6.7**	123.9	8.4
Promotion products for business partners	**161.7**	**10.1**	171.8	11.6
Total	**1,603.3**	**100.0**	1,475.1	100.0

For the six months ended June 30, 2023, driven by the increasing demand of Zadaxin, our total revenue grew to approximately RMB1,603.3 million, up by approximately 8.7% over the first half of 2022.

Proprietary product

Zadaxin is our proprietary product. Revenue from sales of Zadaxin increased by RMB154.6 million, or 13.1% from RMB1,179.4 million for the same period last year to RMB1,334.0 million in the first half of 2023.

The rising demand of Zadaxin stems from the growing recognition of its clinical benefits by physicians and patients, the enhanced accessibility via the digitalized GTP model and the expansion of clinical adoptions.

Tα1 is an immunomodulating polypeptide that can stimulate both innate and adaptive immune responses, reverse T-cell exhaustion, and recover immune reconstitution. It has been widely used for the treatment of viral infection, immunodeficiency and cancer. In the wake of the COVID-19 pandemic, there has been an increased public understanding and acceptance of the role and benefits of immune modulation in enhancing immunity and the efficacy of Tα1.

We developed Zadaxin in 1990s and obtained the approval for its sales in China in 1996. As the first branded thymalfasin drug in China, Zadaxin possesses the advantage of its strong brand recognition and product loyalty from the doctors and target patients, the majority of whom are self-paying or covered by private medical insurance.

We generate revenue of Zadaxin primarily through the sales to our exclusive importer and distributor in China. In compliance with the "two-invoice system", after our sales of Zadaxin to the exclusive importer, it clears the products through customs of China as an imported drug and distributes further to hospitals and pharmacies. In November 2021, the Company entered into an import and distribution agreement to engage Shanghai Pharmaceutical Lingang Special Area Co., Ltd., one of our non-substantial shareholders, as our exclusive importer and distributor of Zadaxin in China. For Zadaxin's overseas sales, such as in South Korea, Thailand, Argentina, Italy and Cambodia, we primarily rely on overseas partners to handle marketing, promotion, sales and distribution.

In-licensed products

For the six months ended June 30, 2023, our revenue of in-licensed products slightly decreased to RMB107.6 million from RMB123.9 million for the same period last year. The modest decline was primarily attributed to two factors: the reduced performance of Zometa due to the execution of the seventh batch of volume-based procurement ("**VBP**") since the last quarter of 2022, and the rise of sales derived from Danyelza.

- **Zometa**

  Sales of Zometa in the first half of 2023 were affected by the execution of VBP. We have identified new areas of development for Zometa such as bone health management in patients with early breast cancer, which is supported by clinical studies of Zometa and paid by patients' own pockets or covered by private medical insurance.

  We believe that our overall business, results of operations and financial conditions will not be materially affected by the exclusion of Zometa in the seventh batch of VBP.

- **Danyelza**

  In December 2020, we in-licensed Danyelza from Y-mAbs. In order to accelerate provision of this innovative therapy to pediatric patients in China prior to the BLA approval by the NMPA, the Company had pilot launch of Danyelza in Hainan Bo'Ao Lecheng International Medical Tourism Pilot Zone and China (Tianjin) Pilot Free Trade Zone in June and December 2021, respectively. Except for selling to Hainan and Tianjin, in January 2022, Danyelza started to generate revenue from Taiwan based on local special import policy.

On July 1, 2023, Danyelza was officially commercial launched. In several provinces and cities, Danyelza has been included in the list of special drugs of Hui Min Bao (惠民保) which provides supplement coverage to basic medical insurance for severe diseases. The official commercial launch and inclusion in Hui Min Bao further improve the accessibility of this innovative drug to patients in China.

Promotion products for business partners

Revenue from sales of promotion products for business partners decreased by RMB10.1 million, or 5.9% from RMB171.8 million for the same period last year to RMB161.7 million in the first half of 2023. These promotion products are prescribed and used in hospitals. In the first quarter of 2023, the sales volume declined as a result of fewer hospital visits and operations by patients when COVID-19 infection rate soared after COVID-19 restrictions were lifted.

Our promotion products for business partners include Farlutal, Methotrexate and Estracyt, which we promote and sell for Pfizer, and Holoxan, Mesna and Endoxan, which we promote and sell for Baxter.

Cost of revenue

Our cost of revenue increased by 19.8% to RMB408.6 million in the first half of 2023 from RMB341.0 million for the same period last year, which was mainly attributable to the surge of product costs by RMB51.9 million.

We manufacture our proprietary product, Zadaxin, through Patheon Italia, an industry-leading and highly reputable CMO. We outsourced the production of in-licensed products to our partners, including Novartis for Zometa, Vectan Pharm for Oravig and Y-mAbs for Danyelza under the Supply Agreement with them. Our production quality management standards remain complied with Good Manufacturing Practice (GMP) in various markets where we have operations.

The following table sets forth our cost of revenue by amount, as a percentage of total cost of revenue and as a percentage of total revenues for the periods indicated:

	Six months ended June 30,					
	2023			2022		
	***RMB million* (Unaudited)**	***%***	***% of revenue***	*RMB million* (Unaudited)	*%*	*% of revenue*
Product costs	**264.3**	**64.7**	**16.5**	212.4	62.3	14.4
Warehouse and logistics costs	**43.8**	**10.7**	**2.7**	57.2	16.8	3.9
Amortization of intangible assets	**67.7**	**16.6**	**4.2**	48.1	14.1	3.3
Others	**32.8**	**8.0**	**2.1**	23.3	6.8	1.5
Total	**408.6**	**100.0**	**25.5**	341.0	100.0	23.1

Our product costs experienced significant increase, which was primarily driven by two factors: the growth in our product revenue and the impact of Europe's high inflation rates. Notably, Italy's inflation surge in the last quarter of 2022 drove up our manufacturing costs in the first half of 2023. In response to this situation, we have been proactively exploring several cost-saving strategies to mitigate the impact of these increased costs on our business such as leveraging economies of scale to reduce the unit cost and our long-term relationships with our suppliers to renegotiate and secure more reasonable prices for our materials and manufacturing as inflationary pressure in Europe is expected to be stabilized.

Freight expenses fell in the first half of 2023 because of the easing of international energy tension and resumption of more flights after China reopened in early 2023. Amortization expenses increased as we made certain sales milestone payment to a licensor at the end of 2022. The "Others" category primarily included royalty expenses which went up along with the revenue increase of Danyelza.

Gross Profit

Our gross profit increased by RMB60.6 million, or 5.3%, to RMB1,194.7 million for the first half of 2023 from RMB1,134.1 million for the same period last year, but our gross margin decreased by 2.4 ppt to 74.5% in the first half of 2023 from 76.9% for the same period last year, which was primarily affected by the rise of product costs mentioned above.

Selling and Marketing Expenses

Our selling and marketing expenses increased by RMB47.0 million, or 16.8%, to RMB326.5 million in the first half of 2023 from RMB279.5 million for the same period last year, which was mainly due to:

1) the increase of employee salaries and sales incentive bonus in total amounting to RMB20.2 million, or 10.8%, along with the expansion of our sales and marketing team and sales growth;

2) the rise of marketing and promotion expenses by RMB15.8 million including expenses incurred to optimize the integrated Hi-Doctor Platform and upgrade the digitalization of GTP model; and

3) the increase of travel and meeting expenses by RMB10.8 million as business promotion activities were recovered since the lifting of COVID-19 restrictions.

For the six months ended June 30, 2023, the ratio of selling and marketing expenses to total revenue increased by 1.4 ppt to approximately 20.4%.

While our selling and marketing expenses increased, their ratio to revenue remained at a reasonably low level. This increase was strategic and necessary investment to retain our talents, expand our market presence, enhance product accessibility, and drive future revenue growth. We will continue to manage selling and marketing expenses effectively, ensuring they are not unreasonably outpacing revenue growth, and maintaining a healthy and sustainable balance.

Administrative Expenses

Our administrative expenses decreased by 34.2% to RMB62.7 million in the first half of 2023 from RMB95.3 million for the same period last year.

There was a singular impairment loss of RMB40.3 million against the related intangible assets during the first half of 2022 while no such loss happened again for the first half of 2023. Excluding the one-off loss incurred in same period last year, administrative expenses slightly increased by RMB7.7 million, or 14.0% during the Reporting Period.

Research and Development Expenses

Our research and development expenses increased by 45.4% to RMB72.7 million in the first half of 2023 from RMB50.0 million for the same period last year, which was due to the advancement of several key product development projects and the expansion of product development team. The increase of R&D expenses reflected our commitment to accelerate product pipeline and enhance R&D capabilities to underpin our further success.

Other Losses, Net

For the Reporting Period, net other losses reduced by RMB72.4 million, or 56.0%, to RMB57.0 million from RMB129.4 million for the six months ended June 30, 2022.

Due to the fair value loss of one investment in the down market in the first half of 2022, the Company incurred a one-off cost of RMB80.5 million that was not repeated during the Reporting Period.

Operating Profit

As a result of the foregoing, our operating profit was RMB694.8 million in the first half of 2023, compared to RMB587.2 million for the same period last year.

Finance Income/(Costs), Net

We had net finance income of RMB3.5 million in the first half of 2023, compared to net finance costs of RMB8.7 million for the same period last year, primarily due to the increase of finance income along with the higher interest rates and stable cash pool. Interest rate of bank borrowings also increased but we have repaid certain principals in November 2022 according to the repayment schedule.

Income Tax Expenses

Our income tax expense increased to RMB68.1 million in the first half of 2023 from RMB46.3 million for the same period last year, which was in line with the rise of our profit before income tax during the Reporting Period.

Profit for the Period

As a result of the foregoing, our profit for the period was RMB630.2 million in the first half of 2023, compared to the profit of RMB532.2 million for the same period last year, up by 18.4%.

FINANCIAL INFORMATION

The Board announces the condensed consolidated financial statements of the Group for the six months ended June 30, 2023, with comparative figures for the corresponding period in the previous period as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended June 30,	
		2023	2022
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*2*	**1,603,331**	1,475,072
Cost of revenue		**(408,615)**	(340,941)
Gross profit		**1,194,716**	1,134,131
Sales and marketing expenses		**(326,547)**	(279,538)
Administrative expenses		**(62,698)**	(95,266)
Research and development ("**R&D**") expenses		**(72,726)**	(50,034)
Other income		**18,961**	7,322
Other losses — net	*3*	**(57,025)**	(129,432)
Operating profit		**694,681**	587,183
Finance income		**33,540**	7,985
Finance costs		**(29,984)**	(16,714)
Finance income/(costs), net		**3,556**	(8,729)
Profit before income tax		**698,237**	578,454
Income tax expense	*4*	**(68,054)**	(46,256)
Profit for the period attributable to owners of the Company		**630,183**	532,198

	Notes	Six months ended June 30, 2023 **RMB'000** **(Unaudited)**	2022 *RMB'000* (Unaudited)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Changes in the fair value of equity investments at fair value through other comprehensive income ("**FVOCI**")		**31,053**	(193,477)
Currency translation differences		**273,185**	451,655
Items that may be subsequently reclassified to profit or loss			
Currency translation differences of the Company's subsidiaries		**(224,273)**	(329,910)
Total comprehensive income for the period		**710,148**	460,466
Total comprehensive income attributable to:			
Owners of the Company		**710,148**	460,466
Earnings per share attributable to owners of the Company (RMB)	*6*		
Basic earnings per share		**1.00**	0.79
Diluted earnings per share		**0.96**	0.75

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000
Assets			
Non-current assets			
Right-of-use assets		**13,687**	18,829
Property, plant and equipment		**7,954**	9,796
Intangible assets	*7*	**491,262**	542,241
Financial assets at fair value through profit or loss ("**FVPL**")		**19,390**	19,806
Financial assets at FVOCI		**158,909**	123,295
Deferred tax assets		**651**	651
Other assets		**5,362**	5,301
Total non-current assets		**697,215**	719,919
Current assets			
Inventories		**115,519**	140,560
Trade receivables	*8*	**962,571**	780,962
Other current assets		**596,074**	804,435
Financial assets at FVPL		**195,701**	202,701
Cash and cash equivalents		**1,612,032**	1,671,829
Total current assets		**3,481,897**	3,600,487
Total assets		**4,179,112**	4,320,406
Equity and liabilities			
Liabilities			
Non-current liabilities			
Borrowings		**430,234**	414,682
Deferred tax liabilities		**14,564**	14,570
Lease liabilities		**3,148**	7,355
Other non-current liabilities		**212**	205
Total non-current liabilities		**448,158**	436,812

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

	Notes	**As at June 30, 2023** ***RMB'000*** **(Unaudited)**	As at December 31, 2022 *RMB'000*
Current liabilities			
Trade and other payables	*9*	**381,990**	418,752
Lease liabilities		**11,803**	12,714
Borrowings		**433,548**	417,876
Current tax liabilities		**89,603**	42,090
Total current liabilities		**916,944**	891,432
Total liabilities		**1,365,102**	1,328,244
Net assets		**2,814,010**	2,992,162
Equity attributable to owners of the Company			
Share capital		**213**	237
Share premium		**1,012,289**	1,710,429
Other equity		**(6)**	(7)
Other reserves		**448,765**	347,484
Retained earnings		**1,352,749**	934,019
Total equity		**2,814,010**	2,992,162

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended June 30, 2023 has been prepared in accordance with Accounting Standard IAS 34 "Interim Financial Reporting".

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended December 31, 2022 and any public announcements made by SciClone Pharmaceuticals (Holdings) Limited during the interim reporting period.

The accounting policies adopted are consistent with those of the year ended December 31, 2022 and corresponding interim reporting period, except for the estimation of income tax (see note 4) and the adoption of new and amended standards as set out below.

— *New and amended standards adopted by the Group*

A number of amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

The Group has applied the following amendments for the first time for their annual reporting period commencing January 1, 2023:

IFRS 17, "Insurance Contracts"	January 1, 2023
Amendments to IAS 1 and IFRS Practice Statement 2, "Disclosure of Accounting Policies"	January 1, 2023
Amendments to IAS 8, "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12, "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods

1. BASIS OF PREPARATION (CONTINUED)

— *New standards and interpretations not yet adopted*

Standards and amendments that have been issued but not yet effective and not been early adopted by the Group are as follows:

Standards	Effective for annual periods beginning on or after
Amendments to IAS 1, "Classification of Liabilities as Current and Non-current"	January 1, 2024
Amendments to IFRS16, "Lease liability in sale and leaseback"	January 1, 2024
Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined

None of these new standards and amendments is expected to have a significant impact on the Group's consolidated financial statements when they become effective.

2. REVENUE

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Recognized at a point in time		
— Product sales	**1,603,331**	1,475,072

3. OTHER LOSSES — NET

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net foreign exchange losses	**58,092**	57,466
Change in fair value of financial assets at FVPL — equity investments	**518**	—
Change in fair value of financial assets at FVPL — transferable certificate of deposits	**(170)**	(797)
Change in fair value of financial assets at FVPL — structured deposits	**(976)**	(1,057)
Change in fair value of financial assets at FVPL — debt investments (a)	**—**	74,179
Others	**(439)**	(359)
	57,025	129,432

(a) The Group made investments in redeemable preferred shares of a biotech company which was accounted for as a debt instrument and was measured at financial assets at FVPL. Such investee went into insolvency procedures and ceased its operations during the first half of 2022, in sight of which, management believes that the fair value of such debt investment decreased to nil and recorded change in fair value loss of RMB80,537,000 during the first half of 2022. Full impairment was also provided against the related intangible assets licensed from the investee considering the uncertainty arising from the financial difficulties of the investee to fund for their further developments (Note 7).

4. INCOME TAX EXPENSE

Income tax expense is recognized based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the six months ended June 30, 2023 is 9.7%, compared to 8.0% for the six months ended June 30, 2022.

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax	**68,054**	45,462
Deferred income tax	**—**	794
Income tax expense	**68,054**	46,256

5. DIVIDENDS

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Dividends payable at beginning of the period	**—**	—
Declaration of dividends during the period	**211,453**	204,545
Dividends paid during the period	**(215,018)**	(205,622)
Exchange differences	**3,565**	1,077
Dividends payable at end of the period	**—**	—

In May 2023, upon approval obtained from the shareholders at the Annual General Meeting, the Company declared dividends of HKD241,172,908 (HKD0.39 per share) for the year ended December 31, 2022. The Company fully paid such dividends on June 28, 2023.

6. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company	**630,183**	532,198
Weighted average number of ordinary shares in issue (thousand shares)	**628,155**	672,945
Basic earnings per share (expressed in RMB per share)	**1.00**	0.79

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assumed conversion of all dilutive potential ordinary shares. For the six months ended June 30, 2023 and 2022, diluted earnings per share was calculated by considering the ordinary shares issuable upon the exercise of outstanding share options (using the treasury stock method).

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company	**630,183**	532,198
Weighted average number of ordinary shares in issue (thousand shares)	**628,155**	672,945
Diluted impact of share option	**28,967**	36,598
Weighted average number of ordinary shares for diluted earnings per share (thousand shares)	**657,122**	709,543
Diluted earnings per share (expressed in RMB per share)	**0.96**	0.75

7. INTANGIBLE ASSETS

	Intangible assets that are not ready for use *RMB'000*	Intangible assets that are commercialized *RMB'000*	Software *RMB'000*	Total *RMB'000*
(Unaudited)				
At January 1, 2023				
Cost	252,106	762,382	19,625	1,034,113
Accumulated amortization	—	(295,187)	(16,210)	(311,397)
Impairment losses	(139,475)	(41,000)	—	(180,475)
Net book amount	112,631	426,195	3,415	542,241
Six months ended June 30, 2023				
Opening net book amount	112,631	426,195	3,415	542,241
Exchange differences	3,880	13,016	—	16,896
Additions	—	—	955	955
Amortization charge	—	(67,724)	(1,106)	(68,830)
Closing net book amount	116,511	371,487	3,264	491,262
At June 30, 2023				
Cost	261,123	790,472	20,580	1,072,175
Accumulated amortization	—	(377,985)	(17,316)	(395,301)
Impairment losses	(144,612)	(41,000)	—	(185,612)
Net book amount	116,511	371,487	3,264	491,262
(Unaudited)				
At January 1, 2022				
Cost	191,436	663,133	17,992	872,561
Accumulated amortization	—	(176,037)	(14,198)	(190,235)
Impairment losses	(35,231)	(41,000)	—	(76,231)
Net book amount	156,205	446,096	3,794	606,095
Six months ended June 30, 2022				
Opening net book amount	156,205	446,096	3,794	606,095
Exchange differences	8,224	23,864	—	32,088
Additions	—	—	104	104
Amortization charge	—	(48,088)	(1,231)	(49,319)
Impairment losses (a)	(40,268)	—	—	(40,268)
Closing net book amount	124,161	421,872	2,667	548,700
At June 30, 2022				
Cost	201,408	693,795	18,146	913,349
Accumulated amortization	—	(230,923)	(15,479)	(246,402)
Impairment losses	(77,247)	(41,000)	—	(118,247)
Net book amount	124,161	421,872	2,667	548,700

7. INTANGIBLE ASSETS (CONTINUED)

(a) During the six months period ended June 30, 2022, the licensor of certain drug candidates went into liquidation procedures due to financial difficulties. Considering the uncertainty arising from financial difficulties of the licensor to fund further developments of these pipeline drugs, the Company recorded full impairment of RMB40,268,000 (USD6 million) on the intangible assets associated with certain drug candidates. The impairment losses were recognized as administrative expenses in the consolidated statement of comprehensive income for the six months ended June 30, 2022.

8. TRADE RECEIVABLES

	As at June 30, 2023 ***RMB'000*** **(Unaudited)**	As at December 31, 2022 *RMB'000*
Trade receivables	**962,571**	780,962
Less: allowance for impairment of trade receivables	**—**	—
Trade receivables — net	**962,571**	780,962

(a) Aging analysis of trade receivables based on the invoice date is as follows:

	As at June 30, 2023 ***RMB'000*** **(Unaudited)**	As at December 31, 2022 *RMB'000*
Up to 6 months	**960,025**	775,258
6 to 12 months	**2,546**	5,704
	962,571	780,962

The Group's trade receivables are generally collectible within 90 days from the invoice date. No interest is charged on the trade receivables.

8. TRADE RECEIVABLES (CONTINUED)

(b) Trade receivables were denominated in following currencies:

	As at June 30, 2023 ***RMB'000*** **(Unaudited)**	As at December 31, 2022 *RMB'000*
RMB	**959,788**	780,177
USD	**1,460**	464
HKD	**1,323**	321
	962,571	780,962

(c) The Group applies the IFRS 9 simplified approach to measuring expected credit losses of trade receivables, which requires expected lifetime losses to be recognized from initial recognition. The expected loss rates are based on the payment profiles of related customers and the corresponding historical credit losses. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

As at June 30, 2023, the expected credit loss was minimal as these receivables had no history of default, most amount of trade receivables were subsequently settled, and there was no unfavorable current condition and forecast future economic condition identified. The Group incorporated related forward-looking factors to measure expected credit losses as at June 30, 2023 and determined that the expected credit loss remained to be minimal as at June 30, 2023.

9. TRADE AND OTHER PAYABLES

	As at June 30, 2023 ***RMB'000*** **(Unaudited)**	As at December 31, 2022 *RMB'000*
Trade payables (a)	**107,868**	102,717
Payables for marketing and promotion expenses	**102,987**	65,999
Salaries and bonus payable	**84,945**	138,786
Payables for testing and clinical trial fees for R&D	**28,790**	32,630
Payables for professional service fee	**26,446**	28,322
Others	**30,954**	50,298
	381,990	418,752

(a) Aging analysis of the trade payables based on invoice date at the respective balances sheet dates are as follows:

	As at June 30, 2023 ***RMB'000*** **(Unaudited)**	As at December 31, 2022 *RMB'000*
Less than 1 year	**107,868**	102,717

OTHER FINANCIAL INFORMATION

Capital Structure

The Company continued to maintain a healthy and sound financial position. Our total assets declined to RMB4,179.1 million as of June 30, 2023 from RMB4,320.4 million as of December 31, 2022, and our total liabilities slightly increased to RMB1,365.1 million as of June 30, 2023 from RMB1,328.2 million as of December 31, 2022.

Liquidity, Financial Resources, and Gearing

We have historically funded our cash requirements principally from cash generated from operations, and to a lesser extent, equity and debt financing. We adopt prudent treasury policies in cash and financial management. To achieve better risk control and minimize cost of funds, our treasury activities are centralized. Cash is generally placed in short-term deposits mostly denominated in RMB. Our liquidity and financing requirements are reviewed regularly. We will consider new financing while maintaining an appropriate level of gearing in anticipation of new investments or maturity of bank loans.

As of June 30, 2023, we had cash and cash equivalents and cash deposits (from 3 to 12 months or in floating rates) together of RMB2,343.2 million, which were predominantly denominated in RMB. Going forward, we believe that our liquidity requirements will be satisfied by using a combination of cash generated from operating activities, other funds raised from the capital markets from time to time and the net proceeds received from the global offering of the Company. For the six months ended June 30, 2023, our operating cash flow reached approximately RMB579.7 million, approximately RMB55.8 million higher than that of six months ended June 30, 2022.

As of June 30, 2023, we had no unutilized banking facilities. Our total borrowings were approximately RMB863.8 million as of June 30, 2023, all of which was denominated in USD. The following table sets forth further details of our banking borrowings as of June 30, 2023:

	RMB million	**Interest rate**
Secured	**863.8**	**LIBOR plus 2.3%**
Total	**863.8**	**NA**

As of June 30, 2023, we had a gearing ratio (total liabilities over total assets) of 32.7% (30.7% as of December 31, 2022).

Contingent Liabilities

As of June 30, 2023, we did not have any material contingent liabilities.

Capital Expenditure

Our capital expenditures principally comprise expenditures for purchases of property and equipment relating to office use and purchase of intangible assets. Our capital expenditures increased to RMB1.4 million in the first half of 2023 from RMB0.8 million for the same period last year. We plan to fund our planned capital expenditures using cash generated from operations and the net proceeds from the global offering of the Company.

Material Acquisitions and Future Plans for Major Investments

The Company did not conduct any material acquisition or investment during the period ended June 30, 2023. As at the date of this announcement, we have no specific future plan for material acquisitions or disposals of subsidiaries, associates and joint ventures.

Significant Investments Held

As at June 30, 2023, we did not hold any significant investments. As at the date of this announcement, we have no specific future plan for material investments or capital assets.

Foreign Exchange Risk Management

Our subsidiaries operate in Cayman Islands, Mainland China and Hong Kong, and they are exposed to foreign exchange risk arising from currency exposure, primarily with respect to RMB. Foreign exchange risk primarily arises from recognized assets and liabilities in our subsidiaries in Cayman Islands when receiving or to receive foreign currencies from, or paying or to pay foreign currencies to business partners. We manage foreign exchange risk by performing regular reviews of our foreign exchange exposures and try to minimize these exposures through natural hedges, wherever possible, and may enter into forward foreign exchange contracts, when necessary. We did not enter into any forward contract or other financial instruments to hedge our exposure to foreign currency risk in the first half of 2023.

Employees and Remuneration Policy

As of June 30, 2023, we had over 1,000 full-time employees, most of whom were based in Mainland China, with the remainder in Hong Kong, Singapore, the U.S., Italy, and the Cayman Islands.

Committed to establishing a competitive, fair remuneration and benefits system, we continually refine our remuneration and incentive policies in order to ensure that our employees receive competitive remuneration packages. As required under the PRC regulations, we participate in housing fund and various employee social security plan that are organized by applicable local municipal and provincial governments. We also purchase commercial health and accidental insurance for our employees. We also provide regular and specialized trainings tailored to the needs of our employees in different departments, so that our employees may stay up to date with the latest industrial developments and technological advancements. In order to incentivize our employees, we have granted and planned to continue to grant share-based incentive awards to our employees in the future to incentivize their contributions to our growth and development.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed above, there are no important events that have occurred after the end of the Reporting Period and up to the date of this announcement.

OUTLOOK

The Board considers that there has been no material change to the future developments in the business of the Group since the publication of the latest annual report.

INTERIM DIVIDEND

The Board has resolved not to pay any interim dividend for the six months ended June 30, 2023 (for the six months ended June 30, 2022: nil).

USE OF PROCEEDS

The Shares of the Company were listed on the Main Board of the Stock Exchange on the Listing Date with net proceeds received by the Company from the global offering in the amount of approximately HK$2,083.6 million after deducting underwriting commissions and all related expenses.

The net proceeds have been utilized in accordance with the purposes set out in the Prospectus and approximately HK$1,284.7 million remained unutilized up to June 30, 2023. The table below sets out the planned applications of the net proceeds and actual usage as of June 30, 2023:

Intended use of net proceeds	**Allocation of net proceeds**	**Balance of net proceeds as of December 31, 2022** *HK$ in million*	**Amount of net proceeds utilized during the Reporting Period** *HK$ in million*	**Amount of net proceeds utilized as of June 30, 2023** *HK$ in million*	**Balance of net proceeds as of June 30, 2023** *HK$ in million*
Investment in potential acquisition of new drug candidates	30%	561.5	—	63.6	561.5
Repayment of existing debts	28%	—	—	583.4	—
Funds to the development and commercialization of our clinical-stage product candidates	26%	506.7	11.9	46.9	494.8
Investment in recruitment and employee expansion	10%	128.7	7.3	87.0	121.4
Funds to ongoing clinical studies for additional clinical adoptions of our marketed product portfolio	6%	111.7	4.7	18.0	107.0
	100%	1,308.6	23.9	798.9	1,284.7

Save as disclosed above, since the Listing Date, the Group has not utilized any other portion of the net proceeds. There was no change in the intended use of net proceeds as previously disclosed in the Prospectus, and the Company will gradually utilize the residual amount of the net proceeds in accordance with such intended purposes as stated in the Prospectus and expect to fully utilize the net proceeds by December 31, 2024. The expected timeline is based on the best estimation of future market conditions and business operations made by the Company, and remains subject to change based on current and future development of market conditions and actual business needs.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is dedicated to maintaining and ensuring high standards of corporate governance practices and the corporate governance principles of the Company are adopted in the interest of the Company and its Shareholders. During the Reporting Period, the Company has complied with all the applicable code provisions of the CG Code and adopted most of the best practices set out therein.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its code of conduct for directors' securities transactions. Having made specific enquiry with the Directors, all of the Directors confirmed that they have complied with the required standard as set out in the Model Code during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

On March 1, 2023, the Company repurchased 77,534,791 Shares at HK$10.06 per share with a total consideration of HKD780 million through a cash offer. The Shares repurchased through the cash offer have been cancelled on March 10, 2023.

During the six months ended June 30, 2023, the Company has repurchased a total of 2,044,500 Shares on the Stock Exchange and the details are set out below:

Month of Repurchase in the Six Months Ended June 30, 2023	**Number of Shares Repurchased**	**Price Per Share**		**Aggregate Consideration**
		Highest	**Lowest**	
		HK$	*HK$*	*HK$*
April	80,000	11.70	11.42	923,552.00
May	100,000	12.02	11.86	1,194,420.00
June	1,864,500	10.94	10.12	19,611,419.90
Total	2,044,500			21,729,391.90

As at June 30, 2023, 2,044,500 repurchased Shares were yet to be cancelled. Subsequent to the Reporting Period, 2,044,500 repurchased Shares were cancelled on July 25, 2023.

Save for the above, neither the Company nor any of its subsidiaries purchased, sold or redeemed interest in any of the Company's listed Shares for the period ended June 30, 2023.

POST-IPO RSU PLAN

Reference is made to the annual report of the Company for the year ended December 31, 2022. In respect of the Post-IPO RSU Plan, as at January 1, 2022 and December 31, 2022, the total numbers of RSUs available for grant under the Post-IPO RSU Plan were 6,689,963 and 4,170,963. No new Shares will be issued in respect of RSUs granted under the Post-IPO RSU Plan as the 6,689,963 Shares underlying the Post-IPO RSU Plan have already been issued by the Company to SCLN ESOP Management Limited for the purpose of holding Shares under the Post-IPO RSU Plan in trust for and on behalf of all grantees under the Post-IPO RSU Plan. The total number of Shares that may be issued in respect of the options and awards granted under all schemes of the Company during the year ended December 31, 2022 shall equal to the total number of Shares that may be issued in respect of the options under the Post-IPO Option Plan during the year ended December 31, 2022, and when divided by the weighted average number of the Shares in issue during the year ended December 31, 2022, was 2.85%.

AUDIT COMMITTEE

The Audit Committee consists of three members, namely Ms. Wendy Hayes, Mr. Gu Alex Yushao, independent non-executive Directors, and Ms. Lin Shirley Yi-Hsien, non-executive Director. Ms. Wendy Hayes currently serves as the chairwoman of the Audit Committee. The Audit Committee, together with management and the Auditor, have reviewed the unaudited condensed consolidated results of the Group for the six months ended June 30, 2023.

PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sciclone.com), and the interim report containing all the information required by the Listing Rules will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sciclone.com) and will be despatched to the Shareholders in due course.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

"Auditor"	PricewaterhouseCoopers
"Audit Committee"	the audit committee of the Board

"CG Code"	code on corporate governance practices contained in Appendix 14 to the Listing Rules
"China", "Mainland China" or "PRC"	the People's Republic of China; for the purpose of this announcement, only and except for where the context requires otherwise, excludes Hong Kong, Macau and Taiwan
"CHINET"	China Antimicrobial Surveillance Network
"CMO"	contract manufacturing organization serving other companies in the pharmaceutical industry on a contract basis to provide drug manufacturing service
"CNS"	central nervous system
"Director(s)"	the director(s) of the Company
"DTP pharmacies"	direct-to-patient pharmacies, which refer to pharmacies that directly provide valuable professional services patients. When patients receive doctor prescriptions from the hospitals, DTP pharmacies deliver the drugs to the patients based on their prescriptions at the time and location of patients' choices
"EMA"	the European Medicines Agency
"Go-to-Patient" or "GTP"	a business model to enhance communication among doctors and patients, and to address patients' access to drugs through pharmacies and other retail channels
"Group"	collectively, the Company and its subsidiaries
"HK$", "HKD" and "cents"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Listing"	the listing of our Shares on the Main Board of the Stock Exchange
"Listing Rules"	The Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
"MAA"	market authorization application

"Model Code"	the model code for securities transactions by directors of listed issuers as set out in Appendix 10 to the Listing Rules
"MSCI"	Morgan Stanley Capital International, an investment research firm that is best known for its benchmark indexes
"Post-IPO Option Plan"	the Post-IPO Option Plan approved and adopted by the Shareholders on January 22, 2021, a principal terms summary of which is set forth in the prospectus of the Company dated February 19, 2021
"Post-IPO RSU Plan"	the Post-IPO RSU Plan approved and adopted by the Shareholders on January 22, 2021, a principal terms summary of which is set forth in the prospectus of the Company dated February 19, 2021
"Reporting Period"	six months period from January 1, 2023 to June 30, 2023
"RMB"	Renminbi, the lawful currency of the PRC
"RSU(s)"	the restricted share unit(s) to be granted under the Post-IPO RSU Plan
"Share(s)"	ordinary share(s) of US$0.00005 each in the share capital of the Company
"Shareholder(s)"	the shareholder(s) of the Company
"SMDC"	small molecule drug conjugate
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"U.S."	he United States of America
"USD"	the lawful currency of the United States of America

APPRECIATION

The Board would like to express its gratitude to our shareholders, management team, employees and business partners for their continuous trust, support and dedication to the Group.

By Order of the Board
SciClone Pharmaceuticals (Holdings) Limited
ZHAO Hong
Executive Director, Chief Executive Officer and President

Hong Kong, August 17, 2023

As at the date of this announcement, the Board comprises Mr. Zhao Hong and Ms. Pan Rongrong as executive Directors, Mr. Li Zhenfu, Dr. Daniel Luzius Vasella, Ms. Lin Shirley Yi-Hsien and Ms. Wang Haixia as non-executive Directors, and Dr. Liu Guoen, Dr. Chen Ping, Mr. Gu Alex Yushao and Ms. Wendy Hayes as independent non-executive Directors.