CSPC PHARMACEUTICAL GROUP LIMITED
石藥集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1093)

2024 INTERIM RESULTS

The Board of Directors of CSPC Pharmaceutical Group Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and it subsidiaries (the "Group") for the six months ended 30 June 2024.

FINANCIAL HIGHLIGHTS
(in RMB'000, unless otherwise stated)

	Six months ended 30 June		
	2024	2023	Change
Revenue by business units:			
Finished drugs	**13,549,079**	12,933,714	+4.8%
Bulk products	**1,854,794**	1,969,817	–5.8%
Functional food and others	**880,409**	1,176,881	–25.2%
Total revenue	**16,284,282**	16,080,412	+1.3%
Profit attributable to shareholders			
Underlying profit *(note)*	**3,216,870**	3,161,861	+1.7%
As reported	**3,020,374**	2,966,987	+1.8%
Earnings per shares *(RMB cents)*			
Based on underlying profit attributable to shareholders			
— Basic	**27.17**	26.59	+2.2%
— Diluted	**27.17**	26.59	+2.2%
Based on reported profit attributable to shareholders			
— Basic	**25.51**	24.95	+2.2%
— Diluted	**25.51**	24.95	+2.2%
Interim dividend per share *(HK cents)*	**16.00**	14.00	+14.3%

Note: Underlying profit attributable to shareholders, a non-HKFRS measure, represents profit before taking into account fair value changes on financial assets measured at fair value through profit or loss and employee share-based compensation expense. Reconciliation between the reported and underlying profit is provided on pages 18 and 19 of this announcement.

RESULTS FOR THE FIRST HALF OF 2024

Revenue amounted to RMB16,284 million, an increase of 1.3% over the same period last year.

Underlying profit attributable to shareholders amounted to RMB3,217 million, an increase of 1.7% over the same period last year.

Profit attributable to shareholders amounted to RMB3,020 million, an increase of 1.8% over the same period last year.

DIVIDEND AND SHARE BUY-BACKS

The Board has declared an interim dividend of HK16 cents per share for 2024, an increase of 14.3% over the same period last year. The dividend will be payable on Wednesday, 20 November 2024 to shareholders whose names appear on the register of members of the Company on Wednesday, 6 November 2024.

In the first half of 2024, the Company has completed share buy-back of HK$387 million. The Board has approved a further share buy-back of up to HK$1,000 million. The share buy-back, subject to market conditions, is expected to be completed before the conclusion of annual general meeting to be held in 2025. The share buy-back will be conducted pursuant to the general mandate granted to the Board by the shareholders of the Company at the annual general meeting held on 28 May 2024. The shares bought back will be cancelled.

The Board is of the view that it is in the best interests of the Company and the shareholders as a whole to conduct the share buy-back. Under the current uncertain market conditions, the share buy-back will demonstrate the Company's confidence in its business prospects and enhance shareholders' returns.

Including the interim dividend and share buy-backs mentioned above, the Company's total return to shareholders will reach HK$3,285 million.

OVERVIEW

The Group is an innovation-driven pharmaceutical enterprise with integrated research and development (R&D), manufacture and sales capabilities. With the corporate mission of "All for Better Medicine, All for a Healthier World", the Group is committed to developing innovative products to address unmet clinical needs and provide innovative therapies for patients.

The Group has built an internationalised R&D team with more than 2,000 professionals and key R&D centres located in Shijiazhuang, Shanghai, Beijing and the US respectively, focusing on the key therapeutic areas such as oncology, psychiatry and neurology, cardiovascular, immunology and respiratory, digestion and metabolism, and anti-infectives. Eight innovative technology R&D platforms have been established, encompassing nano-formulation, messenger RNA (mRNA), small interfering RNA (siRNA), antibodies/fusion proteins, cell therapy and antibody-drug conjugates (ADC), which provide strong support for the R&D in innovative drugs. The Group currently has approximately 130 innovative drug projects under development, including over 40 large molecule projects, over 40 small molecule projects and over 40 new preparation projects. It is expected that approximately 50 new products/new indications will be filed for marketing approval in the next 5 years, which will provide continuous momentum for the Group's development.

The Group has strong commercialisation capabilities. It currently has established a professional sales team of over 10,000 individuals, with extensive coverage in medical institutions across the country. We are now actively stepping up our efforts in lower-tier market penetration and developing the potential of county-level markets to provide quality drugs to the grass roots. Through patient-centric and clinical-data driven academic promotion, the Group's sales team has successfully nurtured a number of market-leading core products. The Group's strong sales team and successful commercialisation experience will safeguard the sales performance of its innovative drugs on the market.

BUSINESS REVIEW

Finished Drug Business

In the first half of 2024, the finished drug business maintained stable. The Group continued to adopt the strategies of hospital development, lower-tier market penetration, retail channel expansion, expansion of clinical applications and professional academic promotion to drive the growth of finished drug products. During the period, market development of newly launched products commenced in an orderly manner, bringing new growth momentum.

The finished drug business recorded a revenue of RMB13,549 million in the first half of year, representing a year-on-year increase of 4.8%. Sales by major therapeutic areas are as follows:

Therapeutic Area	**Sales** *(RMB' million)*	**Change**
Nervous system	5,236	+15.0%
Oncology	2,683	–10.2%
Anti-infectives	2,307	+7.7%
Cardiovascular	1,229	–4.5%
Respiratory system	756	–13.5%
Digestion and metabolism	647	+55.4%
Others	691	+8.3%

Nervous System

Major products include NBP (恩必普®) (butylphthalide soft capsules and butylphthalide and sodium chloride injection), Mingfule (明復樂®) (recombinant human TNK tissue-type plasminogen activator for injection), Shuanling (舒安靈®) (pentoxifylline extended-release tablets and pentoxifylline injection), Enliwei (恩理維®) (lacosamide injection and lacosamide tablets), Enxi (恩悉®) (pramipexole dihydrochloride tablets), Oulaining (歐來寧®) (oxiracetam capsules and oxiracetam for injection) and Oushuan (歐舒安®) (paliperidone extended-release tablets).

In the first half of 2024, NBP's growth continued, while the marketing approval of a new indication of Mingfule for the treatment of acute ischemic stroke patients provided a new growth driver.

- NBP is a Class 1 new chemical drug and a patent-protected exclusive product indicated for the treatment of acute ischemic stroke. The product is recommended by many professional organisations and guidelines and is one of the major drugs for this indication. A number of key studies, including the BAST study, have been published successively in the first half of 2024 to provide new marketing points and evidence-based support to drive product's continuous growth.

- Mingfule is a third-generation thrombolytic drug with its own intellectual property rights. The market potential of the product has been expanded through extension of indication from the field of cardiovascular to nervous system. The product is the first of its kind to be approved in China for the thrombolytic treatment in patients with acute ischemic stroke and has been included in the *Chinese Guidelines for Clinical Management of Cerebrovascular Diseases 2023* (《中國腦血管病臨床管理指南2023》) and the *Chinese Guidelines for Endovascular Treatment of Acute Ischemic Stroke 2023* (《急性缺血性卒中血管內治療中國指南2023》). The product has also received the highest level of award (Class I recommendation, level of evidence A) in the *Chinese Guidelines for Diagnosis and Treatment of Acute Ischemic Stroke 2023* (《中國急性缺血性卒中診治指南2023》) published by the Chinese Medical Association Neurology Branch (中華醫學會神經病學分會) in June 2024. This honour demonstrates the excellent efficacy and safety of Mingfule in this indication and lays a solid foundation for its wider application in the field of neurology.

- Shuanling is a non-selective phosphodiesterase inhibitor that can comprehensively improve microcirculation through multiple mechanisms of action. The market potential has further expanded with the doctors at tiered-hospitals having an enhanced understanding of the product and the continuous penetration into lower-tier markets.

- Enxi is a drug used for the treatment of the signs and symptoms of adult idiopathic Parkinson's disease and has been selected in volume-based procurement (VBP). During the period, the market coverage has further expanded through lower-tier market penetration and retail channel expansion.

- Oushuan, a drug used for the treatment of schizophrenia, has the lowest daily treatment cost among paliperidone products currently available. Its marketing initiatives are in progress.

Oncology

Major products include Jinyouli (津優力®) (PEG-rhG-CSF injection), Duomeisu (多美素®) (doxorubicin hydrochloride liposome injection), Keaili (克艾力®) (paclitaxel for injection (albumin-bound)), Duoenyi (多恩益®) (irinotecan hydrochloride liposome injection), Duoenda (多恩達®) (mitoxantrone hydrochloride liposome injection), Jinlitai (津立泰®) (narlumosbart injection) and Geruite (戈瑞特®) (lenvatinib mesilate capsules).

As affected by the VBP of pharmaceutical products in the Beijing-Tianjin-Hebei "3+N" Alliance, the sales of Jinyouli and Duomeisu declined during the period, while the sales of new products such as Duoenyi, Duoenda and Geruite increased rapidly.

- Jinyouli is the first long-acting white blood cell booster drug developed in China. It is a Class 1 new therapeutic biological drug used to prevent and treat incidence of infection and pyrexia due to low neutrophil count in patients receiving chemotherapy. The product is unanimously recommended by domestic and foreign guidelines and has won multiple national awards. Marketing efforts currently focus on promoting the long-acting formulation, expanding the coverage in core hospitals in prefecture-level cities, lower-tier market penetration and driving sales ramp-up in VBP regions.

- Duomeisu is a drug developed by the National Key Laboratory for New Pharmaceutical Preparations and Excipients of the Group and supported by the Major New Drug Development project in China. It is recommended by the US National Comprehensive Cancer Network (NCCN) Guidelines and the Chinese Society of Clinical Oncology (CSCO) for the first-line treatment of lymphoma, ovarian cancer, relapsed or metastatic breast cancer, soft tissue sarcoma and AIDS-related Kaposi's sarcoma. Duomeisu is a leading brand of liposomal doxorubicin in China. The Group will continue to conduct professional academic promotion, enhance lower-tier market penetration and increase market coverage.

- Keaili is a new-generation paclitaxel chemotherapy drug with recommendation in domestic and foreign guidelines and expert consensus for therapeutic areas such as breast cancer, lung cancer, ovarian cancer, gastric cancer, pancreatic cancer and esophageal cancer. The Group will fully leverage on Keaili's low-price advantage to promote its usage in more therapeutic areas, continue to promote the replacement of conventional paclitaxel drugs and expand the market potential through enhancing lower-tier market penetration.

- Duoenyi is the first generic irinotecan hydrochloride liposome injection in China. It was approved in September 2023 for use in combination with 5-fluorouracil (5-FU) and leucovorin (LV) for the treatment of patients with metastatic pancreatic cancer that has progressed after receiving gemcitabine treatment. The product is recommended by the CSCO, China Anti-Cancer Association (CACA) and National Comprehensive Cancer Network (NCCN) guidelines, where the CSCO Guidelines recommend the combination regimen as a Class I recommendation for the second-line and above treatment of metastatic pancreatic cancer and for inclusion in the first-line treatment of pancreatic cancer. The marketing efforts of the product currently focus on gastrointestinal stromal tumors, including pancreatic cancer, biliary tract tumors, colorectal cancer and other solid tumors.

- Duoenda, a Class 2 new chemical drug developed by the Group for the treatment of relapsed/refractory peripheral T-cell lymphoma, is the world's first mitoxantrone liposomal drug on the market with patents in several countries. The product was launched in 2022 and was included in the National Reimbursement Drug List (NRDL) in December 2023. In April 2024, the *2024 Chinese Society of Clinical Oncology Guidelines for Malignant Hematologic Diseases* (《中國臨床腫瘤學會惡性血液病指南2024》) added mitoxantrone liposomes in combination with cytarabine or etoposide as a Class III recommendation for the treatment of relapsed and refractory acute myeloid leukaemia (AML). Through professional academic promotion and continuous provision of supplemental medical evidence, the product has received positive market response since its launch. Currently, the product is under active exploration and research in the field of hematological tumors including T-cell lymphoma, diffuse large B-cell lymphoma, acute myeloid leukemia and multiple myeloma, and solid tumors including nasopharyngeal cancer.

- Jinlitai is a Class 1 new therapeutic biological drug with marketing approval obtained in September 2023. It is the world's first IgG4 RANKL inhibitor developed by the Group, and is used for giant cell tumor of bone, tumor bone metastasis and the treatment of osteoporosis. Compared with denosumab, it has a faster onset of action (median time to tumor response of 0.95 month for narlumosbart compared to 3.1 months for denosumab) and good safety profile (incidence of skeletal-related events is only 3.1% and incidence of grade ≥3 hypocalcemia is lower). Narlumosbart has been included in the recommendation of the *Chinese Clinical Guidelines on Diagnosis and Treatment of Lung Cancer Bone Metastasis (2024 Edition)* (《中國肺癌骨轉移臨床診療指南(2024版)》). The Group has set up a dedicated sales team to actively initiate marketing activities to promote the product and strive for rapid market coverage. Currently, the product is also under active exploration and research in the fields of bone metastasis in solid tumor, multiple myeloma bone disease and osteoporosis.

- Geruite is indicated for patients with unresectable hepatocellular carcinoma who have not received systemic therapy, and patients with progressive, locally advanced or metastatic radioactive iodine-refractory differentiated thyroid cancer. It is recognised by the CSCO, CACA and NCCN guidelines. The focus of Geruite is currently on liver cancer, and at the same time, expanding into endometrial cancer, kidney cancer, thyroid cancer, biliary tract tumors and other tumor types.

Anti-infectives

Major products include Anfulike (安複利克®) (amphotericin B cholesteryl sulfate complex for injection), Shuluoke (舒羅克®) (meropenem for injection), Nuomoling (諾莫靈®) (amoxicillin capsules), Xianqu (先曲®) (ceftriaxone sodium for injection), Xianwu (先伍®) (cefazolin sodium for injection), Zhongnuo Lixin (中諾立新®) (cefuroxime sodium for injection) and Weihong (維宏®) (azithromycin tablets/capsules/enteric tablets, azithromycin for injection).

During the period, the market demand for anti-infective products continued to grow steadily, while the sales of Anfulike increased significantly through continuous academic promotion to enhance doctors' understanding of the clinical advantage of the product.

- Anfulike is recommended jointly by the State Ministry of Industry and Health Care Commission as a "clinically urgent, market-deficient" product. It was granted drug registration approval after passing a priority review in March 2021 for the treatment of patients with invasive fungal infections. With modification of the product's lipid structure, the incidence of nephrotoxicity and hypokalaemia is reduced. It can be used by patients with renal impairment or drug toxicity which precludes the use of effective dose of amphotericin B, or patients who have failed in prior amphotericin B deoxycholate treatment. Anfulike has high accessibility as it has been included in the NRDL. The Group strives to enhance doctors' understanding of the clinical advantage of the product, expand its market coverage and develop its clinical application in hematology, severe illness, respiratory and infection departments to achieve sales growth.

Cardiovascular

Major products include Xuanning (玄寧®) (maleate levamlodipine tablets and dispersible tablets), Encun (恩存®) (clopidogrel bisulfate tablets), Daxinning (達新寧®) (dronedarone hydrochloride tablets), Abikang (阿比康®) (aspirin enteric tablets), Yishuning (意舒寧®) (nifedipine controlled-release tablets), Mingfule (明復樂®) (recombinant human TNK tissue-type plasminogen activator for injection) and Meiluolin (美洛林®) (ticagrelor tablets).

During the period, the sales of Xuanning declined due to the impact of VBP, while the sales of Encun, Yishuning and Daxinning continued to record favourable growth.

- Xuanning is mainly used for the treatment of hypertension, chronic stable angina and variant angina, and is a product in the NRDL and essential drug list. Following the inclusion of other levamlodipine products on the market in the eighth batch of national VBP in 2023, the sales of Xuanning have been adversely affected. The Group is now adopting all-channel promotion strategy to deepen the expansion into lower-tier and private markets, and enhance promotion in online sales channel.

- Encun is a platelet aggregation inhibitor, which is mainly used to prevent atherosclerotic thrombotic events such as myocardial infarction and ischemic stroke. The product is the only domestically produced clopidogrel in China that has obtained the US FDA approval and was included in the first batch of the national VBP expansion. In the future, we will actively respond to the national VBP policy and strengthen lower-tier market penetration to further improve accessibility.

- Mingfule is a third-generation thrombolytic drug with its own intellectual property rights, focusing on the thrombolysis treatment in patients with acute myocardial infarction within 6 hours of onset. It is a preferred thrombolytic drug recommended by authoritative guidelines, including the *Guidelines for the Rational Medication for Thrombolytic Treatment of Acute ST-Segment Elevation Myocardial Infarction (2nd Edition)*, *Chinese Expert Consensus on Microcirculation Protection Strategies for Emergency PCI in Patients with ST-Segment Elevation Myocardial Infarction*, and *Chinese Expert Consensus on Prehospital Thrombolytic Therapy for ST-Segment Elevation Myocardial Infarction*, occupying a leading position in the cardiovascular emergency field.

Respiratory System

Major products include Yiluoda (伊絡達®) (nintedanib capsules), Qixin (琦昕®) (oseltamivir phosphate capsules), Qixiao (琦效®) (arbidol hydrochloride tablets), Nuoyian (諾一安®) (montelukast sodium tablets/chewable tablets), Zhongnuo Like (中諾立克®) (ambroxol hydrochloride oral solution) and Zhongnuoping (中諾平®) (ambroxol hydrochloride extended-release tablets).

In the first half of 2024, benefiting from effective promotion strategies and strong market demand, the sales of Yiluoda and Nuoyian increased significantly, while the sales of Qixiao decreased due to a decline in market demand.

- Yiluoda is the first-to-market generic nintedanib drug in China, which is indicated for the treatment of systemic sclerosis-associated interstitial lung disease (SSc-ILD) and progressive fibrosing interstitial lung diseases (PF-ILD). Sales of the product have grown steadily since its launch in 2022. In January 2024, the indication of nintedanib esilate soft capsules for the treatment of progressive fibrosing interstitial lung disease (PF-ILD) was included in the NRDL. This is the third indication of the product being included in the NRDL (after the two indications, namely idiopathic pulmonary fibrosis and systemic sclerosis-associated interstitial lung disease), which further improves the product's accessibility.

- Qixin is the preferred drug for the prevention and treatment of influenza, and was included in the NRDL and essential drug list. The product was selected in the seventh batch of national VBP in July 2022.

Digestion and Metabolism

Major products include Linmeixin (林美欣®) (glimepiride dispersible tablets), Shuanglexin (雙樂欣®) (metformin hydrochloride tablets/extended-release tablets), Xinweiping (欣維平®) (acarbose tablets), Oubeituo (歐倍妥®) (esomeprazole capsules) and Debixin (得必欣®) (omeprazole capsules/tablets/injection).

Benefiting from effective promotional strategies and market demand, the sales in the digestion and metabolism field during the period increased significantly as compared to the same period last year, with the growth of Oubeituo and Debixin being particularly significant.

- Oubeituo is indicated for acid-related diseases such as gastro-oesophageal reflux disease, gastric ulcers caused by non-steroidal anti-inflammatory drugs (NSAIDs), and the eradication of Helicobacter pylori (Hp) in combination with antibiotics. It has been widely recommended by the *Chinese Journal of Gastroenterology* (《中華消化雜誌》) and the *Chinese Journal of General Practitioners* (《中華全科醫師雜誌》). Through a wide range of patient services (free Hp screening, patient disease knowledge education, etc.) to enhance brand influence and patient awareness of medication, Oubeituo has achieved rapid sales growth and become a leading brand among esomeprazole drugs in China.

Other Therapeutic Areas

Major products include Oubida (歐必達®) (apremilast tablets), Gujie (固杰®) (tofacitinib citrate extended-release tablets), Gubang (固邦®) (alendronate sodium tablets/enteric tablets), Xianpai (先派®) (omeprazole sodium for injection) and Qimaite (奇邁特®) (tramadol hydrochloride tablets).

Bulk Product Business

In the first half of 2024, the bulk product business recorded sales of RMB1,855 million, a year-on-year decrease of 5.8%.

- Sales of vitamin C products amounted to RMB984 million, a year-on-year decrease of 5.4%, which was mainly due to the decline in market demand during the period. With the gradual adjustment of market supply, selling prices slowly recovered during the period. The Group will adjust its sales strategies in accordance with the changes in market conditions, and at the same time proactively enhance its overseas sales networks to further increase market share.

- Sales of antibiotic products amounted to RMB871 million, a year-on-year decrease of 6.4%, which was mainly affected by the decrease in demand in overseas markets. The Group will be market-oriented, continue to improve its product chain and optimise the sales, production, quality and registration processes in order to enhance its ability to develop high-end markets.

Functional Food and Others Business

In the first half of 2024, the functional food and others business recorded sales of RMB880 million, a year-on-year decrease of 25.2%, which was mainly affected by the decrease in the price of caffeine products.

Research and Development

R&D expenses for the first half of 2024 increased by 10.3% to RMB2,542 million as compared with the same period last year, accounting for approximately 18.8% of the revenue from the finished drug business. Currently, more than 60 key drug candidates have entered clinical trial or registration stage, of which 7 candidates have filed marketing approval application and 19 products (22 indications) have entered pivotal clinical trial stage.

Regulatory Updates

Since the beginning of the year, 2 innovative drugs (additional indication) have obtained marketing approval, 22 innovative drug candidates have obtained clinical trial approval and 5 generic drugs have obtained drug registration approval in China; and 3 innovative drug candidates have obtained clinical trial approval in North America.

China

- In February 2024, Mingfule (明復樂®) (recombinant human TNK tissue-type plasminogen activator for injection) (rhTNK-tPA) obtained marketing approval for the thrombolytic treatment in patients with acute ischemic stroke. It is the first approval for this indication of this product type in China, and the second approved indication of the product.

- In June 2024, Enshuxing (恩舒幸®) (recombinant fully human anti-PD-1 monoclonal antibody) obtained conditional marketing approval for the treatment of recurrent or metastatic cervical cancer patients with positive PD-L1 (CPS≥1) expression who have previously failed to respond to platinum-based chemotherapy.

- 10 innovative drug candidates have obtained clinical trial approval for their first indications and 12 additional indications have obtained clinical trial approval:

  First Indication

Drug Candidate	**Indication**
JMT202 (mAb)	Lowering of triglyceride (TG) levels in patients with hypertriglyceridemia
SYS6023 (ADC)	Advanced solid tumors
SYH2039 (MAT2A)	Advanced malignant tumors
Dexmedetomidine hydrochloride nasal spray	Sedation before invasive procedures
Pilocarpine hydrochloride eye drops	Presbyopia
Pregabalin extended-release tablets	Neuropathic pain associated with diabetic peripheral neuropathy
Semaglutide injection	Weight management
SYS6020 injection (CAR-T)	Recurrent or refractory multiple myeloma
Aprepitant injection	Prevention of nausea and vomiting after surgery in adults
SYS6016 injection (mRNA vaccine)	Prevention of lower respiratory tract diseases caused by RSV infections

Additional Indication

Drug Candidate	Indication
SYSA1801 injection	In combination with CAPOX and SG001 or with irinotecan hydrochloride liposome injection for first-line and second-line treatment of Claudin18.2-positive gastric cancer
JMT101 injection	In combination with docetaxel (albumin-bound) for treatment of second-line and above EGFR lung squamous cell carcinoma
Simmitinib hydrochloride tablets	In combination with irinotecan liposome for the treatment of advanced esophageal cancer
Sirolimus for injection (albumin-bound)	In combination with endocrine therapy for the treatment of HR-positive HER2-negative advanced breast cancer after failure of standard therapy
Docetaxel for injection (albumin-bound)	In combination with glumetinib for the treatment of locally advanced/recurrent or distant metastasis MET-overexpression non-small cell lung cancer
SYH2043 tablets	In combination with fulvestrant for the treatment of advanced breast cancer
Cisplatin micelle injection	In combination with paclitaxel for the treatment of advanced solid tumors
Octreotide long-acting injection	Gastroenteropancreatic neuroendocrine tumors
Irinotecan liposome injection	In combination with oxaliplatin and tegafur for adjuvant treatment of pancreatic cancer
DP303c injection	In combination with simmitinib hydrochloride or irinotecan liposome for the treatment of HER2-expressing locally advanced or metastatic gastric adenocarcinoma or gastroesophageal junction adenocarcinoma
Simmitinib hydrochloride tablets	In combination with DP303c injection for the treatment of HER2 low-expressing recurrent/metastatic breast cancer
SYS6002 for injection (Nectin-4 ADC)	In combination with recombinant fully human anti-PD-1 monoclonal antibody injection for the treatment of advanced solid tumors

- Since the beginning of the year, a total of 5 generic drugs have obtained drug registration approval, namely dapagliflozin tablets, peramivir injection, olaparib tablets, palbociclib tablets and roxadustat capsules.

North America

- In January 2024, JMT106 injection (bispecific fusion protein targeting GPC3 and interferon receptors) obtained clinical trial approval in the US.

- In April 2024, SYH2039 tablets (MAT2A inhibitor) obtained clinical trial approval in the US.

- In July 2024, SYS6023 (ADC) obtained clinical trial approval in the US.

Major Clinical Trials Progress

DP303c (recombinant humanised anti-HER2 monoclonal antibody-MMAE conjugate for injection)

- In February 2024, the phase III trial for the treatment of second-line and above HER2-positive advanced breast cancer was initiated in China. The study is currently in the enrollment stage.

Daunorubicin cytarabine liposome for injection

- In February 2024, the phase III trial for the treatment of high-risk secondary acute myeloid leukemia (AML) in the elderly patients who have not been previously treated was initiated in China. The study is currently in the enrollment stage.

Docetaxel for injection (albumin-bound)

- In February 2024, the phase III clinical study comparing to Taxotere® for the treatment of locally advanced or metastatic gastric adenocarcinoma or gastroesophageal junction adenocarcinoma that has previously failed first-line treatments was initiated in China. The study is currently in the enrollment stage.

Semaglutide injection

- In February 2024, the phase III clinical study for the treatment of type 2 diabetes was initiated in China. The study is currently in the enrollment stage.

JMT103 (narlumosbart injection)

- In March 2024, the phase III trial for the treatment of bone metastasis of malignant solid tumors was initiated in China. The study is currently in the enrollment stage.

SYHX2011 (paclitaxel for injection (albumin-bound) II)

- In March 2024, subject enrollment of the phase III trial for the treatment of advanced breast cancer initiated in China was completed.

Pregabalin extended-release tablets

- In May 2024, the phase III trial for neuropathic pain associated with diabetic peripheral neuropathy was initiated in China. The study is currently in the enrollment stage.

Secukinumab injection

- In June 2024, the phase III trial comparing to Cosentyx® for the treatment of moderate-to-severe plaque psoriasis was initiated in China. The study is currently in the enrollment stage.

TG103 injection (GLP-1 receptor agonists)

- In January 2024, subject enrollment of the phase III trial for the treatment of overweight and obesity initiated in China was completed.

- In April 2024, the phase III clinical study for the treatment of type 2 diabetes was initiated in China. The study is currently in the enrollment stage.

JMT101 (recombinant humanised anti-epidermal growth factor receptor monoclonal antibody injection)

- In April 2024, the phase III trial of JMT101 in combination with osimertinib comparing to cisplatin in combination with pemetrexed for the treatment of NSCLC patients with first-line EGFR exon 20 insertion mutations was initiated in China. The study is currently in the enrollment stage.

Publication of Major Clinical Trial Results

SYS6002 for injection (anti-Nectin-4 monoclonal antibody-drug conjugate)

- In January 2024, the results of a phase I clinical study for the treatment of advanced solid tumors were presented at the 2024 ASCO-GU Conference (No. B622). Preliminary results indicated that SYS6002 demonstrates clear efficacy signals and good tolerability in advanced solid tumors such as cervical cancer and urothelial cancer.

- In May 2024, the results of a phase I clinical study for the treatment of advanced solid tumors were presented in a poster session at the 2024 ASCO Conference (No. 3151). Preliminary results indicated that SYS6002 demonstrates clear efficacy signals and good tolerability in patients with advanced solid tumors.

DBPR108 (prusogliptin tablets)

- In January 2024, the results of a phase III clinical study of the monotherapy for the treatment of diabetes were published in the international journal *Diabetes, Obesity & Metabolism*. The results demonstrated that the hypoglycemic efficacy of DBPR108 tablets is significantly better than the placebo group and non-inferior to the active group of sitagliptin phosphate tablets. In addition, the safety profile of DBPR108 tablets is similar to the placebo group and the active group of sitagliptin phosphate tablets.

Duentai (SARS-CoV-2 mRNA vaccine)

- From February 2024 to March 2024, multiple clinical study results of the first-generation COVID-19 mRNA vaccine were published in international journals such as *Emerging Microbes & Infections*, *Vaccine* and *Journal of Medical Virology*, respectively, demonstrating that the vaccine has good protective efficacy and immunogenicity as well as a good safety profile, and that it has a certain protective effect against XBB mutant strains.

- In March 2024, the results of a phase I clinical study of the bivalent COVID-19 mRNA vaccine (XBB.1.5/BQ.1) (SYS6006.32) were published in the international journal *Vaccine*, demonstrating that the vaccine has a good safety profile and good immunogenicity, and can produce cross-immunity against multiple mutant strains.

JMT101 (recombinant humanised anti-epidermal growth factor receptor monoclonal antibody injection)

- In March 2024, the results of a phase II clinical trial (BECOME) of JMT101 in combination with osimertinib for the treatment of patients with locally advanced or metastatic non-small cell lung cancer (NSCLC) carrying EGFR exon 20 insertion mutations were orally presented at the European Lung Cancer Congress 2024 (2024 ELCC), demonstrating the high potential efficacy of JMT101 in combination with osimertinib in NSCLC patients with EGFR exon 20 insertion mutations, and that the overall safety is controllable.

TG103 injection (GLP-1 receptor agonists)

- In April 2024, the results of a phase Ib clinical study of the monotherapy for overweight or obesity without type II diabetes were published in the international journal *BMC Medicine*. The results indicated that the weight-reducing efficacy of TG103 monotherapy is significantly better than the placebo group.

SG001 (enlonstobart injection)

- In May 2024, the results of a phase Ib clinical study of SG001 monotherapy for recurrent or metastatic cervical cancer were published in the international journal *Cancer Communications*. The results indicated that SG001 monotherapy demonstrates good efficacy with a controllable safety profile, and that it has great potential for future combination treatments in recurrent or metastatic cervical cancer.

- In May 2024, the results of a phase II clinical study of SG001 monotherapy for recurrent or metastatic cervical cancer were presented in a poster session at the 2024 ASCO Annual Conference (No. 5526). The study results indicated that SG001 monotherapy demonstrates durable anti-tumor activity and an acceptable safety profile in patients with PD-L1 positive recurrent/metastatic cervical cancer.

Simmitinib hydrochloride tablets

- In May 2024, the results of a phase I clinical study of simmitinib hydrochloride tablets for the treatment of advanced solid tumors were presented in a poster session at the 2024 ASCO Annual Conference (No. 3109). Preliminary study results indicated that simmitinib hydrochloride tablets have a controllable safety profile and demonstrates good efficacy in patients with esophageal squamous cell carcinoma.

JMT103 (narlumosbart injection)

- In May 2024, the results of a phase Ib clinical study of JMT103 for the treatment of bone metastasis of solid tumors were presented online at the 2024 ASCO Annual Conference (No. e15190). Preliminary study results indicated that JMT103 has low immunogenicity and a good safety profile, and demonstrates good efficacy in reducing biomarkers of bone metabolism.

Docetaxel for injection (albumin-bound)

- In May 2024, the results of a phase II clinical study of docetaxel albumin for the treatment of gastric adenocarcinoma or gastroesophageal junction adenocarcinoma were presented online at the 2024 ASCO Annual Conference (No. e16018). Preliminary study results indicated that docetaxel albumin has a controllable safety profile and demonstrates good efficacy in patients with gastric adenocarcinoma or gastroesophageal junction adenocarcinoma.

Clinical Pipeline Overview

Registration and Pivotal Trial Stage

Drug candidate	Type	Target	Indication(s)	Status
Prusogliptin tablets (DBPR108)	Chemical drug	DPP-4 inhibitor	Type 2 diabetes	Marketing approval application submitted
Recombinant anti-IgE monoclonal antibody for injection	Biological drug (monoclonal antibody)	Anti-IgE monoclonal antibody	Chronic spontaneous urticaria	Marketing approval application submitted
Meloxicam nanocrystal injection	Nanodrug	Selective COX-2 inhibitor	Moderate-to-severe pain in adults	Marketing approval application submitted
Amphotericin B liposome for injection	Nanodrug	Anti-infective, nonspecific drug	Invasive fungal infection	Marketing approval application submitted (China and US)
Irinotecan hydrochloride liposome injection	Nanodrug	Topoisomerase inhibitor	Pancreatic cancer	Marketing approval application submitted (US)
Clevidipine butyrate injectable emulsion	Nanodrug	Calcium channel blocker	Hypertension	Marketing approval application submitted

Drug candidate	Type	Target	Indication(s)	Status
Batoclimab (HBM9161)	Biological drug (monoclonal antibody)	FcRn	Myasthenia gravis	Marketing approval application submitted
Recombinant humanised anti-HER2 monoclonal antibody-MMAE conjugate injection (DP303c)	Biological drug (ADC)	HER2 receptor (ADC)	Breast cancer	Pivotal trial
Recombinant humanised anti-epidermal growth factor receptor monoclonal antibody injection (JMT101)	Biological drug (monoclonal antibody)	EGFR	Non-small cell lung cancer	Pivotal trial
KN026 injection	Biological drug (bispecific antibody)	HER2 bispecific antibody	Gastric cancer/ Breast cancer	Pivotal trial
Pertuzumab injection	Biological drug (monoclonal antibody)	HER2	Breast cancer	Pivotal trial
TG103 injection	Biological drug (monoclonal antibody)	GLP-1 receptor agonist	Obesity and overweight/ Diabetes	Pivotal trial
CM310 injection	Biological drug (monoclonal antibody)	Anti-IL-4R α monoclonal antibody	Asthma	Pivotal trial
Ustekinumab injection (SYSA1902)	Biological drug (monoclonal antibody)	IL-12/IL-23p40	Psoriasis	Pivotal trial
SYHX2011	Nanodrug	Microtubule inhibitor	Breast cancer	Pivotal trial
Daunorubicin cytarabine liposome for injection	Nanodrug	RNA/DNA polymerase inhibitor	Leukemia	Pivotal trial
Docetaxel for injection (albumin-bound)	Nanodrug	Microtubule inhibitor	Gastric cancer/ Pancreatic cancer	Pivotal trial
Semaglutide injection	Chemical drug	GLP-1Ra/GLP-1 receptor agonist	Diabetes	Pivotal trial
Mitoxantrone hydrochloride liposome injection	Nanodrug	Cell-cycle nonspecific drug	Nasopharyngeal cancer	Pivotal trial
Narlumosbart injection (JMT103)	Biological drug (monoclonal antibody)	RANKL	Bone metastasis of malignant solid tumors	Pivotal trial

Drug candidate	Type	Target	Indication(s)	Status
Pregabalin extended-release tablets	Chemical drug	γ-GABA analogue	Neuropathic pain associated with diabetic peripheral neuropathy	Pivotal trial
Pilocarpine hydrochloride eye drops	Chemical drug	Cholinergic muscarinic agonist	Presbyopia	Pivotal trial
Secukinumab injection	Biological drug (monoclonal antibody)	IL-17 monoclonal antibody	Psoriasis	Pivotal trial
SYHX1901 tablets	Chemical drug	JAK&SYK dual-target inhibitor	Psoriasis	Pivotal trial
Aprepitant injection	New preparation	NK-1 receptor antagonist	Prevention of nausea and vomiting after surgery	Pivotal trial
Sirolimus for injection (albumin-bound)	Nanodrug	mTOR inhibitor	Perivascular epithelioid cell tumor (PEComa)	Pivotal trial

Patents

Since the beginning of 2024, 30 international PCT applications and 154 patent applications (95 domestic and 59 overseas) have been filed, and 52 patents (28 domestic and 24 overseas) have been granted. As of 31 July 2024, the Group has cumulatively filed 192 international PCT applications and 1,948 patent applications (1,279 domestic and 669 overseas) and has been granted 951 patents (633 domestic and 318 overseas).

FINANCIAL REVIEW

Financial Results

Revenue and Gross Profit Margin

Revenue for the first half of 2024 amounted to RMB16,284 million, an increase of 1.3% compared to RMB16,080 million in the first half of 2023. Gross profit margin for the period increased by 1.7 percentage point to 71.6%, which was mainly attributable to a higher proportion of revenue from the finished drug business.

Other Income

Other income for the first half of 2024 amounted to RMB315 million (first half of 2023: RMB249 million), mainly consisting of interest income on bank deposits and balances of RMB125 million (first half of 2023: RMB125 million), government grant income of RMB49 million (first half of 2023: RMB60 million) and agency income of RMB42 million (first half of 2023: RMB6 million).

Other Gains or Losses, Net

A net loss of RMB108 million was reported in the first half of 2024 (first half of 2023: net gain of RMB20 million), mainly consisting of fair value loss on financial assets measured at fair value through profit or loss ("FVTPL") of RMB84 million (first half of 2023: loss of RMB91 million), net foreign exchange loss of RMB14 million (first half of 2023: gain of RMB85 million) and fair value gain on structured bank deposits of RMB23 million (first half of 2023: gain of RMB58 million).

Operating Expenses

Selling and distribution expenses for the first half of 2024 amounted to RMB4,777 million, a decrease of 2.5% compared to RMB4,902 million in the first half of 2023. During the period, the Group continued to expand the market coverage of its products and actively promote the newly launched products. With enhanced efficiency of marketing activities, a lower expense ratio was achieved.

Administrative expenses for the first half of 2024 amounted to RMB633 million, an increase of 18.1% compared to RMB536 million in the first half of 2023, which was mainly due to the increase in staff costs.

R&D expenses for the first half of 2024 amounted to RMB2,542 million, an increase of 10.3% compared to RMB2,304 million in the first half of 2023, which was primarily attributable to the increased spending on ongoing and newly initiated clinical trials.

Income Tax Expense

Income tax expense for the first half of 2024 amounted to RMB750 million (first half of 2023: RMB624 million), which represented provision of income tax expense based on the taxable profit of the subsidiaries and PRC withholding tax on dividend distributions by the subsidiaries.

Non-HKFRS Measure

For the purpose of assessing the performance of the Group, the Company has also presented the underlying profit attributable to shareholders as an additional financial measure, which is not required by or presented in accordance with the Hong Kong Financial Reporting Standards ("HKFRS"). The Group believes that this non-HKFRS financial measure better reflects the underlying operational performance of the Group by eliminating certain non-operating items which the Group does not consider indicative of the Group's operational performance. However, the presentation of this non-HKFRS financial measure is not intended to be a substitute for, or superior to, the financial information prepared and presented in accordance with HKFRS.

Additional information is provided below to reconcile the profit attributable to shareholders as reported and the underlying profit attributable to shareholders:

	Six months ended 30 June	
	2024	2023
	(RMB'000)	*(RMB'000)*
Profit attributable to shareholders	**3,020,374**	2,966,987
Adjustment for:		
— Fair value loss on financial assets measured at FVTPL *(note a)*	**84,071**	90,824
— Employee share-based compensation expense *(note b)*	**118,237**	109,536
— Effect of corresponding income tax	**(5,812)**	(5,486)
Underlying profit attributable to shareholders	**3,216,870**	3,161,861

Notes:

(a) Fair value changes on financial assets measured at FVTPL arises from the measurement of the Group's investments in certain partnerships, funds and listed equity securities at fair value.

(b) Of the total employee share-based compensation expense recognised during the period, RMB98,618,000 (first half of 2023: RMB94,251,000) was in respect of share awards granted to selected employees of the Group by Key Honesty Limited (a shareholder of the Company).

Liquidity and Financial Position

For the first half of 2024, the Group's operating activities generated a cash inflow of RMB1,425 million (first half of 2023: RMB1,320 million). Turnover days of trade receivables (ratio of balance of trade receivables to sales, inclusive of value added tax for sales in China) was 70 days, higher than 63 days in 2023, which was mainly due to the slower settlement by customers during the period. The Group will strengthen the control and management in this aspect. Turnover days of inventories (ratio of balance of inventories to cost of sales) was 129 days, slightly higher than 124 days in 2023. Current ratio was 2.5 as of 30 June 2024, which remains stable as compared to 2.6 as at the end of 2023. Capital expenditure for the period amounted to RMB629 million, which was mainly spent to construct production facilities and improve production efficiency.

The Group's financial position remained solid. As of 30 June 2024, the Group had bank deposits, balances and cash of RMB9,885 million (31 December 2023: RMB12,755 million), structured bank deposits of RMB2,442 million (31 December 2023: RMB1,077 million) and bank borrowings of RMB203 million (31 December 2023: RMB450 million). As of 30 June 2024, gearing ratio (ratio of bank borrowings to total equity) was 0.6% (31 December 2023: 1.3%).

The Group's sales are denominated in Renminbi for domestic sales in China and US dollars for export sales. The Group manages its foreign exchange risks by closely monitoring its foreign exchange exposures and mitigating the impact of foreign currency fluctuations by using appropriate hedging arrangements when considered necessary.

Pledge of Assets

As of 30 June 2024, bank deposits of RMB25 million have been pledged to secure short-term banking facilities granted to the Group.

Contingent Liabilities

The Group did not have any material contingent liabilities as of 30 June 2024.

Employees

The Group employed a total of 20,300 employees as of 30 June 2024, with a majority of them employed in mainland China. The Group continues to offer competitive remuneration packages, discretionary share options, share awards and bonuses to eligible staff, based on the performance of the Group and the individual employee.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2024 — Unaudited

		Six months ended 30 June	
		2024	2023
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**16,284,282**	16,080,412
Cost of sales		**(4,629,735)**	(4,842,773)
Gross profit		**11,654,547**	11,237,639
Other income		**314,988**	248,811
Other gains or losses, net		**(107,667)**	20,126
Selling and distribution expenses		**(4,777,410)**	(4,902,391)
Administrative expenses		**(632,842)**	(535,640)
Research and development expenses		**(2,541,991)**	(2,303,611)
Other expenses		**(34,851)**	(54,155)
Share of results of associates		**(27,239)**	(16,248)
Share of results of joint ventures		**(24,430)**	(2,255)
Finance costs		**(21,975)**	(10,722)
Profit before tax	*4*	**3,801,130**	3,681,554
Income tax expense	*5*	**(749,664)**	(623,514)
Profit for the period		**3,051,466**	3,058,040
Profit for the period attributable to:			
Owners of the Company		**3,020,374**	2,966,987
Non-controlling interests		**31,092**	91,053
		3,051,466	3,058,040
		RMB cents	*RMB cents*
Earnings per share	*6*		
— Basic		**25.51**	24.95
— Diluted		**25.51**	24.95

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024 — Unaudited

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Profit for the period	**3,051,466**	3,058,040
Other comprehensive income:		
Item that will not be reclassified to profit or loss:		
Fair value gain on financial assets measured at fair value through other comprehensive income, net of income tax	**931,249**	10,979
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**(9,449)**	7,077
Other comprehensive income for the period, net of income tax	**921,800**	18,056
Total comprehensive income for the period	**3,973,266**	3,076,096
Total comprehensive income for the period attributable to:		
Owners of the Company	**3,942,174**	2,985,043
Non-controlling interests	**31,092**	91,053
	3,973,266	3,076,096

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024 — Unaudited

	Note	**30 June 2024** ***RMB'000***	31 December 2023 *RMB'000*
Non-current assets			
Property, plant and equipment		**10,488,048**	10,416,599
Right-of-use assets		**1,147,806**	1,226,293
Investment property		**57,779**	59,432
Goodwill		**234,904**	234,904
Intangible assets		**2,240,018**	2,198,549
Interests in associates		**801,276**	786,085
Interests in joint ventures		**730,921**	682,351
Other financial assets		**3,403,702**	2,387,159
Deferred tax assets		**216,763**	186,776
Deposits, prepayments and other receivables	*9*	**598,877**	619,077
Bank deposits		**1,510,000**	740,000
		21,430,094	19,537,225
Current assets			
Inventories		**3,270,713**	3,138,664
Trade receivables	*8*	**6,343,176**	5,869,223
Deposits, prepayments and other receivables	*9*	**751,199**	672,655
Bills receivables	*10*	**4,544,570**	3,685,282
Amounts due from related companies		**559,783**	157,313
Amounts due from joint ventures		**179,807**	129,531
Structured bank deposits	*11*	**2,442,314**	1,077,054
Bank deposits, balances and cash		**8,374,689**	12,015,223
		26,466,251	26,744,945

	Note	**30 June 2024** ***RMB'000***	31 December 2023 *RMB'000*
Current liabilities			
Trade payables	*12*	**2,543,392**	2,426,115
Other payables	*13*	**6,385,631**	5,978,313
Contract liabilities		**258,986**	326,205
Bills payables	*14*	**639,733**	415,624
Amounts due to related companies		**20,047**	21,436
Amounts due to joint ventures		**37,987**	35,587
Lease liabilities		**119,994**	149,627
Tax liabilities		**226,977**	379,450
Bank borrowings		**202,560**	450,216
		10,435,307	10,182,573
Net current assets		**16,030,944**	16,562,372
Total assets less current liabilities		**37,461,038**	36,099,597
Non-current liabilities			
Other payables		**350,580**	399,684
Lease liabilities		**66,316**	107,058
Deferred tax liabilities		**571,804**	574,843
		988,700	1,081,585
Net assets		**36,472,338**	35,018,012
Capital and reserves			
Share capital		**11,005,842**	10,899,412
Reserves		**23,845,122**	22,303,796
Equity attributable to owners of the Company		**34,850,964**	33,203,208
Non-controlling interests		**1,621,374**	1,814,804
Total equity		**36,472,338**	35,018,012

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024 — Unaudited

1. BASIS OF PREPARATION

CSPC Pharmaceutical Group Limited (the "Company") is a public limited company incorporated in Hong Kong and its shares are listed on the Stock Exchange.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial information relating to the year ended 31 December 2023 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements is as follows:

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

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

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2023.

Application of amendments to HKFRSs

In the period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Sale of goods	**16,284,282**	16,045,712
Licence fee income	**–**	34,700
	16,284,282	16,080,412

Sale of goods

Revenue is recognised at a point in time upon control of the goods has been transferred, being when the goods have been delivered to the customer's specific location. Following delivery, the customer bears the risks of obsolescence and loss in relation to the goods.

Licence fee income

The Group provides licence of its patented intellectual property ("IP") or commercialisation licence to customers and revenue is recognised when the customers obtain rights to access or use the underlying IP or licence. Licence fee income is recognised at a point in time upon the customer obtains control of IP or if control is transferred over time, e.g. commercialisation licence to customers for a term of period, revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation.

The consideration for licence comprises a fixed element (the upfront payment) and variable elements (including but not limited to development milestones and royalties). For licence associated with customers' right to use, upfront fee received is recorded under contract liabilities and recognised as revenue only when customers have ability to use the licence and variable consideration is recognised only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future.

Geographical information

The revenue from the external customers by geographical market (irrespective of the origin of the goods) based on the location of the customers are presented below:

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Mainland China (place of domicile)	**14,256,973**	13,841,284
Other Asian regions	**643,601**	823,567
Europe	**692,788**	691,814
North America	**398,320**	489,542
Others	**292,600**	234,205
	16,284,282	16,080,412

(ii) Segment information

Information reported to executive directors, being the chief operating decision maker, for the purpose of resources allocation and assessment of segment performance focuses on types of goods delivered. The reportable segments of the Group are as follows:

(a) Finished drugs — research and development, manufacture and sale of pharmaceutical products and licence fee income;

(b) Bulk products — manufacture and sale of vitamin C and antibiotic products in bulk powder form; and

(c) Functional food and others — manufacture and sale of functional food products (including caffeine food additives, anhydrous glucose, acarbose and vitamin C buccal tablets), provision of healthcare services and others.

The following is an analysis of the Group's revenue and results by operating and reportable segments.

Six months ended 30 June 2024

	Finished drugs *RMB'000*	Bulk products		Functional food and others *RMB'000*	Segment total *RMB'000*	Eliminations *RMB'000*	Consolidated *RMB'000*
		Vitamin C *RMB'000*	Antibiotics *RMB'000*				
SEGMENT REVENUE							
Sale of goods	**13,549,079**	**983,900**	**870,894**	**880,409**	**16,284,282**	**–**	**16,284,282**
Inter-segment sales	**–**	**16,427**	**99,803**	**71,526**	**187,756**	**(187,756)**	**–**
TOTAL REVENUE	**13,549,079**	**1,000,327**	**970,697**	**951,935**	**16,472,038**	**(187,756)**	**16,284,282**
SEGMENT PROFIT	**3,488,515**	**67,623**	**186,195**	**174,924**			**3,917,257**
Unallocated income							**147,550**
Unallocated expenses							**(190,033)**
Share of results of associates							**(27,239)**
Share of results of joint ventures							**(24,430)**
Finance costs							**(21,975)**
Profit before tax							**3,801,130**

Six months ended 30 June 2023

	Finished drugs *RMB'000*	Bulk products		Functional food and others *RMB'000*	Segment total *RMB'000*	Eliminations *RMB'000*	Consolidated *RMB'000*
		Vitamin C *RMB'000*	Antibiotics *RMB'000*				
SEGMENT REVENUE							
Sale of goods	12,899,014	1,039,715	930,102	1,176,881	16,045,712	–	16,045,712
Inter-segment sales	–	3,574	138,097	112,200	253,871	(253,871)	–
License fee income	34,700	–	–	–	34,700	–	34,700
TOTAL REVENUE	12,933,714	1,043,289	1,068,199	1,289,081	16,334,283	(253,871)	16,080,412
SEGMENT PROFIT	3,192,433	67,582	71,421	331,005			3,662,441
Unallocated income							183,397
Unallocated expenses							(135,059)
Share of results of associates							(16,248)
Share of results of joint ventures							(2,255)
Finance costs							(10,722)
Profit before tax							3,681,554

Segment profit represents the profit earned by each segment without allocation of interest income, fair value changes on structured bank deposits, fair value changes on financial assets measured at FVTPL, central administrative expenses, share of results of associates and joint ventures, and finance costs. This is the measure reported to the executive directors for the purposes of resources allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

The executive directors make decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the executive directors do not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

4. PROFIT BEFORE TAX

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Profit before tax has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	**494,710**	415,596
Depreciation of right-of-use assets	**81,568**	84,240
Depreciation of investment property	**1,653**	1,652
Amortisation of intangible assets	**53,600**	30,412
Total depreciation and amortisation	**631,531**	531,900
Employee share-based compensation benefits *(note a)*	**118,237**	109,536
Government grant income (included in other income)	**(49,243)**	(60,180)
Agency income (included in other income)	**(41,789)**	(6,391)
Fair value loss on financial assets measured at FVTPL (included in other gains or losses)	**84,071**	90,824
Fair value gain on structured bank deposits (included in other gains or losses)	**(22,768)**	(58,415)
Impairment losses recognised under expected credit loss model (included in other gains or losses)	**11,701**	8,593
Interest income on bank deposits and balances (included in other income)	**(124,782)**	(124,805)
Loss on disposal of property, plant and equipment (included in other gains or losses)	**13,539**	23,659
Net foreign exchange loss/(gain) (included in other gains or losses)	**14,371**	(84,704)

Notes:

(a) The amount mainly included employee share-based compensation expense of RMB19,902,000 (six months ended 30 June 2023: RMB13,981,000) in respect of share options and share awards granted by the Company and RMB98,618,000 (six months ended 30 June 2023: RMB94,251,000) in respect of share awards granted by a shareholder of the Company involving existing shares of the Company held by the shareholder.

(b) For the six months ended 30 June 2024 and 2023, cost of inventories recognised as an expense approximated cost of sales as shown in the condensed consolidated income statement.

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Current taxation		
— PRC enterprise income tax	**726,935**	601,557
— PRC withholding tax on dividends distributed by subsidiaries	**213,500**	103,126
— Overseas taxation	**6,680**	8,007
	947,115	712,690
Deferred taxation	**(197,451)**	(89,176)
	749,664	623,514

No provision for Hong Kong Profits Tax has been made as the Group did not have assessable profits for both periods.

The standard tax rate of the Company's PRC subsidiaries is 25% under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and implementation regulations of the EIT Law. Certain subsidiaries of the Company are qualified as High and New Technology Enterprises, and they are subject to a preferential tax rate of 15% up to 2026.

Under the EIT Law, dividends distributed by a company established in the PRC to foreign investor with respect to profits earned from 1 January 2008 onwards are subject to a withholding tax of 10%. The tax rate will be reduced to 5% if such foreign investors meet certain conditions specified in the relevant tax regulations. Deferred taxation has not been provided for in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to approximately RMB29,204,000,000 (31 December 2023: RMB25,308,000,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Taxation arising in other jurisdictions is calculated at the rates prevailing in relevant jurisdictions.

The Group is operating in one of the jurisdictions where the Pillar Two Rules is effective. As the Group's estimated effective tax rates of such in-effect jurisdiction in which the Group operates is higher than 15%, after taking into account the adjustments under the Global Anti-base Erosion Rules based on management's best estimate, the management of the Group considered the Group is not liable to top-up tax under the Pillar Two Rules.

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 30 June	
	2024	2023
Profit attributable to owners of the Company *(RMB'000)*	**3,020,374**	2,966,987
Weighted average number of ordinary shares for the purpose of basic earnings per share *(in '000)*	**11,838,461**	11,892,763
Effect of dilutive potential ordinary shares:		
Share options and share awards *(in '000)*	**233**	504
Weighted average number of ordinary shares for the purpose of diluted earnings per share *(in '000)*	**11,838,694**	11,893,267

The weighted average number of ordinary shares for the calculation of basic earnings per share for both periods have been adjusted for the shares held by the trustee pursuant to the share award scheme of the Company.

7. DIVIDENDS

(a) Interim dividend

The board of directors has declared the payment of an interim dividend of HK16 cents per share for 2024 (2023: HK14 cents (approximately RMB12.8 cents) amounting to approximately RMB1,529,135,000) after the end of the interim period, which has not been recognised as a liability at the end of the interim period.

(b) Final dividend approved and paid during the interim period

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK14.0 cents (approximately to RMB13.0 cents) (2023: HK11.0 cents (approximately to RMB10.1 cents)) per share	**1,540,544**	1,207,225
Less: Dividend for shares held by share award scheme	**(8,689)**	(3,496)
	1,531,855	1,203,729

8. TRADE RECEIVABLES

	30 June	31 December
	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**6,397,014**	5,911,360
Less: allowance for expected credit loss	**(53,838)**	(42,137)
	6,343,176	5,869,223

The Group allows a general credit period of 90 days to its trade customers. The following is an aged analysis of trade receivables (net of allowance for expected credit loss) at the end of the reporting period presented based on invoice dates which approximated the respective revenue recognition dates:

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
0 to 90 days	**4,629,442**	5,272,089
91 to 180 days	**1,290,490**	564,976
181 to 365 days	**419,554**	29,364
More than 365 days	**3,690**	2,794
	6,343,176	5,869,223

9. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
Prepayments for raw materials and research and development expenses	**188,071**	175,305
Deposits paid for acquisition of property, plant and equipment and right-of-use assets	**598,877**	619,077
Other taxes recoverable	**277,757**	210,162
Others	**285,371**	287,188
	1,350,076	1,291,732
Analysed as:		
Current	**751,199**	672,655
Non-current	**598,877**	619,077
	1,350,076	1,291,732

10. BILLS RECEIVABLES

The bills receivables of the Group are with a maturity period of less than 365 days (31 December 2023: less than 365 days) and not yet due at the end of the reporting period. The management considers the default rate is low based on historical information, experience and forward-looking information that is available without undue cost or effort.

11. STRUCTURED BANK DEPOSITS

The structured bank deposits carry guaranteed return of up to 2.3% (31 December 2023: 1.8%) per annum and have a total expected return up to 3.0% (31 December 2023: 3.0%) per annum, depending on the market prices of the underlying commodities quoted in the market as specified in the terms of relevant deposits.

The structured bank deposits are designated at FVTPL on initial recognition as they contain non-closely related embedded derivatives.

12. TRADE PAYABLES

The following is an aged analysis of trade payables at the end of the reporting period presented based on the invoice dates:

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
0 to 90 days	**1,990,637**	1,994,671
91 to 180 days	**139,047**	203,696
More than 180 days	**413,708**	227,748
	2,543,392	2,426,115

The general credit period on purchases of goods is up to 90 days (31 December 2023: 90 days).

13. OTHER PAYABLES

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
Other tax payable	**66,682**	181,502
Payables arising from construction cost and acquisition of property, plant and equipment	**989,575**	1,027,366
Deferred government grants	**547,725**	509,226
Salaries, wages and staff welfare payable	**565,487**	660,299
Selling expense payable	**3,265,723**	3,293,158
Research and development expense payable	**425,348**	264,913
Consideration payable for acquisition of additional interest in a subsidiary	**200,731**	–
Others	**674,940**	441,533
	6,736,211	6,377,997
Analysed as:		
Current	**6,385,631**	5,978,313
Non-current	**350,580**	399,684
	6,736,211	6,377,997

14. BILLS PAYABLES

All bills payables of the Group are aged within 365 days (31 December 2023: within 365 days) and not yet due at the end of the reporting period.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions in the Corporate Governance Code contained in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the six months ended 30 June 2024.

REVIEW OF INTERIM RESULTS

The interim results for the six months ended 30 June 2024 have been reviewed by the external auditor and audit committee of the Company.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 4 November 2024 to Wednesday, 6 November 2024, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 1 November 2024.

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

During the six months ended 30 June 2024, the Company repurchased its own shares through The Stock Exchange of Hong Kong Limited as follows:

Date	**Number of shares repurchased**	**Highest purchase price per share** *HK$*	**Lowest purchase price per share** *HK$*	**Aggregate consideration (before expenses)** *HK$*	*RMB (equivalent)*
April 2024	26,628,000	5.99	5.66	155,616,000	141,147,000
June 2024	36,350,000	6.58	6.21	231,848,000	211,185,000
	62,978,000			387,464,000	352,332,000

The shares repurchased in April 2024 were cancelled in May 2024. The shares repurchased in June 2024 were cancelled in July 2024. The Board considered that the repurchases were made for the benefit of the shareholders with a view to enhancing the earnings per share as well as maximising shareholders' return.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2024.

By order of the Board
CSPC Pharmaceutical Group Limited
Cai Dongchen
Chairman

Hong Kong, 21 August 2024

As at the date of this announcement, the Board comprises Mr. CAI Dongchen, Mr. ZHANG Cuilong, Mr. WANG Zhenguo, Mr. PAN Weidong, Mr. WANG Huaiyu, Dr. LI Chunlei, Dr. JIANG Hao, Dr. YAO Bing and Mr. CAI Xin as executive directors; and Mr. WANG Bo, Mr. CHEN Chuan, Prof. WANG Hongguang, Mr. AU Chun Kwok Alan, Mr. LAW Cheuk Kin Stephen and Ms. LI Quan as independent non-executive directors.