Henlius

SHANGHAI HENLIUS BIOTECH, INC.
上海復宏漢霖生物技術股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 2696

2024
INTERIM REPORT

RELIABLE QUALITY

AFFORDABLE INNOVATION

MISSION

To improve patients' lives by timely providing them with quality and affordable protein therapeutics through technical innovation and operational excellence.

VISION

Be the most trusted biopharma providing innovative and affordable medicines for all patients.

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive directors

Wenjie Zhang *(Chairman)*
Jun Zhu (朱俊) *(Chief Executive Officer)*

Non-executive directors

Qiyu Chen (陳啟宇)
Yifang Wu (吳以芳)
Xiaohui Guan (關曉暉)
Deyong Wen (文德鏞)
Xingli Wang

Independent non-executive directors

Tak Young So (蘇德揚)
Lik Yuen Chan (陳力元)
Guoping Zhao (趙國屏)
Ruilin Song (宋瑞霖)

SUPERVISORS

Rongli Feng (馮蓉麗) *(Chairman)*
Deli Kong (孔德力)
Yexing Yuan (袁曄星)

AUDIT COMMITTEE

Tak Young So (蘇德揚) *(Chairman)*
Lik Yuen Chan (陳力元)
Xiaohui Guan (關曉暉)

NOMINATION COMMITTEE

Wenjie Zhang *(Chairman)*
Guoping Zhao (趙國屏)
Ruilin Song (宋瑞霖)

REMUNERATION COMMITTEE

Ruilin Song (宋瑞霖) *(Chairman)*
Lik Yuen Chan (陳力元)
Yifang Wu (吳以芳)

STRATEGY COMMITTEE

Wenjie Zhang *(Chairman)*
Jun Zhu (朱俊)
Qiyu Chen (陳啟宇)
Yifang Wu (吳以芳)
Deyong Wen (文德鏞)
Xingli Wang
Tak Young So (蘇德揚)
Ruilin Song (宋瑞霖)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Lik Yuen Chan (陳力元) *(Chairman)*
Tak Young So (蘇德揚)
Ruilin Song (宋瑞霖)
Wenjie Zhang
Jun Zhu (朱俊)

JOINT COMPANY SECRETARIES

Yan Wang (王燕)
Wan Kai Chong (莊運啓) *(Associate member of the Hong Kong Chartered Governance Institute)*[1]
Mei Ha Wendy Kam (甘美霞) *(Fellow of the Hong Kong Chartered Governance Institute)*[2]

Notes:

1. Ms. Wan Kai Chong (莊運啓) was appointed as a joint company secretary and authorised representative on 26 August 2024.

2. Ms. Mei Ha Wendy Kam (甘美霞) resigned as a joint company secretary and authorised representative on 26 August 2024.

AUTHORISED REPRESENTATIVES

Wenjie Zhang
Wan Kai Chong (莊運啓)[1]
Mei Ha Wendy Kam (甘美霞)[2]

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

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PRC

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PRC[3]

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

AUDITOR AND REPORTING ACCOUNTANTS

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place, 979 King's Road
Quarry Bay, Hong Kong

LEGAL ADVISERS TO THE COMPANY

As to Hong Kong and U.S. laws:
Freshfields Bruckhaus Deringer
55th Floor, One Island East
Taikoo Place, Quarry Bay
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Shanghai
PRC

STOCK SHORT NAME

HENLIUS

STOCK CODE

2696

COMPANY WEBSITE

www.henlius.com

Note:

3. Took effect upon approvals at the annual general meeting, the 2024 first class meeting of domestic shareholders and unlisted foreign shareholders and the 2024 first class meeting of H shareholders held on 20 May 2024.

OPERATION HIGHLIGHTS

I. FINANCIAL SUMMARY

1. The Group's total revenue was approximately RMB2,746.1 million for the six months ended 30 June 2024, which was mainly from drug sales, R&D services provided to customers, and license income, representing an increase of approximately RMB245.6 million or approximately 9.8% compared to approximately RMB2,500.5 million for the six months ended 30 June 2023.

2. For the six months ended 30 June 2024, the Group recognised expensed R&D expenditure of approximately RMB482.5 million, representing a decrease of approximately RMB65.3 million as compared to approximately RMB547.8 million for the six months ended 30 June 2023. During the Reporting Period, the Group continued to deploy scientific and efficient R&D strategy, and optimise the allocation of pipeline resources.

3. The Group's profit for the period was approximately RMB386.3 million for the six months ended 30 June 2024, representing an increase of approximately RMB146.3 million in profit from a profit of approximately RMB240.0 million for the six months ended 30 June 2023, mainly due to the successive commercialisation of core products and the constant sales expansion.

II. BUSINESS HIGHLIGHTS

1

HANQUYOU (trastuzumab for injection, European trade name: Zercepac®, US trade name: HERCESSI™):

As at the Latest Practicable Date, HANQUYOU has benefited over 200,000 patients in total in Mainland China.

In April 2024, trastuzumab for injection (US trade name: HERCESSI™) was approved by the FDA for the treatment of adjuvant breast cancer, metastatic breast cancer and metastatic gastric cancer.

In August 2024, trastuzumab for injection (Canadian trade name: Adheroza) was approved by the Health Canada for the treatment of early breast cancer, metastatic breast cancer and metastatic gastric cancer.

From the beginning of 2024 to date, the marketing authorisation applications of different specifications of HANQUYOU were approved in countries/regions such as Brazil, the Philippines, and Uzbekistan.

2

HANSIZHUANG (serplulimab injection):

In April 2024, the new drug application of HANSIZHUANG was approved in Cambodia for the treatment of extensive-stage small cell lung cancer (ES-SCLC).

In July 2024, the new drug application of HANSIZHUANG was approved in Thailand for the treatment of extensive-stage small cell lung cancer (ES-SCLC).

3

HANLIKANG (rituximab injection), HANDAYUAN (adalimumab injection) and HANBEITAI (bevacizumab injection):

As at the Latest Practicable Date, HANLIKANG has benefited over 260,000 patients in total in Mainland China.

In May 2024, the new drug application of HANLIKANG was approved in Peru.

In February 2024, the supplemental new drug applications (sNDA) for four new indications of HANDAYUAN such as polyarticular juvenile idiopathic arthritis, pediatric plaque psoriasis, Crohn's disease and pediatric Crohn's disease have been accepted by the NMPA, and was approved in May 2024.

As at the Latest Practicable Date, HANBEITAI has fully covered the provinces adopting dual-channel medical insurance payment and successfully advanced towards the established commercialisation goals.

4

During the Reporting Period, the equity transfer transaction under the Framework Agreement in relation to the Acquisition of DDL Licensed Company was officially completed. As Henlius Pharmaceutical Trading, the target company of the acquisition, holds a pharmaceutical business license, the Group has since gained the capability to commercialise and sell more in-licensing products, thereby expanding its operational channels and further broadening its business model.

In August 2024, the Company entered into an agreement with Convalife Pharmaceuticals Co., Ltd. to in-license the exclusive commercialisation rights of HANNAIJIA (Neratinib) in PRC, as well as the conditional licenses in agreed overseas countries and regions. HANNAIJIA was approved for marketing in Mainland China in June 2024 for intensive adjuvant therapy of human epidermal growth factor receptor-2 (HER2) positive early breast cancer in adults after adjuvant therapy containing trastuzumab.

5

Efficient Advancement on Clinical Study Projects both Domestically and Internationally:

– Progress of international clinical study projects: HANSIZHUANG (serplulimab injection)

- In May 2024, the first patient in phase 3 part has been dosed in the international multi-center phase 2/3 clinical trial of HANSIZHUANG in combination with bevacizumab and chemotherapy for the first-line treatment of metastatic colorectal cancer in Mainland China. In July 2024, such combination therapy was permitted to commence the international multi-centre phase 3 clinical trial in Japan and Indonesia, respectively.

– Progress of international clinical study projects: other products

- In April 2024, an international multi-centre phase 3 clinical study of a biosimilar of denosumab HLX14 (recombinant anti-RANKL human monoclonal antibody injection) for the treatment of osteoporosis in postmenopausal women at high risk for fracture has met the primary study endpoints. The marketing authorisation applications (MAAs) for the product have been validated by the European Medicines Agency (EMA) in May 2024. The marketing authorisation applications (NDSs) for the product have been accepted by Health Canada in September 2024.

- In May 2024, an investigational new drug application for the phase 3 clinical trial of HLX22 (anti-human epidermal growth factor receptor-2 (HER2) humanised monoclonal antibody injection) in combination with Trastuzumab and chemotherapy as the first-line treatment of HER2 positive advanced gastric cancer was approved by the FDA.

– Progress of domestic clinical study projects: HANSIZHUANG (serplulimab injection)

- In April 2024, an investigational new drug application (IND) for HLX53 (anti-TIGIT Fc fusion protein) in combination with HANSIZHUANG and HANBEITAI for the first-line treatment of locally advanced or metastatic hepatocellular carcinoma was approved by the NMPA. The first patient has been dosed in phase 2 clinical trial of this combination therapy in August 2024.

- In April 2024, the recruitment of subjects was completed in the phase 3 clinical study of HANSIZHUANG in combination with chemotherapy for neo-/adjuvant treatment of gastric cancer in Mainland China.

– Progress of domestic clinical study projects: other products

- In January 2024, a phase 1 clinical study of a biosimilar of denosumab HLX14 (recombinant anti-RANKL human monoclonal antibody injection) in Chinese healthy male subjects was successfully completed. The study met all of the pre-specified endpoints.

- In March 2024, the first patient has been dosed in a phase 1 clinical study of HLX42 for injection (antibody-drug conjugate targeting EGFR with novel DNA topoisomerase I inhibitor) for the treatment of advance/metastatic solid tumours in Mainland China.

- In March 2024, investigational new drug application (IND) for HLX6018 (recombinant anti-GARP/TGF-β1 humanised monoclonal antibody injection) was approved by the NMPA for the treatment of idiopathic pulmonary fibrosis. In April 2024, the first subject has been dosed in a phase 1 clinical study in healthy subjects of the product in Mainland China.

- In May 2024, investigational new drug application (IND) for HLX78 (lasofoxifene) was approved by the NMPA. The product was licensed in by the Company in January 2024 and is at phase 3 of an international multi-center clinical trial.

- In June 2024, a phase 1 clinical study of a biosimilar of daratumumab HLX15 (recombinant anti-CD38 human monoclonal antibody injection) in healthy Chinese male subjects was successfully completed. The study met all of the pre-specified endpoints.

- In September 2024, an investigational new drug application (IND) for the clinical trial of pembrolizumab biosimilar HLX17 (recombinant humanised anti-PD-1 monoclonal antibody injection) was approved by the NMPA. HLX17 is intended for the treatment of melanoma, non-small cell lung cancer, esophageal cancer, head and neck squamous cell cancer, colorectal cancer, hepatocellular carcinoma, biliary tract cancer, triple-negative breast cancer, microsatellite instability-high or deficient mismatch repair tumours, gastric cancer, etc.

6

Efficient Advancement on Pre-Clinical Development Projects:

The Group attached great importance to the pre-clinical project pipeline. During the Reporting Period, the Group obtained approval for investigational new drug application (IND) for GARP/TGF-β1 and TIGIT+PD-1+VEGF target projects, and proceeded to clinical study smoothly.

7

Orientation toward Clinical Value and Injecting Impetus toward the Pipeline:

By centering on patients' needs, with the clinical value-oriented early R&D, based on new drug discovery platforms driven by deep data and biocomputing accelerated molecular design technology, the Group continues to develop high-quality and affordable innovative drugs to treat complex diseases with the help of network biology and polypharmacology. By employing a comprehensive antibody drug technology platform to empower the development of innovative therapies, the Group was eyeing the next-generation innovative antibody drugs and antibody-based drugs. In terms of the development of antibody-drug conjugates (ADC), the Group's R&D platform Hanjugator has the ability to develop ADC products with high safety, high selectivity and high efficacy, and is able to effectively expand the application scenarios of ADC products, providing strong support for the Group in developing ADC products with differentiation advantage and significant clinical value. As at the Latest Practicable Date, the Group has a total of more than 50 molecules in its pipeline and 14 R&D platforms, with the forms of drug covering monoclonal antibody, bispecific antibody, ADC, recombinant protein and small molecule drug conjugates, etc.

8

Layout of Industrialisation Base for Biomedicines with High Economic Benefit based on International Standards:

The total commercial production capacity of the Group is 48,000L (including the Xuhui Facility with a commercial production capacity of 24,000L and Songjiang First Plant with a commercial production capacity of 24,000L). During the Reporting Period, Xuhui Facility has successfully completed multiple overseas customers audits for the products of HANSIZHUANG, HANQUYOU and HANDAYUAN, etc.; Songjiang First Plant has successfully passed FDA's Pre-License Inspection (PLI) of HERCESSI™, a trastuzumab for injection (Chinese trade name: HANQUYOU, European trade name: Zercepac®), demonstrating that relevant production sites and facilities have obtained US GMP certificates; the topping out of the main structure of the third stage of the Phase I project of Songjiang Second Plant has been completed during the Reporting Period.

For details of the above, please refer to this report and (if applicable) the Company's previous announcements published on the websites of the Stock Exchange and the Company.

III. OUR PRODUCT PIPELINE

Innovative mAb | Innovative fusion protein | Biosimilar mAb

Innovative ADC | Small molecule

Bridging study in the United States

Global MRCT

MAA under EMA review

Approved in 40+ markets (China, the United States, Europe, etc.)

HANSIZHUANG, HANLIKANG, HANQUYOU, HANDAYUAN and HANBEITAI, the core products of the Company, were all successfully launched.

(1) Approved in China and Indonesia. Business partners: KGbio/Fosun Pharma/Intas

(2) Approved in China and Peru. The first biosimilar approved in China. Business partners: Fosun Pharma/Farma de Colombia/Eurofarma/Abbott/Boston Oncology

(3) The first rituximab approved for the indication in China

(4) Approved in 40+ countries, including China, the United States, the UK, Germany, France and Australia, trade name registered in the United States: HERCESSI™. Trade name registered in Europe: Zercepac®. Business partners: Accord/ Cipla/ Jacobson/ Elea/ Eurofarma/ Abbott/KGbio

(5) Business partners: Wanbang/Getz Pharma

(6) Business partner: Eurofarma

(7) Exclusive license obtained in China

(8) IND approvals obtained in China/EU/Australia. Business partner: Organon

(9) IND approvals obtained in China/Australia/the United States/Singapore/EU countries, etc. Business partner: Essex

(10) IND approvals obtained in China/EU. Business partner: Organon

(11) Exclusive license obtained in China. Phase 3 MRCT enrolling globally. IND approval obtained in China

(12) IND approvals obtained in China/the United States

(13) IND approvals obtained in China/the United States

(14) Exclusive license obtained in China

(15) IND approvals obtained in China/the United States

(16) IND approvals obtained in China/the United States and granted FDA Fast Track Designation

(17) Business partner: Shanghai Jingze

I. BUSINESS REVIEW IN THE FIRST HALF OF THE YEAR

As part of our commitment to provide affordable and high-quality biomedicines for patients worldwide, the Group continued to strengthen the establishment and layout of the integrated platform of R&D, production and commercialisation in 2024. The continuous growth of sales revenue of HANQUYOU and HANSIZHUANG, our core products, the favorable results in cost control of the Company's refined management measures, the orderly progress of clinical development and drug registration of pipeline products and international production capacity, as well as the systematically deepened and implemented "Going Global" strategy, have not only secured the Group's sustained profitability throughout the Reporting Period but also continuously driven the positive cycle and high-quality growth of the Company's business.

As at the Latest Practicable Date, 5 products (23 indications) of the Group have been successfully marketed in Mainland China, and 3 products have been successfully approved for marketing in Europe, the United States, Canada, Australia, Indonesia and other counties/regions. From the beginning of 2024 to date, HANQUYOU was approved by the FDA for the treatment of adjuvant breast cancer, metastatic breast cancer and metastatic gastric cancer, and the New Drug Submission (NDS) for HANQUYOU was also approved by the Health Canada; the overseas commercialisation of HANSIZHUANG managed to include the markets of Cambodia and Thailand; and HANLIKANG was also approved for marketing in Peru, highlighting the Group's "Going Global" efforts with fruitful outcomes.

(I) STRONG GLOBAL PRODUCT COMMERCIALISATION CAPABILITY

During the Reporting Period, the Group insisted on starting from clinical needs, actively creating a comprehensive and innovative business operation model, and continuously optimizing the commercialisation layout, achieving remarkable results. As at the end of the Reporting Period, the Group's commercialisation team was of nearly 1,500 people, promoting the commercialisation of five products, including HANQUYOU and HANSIZHUANG, in an orderly manner in Mainland China. Meanwhile, leveraging on the foresighted R&D strategy and commercialisation layout, HANQUYOU, HANSIZHUANG and HANLIKANG continue to deploy and expand overseas markets, further benefiting patients worldwide.

In addition, the Group formally completed the equity transfer transaction under the Framework Agreement on Acquisition of DDL Licensed Company during the Reporting Period. As Henlius Pharmaceutical Trading, the target company of the acquisition, holds a pharmaceutical business license, the Group has since gained the capability to commercialise and sell more in-licensing products, thereby expanding its operational channels and further broadening its business model. In August 2024, the Company entered into an agreement with Convalife Pharmaceuticals Co., Ltd. to in-license the exclusive commercialisation rights of HANNAIJIA (Neratinib) in PRC, as well as the conditional licenses in agreed overseas countries and regions. HANNAIJIA was approved for marketing in Mainland China in June 2024 for intensive adjuvant therapy of human epidermal growth factor receptor-2 (HER2) positive early breast cancer in adults after adjuvant therapy containing trastuzumab.

The Group recently made every effort to facilitate the commercialisation of HANNAIJIA, with a view to achieving sequential treatment with HANQUYOU developed in-house by the Group, so as to further reduce the 5-year and 10-year postoperative recurrence risks in patients with HER2-positive early breast cancer.

HANQUYOU (trastuzumab for injection, European trade name: Zercepac®, US trade name: HERCESSI™) (a therapeutic product for breast cancer and gastric cancer) became the monoclonal antibody biosimilar drug approved in Mainland China, the United States, and Europe

HANQUYOU is the core product of the Group in the field of anti-tumour therapy independently developed by the Group in accordance with the relevant regulations on biosimilars of Mainland China, the EU, and the United States. In Mainland China, HANQUYOU has continued to penetrate the domestic market and generate significant sales revenue for the Group leveraging the Group's efficient market access and sales execution capabilities, as well as the differentiated advantages offered by HANQUYOU's flexible dose portfolio of 150mg and 60mg.

In April 2024, trastuzumab for injection (US trade name: HERCESSI™) was approved by the FDA for the treatment of adjuvant breast cancer, metastatic breast cancer and metastatic gastric cancer. Since then, HANQUYOU has become a monoclonal antibody biosimilar drug approved in Mainland China, Europe, and the United States. In addition, the New Drug Submission (NDS) for trastuzumab injection (Canadian trade name: Adheroza) was approved by the Health Canada in August 2024. From the beginning of 2024 to date, the marketing authorisation applications of different specifications of HANQUYOU were approved in countries/regions such as Brazil, the Philippines, and Uzbekistan.

As of the Latest Practicable Date, HANQUYOU has been approved in Europe and Mainland China for over four years, and has benefited over 200,000 patients within Mainland China. With its high international quality standards, HANQUYOU has been approved for marketing in a cumulative total of 48 countries and regions (including the United States, the United Kingdom, Germany, Spain, France, Italy, Switzerland, Australia, Singapore, Argentina, Brazil, Canada, etc.). Furthermore, the Group successfully cooperated with internationally renowned biomedicine enterprises, including Abbott, Accord, Eurofarma, PT Kalbio Global Medika, Laboratorio ELEA Phoenix S.A., etc., to fully boost market share in Europe, the United States, Canada, and other regions, as well as many emerging markets at country level, covering approximately 100 countries/regions around the world.

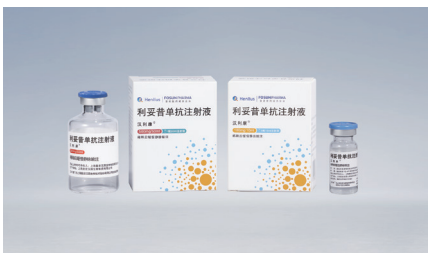
HANSIZHUANG (serplulimab injection) has significant differentiated advantages in the treatment of small-cell lung cancer and has further expanded its international presence during the Reporting Period

HANSIZHUANG is a core innovative PD-1 monoclonal antibody product independently developed by the Group. Several of its key clinical study results have been published in prestigious journals, including the Journal of the American Medical Association (JAMA) (《美國醫學會雜誌》), Nature Medicine (《自然－醫學》), Cancer Cell, and the British Journal of Cancer. Meanwhile, HANSIZHUANG was recommended by numerous guidelines, including the Guidelines of CSCO for Small-Cell Lung Cancer (《CSCO小細胞肺癌診療指南》), Guidelines of CSCO for Non-small Cell Lung Cancer (《CSCO非小細胞肺癌診療指南》), Guidelines of CSCO for Esophageal Cancer (《CSCO食管癌診療指南》), Guidelines of CSCO for Colorectal Cancer (《CSCO結直腸癌診療指南》), Guidelines of CSCO for Immune Checkpoint Inhibitor Clinical Practice (《CSCO免疫檢查點抑制劑臨床應用指南》), and Chinese Guidelines for the Radiotherapy of Esophageal Cancer (《中國食管癌放射治療指南》).

In Mainland China, HANSIZHUANG's approved indications include Microsatellite Instability-High (MSI-H) solid tumours, locally advanced or metastatic squamous non-small cell lung cancer (sqNSCLC), extensive-stage small cell lung cancer (ES-SCLC) and PD-L1 positive, unresectable locally advanced/recurrent or metastatic esophageal squamous cell carcinoma (ESCC). It has become the first monoclonal antibody drug targeting PD-1 approved for first-line treatment of extensive-stage small cell lung cancer (ES-SCLC) around the world, and its differentiated advantages of focusing on small cell lung cancer are uniquely competitive in the PD-1 market.

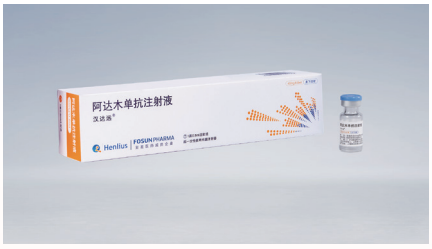
With its excellent efficacy and data quality, HANSIZHUANG has also been widely acknowledged in the international market. As its licenses-out areas covering the United States, Europe, Southeast Asia, the Middle East and North Africa and India, the international commercialisation has been carried out in an orderly manner. After being approved for marketing in Indonesia in 2023, HANSIZHUANG was approved for marketing in Cambodia in April 2024 and Thailand in July 2024 for the treatment of extensive-stage small cell lung cancer (ES-SCLC), continuously expanding its international presence. In addition, an Innovation Passport designation has been awarded to HANSIZHUANG for the treatment of extensive stage small cell lung cancer (ES-SCLC) by the United Kingdom Innovative Licensing and Access Pathway Steering Group including the Medicines and Healthcare products Regulatory Agency (MHRA) in January 2024.

Steady progress of the commercial sales of HANLIKANG (rituximab injection), HANDAYUAN (adalimumab injection) and HANBEITAI (bevacizumab injection) (therapeutic products for solid tumours, hematological tumours and autoimmune diseases) contributed to the continuous revenue

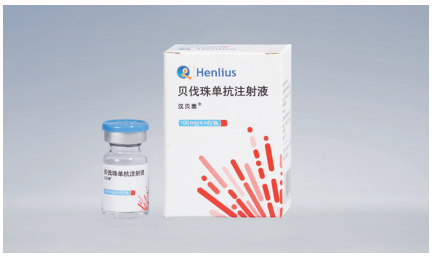


As the first monoclonal antibody drug approved for marketing under the Guidelines for the R&D and Evaluation of Biosimilars (Trial) (《生物類似藥研發與評價技術指導原則(試行)》) in China in 2019, HANLIKANG has benefited over 260,000 patients in total in Mainland China. In May 2024, HANLIKANG (Peruvian trade name: AUDEXA®) also received approval for marketing from the Peruvian General Directorate of Medicines, Supplies and Drugs (DIGEMID), becoming the third self-developed and manufactured product of the Group to be approved for overseas marketing after HANQUYOU and HANSIZHUANG. The domestic commercial sale of HANLIKANG is undertaken by Jiangsu Fosun, a subsidiary of Fosun Pharma, the controlling Shareholder of the Company. In the international market, the Company also actively collaborates with partners such as Abbott, Boston Oncology, LLC, Eurofarma, and FARMA DE COLOMBIA S.A.S to continuously advance the global presence of HANLIKANG.

HANDAYUAN is the third product of the Group marketed in Mainland China. Its domestic commercial sale is undertaken by Jiangsu Wanbang, a subsidiary of Fosun Pharma, the controlling Shareholder of the Company. In February 2024, the supplemental new drug applications (sNDA) for four new indications of HANDAYUAN were accepted by the NMPA, and were approved in May 2024. As at the end of the Reporting Period, HANDAYUAN has been approved in Mainland China for all eight indications of originator adalimumab for domestic marketing, including rheumatoid arthritis, ankylosing spondylitis, psoriasis, uveitis, polyarticular juvenile idiopathic arthritis, pediatric plaque psoriasis, Crohn's disease and pediatric Crohn's disease.



Additionally, HANBEITAI, the fourth biosimilar product of the Group approved for marketing and had realised commercial sales, had covered metastatic colorectal cancer, advanced, metastatic or recurrent non-small cell lung cancer, recurrent glioblastoma, cervical cancer, as well as indications of epithelial ovarian cancer, fallopian tube cancer or primary peritoneal cancer. As of the Latest Practicable Date, HANBEITAI has fully covered provinces adopting dual-channel medical insurance payment and smoothly progressed towards its established commercialisation goals.



(II) SUSTAINABLE GLOBAL CLINICAL DEVELOPMENT CAPABILITY ON MEDICAL PRODUCTS

During the Reporting Period, based on clinical needs, the Group has orderly organised the development of innovative products. Clinical trials on the indication for products are in further process, including HANSIZHUANG (PD-1) and related combination therapies, HLX22 (anti-human epidermal growth factor receptor-2 (HER2) humanised monoclonal antibody injection), HLX42 for injection (antibody-drug conjugate targeting EGFR with novel DNA topoisomerase I inhibitor), HLX6018 (recombinant anti-GARP/TGF-β1 humanised monoclonal antibody injection) and HLX78 (lasofoxifene) for the treatment of solid tumours, small cell lung cancer (SCLC), metastatic colorectal cancer (mCRC), gastric cancer (GC) and hepatocellular carcinoma (HCC).

With well-rounded teams for global drug registration and clinical operation, the Group was committed to promoting the development of pipeline products domestically and internationally. During the Reporting Period, the Group submitted nearly 80 drug registrations, including 8 investigational new drug applications (INDs) and 9 new drug applications (NDAs), and received approval for more than 60 drug registrations, including 4 investigational new drug applications (INDs) and 7 new drug applications (NDAs), in China, the United States, the EU and nearly 20 other countries, including Canada, Indonesia and Japan. The Group has formed its clinical operation teams in the United States, Australia, etc. for operation and management of overseas research centers. As of the end of the Reporting Period, the Group had a number of ongoing international multi-centre clinical studies in China, the United States, Australia, Spain, Germany, Poland, Hungary, Latvia and other countries.

1. CONTINUOUS AND EFFICIENT ADVANCEMENT OF CLINICAL RESEARCH PRODUCT

As at the Latest Practicable Date, the Group has carried out a total of more than 30 clinical trials in an orderly manner in various countries/regions across the world.

Progress of international clinical study projects

– Progress of HANSIZHUANG (serplulimab injection)

- In May 2024, the first patient in phase 3 part has been dosed in the international multi-center phase 2/3 clinical trial of HANSIZHUANG in combination with bevacizumab and chemotherapy for the first-line treatment of metastatic colorectal cancer in Mainland China. In July 2024, such combination therapy was permitted to commence the international multi-centre phase 3 clinical trial in Japan and Indonesia, respectively.

- As at the Latest Practicable Date, 96 sites have been set for the bridging study in the United States for HANSIZHUANG in combination with chemotherapy for the first-line treatment of extensive-stage small cell lung cancer (ES-SCLC), and the recruitment of subjects is ongoing.

– Progress of other products

  - In April 2024, an international multi-centre phase 3 clinical study of a biosimilar of denosumab HLX14 (recombinant anti-RANKL human monoclonal antibody injection) for the treatment of osteoporosis in postmenopausal women at high risk for fracture has met the primary study endpoints. The marketing authorisation applications (MAAs) for the product have been validated by the European Medicines Agency (EMA) in May 2024. The marketing authorisation applications (NDSs) for the product have been accepted by Health Canada in September 2024.

  - In May 2024, an investigational new drug application for the phase 3 clinical trial of HLX22 (anti-human epidermal growth factor receptor-2 (HER2) humanised monoclonal antibody injection) in combination with trastuzumab and chemotherapy as the first-line treatment of HER2 positive advanced gastric cancer was approved by the FDA.

Progress of domestic clinical study projects

– Progress of HANSIZHUANG (serplulimab injection)

  - In April 2024, an investigational new drug application (IND) for HLX53 (anti-TIGIT Fc fusion protein) in combination with HANSIZHUANG and HANBEITAI for the first-line treatment of locally advanced or metastatic hepatocellular carcinoma was approved by the NMPA. The first patient has been dosed in phase 2 clinical trial of this combination therapy in August 2024.

  - In April 2024, the recruitment of subjects was completed in the phase 3 clinical study of HANSIZHUANG in combination with chemotherapy for neo-/adjuvant treatment of gastric cancer in phase 3 in Mainland China.

– Progress of other products

  - In January 2024, the phase 1 clinical study of a biosimilar of denosumab HLX14 (recombinant anti – RANKL human monoclonal antibody injection) in healthy Chinese male subjects was successfully completed. This study met all of the pre-specified endpoints.

  - In March 2024, the first patient has been dosed in a phase 1 clinical study of HLX42 for injection (antibody – drug conjugate targeting EGFR with novel DNA topoisomerase I inhibitor) for the treatment of advance/metastatic solid tumours in Mainland China.

  - In March 2024, an investigational new drug application (IND) for HLX6018 (recombinant anti-GARP/TGF-β1 humanised monoclonal antibody injection) was approved by the NMPA for the treatment of idiopathic pulmonary fibrosis. In April 2024, the first subject has been dosed in a phase 1 clinical study in healthy subjects of this product in Mainland China.

  - In May 2024, an investigational new drug application (IND) for HLX78 (lasofoxifene) was approved by the NMPA. The product was licensed in by the Company in January 2024 and is at phase 3 of the international multi-center clinical trial.

  - In June 2024, a phase 1 clinical study of a biosimilar of daratumumab HLX15 (recombinant anti-CD38 fully human monoclonal antibody injection) in healthy Chinese male subjects has been successfully completed. This study met all of the pre-specified endpoints.

  - In September 2024, an investigational new drug application (IND) for the clinical trial of pembrolizumab biosimilar HLX17 (recombinant humanised anti-PD-1 monoclonal antibody injection) was approved by the NMPA. HLX17 is intended for the treatment of melanoma, non-small cell lung cancer, esophageal cancer, head and neck squamous cell cancer, colorectal cancer, hepatocellular carcinoma, biliary tract cancer, triple-negative breast cancer, microsatellite instability-high or deficient mismatch repair tumours, gastric cancer, etc.

2. Efficient advancement on IND application for pre-clinical development projects

The Group attached great importance to the pre-clinical project pipeline. During the Reporting Period, we made progress in and obtained approval of investigational new drug application (IND) for GARP/TGF-β1 and TIGIT+PD-1+VEGF targeting project, and proceeded to clinical study smoothly.

The clinical and pre-clinical application results of the Group's products from the beginning of 2024 up to the Latest Practicable Date:

Product name (targets)	Indications	Progress as of the Latest Practicable Date
Efficient advancement on international clinical projects		
HANSIZHUANG in combination with bevacizumab and chemotherapy (PD-1+VEGF)	Metastatic colorectal cancer (mCRC)	In May 2024, the first patient in phase 3 part has been dosed in the international multi-centre phase 2/3 clinical trial In July 2024, the international multi-centre phase 3 clinical trials were permitted to be conducted in Japan In July 2024, the international multi-centre phase 3 clinical trials were permitted to be conducted in Indonesia
HANSIZHUANG in combination with chemotherapy (PD-1)	Extensive-stage small cell lung cancer (ES-SCLC)	As of the Latest Practicable Date, bridging study in the United States has set up 96 sites and the recruitment of subjects is ongoing
HLX14 (RANKL)	Osteoporosis (OP) etc.	In April 2024, an international multi-centre phase 3 clinical study has met the primary study endpoints In May 2024, the marketing authorisation application (MAAs) were validated by the European Medicines Agency (EMA) In September 2024, the marketing authorisation application (NDSs) were accepted by Health Canada
HLX22 (HER2) in combination with trastuzumab	Gastric cancer (GC)	In May 2024, the phase 3 investigational new drug application was approved by the FDA

Product name (targets)	Indications	Progress as of the Latest Practicable Date
Smooth progress of domestic clinical projects		
HLX53 in combination with HANSIZHUANG and HANBEITAI (TIGIT+PD-1+VEGF)	Hepatocellular carcinoma (HCC)	In April 2024, the investigational new drug application was approved by the NMPA In August 2024, the first patient has been dosed in a phase 2 clinical study
HANSIZHUANG in combination with chemotherapy (PD-1)	neo-/adjuvant for GC	In April 2024, the enrollment of subjects in a phase 3 clinical study completed
HLX14 (RANKL)	Osteoporosis (OP) etc.	In January 2024, phase 1 clinical study in Chinese healthy male subjects was completed
HLX42 (EGFR ADC)	Solid tumour	In March 2024, the first subject has been dosed in a phase 1 clinical study
HLX6018 (GARP/TGF-β1)	Idiopathic pulmonary fibrosis (IPF)	In March 2024, the investigational new drug application was approved by the NMPA In April 2024, the first subject has been dosed in a phase 1 clinical study
HLX78 (SERM)	Breast cancer (BC)	In May 2024, the investigational new drug application was approved by the NMPA
HLX15 (CD38)	Multiple myeloma (MM)	In June 2024, phase 1 clinical study in healthy male subjects was completed
Efficient advancement of IND filings for pre-clinical development projects		
HLX6018 (GARP/TGF-β1)	Idiopathic pulmonary fibrosis (IPF)	In March 2024, the investigational new drug application was approved by the NMPA (Already in clinical phase in Mainland China)
HLX53 in combination with HANSIZHUANG and HANBEITAI (TIGIT+PD-1+VEGF)	Hepatocellular carcinoma (HCC)	In April 2024, the investigational new drug application was approved by the NMPA (Already in clinical phase in Mainland China)

Product name (targets)	Indications	Progress as of the Latest Practicable Date
HLX17(PD-1)	Melanoma, non-small cell lung cancer (NSCLC), esophageal cancer (EC), head and neck squamous cell cancer (HNSCC), colorectal cancer (CRC), hepatocellular carcinoma (HCC), biliary tract cancer (BTC), triple-negative breast cancer (TNBC), microsatellite instability-high or deficient mismatch repair tumours (MSI-H/dMMR solid tumours), gastric cancer (GC)	In September 2024, the investigational new drug application was approved by the NMPA

(III) Orientation toward clinical value and injecting impetus toward the pipeline

By centering on patients' needs, with the clinical value-oriented early R&D, based on new drug discovery platforms driven by deep data and biocomputing accelerated molecular design technology, the Group continues to develop high-quality and affordable innovative drugs to treat complex diseases with the help of network biology and polypharmacology. By employing a comprehensive antibody drug technology platform to empower the development of innovative therapies, the Group was eyeing the next-generation innovative antibody drugs and antibody-based drugs. In terms of the development of antibody-drug conjugates (ADC), the Group's R&D platform Hanjugator has the ability to develop ADC products with high safety, high selectivity and high efficacy, and is able to effectively expand the application scenarios of ADC products, providing strong support for the Group in developing ADC products with differentiation advantage and significant clinical value.

As at the Latest Practicable Date, the Group has a total of more than 50 molecules in its pipeline and 14 R&D platforms, with the forms of drug covering monoclonal antibody, bispecific antibody, ADC, recombinant protein and small molecule-drug conjugates, etc.

(IV) Layout of industrialisation base for biomedicines with high economic benefit based on international standards

As at the end of the Reporting Period, the Group, with a total commercial production capacity of 48,000L (including the Xuhui Facility with a commercial production capacity of 24,000L and Songjiang First Plant with a commercial production capacity of 24,000L), has fully supported the global supply of products approved for marketing.

- Xuhui Facility, the Group's first biopharmaceutical production base in Shanghai Caohejing Hi-Tech Park has been granted with the Chinese, EU, Brazilian and Indonesian GMP certificates and achieved normalised supply in global markets. During the Reporting Period, the Xuhui Facility has successfully completed multiple overseas customers audits for the products of HANSIZHUANG, HANQUYOU, HANDAYUAN, etc.

- Songjiang First Plant of the Group in Songjiang District, Shanghai has a commercial production capacity of 24,000L, including the liquid fill line and lyophilized preparation line. Songjiang First Plant has successfully passed FDA's Pre-License Inspection (PLI) of HERCESSI™, a trastuzumab for injection (Chinese trade name: HANQUYOU, European trade name: Zercepac®), demonstrating that relevant production sites and facilities have obtained US GMP certificates.

- In order to meet the Group's long-term demand for commercial production capacity, the construction of the Phase I project of Songjiang Second Plant, with a total planned land area of 200 acres started in 2019. The designed production capacity for the first and second stages of this project is totaled 36,000L. The installation and commissioning of equipment in two main production buildings including production lines of drug substance and drug product and the first Prefilled Syringes System (PFS), and part of equipment verification work have been completed, while the verification work of the remaining production lines will be implemented expeditiously. During the Reporting Period, the topping out of the main structure of the third stage of the Phase I project of Songjiang Second Plant has been completed.

II. OUTLOOK FOR THE SECOND HALF OF 2024

In the second half of 2024, based on clinical needs, the Group will continue to devote itself to oncology, auto-immune diseases and other fields, and deepen product innovation, market expansion and international cooperation so that we can consolidate the internationalised capability of "integrating research, production and marketing", and achieve steady development at a larger, international, and more profitable Biopharma stage.

(I) CAPITALISE ON FIRST-ENTRANT ADVANTAGES AND INCREASE THE GLOBAL MARKET COVERAGE OF PRODUCTS

As one of the leading biopharma companies in Mainland China, the Group will continue to advance the successful commercialisation of more products in an all-round efficient commercial operation model, providing global patients with biological drugs of affordable price and high quality. At the same time, relying on the qualifications of Henlius Pharmaceutical Trading and its China Good Supply Practice (GSP) certification, the Group will also explore more business cooperation possibilities, further expand the commercialised product pipeline and enrich the overall business format of the Group and promote the quality and growth of the commercialisation sector.

HANQUYOU, HANSIZHUANG and HANBEITAI are promoted and sold within Mainland China as led by the Group's in-house commercialisation team. In the second half of 2024, with the Group's professional and efficient commercialisation capabilities and the specific strength and intrinsic value of each product, the Group will continue to consolidate its product market share and develop the market potential, so as to bring more substantial commercial benefits to the Company.

Jiangsu Fosun and Jiangsu Wanbang, subsidiaries of Fosun Pharma, the controlling Shareholder of the Company, are responsible for the domestic commercial sales of HANLIKANG and HANDAYUAN, respectively. In the second half of 2024, the Group will maintain close cooperation with Jiangsu Fosun and Jiangsu Wanbang, thereby continuously carrying out commercial sales of products.

While actively expanding the domestic market, the Group will constantly promote the business cooperation of its self-developed products and establish presence in the international market. With the continuous progress made in the R&D and registration of pipeline products of the Group and the gradual recognition of the Group's products in the international market, the Group will continuously work closely with international partners and leverage the commercial capability of partners in their own field to effectively integrate the Group's products into the local market to benefit a wide range of overseas patients and achieve long-term win-win results.

(II) CONTINUE TO FACILITATE THE APPROVALS OF PIPELINE PRODUCTS WORLDWIDE

As at the Latest Practicable Date, 5 products of the Group have been successfully approved for marketing in Mainland China, Europe, the United States, Canada, Australia, Indonesia and other countries/regions. In the second half of 2024, the Group will continuously promote the marketing approval process of more products in the global market with experiences gained along the way.

- The new drug application (NDA) for new indication of HANSIZHUANG in combination with chemotherapy for the first-line treatment of locally advanced or metastatic non-squamous non-small cell lung cancer (NSCLC) is expected to be approved in Mainland China in the second half of 2024.

- The marketing authorisation application (MAA) for HANSIZHUANG in combination with chemotherapy for the first-line treatment of adult patients with extensive-stage small cell lung cancer (ES-SCLC) is expected to be approved in the EU in the second half of 2024.

- The biologic license application (BLA) for HANSIZHUANG in combination with chemotherapy for the treatment of extensive-stage small cell lung cancer (ES-SCLC) is expected to be submitted in the United States in early 2025.

- The new drug application (NDA) for pertuzumab biosimilar HLX11 is expected to be submitted in China in the second half of 2024.

- The biologics license application (BLA) for denosumab biosimilar HLX14 has been submitted in the United States in August 2024, and is expected to be accepted in the second half of 2024.

- The biologics license application (BLA) for pertuzumab biosimilar HLX11 is expected to be submitted in the United States in the second half of 2024.

- In the second half of 2024, the Group will also proactively cooperate with international partners to facilitate the marketing approval process in terms of HANLIKANG, HANQUYOU, HANDAYUAN, HANBEITAI, HANSIZHUANG, HLX14, and HLX04-O in China, the United States, the EU, Canada, the United Kingdom, Switzerland, Saudi Arabia, Brazil and other countries and regions.

(III) CONTINUE TO EXPAND PRODUCT PIPELINE BASED ON PATIENTS' NEEDS THROUGH ITERATING R&D CAPABILITIES

The Group will continue to leverage international resources and advantages to explore cutting-edge innovative products with clinical value, and deepen the early R&D results, while rapidly empowering and expanding the pipeline of the Group by project cooperation, with a view to addressing unmet clinical needs as soon as possible. The phase 1b/2 investigational new drug application (IND) for HLX43 monotherapy or combination therapy for the treatment of advanced/metastatic solid tumors was submitted to the NMPA in September 2024, and is expected to be approved in the forth quarter of 2024. The phase 1 investigational new drug application (IND) of the innovative small molecule drug HLX92, for the treatment of primary biliary cirrhosis (PBC) and primary sclerosing cholangitis (PSC) is expected to be submitted to the NMPA in the second half of 2024. The phase 2 investigational new drug application (IND) of HLX22 combined with trastuzumab and chemotherapy or HLX22 combined with trastuzumab deruxtecan in the treatment of HER2 expressing solid tumors is expected to be submitted to the NMPA in the second half of 2024.

(IV) MAINTAIN INTERNATIONAL HIGH QUALITY STANDARDS AND CONTINUE TO PROMOTE INDUSTRIALISATION DEPLOYMENT

The Group proactively plans the construction of production bases and the expansion of production capacity in accordance with the process of product R&D and marketing, providing a strong guarantee for the commercial sales of products. The Group's Xuhui Facility will continue to adopt a series of lean management and process optimization measures to ensure the stability and efficiency of international commercial production and promote the marketing application of HANSIZHUANG in the United States as soon as possible. In the second half of 2024, Songjiang First Plant will continuously improve the international standard quality system and plans to complete the GMP compliance inspection of HLX14 before its launch in the EU.

Songjiang Second Plant Phase I Project is expected to complete completion acceptance in the second half of 2024 and its batch production of Second Generation Process performance qualification (PPQ) of HANSIZHUANG is expected to be completed. Verification of facilities at each stage of the Songjiang Second Plant Phase I Project will be gradually facilitated based on the business needs of the Group. The Group will promote the construction and operation of the Songjiang Second Plant as soon as possible. When completed, the Songjiang Second Plant will become the R&D, pilot test and production base for monoclonal antibody biological drugs of the Group. This will further enhance the market competitiveness of the Group in its core business areas and meet the global commercial production needs of the Group's products.

III. FINANCIAL REVIEW

(I) REVENUE

During the Reporting Period, the Group kept focusing on patient needs, took the clinical needs as the starting point and improved its own core competitiveness by leveraging on its forward-looking global strategic layout and differentiated innovation initiatives. Under the dual-wheel driven strategies of "biosimilar and innovative drugs", the Group continued to enhance the global operating systems of R&D, production and commercialisation, and explored more opportunities for international cooperations, to fully facilitate the process of globalization, and promote the coordinated and high-quality development of products, so as to complete the transition from high-speed growth to high-quality development. During the Reporting Period, HANQUYOU and HANSIZHUANG, two core products of the Group in the field of anti-tumour therapy that were promoted and sold by the Group's in-house commercialisation team in Mainland China, led the continuous rapid growth of the Group's revenue.

As an international and innovative biopharmaceutical company, by focusing on clinical and unmet market needs, the Group stayed committed to innovation and proactively developed new strategic partners with licensed-out projects covering mainstream biopharmaceutical markets in Europe and the United States and many emerging markets. During the Reporting Period, the Group achieved remarkable results in expanding overseas markets, and brought in marked licensing income and R&D service income while benefiting patients around the world.

During the Reporting Period, the Group realised an operating income of approximately RMB2,746.1 million, representing an increase of approximately 9.8% compared to the same period in the last year, and the main revenue components are as follows:

1) REVENUE FROM PRODUCT SALES

HANQUYOU was the first domestic trastuzumab approved for marketing independently developed by the Group and was also the first product of the Group to adopt its in-house team to conduct commercialisation promotion. It was commercially available on the domestic market in August 2020. During the Reporting Period, HANQUYOU recorded a sales revenue of approximately RMB1,406.2 million, representing an increase of approximately RMB167.5 million or approximately 13.5% as compared to the same period in the last year, continuing its growth momentum.

HANSIZHUANG was the first self-developed and approved bio-innovative drug of the Group. The approval of HANSIZHUANG will further enrich the Company's commercial product line and will also bring more treatment options for domestic patients. It was commercially available on the domestic market in March 2022. During the Reporting Period, HANSIZHUANG recorded sales revenue of approximately RMB676.9 million.

HANBEITAI is the fourth biosimilar product of the Group approved for marketing in Mainland China and commercialised by the Group's in-house team. It was commercially available on the domestic market in January 2023. During the Reporting Period, HANBEITAI recorded sales revenue of approximately RMB86.7 million.

In respect of HANLIKANG, according to the cooperation agreement with Fosun Pharma, Fosun Pharma would reimburse all the expenses related to the clinical trials of HANLIKANG incurred by the Group after the relevant cooperation agreement was signed, and the Group was responsible for the production of HANLIKANG in China and the supply of HANLIKANG to Fosun Pharma after the commercialisation of HANLIKANG, and shall share the profits from the sales of HANLIKANG in China. During the Reporting Period, the Group recorded sales revenue of approximately RMB227.0 million, and licensing income of approximately RMB11.0 million under the aforementioned profit-sharing arrangement with its partners.

In respect of HANDAYUAN, according to the cooperation agreement with Fosun Pharma, Fosun Pharma would reimburse all the expenses related to the clinical trials of HANDAYUAN incurred by the Group after the relevant cooperation agreement was signed, and the Group was responsible for the production of HANDAYUAN in China and the supply of HANDAYUAN to Fosun Pharma after the commercialisation of HANDAYUAN, and shall share the profits from the sales of HANDAYUAN in China. During the Reporting Period, HANDAYUAN recorded sales revenue of approximately RMB13.6 million under the aforementioned profit-sharing arrangement with its partners.

During the Reporting Period, the Group recorded revenue in respect of Zercepac® of approximately RMB68.2 million.

During the Reporting Period, the Group recorded revenue in respect of Zerpidio® of approximately RMB0.8 million.

2) Revenue from joint development and technology transfer/commercialisation licensing

With antibody technology as its core technology, the Group continues to expand and improve innovative layout and product pipelines, and promotes high-quality innovation and R&D. Amid the deepening of market expansion and international cooperation in R&D, our influence in the international market is growing, the number and overall amount of licensed-out projects are constantly expanding. During the Reporting Period, the Group also carried out business cooperation with many partners around the world based on various projects, including intellectual property licensing, joint development, commercialisation licensing, etc.

In June 2018, the Group entered into a license agreement with Accord in relation to HANQUYOU (European trade name: Zercepac®), granting Accord exclusive commercialisation rights in special territories as agreed therein. In July 2020, the marketing authorisation application of Zercepac® submitted by a wholly-owned subsidiary of Accord was approved. Since then, Zercepac® can be marketed in all EU Member States as well as in Iceland, Liechtenstein and Norway (each in the European Economic Area (EEA)) with its centralised marketing license. The Group has recognised licensing income of approximately RMB3.3 million for the six months ended 30 June 2024.

In June 2022, the Group entered into a license and supply agreement with Organon LLC in relation to HLX11 (recombinant anti-HER2 domain II humanised monoclonal antibody injection) and HLX14 (recombinant anti-RANKL human monoclonal antibody injection). The Group has recognised revenue from R&D services of approximately RMB170.8 million for the six months ended 30 June 2024.

In November 2022, the Group entered into a license agreement with Fosun Pharma Industrial Development, granting it the exclusive right to commercialise HANSIZHUANG (serplulimab) independently developed by the Group in the United States. The Group has recognised revenue from R&D services of approximately RMB74.4 million for the six months ended 30 June 2024.

3) Revenue from other R&D service businesses

The Group has recognised revenue from CMC service of approximately RMB19.5 million for the six months ended 30 June 2024.

(II) Cost of sales

Cost of sales of the Group primarily represents reagents and consumables, employee compensation, outsourcing expenses, utilities expenses and depreciation and amortisation. During the Reporting Period, the Group recorded cost of sales of approximately RMB755.4 million, representing an increase of approximately RMB33.8 million as compared with that for the six months ended 30 June 2023, due to the increase in the sales volume of the key commercial product markets of the Group.

(III) Gross profit

During the Reporting Period, the Group recorded a gross profit of approximately RMB1,990.7 million, representing an increase of approximately RMB211.9 million, as compared with that for the six months ended 30 June 2023, mainly due to the gross profit contribution from the key commercial products of the Group.

(IV) Other income and gains

Other income of the Group mainly included government grants, exchange gains and bank interest income. Government grants included (1) government grants for capital expenditure in relation to the purchase of machinery and equipment (recognised over the useful life of the relevant assets); and (2) "additional deduction of value-added tax" and other grants (recognised after satisfying certain conditions imposed by the government).

During the Reporting Period, the Group recognised other income and gains of approximately RMB24.7 million.

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Government grants	**10,706**	14,505
Exchange gains	**3,566**	7,820
Interest income	**10,309**	2,712
Others	**158**	1,800
Total	**24,739**	26,837

(V) R&D EXPENDITURE

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Expensed R&D expenses		
R&D employee salaries	**152,537**	183,609
Outsourcing fees	**63,137**	29,942
Reagents and consumables	**50,821**	76,613
Utilities expenses	**5,104**	8,037
Depreciation and amortisation	**21,292**	32,710
Consulting expense	**16,365**	12,126
Technology expense	**11,261**	53,879
Clinical trials	**140,868**	119,265
Share-based compensation	**–**	160
Others	**21,081**	31,486
Total expensed R&D expenses	**482,466**	547,828
Capitalised R&D expenses		
Clinical trials	**95,010**	26,846
R&D employee salaries	**86,123**	57,203
Reagents and consumables	**42,164**	18,437
Depreciation and amortisation	**21,372**	5,960
Utilities expenses	**4,226**	1,879
Outsourcing fees	**14,421**	9,251
Share-based compensation	**–**	38
Technology expense	**65,493**	–
Consulting expense	**1,058**	4
Others	**13,272**	6,383
Total capitalised R&D expenses	**343,139**	126,001

During the Reporting Period, the Group recognised R&D expenses of approximately RMB825.6 million, representing an increase of approximately RMB151.8 million as compared with approximately RMB673.8 million for the six months ended 30 June 2023. Such R&D expenses was mainly due to advancing technology platform innovation, IND application and clinical trials for new drugs to accelerate the Company's innovation and transformation.

(VI) ADMINISTRATIVE EXPENSES

Administrative expenses mainly included administrative staff costs, office administrative expenses, depreciation and amortisation, audit and consulting fees, etc.

During the Reporting Period, the Group recognised administrative expenses of approximately RMB159.9 million, representing a decrease of approximately 2% as compared with that of approximately RMB163.7 million for the six months ended 30 June 2023. The decrease in the Group's administrative expenses was mainly due to the Group's overall cost reduction and efficiency improvement, and decrease in third-party consulting expense.

(VII) Selling and distribution expenses

Selling and distribution expenses of the Group mainly included salaries, promotional expenses and other expenses.

During the Reporting Period, the Group recognised selling and distribution expenses of approximately RMB900.2 million, which were mainly due to continuous sales growth of HANQUYOU and HANSIZHUANG and the marketing expenses incurred in the marketing and selling of HANBEITAI. Among which, the marketing expenses ratio of HANQUYOU in domestic market has been decreasing over the years.

(VIII) Other expenses

The Group recognised other expenses of approximately RMB14.3 million, which mainly were: (1) the external donations of approximately RMB1.0 million; and (2) impairment losses on assets of approximately RMB13.3 million, mainly including: provision for loss on devaluation of inventories of certain raw materials, semi-finished products and finished products.

(IX) Income tax expense

For the six months ended 30 June 2024, the Group incurred income tax expenses of approximately RMB9.4 million.

(X) Profit for the period

In view of the above, profit of the Group increased by approximately RMB146.3 million from a profit of approximately RMB240.0 million for the six months ended 30 June 2023 to a profit of approximately RMB386.3 million for the six months ended 30 June 2024.

(XI) Liquidity and capital resources

As of 30 June 2024, cash and bank balances of the Group were approximately RMB649.4 million, mainly denominated in RMB, USD, New Taiwan Dollars ("**NTD**"), Hong Kong Dollars ("**HKD**") and Euro ("**EUR**"). As of 30 June 2024, the current assets of the Group were approximately RMB2,396.6 million, including cash and cash equivalents of approximately RMB313.9 million and time deposits with maturity over three months of approximately RMB335.5 million.

As of 30 June 2024, the inventories were approximately RMB783.3 million, trade receivables were approximately RMB744.1 million, prepayments, deposits and other receivables were approximately RMB174.9 million and contract assets of approximately RMB44.8 million.

As of 30 June 2024, the current liabilities of the Group were approximately RMB4,903.0 million, including trade payables of approximately RMB617.1 million, other payables and accruals of approximately RMB1,066.7 million and contract liabilities of approximately RMB381.4 million and interest-bearing bank and other borrowings of approximately RMB2,837.7 million.

As at 30 June 2024, the foreign exchange bank balances of the Group were as follows:

	RMB'000
RMB	**318,242**
HKD	**4,304**
USD	**321,706**
EUR	**2,016**
NTD	**3,181**

	Original amount '000
RMB	**318,242**
HKD	**4,716**
USD	**45,275**
EUR	**263**
NTD	**14,241**

(XII) Inventories

Inventories of the Group increased from approximately RMB757.4 million as at 31 December 2023 to approximately RMB783.3 million as at 30 June 2024, mainly due to the increase in sales and expansion of raw material reserves.

(XIII) Trade receivables

As of 30 June 2024 and 31 December 2023, trade receivables from customer contracts were approximately RMB744.1 million and RMB647.8 million, respectively. There were no changes in accounting estimates or material assumptions made in the provision of the expected credit losses of trade receivables in both periods.

	30 June 2024 RMB'000	31 December 2023 RMB'000
Within 3 months	**743,906**	635,950
3 to 6 months	**195**	11,878
Total	**744,101**	647,828

(XIV) Interest-bearing bank and other borrowings

As of 30 June 2024, borrowings from bank and other institutions (exclusive of lease liabilities) of the Group were approximately RMB3,790.6 million. The Group incurred new borrowings for the following reasons: ongoing clinical research trials and preclinical research for drug candidates, selling expenses of commercialisation of products, plant construction and normal operating expenses. The borrowings of the Group were denominated in RMB.

Such borrowings bear interest at fixed annual and floating interest rates. There is no significant seasonal impact on the Group's borrowing requirements.

(XV) MATURITY STRUCTURE OF OUTSTANDING DEBTS

The following table sets forth the maturity structure of outstanding debts as at 30 June 2024 and 31 December 2023, of which lease liabilities were initially recognised upon the adoption of IFRS 16 – Leases on 1 January 2017.

	30 June 2024 RMB'000	31 December 2023 RMB'000
Within one year	**2,837,718**	2,800,377
In the second year	**225,839**	213,288
In the third to fifth year (inclusive)	**914,753**	899,218
Over five years	**75,779**	180,168
Total	**4,054,089**	4,093,051

(XVI) COLLATERAL AND PLEDGED ASSETS

As of 30 June 2024, the Group's pledged assets in relation to borrowings included property, plant and equipment of approximately RMB1,033.2 million and land use right of approximately RMB190.5 million.

(XVII) KEY FINANCIAL RATIOS

	30 June 2024	31 December 2023
Current ratio[(1)]:	**48.9%**	52.8%
Quick ratio[(2)]:	**32.9%**	37.9%
Gearing ratio[(3)]:	**59.2%**	59.5%

Notes:

(1) Current ratio is calculated as current assets divided by current liabilities as at the same day.

(2) Quick ratio is calculated as current assets minus inventories and then divided by current liabilities as of the same day.

(3) Gearing ratio is calculated as net debt divided by equity attributable to owners of the parent plus net debt, multiplied by 100%. Net debt represents the balance of indebtedness less cash and cash equivalents as at the end of the period.

(XVIII) MATERIAL INVESTMENT

In order to satisfy the expected market demand for drug candidates, the Group is currently constructing a new manufacturing facility in Shanghai, the Songjiang Second Plant, to significantly increase our overall production capacity. We designed the Songjiang Second Plant to incorporate substantially similar manufacturing equipment, technologies and processes as those being used and to be implemented at our Xuhui Facility. This project is expected to become the monoclonal antibody biological drug R&D, pilot test and production base of the Group when completed, which is conducive to further strengthening the Group's R&D capabilities in the field of biomedicine (especially monoclonal antibody biomedicine) and meeting the global commercial production needs of the Group's biosimilar and bioinnovative products.

The Company is expected to invest not more than RMB2.54 billion for the construction of the Phase I project of the "Songjiang Second Plant" (first stage, second stage and third stage). As at the end of the Reporting Period, the facility is under construction and the subsequent stages of construction will be gradually carried out based on the strategy of the Group. The capital expenditure of the construction of the Songjiang Second Plant will be mainly funded through debt financing.

Save as disclosed in this report, as of 30 June 2024, the Group did not make other material investments.

(XIX) CAPITAL COMMITMENTS AND CAPITAL EXPENDITURES

	30 June 2024 RMB'000	31 December 2023 RMB'000
Construction in progress	**153,939**	472,846
Plant and machinery	**7,647**	52,046
Electronic equipment	**2,901**	11,574
Leasehold improvements	**4,342**	35,589
Total	**168,829**	572,055

We had capital commitments for plant and machinery contracted but not provided for of approximately RMB111.9 million as of 30 June 2024. These capital commitments primarily relate to expenditures expected to be incurred for the purchase of machinery, renovation of our existing laboratories and buildings and the R&D expenditure to be capitalised.

(XX) CONTINGENT LIABILITIES

As of 30 June 2024, the Group did not have any material contingent liabilities.

(XXI) MATERIAL ACQUISITIONS AND DISPOSALS

As of 30 June 2024, the Group did not have any material acquisitions and disposals.

(XXII) INTERIM DIVIDENDS

The Company did not pay or declare any dividend for the Reporting Period.

IV. RISK MANAGEMENT

(I) FOREIGN EXCHANGE RISK

As at 30 June 2024, the Group was principally engaged in business in the PRC, in which most of the transactions were settled in RMB with no significant foreign exchange risk. No financial instrument for hedging foreign exchange risk or other hedging purposes was employed.

(II) Exchange Rate Risk

Currently, the major business operation of the Group is in the PRC and most of the revenue and expenses are settled in RMB, which is the Group's reporting currency. With the acceleration of the Group's development in overseas markets, it is expected that the sales revenue and licensing revenue denominated in USD and EUR will increase in the future. Fluctuations in exchange rates may affect the Group's cash flows, revenues, earnings and financial position.

(III) Potential Risks

1. Market Risk

The biologics market is highly competitive, and the Group's existing commercialised products and products that may be commercialised in the future face competition from pharmaceutical companies around the world in respect of various factors such as indication treatment, drug novelty, drug quality and reputation, breadth of drug portfolio, manufacturing and distribution capacity, drug price, breadth and depth of customer coverage, consumer behaviour and supply chain relationships. The Group's ability to remain competitive depends to a large extent on our ability to innovate, develop and promote new products and technologies that meet market needs in a timely manner to capture market share. At the same time, the National Healthcare Security Administration issued the "Notice on Strengthening Regional Collaboration and Promoting the Quality Improvement and Coverage Expansion of Centralized Pharmaceutical Procurement in 2024 (關於加強區域協同, 做好2024年醫藥集中採購提質擴面的通知)" in May 2024, proposing to expand the scope of the alliance, strengthen the national collaboration of the alliances at provincial level, and form a national alliance for centralised procurement; to strengthen the overall planning and coordination and rationally determine the procurement varieties, with the state and local governments complementing each other; to focus on key areas and actively promote the coverage expansion of centralised procurement in 2024. Currently, certain monoclonal antibody (mAb) biosimilars have already been included in some scopes of centralised drug procurement at the provincial level, but no centralised drug procurement of monoclonal antibody (mAb) has been conducted at the national level. If any of our products and the products of our rivals are chosen to participate in tenders and included in the centralised procurement, it might bring potential impact on the drug market to some extent.

2. Business and Operational Risk

The global biologics market is constantly evolving, and the Group invests significant amounts of human and capital resources for R&D, to develop, enhance or acquire technologies that will allow the Group to expand the scope and improve the quality of the services. Currently, the commercially available products of the Group include: HANLIKANG, HANQUYOU, HANDAYUAN, HANBEITAI and HANSIZHUANG. As most of the Group's drug candidates are still under development and are in the clinical development stages, and the course of clinical development involves a lengthy and expensive process with uncertainties in various aspects, there can be no assurance from the Group of the development and clinical results. Furthermore, if the clinical development and regulatory approval process of the drug candidates are delayed or terminated, the successful development and commercialisation of the Group's drug candidates in a timely manner may be adversely affected.

3. Force Majeure Risk

Our business, financial condition and results of operations may be materially and adversely affected by natural disasters or other unanticipated catastrophic events such as earthquakes, fires, terrorist attacks and wars. For example, the ability of our facilities to operate may be impaired, our equipment may be damaged, the development timeline of our drug candidates may be prolonged and even there may be a decrease in the demand for our products. The occurrence of any such event could adversely affect our business and financial condition.

V. EMPLOYEES AND REMUNERATION POLICIES

The following table sets forth the breakdown of our employees by function as at 30 June 2024:

Function	Number of employees
R&D and technology	979
Manufacturing	848
Commercial Operation	1,456
General and administrative	263
Total	**3,546**

The individual employment contracts entered into by the Group with our employees set out terms such as salaries, bonuses, grounds for termination and confidentiality. Employment contracts with our R&D personnel also typically contain a non-competition agreement. The Group also provides benefits to our employees as part of their compensation package which we believe are in line with industry norms. For example, PRC-based employees are entitled to employee benefits as mandated by the PRC Social Insurance Law and Regulations on the Administration of Housing Provident Fund, including pension, basic medical insurance, maternity insurance, work-related injury insurance, unemployment insurance and housing provident fund. To stay competitive in the market for talents, the Group has also adopted share award schemes to give incentives to our employees. The Group emphasizes on-the-job training as a constant and ongoing objective for the employees. All employees participate in formal training on an annual basis, where the Group focuses on the latest technical developments and updates in regulatory requirements.

INDEPENDENT REVIEW REPORT

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To the board of directors of Shanghai Henlius Biotech, Inc.
(Established in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 30 to 52, which comprises the condensed consolidated statement of financial position of Shanghai Henlius Biotech, Inc. (the "Company") and its subsidiaries (the "Group") as at 30 June 2024 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Ernst & Young
Certified Public Accountants
Hong Kong
26 August 2024

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	Notes	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
REVENUE	4	**2,746,109**	2,500,470
Cost of sales		**(755,414)**	(721,638)
Gross profit		**1,990,695**	1,778,832
Other income and gains	5	**24,739**	26,837
Selling and distribution expenses		**(900,217)**	(782,954)
Research and development expenses		**(482,466)**	(547,828)
Administrative expenses		**(159,949)**	(163,708)
Impairment losses on financial assets, net		**–**	(729)
Other expenses		**(14,288)**	(12,430)
Finance costs	7	**(62,796)**	(54,084)
PROFIT BEFORE TAX	6	**395,718**	243,936
Income tax expense	8	**(9,417)**	(3,956)
PROFIT FOR THE PERIOD		**386,301**	239,980
Attributable to:			
Owners of the parent		**386,301**	239,980
Non-controlling interests		**–**	–
		386,301	239,980
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic for profit for the period (RMB)	10	**0.71**	0.44
Diluted for profit for the period (RMB)	10	**0.71**	0.44

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
PROFIT FOR THE PERIOD	**386,301**	239,980
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(345)**	3,288
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	**(345)**	3,288
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**385,956**	243,268
Attributable to:		
Owners of the parent	**385,956**	243,268
Non-controlling interests	**–**	–
	385,956	243,268

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	Notes	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	**2,319,676**	2,237,768
Intangible assets	12	**4,819,859**	4,510,729
Right-of-use assets		**397,258**	414,886
Other non-current assets		**46,405**	64,156
Total non-current assets		**7,583,198**	7,227,539
CURRENT ASSETS			
Inventories		**783,331**	757,359
Trade receivables	13	**744,101**	647,828
Contract assets		**44,760**	82,419
Prepayments, deposits and other receivables	14	**174,921**	200,761
Cash and bank balances		**649,449**	987,665
Total current assets		**2,396,562**	2,676,032
CURRENT LIABILITIES			
Trade payables	15	**617,145**	544,815
Other payables and accruals		**1,066,707**	1,255,363
Contract liabilities		**381,380**	466,878
Interest-bearing bank and other borrowings	16	**2,837,718**	2,800,377
Total current liabilities		**4,902,950**	5,067,433
NET CURRENT LIABILITIES		**(2,506,388)**	(2,391,401)
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,076,810**	4,836,138
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	16	**1,216,371**	1,292,674
Other long-term payables		**72,801**	172,071
Contract liabilities		**982,201**	949,044
Deferred income		**227,180**	230,048
Total non-current liabilities		**2,498,553**	2,643,837
Net assets		**2,578,257**	2,192,301
EQUITY			
Share capital	17	**543,495**	543,495
Reserves		**2,034,762**	1,648,806
Equity attributable to owners of the parent		**2,578,257**	2,192,301
Total equity		**2,578,257**	2,192,301

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

For the six months ended 30 June 2024

	Attributable to owners of the parent					
	Share capital RMB'000	**Share premium* RMB'000**	**Other reserve* RMB'000**	**Exchange fluctuation reserve* RMB'000**	**Accumulated losses* RMB'000**	**Total RMB'000**
At 1 January 2024 (audited)	**543,495**	**6,069,384**	**(489,107)**	**(7,001)**	**(3,924,470)**	**2,192,301**
Profit of the period	**–**	**–**	**–**	**–**	**386,301**	**386,301**
Other comprehensive loss for the period:						
Exchange differences related to foreign operations	**–**	**–**	**–**	**(345)**	**–**	**(345)**
Total comprehensive income for the period	**–**	**–**	**–**	**(345)**	**402,622**	**402,277**
At 30 June 2024 (unaudited)	**543,495**	**6,069,384**	**(489,107)**	**(7,346)**	**(3,538,169)**	**2,578,257**

* These reserve accounts comprise the consolidated other reserves of RMB2,034,762,000 in the consolidated statement of financial position.

For the six months ended 30 June 2023

		Attributable to owners of the parent					
	Notes	Share capital RMB'000	Share premium* RMB'000	Other reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Accumulated losses* RMB'000	Total RMB'000
At 1 January 2023 (audited)		543,495	6,051,757	(481,413)	(7,018)	(4,470,489)	1,636,332
Profit of the period		–	–	–	–	239,980	239,980
Other comprehensive income for the period:							
Exchange differences related to foreign operations		–	–	–	3,288	–	3,288
Total comprehensive income for the period		–	–	–	3,288	239,980	243,268
Vesting of restricted shares	(i)	–	17,627	(10,321)	–	–	7,306
Equity-settled share-based payments	(ii)	–	–	2,627	–	–	2,627
At 30 June 2023 (unaudited)		543,495	6,069,384	(489,107)	(3,730)	(4,230,509)	1,889,533

* These reserve accounts comprise the consolidated other reserves of RMB1,346,038,000 in the consolidated statement of financial position.

Notes:

(i) According to the share award scheme of the Company, 793,293 shares were vested. An amount of RMB7,306,000 was credited as other reserve due to the release of repurchase obligation and an amount of RMB17,627,000 was transferred out from other reserve to share premium.

(ii) The Company has recognised an expense of RMB2,285,000, a cost of sales of RMB302,000, a deferred development cost of RMB38,000 and inventories of RMB2,000, which were credited to other reserve during the six months ended 30 June 2023.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Notes	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**395,718**	243,936
Adjustments for:			
Finance costs	7	**62,796**	54,084
Depreciation of property, plant and equipment	6	**70,213**	59,573
Depreciation of right-of-use assets	6	**34,323**	34,837
Amortisation of intangible assets	6	**68,072**	68,069
Amortisation of deferred income		**(3,368)**	(2,455)
Foreign exchange gains, net	5	**(3,566)**	(7,820)
Impairment of financial assets, net	6	**–**	729
Loss on disposal of items of property, plant and equipment	6	**46**	21
Write-down of inventories to net realisable value	6	**13,254**	6,487
Share-based payment expense		**–**	2,587
Cash inflows before working capital changes		**637,488**	460,048
Increase in inventories		**(37,319)**	(48,631)
Increase in trade receivables		**(96,140)**	(409,970)
Decrease in prepayments, other receivables and other assets		**5,217**	17,367
Decrease in contract assets		**37,659**	–
Increase/(decrease) in trade payables		**2,284**	(64,472)
(Decrease)/increase in other payables and accruals		**(236,668)**	302,271
(Decrease)/increase in contract liabilities		**(52,341)**	79,203
Increase in deferred income		**500**	600
Cash generated from operations activities		**260,680**	336,416
Tax paid		**(9,417)**	(3,956)
Net cash flows generated from operating activities		**251,263**	332,460
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment and other non-current assets		**(103,685)**	(239,892)
Proceeds from disposal of items of property, plant and equipment		**–**	30
Increase in time deposits with original maturity of more than three months		**(215,172)**	(120,000)
Cash repaid from a third party		**–**	134,984
Additions to intangible assets		**(344,798)**	(319,027)
Net cash flows used in investing activities		**(663,655)**	(543,905)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Notes	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank and other borrowings		**1,605,488**	1,274,346
Repayment of bank and other borrowings		**(1,643,385)**	(1,004,137)
Principal portion of lease payments		**(38,134)**	(49,684)
Interest paid		**(69,784)**	(64,028)
Net cash flows (used in)/generated from financing activities		**(145,815)**	156,497
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(558,207)**	(54,948)
Cash and cash equivalents at beginning of period		**867,663**	673,476
Effect of foreign exchange rate changes, net		**4,455**	13,628
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		**313,911**	632,156
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**649,449**	759,158
Less: Pledged deposits		**2**	7,002
Time deposits with original maturity of more than three months		**335,536**	120,000
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows		**313,911**	632,156

1. CORPORATE AND GROUP INFORMATION

Shanghai Henlius Biotech, Inc. (the "Company") is a joint stock company with limited liability established in the People's Republic of China ("PRC"). The registered office of the Company is located at Room 901, 9th Floor, Building 1, No. 367 Shengrong Road, China (Shanghai) Pilot Free Trade Zone, the PRC.

The Company and its subsidiaries are involved in the following principal activities:

- biopharmaceutical research and development ("biopharmaceutical R&D")
- biopharmaceutical service
- biopharmaceutical production and sales

In the opinion of the directors of the Company (the "Directors"), the ultimate holding company of the Company is Fosun International Holdings Limited which is a company registered in Hong Kong, and the ultimate controlling shareholder of the Company is Mr. Guo Guangchang.

The shares of the Company have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 25 September 2019.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

The Group had net current liabilities of RMB2,506,388,000 as at 30 June 2024. Having taken into account the unused banking facilities and the expected cash flows from operating, investing and financing activities, the directors of the Company consider that it is appropriate to prepare the financial information on a going concern basis.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")
Amendments to IAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

2. ACCOUNTING POLICIES *(CONTINUED)*

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(CONTINUED)*

The nature and impact of the revised IFRSs are described below:

(a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. The amendments did not have a material impact on the financial position or performance of the Group.

3. OPERATING SEGMENT INFORMATION

The Group is engaged in biopharmaceutical R&D, biopharmaceutical service and biopharmaceutical production and sales, which are regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's senior management for purposes of resource allocation and performance assessment. Therefore, no analysis by operating segment is presented.

GEOGRAPHICAL INFORMATION

(A) REVENUE FROM EXTERNAL CUSTOMERS

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Chinese Mainland	**2,489,605**	2,221,701
Asia Pacific (excluding Chinese Mainland)	**2,171**	37,722
North America	**182,708**	208,230
South America	**5,161**	7,146
Europe	**66,331**	25,671
Oceania	**133**	–
Total	**2,746,109**	2,500,470

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

SEASONALITY OF OPERATIONS

The Group's operations are not subject to seasonality.

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**2,744,708**	2,499,136
Revenue from other source		
Gross rental income	**1,401**	1,334
Total	**2,746,109**	2,500,470
Disaggregated revenue information for revenue from contracts with customers		
Types of goods or services		
Sales of biopharmaceutical products	**2,479,351**	2,152,901
Licensing revenue	**14,258**	14,037
Research and development services	**251,014**	331,452
Others	**85**	746
Total	**2,744,708**	2,499,136
Timing of revenue recognition		
Transferred at a point in time	**2,498,899**	2,160,904
Transferred over time	**245,809**	338,232
Total	**2,744,708**	2,499,136

5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Government grants	**10,706**	14,505
Exchange gains	**3,566**	7,820
Interest income	**10,309**	2,712
Others	**158**	1,800
Total	**24,739**	26,837

6. PROFIT BEFORE TAX

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

		For the six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
	Note	**(Unaudited)**	(Unaudited)
Cost of inventories sold		**430,380**	382,617
Cost of services provided		**325,034**	339,021
Depreciation of property, plant and equipment*		**70,213**	59,573
Depreciation of right-of-use assets*		**34,323**	34,837
Amortisation of intangible assets*		**68,072**	68,069
Research and development expenses:			
Current year expenditure		**482,466**	547,828
Foreign exchange gains, net	5	**(3,566)**	(7,820)
Impairment of financial assets, net		**–**	729
Write-down of inventories to net realisable value		**13,254**	6,487
Bank interest income	5	**(10,309)**	(2,712)
Loss on disposal of items of property, plant and equipment		**46**	21

* The depreciation of property, plant and equipment, the depreciation of right-of-use assets, the amortisation of intangible assets are included in "Cost of sales", "Research and development expenses", "Selling and distribution expenses" and "Administrative expenses" in the consolidated statement of profit or loss.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest expense on bank and other borrowings	**69,150**	64,237
Interest expense on lease liabilities	**6,241**	6,807
Less: Interest capitalised	**(12,595)**	(16,960)
Total	**62,796**	54,084

8. INCOME TAX

The provision for Chinese Mainland current income tax is based on the statutory rate of 25% (six months ended 30 June 2023: 25%) of the assessable profits of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008, except for certain group entities in Chinese Mainland, which are taxed at a preferential rate of 15%.

The provision for current income tax of Henlius USA Inc. incorporated in the United State and Henlius Industrial Co., Limited incorporated in Hong Kong is based on the statutory rates of 29.84% and 8.25% (six months ended 30 June 2023: 29.84% and 8.25%, respectively), respectively, for the six months ended 30 June 2024.

Taxes on profits assessable elsewhere have been calculated at the tax rates prevailing in the jurisdictions in which the Group operates.

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current – Chinese Mainland	**9,417**	3,956
Total tax charge for the period	**9,417**	3,956

9. DIVIDENDS

No dividend has been paid or declared by the Company during the reporting period (six months ended 30 June 2023: Nil).

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

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 543,494,853 (six months ended 30 June 2023: 543,100,398) in issue during the period.

The calculation of the diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the weighted average number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of conversion of all dilutive potential ordinary shares into ordinary shares.

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	**386,301**	239,980

	Numbers of shares For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**543,494,853**	543,100,398
Effect of dilution – weighted average number of ordinary shares:		
Restricted shares under the share award scheme(*)	**–**	126,378
Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculation	**543,494,853**	543,226,776

* All the restricted shares under the share award scheme were vested in 2023, therefore, there was no effect of dilution for the six months ended 30 June 2024.

11. PROPERTY, PLANT AND EQUIPMENT

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Carrying value at beginning of the period (audited)	**2,237,768**	1,817,449
Additions	**168,829**	270,346
Disposals	**(46)**	(51)
Depreciation charge	**(87,119)**	(68,456)
Exchange alignment	**244**	1,663
Carrying value at end of the period (unaudited)	**2,319,676**	2,020,951

As at 30 June 2024, the Group's property, plant and equipment with a carrying amount of RMB1,033,164,000 (31 December 2023: RMB907,539,000) was pledged as security for the Group's interest-bearing bank and other borrowings, as further detailed in note 16 to financial information.

12. INTANGIBLE ASSETS

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Carrying value at beginning of the period (audited)	**4,510,729**	4,332,283
Additions	**377,309**	130,583
Amortisation charge	**(68,180)**	(68,221)
Exchange alignment	**1**	2
Carrying value at end of the period (unaudited)	**4,819,859**	4,394,647

13. TRADE RECEIVABLES

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

	30 June 2024	31 December 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within 3 months	**743,906**	635,950
3 to 6 months	**195**	11,878
Total	**744,101**	647,828

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Note	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Prepayments		**38,974**	44,086
Value added tax to be deducted and certified		**119,893**	134,980
Deposits and other receivables		**16,054**	21,695
Due from AMTD	(i)	**472,942**	470,015
		647,863	670,776
Impairment allowance	(i)	**(472,942)**	(470,015)
Total		**174,921**	200,761

Note:

(i) On 25 September 2019, the Company entered into an investment management agreement (the "**IMA**") with AMTD Global Markets Limited ("**AMTD**", now renamed as oOo Securities (HK) Group Limited). Pursuant to the IMA, the Company deposited a total principal amount of USD117,000,000 into its investment portfolio account with AMTD (the "**AMTD Account**") and engaged AMTD to provide investment management services.

The Company recovered in total of USD30,640,000 from AMTD during the years ended 31 December 2020, 2021 and 2022. During the year ended 31 December 2023, the Company further recovered an amount of USD20,000,000 from AMTD. As at 31 December 2023 and 30 June 2024, the outstanding balances of the investment principal in AMTD Account amounted to USD66,360,000 (equivalent to RMB472,942,000).

Based on the analysis by the Company's management and with the assistance of the Company's external legal counsel, it is clarified that when the IMA was terminated on 25 September 2021, the Company had the legal rights to recover all the outstanding investment amounts from AMTD. Therefore, the outstanding investment amounts with AMTD is accounted for as an amount due from AMTD. During the year of 2023, the Company has taken legal actions to recover the outstanding investment amount from AMTD.

The Company assessed the expected credit losses based on all the facts and available information, including historical correspondence with AMTD and relevant analysis from the external legal counsel of the Company, etc. As at 30 June 2024 and 31 December 2023, the total cumulative expected credit losses amounted to USD66,360,000 (equivalent to RMB472,942,000 and RMB470,015,000, respectively) was fully provided in connection with the amount due from AMTD.

15. TRADE PAYABLES

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 1 year	**606,293**	542,286
1 to 2 years	**10,652**	2,507
2 to 3 years	**200**	22
Total	**617,145**	544,815

16. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2024			31 December 2023		
	Effective interest rate (%)	**Maturity**	**RMB'000 (Unaudited)**	Effective interest rate (%)	Maturity	RMB'000 (Audited)
Current						
Lease liabilities	**3.53-6.28**	**2024-2025**	**98,369**	3.53-6.28	2024	86,961
Bank borrowings – unsecured	**2.80-3.95**	**2024-2025**	**2,310,924**	2.80-3.86	2024	2,249,832
Current portion of long term bank borrowings – secured (Note (a))	**3.53**	**2024-2025**	**104,950**	3.53	2024	90,000
Current portion of long term bank borrowings – unsecured	**3.45-3.90**	**2024-2025**	**323,475**	3.65-4.05	2024	373,584
Subtotal			**2,837,718**			2,800,377
Non-current						
Lease liabilities	**3.53-6.28**	**2025-2030**	**165,102**	3.53-6.28	2025-2030	186,455
Bank borrowings – secured (Note (a))	**3.53**	**2025-2030**	**1,051,269**	3.53	2025-2030	1,106,219
Subtotal			**1,216,371**			1,292,674
Total			**4,054,089**			4,093,051

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Analysed into:		
Bank loans and other loans repayable:		
Within one year	**2,739,349**	2,713,416
In the second year	**176,000**	154,950
In the third to fifth years, inclusive	**799,490**	789,146
Beyond five years	**75,779**	162,123
	3,790,618	3,819,635
Lease liabilities:		
Within one year	**98,369**	86,961
In the second year	**49,839**	58,338
In the third to fifth years, inclusive	**115,263**	110,072
Beyond five years	**–**	18,045
	263,471	273,416

16. INTEREST-BEARING BANK AND OTHER BORROWINGS *(CONTINUED)*

Notes:

(a) Certain of the Group's bank borrowings are secured by:

(i) mortgages over the Group's right-of-use assets that had a net carrying value at the end of the reporting period of RMB190,488,000 (31 December 2023: RMB192,604,000); and

(ii) mortgages over the Group's property, plant and equipment that had a net carrying value at the end of the reporting period of RMB1,033,164,000 (31 December 2023: RMB907,539,000).

(b) As at 30 June 2024 and 31 December 2023, all borrowings were in RMB.

17. SHARE CAPITAL

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Issued and fully paid:		
543,494,853 (2023: 543,494,853) ordinary shares	**543,495**	543,495

18. CONTINGENT LIABILITIES

As at 30 June 2024, the Group did not have any contingent liabilities.

19. COMMITMENTS

(A) THE GROUP HAD THE FOLLOWING CONTRACTUAL COMMITMENTS AT THE END OF THE REPORTING PERIOD:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Plant and machinery	**111,917**	199,268
Investment	**–**	10,000
Total	**111,917**	209,268

(B) The Group did not have any lease contracts that have not yet commenced as at 30 June 2024 and 31 December 2023.

(C) OTHER BUSINESS AGREEMENTS

The Company enters into collaboration agreements with companies to license intellectual property. The Company may be obligated to make future development, regulatory and commercial milestone payments and royalty payments on future sales of specified products associated with its collaboration agreements. Payments under these agreements generally become due and payable upon achievement of such milestones or sales. These commitments are not recorded in the consolidated financial information because the achievement and timing of these milestones are not fixed and determinable. When the achievement of these milestones or sales has been reached, the corresponding amounts are recognised in the consolidated financial information.

20. RELATED PARTY TRANSACTIONS

The following companies are related parties that have material transactions or balances with the Group:

(A) NAME AND RELATIONSHIP OF THE RELATED PARTIES

Name	Relationship
Shanghai Fosun Pharmaceutical (Group) Co., Ltd.* (“上海復星醫藥(集團)股份有限公司”) (“Fosun Pharma”)	Ultimate parent company
Shanghai Clone High Technology Co., Ltd.* (“上海克隆生物高技術有限公司”) (“Clone High Tech”)	Fellow subsidiary
Shanghai Fukun Pharmaceutical Technology Development Co., Ltd.* (“上海復坤醫藥科技發展有限公司”) (“Shanghai Fukun”)	Fellow subsidiary
Shanghai Kaimao Bio-Pharmaceutical Co., Ltd.* (“上海凱茂生物醫藥有限公司”) (“Kai Mao Bio-pharma”)	Fellow subsidiary
Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd.* (“上海復星醫藥產業發展有限公司”) (“Fosun Pharma Industrial Development”)	Fellow subsidiary
Jiangsu Wanbang Pharmaceutical Limited Company* (“江蘇萬邦生化醫藥集團有限責任公司”) (“Jiangsu Wanbang”)	Fellow subsidiary
Shanghai Yilian Enterprise Management Co., Ltd* (“上海一鏈企業管理有限公司”) (“Shanghai Yilian”)	Fellow subsidiary
Fosun Pharmaceutical Distribution (Jiangsu) Co., Ltd.* (“江蘇復星醫藥銷售有限公司”) (“Jiangsu Fosun”)	Fellow subsidiary
Gland Pharma Limited (“Gland Pharma”)	Fellow subsidiary
Shanghai Yuruyi Wine Sales Co., Ltd. (“上海豫如意酒業銷售有限公司”) (“Shanghai Yuruyi”)	Fellow subsidiary
Shanghai Xingfu Enterprise Management Consulting Co., Ltd. (“上海星服企業管理諮詢有限公司”) (“Shanghai Xingfu”)	Fellow subsidiary
Hainan Fosun Trade Co., Ltd.* (“海南復星商社貿易有限公司”) (“Fosun Trade”)	Fellow subsidiary
Shanghai Old Temple Gold Co., Ltd.* (“上海老廟黃金有限公司”) (“ Shanghai Old Temple Gold”)	Fellow subsidiary
Chengdu Fudi Real Estate Co., Ltd. (“成都復地置業有限公司”) (“Chengdu Fudi”)	Fellow subsidiary
Suzhou Otovia Therapeutics Biotechnology Co., Ltd.* (“蘇州星奧拓維生物技術有限公司”) (“Suzhou Otovia Therapeutics”)	Fellow subsidiary
Fosun Health Technology (Jiangsu) Co., Ltd.* (“復星健康科技(江蘇)有限公司”) (“Fosun Health”)	Fellow subsidiary
Shanghai Yunji Information Technology Co., Ltd. (“上海雲濟信息科技有限公司”) (“Shanghai Yunji”)	Fellow subsidiary
Shanghai Fosun High tech Group Finance Co., Ltd. (“上海復星高科技集團財務有限公司”) (“Shanghai Fosun Finance”)	Fellow subsidiary
Shanghai Golte Property Management Co., Ltd.* (“上海高地物業管理有限公司”) (“Shanghai Golte Property”)	Fellow subsidiary
Starmab Biotechnology (Shanghai) Co., Ltd.* (“星濟生物(上海)有限公司”) (“Starmab Biotechnology”)	Fellow subsidiary
Sinopharm Group Co., Ltd. and its subsidiaries* (“國藥控股股份有限公司”及其子公司) (“Sinopharm”)	Associate of the ultimate parent company
Chongqing Pharmaceutical (Group) Co., Ltd. and its subsidiaries* (“重慶醫藥(集團)股份有限公司”及其子公司) (“Chongqing Pharma”)	Other related companies

* The English names of the companies registered in the PRC represent the best efforts made by the management of the Company in directly translating the Chinese names of these companies as no English names have been registered.

20. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(B) OTHER TRANSACTIONS WITH RELATED PARTIES

	Notes	For the six months ended 30 June 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Licensing revenue from related party			
Fosun Pharma Industrial Development	(i)	**10,963**	10,851
Services provided to related parties			
Fosun Pharma Industrial Development	(ii)	**75,472**	21,774
Suzhou Otovia Therapeutics	(ii)	**107**	401
Jiangsu Fosun	(ii)	**–**	236
		75,579	22,411
Sales of goods to related parties			
Sinopharm	(iii)	**1,062,754**	900,069
Jiangsu Fosun	(iii)	**226,623**	263,788
Chongqing Pharma	(iii)	**53,354**	40,661
		1,342,731	1,204,518
Purchases of services/goods from related parties			
Jiangsu Fosun	(iv)	**14,731**	15,166
Fosun Pharma	(iv)	**906**	713
Shanghai Golte Property	(iv)	**734**	–
Shanghai Yunji	(iv)	**634**	65
Gland Pharma	(iv)	**372**	–
Kai Mao Bio-pharma	(iv)	**262**	261
Shanghai Yuruyi	(iv)	**197**	–
Shanghai Yilian	(iv)	**189**	–
Clone High Tech	(iv)	**86**	137
Fosun Health	(iv)	**–**	619
Shanghai Old Temple Gold	(iv)	**–**	540
Others	(iv)	**315**	128
		18,426	17,629
Purchase of materials from			
Sinopharm	(iv)	**1,211**	873
Purchase of fixed assets from			
Shanghai Yunji	(iv)	**1,803**	880
Purchase of intangible assets from			
Shanghai Yunji	(iv)	**1,117**	270
Fosun Pharma	(iv)	**87**	–
		1,204	270
Purchases of right-of-use assets from			
Clone High Tech	(v)	**7,595**	18,100
Shanghai Fukun	(v)	**949**	–
Chengdu Fudi	(v)	**–**	368
		8,544	18,468
Deposits in related party			
Shanghai Fosun Finance	(vi)	**–**	193,000
Interest income			
Shanghai Fosun Finance	(vi)	**1,828**	–

20. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(B) OTHER TRANSACTIONS WITH RELATED PARTIES *(CONTINUED)*

Notes:

(i) The Group granted exclusive licenses of the Group's certain biopharmaceutical products in the PRC to related parties after the Group obtained the market distribution authorisation of such products from government authorities. The Group received advance payments from the customers accordingly. The licensing revenue is recognised over the commercialise period. The transactions were carried out in accordance with the terms and conditions similar to those offered to unrelated customers in the ordinary course of business.

(ii) The services provided to related parties were carried out in accordance with the terms and conditions similar to those offered to unrelated customers in the ordinary course of business.

(iii) The sales of biopharmaceutical products to related parties were carried out in accordance with the terms and conditions similar to those offered to unrelated customers in the ordinary course of business.

(iv) The purchases from related parties were charged in accordance with terms and conditions offered by the related parties to their unrelated customers.

(v) Certain subsidiaries of the Group entered into rental agreements with related parties. The amounts of lease liabilities by the Group to the related parties under the leases were determined with reference to the amounts charged by third parties.

(vi) Shanghai Fosun High Technology Group Finance Co., Ltd., a fellow subsidiary of the Group, provides deposit services to subsidiaries of the Group, and the maturity date of deposits is from March 2025 to May 2025. These transactions will be on normal commercial terms and the parties will comply with the relevant requirements.

(C) OUTSTANDING BALANCES WITH A RELATED PARTY

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Amounts due from related parties		
Trade receivables		
Sinopharm	**306,912**	232,998
Jiangsu Fosun	**54,981**	92,732
Chongqing Pharma	**16,512**	11,409
Fosun Pharma Industrial Development	**–**	9,525
	378,405	346,664
Prepayments, other receivables and other assets		
Clone High Tech	**2,706**	2,706
Shanghai Fukun	**1,125**	1,125
Fosun Pharma	**711**	233
Others	**160**	108
	4,702	4,172
Other non-current assets		
Sinopharm	**296**	–
Others	**100**	12
	396	12
Amounts due to related parties		
Trade payables		
Sinopharm	**987**	85
Kai Mao Bio-pharma	**222**	109
Others	**3**	–
	1,212	194

20. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(c) OUTSTANDING BALANCES WITH A RELATED PARTY *(CONTINUED)*

	Note	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Amounts due to related parties (continued)			
Other payables and accruals			
Fosun Pharma Industrial Development	(i)	**125,786**	–
Jiangsu Fosun		**9,846**	25,588
Clone High Tech		**2,155**	2,210
Shanghai Yunji		**520**	1,107
Shanghai Golte Property		**449**	474
Fosun Pharma		**392**	–
Fosun Trade		**350**	412
Shanghai Fukun		**253**	97
Shanghai Xingfu		**75**	211
Others		**121**	293
		139,947	30,392
Other long-term payable			
Fosun Pharma Industrial Development	(i)	**–**	125,786
Lease liabilities			
Clone High Tech		**73,883**	94,786
Shanghai Fukun		**6,078**	9,292
Chengdu Fudi		**144**	240
		80,105	104,318
Contract liabilities			
Fosun Pharma Industrial Development		**703,802**	789,199
Jiangsu Wanbang		**82,286**	82,286
Sinopharm		**82,119**	98,352
Chongqing Pharma		**4,272**	6,096
Starmab Biotechnology		**255**	255
Suzhou Otovia Therapeutics		**–**	107
		872,734	976,295

20. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(C) OUTSTANDING BALANCES WITH A RELATED PARTY *(CONTINUED)*

Note:

(i) On 17 November 2022, the Company entered into a license agreement with Fosun Pharma Industrial Development, a fellow subsidiary of the Company, to grant Fosun Pharmaceutical Industrial Development an exclusive license to commercialise HANSIZHUANG in the United States (including its territories and possessions) for the treatment indication of Extensive Stage Small-Cell Lung Cancer (ES-SCLC) and any other indication (other than ES-SCLC) as mutually agreed between the Company and Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd. in human. The contract was approved in the extraordinary general meeting on 27 December 2022. On 9 August 2023, the Company entered into an amendment agreement with Fosun Pharma Industrial Development, and the amendment agreement was approved in the extraordinary general meeting on 28 August 2023. As at 30 June 2024, the Company received a total upfront payment of RMB800,000,000 from Fosun Pharma Industrial Development relating to this license agreement, An amount of RMB125,786,000 was recognised as other payables and accruals based on the contract term which was recognised in other long-term payables as at 31 December 2023.

Except for lease liabilities, the balances are trade in nature, unsecured, non-interest-bearing and have no fixed terms of repayment.

(D) COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fees	**576**	532
Other emoluments:		
Wages and salaries	**25,928**	33,693
Performance related bonuses	**9,751**	10,824
Staff welfare expenses	**664**	631
Share award scheme	**–**	2,159
Total	**36,919**	47,839

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amounts		Fair values	
	30 June 2024	31 December 2023	**30 June 2024**	31 December 2023
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Financial liabilities				
Interest-bearing bank and other borrowings				
– non-current portion other than lease liabilities	**1,051,269**	1,106,219	**1,046,190**	1,099,434

Management has assessed that the fair values of cash and cash equivalents, financial assets included in prepayments, other receivables and other assets, trade receivables, trade payables, financial liabilities included in other payables and accruals, and the current portion of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(CONTINUED)*

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

The fair values of the non-current portion of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at the end of the reporting period was assessed to be insignificant.

FAIR VALUE HIERARCHY

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

Liabilities for which fair values are disclosed:

As at 30 June 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	**Significant observable inputs (Level 2) RMB'000 (Unaudited)**	**Significant unobservable inputs (Level 3) RMB'000 (Unaudited)**	**Total RMB'000 (Unaudited)**
Interest-bearing bank and other borrowings – non-current portion other than lease liabilities	**–**	**1,046,190**	**–**	**1,046,190**

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	Total RMB'000 (Audited)
Interest-bearing bank and other borrowings – non-current portion other than lease liabilities	–	1,099,434	–	1,099,434

22. EVENTS AFTER THE REPORTING PERIOD

On 24 June 2024, Shanghai Fosun New Medicine Research Co., Ltd. (formly known as "Shanghai Fosun New Medicine Research Company Limited") (the "Offeror", the indirect wholly-owned subsidiary of Fosun Pharma), Fosun Pharma and the Company jointly announced the proposed pre-conditional privatisation of the Company by the Offeror by way of merger by absorption of the Company and the proposed withdrawal of listing of the Company from the Hong Kong Stock Exchange. Since the publication of the announcement, steps have been taken in relation to the fulfilment of the pre-conditions by the Company. As of the date of the approval of the interim condensed consolidated financial information, the privatisation has not been completed.

23. COMPARATIVE AMOUNTS

As further explained in note 14 to the financial information, "Proceeds received from disposal of investments" amounting to RMB134,984,000 in the consolidated statement of cash flow for the six months ended 30 June 2023 was reclassified to "Cash repaid from a third party".

24. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 26 August 2024.

(I) RESULTS AND DIVIDENDS

The Group's results for the six months ended 30 June 2024 and the financial position of the Group as at 30 June 2024 are set out in the interim condensed consolidated financial statements and the accompanying notes on pages 30 to 52. The Board has not recommended the distribution of any interim dividend for the Reporting Period.

(II) PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES BY THE COMPANY

During the Reporting Period, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities (including sales of treasury shares). As at 30 June 2024, the Company did not hold any treasury shares.

(III) DIRECTORS'/SUPERVISOR'S AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, none of the Directors/Supervisors and chief executives of the Company has short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO). The interest or long positions of Directors/Supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise should be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

INTERESTS IN SHARES OF THE COMPANY

Name of Shareholder	Nature of interest and capacity	Class	Number of Shares	Approximate percentage in relevant class of Shares	Approximate percentage in total Shares
Jun Zhu (朱俊)[1]	Interest in controlled entity	H Shares	50,000	0.03%	0.01%

INTERESTS IN SHARES OF ASSOCIATED CORPORATIONS

Name	Name of associated corporation	Nature of interest and capacity	Class	Number of Shares	Approximate percentage in relevant class of Shares
Wenjie Zhang[2]	Fosun International	Beneficial owner	Share Option	200,000	0.00%
Qiyu Chen	Fosun International	Beneficial owner	Ordinary Shares	17,930,400	0.22%
	Fosun International	Beneficial owner	Share Option	18,450,000	0.23%
	Fosun Pharma	Beneficial owner	A Shares	114,075	0.01%
	Fosun Tourism Group	Beneficial owner	Ordinary Shares	501,478	0.04%
Yifang Wu	Fosun Pharma	Beneficial owner	H Shares	373,000	0.07%
	Fosun Pharma	Beneficial owner	A Shares	1,007,100	0.05%
	Fosun International	Beneficial owner	Ordinary Shares	360,000	0.00%
	Fosun International	Beneficial owner	Share Option	400,000	0.00%
Xiaohui Guan	Fosun International	Beneficial owner	Ordinary Shares	200,000	0.00%
	Fosun International	Beneficial owner	Share Option	1,200,000	0.01%
	Fosun Pharma	Beneficial owner	A Shares	393,100	0.02%
	Fosun Pharma	Beneficial owner	H Shares	25,000	0.00%
Deyong Wen	Fosun Pharma	Beneficial owner	A Shares	207,100	0.01%
	Fosun Pharma	Beneficial owner	H Shares	20,000	0.00%
Rongli Feng	Fosun Pharma	Beneficial owner	A Shares	113,500	0.01%
Deli Kong	Fosun Pharma	Beneficial owner	A Shares	27,200	0.00%

INTEREST IN DEBENTURES OF THE ASSOCIATED CORPORATION

Name	Name of associated corporation	Nature of interest and capacity	Class	Details of debentures	Amount of debentures
Yifang Wu	Fortune Star (BVI) Limited	Beneficial owner	Debentures	Principal amount of USD700,000,000 due on 29 October 2025	USD36,440
		Beneficial owner	Debentures	Principal amount of USD500,000,000 due on 18 May 2026	USD36,440

Notes:

(1) As at 30 June 2024, Dr. Jun Zhu wholly owned Dr. JZ Limited. Dr. Jun Zhu was deemed to be interested in the H Shares which Dr. JZ Limited was interested in. As at 30 June 2024, Shanghai Guoyun directly held approximately 0.99% of the Shares in the Company and Dr. Jun Zhu held approximately 3.09% of the shares in Shanghai Guoyun.

(2) As at 30 June 2024, HenLink held directly approximately 2.92% of the Shares in the Company, and Mr. Wenjie Zhang held approximately 8.93% of the shares in HenLink.

Save as disclosed in the foregoing, as at 30 June 2024, none of the Directors/Supervisors or chief executive of the Company or their respective close associates had any interests or short/long positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

During the Reporting Period, no rights to acquire benefits by means of the acquisition of shares, underlying shares or debentures of the Company were granted to any Directors/Supervisors or chief executive or their respective spouses or minor children, or were any such rights exercised by them; nor was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement which enabled the Directors/Supervisors or chief executive to acquire such rights in any other corporation.

(IV) INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2024, the following persons (other than the Directors/Supervisors or chief executive of the Company) had the following interests and/or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of Part XV of the SFO:

Name of Shareholder	Nature of interest and capacity	Class	Number of Shares	Approximate percentage in relevant class of Shares	Approximate percentage in total Shares
Fosun New Medicine	Beneficial owner	Unlisted Shares	265,971,569	69.98%	48.94%
Fosun Pharma Industrial Development[1]	Beneficial owner	Unlisted Shares	25,393,818	6.68%	4.67%
	Interest in controlled entity	Unlisted Shares	265,971,569	69.98%	48.94%
Fosun Pharma[2]	Interest in controlled entity	Unlisted Shares	291,365,387	76.66%	53.61%
		H Shares	32,331,100	19.78%	5.95%
Fosun High Tech[3]	Interest in controlled entity	Unlisted Shares	291,365,387	76.66%	53.61%
		H Shares	32,331,100	19.78%	5.95%
Fosun International[4]	Interest in controlled entity	Unlisted Shares	291,365,387	76.66%	53.61%

Name of Shareholder	Nature of interest and capacity	Class	Number of Shares	Approximate percentage in relevant class of Shares	Approximate percentage in total Shares
		H Shares	32,331,100	19.78%	5.95%
FHL[5]	Interest in controlled entity	Unlisted Shares	291,365,387	76.66%	53.61%
		H Shares	32,331,100	19.78%	5.95%
FIHL[6]	Interest in controlled entity	Unlisted Shares	291,365,387	76.66%	53.61%
		H Shares	32,331,100	19.78%	5.95%
Guangchang Guo[7]	Interest in controlled entity	Unlisted Shares	291,365,387	76.66%	53.61%
		H Shares	32,331,100	19.78%	5.95%
Fosun Industrial	Beneficial owner	H Shares	32,331,100	19.78%	5.95%
Al Rayyan Holding LLC	Beneficial owner	H Shares	11,370,960	6.96%	2.09%
Qatar Holding LLC[8]	Interest in controlled entity	H Shares	11,370,960	6.96%	2.09%
Qatar Investment Authority[8]	Interest in controlled entity	H Shares	11,370,960	6.96%	2.09%
DIC Holding LLC	Beneficial owner	H Shares	1,684,899	1.03%	0.31%
Qatar Investment Authority (in the capacity of investment manager of DIC Holding LLC)[9]	Interest in controlled entity	H Shares	1,684,899	1.03%	0.31%
Cayman Henlius[10]	Beneficial owner	H Shares	43,756,960	26.77%	8.05%
Wei-Dong Jiang[11]	Beneficial owner	H Shares	720,955	0.44%	0.13%
	Interest in controlled entity	H Shares	43,756,960	26.77%	8.05%
Scott Shi-Kau Liu[12]	Beneficial owner	H Shares	2,410,695	1.48%	0.44%
	Interest in controlled entity	H Shares	43,756,960	26.77%	8.05%

Notes:

(1) As at 30 June 2024, Fosun New Medicine was wholly owned by Fosun Pharma Industrial Development. Fosun Pharma Industrial Development was deemed to be interested in the Unlisted Shares which Fosun New Medicine was interested in.

(2) As of 30 June 2024, Fosun Pharma Industrial Development and Fosun Industrial were wholly owned by Fosun Pharma. Fosun Pharma was deemed to be interested in the Unlisted Shares and H Shares which Fosun Pharma Industrial Development and Fosun Industrial were interested in.

(3) As at 30 June 2024, Fosun High Tech held approximately 35.84% of the shares in Fosun Pharma. Fosun High Tech was deemed to be interested in the Unlisted Shares and H Shares which Fosun Pharma was interested in.

(4) As at 30 June 2024, Fosun High Tech was wholly owned by Fosun International. In addition, Fosun International held approximately 0.22% of the shares in Fosun Pharma. Fosun International was deemed to be interested in the Unlisted Shares and H Shares which Fosun High Tech and Fosun Pharma were interested in.

(5) As at 30 June 2024, FHL directly held approximately 73.35% of the shares in Fosun International. FHL was deemed to be interested in the Unlisted Shares and H Shares which Fosun International was interested in.

(6) As at 30 June 2024, FHL was wholly owned by FIHL. FIHL was deemed to be interested in the Unlisted Shares and H Shares which FHL was interested in.

(7) As at 30 June 2024, Mr. Guangchang Guo held approximately 85.29% of the shares in FIHL. Mr. Guangchang Guo was deemed to be interested in the Unlisted Shares and H Shares which FIHL was interested in.

(8) As at 30 June 2024, Al Rayyan Holding LLC was wholly owned by Qatar Holding LLC, which was wholly owned by Qatar Investment Authority. Qatar Holding LLC and Qatar Investment Authority were deemed to be interested in the H Shares which Al Rayyan Holding LLC was interested in.

(9) As at 30 June 2024, DIC Holding LLC was wholly owned by Qatar Investment Authority (in the capacity of investment manager of DIC Holding LLC). Qatar Investment Authority (in the capacity of investment manager of DIC Holding LLC) was deemed to be interested in the H Shares which DIC Holding LLC was interested in.

(10) As at 30 June 2024, Cayman Henlius was held by Dr. Scott Shi-Kau Liu and Dr. Wei-Dong Jiang as to approximately 64.20% and 35.80% of the total equity interests, respectively.

(11) As at 30 June 2024, Dr. Wei-Dong Jiang held approximately 35.80% of the shares in Cayman Henlius. Dr. Wei-Dong Jiang was deemed to be interested in the H Shares which Cayman Henlius was interested in.

(12) As at 30 June 2024, Dr. Scott Shi-Kau Liu held approximately 64.20% of the shares in Cayman Henlius. Dr. Scott Shi-Kau Liu was deemed to be interested in the H Shares which Cayman Henlius was interested in.

Save as disclosed herein, there is no other person known to the Directors/Supervisors or chief executive of the Company who, as of 30 June 2024, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 under Part XV of the SFO or who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

(V) MODEL CODE FOR SECURITIES TRANSACTIONS

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

(VI) COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to enhancing shareholder value by achieving high standards of corporate conduct, transparency and accountability. The Company's corporate governance practices are based on the principles and code provisions set forth in the CG Code. In the opinion of the Board, the Company has complied with all applicable principles and code provisions set out in the CG Code during the Reporting Period.

(VII) REVIEW OF INTERIM REPORT BY THE AUDIT COMMITTEE OF THE COMPANY

The audit committee of the Company comprised Mr. Tak Young So (Chairman), Dr. Lik Yuen Chan and Ms. Xiaohui Guan. Mr. Tak Young So and Dr. Lik Yuen Chan are both independent non-executive Directors. The audit committee of the Company has reviewed the unaudited interim results and the interim report of the Group for the six months ended 30 June 2024.

(VIII) SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and to the knowledge of the Directors, during the Reporting Period, the Company has maintained sufficient public float as required by the Listing Rules.

(IX) PRIVATISATION

References are made to the joint announcements dated 24 June 2024 and 23 August 2024 (the "**Joint Announcements**") jointly issued by Fosun New Medicine (the "**Offeror**"), Fosun Pharma and the Company in relation to, among others, the proposed preconditional privatisation of the Company by the Offeror by way of merger by absorption of the Company and the proposed withdrawal of listing of the Company from the Hong Kong Stock Exchange. Unless otherwise stated, capitalised terms used in this paragraph shall have the same meanings as those defined in the Joint Announcements.

Since the publication of the Joint Announcements, steps have been taken in relation to the fulfilment of the Pre-Conditions (as defined in the Joint Announcements) by the Company. As at the Latest Practicable Date, the Pre-Conditions have not yet been fulfilled. As stated in the Joint Announcements, the Pre-Conditions and the Conditions to effectiveness must be satisfied before the Merger Agreement and the Supplemental Merger Agreement becomes effective. As such, the Merger Agreement and the Supplemental Merger Agreement becoming effective is a possibility only. Neither the Offeror nor the Company provides any assurance that any or all Pre-Conditions or Conditions can be satisfied, and thus the Merger Agreement may or may not become effective or, if effective, may or may not be implemented or completed. As more time is required for the satisfaction of Pre-Conditions, the Offeror has applied to the Executive and has obtained its consent under Note 2 to Rule 8.2 of the Takeovers Code to permit the Composite Document to be despatched to the H Shareholders within seven (7) days after the satisfaction of the Pre-Conditions or 7 May 2025, whichever is earlier. As of the Latest Practicable Date, the Merger has not been completed. For further details of the Merger, please refer to the Joint Announcements and the announcements of the Company dated 11 July 2024, 15 July 2024 and 14 August 2024.

(X) SHARE AWARD SCHEME

The Company adopted the 2018 Share Award Scheme effective on 14 April 2018 for the purpose of promoting the establishment of a sound and effective incentive mechanism to fully motivate the employees of the Group, effectively align the interests of the Shareholders, the Group and the individuals, so as to form an interest-and risk-sharing mechanism among the Shareholders and the employees as well as attracting and retaining outstanding talents to ensure the realisation of the Group's long-term development goals. The 2018 Share Award Scheme comprised two parts, onshore participants who were Mainland Chinese citizens (the "**2018 Onshore Participants**") would become limited partners of Shanghai Guoyun and offshore participants who were not Mainland Chinese citizens (the "**2018 Offshore Participants**", together with the 2018 Onshore Participants, the "**2018 Participants**") would become shareholders of HenLink. The 2018 Participants included the members of senior management of the Company and core technical personnel of the Company and its subsidiaries. As at the adoption time of the 2018 Share Award Scheme, Shanghai Guoyun and HenLink were immediate Shareholders of the Company which held 11,714,650 Shares and 11,035,350 Shares pursuant to the 2018 Share Award Scheme, respectively. The 2018 Onshore Participants were responsible for the capital contribution made by Shanghai Guoyun to the Company in respect of the Shares issued to Shanghai Guoyun and the 2018 Offshore Participants were responsible for the capital contribution made by HenLink to the Company in respect of the Shares under the 2018 Share Award Scheme held by HenLink. In September 2018, Shanghai Guoyun and HenLink have settled their respective capital contribution to the Company using funds contributed by the relevant employees of the Group pursuant to the 2018 Share Award Scheme at a subscription price of RMB9.21 per Share.

All the grants under the 2018 Share Award Scheme were made in 2018 on a one-off basis. On 14 April 2018 (the "**Date of 2018 Grant**"), pursuant to the 2018 Share Award Scheme, a total of 22,750,000 Shares (i.e. 11,714,650 Shares and 11,035,350 Shares held by Shanghai Guoyun and HenLink respectively), representing approximately 4.19% of the total issued Shares of the Company as at the Latest Practicable Date, were indirectly granted to the 2018 Participants through the 2018 Participants subscribing for shares in Shanghai Guoyun (in respect of employees who are Mainland Chinese citizens) and HenLink (in respect of employees who are not Mainland Chinese citizens) and thereby becoming indirect Shareholders of the Company. There was no maximum entitlement of each 2018 Participant under the 2018 Share Award Scheme.

On 10 December 2020, the Company amended the terms of the 2018 Share Award Scheme. The major amendments relate to, among other things, the transfer restrictions on incentive shares and the special adjustment mechanism. Pursuant to the 2018 Share Award Scheme (as amended), if the 2018 Participants resign or are dismissed by the Company, share awards granted to such 2018 Participants, of which restrictions have not been released, shall be repurchased by the Company or reassigned to new participants. In addition, the Remuneration Committee of the Board retains the discretion to release the restrictions of unvested share awards granted to resigned 2018 Participants if such resigned 2018 Participants meet certain performance requirements during their tenure.

The table below sets out the arrangement in relation to the release of the restrictions on the Shares indirectly held by the 2018 Participants in tranches (after amendments to the 2018 Share Award Scheme):

Categories of 2018 Participants	Arrangement in relation to the release of the restrictions	Date of releasing the restrictions	Percentage of shares which restrictions will be released	Conditions for releasing the restrictions
Category I Participants	First tranche	30 April 2020	60%	The conditions for releasing the restrictions comprised two parts, namely the Company achieving certain milestones in respect of its products and the participants passing annual performance review. The percentage of shares in respect of which the conditions may be released will depend on the achievement level of those conditions. In relation to the shares in respect of which the restrictions have been released, such shares can only be transferred after the date of release of such restrictions.
	Second tranche	30 April 2021	20%	
	Third tranche	30 April 2022	20%	
Category II Participants	First tranche	30 April 2020	35%	
	Second tranche	30 April 2021	30%	
	Third tranche	30 April 2022	35%	
Category III Participants	First tranche	30 April 2020	20%	
	Second tranche	30 April 2021	25%	
	Third tranche	30 April 2022	55%	

The 2018 Share Award Scheme shall be valid from the Date of 2018 Grant to the date on which all Shares indirectly held by the 2018 Participants have been unlocked or otherwise repurchased and cancelled.

In addition, on 10 December 2020, the Company adopted the 2020 Share Award Scheme as certain 2018 Participants in the 2018 Share Award Scheme were no longer employed by the Group and had to assign their Restricted Interests under the 2018 Share Award Scheme. The purposes of the 2020 Share Award Scheme are, amongst others, to promote the establishment of a sound and effective incentive mechanism to fully motivate the employees of the Group, effectively align the interests of the Shareholders, the Group and the individuals, so as to form an interest-and risk-sharing mechanism among the Shareholders and the employees; and to attract and retain outstanding talents to ensure the realisation of the Group's long-term development goals. Pursuant to the 2020 Share Award Scheme, the 2020 Participants, including Directors, senior management and other employees of the Group (the "**2020 Participants**"), would acquire the Restricted Interests (comprised 360,700 Unlisted Shares held by Shanghai Guoyun and 2,420,000 Unlisted Shares held by HenLink, representing approximately 0.51% of the issued Shares of the Company as at the Latest Practicable Date) from the Resigned Participants of the 2018 Share Award Scheme at an acquisition price determined by reference to the original acquisition costs of such Restricted Interests in accordance with the terms of the 2018 Share Award Scheme and subject to applicable rules and regulations. Such price shall be paid by the 2020 Participants within a period determined by the Company. There was no maximum entitlement of each 2020 Participant under the 2020 Share Award Scheme. The 2020 Participants will acquire the Restricted Interests from the Resigned 2018 Participants. Pursuant to the 2020 Share Award Scheme, if the 2020 Participants resign or are dismissed by the Company, share awards granted to such 2020 Participants, of which restrictions have not been released, shall be repurchased by the Company or reassigned to new participants. In addition, the Remuneration Committee of the Board retains the discretion to release the restrictions of unvested share awards granted to resigned 2020 Participants if such resigned 2020 Participants meet certain performance requirements during their tenure. All the share awards under the 2020 Share Award Scheme were made on 10 December 2020 ("**Date of 2020 Grant**") on a one-off basis.

The table below sets out the arrangement in relation to the release of the restrictions on the Shares indirectly held by the 2020 Participants in tranches:

Categories of 2020 Participants	Arrangement in relation to the release of the restrictions	Date of releasing the restrictions	Percentage of shares which restrictions will be released	Conditions for releasing the restrictions
Category I Participants	First tranche	30 April 2021	60%	The conditions for releasing the restrictions comprised two parts, namely (1) the Company achieving certain milestones in respect of its research and development status, revenue and the construction progress of manufacturing facilities to be determined at the discretion of the Board, and (2) the 2020 Participants passing annual performance review. The percentage of shares in respect of which the conditions may be released will depend on the achievement level of those conditions. In relation to the shares in respect of which the restrictions have been released, such shares can only be transferred after the date of release of such restrictions.
	Second tranche	30 April 2022	20%	
	Third tranche	30 April 2023	20%	
Category II Participants	First tranche	30 April 2021	20%	
	Second tranche	30 April 2022	25%	
	Third tranche	30 April 2023	55%	

The 2020 Share Award Scheme shall be valid from the Date of 2020 Grant to the date on which all Shares indirectly held by the 2020 Participants have been unlocked or otherwise repurchased and cancelled.

All Shares granted under the 2018 Share Award Scheme and 2020 Share Award Scheme were fully vested in 2023. There were no ungranted or unvested Shares during the Reporting Period.

DEFINITIONS

In this interim report, the following expressions have the meanings set out below unless the context requires otherwise.

"2018 Share Award Scheme"	the share award scheme adopted pursuant to the original operating procedure of the employee equity incentive scheme signed in April 2018 and as amended in December 2020
"2020 Share Award Scheme"	the share award scheme adopted pursuant to the operating procedure of the 2020 employee equity incentive scheme
"Abbott"	Abbott Operations Uruguay S.R.L.
"Accord"	Accord Healthcare Limited
"Board"	the board of Directors of the Company
"Cayman Henlius"	Henlius Biopharmaceuticals, Inc., a company established in Cayman Islands on 23 February 2009, and a substantial shareholder
"CG Code"	Corporate Governance Code contained in Appendix C1 to the Listing Rules
"Company" or "Henlius"	Shanghai Henlius Biotech, Inc., a joint stock company incorporated under the laws of the PRC with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange
"CSCO"	Chinese Society of Clinical Oncology
"Director(s)"	the director(s) of the Company
"EMA"	European Medicines Agency
"EU"	European Union
"Eurofarma"	Eurofarma Laboratorios S.A.
"FDA"	the United States Food and Drug Administration
"FHL"	Fosun Holdings Limited (復星控股有限公司), a company incorporated in Hong Kong on 18 February 2005 with limited liability, and a controlling shareholder
"FIHL"	Fosun International Holdings Ltd. (復星國際控股有限公司), a company incorporated in the British Virgin Islands on 9 September 2004 with limited liability, and a controlling shareholder
"Fosun High Tech"	Shanghai Fosun High Technology (Group) Co., Ltd.* (上海復星高科技(集團)有限公司), a company incorporated in the PRC on 8 March 2005, and a controlling shareholder
"Fosun Industrial"	Fosun Industrial Co., Limited (復星實業(香港)有限公司), a company incorporated in Hong Kong on 22 September 2004 with limited liability

"Fosun International"	Fosun International Limited (復星國際有限公司), a company incorporated in Hong Kong on 24 December 2004 with limited liability, the shares of which are listed on the Main Board of the Stock Exchange, and a controlling shareholder
"Fosun New Medicine"	Shanghai Fosun New Medicine Research Co., Ltd.* (上海復星新藥研究股份有限公司) (formerly known as "Shanghai Fosun New Medicine Research Company Limited"* (上海復星新藥研究有限公司)), a company incorporated in the PRC on 12 September 2008 with limited liability, and a controlling shareholder
"Fosun Pharma"	Shanghai Fosun Pharmaceutical (Group) Co., Ltd.* (上海復星醫藥(集團)股份有限公司), a joint stock company established in the PRC, the H shares and A shares of which are listed and traded on the Main Board of the Stock Exchange and the Shanghai Stock Exchange, respectively, and a controlling shareholder
"Fosun Pharma Industrial Development"	Shanghai Fosun Pharmaceutical Industrial Development Company Limited (上海復星醫藥產業發展有限公司), a company incorporated in the PRC on 27 November 2001 with limited liability, a wholly-owned subsidiary of Fosun Pharma, and a controlling shareholder
"Global Offering"	the global offering comprises the Hong Kong public offering of 6,469,600 H Shares as well as the international offering of 58,225,800 H Shares initially available for subscription and 4,366,400 H Shares pursuant to the partial exercise of the over-allotment option
"GMP"	good manufacturing practice
"Group", "we", "our" or "us"	the Company and its subsidiaries
"H Share(s)"	overseas listed foreign share(s) in the Company's ordinary share capital, with a nominal value of RMB1.00 each, which were listed on the Stock Exchange and traded in Hong Kong dollars
"HenLink"	HenLink, Inc., a company incorporated in the Cayman Islands on 15 August 2014 and a Shareholder whose beneficial owners are certain employees of the Group
"Henlius Pharmaceutical Trading"	Shanghai Henlius Pharmaceutical Trading Co., Ltd.* (上海復宏漢霖醫藥貿易有限公司) (formerly known as "Shanghai Baodao Hongshun Pharmaceutical Trading Co., Ltd."* (上海寶島宏順醫藥貿易有限公司)), a wholly-owned subsidiary of the Company
"HK$ or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange" or the "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"IFRSs"	International Financial Reporting Standards
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China

"Jiangsu Fosun"	Fosun Pharmaceutical Distribution (Jiangsu) Co., Ltd.* (江蘇復星醫藥銷售有限公司), a company incorporated in the PRC with limited liability, and a wholly-owned subsidiary of Fosun Pharma
"Jiangsu Wanbang"	Jiangsu Wanbang (Group) Biopharmaceutical Co., Ltd.* (江蘇萬邦生化醫藥集團有限責任公司), a company incorporated in the PRC with limited liability, and a wholly-owned subsidiary of Fosun Pharma
"Latest Practicable Date"	18 September 2024, being the latest practicable date for ascertaining the contents set out in this report prior to printing
"Listing"	the listing of the H Shares on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"MAA"	marketing authorisation application
"mAb"	monoclonal antibodies
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"NDA"	new drug application
"NMPA"	the National Medical Products Administration of the PRC
"PRC", "China" or "Mainland China"	the People's Republic of China, but for the purposes of this interim report only, except where the context requires, references in this interim report to PRC, China or Mainland China exclude Hong Kong, Macau and Taiwan Regions
"R&D"	research and development
"Reporting Period"	the six months ended 30 June 2024
"Restricted Interests"	the interests held by the Resigned 2018 Participants in Shanghai Guoyun or HenLink (as the case may be) that remain subject to the transfer restrictions under the 2018 Share Award Scheme
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Shanghai Guoyun"	Shanghai Guoyun Biotech Partnership Enterprise (Limited Partnership)* (上海果運生物技術合夥企業(有限合夥)), a company incorporated in the PRC on 9 August 2017 and a Shareholder whose beneficial owners are certain employees of the Group
"Share(s)"	ordinary shares with nominal value of RMB1.00 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Share(s)

"Songjiang First Plant"	the Company's manufacturing facility at Guangfu Lin Road of the Songjiang District of Shanghai
"Songjiang Second Plant"	Henlius Biotech Biopharmaceutical Industrialization Base II, the Company's manufacturing facility with total planned area of 200 acres currently under construction in the Songjiang District of Shanghai
"Supervisor(s)"	the supervisors(s) of the Company
"U. S." or "United States"	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
"USD"	U.S. Dollars, the lawful currency of the U.S.
"Unlisted Shares"	ordinary shares with nominal value of RMB1.00 each in the share capital of the Company, which are not listed on any stock exchange
"Xuhui Facility"	the Company's manufacturing facility at Yishan Road of the Xuhui District of Shanghai

In this interim report, if there is any inconsistency between the Chinese names of the entities, authorities, organisations, institutions or enterprises established in China or the awards or certificate given in China and their English translations, the Chinese version shall prevail.

* *For identification purpose only*