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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board of directors (the "**Board**") of Shanghai Henlius Biotech, Inc. (the "**Company**" or "**Henlius**") is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (collectively referred to as the "**Group**" or "**we**") for the six months ended 30 June 2024 (the "**Reporting Period**"), prepared under International Financial Reporting Standards ("**IFRSs**").

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, research and development ("**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.

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 (NDA) 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 (NDA) 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 (NDA) 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.

  • In May 2024, an investigational new drug application (IND) 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.

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 announcement and (if applicable) the Company's previous announcements published on the websites of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") and the Company.

PRODUCT PORTFOLIO AND 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

MANAGEMENT DISCUSSION AND ANALYSIS

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 of 23 August 2024, being the latest practicable date for the publication of this announcement (the "**Latest Practicable Date**"), 5 products (23 indications) of the Group have been successfully marketed in Mainland China (excluding Hong Kong, Macau and Taiwan regions of the People's Republic of China (the "**PRC**") ("**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 United States Food and Drug Administration ("**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 Shanghai Henlius Pharmaceutical Trading Co., Ltd. (formerly known as "Shanghai Baodao Hongshun Pharmaceutical Trading Co., Ltd.") (the "**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 European Union (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 Last 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 Operations Uruguay S.R.L. ("**Abbott**"), Accord Healthcare Limited ("**Accord**"), Eurofarma Laboratorios S.A. ("**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.

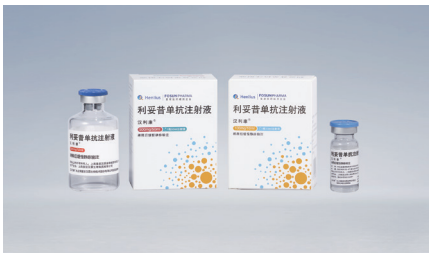
HANSIZHUANG (serplulimab injection) has significant differentiated advantages in the treatment of small-cell lung cancer and has further expanded its international presence during the Reporting Period

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 Chinese Society of Clinical Oncology ("**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》).

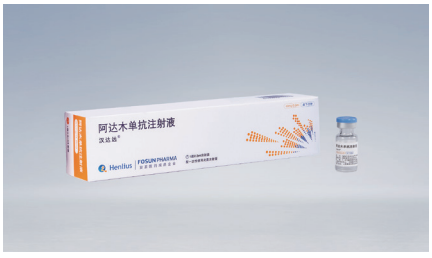
In Mainland China, HANSIZHUANG's approved indications include Microsatellite Instability-High (MSI-H) solid tumours, locally advanced or metastatic squamous non-small cell lung cancer (sqNSCLC), extensive-stage small cell lung cancer (ES-SCLC) and PD-L1 positive, unresectable locally advanced/recurrent 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.

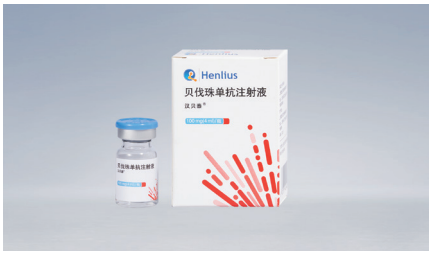
Steady progress of the commercial sales of HANLIKANG (rituximab injection), HANDAYUAN (adalimumab injection) and HANBEITAI (bevacizumab injection) (therapeutic products for solid tumours, hematological tumours and autoimmune diseases) contributed to the continuous revenue



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 Pharmaceutical Sales Co., Ltd. ("**Jiangsu Fosun**"), a subsidiary of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. ("**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 Biopharmaceutical (Group) Co., Ltd. ("**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 National Medical Products Administration ("**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, 94 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.

  - In May 2024, an investigational new drug application (IND) 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.

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 94 sites and the recruitment of subjects is ongoing

Product name (targets)	Indications	Progress as of the Latest Practicable Date
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)
HLX22 (HER2) in combination with trastuzumab	Gastric cancer (GC)	In May 2024, the phase 3 investigational new drug application was approved by the FDA
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

Product name (targets)	Indications	Progress as of the Latest Practicable Date
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)

(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 applications (BLAs) for pertuzumab biosimilar HLX11 and denosumab biosimilar HLX14 are 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 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.

(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 Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd. ("**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 Renminbi ("**RMB**"), United States Dollars ("**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 announcement, as of 30 June 2024, the Group did not make other material investments.

(XIX) Capital commitments and capital expenditures

	30 June 2024	31 December 2023
	RMB'000	*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.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Reference is made to the joint announcement dated 24 June 2024 (the "**Joint Announcement**") jointly issued by Shanghai Fosun New Medicine Research Co., Ltd. (formerly known as "Shanghai Fosun New Medicine Research Company Limited") (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 Announcement.

Since the publication of the Joint Announcement, steps have been taken in relation to the fulfilment of the Pre-Conditions (as defined in the Joint Announcement) by the Company. As at the Latest Practicable Date, the Pre-Conditions have not yet been fulfilled. As stated in the Joint Announcement, the Pre-Conditions and the Conditions to effectiveness must be satisfied before the Merger Agreement becomes effective. As such, the 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, an application was made to the Executive pursuant to Note 2 to Rule 8.2 of the Takeovers Code, and the Executive has indicated that it is minded to grant its consent to extend the latest time for the despatch of the Composite Document to (a) within 7 days of fulfilment of the Pre-Conditions or (b) 7 May 2025 (being the date which is 7 days following the Long-stop Date), whichever is earlier. As at the date of this announcement, the Merger has not been completed. For further details of the Merger, please refer to the Joint Announcement and the announcements of the Company dated 11 July 2024, 15 July 2024, 14 August 2024 and 23 August 2024.

Except for those disclosed in this announcement, no major subsequent events have occurred since the end of the Reporting Period and up to the date of this announcement.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

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 the sale of treasury shares).

INTERIM DIVIDEND

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

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 Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules. 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.

COMPLIANCE WITH CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its code of conduct regarding directors' securities transactions. Having made specific enquiries to all of the directors of the Company, all directors of the Company confirmed that they have fully complied with all relevant requirements set out in the Model Code during the Reporting Period.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The Group's interim results for the six months ended 30 June 2024 have been reviewed by the audit committee of the Company.

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	*3*	**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	*4*	**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	*6*	**(62,796)**	(54,084)
PROFIT BEFORE TAX	*5*	**395,718**	243,936
Income tax expense	*7*	**(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)	*9*	**0.71**	0.44
Diluted for profit for the period (RMB)	*9*	**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		**2,319,676**	2,237,768
Intangible assets		**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	*10*	**744,101**	647,828
Contract assets		**44,760**	82,419
Prepayments, deposits and other receivables	*11*	**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	*12*	**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		**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

	30 June 2024	31 December 2023
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**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	**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

1. BASIS OF PRESENTATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

1.1 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.

1.2 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*

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.

2. 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.

3. 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

4. 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

5. 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	*4*	**(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	*4*	**(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.

6. 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

7. 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

8. DIVIDENDS

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

9. 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 (Unaudited)	2023 (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.

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

11. 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 amounting 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.

12. 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	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(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

13. COMPARATIVE AMOUNTS

As further explained in note 11 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".

14. 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.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the website of the Hong Kong Stock Exchange at http://www.hkexnews.hk and on the website of the Company at http://www.henlius.com. The 2024 Interim Report containing all the information required by the Listing Rules will be published on the websites of the Company and the Hong Kong Stock Exchange in due course.

APPRECIATION

The Group would like to express its appreciation to all the staff for their outstanding contribution towards the Group's development. The Board wishes to sincerely thank the management for their dedication and diligence, which are the key factors for the Group to continue its success in future. Also, the Group wishes to extend its gratitude for the continued support from its shareholders, customers, and business partners. The Group will continue to deliver sustainable business development, so as to create more values for all its shareholders.

On behalf of the Board
Shanghai Henlius Biotech, Inc.
Wenjie Zhang
Chairman

Hong Kong, 26 August 2024

As at the date of this announcement, the board of directors of the Company comprises Mr. Wenjie Zhang as the chairman and executive director, Dr. Jun Zhu as the executive director, Mr. Qiyu Chen, Mr. Yifang Wu, Ms. Xiaohui Guan, Mr. Deyong Wen and Dr. Xingli Wang as the non-executive directors, and Mr. Tak Young So, Dr. Lik Yuen Chan, Dr. Guoping Zhao and Dr. Ruilin Song as the independent non-executive directors.