Henlius

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

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

Stock Code: 2696

2023
INTERIM REPORT

RELIABLE QUALITY
AFFORDABLE INNOVATION

MISSION

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

VISION

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

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive directors

Wenjie Zhang *(Chairman)*[1]
Jun Zhu (朱俊) *(Chief Executive Officer)*[2]

Non-executive directors

Qiyu Chen (陳啟宇)
Yifang Wu (吳以芳)
Xiaohui Guan (關曉暉)
Deyong Wen (文德鏞)
Xingli Wang[3]
Zihou Yan (晏子厚)[4]

Independent non-executive directors

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

SUPERVISORS

Rongli Feng (馮蓉麗) *(Chairman)*
Deli Kong (孔德力)
Yexing Yuan (袁曄星)[5]

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

STRATEGY COMMITTEE

Wenjie Zhang *(Chairman)*
Jun Zhu (朱俊)[2]
Qiyu Chen (陳啟宇)
Yifang Wu (吳以芳)
Deyong Wen (文德鏞)
Xingli Wang[3]
Tak Young So (蘇德揚)
Ruilin Song (宋瑞霖)
Zihou Yan (晏子厚)[4]

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Lik Yuen Chan (陳力元) *(Chairman)*
Tak Young So (蘇德揚)
Ruilin Song (宋瑞霖)
Wenjie Zhang
Jun Zhu (朱俊)[2]
Zihou Yan (晏子厚)[4]

JOINT COMPANY SECRETARIES

Yan Wang (王燕)
Mei Ha Wendy Kam (甘美霞) *(Fellow of the Hong Kong Chartered Governance Institute)*

Notes:

1. Mr. Wenjie Zhang resigned as the chief executive officer of the Company on 17 July 2023 and will continue to serve as an executive Director and the Chairman of the Company, the Chairman of the Strategy Committee, the Chairman of the Nomination Committee and a member of the Environmental, Social and Governance Committee.
2. Mr. Jun Zhu(朱俊) was appointed as the chief executive officer of the Company on 17 July 2023 and was appointed as an executive Director, a member of the Strategy Committee and a member of the Environmental, Social and Governance Committee on 28 August 2023.
3. Dr. Xingli Wang was appointed as a non-executive Director and a member of the Strategy Committee on 28 August 2023.
4. Mr. Zihou Yan (晏子厚) resigned as a non-executive Director, a member of the Strategy Committee and a member of the Environmental, Social and Governance Committee on 17 July 2023.
5. Mr. Yexing Yuan (袁曄星) was elected as an employee representative supervisor on 1 January 2023.

AUTHORISED REPRESENTATIVES

Wenjie Zhang
Mei Ha Wendy Kam (甘美霞)

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

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REGISTERED OFFICE IN CHINA

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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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H SHARES REGISTRAR

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AUDITOR AND REPORTING ACCOUNTANTS

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
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Quarry Bay, Hong Kong

LEGAL ADVISERS TO THE COMPANY

As to Hong Kong and U.S. laws:
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STOCK SHORT NAME

HENLIUS

STOCK CODE

2696

COMPANY WEBSITE

www.henlius.com

OPERATION HIGHLIGHTS

I. FINANCIAL SUMMARY

1. The Group's total revenue increased by approximately RMB1,211.1 million or approximately 93.9% to approximately RMB2,500.5 million for the six months ended 30 June 2023 from approximately RMB1,289.4 million for the six months ended 30 June 2022. Such revenue was mainly generated from drug sales, R&D services provided to customers and license income.

2. For the six months ended 30 June 2023, the Group recognised expensed R&D expenditure of approximately RMB547.8 million, representing an increase of approximately RMB13.3 million as compared with approximately RMB534.5 million for the six months ended 30 June 2022, primarily due to the continuous investment in innovative R&D projects by the Group to accelerate the innovation and transformation of the Company.

3. The Group's profit for the period was approximately RMB240.0 million for the six months ended 30 June 2023, representing an increase of approximately RMB492.1 million in profit from a loss of approximately RMB252.1 million for the six months ended 30 June 2022, mainly due to the successive commercialisation of core products and the constant sales expansion.

II. BUSINESS HIGHLIGHTS

1 **HANQUYOU (trastuzumab for injection, European trade name: Zercepac®):**

In February 2023, the biologics license application (BLA) for the trastuzumab for injection for (1) the adjuvant treatment of HER2 overexpressing breast cancer; (2) the treatment of HER2 overexpressing metastatic breast cancer; and (3) the treatment of HER2 overexpressing metastatic gastric or gastroesophageal junction adenocarcinoma submitted by the Company's business partner Accord BioPharma Inc. was accepted by the United States Food and Drug Administration (FDA).

In July 2023, the New Drug Submission (NDS) for the trastuzumab for injection for the treatment of HER2-positive and early-stage breast cancer submitted by the Company's business partner Accord Healthcare Inc. was accepted by the Health Canada.

2 **HANSIZHUANG (serplulimab injection):**

In January 2023, the new drug application (NDA) for new indication of HANSIZHUANG in combination with carboplatin and etoposide for the first-line treatment of extensive-stage small cell lung cancer (ES-SCLC) was approved by the NMPA.

In March 2023, the marketing authorisation application (MAA) of HANSIZHUANG in combination with carboplatin and etoposide for the first-line treatment of extensive-stage small cell lung cancer (ES-SCLC) was validated by the European Medicines Agency.

HANSIZHUANG is recommended by nine guidelines, including the 2023 Guidelines of CSCO for Small-Cell Lung Cancer (《CSCO小細胞肺癌診療指南》), Guidelines of CSCO for Non-small Cell Lung Cancer (《CSCO非小細胞肺癌診療指南》), Guidelines of CSCO for Esophageal Cancer (《CSCO食管癌診療指南》), Guidelines of CSCO for Colorectal Cancer (《CSCO結直腸癌診療指南》) and Guidelines of CSCO for Immune Checkpoint Inhibitor Clinical Practice (《CSCO免疫檢查點抑制劑臨床應用指南》).

3 **HANBEITAI (bevacizumab injection):**

As of the Latest Practicable Date, HANBEITAI has been included into the medical insurance procurement platform in all provinces and has completed the tendering process on the procurement platform in 28 provinces in Mainland China.

4 **Business Development:**

From the beginning of 2023 to the Latest Practicable Date, the Company has reached cooperation consensuses with Boston Oncology, LLC, FBD Biologics Limited and PT Kalbe Genexine Biologics respectively on the out-licensing of HANLIKANG (rituximab injection), anti-PD-L1 VHH sequence and HANSIZHUANG (serplulimab injection).

5 **Efficient Advancement on Clinical Study Projects both Domestically and Internationally:**

– Progress of international clinical study projects

- In January 2023, the first patient in the United States has been dosed in an international multi-centre phase 3 clinical study of HANSIZHUANG in combination with chemotherapy (carboplatin/cisplatin-etoposide) and concurrent radiotherapy for the treatment of limited-stage small cell lung cancer (LS-SCLC). In April 2023, the first patient in Australia has been dosed in such international multi-centre phase 3 clinical study.

- As of the Latest Practicable Date, the bridging study in the United States for HANSIZHUANG in combination with chemotherapy (carboplatin-etoposide) for the first-line treatment of extensive-stage small cell lung cancer (ES-SCLC) has set up 39 sites and the recruitment of subjects is ongoing.

- In February 2023, the first patient in the United States has been dosed in an international multi-centre phase 3 clinical study of HLX04-O (recombinant anti-VEGF humanised monoclonal antibody injection) for the treatment of wet age-related macular degeneration (wAMD). As at the Latest Practicable Date, in addition to the United States, the first patient has been dosed in such international multi-centre phase 3 clinical study in countries/regions such as Mainland China, the EU, Australia.

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

- In February 2023, the first patient has been dosed in a phase 1b/2 clinical trial of HLX208 (BRAF V600E inhibitor) in combination with HANSIZHUANG for the treatment of non-small cell lung cancer (NSCLC) in Mainland China.

- In April 2023, the phase 2 investigational new drug application (IND) of HLX26 (recombinant anti-LAG-3 humanised monoclonal antibody injection) in combination with HANSIZHUANG and chemotherapy for the first-line treatment of advanced non-small cell lung cancer (NSCLC) was approved by the NMPA, and the first patient has been dosed in such trial in August 2023.

- In June 2023, the first patient has been dosed in a phase 2 clinical trial of HLX26 (recombinant anti-LAG-3 humanised monoclonal antibody injection) in combination with HANSIZHUANG for the treatment of patients with metastatic colorectal cancer (mCRC) who had received third-line treatment in Mainland China.

– Progress of domestic clinical study projects: Other products

- In February 2023, the first subject has been dosed in a phase 1 clinical trial of HLX15 (recombinant anti-CD38 human monoclonal antibody injection) in healthy Chinese male subjects.

- In February 2023, the phase 1b/2 clinical study of HLX07 (recombinant anti-EGFR humanised monoclonal antibody injection) in combination with chemotherapy was completed in Mainland China, which has demonstrated the good safety and tolerability of HLX07 in the phase 1b/2 clinical study in patients with advanced solid tumours.

- In April 2023, HLX208 (BRAF V600E inhibitor) for the treatment of adult Langerhans Cell Histiocytosis (LCH) and Erdheim-Chester disease (ECD) with BRAF V600E mutation has been officially granted the Breakthrough Therapy Designation by the Center for Drug Evaluation (CDE) of the NMPA.

- In July 2023, the phase 1/2 clinical study of HLX04-O (recombinant anti-VEGF humanised monoclonal antibody injection) in patients with wet age-related macular degeneration (wAMD) has shown its good safety and tolerability and demonstrated preliminary efficacy.

6 **Efficient Advancement for Pre-clinical Development Projects:**

- In January 2023, the investigational new drug application (IND) of HLX51 (recombinant anti-OX40 humanised monoclonal antibody for injection) for the treatment of advanced/metastatic solid tumours and lymphomas was accepted by the NMPA and approved in March 2023.

- In April 2023, the investigational new drug application (IND) of ipilimumab biosimilar HLX13 (recombinant anti-CTLA-4 fully human monoclonal antibody injection) for the treatment of hepatocellular carcinoma was accepted by the NMPA and was approved in June 2023.

- In August 2023, the phase 1 investigational new drug application (IND) of HLX42 (antibody-drug conjugate targeting EGFR) for the treatment of solid tumours was accepted by the NMPA.

- In August 2023, the phase 1 investigational new drug application (IND) of HLX43 (antibody-drug conjugate targeting PD-L1) for the treatment of solid tumours was accepted by the NMPA.

- In August 2023, the investigational new drug application (IND) of Pembrolizumab biosimilar HLX17 (recombinant humanised anti-PD-1 monoclonal antibody injection) was accepted by the NMPA. HLX17 is intended for the treatment of melanoma, non-small cell lung cancer, esophageal cancer, head and neck squamous cell cancer, colorectal cancer, hepatocellular carcinoma, triple-negative breast cancer, etc.

7 **Orientation toward Clinical Value and Injecting Innovation Impetus toward the Pipeline:**

With clinical-value-oriented early study, coordinated with early R&D teams in China and the United States, based on new drug discovery platform driven by deep data and accelerated bio-computing of molecular design technology and with the help of network biology and polypharmacology, the Group has developed innovative drugs for combating intractable diseases. In terms of developing antibody-drug conjugate (ADC), the Group has Hanjugator, a platform for the research and development of ADC products with high efficacy, high safety and high selectivity, and with ability to effectively expand ADC products' application scenarios, which strongly support the research and development of antibody-drug conjugate with differentiated advantages. As of the Latest Practicable Date, the Group has 63 molecules (including 14 biosimilar drugs and 49 innovative drugs) in its pipeline, with the form of drug covering monoclonal antibody, bispecific antibody, antibody-drug conjugates, recombinant protein and small molecule-drug conjugates, etc.

8 **Layout of Industrialisation Base for Biopharmaceuticals with High Economic Benefit Based on International Standards:**

The Group has possessed a total commercial production capacity of 48,000L (including the commercial production capacity of 24,000L of Xuhui Facility, the commercial production capacity of 24,000L of Songjiang First Plant). In July 2023, the Xuhui Facility has undergone the on-site Good Manufacturing Practice of Medical Products (GMP) inspection conducted by the Indonesian Food and Drug Authority (BPOM) for HANSIZHUANG before launch in Indonesia. In August 2023, Songjiang First Plant has undergone the Pre-License Inspection (PLI) by the United States Food and Drug Administration (FDA) for HANQUYOU. During the Reporting Period, equipment installation and debugging and part of equipment verification, including drug substance, drug product line and prefilled syringe (PFS) in two main production buildings of the first and second stage of the Songjiang Second Plant Phase I Project have been completed. For the third stage of the Songjiang Second Plant Phase I Project, the underground structure construction has been completed, and the surface structure construction is undergoing.

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

III. OUR PRODUCT PIPELINE

In-Market

- **HANSIZHUANG** (serplulimab)[1] — PD-1 — MSI-H solid tumours, sqNSCLC, ES-SCLC
- **HANLIKANG** (rituximab)[2] — CD20 — NHL, CLL, RA[3]
- **HANQUYOU** (trastuzumab)[4] — HER2 — Breast cancer, mGC
- **HANDAYUAN** (adalimumab)[5] — TNF-α — RA, AS, psoriasis, uveitis
- **HANBEITAI** (bevacizumab)[6] — VEGF — mCRC, advanced, metastatic or recurrent NSCLC, GBM, etc.

NDA

- **HLX10**[1] (serplulimab)+**Chemo** — PD-1 — ESCC 1L
- **HLX10**[1] (serplulimab)+**Chemo** — PD-1 — ES-SCLC 1L
- **HLX02** (trastuzumab)[4] — HER2 — Breast cancer, mGC

Phase 3

- **HLX10**[1] (serplulimab)+**Chemo** — PD-1 — ES-SCLC 1L
- **HLX10**[1] (serplulimab)+**Chemo** — PD-1 — Neo/adjuvant treatment for GC
- **HLX10**[1] (serplulimab)+**Chemo+Radio** — PD-1 — LS-SCLC 1L
- **HLX10**[1] (serplulimab)+**HANBEITAI** — PD-1+VEGF — nsNSCLC 1L
- **HLX04-O**[7] — VEGF — wAMD
- **HLX11** (pertuzumab)[8] — HER2 — Neoadjuvant treatment of breast cancer
- **HLX14** (denosumab)[9] — RANKL — Osteoporosis

Phase 2

- **HLX10**[1] (serplulimab)+**HANBEITAI** — PD-1+VEGF — mCRC 1L
- **HLX10**[1] (serplulimab)+**HLX07** — PD-1+EGFR — HNSCC, NPC, GC, ESCC, sqNSCLC
- **HLX10**[1] (serplulimab)+**HLX26+Chemo** — PD-1+LAG-3 — NSCLC 1L
- **HLX10**[1] (serplulimab)+**HLX26** — PD-1+LAG-3 — mCRC 3L+
- **HLX07**[10] — EGFR — Solid tumours (CSCC)
- **HLX22** + **HANQUYOU** — HER2+HER2 — GC
- **HLX208**[11] — BRAF V600E — LCH/ECD, solid tumours (i.e. melanoma, thyroid cancer, mCRC, NSCLC)
- **HLX208**[11] + **HLX10**[1] (serplulimab) — BRAF V600E + PD-1 — NSCLC

Phase 1

- **HLX10**[1] (serplulimab)+**HLX60**[12] — PD-1+GARP — Solid tumours
- **HLX60** — GARP — Solid tumours, lymphomas
- **HLX301**[13] — PD-L1 x TIGIT — Solid tumours, lymphomas
- **HLX53** — TIGIT — Solid tumours, lymphomas
- **HLX05** (cetuximab)[14] — EGFR — mCRC, HNSCC
- **HLX15** (daratumumab) — CD38 — Multiple myeloma

IND

- **HLX51** — OX40 — Solid tumours, lymphomas
- **HLX13** (ipilimumab) — CTLA-4 — melanoma, RCC, mCRC, HCC, NSCLC, MPM, EC
- **HLX42** — EGFR ADC — Solid tumours
- **HLX43** — PD-L1 ADC — Solid tumours
- **HLX17** (pembrolizumab) — PD-1 — melanoma, NSCLC, EC, HNSCC, CRC, HCC, TNBC

Pre-clinical

- **HLX61** — Undisclosed (tumour immunity) — Solid tumours
- **HLX6018** — GARP/TGF-β1 — Chronic inflammatory diseases
- **HLX41** — LIV1 ADC — Solid tumours
- **HLX44** — Nectin4 ADC — Solid tumours
- **HLX80** — STEAP1 ADC — Prostate cancer
- **HLX309** — Nectin4 x 4-1BB — Solid tumours
- **HLX314** — HER2 x Sialidase — Solid tumours
- **HLX92** — Polypharmacology — PSC, PBC
- **HLX94** — Polypharmacology — ALS, PD

Innovative mAb · Innovative BsAb · Innovative fusion protein
Biosimilar mAb · Innovative ADC · Innovative small molecule
Bridging study in the United States · BLA accepted by FDA
International multi-centre clinical trial · MAA validated by the EMA
The first Chinese mAb approved in both China and the EU

The core products of the Company including HANSIZHUANG, HANLIKANG, HANQUYOU, HANDAYUAN and HANBEITAI are all approved for marketing.

(1) IND approvals obtained in China, the United States, the EU, Australia and other countries and regions; approved for marketing by the NMPA in March 2022. Business partners: KGbio/-Fosun Pharma;
(2) 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 for marketing in over 40 countries, including China, the U.K. Germany, France and Australia, trade name registered in Europe: Zercepac®, trade name registered in Australia: Tuzucip® and Trastucip®. Business partners: Accord/ Cipla/ Jacobson/ Elea/ Eurofarma/ Abbott;
(5) Business partners: Jiangsu Wanbang/Getz Pharma;
(6) Business partner: Eurofarma;
(7) IND approvals obtained in China, Australia, the United States, Singapore, the EU and other countries and regions. Business partner: Essex;
(8) IND approvals obtained in China, the EU. Business partner: Organon;
(9) IND approvals obtained in China, the EU and Australia. Business partner: Organon;
(10) IND approvals obtained in China, the United States;
(11) Commercialisation rights obtained for Mainland China, Hong Kong, Macao and Taiwan;
(12) IND approvals obtained in Australia;
(13) IND approvals obtained in China, Australia;
(14) Business partner: Shanghai Jingze.

I. BUSINESS REVIEW IN THE FIRST HALF OF THE YEAR

As part of our commitment to provide affordable and high-quality biomedicines for patients worldwide, the Group has been dedicated to the continuous innovation and layout of the three major segments of R&D, production and commercialisation. During the Reporting Period, we have efficiently promoted the execution of commercialisation of product and profit for half-year has been made for the first time. Great achievements have also been made in clinical development and drug registration of pipeline products and the construction of international production capacity. During the Reporting Period, with a great deal of effort made by the Group's in-house commercialisation team, HANQUYOU, HANSIZHUANG and other products have achieved impressive sales results; HANLIKANG, HANDAYUAN and other products have provided stable income when partners continued to facilitate. During the Reporting Period, the Group made significant progress in 6 clinical trials, and received approvals for 3 clinical trials, fully demonstrating the Group's strength in innovation and R&D.

As at the Latest Practicable Date, 5 products (18 indications) of the Group have been successfully marketed in Mainland China, 1 product has been successfully marketed in Europe and Australia and other countries/regions. The new drug application (NDA) for the fourth indication (esophageal squamous cell carcinoma (ESCC)) of HANSIZHUANG submitted in Mainland China has been accepted; the marketing authorisation application (MAA) for the indications of extensive-stage small cell lung cancer (ES-SCLC) was also validated in EU; and the biologics license application (BLA) of HANQUYOU has been accepted in the United States and Canada. Songjiang First Plant has undergone the Pre-License Inspection (PLI) by the United States Food and Drug Administration (FDA) for HANQUYOU in August 2023.

(I) STRONG GLOBAL PRODUCT COMMERCIALISATION CAPABILITY

During the Reporting Period, the Group actively implemented the concept of excellent commercialisation bearing patients' needs in mind. Our commercialisation team comprises of five major segments, namely market promotion, channel management, pricing and market access, domestic sales and strategic planning, covering the whole process of commercialisation, in order to achieve continuous growth in sales scale of products. As at the end of the Reporting Period, the commercialisation team of the Group has over 1,300 people. Following the launch of HANLIKANG, the first monoclonal antibody approved in China in accordance with the Guidelines for Biosimilars in 2019, several products of the Group such as HANQUYOU, HANDAYUAN, HANBEITAI and HANSIZHUANG have successively been approved for marketing in Mainland China and put forward its commercialisation in a well-regulated way.

International commercialisation process of HANQUYOU (trastuzumab for injection, European trade name: Zercepac®) (a therapeutic product for breast cancer and gastric cancer)

– Commercial sales of HANQUYOU in Mainland China

HANQUYOU is the core product of the Group in the field of anti-tumour therapy, and also the first product sold and promoted by the Group's in-house commercialisation team in Mainland China. As at the end of the Reporting Period, the professional marketing personnel for the sales of HANQUYOU continued to penetrate the Mainland China market with efficient execution capabilities. HANQUYOU, since its marketing, provided a strong foundation for the dramatic growth in sales of HANQUYOU leveraging its efficient market and access execution, the flexible dose portfolio of 150mg and 60mg also brings personalised and more economical treatment options for patients with different weight ranges. It can also enhance clinical safety with its "ready-to-use" feature. During the Reporting Period, the Group cooperated with relevant enterprises in respect of medical education, medical big data, HER2 testing, innovative payment and has gained a good market reputation in the construction of diagnosis and treatment ecosystem for patients with HER2-positive breast cancer and gastric cancer.

– Commercialisation process of HANQUYOU in the international markets

HANQUYOU is a trastuzumab developed and manufactured by the Group in accordance with relevant laws and regulations of China and the EU on biosimilars. Focused on HANQUYOU, the Group has prospectively drawn up an internationally commercialised layout, cooperated with world-renowned biomedicine enterprises, including Accord, PT Kalbio Global Medika, and Laboratorio ELEA Phoenix S.A., to fully boost market share in the Europe, the United States, Canada and other regions, as well as many emerging markets in country level, covering approximately 100 countries and regions around the world. As a representative domestic biologic to "go global", HANQUYOU has successfully been approved for marketing in approximately 40 countries and regions, including the U.K., Germany, Spain, France, Italy, Switzerland, Australia, Singapore, Argentina, Cambodia and other countries. During the Reporting Period, further developments have been made in the international commercialisation process of HANQUYOU:

- In February 2023, the biologics license application (BLA) for the trastuzumab for injection for (1) the adjuvant treatment of HER2 overexpressing breast cancer; (2) the treatment of HER2 overexpressing metastatic breast cancer; and (3) the treatment of HER2 overexpressing metastatic gastric or gastroesophageal junction adenocarcinoma submitted by the Company's business partner Accord BioPharma Inc. was accepted by the United States Food and Drug Administration (FDA).

- In April 2023, the new drug application for the new specification of 420mg of HANQUYOU was approved in Cambodia (local brand name: Hertumab®).

- In July 2023, the New Drug Submission (NDS) for the trastuzumab for injection for the treatment of HER2-positive and early-stage breast cancer submitted by the Company's business partner Accord Healthcare Inc. was accepted by the Health Canada.

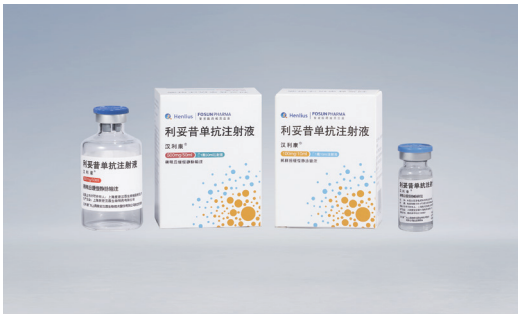
Three indications of HANSIZHUANG (serplulimab injection) were approved for marketing, currently using for the therapy for the MSI-H solid tumours, squamous non-small cell lung cancer (sqNSCLC) and extensive-stage small cell lung cancer (ES-SCLC)

In Mainland China, three indications of PD-1 monoclonal antibody product HANSIZHUANG, a core innovative product self-developed by the Group, have been approved for marketing. Leveraging its differentiation advantage, HANSIZHUANG successfully became a competitive PD-1 product focusing on small cell lung cancer in Mainland China. As at the end of the Reporting Period, HANSIZHUANG has completed the tendering process on the procurement platform in 29 provinces in Mainland China. The sales team is capable of professional communication and has considerable experience of marketing in tumours market, which adopts meticulous management model covering over 33,000 professional doctors specializing in treating lung cancer, gastrointestinal tumour and other diseases in nearly 1,500 domestic hospitals. Meanwhile, HANSIZHUANG was recommended by 9 guidelines for its excellent clinical efficacy in lung cancer, esophageal cancer, intestinal cancer and other fields, including the 2023 Guidelines of CSCO for Small-Cell Lung Cancer (《CSCO小細胞肺癌診療指南》), Guidelines of CSCO for Non-small Cell Lung Cancer (《CSCO非小細胞肺癌診療指南》), Guidelines of CSCO for Esophageal Cancer (《CSCO食管癌診療指南》), Guidelines of CSCO for Colorectal Cancer (《CSCO結直腸癌診療指南》) and 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 received widespread attention therefrom.

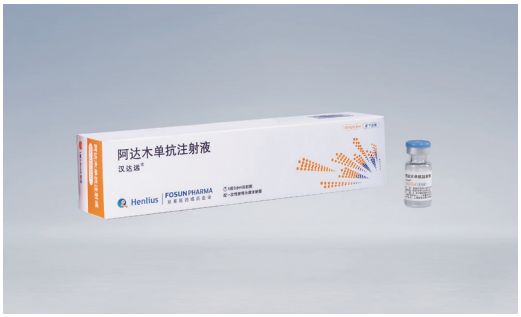
After the approvals for two indications, Microsatellite Instability-High (MSI-H) solid tumours, locally advanced or metastatic squamous non-small cell lung cancer (sqNSCLC) were obtained successively in 2022; a new drug application (NDA) for the third indication of HANSIZHUANG in combination with carboplatin and etoposide for the first-line treatment of extensive-stage small cell lung cancer (ES-SCLC) was approved by the NMPA in January 2023. Accordingly, HANSIZHUANG became the first monoclonal antibody drug targeting PD-1 approved for the first-line treatment of extensive-stage small cell lung cancer (ES-SCLC) in the world, and significant breakthrough has been made in the treatments of lung cancer. The approvals for the three indications provide strong support for the continuous and further expansion of commmercialisation of HANSIZHUANG, and are also the powerful guarantee for HANSIZHUANG to benefit more patients. In March 2023, the marketing authorisation application (MAA) for HANSIZHUANG in combination with carboplatin and etoposide for the first-line treatment of extensive-stage small cell lung cancer (ES-SCLC) was validated by the European Medicines Agency.

In addition, the new drug application (NDA) for HANSIZHUANG in combination with chemotherapy (Cisplatin + 5-FU) as a first-line treatment for locally advanced/metastatic esophageal squamous cell carcinoma (ESCC) was validated by the Centre for Drug Evaluation of the NMPA. In February 2023, the results of the phase 3 clinical study of the indication were published officially in Nature Medicine (Impact factors: 82.9), an international prestigious publication. HANSIZHUANG as a first-line treatment for advanced esophageal squamous cell carcinoma (ESCC) is also listed in the I catalogue under the strength of recommendation (evidence type: 1A) in the 2023 Guidelines of CSCO for Esophageal Cancer (《CSCO食管癌診療指南》) and Guidelines of CSCO for Immune Checkpoint Inhibitor Clinical Practice (《CSCO免疫檢查點抑制劑臨床應用指南》). After obtaining the approval for the indication, HANSIZHUANG will encourage more patients with advanced esophageal squamous cell carcinoma (ESCC).

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



Jiangsu Fosun, a subsidiary of Fosun Pharma, the controlling shareholder of the Company, was responsible for the domestic commercial sale of HANLIKANG. As the first monoclonal antibody drug approved for marketing under the Guidelines for Biosimilars in China in 2019, HANLIKANG has benefited more than 190,000 patients in total in China. HANLIKANG's indications approved for marketing include all the indications of the original drug approved in Mainland China in the field of hematology oncology as well as the autoimmune diseases that the Group has further expanded to during the study on the basis of the above. The coverage of both types of indications will provide services to more patient groups.



Jiangsu Wanbang, a subsidiary of Fosun Pharma, the controlling shareholder of the Company, was responsible for the domestic commercial sale of HANDAYUAN. HANDAYUAN is the third product of the Group marketed in Mainland China, and it has been approved for the indications of rheumatoid arthritis, ankylosing spondylitis, psoriasis and uveitis in Mainland China.

Additionally, as at the end of the Reporting Period, HANBEITAI, the fourth biosimilar product of the Group approved for marketing, 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 at the Latest Practicable Date, HANBEITAI has been included into the medical insurance procurement platform in all provinces and has completed the tendering process on the procurement platform in 28 provinces in Mainland China.

Further promote the overseas commercialisation progress of the product through licensing cooperation

The Group adhered to the internationalisation strategy. In April 2023, the Company entered into an agreement with Boston Oncology, LLC, agreeing to grant a license, to commercialise HANLIKANG (rituximab injection) in middle East and North Africa such as Saudi Arabia, Egypt and Bahrain. In August 2023, the Company entered into an agreement with FBD Biologics Limited, agreeing to grant a license, to use the anti-PD-L1 VHH sequence to develop, manufacture, commercialise HCB301 worldwide. In August 2023, the Company entered into an agreement with PT Kalbe Genexine Biologics, agreeing to grant a license, to commercialise HANSIZHUANG (serplulimab injection) in middle East and North Africa such as Saudi Arabia, United Arab Emirates and Egypt. The Group also continued to promote the commercialisation of existing overseas cooperation during the Reporting Period.

Meanwhile, after the comprehensive consideration of the market conditions and commercial viability, the Group entered into the termination agreement with Chiome Bioscience, Inc. during the Reporting Period in terms of terminating cooperation on the TROP2 targeted antibodies.

(II) SUSTAINABLE GLOBAL CLINICAL DEVELOPMENT CAPABILITY ON PRODUCTS

During the Reporting Period, based on clinical needs, the Group has orderly organised the development of innovative products. Clinical trials on indications for products are in further process, including HANSIZHUANG (PD-1) and related combination therapies, HLX15 (recombinant anti-CD38 human monoclonal antibody injection), HLX07 (recombinant anti-EGFR humanised monoclonal antibody injection), HLX208 (BRAF V600E inhibitor), HLX04-O (recombinant anti-VEGF humanised monoclonal antibody injection) for the treatment of solid tumours, lymphomas, small cell lung cancer (SCLC), non-small cell lung cancer (NSCLC), metastatic colorectal cancer (mCRC), adult Langerhans cell histiocytosis (LCH) and Erdheim-Chester disease (ECD), wet age-related macular degeneration (wAMD).

As at the end of the Reporting Period, synergising R&D centres in China and the United States, the global product development team has been actively advancing the clinical study and drug registration of many candidate drugs across the world, and achieved significant progress in 6 clinical trials and obtained approvals for 3 clinical trials during the Reporting Period.

1. CONTINUOUS AND EFFICIENT ADVANCEMENT ON 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.

Progress of international clinical study projects

- In January 2023, the first patient in the United States has been dosed in an international multi-centre phase 3 clinical study of HANSIZHUANG in combination with chemotherapy (carboplatin/cisplatin-etoposide) and concurrent radiotherapy for the treatment of limited-stage small cell lung cancer (LS-SCLC). In April 2023, the first patient in Australia has been dosed in such international multi-centre phase 3 clinical study.

- As at the Latest Practicable Date, bridging study in the United States for HANSIZHUANG in combination with chemotherapy (carboplatin-etoposide) for the first-line treatment of extensive-stage small cell lung cancer (ES-SCLC) has set up 39 sites, and the recruitment of subjects is ongoing.

- In February 2023, the first patient in the United States has been dosed in an international multi-centre phase 3 clinical study of HLX04-O (recombinant anti-VEGF humanised monoclonal antibody injection) for the treatment of wet age-related macular degeneration (wAMD). As at the Latest Practicable Date, in addition to the United States, the first patient has been dosed in such international multi-centre phase 3 clinical study in countries/regions such as Mainland China, EU, Australia.

Progress of domestic clinical study projects

– Progress of HANSIZHUANG (serplulimab injection)

  - In February 2023, the first patient has been dosed in a phase 1b/2 clinical trial of HLX208 (BRAF V600E inhibitor) in combination with HANSIZHUANG for the treatment of non-small cell lung cancer (NSCLC) in Mainland China.

  - In April 2023, the phase 2 investigational new drug application (IND) of HLX26 (recombinant anti-LAG-3 humanised monoclonal antibody injection) in combination with HANSIZHUANG and chemotherapy for the first-line treatment of advanced non-small cell lung cancer (NSCLC) was approved by the NMPA, and the first patient has been dosed in such trial in August 2023.

  - In June 2023, the first patient has been dosed in a phase 2 clinical trial of HLX26 (recombinant anti-LAG-3 humanised monoclonal antibody injection) in combination with HANSIZHUANG for the treatment of metastatic colorectal cancer (mCRC) patients who have received third-line treatment in Mainland China.

– Progress of other products

- In February 2023, the first subject has been dosed in a phase 1 clinical trial of HLX15 (recombinant anti-CD38 human monoclonal antibody injection) in healthy Chinese male subjects.
- In February 2023, the phase 1b/2 clinical study of HLX07 (recombinant anti-EGFR humanised monoclonal antibody injection) in combination with chemotherapy was completed in Mainland China, which demonstrated the good safety and tolerability of HLX07 in the phase 1b/2 clinical study conducted in patients with advanced solid tumours.
- In April 2023, HLX208 (BRAF V600E inhibitor) for the treatment of adult Langerhans Cell Histiocytosis (LCH) and Erdheim-Chester disease (ECD) with BRAF V600E mutation has been officially granted the Breakthrough Therapy Designation by the Center for Drug Evaluation (CDE) of the NMPA.
- In July 2023, the phase 1/2 clinical study of HLX04-O (recombinant anti-VEGF humanised monoclonal antibody injection) in patients with wet age-related macular degeneration (wAMD) has shown its good safety and tolerability and demonstrated preliminary efficacy.

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

The Group attached great importance to the pre-clinical project pipeline, investigational new drug application (IND) for products was promoted actively during the Reporting Period.

- In January 2023, the investigational new drug application (IND) of HLX51 (recombinant anti-OX40 humanised monoclonal antibody for injection) for the treatment of advanced/metastatic solid tumours and lymphomas was accepted by the NMPA and approved in March 2023.
- In April 2023, the investigational new drug application (IND) of Ipilimumab biosimilar HLX13 (recombinant anti-CTLA-4 fully human monoclonal antibody injection) for the treatment of hepatocellular carcinoma was accepted by the NMPA and approved in June 2023.
- In August 2023, the phase 1 investigational new drug application (IND) of HLX42 (antibody-drug conjugate targeting EGFR) for the treatment of solid tumours was accepted by the NMPA.
- In August 2023, the phase 1 investigational new drug application (IND) of HLX43 (antibody-drug conjugate targeting PD-L1) for the treatment of solid tumours was accepted by the NMPA.
- In August 2023, the investigational new drug application (IND) of Pembrolizumab biosimilar HLX17 (recombinant humanised anti-PD-1 monoclonal antibody injection) was accepted by the NMPA. HLX17 is intended for the treatment of melanoma, non-small cell lung cancer, esophageal cancer, head and neck squamous cell cancer, colorectal cancer, hepatocellular carcinoma, triple-negative breast cancer, etc.

The clinical and pre-clinical application results of the Group's products from the beginning of 2023 up to the Latest Practicable Date:

Product name (targets)	Indications	Progress as at the Latest Practicable Date
Efficient advancement on international clinical study projects		
HANSIZHUANG in combination with chemotherapy concurrent radiotherapy (PD-1)	Limited-stage small cell lung cancer (LS-SCLC)	In January 2023, the first patient in the United States has been dosed in an international multi-centre phase 3 clinical study In April 2023, the first patient in the Australia has been dosed in an international multi-centre phase 3 clinical study

Product name (targets)	Indications	Progress as at the Latest Practicable Date
HANSIZHUANG in combination with chemotherapy (PD-1)	Extensive-stage small cell lung cancer (ES-SCLC)	As at the Latest Practicable Date, bridging study in the United States has set up 39 sites and the recruitment of subjects is ongoing
HLX04-O (VEGF)	Wet age-related macular degeneration (wAMD)	In February 2023, the first patient in the United States has been dosed in an international multi-centre phase 3 clinical study
Smooth progress of domestic clinical projects		
HLX208 in combination with HANSIZHUANG (BRAF V600E+PD-1)	Non-small cell lung cancer (NSCLC)	In February 2023, the first patient has been dosed in a phase 1b/2 clinical trial
HLX26 in combination with HANSIZHUANG and chemotherapy (LAG-3+PD-1)	Non-small cell lung cancer (NSCLC)	In April 2023, the phase 2 investigational new drug application was approved by the NMPA In August 2023, the first patient has been dosed in a phase 2 clinical trial
HLX26 in combination with HANSIZHUANG (LAG-3+PD-1)	Metastatic colorectal cancer (mCRC)	In June 2023, the first patient has been dosed in a phase 2 clinical trial
HLX15 (CD38)	Multiple myeloma (MM)	In February 2023, the first subject has been dosed in a phase 1 clinical trial
HLX07 in combination with chemotherapy (EGFR)	Solid tumour	In February 2023, a phase 1b/2 clinical study was completed
HLX208 (BRAF V600E)	Adult Langerhans Cell Histiocytosis (LCH) and Erdheim-Chester disease (ECD)	In April 2023, the Center for Drug Evaluation (CDE) of the NMPA granted the Breakthrough Therapy Designation officially
HLX04-O (VEGF)	Wet age-related macular degeneration (wAMD)	In July 2023, a phase 1/2 clinical study was completed
Efficient advancement of IND filings for pre-clinical development projects		
HLX51 (OX40)	Solid tumour, lymphomas	In January 2023, the investigational new drug application was accepted by the NMPA In March 2023, the investigational new drug application was approved by the NMPA
HLX13 (CTLA-4)	Hepatocellular carcinoma (HCC)	In April 2023, the investigational new drug application was accepted by the NMPA In June 2023, the investigational new drug application was approved by the NMPA
HLX42 (EGFR ADC)	Solid tumour	In August 2023, the phase 1 investigational new drug application was accepted by the NMPA
HLX43 (PD-L1 ADC)	Solid tumour	In August 2023, the phase 1 investigational new drug application was accepted by the NMPA
HLX17(PD-1)	Melanoma, NSCLC, EC, HNSCC, CRC, HCC, TNBC	In August 2023, the investigational new drug application was accepted by the NMPA

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

With clinical-value-oriented early R&D, coordinated with early R&D teams in China and the United States, based on new drug discovery platform driven by deep data and accelerated biocomputing of molecular design technology, the Group has developed innovative drugs to address complex diseases through network biology and multiple pharmacology. In the development of antibody-drug conjugate (ADC), the Hanjugator R&D platform owned by the Group has the advantages of developing ADC products with high efficiency, high safety and high selectivity, and can effectively expand the application scenarios of ADC products, providing strong support for the Group's research and development of antibody-drug conjugate with differentiated advantages.

As at the Latest Practicable Date, the Group has a total of 63 molecules (including 14 biosimilar drugs and 49 innovative drugs) in its pipeline, with the form of drug covering monoclonal antibody, bispecific antibody, antibody-drug conjugates (ADC), recombinant protein and small molecule-drug conjugates, etc.

(IV) Layout of industrialisation base for biopharmaceuticals 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 commercial production capacity of 24,000L of Xuhui Facility, the commercial production capacity of 24,000L of Songjiang First Plant), has fully supported the commercialisation needs of domestic and overseas approved marketing products. Meanwhile, the production capacity of 96,000L was under construction (Songjiang Second Plant Phase I Project), and it is expected to be completed by 2026, increasing the total production capacity of the Group to 144,000L.

- Xuhui Facility, the Group's first biopharmaceutical production base in Shanghai Caohejing Hi-Tech Park has been granted with Chinese and EU GMP certificates and achieved normalised supply in China and the EU markets. In July 2023, the Xuhui Facility has undergone the on-site GMP inspection conducted by the Indonesian Food and Drug Authority (BPOM) for HANSIZHUANG before launch in Indonesia.

- Songjiang First Plant in Songjiang District, Shanghai has a commercial production capacity of 24,000L, including the liquid fill line and lyophilized preparation line. During the Reporting Period, Songjiang First Plant completed process performance qualification (PPQ) batch production of products such as HLX04-O, HLX11 and HLX14 drug substance, and steadily promoted the commercialisation of products. In August 2023, Songjiang First Plant has undergone the Pre-License Inspection (PLI) of HANQUYOU by the Food and Drug Administration (FDA).

- In order to meet the Group's long-term demand on commercial production capacity, the construction of the Phase I project of Songjiang Second Plant, with a total planned land area of 200 acres was 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 within the two main buildings including drug substance, drug product line and Prefilled Syringes System (PFS), and some equipment verification work had been completed, at the same time, the implementation of the remaining verification work were advancing as soon as possible. The designed production capacity of the third stage of the Phase I project of Songjiang Second Plant was 60,000L (covering a drug substance line consisting of four 15,000L stainless steel reactors) with the construction of underground structure being completed and the construction of the above-ground structure being commenced during the Reporting Period.

II. OUTLOOK FOR THE SECOND HALF OF 2023

In the second half of the year, the Group will continue to devote to oncology, auto-immuno diseases and other fields, and it will explore innovation drugs with clinical orientation by leveraging on its own innovation and R&D strength combined with external cooperation and license-in while maximizing the commercial value of biosimilars at home and abroad, so as to 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 commercialisation of products in an all-round efficient commercial operation way, providing global patients with biological drugs of affordable price and high-quality.

- HANQUYOU is the Group's first core anti-tumour product promoted and sold within Mainland China as led by its self-built commercialisation team. In the second half of the year, the Group will take further actions to promote the market accessibility of HANQUYOU (both 150mg and 60mg), and continue to accelerate market penetration at all levels, with a view to further increasing market share.

- HANSIZHUANG is a core innovative monoclonal antibody product of the Group. In the second half of the year, the Group plans to further expand the sales team of HANSIZHUANG, and set up a dedicated sales team for gastrointestinal tumours in advance, so as to prepare for the potential marketing of HANSIZHUANG for the treatment of esophageal squamous cell carcinoma (ESCC) indication in the near future, thereby grasping the market potential of HANSIZHUANG to the maximum extent. While making marketing and sales planning, the Group will team up with business partners to develop full process solutions for the management of patients, and further explore commercial insurance and the feasibility of innovative payments, thus improving medication compliance and standard treatment rate of patients.

- Since 2023, the Group has commenced the commercial sales of HANBEITAI, and will further promote and implement the sales of HANBEITAI in the second half of the year.

- 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 the year, the Group will maintain close cooperation with Jiangsu Fosun and Jiangsu Wanbang, thereby promoting the sustained growth of sales.

While actively expanding the domestic market, the Group will constantly promote the business cooperation of its self-developed products in the international market. With the continuous advancement of the R&D and registration of pipeline products of the Group and the gradual recognition of the Group's products of the international market, the Group will continue to seek business cooperations with more international leading pharmaceutical companies to jointly promote the expansion of our products into broader international markets, especially emerging markets with huge unmet medical needs for affordable drugs, which will benefit patients overseas.

In August 2023, the Company entered into the Framework Agreement on Acquisition of DDL Licensed Companies with Baodao Pharmaceutical and planned to acquire 100% equity interest in a wholly-owned subsidiary (holding a pharmaceutical business license) established by Baodao Pharmaceutical. Upon the successful completion of the transaction, the Company will be able to realize the commercialisation of more in-licensing products in Mainland China, which is expected to bring more business opportunities to the Company.

(II) CONTINUE TO FACILITATE THE APPROVALS OF MORE PRODUCTS FOR NEW INDICATIONS

HANSIZHUANG is the core innovative monoclonal antibody product of the Group, which is also the first commercial innovation of the Group. The Group promotes the marketing of HANSIZHUANG for other indications and combination therapies related to HANSIZHUANG while pushing the launch of other innovative products with experiences gained along the way.

- The new drug application (NDA) for HANSIZHUANG in combination with chemotherapy for the first-line treatment of PD-L1 positive, unresectable, locally advanced/recurrent or metastatic esophageal squamous cell carcinoma (ESCC) is expected to be approved in Mainland China in the second half of 2023.

- The new drug application (NDA) for HANSIZHUANG in combination with chemotherapy for the first-line treatment of metastatic non-squamous non-small cell lung cancer (nsNSCLC) is scheduled to be submitted in Mainland China in the second half of 2023.

- 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 EU in the first half of 2024.

- The biologics license application (BLA) for HANSIZHUANG in combination with chemotherapy for the treatment of the indication of extensive-stage small cell lung cancer (ES-SCLC) is scheduled to be submitted in the United States in 2024.

In the second half of the year, the Group will also proactively cooperate with international partners to facilitate the marketing approval process in terms of HANQUYOU, HANSIZHUANG, HANLIKANG, HANDAYUAN and HANBEITAI in the United States, Singapore, Brazil, Indonesia and other regions. The biologics license application (BLA) for HANQUYOU for adjuvant treatment of HER2 overexpressing breast cancer, the treatment of HER2 overexpressing metastatic breast cancer and the treatment of HER2 overexpressing metastatic gastric or gastroesophageal junction adenocarcinoma is expected to be approved in the United States in late 2023.

(III) CONTINUE TO BUILD INNOVATIVE PRODUCT PIPELINE 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, with a view to addressing unmet clinical needs as soon as possible. In the second half of 2023, some of the early-stage innovative products in Group's pipeline are expected to be further promoted:

- The phase 1 investigational new drug application (IND) of HLX42 (antibody-drug conjugate targeting EGFR) for the treatment of solid tumours is expected to be approved by the NMPA in the second half of 2023.

- The phase 1 investigational new drug application (IND) of HLX42 (antibody-drug conjugate targeting EGFR) for the treatment of solid tumours is scheduled to be submitted to the United States Food and Drug Administration (FDA) in the second half of 2023.

- The phase 1 investigational new drug application (IND) of HLX43 (antibody-drug conjugate targeting PD-L1) for the treatment of solid tumours is expected to be approved by the NMPA in the second half of 2023.

- The phase 1 investigational new drug application (IND) of HLX43 (antibody-drug conjugate targeting PD-L1) for the treatment of solid tumours is scheduled to be submitted to the United States Food and Drug Administration (FDA) in the second half of 2023.

- The phase 1 investigational new drug application (IND) of HLX6018 (monoclonal antibody targeting the GARP/TGFβ1 complex) for the treatment of chronic inflammatory diseases is scheduled to be submitted to the NMPA in the second half of 2023.

(IV) MAINTAIN THE 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 in the second half year to ensure the stability and efficiency of international commercial production.

The part of verification work of facilities and equipment for the two main production buildings in the first and second stage of the Songjiang Second Plant Phase I Project are expected to be completed before the end of 2023 and start conducting process performance qualification (PPQ) of Phase II of HANSIZHUANG for production in batches. The topping of the main structure of the third stage of the Songjiang Second Plant Phase I Project is expected to be completed in the second half year. 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 monoclonal antibody biological drug R&D, pilot test and production base 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 further improved self-sustaining cash flow, established a professional and efficient commercialisation team, continued to promote the commercialisation of various products, and improved accessibility in multiple dimensions. Moreover, we also actively developed a comprehensive and innovative business operation model, and continuously optimized the commercialisation layout, achieving remarkable commercialisation results. During the Reporting Period, HANQUYOU and HANSIZHUANG, two core products in the field of anti-tumour therapy, which were promoted and sold by the Group's in-house commercialisation team in China, led the strong growth of the Company's revenue and gained gratifying results.

As an international biopharmaceutical company, the Group is committed to providing affordable and high-quality biopharmaceuticals to patients worldwide. The Group has strengthened cooperation with first-class academic institutions and global partners around the world to jointly explore scientific and technological innovation and the application of cutting-edge technologies. Through the integration of internal and external resources and professional teams, the Group has accelerated the development of innovative and differentiated drugs in an all-round way, providing patients with more effective and accurate treatment options, while generating considerable R&D service and license income to the Group.

During the Reporting Period, the Group realised an operating income of approximately RMB2,500.5 million, representing an increase of approximately 93.9% 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 in the domestic market in August 2020. During the Reporting Period, HANQUYOU recorded a sales revenue of approximately RMB1,238.7 million, representing a dramatic increase of approximately RMB438.5 million or approximately 54.8% as compared to the same period in the last year. Meanwhile, drug substance of trastuzumab recorded sales revenue of approximately RMB8.4 million.

HANSIZHUANG was the first self-developed and approved bio-innovative drugs 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 in the domestic market in March 2022. During the Reporting Period, HANSIZHUANG recorded sales revenue of approximately RMB556.3 million.

HANBEITAI is the fourth biosimilar product of the Group approved for marketing in Mainland China and commercialised by the Group's self-operated team. It was commercially available in the domestic market in January 2023. During the Reporting Period, HANBEITAI recorded sales revenue of approximately RMB44.9 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 RMB254.1 million, and licensing income of approximately RMB10.9 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. The Group is 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 RMB20.8 million under the above profit-sharing arrangement with its partners.

Zercepac® recorded revenue of approximately RMB29.6 million during the Reporting Period.

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

With the Group focusing on clinical needs and cutting-edge technologies, and continuing to deepen product innovation, market expansion and international cooperation in research and development, 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 brand 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 RMB3.2 million for the six months ended 30 June 2023.

In September 2019, the Group entered into a co-development and commercialisation agreement with PT Kalbe Genexine Biologics in relation to HANSIZHUANG. With the continuous advancement of R&D services, the Group has recognised revenue from R&D services of approximately RMB29.2 million for the six months ended 30 June 2023.

In October 2020, the Group entered into a co-development and exclusive license agreement with Essex Bio-Investment Limited and Zhuhai Essex Bio-Pharmaceutical Company Limited* (珠海億勝生物製藥有限公司) in relation to HLX04-O (recombinant humanised anti-VEGF monoclonal antibody injection) independently developed by the Group. The Group has recognised revenue from R&D services of approximately RMB57.6 million for the six months ended 30 June 2023.

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 RMB206.6 million for the six months ended 30 June 2023.

3) Revenue from other R&D service businesses

In February 2022, the Group entered into a technical service contract with Shanghai Zhenge Biotech Co., Ltd.* (上海臻格生物技術有限公司) in relation to the study and production of freeze-dried formulation at IND stage, an antibody drug under development. With the continuous advancement of technical service, the Group recognised revenue from technical service of approximately RMB1.0 million for the six months ended 30 June 2023.

In September 2022, the Group entered into a technical service contract with Shanghai KangaBio Co., Ltd. in relation to CMC services such as cell library construction and toxicology research for an innovative drug being developed by the Group. With the continuous advancement of technical services, the Group recognised revenue from R&D services of approximately RMB6.3 million for the six months ended 30 June 2023.

In November 2022, the Group entered into the Clinical Trial Research and Development Services Agreement with Henan Genuine Biotech Co., Ltd.* (河南真實生物科技有限公司) and Fosun Pharma Industrial Development in relation to provision of clinical trial research and development services regarding the prevention of SARS-Cov-2 of Azvudine. For the six months ended 30 June 2023, the Group recognised revenue from R&D service of approximately RMB30.3 million.

(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 RMB721.6 million, representing an increase of approximately RMB416.0 million as compared with that for the six months ended 30 June 2022, due to the increase of 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 RMB1,778.8 million, representing an increase of approximately RMB795.0 million, as compared with that for the six months ended 30 June 2022, 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 RMB26.8 million.

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Government grants	**14,505**	22,110
Exchange gains	**7,820**	28,388
Interest income	**2,712**	704
Others	**1,800**	20
Total	**26,837**	51,222

(V) R&D EXPENDITURE

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Expensed R&D expenses		
R&D employee salaries	**183,609**	227,531
Outsourcing fees	**29,942**	89,755
Reagents and consumables	**76,613**	59,188
Utilities expenses	**8,037**	7,288
Depreciation and amortisation	**32,710**	46,359
Consulting expense	**12,126**	10,845
Technology expense	**53,879**	19,497
Clinical trials	**119,265**	45,665
Share-based compensation	**160**	1,242
Others	**31,487**	27,127
Total expensed R&D expenses	**547,828**	534,497
Capitalised R&D expenses		
Clinical trials	**26,846**	161,514
R&D employee salaries	**57,203**	84,007
Reagents and consumables	**18,437**	10,309
Depreciation and amortisation	**5,960**	14,373
Utilities expenses	**1,879**	1,052
Outsourcing fees	**9,251**	6,271
Share-based compensation	**38**	2,057
Consulting expense	**4**	1,158
Others	**6,383**	12,167
Total capitalised R&D expenses	**126,001**	292,908

During the Reporting Period, the Group recognised R&D expenses of approximately RMB673.8 million, representing a decrease of approximately RMB153.6 million as compared with approximately RMB827.4 million for the six months ended 30 June 2022. 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 RMB163.7 million, representing an increase of approximately 2.0% as compared to that of approximately RMB160.5 million for the six months ended 30 June 2022. The increase in administrative expenses of the Group was mainly due to: (1) the increase in the number of administrative employees in line with the expansion of the Group's operations and development; and (2) the corresponding increase in travel expenses, depreciation charges and convention service expenses.

(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 RMB783.0 million, which were mainly 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 RMB12.4 million, which mainly were: (1) the external donations of approximately RMB5.7 million; and (2) impairment losses on assets of approximately RMB6.5 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 2023, the Group incurred income tax expenses of approximately RMB4.0 million.

(X) Profit for the period

In view of the above, profit of the Group increased by approximately RMB492.1 million from a loss of approximately RMB252.1 million for the six months ended 30 June 2022 to a profit of approximately RMB240.0 million for the six months ended 30 June 2023.

(XI) Liquidity and capital resources

As of 30 June 2023, cash and bank balances of the Group were approximately RMB759.2 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 2023, the current assets of the Group were approximately RMB2,616.9 million, including cash and cash equivalents of approximately RMB632.2 million, pledged deposits of approximately RMB7.0 million and time deposits with maturity over three months of approximately RMB120.0 million.

As of 30 June 2023, the inventories were approximately RMB802.0 million, trade receivables were approximately RMB864.7 million, prepayments, deposits and other receivables were approximately RMB165.8 million and financial assets at fair value through profit or loss of approximately RMB25.2 million.

As of 30 June 2023, the current liabilities of the Group were approximately RMB4,954.5 million, including trade payables of approximately RMB596.3 million, other payables and accruals of approximately RMB1,166.0 million and contract liabilities of approximately RMB434.2 million and interest-bearing bank and other borrowings of approximately RMB2,758.0 million.

As at 30 June 2023, the foreign exchange bank balances of the Group were as follows:

	RMB'000
RMB	**495,880**
HKD	**7,009**
USD	**251,195**
EUR	**518**
NTD	**4,556**

	Original amount '000
RMB	**495,880**
HKD	**7,602**
USD	**34,764**
EUR	**66**
NTD	**19,529**

(XII) Inventories

Inventories of the Group increased from approximately RMB757.3 million as at 31 December 2022 to approximately RMB802.0 million as at 30 June 2023, mainly because sufficient stock was prepared to meet the increasing demand for key commercial products in the market.

(XIII) Trade receivables

As of 30 June 2023 and 31 December 2022, trade receivables from customer contracts were approximately RMB864.7 million and RMB455.5 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 2023 RMB'000	31 December 2022 RMB'000
Within 3 months	**758,325**	373,226
3 to 6 months	**21,093**	114
6 to 12 months	**3,906**	20,877
1 to 2 years	**81,426**	61,292
Total	**864,750**	455,509

(XIV) Interest-bearing bank and other borrowings

As of 30 June 2023, borrowings from bank and other institutions (exclusive of lease liabilities) of the Group were approximately RMB3,688.5 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. As at 30 June 2023, 66.9% of the Group's interest-bearing bank and other borrowings are subject to fixed interest payments. 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 2023 and 31 December 2022, of which lease liabilities were initially recognised upon the adoption of IFRS 16 – Leases on 1 January 2017.

	30 June 2023 RMB'000	31 December 2022 RMB'000
Within one year	**2,757,955**	2,522,155
In the second year	**169,940**	155,864
In the third to fifth year (inclusive)	**793,713**	704,137
Over five years	**214,807**	294,939
Total	**3,936,415**	3,677,095

(XVI) COLLATERAL AND PLEDGED ASSETS

As of 30 June 2023, the Group's pledged assets in relation to borrowings included property, plant and equipment of approximately RMB802.1 million and land use right of approximately RMB194.7 million. The Group had a deposit of approximately RMB7.0 million due to letters of guarantee.

(XVII) KEY FINANCIAL RATIOS

	30 June 2023	31 December 2022
Current ratio[(1)]:	**52.8%**	43.8%
Quick ratio[(2)]:	**36.6%**	28.7%
Gearing ratio[(3)]:	**63.6%**	64.7%

Notes:

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

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

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

(XVIII) MATERIAL INVESTMENT

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

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

Save as disclosed in this report, as of 30 June 2023, the Group did not make other material investments.

(XIX) CAPITAL COMMITMENTS AND CAPITAL EXPENDITURES

	30 June 2023 RMB'000	31 December 2022 RMB'000
Construction in progress	**232,855**	624,228
Plant and machinery	**22,540**	45,116
Electronic equipment	**5,881**	29,142
Leasehold improvements	**9,070**	13,754
Total	**270,346**	712,240

We had capital commitments for plant and machinery contracted but not provided for of approximately RMB340.0 million as of 30 June 2023. 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 2023, the Group did not have any material contingent liabilities.

(XXI) MATERIAL ACQUISITIONS AND DISPOSALS

As of 30 June 2023, 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

Up until 30 June 2023, 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, in October 2020, in the "Response to the Recommendation of No. 6450 of the Third Session of the 13th NPC", the National Healthcare Security Administration stated that centralised volume-based procurement will commence at an appropriate time, after considering the factors of the biosimilar similarity, production capacity and supply chain stability of companies and the clinical substitutability of specific products. In March 2023, the National Healthcare Security Administration issued the "Notice on Improving the Centralised Procurement and Price Management of Pharmaceuticals in 2023", proposing to continue to expand the coverage of centralised drug procurement, should focus on varieties that have not been included or evaluated in the national centralised procurement in respect of the centralised drug procurement at the provincial level, actively explore the "blank" variety centralised procurement that has not yet been included in the national or provincial centralised procurement, and encourage price linkage with volume for varieties that have already been centralised at the provincial level and have sufficient price competition. Currently, certain monoclonal antibody (mAb) biosimilar has already been included in the scope of centralised drug procurement at the some provincial level, but the centralised drug procurement at the national level has not been conducted on monoclonal antibody (mAb) biosimilar. If any of our products and products of our rivals (if they are evaluated on equivalence) were chosen to participate in tenders and be included in centralised procurement, which might be bringing potential impact on the pricing of the drugs.

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. 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, as 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 2023:

Function	Number of employees
R&D and technology	1,089
Manufacturing	943
Commercial Operation	1,308
General and administrative	262
Total	**3,602**

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, we have also adopted share award schemes to give incentives to our employees. The Group emphasises on-the-job training as a constant and ongoing objective for the employees. All employees participate in formal training on an annual basis, where the Group focuses on the latest technical developments and updates in regulatory requirements.

INDEPENDENT REVIEW REPORT

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

INTRODUCTION

We have reviewed the interim financial information set out on pages 31 to 54, which comprises the condensed consolidated statement of financial position of Shanghai Henlius Biotech, Inc. (the "Company") and its subsidiaries (the "Group") as at 30 June 2023 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

BASIS FOR QUALIFIED CONCLUSION

As set out in note 14 to the interim condensed consolidated financial information, on 25 September 2019, the Company entered into an investment management agreement (the "IMA") with AMTD Global Markets Limited ("AMTD"). Details of the changes on the respective amounts in its AMTD account during the prior years and the six months period ended 30 June 2023 have been disclosed in the same note. As at 30 June 2023, the carrying amount of the respective investment was recorded as financial assets at fair value through profit or loss which amounted to RMB25,202,000. As set out in our Independent Auditor's Report dated 31 March 2023 on the Group's consolidated financial statements for the year ended 31 December 2022, we have previously qualified our audit opinion on the Group's consolidated financial statements due to a limitation of scope in relation to the financial assets at fair value through profit or loss. The management of the Company were unable to provide us with the signed notes purchase agreements or other adequate evidence to support the existence and valuation of the Notes. We were not able to obtain the necessary corroborative evidence from the counterparties of the Notes either.

BASIS FOR QUALIFIED CONCLUSION *(CONTINUED)*

For the six months ended 30 June 2023, the same limitation of scope as above existed and there were no other satisfactory procedures that we could perform to satisfy ourselves as to whether any adjustment are necessary to the financial assets at fair value through profit or loss amounted to RMB25,202,000 as at 30 June 2023 as stated in the interim condensed consolidated statement of financial position and whether there are any changes in the fair value that should be recognised in the profit and loss account for the six months ended 30 June 2023. Any adjustments to the figures as described above might have a consequential effect on the Group's financial performance for the six months ended 30 June 2023 and the financial position of the Group as at 30 June 2023 and the related disclosures thereof in the interim condensed consolidated financial statements.

QUALIFIED CONCLUSION

Based on our review, except for the possible effects of the matter described in the "Basis for Qualified Conclusion" section of our report, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong
25 August 2023

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

	Notes	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
REVENUE	4	**2,500,470**	1,289,394
Cost of sales		**(721,638)**	(305,609)
Gross profit		**1,778,832**	983,785
Other income and gains	5	**26,837**	51,222
Selling and distribution expenses		**(782,954)**	(378,642)
Research and development expenses		**(547,828)**	(534,497)
Administrative expenses		**(163,708)**	(160,537)
Impairment losses on financial assets, net		**(729)**	(1,080)
Other expenses		**(12,430)**	(160,138)
Finance costs	7	**(54,084)**	(51,255)
PROFIT/(LOSS) BEFORE TAX	6	**243,936**	(251,142)
Income tax expense	8	**(3,956)**	(953)
PROFIT/(LOSS) FOR THE PERIOD		**239,980**	(252,095)
Attributable to:			
Owners of the parent		**239,980**	(252,095)
Non-controlling interests		**–**	–
		239,980	(252,095)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic for profit/(loss) for the period (RMB)	10	**0.44**	(0.47)
Diluted for profit/(loss) for the period (RMB)	10	**0.44**	(0.47)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
PROFIT/(LOSS) FOR THE PERIOD	**239,980**	(252,095)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**3,288**	(1,512)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**3,288**	(1,512)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**243,268**	(253,607)
Attributable to:		
Owners of the parent	**243,268**	(253,607)
Non-controlling interests	**–**	–
	243,268	(253,607)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

	Notes	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	**2,020,951**	1,817,449
Intangible assets	12	**4,394,647**	4,332,283
Right-of-use assets		**397,160**	412,422
Other non-current assets		**162,613**	170,612
Total non-current assets		**6,975,371**	6,732,766
CURRENT ASSETS			
Inventories		**801,981**	757,312
Trade receivables	13	**864,750**	455,509
Financial assets at fair value through profit or loss	14	**25,202**	160,186
Prepayments, deposits and other receivables		**165,824**	138,057
Cash and bank balances		**759,158**	680,478
Total current assets		**2,616,915**	2,191,542
CURRENT LIABILITIES			
Trade payables	15	**596,340**	713,552
Other payables and accruals		**1,166,008**	1,443,451
Contract liabilities		**434,150**	322,420
Interest-bearing bank and other borrowings	16	**2,757,955**	2,522,155
Total current liabilities		**4,954,453**	5,001,578
NET CURRENT LIABILITIES		**(2,337,538)**	(2,810,036)
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,637,833**	3,922,730
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	16	**1,178,460**	1,154,940
Other long-term payables		**766,311**	292,370
Contract liabilities		**611,890**	645,594
Deferred income		**191,639**	193,494
Total non-current liabilities		**2,748,300**	2,286,398
Net assets		**1,889,533**	1,636,332
EQUITY			
Share capital	17	**543,495**	543,495
Reserves		**1,346,038**	1,092,837
Equity attributable to owners of the parent		**1,889,533**	1,636,332
Total equity		**1,889,533**	1,636,332

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

For the six months ended 30 June 2023

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

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

Notes:

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

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

For the six months ended 30 June 2022

		Attributable to owners of the parent					
	Notes	Share capital RMB'000	Share premium* RMB'000	Other reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Accumulated losses* RMB'000	Total RMB'000
At 1 January 2022 (audited)		543,495	6,009,592	(478,080)	(3,021)	(3,775,230)	2,296,756
Loss of the period		–	–	–	–	(252,095)	(252,095)
Other comprehensive loss for the period:							
Exchange differences related to foreign operations		–	–	–	(1,512)	–	(1,512)
Total comprehensive loss for the period		–	–	–	(1,512)	(252,095)	(253,607)
Vesting of restricted shares	(i)	–	42,165	(16,554)	–	–	25,611
Equity-settled share-based payments	(ii)	–	–	9,281	–	–	9,281
At 30 June 2022 (unaudited)		543,495	6,051,757	(485,353)	(4,533)	(4,027,325)	2,078,041

* These reserve accounts comprise the consolidated other reserves of RMB1,534,546,000 in the consolidated statement of financial position.

Notes:

(i) According to the share award scheme of the Company, 2,780,728 shares were vested. An amount of RMB25,611,000 was credited as other reserve due to the release of repurchase obligation and an amount of RMB42,165,000 was transferred out from other reserve to share premium.

(ii) The Company has recognised an expense of RMB6,409,000, a cost of sales of RMB809,000 a deferred development cost of RMB2,057,000 and inventories of RMB6,000, which were credited to other reserve during the six months ended 30 June 2022.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Notes	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**243,936**	(251,142)
Adjustments for:			
Finance costs	7	**54,084**	51,255
Depreciation of property, plant and equipment	6	**59,573**	50,552
Depreciation of right-of-use assets	6	**34,837**	20,012
Amortisation of intangible assets	6	**68,069**	20,553
Amortisation of deferred income		**(2,455)**	(9,062)
Foreign exchange gain, net	5	**(7,820)**	(28,388)
Impairment of trade receivables	6	**729**	1,081
Loss on disposal of items of property, plant and equipment	6	**21**	–
Write-down of inventories to net realisable value	6	**6,487**	15,069
Provision for the contract loss	6	**–**	100,671
Share-based payment expense		**2,587**	7,218
Cash outflows before working capital changes		**460,048**	(22,181)
Increase in inventories		**(48,631)**	(114,388)
Increase in trade receivables		**(409,970)**	(259,368)
Decrease in prepayments, other receivables and other assets		**17,367**	64,428
Decrease in pledged deposits		**–**	1,741
(Decrease)/increase in trade payables		**(64,472)**	2,918
Increase in other payables and accruals		**302,271**	150,049
Increase in contract liabilities		**79,203**	72,931
Increase in deferred income		**600**	1,710
Cash generated from/(used in) operations		**336,416**	(102,160)
Tax paid		**(3,956)**	(953)
Net cash flows generated from/(used in) operating activities		**332,460**	(103,113)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment and other non-current assets		**(239,892)**	(268,273)
Proceeds from disposal of items of property, plant and equipment		**30**	6,560
Increase in time deposits with original maturity of more than three months		**(120,000)**	–
Proceeds received from disposal of investments		**134,984**	–
Additions to intangible assets		**(319,027)**	(423,455)
Net cash flows used in investing activities		**(543,905)**	(685,168)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Notes	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank and other borrowings		**1,274,346**	1,491,674
Repayment of bank and other borrowings		**(1,004,137)**	(553,296)
Principal portion of lease payments		**(49,684)**	(37,964)
Interest paid		**(64,028)**	(54,874)
Net cash flows generated from financing activities		**156,497**	845,540
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(54,948)**	57,259
Cash and cash equivalents at beginning of period		**673,476**	154,982
Effect of foreign exchange rate changes, net		**13,628**	2,843
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		**632,156**	215,084
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**759,158**	794,685
Less: Pledged deposits		**7,002**	579,601
Time deposits with original maturity of more than three months		**120,000**	–
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows		**632,156**	215,084

1. CORPORATE INFORMATION

Shanghai Henlius Biotech, Inc. (the "Company") is a joint stock company with limited liability established in the People's Republic of China ("PRC"). The registered office of the Company is located at Room 330, Complex Building, No. 222 Kangnan Road, China (Shanghai) Pilot Free Trade Zone, the PRC.

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

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

In the opinion of the directors of the Company, the ultimate parent company of the Company is Shanghai Fosun Pharmaceutical (Group) Co., Ltd. which is a company registered in China, the ultimate holding company of the Company is Fosun International Holdings Limited which is a company registered in Hong Kong, and the ultimate controlling shareholder of the Company is Mr. Guo Guangchang.

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

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

2.1. Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2023 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 2022.

The Group had net current liabilities of RMB2,337,538,000 as at 30 June 2023. Having taken into account the unused banking facilities and the expected cash flows from operating, investing and financing activities, the directors of the Company consider that it is appropriate to prepare the financial information on a going concern basis.

2.2 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

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

2. BASIS OF PRESENTATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES *(CONTINUED)*

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

The nature and impact of the new and revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases and decommissioning obligations as at 1 January 2022, with any cumulative effect recognised as an adjustment to the balance of retained profits or other component of equity as appropriate at that date. In addition, the Group has applied the amendments prospectively to transactions other than leases and decommissioning obligations that occurred on or after 1 January 2022, if any.The amendments did not have any impact on the financial position or performance of the Group.

(d) Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments and the mandatory temporary exception retrospectively. The Group is currently assessing its exposure to Pillar Two income taxes.

3. OPERATING SEGMENT INFORMATION

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

GEOGRAPHICAL INFORMATION

(A) REVENUE FROM EXTERNAL CUSTOMERS

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Mainland China	**2,221,702**	1,239,689
Overseas	**278,768**	49,705
	2,500,470	1,289,394

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

SEASONALITY OF OPERATIONS

The Group's operations are not subject to seasonality.

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**2,499,136**	1,288,739
Revenue from other source	**1,334**	655
	2,500,470	1,289,394
Revenue from contracts with customers		
Types of goods or services		
Sales of biopharmaceutical products	**2,152,901**	1,181,622
Licensing revenue	**14,037**	31,606
Research and development services	**331,452**	74,964
Others	**746**	547
Total revenue from contracts with customers	**2,499,136**	1,288,739
Timing of revenue recognition		
Transferred at a point in time	**2,160,904**	1,201,164
Transferred over time	**338,232**	87,575
Total revenue from contracts with customers	**2,499,136**	1,288,739
Revenue from other source		
Rental income	**1,334**	655

5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Government grants	**14,505**	22,110
Exchange gains	**7,820**	28,388
Interest income	**2,712**	704
Others	**1,800**	20
	26,837	51,222

6. PROFIT/(LOSS) BEFORE TAX

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

		For the six months ended 30 June	
		2023	2022
		RMB'000	RMB'000
	Note	**(Unaudited)**	(Unaudited)
Cost of inventories sold		**382,617**	230,444
Cost of services provided		**339,021**	75,165
Depreciation of property, plant and equipment*		**59,573**	50,552
Depreciation of right-of-use assets*		**34,837**	20,012
Amortisation of intangible assets*		**68,069**	20,553
Research and development expenses:			
Current year expenditure		**547,828**	534,497
Foreign exchange gains, net	5	**(7,820)**	(28,388)
Impairment of trade receivables		**729**	1,081
Write-down of inventories to net realisable value		**6,487**	15,069
Provision for the contract loss		**–**	100,671
Bank interest income	5	**(2,712)**	(704)
Loss on disposal of items of property, plant and equipment		**21**	–

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

7. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest expense on bank and other borrowings	**64,237**	55,652
Interest expense on lease liabilities	**6,807**	7,613
Less: Interest capitalised	**(16,960)**	(12,010)
	54,084	51,255

8. INCOME TAX EXPENSE

The provision for Mainland China current income tax is based on the statutory rate of 25% (six months ended 30 June 2022: 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 Mainland China, which are taxed at a preferential rate of 15%.

The provision for current income tax of Hengenix Biotech, 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 2022: 29.84% and 8.25%, respectively), respectively, for the six months ended 30 June 2023.

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	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current – Mainland China	**3,956**	953
Total tax charge for the period	**3,956**	953

9. DIVIDENDS

No dividend has been paid or declared by the Company during the reporting period (six months ended 30 June 2022: Nil).

10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amount is based on the profit/(loss) for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 543,100,398 (six months ended 30 June 2022: 541,330,076) in issue during the period.

The calculation of the diluted earnings/(loss) per share amount is based on the profit/(loss) 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/(loss) 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/(loss) per share are based on:

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent used in the basic earnings/(loss) per share calculation	**239,980**	(252,095)

	Number of shares	
	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings/(loss) per share calculation	**543,100,398**	541,330,076
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/(loss) per share calculation	**543,226,776**	541,330,076

During the six months ended 30 June 2022, since the diluted loss per share amount decreased when taking into account the restricted shares issued under the share award scheme, the restricted shares had an anti-dilutive effect and were ignored in the calculation of diluted loss per share for the period.

11. PROPERTY, PLANT AND EQUIPMENT

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Carrying value at beginning of the period (audited)	**1,817,449**	1,228,885
Additions	**270,346**	472,695
Disposals	**(51)**	–
Depreciation charge	**(68,456)**	(61,474)
Exchange alignment	**1,663**	2,011
Carrying value at end of the period (unaudited)	**2,020,951**	1,642,117

As at 30 June 2023, the Group's construction in progress with a carrying amount of RMB802,107,000 (31 December 2022: RMB664,852,000) was pledged as security for the Group's interest-bearing bank and other borrowings, as further detailed in note 16 to financial information.

12. INTANGIBLE ASSETS

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Carrying value at beginning of the period (audited)	**4,332,283**	3,634,931
Additions	**130,583**	294,530
Amortisation charge	**(68,221)**	(33,411)
Exchange alignment	**2**	4
Carrying value at end of the period (unaudited)	**4,394,647**	3,896,054

13. TRADE RECEIVABLES

An ageing analysis of the trade receivables, based on the invoice date and net of provisions, is as follows:

	30 June 2023	31 December 2022
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within 3 months	**758,325**	373,226
3 to 6 months	**21,093**	114
6 to 12 months	**3,906**	20,877
1 to 2 years	**81,426**	61,292
	864,750	455,509

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Unlisted investment, at fair value	**25,202**	160,186

On 25 September 2019, the Company entered into an investment management agreement (the "IMA") with AMTD Global Markets Limited ("AMTD"). Pursuant to the IMA, the Company deposited a total amount of USD117,000,000 into the investment portfolio account with AMTD (the "AMTD Account") and engaged AMTD to provide investment management services.

During the years ended 31 December 2020 and 2021, the Company redeemed in total of USD30,640,000 from AMTD and a provision for expected loss of USD30,000,000 (equivalent to RMB191,271,000) was provided based on the Company's best estimate, with the assistance of an external legal counsel, in the year ended 31 December 2021. As at 31 December 2021, the outstanding balance in the AMTD Account amounting to USD86,360,000 was recorded in restricted cash and bank balances and the provision was recorded in other payables and accruals.

During the year ended 31 December 2022, the Company entered into notes purchase agreements to purchase promissory notes issued by three private entities (collectively, the "Notes") with a total principal amount of USD86,360,000 through the AMTD Account, which was recorded in financial assets at fair value through profit or loss. With the assistance of an independent valuer, the Company concluded that the fair value of the Notes as at 31 December 2022 was USD23,000,000 (equivalent to RMB160,186,000).

During the six months ended 30 June 2023, the Company redeemed an amount of USD20,000,000 from AMTD. As at 30 June 2023, the Company concluded that the fair value of the financial assets at fair value through profit or loss approximates to their carrying value of RMB25,202,000.

15. TRADE PAYABLES

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

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Within 1 year	**595,834**	713,104
1 to 2 years	**499**	448
2 to 3 years	**7**	–
	596,340	713,552

16. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2023			31 December 2022		
	Effective interest rate (%)	**Maturity**	**RMB'000 (Unaudited)**	Effective interest rate (%)	Maturity	RMB'000 (Audited)
Current						
Lease liabilities	**3.66-6.28**	**2023-2024**	**81,403**	3.98-6.28	2023	81,445
Bank borrowings – unsecured	**3.20-3.85**	**2023-2024**	**2,039,409**	3.20-5.12	2023	1,839,095
Current portion of long term bank borrowings – secured (Note (a))	**3.78**	**2023-2024**	**80,000**	3.78	2023	40,000
Current portion of long term bank borrowings – unsecured	**3.85-4.65**	**2023-2024**	**557,143**	3.65-4.65	2023	561,615
			2,757,955			2,522,155
Non-current						
Lease liabilities	**3.66-6.28**	**2024-2030**	**166,484**	3.98-6.28	2024-2030	179,647
Bank borrowings – secured (Note (a))	**3.78**	**2024-2030**	**1,011,976**	3.78	2024-2030	943,626
Bank borrowings – unsecured			–	4.45-4.50	2024-2025	31,667
			1,178,460			1,154,940
			3,936,415			3,677,095

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Analysed into:		
Bank loans and other loans repayable:		
Within one year	**2,676,552**	2,440,710
In the second year	**104,950**	90,000
In the third to fifth years, inclusive	**718,173**	623,476
Beyond five years	**188,853**	261,817
	3,688,528	3,416,003
Lease liabilities:		
Within one year	**81,403**	81,445
In the second year	**64,990**	65,864
In the third to fifth years, inclusive	**75,540**	80,661
Beyond five years	**25,954**	33,122
	247,887	261,092

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

Notes:

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

(i) mortgages over the Group's right-of-use assets that had a net carrying value at the end of the reporting period of RMB194,721,000 (31 December 2022: RMB196,837,000); and

(ii) mortgages over the Group's property, plant and equipment that had a net carrying value at the end of the reporting period of RMB802,107,000 (31 December 2022: RMB664,852,000).

(b) As at 30 June 2023, all borrowings were in RMB (as at 31 December 2022, except for certain of the Group's bank borrowings bearing interest at 5.12% amounting to USD10,000,000, all borrowings were in RMB).

17. SHARE CAPITAL

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Issued and fully paid:		
543,494,853 (2022: 543,494,853) ordinary shares	**543,495**	543,495

18. CONTINGENT LIABILITIES

As at 30 June 2023, the Group did not have any contingent liabilities.

19. COMMITMENTS

(A) The Group had the following capital commitments at the end of the reporting period:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Contracted, but not provided for plant and machinery	**340,013**	297,210

(B) The Group did not have any lease contracts that have not yet commenced as at 30 June 2023 and 31 December 2022.

(C) OTHER BUSINESS AGREEMENTS

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

20. RELATED PARTY TRANSACTIONS

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

(A) NAME AND RELATIONSHIP OF THE RELATED PARTIES

Name	Relationship
Shanghai Fosun Pharmaceutical (Group) Co., Ltd.* (“上海復星醫藥（集團）股份有限公司“) (“Fosun Pharma”)	Ultimate parent company
Shanghai Clone High Technology Co., Ltd.* (“上海克隆生物高技術有限公司”) (“Clone High Tech”)	Fellow subsidiary
Shanghai Fukun Pharmaceutical Technology Development Co., Ltd.* (“上海復坤醫藥科技發展有限公司”) (“Shanghai Fukun”)	Fellow subsidiary
Shanghai Kaimao Bio-Pharmaceutical Co., Ltd.* (“上海凱茂生物醫藥有限公司”) (“Kai Mao Bio-pharma”)	Fellow subsidiary
Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd.* (“上海復星醫藥產業發展有限公司”) (“Fosun Pharma Industrial Development”)	Fellow subsidiary
Jiangsu Wanbang Pharmaceutical Limited Company* (“江蘇萬邦生化醫藥集團有限公司”) (“Jiangsu Wanbang”)	Fellow subsidiary
Zhejiang Xinghao Pengbo Pharmaceutical Co., Ltd.* (“浙江星浩澎博醫藥有限公司”) (“Zhejiang Xinghao Pengbo”)	Fellow subsidiary
Fosun Pharmaceutical Distribution (Jiangsu) Co., Ltd.* (“江蘇復星醫藥銷售有限公司”) (“Jiangsu Fosun”)	Fellow subsidiary
Shanghai Bohao Laboratory Co., Ltd.* (“上海伯豪醫學檢驗所有限公司”) (“Shanghai Bohao”)	Fellow subsidiary
Shanghai Xingfu Enterprise Management Consulting Co., Ltd.* (“上海星服企業管理諮詢有限公司”) (“Shanghai Xingfu”)	Fellow subsidiary
Fosun Diagnostics (Shanghai) Co, Ltd.* (“復星診斷科技（上海）有限公司”) (“Fosun Diagnostics”)	Fellow subsidiary
Shanghai Old Temple Gold Co., Ltd.* (“上海老廟黃金有限公司”) (“Shanghai Old Temple Gold”)	Fellow subsidiary
Chengdu Fudi Real Estate Co., Ltd.* (“成都復地置業有限公司”) (“Chengdu Fudi”)	Fellow subsidiary
Suzhou Otovia Therapeutics Biotechnology Co., Ltd.* (“蘇州星奧拓維生物技術有限公司”) (“Suzhou Otovia Therapeutics”)	Fellow subsidiary
Fosun Health Technology (Jiangsu) Co., Ltd.* (“復星健康科技（江蘇）有限公司”) (“Fosun Health”)	Fellow subsidiary
Shanghai Yunji Information Technology Co., Ltd.* (“上海雲濟信息科技有限公司”) (“Shanghai Yunji”)	Fellow subsidiary
Shanghai Fosun High tech Group Finance Co., Ltd.* (“上海復星高科技集團財務有限公司”) (“Shanghai Fosun Finance”)	Fellow subsidiary
Sinopharm Group Co., Ltd. and its subsidiaries* (“國藥控股股份有限公司”及其子公司) (“Sinopharm”)	Associate of the ultimate parent company
Chongqing Pharmaceutical (Group) Co., Ltd. and its subsidiaries* (“重慶醫藥（集團）股份有限公司”及其子公司) (“Chongqing Pharma”)	Associate of the ultimate parent company
Shanghai Yimi Information Technology Co., Ltd.* (“上海醫米信息技術有限公司”) (“Shanghai Yimi”)	Significant influenced by the ultimate controlling shareholder

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

20. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(B) TRANSACTIONS WITH RELATED PARTIES

	Notes	For the six months ended 30 June 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Licensing revenue from related parties			
Fosun Pharma Industrial Development	(i)	**10,851**	9,283
Jiangsu Wanbang	(i)	**–**	939
		10,851	10,222
Services provided to related parties			
Fosun Pharma Industrial Development	(ii)	**21,774**	29,897
Suzhou Otovia Therapeutics	(ii)	**401**	–
Jiangsu Fosun	(ii)	**236**	196
		22,411	30,093
Sales of goods to related parties			
Sinopharm	(iii)	**900,069**	442,611
Jiangsu Fosun	(iii)	**263,788**	280,096
Chongqing Pharma	(iii)	**40,661**	20,161
		1,204,518	742,868
Purchases of services from related parties			
Jiangsu Fosun	(iv)	**15,166**	6,765
Fosun Pharma	(iv)	**713**	–
Fosun Health	(iv)	**619**	–
Shanghai Old Temple Gold	(iv)	**540**	–
Kai Mao Bio-pharma	(iv)	**261**	210
Clone High Tech	(iv)	**137**	70
Fosun Diagnostics	(iv)	**90**	276
Shanghai Yunji	(iv)	**65**	–
Sinopharm	(iv)	**–**	1,305
Others	(iv)	**38**	229
		17,629	8,855
Purchase of materials from			
Sinopharm	(iv)	**873**	–
Purchase of fixed assets from			
Shanghai Yunji	(iv)	**880**	–
Purchase of intangible assets from			
Shanghai Yunji	(iv)	**270**	–
Purchases of right-of-use assets from			
Clone High Tech	(v)	**18,100**	14,857
Chengdu Fudi	(v)	**368**	–
Shanghai Fukun	(v)	**–**	16,640
		18,468	31,497
Deposits in related party			
Shanghai Fosun Finance	(vi)	**193,000**	–

20. RELATED PARTY TRANSACTIONS *(CONTINUED)*

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

Notes:

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

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

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

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

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

(vi) Shanghai Fosun High Technology Group Finance Co., Ltd., a fellow subsidiary of the Group, provide deposit services to subsidiaries of the Group, and the maturity date is from August 2023 to November 2023. These transactions will be on normal commercial terms and the parties will comply with the relevant requirements.

(C) OUTSTANDING BALANCES WITH RELATED PARTIES

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Amounts due from related parties		
Trade receivables		
Sinopharm	**274,437**	132,724
Jiangsu Fosun	**97,134**	35,397
Chongqing Pharma	**11,256**	5,096
Fosun Pharma Industrial Development	**8,985**	6,511
	391,812	179,728
Prepayments, other receivables and other assets		
Clone High Tech	**2,706**	–
Shanghai Fukun	**1,125**	1,125
Chengdu Fudi	**41**	–
Fosun Diagnostics	**–**	90
Sinopharm	**–**	21
	3,872	1,236
Other non-current assets		
Shanghai Yunji	**–**	115

20. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(c) OUTSTANDING BALANCES WITH RELATED PARTIES *(CONTINUED)*

	Note	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Amounts due to related parties			
Trade payables			
Sinopharm		**282**	380
Kai Mao Bio-pharma		**20**	–
Zhejiang Xinghao Pengbo		–	49
		302	429
Other payables and accruals			
Jiangsu Fosun		**15,166**	16,889
Fosun Pharma		**4,239**	3,526
Clone High Tech		**2,120**	1,969
Fosun Health		**619**	173
Shanghai Yunji		**172**	753
Shanghai Xingfu		**70**	229
Kai Mao Bio-pharma		**62**	49
Sinopharm		–	969
Shanghai Yimi		–	875
Shanghai Bohao		–	578
Others		**259**	154
		22,707	26,164
Other long-term payable			
Fosun Pharma Industrial Development	(i)	**754,717**	235,849
Lease liabilities			
Clone High Tech		**117,808**	116,809
Shanghai Fukun		**12,110**	14,425
Chengdu Fudi		**334**	–
		130,252	131,234
Contract liabilities			
Fosun Pharma Industrial Development		**342,967**	357,183
Sinopharm		**86,125**	56,509
Jiangsu Wanbang		**82,286**	82,286
Chongqing Pharma		**5,062**	4,670
Suzhou Otovia Therapeutics		**110**	360
Jiangsu Fosun		–	179
		516,550	501,187

20. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(C) OUTSTANDING BALANCES WITH RELATED PARTIES *(CONTINUED)*

Note:

(i) On 17 November 2022, the Company entered into a license agreement with Fosun Pharmaceutical Industrial Development, a fellow subsidiary of the Company, to grant Fosun Pharmaceutical Industrial Development an exclusive license to commercialise HANSIZHUANG in the United States (including its territories and possessions) for the treatment indication of Extensive Stage Small-Cell Lung Cancer (ES-SCLC) and any other indication (other than ES-SCLC) as mutually agreed between the Company and Fosun Pharmaceutical Industrial Development in human. The contract was approved by the extraordinary general meeting on 27 December 2022. As at 31 December 2022, the Company received an amount of RMB250,000,000 relating to the license out contract. During the six months ended 30 June 2023, the Company received an amount of RMB550,000,000 relating to the license out contract.

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

(D) COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fees	**532**	500
Other emoluments:		
Wages and salaries	**33,693**	24,757
Performance related bonuses	**10,824**	8,873
Staff welfare expenses	**631**	487
Share award scheme	**2,159**	6,976
	47,839	41,593

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amounts		Fair values	
	30 June 2023	31 December 2022	**30 June 2023**	31 December 2022
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Financial assets				
Financial assets at fair value through profit and loss	**25,202**	160,186	**25,202**	160,186
Financial liabilities				
Interest-bearing bank and other borrowings				
– non-current portion other than lease liabilities	**1,011,976**	975,293	**1,003,927**	965,952

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

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

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

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

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

The Group's financial assets at fair value through profit or loss represent the Group's investments in the promissory notes through the AMTD Account as stated in Note 14 to the the interim condensed consolidated financial information. The Group has estimated the fair value of these investments by using a discounted cash flow valuation model based on the expected terms of the investments and the credit risk of the issuers.

FAIR VALUE HIERARCHY

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

Assets measured at fair value:

As at 30 June 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Financial assets at fair value through profit or loss	–	–	**25,202**	**25,202**

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	–	–	160,186	160,186

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

FAIR VALUE HIERARCHY *(CONTINUED)*

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

Liabilities for which fair values are disclosed:

As at 30 June 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	**Significant observable inputs (Level 2) RMB'000 (Unaudited)**	**Significant unobservable inputs (Level 3) RMB'000 (Unaudited)**	**Total RMB'000 (Unaudited)**
Interest-bearing bank and other borrowings – non-current portion other than lease liabilities	–	**1,003,927**	–	**1,003,927**

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	Total RMB'000 (Audited)
Interest-bearing bank and other borrowings – non-current portion other than lease liabilities	–	965,952	–	965,952

The movement in fair value measurements in Level 3 during each reporting period is as follows:

ASSETS MEASURED AT FAIR VALUE:

	For the six months ended 30 June 2023 RMB'000
At 1 January	**160,186**
Decrease	**(134,984)**
At 30 June	**25,202**

22. EVENTS AFTER THE REPORTING PERIOD

There have been no significant events since the end of the reporting period.

23. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 25 August 2023.

(I) RESULTS AND DIVIDENDS

The Group's results for the six months ended 30 June 2023 and the financial position of the Group as at 30 June 2023 are set out in the interim condensed consolidated financial statements and the accompanying notes on pages 31 to 54. The Board has not recommended the distribution of any interim dividend for the Reporting Period.

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

During the Reporting Period, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities.

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

As at 30 June 2023, none of the Directors/Supervisors and chief executives of the Company has interest and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO). The interest or long positions of Directors/Supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise should be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

INTERESTS IN SHARES OF ASSOCIATED CORPORATIONS

Name	Name of associated corporation	Nature of interest and capacity	Class	Number of Shares	Approximate percentage in relevant class of Shares
Wenjie Zhang	HenLink, Inc.	Beneficial owner	Ordinary Shares	1,000,000	6.30%
	Fosun International	Beneficial owner	Share Option	200,000	0.00%
Qiyu Chen	Fosun International	Beneficial owner	Ordinary Shares	15,959,400	0.19%
	Fosun International	Beneficial owner	Share Option	15,125,000	0.18%
	Fosun Pharma	Beneficial owner	A Shares	114,075	0.01%
	Fosun Tourism Group	Beneficial owner	Ordinary Shares	501,478	0.04%
Yifang Wu	Fosun Pharma	Beneficial owner	H Shares	373,000	0.07%
	Fosun Pharma	Beneficial owner	A Shares	1,007,100	0.05%
	Fosun International	Beneficial owner	Ordinary Shares	200,000	0.00%
Xiaohui Guan	Fosun International	Beneficial owner	Ordinary Shares	200,000	0.00%
	Fosun International	Beneficial owner	Share Option	1,000,000	0.01%
	Fosun Pharma	Beneficial owner	A Shares	393,100	0.02%
	Fosun Pharma	Beneficial owner	H Shares	25,000	0.00%
Deyong Wen	Fosun Pharma	Beneficial owner	A Shares	207,100	0.01%
	Fosun Pharma	Beneficial owner	H Shares	20,000	0.00%
Zihou Yan	Fosun Pharma	Beneficial owner	A Shares	46,800	0.00%
Rongli Feng	Fosun Pharma	Beneficial owner	A Shares	113,500	0.01%
Deli Kong	Fosun Pharma	Beneficial owner	A Shares	27,200	0.00%

INTEREST IN DEBENTURES OF THE ASSOCIATED CORPORATION

Name	Name of associated corporation	Nature of interest and capacity	Class	Amount of debentures
Qiyu Chen	Fortune Star (BVI) Limited	Beneficial owner	Debentures	1,478,241 USD
Yifang Wu	Fortune Star (BVI) Limited	Beneficial owner	Debentures	739,121 USD

Save as disclosed in the foregoing, as at 30 June 2023, none of the Directors/Supervisors or chief executive of the Company or their respective close associates had any interests or short/long positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

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

As at 30 June 2023, the following persons (other than the Directors/Supervisors or chief executive of the Company) had the following interests and/or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of Part XV of the SFO:

Name of Shareholder	Nature of interest and capacity	Class	Number of Shares	Approximate percentage in relevant class of Shares	Approximate percentage in total Shares
Fosun New Medicine	Beneficial owner	Domestic Shares	265,971,569	73.03%	48.94%
Fosun Pharma Industrial Development[1]	Beneficial owner	Domestic Shares	25,393,818	6.97%	4.67%
	Interest in controlled entity	Domestic Shares	265,971,569	73.03%	48.94%
Fosun Pharma[2]	Interest in controlled entity	Domestic Shares	291,365,387	80.00%	53.61%
		H Shares	35,523,439	21.74%	6.54%
Fosun High Tech[3]	Interest in controlled entity	Domestic Shares	291,365,387	80.00%	53.61%
		H Shares	34,363,039	21.03%	6.32%
Fosun International[4]	Interest in controlled entity	Domestic Shares	291,365,387	80.00%	53.61%
		H Shares	34,363,039	21.03%	6.32%
FHL[5]	Interest in controlled entity	Domestic Shares	291,365,387	80.00%	53.61%
		H Shares	34,363,039	21.03%	6.32%
FIHL[6]	Interest in controlled entity	Domestic Shares	291,365,387	80.00%	53.61%
		H Shares	34,363,039	21.03%	6.32%
Guangchang Guo [7]	Interest in controlled entity	Domestic Shares	291,365,387	80.00%	53.61%
		H Shares	34,363,039	21.03%	6.32%
Fosun Industrial	Beneficial owner	H Shares	32,331,100	19.78%	5.95%
	Security interest	H Shares	3,192,339	1.95%	0.59%
Al Rayyan Holding LLC	Beneficial owner	H Shares	11,370,960	6.96%	2.09%
Qatar Holding LLC[8]	Interest in controlled entity	H Shares	11,370,960	6.96%	2.09%
Qatar Investment Authority[8]	Interest in controlled entity	H Shares	11,370,960	6.96%	2.09%
DIC Holding LLC	Beneficial owner	H Shares	2,842,740	1.74%	0.52%
Qatar Investment Authority (in the capacity of investment manager of DIC Holding LLC)[9]	Interest in controlled entity	H Shares	2,842,740	1.74%	0.52%
Cayman Henlius[10]	Beneficial owner	H Shares	43,756,960	26.77%	8.05%

Name of Shareholder	Nature of interest and capacity	Class	Number of Shares	Approximate percentage in relevant class of Shares	Approximate percentage in total Shares
Wei-Dong Jiang(11)	Beneficial owner	H Shares	720,955	0.44%	0.13%
	Interest in controlled entity	H Shares	43,756,960	26.77%	8.05%
Scott Shi-Kau Liu(12)	Beneficial owner	H Shares	2,410,695	1.48%	0.44%
	Interest in controlled entity	H Shares	43,756,960	26.77%	8.05%
HenLink	Beneficial owner	Unlisted Foreign Shares	15,876,694	100%	2.92%

Notes:

(1) As at 30 June 2023, Fosun New Medicine was wholly owned by Fosun Pharma Industrial Development. Fosun Pharma Industrial Development was deemed to be interested in the Domestic Shares which Fosun New Medicine was interested in.

(2) On 24 December 2019, Cayman Henlius pledged a total of 3,192,339 H Shares to Fosun Industrial, therefore Fosun Industrial had security interest in these H Shares. As of 30 June 2023, Fosun Pharma Industrial Development and Fosun Industrial were wholly owned by Fosun Pharma. Fosun Pharma was deemed to be interested in the Domestic Shares and H Shares which Fosun Pharma Industrial Development and Fosun Industrial were interested in.

(3) As at 30 June 2023, Fosun High Tech held approximately 35.82% of the shares in Fosun Pharma. Fosun High Tech was deemed to be interested in the Domestic Shares and H Shares which Fosun Pharma was interested in.

(4) As at 30 June 2023, Fosun High Tech was wholly owned by Fosun International. In addition, Fosun International held approximately 0.22% of the shares in Fosun Pharma. Fosun International was deemed to be interested in the Domestic Shares and H Shares which Fosun High Tech and Fosun Pharma were interested in.

(5) As at 30 June 2023, FHL directly held approximately 73.67% of the shares in Fosun International. FHL was deemed to be interested in the Domestic Shares and H Shares which Fosun International was interested in.

(6) As at 30 June 2023, FHL was wholly owned by FIHL. FIHL was deemed to be interested in the Domestic Shares and H Shares which FHL was interested in.

(7) As at 30 June 2023, Mr. Guangchang Guo held approximately 85.29% of the shares in FIHL. Mr. Guangchang Guo was deemed to be interested in the Domestic Shares and H Shares which FIHL was interested in.

(8) As at 30 June 2023, Al Rayyan Holding LLC was wholly owned by Qatar Holding LLC, which was wholly owned by Qatar Investment Authority. Qatar Holding LLC and Qatar Investment Authority were deemed to be interested in the H Shares which Al Rayyan Holding LLC was interested in.

(9) As at 30 June 2023, DIC Holding LLC was wholly owned by Qatar Investment Authority (in the capacity of investment manager of DIC Holding LLC). Qatar Investment Authority (in the capacity of investment manager of DIC Holding LLC) was deemed to be interested in the H Shares which DIC Holding LLC was interested in.

(10) As at 30 June 2023, Cayman Henlius was held by Dr. Scott Shi-Kau Liu and Dr. Wei-Dong Jiang as to approximately 64.20% and 35.80% of the total equity interests, respectively. On 24 December 2019, Cayman Henlius pledged a total of 3,192,339 H Shares to Fosun Industrial, a wholly-owned subsidiary of Fosun Pharma, while Cayman Henlius continues to be the beneficial owner of such Shares.

(11) As at 30 June 2023, Dr. Wei-Dong Jiang held approximately 35.80% of the shares in Cayman Henlius. Dr. Wei-Dong Jiang was deemed to be interested in the H Shares which Cayman Henlius was interested in.

(12) As at 30 June 2023, Dr. Scott Shi-Kau Liu held approximately 64.20% of the shares in Cayman Henlius. Dr. Scott Shi-Kau Liu was deemed to be interested in the H Shares which Cayman Henlius was interested in.

Save as disclosed herein, there is no other person known to the Directors/Supervisors or chief executive of the Company who, as of 30 June 2023, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 under Part XV of the SFO or who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

(V) MODEL CODE FOR SECURITIES TRANSACTIONS

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

(VI) COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to enhancing shareholder value by achieving high standards of corporate conduct, transparency and accountability. The Company's corporate governance practices are based on the principles and code provisions set forth in the CG Code. In the opinion of the Board, the Company has complied with the principles and code provisions set out in the CG Code during the Reporting Period, except for Code Provision C.2.1 which requires that the role of chairman of the Board and chief executive officer should be separated and should not be performed by the same person. Given that Mr. Wenjie Zhang ("**Mr. Zhang**") assumed the roles of both chairman of the Board and chief executive officer, the Company deviated from this code provision. Mr. Zhang joined the Company in March 2019 and has successively served in various key positions in the Company, including the chief commercial operation officer and chief strategy officer of the Company. His familiarity with the business operation of the Company and his roles as the chairman of the Board and the chief executive officer of the Company can facilitate the formulation and implementation of business strategies of the Company. In addition, the Board, which comprised one executive Director, five non-executive Directors and four independent non-executive Directors during the Reporting Period, was appropriately structured with a balance of power to provide sufficient checks to protect the interests of the Company and its shareholders as a whole.

Since 17 July 2023, Mr. Zhang resigned as the chief executive officer of the Company, but remains as an executive Director and the chairman of the Board. Meanwhile, Mr. Jun Zhu ("**Mr. Zhu**") has been appointed as the chief executive officer of the Company with effect from 17 July 2023 and was appointed as an executive Director, a member of the Strategy Committee and a member of the Environmental, Social and Governance Committee on 28 August 2023. From 17 July 2023 to the Latest Practicable Date, the Company has complied with all the applicable code provisions contained in the CG Code.

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

The audit committee of the Company comprised Mr. Tak Young So (Chairman), Dr. Lik Yuen Chan and Ms. Xiaohui Guan. Mr. Tak Young So and Dr. Lik Yuen Chan are both independent non-executive Directors. The audit committee of the Company has reviewed the unaudited interim results and the interim report of the Group for the six months ended 30 June 2023.

(VIII) SUFFICIENCY OF PUBLIC FLOAT

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

(IX) FUND RAISING ACTIVITIES

1. INITIAL PUBLIC OFFERING ON THE HONG KONG STOCK EXCHANGE

On 25 September 2019, the Company issued 64,695,400 H Shares with a nominal value of RMB1.00 each at HK$49.6 per H Share in connection with the Global Offering and listing of the H Shares on the Hong Kong Stock Exchange, with a net price of approximately HK$45.57 per share (approximately RMB40.56).

On 22 October 2019, the Company partially exercised the over-allotment option granted in connection with the Global Offering and issued an aggregate of 4,366,400 H Shares with a nominal value of RMB1.00 each at HK$49.6 per H Share, with a net price of approximately HK$45.57 per share (approximately RMB40.56).

After deduction of listing expenses, the total net proceeds from the Global Offering (including the net proceeds from the partial exercise of the over-allotment option) was approximately HK$3,147.1 million (approximately RMB2,800.9 million), the use and allocation ratio of which have been adjusted in accordance with details in the announcements of the Company dated 26 March 2021[1] and 18 August 2022[2] (the "**Announcements**"). As at the end of the Reporting Period, details of the purposes and use of the proceeds in accordance with those set out in the Prospectus and subject to the adjustments set out in the Announcements are set out below:

Intended use of proceeds as set out in the Prospectus and adjusted in the Announcements	Allocation of net proceeds in the proportion as set out in the Prospectus and adjusted in the Announcements [3]	Amounts utilized as at 31 December 2022 (RMB million)	Amounts outstanding for the financial year ended 31 December 2022 carried forward to the Reporting Period (RMB million)	Amounts utilized during the Reporting Period (RMB million)	Amounts not yet utilized as at 30 June 2023 [6] (RMB million)
(a) Fund the ongoing clinical trials, regulatory filing and registration for Core Products	**approximately 24.8% (RMB693.7 million)**	**693.7**	**0.0**	**0.0**	**0.0**
– Fund the ongoing clinical trials, regulatory filing and registration for HLX02	approximately 6.0% (RMB168.1 million)	168.1	0.0	0.0	0.0
– Fund the ongoing clinical trials, regulatory filing and registration for HLX04 for the mCRC indication	approximately 5.7% (RMB160.9 million)	160.9	0.0	0.0	0.0
– Develop immuno-oncology combination therapy comprised of HLX04 and HLX10 for the treatment of advanced solid tumours	approximately 13.1% (RMB364.7 million)	364.7	0.0	0.0	0.0

Intended use of proceeds as set out in the Prospectus and adjusted in the Announcements	Allocation of net proceeds in the proportion as set out in the Prospectus and adjusted in the Announcements [3]	Amounts utilized as at 31 December 2022 (RMB million)	Amounts outstanding for the financial year ended 31 December 2022 carried forward to the Reporting Period (RMB million)	Amounts utilized during the Reporting Period (RMB million)	Amounts not yet utilized as at 30 June 2023 [6] (RMB million)
(b) Fund the ongoing clinical trials, regulatory filing and registration for other biosimilar candidates, including HLX12, HLX11 and HLX14	**approximately 16.8% (RMB470.8 million)**	**470.8[4]**	**0.0**	**0.0**	**0.0**
(c) Fund the ongoing clinical trials, regulatory filing and registration for bio-innovation drugs and the development of immuno-oncology combination therapy	**approximately 48.4% (RMB1,356.3 million)**	**1,345.4**	**10.9[5]**	**10.9[5]**	**0.0**
– HLX07	approximately 3.3% (RMB92.8 million)	92.8	0.0	0.0	0.0
– HLX20	approximately 0.2% (RMB5.6 million)	5.6	0.0	0.0	0.0
– HLX10 and immuno-oncology combination therapies involving HLX10 (including HLX10+HLX07)	approximately 44.9% (RMB1,257.9 million)	1,247.0[4]	10.9[5]	10.9[5]	0.0
(d) Working capital and general corporate purposes	**approximately 10.0% (RMB280.1 million)**	**280.1**	**0.0**	**0.0**	**0.0**
Total	**100% (RMB2,800.9 million)**	**2,790.0**	**10.9**	**10.9**	**0.0**

Notes:

(1) On 26 March 2021, the Board considered the research and development progress of HLX10 and immuno-oncology therapies and is of the view that the clinical trials, regulatory filing and registration for HLX10 and immuno-oncology therapies require additional investments. Accordingly, the Board reallocated part or all of the unutilised net proceeds originally allocated to the development of immuno-oncology combination therapy comprised of HLX04 and HLX10 for the treatment of advanced solid tumours, funding the ongoing clinical trials, regulatory filing and registration for other biosimilar candidates, including HLX12, HLX11 and HLX14, and funding the ongoing clinical trials, regulatory filing and registration for bio-innovative drugs (HLX06 and HLX07), to the funding of ongoing clinical trials, regulatory filing and registration for bio-innovation drugs—HLX10 and immuno-oncology combination therapies involving HLX10 (including HLX10+HLX07). The Board approved the change in the use of net proceeds and is of the view that it is in the interest of the Company and the Shareholders as a whole and will not have any material adverse effect on the existing business and operations of the Group.

(2) On 18 August 2022, in order to improve the efficiency of the use of the net proceeds and maximise the interests of investors, the Company continued to monitor and plan the use of the net proceeds. The Board considered the research and development progress of other biosimilar candidates, including HLX12, HLX11 and HLX14, by comprehensively taking into account the progress of the Company's products in its pipeline and the timeframe for the use of funds, and considered that reallocating the unutilised net proceeds originally allocated to the ongoing clinical trials, regulatory filing and registration for HLX04 for the mCRC indication, and developing immuno-oncology combination therapy comprised of HLX04 and HLX10 for the treatment of advanced solid tumours into the ongoing clinical trials, regulatory filing and registration for other biosimilar candidates, including HLX12, HLX11 and HLX14, would facilitate the advancement of clinical trials, regulatory filing and registration of relevant biosimilar candidates, which in turn will enhance the overall efficiency of the use of the unutilised net proceeds. The Board approved to change the use of net proceeds and is of the view that it is in the interest of the Company and the Shareholders as a whole and will not have any material adverse effect on the existing business and operations of the Group.

(3) The net proceeds figures have been translated to Renminbi for the allocation and the utilization calculation, and have been adjusted slightly due to the fluctuation of the foreign-currency exchange rates since the listing and proportionally in accordance with the Prospectus after taking into account the final offer price of the Global Offering and the partial exercise of the over-allotment option. Please see the Announcements for details of the adjustment of the use and allocation of the net proceeds from the Global Offering.

(4) Given the funding, investment, research and development projects were making progress at different paces, the then-management of the Company entered into the IMA with AMTD on 25 September 2019 to engage AMTD to provide investment management services in connection with US$117.0 million deposited into the investment portfolio account with AMTD. As of the date of this report, the Company has redeemed approximately US$50.6 million from the investment account, with outstanding principal balance of approximately US$66.4 million. Please see the announcement of the Company dated 31 March 2023 for details. In order not to affect the progress of the funding, investment, research and development projects of the Company, the management decided in July 2022 that self-owned liquidity of US$69.7 million (approximately RMB470 million) would be used in the funding, investment, research and development projects of the Company, out of which, RMB226.7 million would be allocated to fund the ongoing clinical trials, regulatory filing and registration for other biosimilar candidates, including HLX12, HLX11 and HLX14; RMB243.3 million would be allocated to fund the ongoing clinical trials, regulatory filing and registration for bio-innovation drugs – HLX10 and immuno-oncology combination therapies involving HLX10 (including HLX10+HLX07).

(5) The unutilised amount of approximately RMB10.9 million for the financial year ended 31 December 2022 arising from differences in effective exchange rate and other factors due to the exchange of self-owned liquidity of US$69.7 million as stated in note (4) into RMB in tranches was used to fund the ongoing clinical trials, regulatory filing and registration for bio-innovation drugs – HLX10 and immuno-oncology combination therapies involving HLX10 (including HLX10+HLX07) during the Reporting Period.

(6) At the end of the Reporting Period, the investments in the funding, investment, research and development projects have been completed (the investment amounts include the proceeds from the Global Offering of RMB2,320.0 million and the self-owned liquidity of RMB480.9 million). However, as of the date of this report, repayment term for the outstanding principal is still uncertain under the IMA, as AMTD filed a lawsuit against the Company in the Court of First Instance of the High Court of Hong Kong in respect of the IMA, details of which are set out in the announcement of the Company dated 31 March 2023 and the section headed "Update on the AMTD Matter" in the 2023 interim results announcement dated 25 August 2023. The Company will continuously communicate and negotiate with AMTD on the collection of outstanding principal, and will conduct the review procedures and disclose relevant information in a timely manner pursuant to applicable Listing Rules as and when appropriate.

The Company has not conducted any fund raising activities involving the issue of equity securities within 12 months immediately prior to the Latest Practicable Date.

2. PROPOSED A SHARE OFFERING ON THE SHANGHAI STOCK EXCHANGE

On 30 March 2020, the Company announced the proposal to make an application to the relevant regulatory authorities in the PRC for the allotment and issue of A Shares and an application to the Shanghai Stock Exchange for the listing of, and permission to deal in, the A Shares on the Science and Technology Innovation Board of Shanghai Stock Exchange. On 27 April 2020, a circular containing the details of the Proposed A Share Offering was dispatched to the Shareholders. On 12 June 2020, the resolutions in relation to the Proposed A Share Offering were duly passed. On 23 April 2021, a circular containing the details of extension of the Proposed A Share Offering and Listing was dispatched to the Shareholders. On 25 May 2021, the resolutions in relation to extension of the Proposed A Share Offering and Listing were duly passed. On 13 May 2022, the resolutions in relation to extension of the Proposed A Share Offering and Listing were duly passed. On 3 July 2023, the Board has decided not to proceed further with the A Share Offering and listing on the Science and Technology Innovation Board of Shanghai Stock Exchange.

The Company has not conducted any fund-raising activities involving the issue of equity securities within 12 months immediately prior to the Latest Practicable Date.

(X) SHARE AWARD SCHEME

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

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

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

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

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

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

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

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

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

Set out below are the movements of the awards under the 2018 Share Award Scheme and the 2020 Share Award Scheme during the Reporting Period:

	Unvested as at 1 January 2023		2018 Share Awards Scheme[1] Vested during the Reporting Period		Unvested as at 30 June 2023	
Grantees[2]	Number	Vesting period	Number	Weighted average closing price of the shares immediately before the dates on which the awards were vested (HKD)	Number	Vesting period
Other grantees by category	79,800	16 May 2023[6]	79,800	14.14	–	–

	Unvested as at 1 January 2023		2020 Share Awards Scheme[3] Vested during the Reporting Period		Unvested as at 30 June 2023	
Grantees	Number	Vesting period	Number	Weighted average closing price of the shares immediately before the dates on which the awards were vested (HKD)	Number	Vesting period
WENJIE ZHANG *Executive Director*[4]	283,400	30 April 2023	283,400	14.14	–	–
Five highest paid individuals[5]	599,502	30 April 2023	599,502	14.14	–	–
Other grantees by category	149,790	30 April 2023	149,790	14.14	–	–
	44,000	16 May 2023[7]	44,000	14.14	–	–

Notes:

1 All the share awards under the 2018 Share Award Scheme were made on 14 April 2018 on a one-off basis. No share awards were cancelled or lapsed during the Reporting Period, and no consideration is required from the 2018 Participants at the time of vesting of the share awards.

2 The 2018 Participants do not include the Directors, CEO and five highest paid individuals of the Company.

3 All the share awards under the 2020 Share Award Scheme were made on 10 December 2020 on a one-off basis. No share awards were re-granted, cancelled or lapsed during the Reporting Period, and no consideration was required from the 2020 Participants at the time of vesting of the share awards.

4 WENJIE ZHANG resigned as the CEO with effect from 17 July 2023.

5 The information includes the grants to WENJIE ZHANG who is categorized as "five highest paid individuals".

6 The 79,800 unvested share awards as at 1 January 2023 due to resignation of an employee, which have not been re-granted in accordance with the 2018 Share Award Scheme, were vested in such resigned employee on 16 May 2023. The Remuneration Committee of the Board, having considered the contributions made by the resigned employee during his term of service, has resolved and approved to exercise its discretion in releasing the restrictions of the aforesaid 79,800 unvested share awards according to the 2018 Share Award Scheme.

7 44,000 unvested share awards as at 1 January 2023 due to resignation of an employee, which have not been re-granted in accordance with the 2020 Share Award Scheme, were vested in such resigned employee on 16 May 2023. The Remuneration Committee of the Board, having considered the contributions made by the resigned employee during his term of service, has resolved and approved to exercise its discretion in releasing the restrictions of the aforesaid 44,000 unvested share awards according to the 2020 Share Award Scheme.

In addition, the Company notes that there are inadvertent errors regarding the movement of the awards under the 2020 Share Award Scheme for the year ended 31 December 2022 as set out in the Company's annual report for the year ended 31 December 2022 (the "**2022 Annual Report**"). The Company would like to clarify that the table of the movement of the awards under the 2020 Share Award Scheme as disclosed on pages 58 and 59 of the 2022 Annual Report should read as follows:

	Unvested as at 1 January 2022		2020 Share Awards Scheme[4] Vested during the year ended 31 December 2022				Unvested as at 31 December 2022	
Grantees	Number	Vesting period	Re-granted during the year ended 31 December 2022[5]	Number	Weighted average closing price of the shares immediately before the dates on which the awards were vested (HKD)	Lapsed during the year ended 31 December 2022	Number	Vesting period
WENJIE ZHANG	275,000	30 April 2022	42,000	308,600	19.42	–	283,400	30 April 2023
Executive Director and CEO	275,000	30 April 2023						
Five highest paid individuals[6]	448,138	30 April 2022	42,000	481,738	19.42	–	599,502	30 April 2023
	591,102	30 April 2023						
Other grantees by category	156,290	30 April 2022	0	138,290	19.42	42,000	193,790[7]	30 April 2023
	217,790	30 April 2023						

Save as disclosed above, other information in relation to the share award schemes disclosed in the 2022 Annual Report remain unchanged.

Notes:

4 All the share awards under the 2020 Share Award Scheme were made on 10 December 2020 on a one-off basis. No share awards were cancelled during the year ended 31 December 2022, and no consideration was required from the 2020 Participants at the time of vesting of the share awards.

5 Considering that some participants withdrew from the 2020 Share Award Scheme due to resignation, the Remuneration Committee of the Board of Directors agreed to assign a total of 42,000 unrestricted share awards to Mr. WENJIE ZHANG, and arrange vesting matters according to the specific provisions of the 2020 Share Award Scheme on 28 February 2022. The closing price of the Shares immediately before the date on which the awards were granted was HK$22.5, and such unrestricted share awards all vested on 30 April 2023. The aggregate fair value of the shares granted amounted to approximately RMB396,000 (42,000 shares with RMB9.44 per share), and the fair value was determined by the stock price on the date of grant of the share awards.

6 The information includes the grants to WENJIE ZHANG who is categorized as "five highest paid individuals".

7 Includes 44,000 outstanding share awards due to resignation of an employee which have not been re-granted or released restriction in accordance with the 2020 Share Award Scheme during the year ended 31 December 2022.

DEFINITIONS

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

"2018 Share Award Scheme"	the share award scheme adopted pursuant to the original operating procedure of the employee equity incentive scheme signed in April 2018 and as amended in December 2020
"2020 Share Award Scheme"	the share award scheme adopted pursuant to the operating procedure of the 2020 employee equity incentive scheme
"A Share(s)"	RMB ordinary share(s) proposed to be issued by the Company pursuant to the A Share Offering
"A Share Offering"	the Company's proposed initial public offering of A Shares, which are proposed to be listed on the Science and Technology Innovation Board of Shanghai Stock Exchange
"A Share Offering and Listing"	the Company's proposed initial public offering of A Shares, and listing of such Shares on the Science and Technology Innovation Board of Shanghai Stock Exchange
"Accord"	Accord Healthcare Limited
"AMTD"	AMTD Global Markets Limited
"Baodao Pharmaceutical"	Baodao Pharmaceutical Co., Ltd. *(上海寶島藥業有限公司)
"Biosimilar Guidelines"	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)》)
"Board"	the board of Directors of the Company
"Cayman Henlius"	Henlius Biopharmaceuticals, Inc., a company established in Cayman Islands on 23 February 2009, and a substantial shareholder
"CG Code"	Corporate Governance Code contained in Appendix 14 to the Listing Rules
"Company" or "Henlius"	Shanghai Henlius Biotech, Inc., a joint stock company incorporated under the laws of the PRC with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange
"CSCO"	Chinese Society of Clinical Oncology
"Director(s)"	the director(s) of the Company
"Domestic Share(s)"	Ordinary Shares issued by the Company in the PRC with a nominal value of RMB1.00 each, which are subscribed for and paid for in RMB
"EU"	European Union
"FDA"	the United States Food and Drug Administration
"FHL"	Fosun Holdings Limited (復星控股有限公司), a company incorporated in Hong Kong on 18 February 2005 with limited liability, and a controlling shareholder
"FIHL"	Fosun International Holdings Ltd. (復星國際控股有限公司), a company incorporated in the British Virgin Islands on 9 September 2004 with limited liability, and a controlling shareholder

"Fosun High Tech"	Shanghai Fosun High Technology (Group) Co., Ltd.* (上海復星高科技(集團)有限公司), a company incorporated in the PRC on 8 March 2005, and a controlling shareholder
"Fosun Industrial"	Fosun Industrial Co., Limited (復星實業(香港)有限公司), a company incorporated in Hong Kong on 22 September 2004 with limited liability, and a wholly-owned subsidiary of Fosun Pharma
"Fosun International"	Fosun International Limited (復星國際有限公司), a company incorporated in Hong Kong on 24 December 2004 with limited liability, the shares of which are listed on the Main Board of the Stock Exchange, and a controlling shareholder
"Fosun New Medicine"	Shanghai Fosun New Medicine Research Company Limited* (上海復星新藥研究有限公司), a company incorporated in the PRC on 12 September 2008 with limited liability, and a controlling shareholder
"Fosun Pharma"	Shanghai Fosun Pharmaceutical (Group) Co., Ltd.* (上海復星醫藥(集團)股份有限公司), a joint stock company established in the PRC, the H shares and A shares of which are listed and traded on the Main Board of the Stock Exchange and the Shanghai Stock Exchange, respectively, and a controlling shareholder
"Fosun Pharma Industrial Development"	Shanghai Fosun Pharmaceutical Industrial Development Company Limited (上海復星醫藥產業發展有限公司), a company incorporated in the PRC on 27 November 2001 with limited liability, a wholly-owned subsidiary of Fosun Pharma, and a controlling shareholder
"Getz Pharma"	Getz Pharma (Private) Limited and its affiliated company, Getz Pharma International FZ-LLC
"Global Offering"	the global offering comprises the Hong Kong public offering of 6,469,600 H Shares as well as the international offering of 58,225,800 H Shares initially available for subscription and 4,366,400 H Shares pursuant to the partial exercise of the over-allotment option
"GMP"	good manufacturing practice
"Group", "we", "our" or "us"	the Company and its subsidiaries
"H Share(s)"	overseas listed foreign share(s) in the Company's ordinary share capital, with a nominal value of RMB1.00 each, which were listed on the Stock Exchange and traded in Hong Kong dollars
"HenLink"	HenLink, Inc., a company incorporated in the Cayman Islands on 15 August 2014 and a Shareholder whose beneficial owners are certain employees of the Group
"HK$ or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange" or the "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"IFRSs"	International Financial Reporting Standards
"IMA"	the investment management agreement dated on 25 September 2019 entered into between the Company and AMTD

"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China
"Jiangsu Fosun"	Fosun Pharmaceutical Distribution (Jiangsu) Co., Ltd.* (江蘇復星醫藥銷售有限公司), a company incorporated in the PRC with limited liability, and a wholly-owned subsidiary of Fosun Pharma
"Jiangsu Wanbang"	Jiangsu Wanbang (Group) Biopharmaceutical Co., Ltd.* (江蘇萬邦生化醫藥集團有限責任公司), a company incorporated in the PRC with limited liability, and a wholly-owned subsidiary of Fosun Pharma
"Latest Practicable Date"	21 September 2023, being the latest practicable date for ascertaining the contents set out in this report prior to printing
"Listing"	the listing of the H Shares on the Main Board of the Stock Exchange
"Listing Date"	25 September 2019, being the date on which the H Shares were listed on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"MAA"	marketing authorisation application
"mAb"	monoclonal antibodies
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"NDA"	new drug application
"NMPA"	the National Medical Products Administration of the PRC
"PRC", "China" or "Mainland China"	the People's Republic of China, but for the purposes of this interim report only, except where the context requires, references in this interim report to PRC or Mainland China exclude Hong Kong, Macau and Taiwan Regions
"Prospectus"	the prospectus issued by the Company on 12 September 2019 in connection with the Global Offering
"R&D"	research and development
"Reporting Period"	the six months ended 30 June 2023
"Resigned Participants"	the participants of the 2018 and 2020 Share Award Scheme who were no longer employed by the Group
"Restricted Interests"	the interests held by the Resigned 2018 Participants in Shanghai Guoyun or HenLink (as the case may be) that remain subject to the transfer restrictions under the 2018 Share Award Scheme
"RMB"	Renminbi, the lawful currency of the PRC

"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Shanghai Guoyun"	Shanghai Guoyun Biotech Partnership Enterprise (Limited Partnership)* (上海果運生物技術合夥企業(有限合夥)), a company incorporated in the PRC on 9 August 2017 and a Shareholder whose beneficial owners are certain employees of the Group
"Share(s)"	ordinary shares with nominal value of RMB1.00 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Songjiang First Plant"	the Company's manufacturing facility at Guangfu Lin Road of the Songjiang District of Shanghai
"Songjiang Second Plant"	Henlius Biotech Biopharmaceutical Industrialization Base II, the Company's manufacturing facility with total planned area of 200 acres currently under construction in the Songjiang District of Shanghai
"Supervisor(s)"	the supervisors(s) of the Company
"U.S." or "United States"	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
"USD"	U.S. Dollars, the lawful currency of the U.S.
"Xuhui Facility"	the Company's manufacturing facility at Yishan Road of the Xuhui District of Shanghai

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

* *For identification purpose only*