Shanghai Henlius Biotech, Inc.
上海復宏漢霖生物技術股份有限公司
(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock code: 2696)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board of directors (the "**Board**") of Shanghai Henlius Biotech, Inc. (the "**Company**" or "**Henlius**") is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (collectively referred to as the "**Group**" or "**we**") for the six months ended 30 June 2023 (the "**Reporting Period**"), prepared under International Financial Reporting Standards ("**IFRSs**").

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, research and development ("**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.

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 Chinese Society of Clinical Oncology (**"CSCO"**) for Small-Cell Lung Cancer (《中國臨床腫瘤學會(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 38 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 February 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 accepted by the NMPA, and the application was approved in April 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.

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

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**
  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, HCC, RCC, mCRC
- **HLX42**
  EGFR ADC
  Solid tumours
- **HLX43**
  PD-L1 ADC
  Solid tumours

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
- **HLX17** (pembrolizumab)
  PD-1
  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.

MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS REVIEW IN THE FIRST HALF OF THE YEAR

As part of our commitment to provide affordable and high-quality biomedicines for patients worldwide, the Group 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 24 August 2023, being the latest practicable date for the publication of this announcement (the "**Latest Practicable Date**"), 5 products (18 indications) of the Group have been successfully marketed in Mainland China (excluding Hong Kong, Macau and Taiwan regions of the People's Republic of China (the "**PRC**")) ("**Mainland China**"), 1 product has been successfully marketed in Europe and Australia and other counties/regions. The new drug application (NDA) for the forth 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 the European Union (the "**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 the R&D and Evaluation of Biosimilars (Trial) (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 Healthcare Limited ("**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.

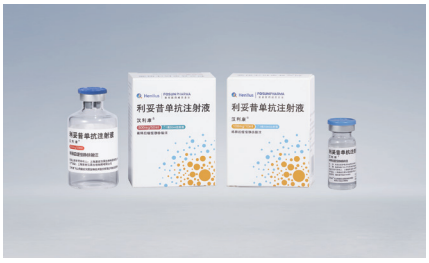
Three indications of HANSIZHUANG (serplulimab injection) were approved for marketing, currently using for the therapy for the MSI-H solid tumours, squamous non-small cell lung cancer (sqNSCLC) and extensive-stage small cell lung cancer (ES-SCLC)

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 National Medical Products Administration ("**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.

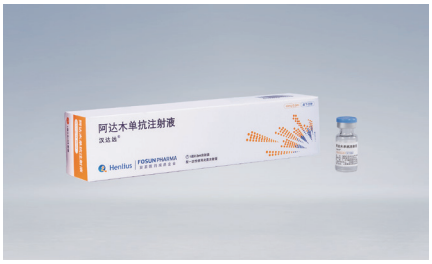
In addition, the new drug application (NDA) for HANSIZHUANG in combination with chemotherapy (Cisplatin + 5-FU) as a first-line treatment for locally advanced/metastatic esophageal squamous cell carcinoma (ESCC) was validated by the Centre for Drug Evaluation of the NMPA. In February 2023, the results 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

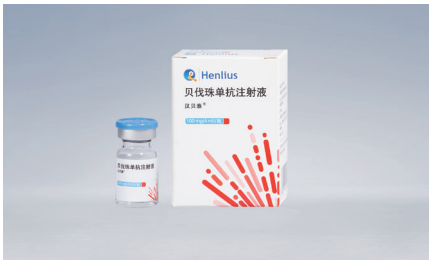


Jiangsu Fosun Pharmaceutical Sales Co., Ltd. ("**Jiangsu Fosun**"), a subsidiary of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. ("**Fosun Pharma**"), the controlling shareholder of the Company, was responsible for the domestic commercial sale of HANLIKANG. As the first monoclonal antibody drug approved 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 Biopharmaceutical (Group) Co., Ltd. ("**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 38 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 February 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 accepted by the NMPA and approved in April 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.

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
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 38 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 February 2023, the phase 2 investigational new drug application was accepted by the NMPA In April 2023, the phase 2 investigational new drug application was approved by the NMPA
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

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

(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 Co., Ltd. ("**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	31 December 2022
	RMB'000	*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. 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	31 December 2022
	RMB'000	*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 announcement, as of 30 June 2023, the Group did not make other material investments.

(XIX) Capital commitments and capital expenditures

	30 June 2023	31 December 2022
	RMB'000	*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.

Update on the AMTD matter

As disclosed in the annual results announcement of the Company dated 31 March 2023 and its 2022 annual report (together the "**2022 Annual Results**"), the independent auditor of the Group issued a qualified opinion for the Group's consolidated financial results for the year ended 31 December 2022 (the "**Matter**"). This was primarily as a result of the Company being unable to provide evidence satisfactory to the independent auditor to support the existence and valuation of the promissory notes purportedly issued by three private entities (collectively the "**Notes**") through the investment portfolio account with AMTD Global Markets Limited ("**AMTD**") (the "**AMTD Account**") with a total principal amount of USD86,360,000, which investments were recorded as assets at fair value through profit or loss. The independent auditor was also unable to obtain the necessary corroborative evidence from AMTD.

As further disclosed in the 2022 Annual Results, on 30 March 2023, the Company received a writ of summons issued in relation to a litigation (the "**Litigation**") commenced by AMTD against the Company in the Court of First Instance of the High Court of Hong Kong (the "**Court**"). On 21 June 2023, AMTD further filed a Statement of Claim with the Court and alleged, among others, that the Company has breached the investment management agreement dated 25 September 2019 (the "**IMA**") by procuring the withdrawals of an aggregate amount of USD68,300,000 since October 2020 from the AMTD Account without AMTD's written consent, and not having paid the management fees for services allegedly provided by AMTD since September 2021. The Company is seeking legal advice regarding the Litigation. The Company will provide updates on material developments to shareholders and potential investors by way of announcement(s) as and when appropriate.

Since the publication of the 2022 Annual Results, the Company has been actively working to address the issues in relation to the qualified opinion (the "**Issues**"). On 19 April 2023, the Board established an independent board committee (the "**IBC**") comprising all independent non-executive directors of the Company to make inquiries into the IMA and any related issues, including but not limited to the matters resulting in and/or relating to the Matter as mentioned above, and to make recommendations to the Board on appropriate actions to be taken. The Company will make further announcement(s) on any material development and progress as and when appropriate.

EVENTS AFTER THE END OF THE REPORTING PERIOD

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

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the principles and code provisions set forth in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Rules Governing the Listing of Securities ("**Listing Rules**") on the Stock Exchange.

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**") assumes the roles of both chairman of the Board and chief executive officer, the Company deviates 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. From 17 July 2023 to the Latest Practicable Date, the Company has complied with all the applicable code provisions contained in the CG Code.

COMPLIANCE WITH CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors' securities transactions. Having made specific enquiries to all of the directors of the Company, all directors of the Company confirmed that they have fully complied with all relevant requirements set out in the Model Code during the Reporting Period.

EXTRACT OF INDEPENDENT AUDITOR'S REVIEW REPORT

The following is an extract of the independent auditor's report on Review of Condensed Consolidated Financial Information of the Group for the six months ended 30 June 2023:

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 the IMA with 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.

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, with the exception 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.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The Group's interim results for the six months ended 30 June 2023 have been reviewed by the audit committee of the Company.

INTERIM DIVIDEND

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

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	*3*	**2,500,470**	1,289,394
Cost of sales		**(721,638)**	(305,609)
Gross profit		**1,778,832**	983,785
Other income and gains	*4*	**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	*6*	**(54,084)**	(51,255)
PROFIT/(LOSS) BEFORE TAX	*5*	**243,936**	(251,142)
Income tax expense	*7*	**(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)	*9*	**0.44**	(0.47)
Diluted for profit/(loss) for the period (RMB)	*9*	**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		**2,020,951**	1,817,449
Intangible assets		**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	*10*	**864,750**	455,509
Financial assets at fair value through profit or loss	*11*	**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	*12*	**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		**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		**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		**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

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

1.1. BASIS OF PREPARATION

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

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 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*

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.

2. OPERATING SEGMENT INFORMATION

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

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	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.

3. 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

4. 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

5. 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	*4*	**(7,820)**	(28,388)
Impairment of financial assets, net		**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	*4*	**(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.

6. 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

7. 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

8. DIVIDENDS

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

9. 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)

	Numbers 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.

10. 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

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(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.

12. TRADE PAYABLES

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

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

13. EVENTS AFTER THE REPORTING PERIOD

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

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the website of the Stock Exchange at http://www.hkexnews.hk and on the website of the Company at http://www.henlius.com. The 2023 Interim Report containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and will be made available on the websites of the Company and the Stock Exchange.

APPRECIATION

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

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

Hong Kong, 25 August 2023

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

* *for identification purpose only*