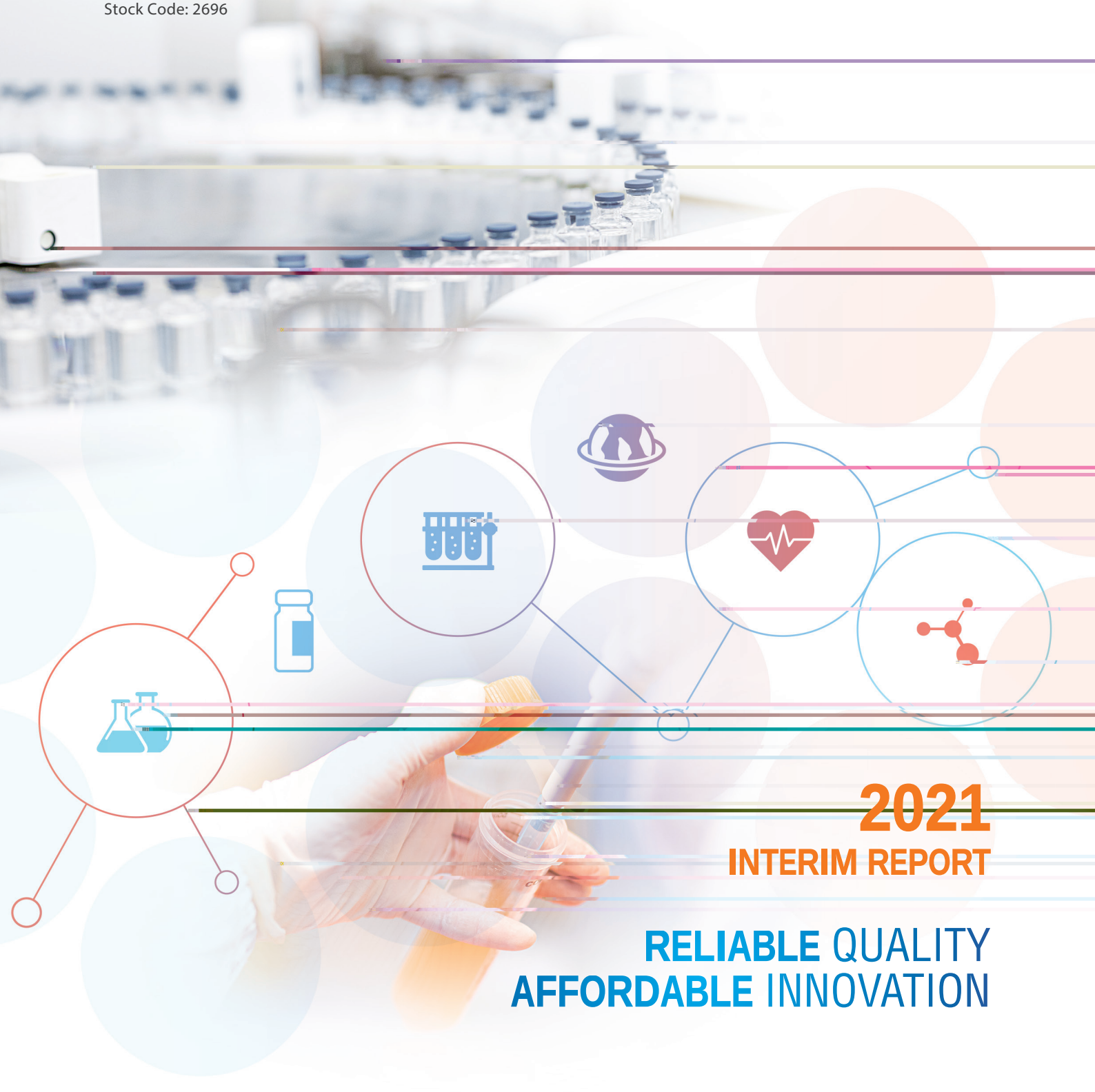
Henlius

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

(A joint stock company incorporated in the People's Republic of China with limited liability)
Stock Code: 2696



2021
INTERIM REPORT

RELIABLE QUALITY
AFFORDABLE INNOVATION

MISSION

To improve patients'

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CORPORATE INFORMATION

DIRECTORS

Executive directors

Wenjie Zhang *(Chief Executive Officer)*

Non-executive directors

Qiyu Chen (陳啟宇) *(Chairman)*
Yifang Wu (吳以芳)
Xiaohui Guan (關曉暉)
Aimin Hui
Zihou Yan (晏子厚)

Independent non-executive directors

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

SUPERVISORS

Rongli Feng (馮蓉麗) *(Chairman)*
Deli Kong (孔德力)
Junhong Liu (劉俊宏)

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

Qiyu Chen (陳啟宇) *(Chairman)*
Guoping Zhao (趙國屏)
Ruilin Song (宋瑞霖)

REMUNERATION COMMITTEE

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

STRATEGY COMMITTEE

Qiyu Chen (陳啟宇) *(Chairman)*
Wenjie Zhang
Yifang Wu (吳以芳)
Aimin Hui
Zihou Yan (晏子厚)
Tak Young So (蘇德揚)
Ruilin Song (宋瑞霖)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Lik Yuen Chan (陳力元) *(Chairman)*
Tak Young So (蘇德揚)
Ruilin Song (宋瑞霖)
Wenjie Zhang
Zihou Yan (晏子厚)

JOINT COMPANY SECRETARIES

Xinjun Guo (郭新軍)
Ching Ching Leung (梁晶晶) *(Fellow of the Hong Kong Chartered Governance Institute)*

AUTHORISED REPRESENTATIVES

Wenjie Zhang
Ching Ching Leung (梁晶晶)

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PRC

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PRC

STOCK SHORT NAME

HENLIUS[2]

STOCK CODE

2696

COMPANY WEBSITE

www.henlius.com

Note:

1. Took effect upon approval by the 2021 First Extraordinary General Meeting held on 27 July 2021.
2. Took effect from 23 April 2021.

OPERATION HIGHLIGHTS

I. FINANCIAL SUMMARY

1. The Group's total revenue increased by approximately RMB523.2 million or approximately 474% to approximately RMB633.6 million for the six months ended 30 June 2021, compared to approximately RMB110.4 million for the six months ended 30 June 2020. Such revenue was mainly from drug sales, R&D services provided to customers, and license revenue.

2. For the six months ended 30 June 2021, the Group recognised R&D clinical expenditure of approximately RMB739.3 million, representing a decrease of approximately RMB17.6 million as compared with approximately RMB756.9 million for the six months ended 30 June 2020, mainly due to strategic adjustments in projects and timing differences.

3. The Group's total loss decreased by approximately RMB54.2 million to approximately RMB393.8 million for the six months ended 30 June 2021, compared to approximately RMB448.0 million for the six months ended 30 June 2020, mainly due to the successive commercialization of key products.

II. INTERIM HIGHLIGHTS

1

漢利康® (rituximab injection):

- 30 provinces and municipalities in mainland China, had approved the inclusion of 漢利康® (100mg/10ml) into the medical insurance procurement platform, among which 28 provinces and municipalities had completed official platform/filed procurement, and more than 70% of the core hospitals had admitted the drug.

- The marketing and supply of 漢利康® (500mg/50ml) had been launched since May 2021, and 4 provinces and municipalities in mainland China had completed official platform/filed procurement as of June 2021.

2

漢曲優® (trastuzumab injection, EU brand name: Zercepac®):

- 漢曲優® (150mg) had completed the tendering process on the procurement platform and had been included into the medical insurance procurement platform for all provinces and municipalities in mainland China.

- After Zercepac® (150mg) was approved for marketing in EU in July 2020, Zercepac® (60mg and 420mg dosage forms) were approved for marketing in EU in April 2021 and June 2021, respectively. The marketing application of Zercepac® (150mg) was also approved by Swissmedic in July 2021.

3

漢達遠® (adalimumab):

The supplemental new drug application (sNDA) of 漢達遠® for the new indication of uveitis has been accepted by the NMPA in January 2021, and such sNDA was approved in April 2021. As at the Latest Practicable Date, 漢達遠® has been successfully included into the medical insurance procurement platform for 27 provinces and municipalities.

4

Business Development:

- Since entering into the binding term sheet with Accord Healthcare Inc. in September 2020, the Group entered into a formal agreement with Intas (the parent company of Accord Healthcare Inc.) in January 2021, pursuant to which the Company agreed to grant it a license to develop and commercialize 漢曲優® (trastuzumab injection, EU brand name: Zercepac®) in the United States and Canada.

- In January 2021, the Company signed an exclusive license agreement with Chiome Bioscience, Inc., to in-license an exclusive right to research, develop, produce and commercialize the antibodies against human TROP2 (Trophoblast cell-surface antigen 2) and the relevant intellectual property in China (including Hong Kong, Macau and Taiwan, China).

- In March 2021, the Company entered into a binding term sheet with Suzhou NeuPharma Co., Ltd.* (蘇州潤新生物科技有限公司) to in-license exclusive rights to develop, manufacture, commercialize and sublicense of HLX208, a small-molecule inhibitor targeting V600E mutation in human BRAF protein in China (including Hong Kong, Macau and Taiwan, China), and the formal agreement for relevant cooperation was officially signed in May 2021.

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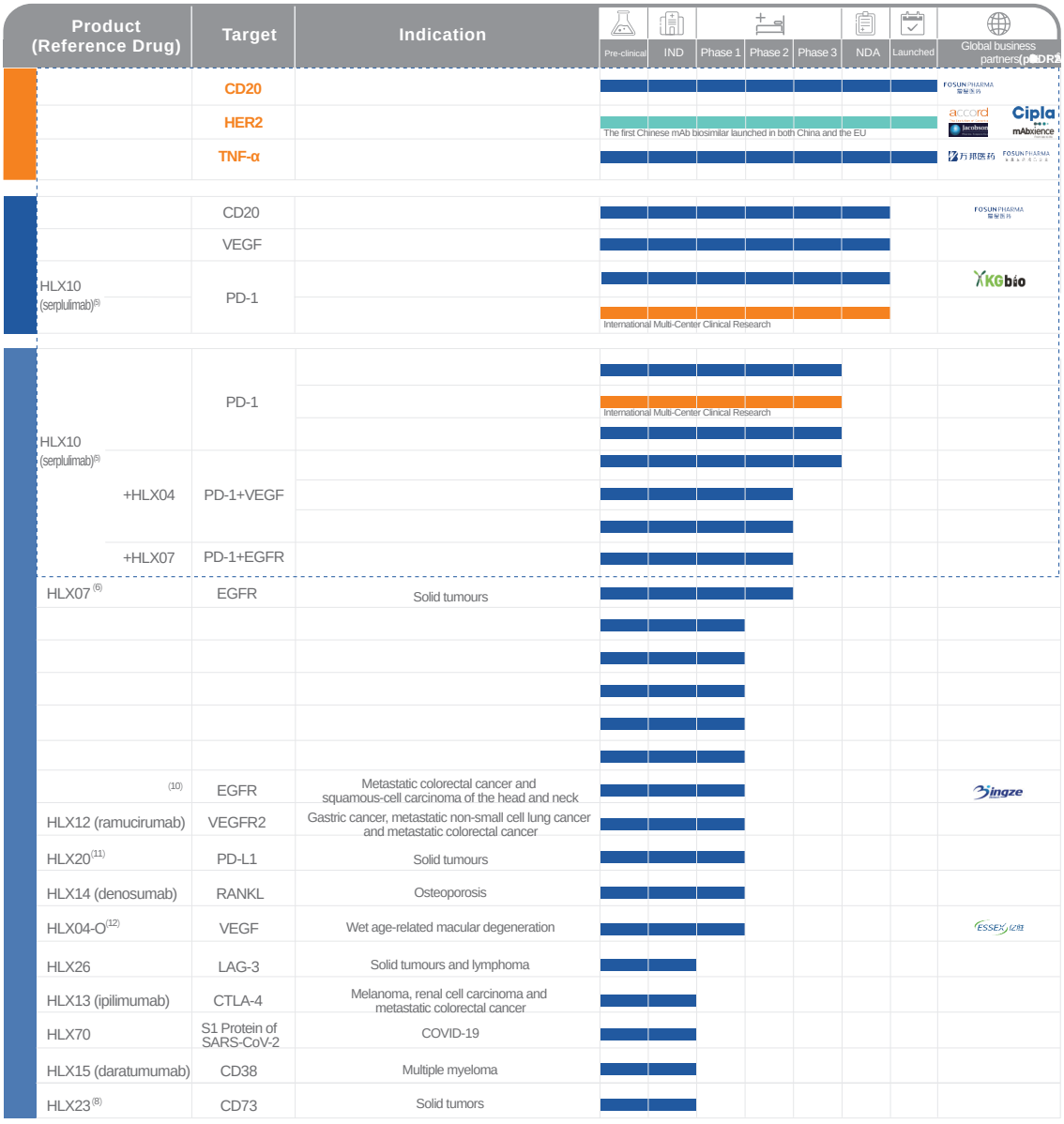
Efficient Advancement of the Domestic and International Clinical Research Projects:

- In January 2021, the enrollment of subjects was completed in a phase 2 clinical research of serplulimab injection (PD-1) in combination with bevacizumab injection against advanced hepatocellular carcinoma (HCC).

- In March 2021, the first patient dosing was completed in a phase 2/3 clinical research of serplulimab injection in combination with bevacizumab injection and chemotherapy(XELOX) as first-line treatment for metastatic colorectal cancer (mCRC) in mainland China.

- In March 2021, the single-armed, in.-ar.2 (multi-cTd -2imab)3imab

III. OUR PRODUCT PIPELINE



MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS REVIEW FOR THE FIRST HALF OF THE YEAR

Committed to "Affordable Innovation", the Group continued to promote the efficient development of the global commercialization of product pipeline during the Reporting Period, and further implemented production capacity deployment for the biomedicines with high economic benefit based on international standards. Great achievements have been made in clinical development and regulatory affairs of the products in the pipeline. During the Reporting Period, the Group made significant progress in 4 clinical trials, received approvals for multiple clinical trials worldwide for 4 products and made steady progress in the sales of its various marketed products.

As at the Latest Practicable Date, 3 products of the Group have been successfully marketed in mainland China, 1 product has been successfully marketed in the EU, 3 new drug applications have been accepted in China, more than 40 clinical trials have been approved worldwide, and a total of more than 20 clinical trials have been carried out in various countries/regions, including China, the EU, the United States, Australia, Ukraine, the Philippines and Turkey.

(I) Strong global product commercialization capability

During the Reporting Period, the Group actively implemented the concept of excellent commercialization, and created a complete value chain covering R&D, production and traditional commercialization. Based on the needs of patients and beginning with the end in mind, we have implemented a commercialization strategy of "focusing on product portfolio, manufacturing capacity and commercial operations to become the leader in biological medicine in China". The Group's commercialization team is divided into five sections: marketing promotion, channel management, pricing and market access, domestic sales, and strategic planning, covering the whole process of commercialization, and realized steady growth of the scale of product sales. After the launch of 漢利康®, China's first monoclonal antibody approved in accordance with the Guidelines for the R&D and Evaluation of Biosimilars (Trial) in 2019, the other two core products of the Group, 漢曲優® (trastuzumab injection, EU brand name: Zercepac®) and 漢達遠®, successively achieved commercial sales. During the Reporting Period, we have entered into formal sales partnerships with international partners in the United States and Canada for 漢曲優® (trastuzumab injection, EU brand name: Zercepac®).

1. Commercial sales of three core products during the Reporting Period

Commercial sales of 漢利康® (rituximab injection) (hematological oncology products)

As at the Latest Practicable Date, 30 provinces and municipalities approved 漢利康® (100mg/10ml)'s inclusion into the medical insurance procurement platform, of which 28 provinces and municipalities completed official platform/filed procurement, and over 70% of the core hospitals admitted the drug, providing a foundation for the sales of 漢利康®.

The launch and supply of 漢利康® (500mg/50ml) commenced in May 2021 and the official platform/the filing of procurement of the product was completed in 4 provinces and municipalities in mainland China as of June 2021.

In August 2021, the Group's Xuhui Facility successfully passed the on-site inspection conducted by the Shanghai Medical Products Administration at the drug product no. 2 line for the production of rituximab injection. In September 2021, the supplemental new drug application (sNDA) in relation to the new production site of rituximab injection(100mg/10ml/bottle) was accepted by the NMPA.

As the first domestic biosimilar drug in the strict sense, 漢利康® was successfully approved for marketing in 2019. The indications currently include all indications for which the original drug was approved in mainland China, with specifications covering 100mg/10ml and 500mg/50ml. The domestic commercial sales of 漢利康® were handled by Jiangsu Fosun, a subsidiary of Fosun Pharma, the controlling shareholder of the Company.

The commercialization process of 漢曲優® (trastuzumab injection, EU brand name: Zercepac®) in mainland China and EU

– Commercial sales of 漢曲優® (a breast cancer and gastric cancer treatment product) in mainland China

漢曲優® is the core product of the Group in the field of anti-tumor therapy. It is also the first product sold and promoted by the Group's inhouse commercialization team in mainland China. As at the Latest Practicable Date, 漢曲優® (150mg) had completed the tendering process on the procurement platform and had been included into the medical insurance procurement platform for all provinces and municipalities in mainland China, providing a strong foundation for the comprehensive improvement in sales of 漢曲優®.

The Group has an experienced commercialization core management team, with a commercialization team covering five sectors, including market promotion, channel management, pricing and market access, domestic sales and strategic planning (commercialization team size increased from approximately 400 at the end of last year to approximately 450 at the end of the Reporting Period, including a sales team composed of more than 360 professionals). We made full efforts to

Commercial sales of 漢達遠® (adamumab) (an autoimmune disease treatment product)

In December 2020, the new drug application (NDA) of 漢達遠® was approved by the NMPA for the treatment of rheumatoid arthritis, ankylosing spondylitis and psoriasis. It is the third product of the Group marketed in mainland China. In January 2021, the supplemental new drug application (sNDA) of 漢達遠® for the new indication of uveitis was accepted by the NMPA, and such supplemental new drug application (sNDA) was approved in April 2021. As at the Latest Practicable Date, 漢達遠® had been successfully included into the medical insurance procurement platform for 27 provinces and municipalities.

According to the cooperation agreement between the Company and Jiangsu Wanbang, a subsidiary of Fosun Pharma, Jiangsu Wanbang will be responsible for the domestic commercial sales of 漢達遠® after its launch. Jiangsu Wanbang has a sizeable Department of Rheumatology and Immunization and a mixed-line sales team serving the broad market. The marketing team has a high level of professional communication skills and medical knowledge, and boasts successful experience in the commercialization of the rheumatoid treatment product 優立通® (Febuxostat Tablet). In order to improve the standardized diagnosis and treatment services for Chinese patients with rheumatism, Jiangsu Wanbang established the first whole-course care platform "Dayuan Home (達遠之家)" for autoimmune patients in China, which integrates the functions of an Internet hospital, popular science education, public assistance, medical insurance, patient management, drug purchase map, and community care, with an aim to realize the whole-course management of patients from medical treatment to rehabilitation, and benefit more patients with convenient and standardized medical service. In addition, Jiangsu Wanbang took the lead in launching the "ASSC Ankylosing Spondylitis Standardized Treatment Project" in collaboration with the National Clinical Research Center for Skin and Immune Diseases in respect of 漢達遠®. Through a four-tier medical consortium network, we are working together to help standardize the treatment of ankylosing spondylitis in China.

2. Products to be commercialized in the near future

- ***Bevacizumab injection (recombinant humanized anti-VEGF monoclonal antibody injection, original project code: HLX04)***

  Bevacizumab injection is independently developed by the Group. The new drug application (NDA) of bevacizumab injection for the treatment of metastatic colorectal cancer (mCRC) and advanced, metastatic or recurrent non-small cell lung cancer was accepted by the NMPA in September 2020. In April 2021, the Group's Xuhui Facility successfully passed the on-site inspection conducted by the Shanghai Medical Products Administration at the drug substance south line and drug product no.1 line for the production of bevacizumab injection.

- ***Rituximab for rheumatoid arthritis (RA) indication***

  In order to benefit a wider patient population, the Group has adopted a differentiated development strategy for rituximab injection. In addition to the rituximab injection for all the indications in mainland China, including the original drug for non-Hodgkin's lymphoma that has been approved for the marketing, we also conducted clinical studies on the rheumatoid arthritis indication for which the original drug has not been approved in mainland China. In December 2020, the new drug application (NDA) of rituximab injection rheumatoid arthritis (RA) for new indication was accepted by the NMPA.

- ***Serplulimab injection (recombinant humanized anti-PD-1 monoclonal antibody injection, original project code: HLX10)***

  Serplulimab injection is the core innovative mAb product in the Group's product pipeline. The phase 2 clinical research for indications of unresectable or metastatic microsatellite instability-high (MSI-H) solid tumors that fail to respond to the standard therapy met the primary endpoint in March 2021, and the new drug application (NDA) was accepted by the Center for Drug Evaluation of the NMPA in April 2021, and has been formally included in the priority assessment process.

  In addition, a global multi-center phase 3 clinical trial to compare serplulimab injection in combination with chemotherapy (carboplatin nab-paclitaxel) against chemotherapy (carboplatin nab-paclitaxel) as first-line therapy for locally advanced or metastatic squamous non-small cell lung cancer (sqNSCLC) has completed enrollment of subjects. The new drug application (NDA) was accepted by the Center for Drug Evaluation of the NMPA in September 2021.

3. Commercialization deployment in international markets during the Reporting Period

During the Reporting Period, the Group adhered to the internationalization strategy by adding 漢曲優® (trastuzumab injection, EU brand name: Zercepac®) to its commercialization portfolio in the United States and Canada. In September 2020, the Group entered into the binding term sheet with Accord Healthcare Inc.. In January 2021, the Group entered into a formal agreement with Intas, based on which the Group agreed to grant a license to Intas for the development and commercialization of 漢曲優® (trastuzumab injection, EU brand name: Zercepac®) in the United States and Canada, with the Company to receive a down payment of $27 million, a regulatory milestone payment of up to $13 million, a commercial sales milestone payment of $25 million for each $500 million in cumulative net sales of the licensed product in the territories, and a tiered royalty of 18% to 50% of the net profit of the licensed product. The partnership is not only a significant milestone for the first entry into the North American market of 漢曲優® , but also a sign of its commercialization to cover the mainstream biologics market in Europe and the United States.

In the meantime, given the slow implementation of the collaboration on 漢利康® in the licensed territories (including Argentina, Paraguay, Uruguay and Bolivia) entered into with Biosidus in May 2018, the Group signed a cooperation termination agreement with Biosidus during the Reporting Period. The Group will continue to seek other partners for cooperation on 漢利康® in such licensed territories.

As at the Latest Practicable Date, the Group has signed business cooperation agreements for several products of the Company with various international pharmaceutical companies including Accord, Cipla Limited, Jacobson Medical (Hong Kong) Limited, KG Bio, Farma De Colombia S.A.S, Mabxience, Intas, Essex and Binacea. The Group will continue to actively promote the global commercialization deployment through strategic commercialization cooperation with the world's leading pharmaceutical companies.

(II) Industrialization-based distribution for biomedicines with high economic benefit based on international standards

In order to meet the need for the gradual realization of commercial sales of drug candidates in the product pipeline of the Group, the Group has formulated phased capacity planning for different product development cycles, with an aim to gradually improve and enhance large-scale commercial production capacity based on a sound quality management systems, expand capacity and improve economic cost-effectiveness while maintaining high quality standards. In addition, by optimizing the deployment of production technology, production cost control and other aspects in advance, we created a complete value chain integrating research and development, production and traditional commercialization with a focus on excellent commercialization, which laid a solid foundation for the commercialization of the Group's products in multiple jurisdictions and regions.

Xuhui Facility (commercial production capacity of 20,000 liters, the dual GMP certification of China and EU passed)

As at the end of the Reporting Period, the Group has established Xuhui Facility, a biopharmaceutical production facility in Shanghai Caohejing Hi-Tech Park, covering a total area of approximately 11,000 square meters, which has been certified with Chinese and EU GMP and normalized dual market supply between China and the EU. With a commercial production capacity of 20,000 liters, Xuhui Facility is able to meet the short-term production needs of the Group. During the Reporting Period, the Xuhui Facility continuously improved production efficiency through a series of lean management and process optimization measures, which effectively reduced the production costs. At the same time, the Group also promoted research and change on the production of critical consumables domestically, so as to minimize the risk of material supply in the current international situation.

Songjiang First Plant (production capacity construction of 24,000 liters, the verification of pilot workshop for the continuous production completed)

In order to further improve medium and long-term production capacity planning, the Group has completed production capacity construction of 24,000L for the Songjiang First Plant in Songjiang District, Shanghai, including the liquid fill line and lyophilized preparation line, to prepare for meeting the production demand before the Songjiang Second Plant is put into operation. The drug substance production workshop of the Songjiang First Plant has started GMP production of clinical samples since May 2020. The verification of the remaining eight 2,000L bioreactors was completed on schedule during the Reporting Period. To date, the Songjiang First Plant has completed the commissioning and verification for all the twelve 2,000L bioreactors for the drug substance line and the lyophilized preparation line, and successfully completed various production for process verification purpose. During the Reporting Period, the Group continued to promote the development and industrialization of continuous flow technology in Songjiang First Plant. The Group also completed the first batch of non-GMP production for downstream continuous processing of a single project.

Songjiang Second Plant (total planned land area of 200 mu and designed production capacity of 36,000 liters for Phase I project)

In order to meet the long-term commercial production capacity demand, the construction of the Phase I project of the Songjiang Second Plant, with a total planned land area of 200 mu and designed production capacity of 36,000L was started in 2019 and is currently under construction. As at the Latest Practicable Date, for the Phase I project of the Songjiang Second Plant, the foundation works and structure of the two main production buildings have been completed, the main structure of the main production buildings has been checked and accepted and all building sections completed. The structure of the supplementary production facilities have been completed, the main structure of the facilities has been checked and accepted, and the factory acceptance testing for the main production facilities such as the drug substance lines and the drug product lines has fully commenced. The construction of the Songjiang Second Plant in the subsequent phase will be gradually implemented in accordance with the Group's strategy.

(III) Sustainable global product development capability

The Group took the lead in launching 3 monoclonal antibody biosimilar drugs – 漢利康®, 漢曲優® (trastuzumab injection, EU brand name: Zercepac®), and 漢達遠®, to provide strong financial support for further innovation. During the Reporting

- In April 2021, the first subject was dosed in the Phase 1 clinical trial of HLX71 (ACE2-Fc receptor fusion protein) for the treatment of novel coronavirus pneumonia (COVID-19) in the United States. The enrollment of subjects was completed during the Reporting Period.

The deployment of international clinical research is not only conducive to the global market coverage of the Group's products in the future, but also lays the foundation for the Group's products to benefit patients worldwide.

Progress of domestic clinical research projects

- In January 2021, the enrollment of subjects was completed in a phase 2 clinical trial of serplulimab injection (PD-1) in combination with bevacizumab injection against advanced hepatocellular carcinoma (HCC).

- In March 2021, the first patient dosing was completed in a phase 2/3 clinical trial of serplulimab injection in combination with bevacizumab injection and chemotherapy (XELOX) as first-line treatment for metastatic colorectal cancer (mCRC) in mainland China.

- In March 2021, a single-arm, open-label, multi-center and the phase 2 clinical trial of serplulimab injection for the treatment of unresectable or metastatic microsatellite instability-high (MSI-H) or deficient mismatch repair (dMMR) solid tumors that fail to respond to the standard therapy met the primary endpoint.

- In July 2021, the first patient dosing was completed in a phase 1 clinical trial of HLX04-O (recombinant humanized anti-VEGF monoclonal antibody injection) for the treatment of wet age-related macular degeneration (wAMD) in mainland China.

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

During the Reporting Period, the Group continued to attach great importance to the pre-clinical project pipeline, and accelerated the submission of investigational new drug application (IND) of pre-clinical research projects covering targets such as CD38, LAG-3 and CD73.

- In January 2021, the investigational new drug application (IND) of recombinant anti-CD38 human monoclonal antibody injection (HLX15) for the treatment of multiple myeloma was approved by the NMPA.

- In January 2021, the investigational new drug application (IND) of recombinant anti-LAG-3 human monoclonal antibody injection (HLX26) for the treatment of solid tumors and lymphomas was accepted by the NMPA. Such application was approved by the NMPA in April 2021.

- In May 2021, the investigational new drug application (IND) of recombinant anti-CD73 fully human monoclonal antibody injection (HLX23) for the treatment of advanced solid tumors was approved by FDA.

The clinical and pre-clinical application results of the products of the Group from the beginning of 2021 to the Latest Practicable Date:

Product name (reference drugs/targets)	Indications	Progress as at the Latest Practicable Date
Efficient advancement on international clinical research projects		
HLX04-O (recombinant humanized anti-VEGF monoclonal antibody injection)	wet age-related macular degeneration (wAMD)	In January 2021, the investigational new drug application (IND) was approved by Therapeutic Goods Administration, Australia In March 2021, the investigational new drug application (IND) was approved by FDA In April 2021, the investigational new drug application (IND) was approved by the State Agency of Medicines of Latvia
HLX71 (ACE2-Fc receptor fusion protein)	COVID-19	In April 2021, the first subject dosing was completed in a phase 1 clinical trial in the United States. The enrollment of subjects was completed during the Reporting Period.
Smooth progress of domestic clinical projects		
HLX10+HLX04 (PD-1+VEGF)	Hepatocellular Carcinoma (HCC)	In January 2021, the enrollment of subjects was completed in a phase 2 clinical trial
HLX10+HLX04 (PD-1+VEGF)	Metastatic colorectal cancer (mCRC)	In March 2021, the first patient dosing was completed in a phase 2/3 clinical trial in mainland China
HLX10 (PD-1)	Solid tumor (MSI-H/ dMMR)	In March 2021, the phase 2 clinical trial met the primary endpoint
HLX04-O (recombinant humanized anti-VEGF monoclonal antibody injection)	wet age-related macular degeneration (wAMD)	In July 2021, the first patient dosing was completed in a phase 1 clinical trial in mainland China
Efficient advancement on IND application for pre-clinical development projects		
HLX15 (daratumumab)	Multiple myeloma (MM)	In January 2021, the investigational new drug application (IND) was approved by the NMPA
HLX26 (recombinant anti-LAG-3 human monoclonal antibody injection)	Solid tumor, lymphoma	In January 2021, the investigational new drug application (IND) was accepted by the NMPA In April 2021, the investigational new drug application (IND) was approved by the NMPA
HLX23 (recombinant anti- CD73 fully human monoclonal antibody injection)	Advanced solid tumor	In May 2021, the investigational new drug application (IND) was approved by FDA

WARNING STATEMENT REQUIRED BY RULE 18A.05 OF THE RULES GOVERNING THE LISTING OF SECURITIES ON THE LISTING RULES: We may not be able to ultimately develop and market our core products.

II. BUSINESS OUTLOOK FOR THE SECOND HALF OF THE YEAR

In addition, the Group will continue to cooperate with Jiangsu Wanbang to prepare for the sales of 漢達遠®, and advance in both the field of rheumatism (for indications of ankylosing spondylitis and rheumatoid arthritis (RA)) and the field of skin (for indications of psoriasis). The coverage of 漢達遠® is expected to be extended to 4,000 specialists and about 3,000 DTP pharmacies/hospitals in 2021, so as to ensure the channel accessibility of 漢達遠® on the basis of economic accessibility and strive to achieve the target that patients can purchase the drugs without leaving their own county. In the second half of the year, the "ASSC Standardized Diagnosis and Treatment Project for Ankylosing Spondylitis" focusing on 漢達遠® ankylosing spondylitis indications, coupled with cooperation in relation to indications of psoriasis such as various lectures, free consultations and patient education by Dermatovenereology Branch of Chinese Medical Association will be further accelerated in hope of bringing an end to the pain and suffering of a wider patient population, and striving to fulfill the mission of 漢達遠® to treat every autoimmune disease patient in China as much as possible.

While actively deploying the domestic market, the Group will continue to promote the business cooperation of self-developed products in the international market. Based on the continuous development of R&D and progress in registration of various products in the Group's product pipeline, as well as the gradual understanding and full recognition of its products in the international market, the Group will continue to actively explore the global market and seek strategic cooperation with more leading international pharmaceutical companies in the second half of the year, with an aim to jointly promote the global registration and clinical research of projects and extend the coverage of its products to a broader international market, especially the emerging markets where there is a huge unmet demand for affordable drugs, through the influence of the international strategic partners, thus benefiting overseas patients.

(II) CONTINUE TO COMMERCIALIZE MORE PRODUCTS

BEVACIZUMAB INJECTION (RECOMBINANT HUMANIZED ANTI-VEGF MONOCLONAL ANTIBODY INJECTION, ORIGINAL PROJECT CODE: HLX04)

Bevacizumab injection is independently developed by the Group. Different from the biosimilar drugs of bevacizumab currently on the market in China, metastatic colorectal cancer (mCRC) was selected in the design of a phase 3 comparative study on the clinical efficacy and safety of bevacizumab injection. It is the only current biosimilar drug of bevacizumab with clinical data of metastatic colorectal cancer in China, and more the clinical data and experience can be accumulated for the application of bevacizumab in colorectal cancer patients in China. It is expected that the new drug application (NDA) of bevacizumab injection will be approved in the fourth quarter of 2021 or early 2022. Given the fact that a new indication of glioma (GBM) was added for the reference Bevacizumab in China in 2020, the Group also plans to start the supplemental new drug application (sNDA) for the new indication after the launch of bevacizumab injection.

RITUXIMAB FOR RHEUMATOID ARTHRITIS (RA) INDICATIONS

The rituximab injection for a new indication of rheumatoid arthritis (RA) was independently developed by the Group with a differentiated strategy. The new drug application (NDA) of the injection for a new indication of rheumatoid arthritis (RA) was accepted by the NMPA in December 2020. It is expected to fully realise the clinical potential of the rituximab injection in the field of rheumatic immunity. The rituximab injection has the advantages of low frequency of administration and long duration of drug effectiveness, which is expected to improve patients' medication compliance, effectively improve the quality of life of patients and reduce the medical burden of patients. The Group will actively promote the approval of new drug application (NDA) of rituximab injection for the treatment of rheumatoid arthritis (RA) indication, and it is expected that it will be approved by the end of 2021 or in the first half of 2022.

SERPLULIMAB INJECTION (RECOMBINANT HUMANIZED ANTI-PD-1 MONOCLONAL ANTIBODY INJECTION, ORIGINAL PROJECT CODE: HLX10)

Serplulimab injection is the core innovative monoclonal antibody product in the Group's product pipeline, and the related production and R&D are in strict compliance with international quality standards. As at the Latest Practicable Date, clinical trials of 1 serplulimab injection monotherapy and 8 combination therapies with serplulimab injection at their core have been simultaneously carried out in many countries and regions around the world. In addition, the business cooperation for serplulimab injection in 10 countries in Southeast Asia based on the cooperation agreement entered into with KG Bio in 2019 will be further carried out following the gradual approval of the product. The new drug application (NDA) of serplulimab injection for indications of unresectable or metastatic microsatellite instability-high (MSI-H) solid tumors that fail to respond to the standard therapy was accepted by the NMPA in April 2021 and officially included in the list of "Priority Review", which is expected to be approved in the first half of 2022. The new drug application (NDA) of indication of serplulimab injection combining chemotherapy (carboplatin-albumin paclitaxel) in first-line treatment of locally advanced or metastatic squamous non-small cell lung cancer (sqNSCLC) in mainland China was accepted by the Center for Drug Evaluation of the NMPA in September 2021. The commercialization strategy formulation and market deployment in various therapeutic fields of serplulimab injection will be promoted simultaneously.

(III) CONTINUE TO BUILD INNOVATIVE PRODUCT PIPELINE THROUGH INDEPENDENT R&D AND LICENSE-IN

1. CONTINUOUS INDEPENDENT INNOVATION RESEARCH AND DEVELOPMENT BASED ON ITS OWN RICH PIPELINE

In 2021, the Group will, by making full use of international resources and advantages, following the international frontier trend to continue expansion, enrich the innovative product target layout, optimize the development platform of dual specific antibodies, and continue to create a high-quality, affordable and differentiated innovative product pipeline, so as to promote R&D in innovative drugs, achieve excellence in commercialization, and truly meet the needs of patients and the market. The new drug application (NDA) of Group's independently developed core product, serplulimab injection for the indication of unresectable or metastatic microsatellite instability-high (MSI-H) solid tumors that fail to respond to the standard therapy, was accepted in April 2021 and included in the list of "Priority Review". The new drug application (NDA) of the indication of serplulimab injection combining chemotherapy as first-line therapy for locally advanced or metastatic squamous non-small cell lung cancer (sqNSCLC) was accepted in September 2021. In addition, it is expected that the serplulimab injection based clinical trial of tumor immunocombination therapy for indications of squamous non-small cell lung cancer, non-squamous non-small cell lung cancer, extensive stage small cell lung cancer, esophageal squamous cell carcinoma, gastric cancer, hepatocellular carcinoma, head and neck squamous cell carcinoma, and metastatic colorectal cancer will be further promoted in 2021. Among them: five indications are currently in phase 3 clinical studies (four of which are expected to have the subjects enrolled for the phase 3 clinical trials in 2021); three indications are currently in phase 2 clinical studies. The Group will continue to promote the further development of the research, the release of relevant clinical trial data at important international industry conferences (including ESMO, ASCO, etc.) and the subsequent application for product marketing.

While rapidly advancing the clinical trials of drug candidates in the pipeline, the Group will continue to efficiently advance the pre-clinical development process of products under research, promote the global registration and approval of products in the pipeline, including several innovative monoclonal antibody, dual clonal antibody including HLX301(PD-L1xTIGIT) and HLX35(EGFRx4-1BB) and antibody-drug conjugates (ADC) products, and carry out the corresponding clinical research plans.

2. License-in and cooperative development

In order to actively deploy the pipeline of innovative products, the Group plans to accelerate the expansion of innovative potential targets, dual-target antibody platform, antibody-drug conjugates (ADC) products, radioimmunotherapy and cancer vaccine products through the in-licensed projects. Relying on the Group's rich experience in target development and integrated R&D platforms, we will actively develop more innovative products that are needed by the market based on the in-licensed projects, and seek synergies between them and the existing pipeline of innovative products. In January 2021, the Company signed an exclusive license agreement with Chiome Bioscience, Inc. to introduce an exclusive right to research, develop, produce and commercialize the antibodies against human TROP2 (Trophoblast cell-surface antigen 2) and the relevant intellectual property in China (including Hong Kong, Macau and Taiwan, China). TROP2, expressed in triple negative breast cancer, non-small cell lung cancer, urothelial carcinoma and many types of solid tumors, is expected to be a therapeutic target with broad spectrum anti-tumor effects, and has the potential of development in the direction of antibody-drug conjugates (ADC), bispecific antibodies and combination therapy. In March 2021, the Company entered into a binding term sheet with Suzhou NeuPharma Co., Ltd.* (蘇州潤新生物科技有限公司) to introduce an exclusive license to develop, manufacture, commercialize and sublicense HLX208, a small-molecule inhibitor targeting V600E mutation in human BRAF protein, in China (including Hong Kong, Macau and Taiwan, China). The product has brand-new chemical parent nucleus structures, and preclinical study results show that it has outstanding tumor suppression activity and sound safety. The formal agreement for the relevant cooperation was officially signed in May 2021. In addition, the Group also plans to actively expand products at various development stages in the field of cancer and other diseases by way of cooperative development with its partners on the basis of cost and risk sharing, and explores more innovative possibilities based on clinical needs by leveraging the strengths and expertise of their respective fields of expertise.

(IV) Maintain high quality standards and continue to promote industrialization deployment

The Group will complete the construction of production base and the expansion of production capacity according to the planning and the product R&D and marketing process, in order to provide a strong guarantee for the continuous commercial sales of products and realize an efficient utilization of production capacity. Xuhui Facility has made further progress in improving production efficiency and reducing production costs during the Reporting Period through a series of lean management and process optimization initiatives. The relevant measures will continue to be promoted in the second half of 2021. In addition, Xuhui Facility also plans to add a prefilled syringe production line in 2021, with installation and commissioning to be completed by the end of 2021, so as to provide further supply for the short-term market demand of our marketed products.

As at the Latest Practicable Date, the Songjiang First Plant has completed the commissioning and verification for all the twelve 2,000L bioreactors for the drug substance line and the drug product line, and successfully completed various production for process verification purpose. On that basis, a product packaging line is planned to be built for the Songjiang First Plant for the purpose of further optimizing the control system of production workshop and facility devices so as to be well positioned for the verification of relevant medical products administration in respect of GMP and production license in the second half of 2021. Also, the Songjiang First Plant plans to submit a supplementary application for the second-generation process of 漢曲優® to the NMPA in the second half of 2021, and it is expected to be formally put into commercial production in 2022. The Songjiang First Plant also plans to continue on the improvement of international standard quality system and to complete the GMP inspection by the United States Food and Drug Administration (FDA) in 2022. In addition to production capacity construction, the continuous production pilot workshop of the Songjiang First Plant shall complete the consecutive production test of at least two products within 2021, so as to ensure the production efficiency and quality for the future large-scale commercial production.

To achieve the long-term capacity planning, we will continue to promote the construction of the Songjiang Second Plant to enhance the overall production capacity of the Group. The construction of major production buildings and installation of process equipment of the Phase I project of the Songjiang Second Plant are expected to complete and enter into the phase of coordinated commissioning and verification by the end of 2021, while the verification work of facility equipment is expected to complete and enter into the phase of trial production and process verification in the first half of 2022. 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 research and development, 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)

漢達遠®

In September 2020, the Group entered into a co-development and exclusive license agreement with Essex in relation to HLX04-O (recombinant humanized anti-VEGF monoclonal antibody injection) independently developed by the Group. The Group has recognised licensing revenue and revenue from R&D services of approximately RMB40.6 million for the Reporting Period.

In January 2021, the Group and Intas entered into a license agreement in relation to 漢曲優® (trastuzumab injection, EU trade name: Zercepac®), granting Intas exclusive rights to develop, produce and commercialize in specific regions as agreed therein. During the Reporting Period, the Group realized revenue from R&D services of approximately RMB11.9 million.

(II) Cost of Sales

The Group's cost of sales primarily represents reagents and consumables, employee compensation, outsourcing expenses, utilities expenses and depreciation and amortisation, etc. During the Reporting Period, the Group recorded cost of sales of RMB221.4 million, representing an increase of approximately RMB163.1 million as compared with that for the six months ended 30 June 2020, which was mainly due to the increase in production cost as a result of the increased production volume of the commercialization of key products.

(III) Gross profit

During the Reporting Period, the Group recorded a gross profit of RMB412.2 million, representing an increase of approximately RMB360.2 million, or 692.3% as compared with that for the six months ended 30 June 2020, mainly due to the gross profit contribution from the commercialization of the Company's key products.

(IV) Other income and gains

Other income of the Group mainly included government grants 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); (2) incentives for R&D activities and interest subsidy as well as other supports (recognised after satisfying certain conditions promulgated by the government).

During the Reporting Period, the Group recognised other income and gains of approximately RMB20.0 million.

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Government grants	**17,944**	15,785
Exchange gains	**–**	10,227
Interest income	**1,219**	7,763
Others	**808**	479
Total	**19,971**	34,254

(V) R&D expenditure

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Expensed R&D expenses		
Share-based compensation	**10,122**	24,270
R&D employee salaries	**143,966**	121,901
Outsourcing fees	**20,614**	17,244
Reagents and consumables	**47,857**	64,377
Utilities expenses	**8,634**	7,287
Depreciation and amortisation	**40,902**	33,240
Consulting expense	**5,683**	5,636
Technical usage fees	**113,969**	–
Clinical trials	**40,600**	93,523
Others	**19,466**	25,497
Total expensed R&D expenses	**451,813**	392,975
Capitalised R&D expenses		
Clinical trials	**137,110**	219,010
R&D employee salaries	**82,103**	66,983
Reagents and consumables	**17,846**	30,887
Depreciation and amortisation	**19,369**	2,526
Utilities expenses	**3,679**	7,715
Outsourcing fees	**12,174**	14,159
Share-based compensation	**4,306**	19,917
Consulting expense	**1,357**	–
Others	**9,581**	2,732
Total capitalised R&D expenses	**287,525**	363,929

During the Reporting Period, the Group recognised R&D expenditure of approximately RMB739.3 million, representing a decrease of approximately RMB17.6 million or approximately 2.3% as compared with approximately RMB756.9 million for the six months ended 30 June 2020, which was mainly due to the strategic adjustment to projects and time difference.

(VI) Administrative Expenses

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

During the Reporting Period, the Group recognised administrative expenses of approximately RMB118.3 million, representing an increase of 87.2% as compared to that of approximately RMB63.2 million for the six months ended 30 June 2020. 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 Company's operations and development; (2) the increase in office administrative expenses in conjunction with business development.

(VII) Selling and distribution expenses

The Group's selling and distribution expenses mainly included salaries, other expenses and promotional activity expenses.

During the Reporting Period, the Group recognised selling and distribution expenses of approximately RMB197.3 million, which were mainly the marketing expenses incurred in the marketing and commercialization of 漢曲優

(VIII) Other expenses

During the Reporting Period, the Group incurred other expenses of RMB18.3 million, representing an increase of RMB13.8 million from RMB4.5 million for the six months ended 30 June 2020. Such other expenses mainly comprised exchange loss of RMB8.8 million due to the fluctuation of the foreign-currency exchange rates and RMB5.0 million mainly related to donations to various charitable organisations and provisions of RMB3.1 million for inventory impairment.

(IX) Income tax expenses

During the Reporting Period, the Group did not incur any income tax expenses.

(X) Loss for the year

In view of the above, the Group's loss decreased by approximately RMB54.2 million from approximately RMB448.0 million for the six months ended 30 June 2020 to approximately RMB393.8 million for the six months ended 30 June 2021.

(XI) Liquidity and capital resources

As at 30 June 2021, the cash and cash equivalents of the Group were approximately RMB1,232.0 million, mainly denominated in Renminbi ("RMB"), United States Dollars ("USD"), New Taiwan Dollars ("NTD"), Hong Kong Dollars ("HKD")

(XII) Inventories

Inventories of the Group increased from approximately RMB305.2 million as at 31 December 2020 to approximately RMB346.7 million as at 30 June 2021, which was mainly due to the increase in the inventory volume of finished products, so as to provide better support for the product supply in response to increasing demand in the market.

(XIII) Trade receivables

As at 30 June 2021 and 31 December 2020, trade receivables from customer contracts were approximately RMB216.4 million and RMB196.2 million, respectively. There were no changes in accounting estimates or material assumptions made in both periods.

	30 June 2021 RMB'000	31 December 2020 RMB'000
Within 3 months	**216,405**	196,213
Total	**216,405**	196,213

(XIV) Interest-bearing bank and other borrowings

As at 30 June 2021, borrowings from banks and other institutions (exclusive of lease liabilities) of the Group were approximately RMB2,303.0 million. The Group incurred new borrowings for the following reasons: ongoing clinical research trials and preclinical research for drug candidates, commercialization of products, construction of plants and normal operating expenses. The borrowings of the Group were denominated in RMB, USD and NTD.

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 2021 and 31 December 2020, of which lease liabilities were initially recognised upon the adoption of IFRS 16 – Leases on 1 January 2017.

	30 June 2021 RMB'000	31 December 2020 RMB'000
Within one year	**1,627,497**	1,188,486
In the second year	**377,966**	82,089
In the third to fifth year (inclusive)	**322,299**	320,792
Over five years	**277,013**	242,250
Total	**2,604,775**	1,833,617

(XVI) Collateral and pledged assets

As at 30 June 2021, the Group's pledged assets in relation to borrowings included trade receivables and other receivables of approximately RMB10.8 million, construction in progress of approximately RMB249.5 million and land use right of approximately RMB203.2 million.

(XVII) Key financial ratios

	30 June 2021	31 December 2020
Current ratio[(1)] :	**87.5%**	96.5%
Quick ratio[(2)] :	**72.2%**	81.1%
Gearing ratio[(3)] :	**32.3%**	18.4%

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 divided by current liabilities as at 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) Major investment

In order to satisfy the expected market demand for drugs in our pipeline, 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 research and development, pilot test and production base of the Group when completed, which is conducive to further strengthening the Group's research and development 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 RMB1.72 billion for the construction of the Phase I project of the Songjiang Second Plant (first stage and second 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 interim report, as at 30 June 2021, the Group did not make other significant investments.

(XIX) Capital commitments and capital expenditures

	30 June 2021 RMB'000	31 December 2020 RMB'000
Plant and machinery	**49,405**	170,240
Construction in progress	**109,678**	274,769
Leasehold improvements	**24,010**	106,058
Electronic equipment	**6,311**	15,822
Others	**377**	473
Total	**189,781**	567,362

We had capital commitments for plant and machinery contracted but not provided for of RMB685.2 million as at 30 June 2021. 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 cost to be capitalised.

(XX) Contingent liabilities

As at 30 June 2021, the Group did not have any material contingent liabilities.

(XXI) Material acquisitions and disposals

As at 30 June 2021, 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 2021, 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 denominated in USD and Euro and other currencies will increase to certain degrees in the future. Fluctuations in exchange rates may adversely 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 commercialized products and products that may be commercialized in the future face competition from pharmaceutical companies around the world in respect of various factors such as treatment indication, drug novelty, drug quality and reputation, breadth of drug portfolio, manufacturing and distribution capacity, drug price, coverage and depth of customers, 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 centralized 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. Currently, biosimilar is not yet included in the drug application of centralized drug procurement. If any products are included in the centralized volume based procurement in the future, our rivals (if they are evaluated on equivalence) may also choose to participate in tenders and be included in centralized procurement, hence 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 in R&D, to develop, enhance or acquire technologies that will allow the Group to expand the scope and improve the quality of the services. The currently available products of the Group include: 漢利康®，漢曲優® (trastuzumab injection, EU brand name: Zercepac®) and 漢達遠®. Most of the Group's drug candidates are still under development and are in the clinical development stages, and the course of clinical development is a lengthy and expensive process and involves uncertainties in various aspects, as such there can be no assurance from the Group as to 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 commercialization of the Group's drug candidates in a timely manner may be adversely affected.

3. Potential Risks of Novel Coronavirus

After the outbreak of COVID-19, the Group immediately adopted anti-epidemic measures to secure employees' safety and guarantee to carry out a variety of work duties in an orderly manner. Despite the weakened impact of COVID-19 on the Group's operations in China in the first half of 2021, there are still uncertainties about its impact on China and the world in the future. The epidemic of COVID-19 may have potential impacts on the Group's business, including but not limited to commodity sales, the hiring and involvement of staff for clinical trials, approval of regulatory affairs, procurement of raw materials, and construction progress of production base. The Group will continue to monitor the development of the epidemic and make all preparations in advance.

V. EMPLOYEES AND REMUNERATION POLICIES

The following table sets forth the breakdown of our employees by function as at 30 June 2021:

Function	Number of employees
Management and administrative	172
R&D	305
Quality and technical support	241
Manufacturing	544
Clinical medical affairs	259
Commercial Operation	451
Total	**1,972**

The Group enters into individual employment contracts with our employees setting out terms such as salaries, bonuses, grounds for termination and confidentiality. Employment contracts with our R&D personnel also typically contain a non-competition clause. The Group also provides benefits to our employees as part of their compensation package, which we believe is in line with industry norms. For example, PRC-based employees are entitled to social insurance as mandated by the PRC Social Insurance Law, 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.

VI. SUBSEQUENT EVENT

Save for those disclosed in this interim report, no major subsequent event has occurred since the end of the Reporting Period and up to the date of this report.

INDEPENDENT REVIEW REPORT

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

INTRODUCTION

We have reviewed the interim financial information set out on pages 31 to 52, which comprises the condensed consolidated statement of financial position of Shanghai Henlius Biotech, Inc. (the "Company") and its subsidiaries (the "Group") as at 30 June 2021 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Ernst & Young
Certified Public Accountants
Hong Kong
18 August 2021

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

	Notes	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
REVENUE	4	**633,595**	110,392
Cost of sales		**(221,417)**	(58,367)
Gross profit		**412,178**	52,025
Other income and gains	5	**19,971**	34,254
Selling and distribution costs		**(197,331)**	(56,577)
Research and development expenses		**(451,813)**	(392,975)
Administrative expenses		**(118,303)**	(63,201)
Impairment losses on financial and contract assets, net		**(222)**	(431)
Other expenses		**(18,325)**	(4,490)
Finance costs	7	**(39,992)**	(16,587)
LOSS BEFORE TAX	6	**(393,837)**	(447,982)
Income tax expense	8	**–**	–
LOSS FOR THE PERIOD		**(393,837)**	(447,982)
Attributable to:			
Owners of the parent		**(393,837)**	(447,982)
Non-controlling interests		**–**	–
		(393,837)	(447,982)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	10	**(0.73)**	(0.85)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
LOSS FOR THE PERIOD	**(393,837)**	(447,982)
OTHER COMPREHENSIVE INCOME		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(458)**	1,632
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	**(458)**	1,632
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(394,295)**	(446,350)
Attributable to:		
Owners of the parent	**(394,295)**	(446,350)
Non-controlling interests	**–**	–
	(394,295)	(446,350)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

	Notes	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	**1,121,172**	984,909
Intangible assets	12	**3,197,035**	2,942,454
Right-of-use assets		**460,346**	452,279
Other non-current assets		**159,341**	149,540
Total non-current assets		**4,937,894**	4,529,182
CURRENT ASSETS			
Inventories		**346,739**	305,224
Trade receivables	13	**216,405**	196,213
Prepayments, other receivables and other assets		**197,116**	294,248
Cash and cash equivalents		**1,232,002**	1,114,309
Total current assets		**1,992,262**	1,909,994
CURRENT LIABILITIES			
Trade payables	14	**186,130**	298,952
Other payables and accruals		**406,894**	439,845
Contract liabilities		**57,177**	52,225
Interest-bearing bank and other borrowings	15	**1,627,497**	1,188,486
Total current liabilities		**2,277,698**	1,979,508
NET CURRENT LIABILITIES		**(285,436)**	(69,514)
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,652,458**	4,459,668
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	15	**977,278**	645,131
Contract liabilities		**656,312**	520,870
Deferred income		**148,014**	94,895
Total non-current liabilities		**1,781,604**	1,260,896
Net assets		**2,870,854**	3,198,772
EQUITY			
Share capital	16	**543,495**	543,495
Reserves		**2,327,359**	2,655,277
Equity attributable to owners of the parent		**2,870,854**	3,198,772
Total equity		**2,870,854**	3,198,772

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

Six months ended 30 June 2021

		Attributable to owners of the parent					
	Notes	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2021 (audited)		**543,495**	**5,954,236**	**(505,208)**	**(2,573)**	**(2,791,178)**	**3,198,772**
Loss of the period		–	–	–	–	**(393,837)**	**(393,837)**
Other comprehensive loss for the period:							
Exchange differences related to foreign operations		–	–	–	**(458)**	–	**(458)**
Total comprehensive loss for the period		–	–	–	**(458)**	**(393,837)**	**(394,295)**
The vesting of restricted shares	(i)	–	**50,543**	**(24,625)**	–	–	**25,918**
Equity-settled share-based payments	(ii)	–	–	**40,459**	–	–	**40,459**
At 30 June 2021 (unaudited)		**543,495**	**6,004,779**	**(489,374)**	**(3,031)**	**(3,185,015)**	**2,870,854**

Notes:

(i) According to the share award scheme of the Company, 2,814,340 shares were vested, and share premium and other reserve increased by RMB25,918,000.

(ii) The Company has recognised expense of RMB34,318,000, cost of sales of RMB1,794,000, deferred development cost of RMB4,306,000 and inventories of RMB41,000, which were credited to other reserve during the six months ended 30 June 2021.

Six months ended 30 June 2020

		Attributable to owners of the parent					
	Notes	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2020 (audited)		543,495	5,737,861	(482,501)	(803)	(1,797,637)	4,000,415
Loss of the period		–	–	–	–	(447,982)	(447,982)
Other comprehensive income for the period:							
Exchange differences related to foreign operations		–	–	–	1,632	–	1,632
Total comprehensive loss for the period		–	–	–	1,632	(447,982)	(446,350)
The vesting of restricted shares	(i)	–	165,360	(52,548)	–	–	112,812
Equity-settled share-based payments	(ii)	–	–	41,198	–	–	41,198
At 30 June 2020 (unaudited)		543,495	5,903,221	(493,851)	829	(2,245,619)	3,708,075

Notes:

(i) According to the share award scheme of the Company, 12,248,888 shares were vested, and share premium and other reserve increased by RMB112,812,000.

(ii) The Company has recognised expense of RMB31,858,000, cost of sales of RMB1,268,000, deferred development cost of RMB7,850,000, inventories of RMB22,000 and construction in progress of RMB200,000, which were credited to other reserve during the six months ended 30 June 2020.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Notes	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(393,837)**	(447,982)
Adjustments for:			
Finance costs	7	**39,992**	16,587
Depreciation of property, plant and equipment	6	**39,512**	27,624
Depreciation of right-of-use assets	6	**22,339**	19,985
Amortisation of intangible assets	6	**32,835**	10,106
Amortisation of deferred income		**(1,886)**	(8,833)
Foreign exchange loss/(gain), net	6	**8,836**	(10,227)
Impairment of trade receivables	6	**222**	431
Loss on disposal of items of property, plant and equipment	6	**1,323**	118
Covid-19-related rent concession from lessors	6	**–**	(81)
Write-down of inventories to net realisable value	6	**3,114**	–
Share-based payment expense		**36,112**	33,126
Cash outflows before working capital changes		**(211,438)**	(359,146)
Increase in inventories		**(32,759)**	(31,506)
Increase in trade receivables		**(20,414)**	(56,456)
Decrease/(increase) in prepayments, other receivables and other assets		**126,064**	(25,445)
Increase in pledged deposits		**–**	(5,791)
Decrease in trade payables		**(42,765)**	(14,448)
Increase in other payables and accruals		**2,866**	12,807
Increase/(decrease) in contract liabilities		**121,832**	(12,743)
Increase in deferred income		**55,005**	27,900
Cash used in operations		**(1,609)**	(464,828)
Tax paid		**–**	–
Net cash flows used in operating activities		**(1,609)**	(464,828)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment and other non-current assets		**(206,627)**	(269,305)
Proceeds from disposal of items of property, plant and equipment		**226**	–
Additions to intangible assets		**(360,019)**	(339,100)
Net cash flows used in investing activities		**(566,420)**	(608,405)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Notes	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank and other borrowings		**1,051,472**	218,907
Repayment of bank and other borrowings		**(282,494)**	(247,226)
Principal portion of lease payments		**(37,832)**	(28,849)
Share issue expense		**–**	(22,698)
Interest paid		**(36,033)**	(12,220)
Net cash flows from/(used in) financing activities		**695,113**	(92,086)
NET INCRESE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**127,084**	(1,165,319)
Cash and cash equivalents at beginning of period		**1,114,309**	2,301,092
Effect of foreign exchange rate changes, net		**(9,391)**	10,650
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		**1,232,002**	1,146,423
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**1,232,002**	1,155,773
Less: Pledged deposits		**–**	(9,350)
Cash and cash equivalents as stated in the statement of cash flows		**1,232,002**	1,146,423

1. CORPORATE INFORMATION

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

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

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

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

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

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

2.1. Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2021 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 2020.

The Group had net current liabilities of RMB285,436,000 as at 30 June 2021. Having taken into account the unused banking facilities and the expected cash flows from operating and financing activities, the directors of the Company consider that it is appropriate to prepare the financial statements on a going concern basis.

2.2 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)*

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

2.2 Changes in accounting policies and disclosures *(CONTINUED)*

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

(a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 or IAS39 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had certain interest-bearing bank borrowings denominated in Renminbi based on the Loan Prime Rate ("LPR") as at 30 June 2021. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendments did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the "economically equivalent" criterion is met.

(b) Amendment to IFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021 and applied the practical expedient during the period ended 30 June 2021 to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the covid-19 pandemic. The amendment had no impact on the Group's financial statements for the period ended 30 June 2021.

3. OPERATING SEGMENT INFORMATION

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

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Mainland China	**566,261**	101,144
Overseas	**67,334**	9,248
	633,595	110,392

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

Seasonality of operations

The Group's operations are not subject to seasonality.

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Types of goods or services		
Sales of biopharmaceutical products	**555,947**	95,828
Licensing revenue	**9,581**	5,199
Research and development services	**68,047**	9,238
Others	**20**	127
Total revenue from contracts with customers	**633,595**	110,392
Timing of revenue recognition		
transferred at a point in time	**555,967**	95,955
transferred over time	**77,628**	14,437
Total revenue from contracts with customers	**633,595**	110,392

5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Government grants	**17,944**	15,785
Interest income	**1,219**	7,763
Exchange gains	**–**	10,227
Others	**808**	479
	19,971	34,254

6. LOSS BEFORE TAX

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

		For the six months ended 30 June	
		2021	2020
		RMB'000	RMB'000
	Notes	**(Unaudited)**	(Unaudited)
Cost of inventories sold		**171,520**	57,844
Cost of services provided		**49,897**	523
Depreciation of property, plant and equipment*		**39,512**	27,624
Depreciation of right-of-use assets*		**22,339**	19,985
Amortisation of intangible assets*		**32,835**	10,106
Research and development expenses:			
Current year expenditure		**451,813**	392,975
Foreign exchange loss/(gain), net		**8,836**	(10,227)
Impairment of financial assets, net		**222**	431
Write-down of inventories to net realisable value		**3,114**	–
Bank interest income	5	**(1,219)**	(7,763)
Covid-19-related rent concession from lessors		**–**	(81)
Loss on disposal of items of property, plant and equipment		**1,323**	118

* 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 costs" and "Administrative expenses" in the consolidated statement of profit or loss.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest expense on bank and other borrowings	**39,037**	9,791
Interest expense on lease liabilities	**8,201**	6,796
Less: Interest capitalised	**(7,246)**	–
	39,992	16,587

8. INCOME TAX EXPENSE

The provision for Mainland China current income tax is based on the statutory rate of 25% (six months ended 30 June 2020: 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 Henlix Biotech Co., Ltd and Hengenix Biotech, Inc., is based on the statutory rates of 20% and 29.84%, respectively (six months ended 30 June 2020: 20% and 29.84%, respectively), for the six months ended 30 June 2021.

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	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current – China	**–**	–
Current – Other countries	**–**	–
Total tax charge for the period	**–**	–

9. DIVIDENDS

No dividend has been paid or declared by the Company during the reporting period (six months ended 30 June 2020: Nil).

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

The calculation of the basic loss per share amount is based on the loss attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 537,862,649 (six months ended 30 June 2020: 524,850,249) in issue during the period.

The calculation of the diluted loss per share amount is based on the 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 number of ordinary shares in issue during the six months ended 30 June 2021, as used in the basic loss per share calculation, and the weighted average number of conversion of all dilutive potential ordinary shares into ordinary shares.

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to ordinary equity holders of the parent used in the basic loss per share calculation	**(393,837)**	(447,982)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	**537,862,649**	524,850,249
Effect of dilution – weighted average number of ordinary shares: Restricted shares under the share award scheme	**–**	–
Weighted average number of ordinary shares in issue during the period used in the diluted loss per share calculation	**537,862,649**	524,850,249

Because the diluted loss per share amount is decreased when taking into account the restricted shares issued under the share award scheme, the restricted shares had an anti-dilutive effect on the basic loss per share amount for the period and were ignored in the calculation of diluted loss per share.

11. PROPERTY, PLANT AND EQUIPMENT

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Carrying value at beginning of the period (audited)	**984,909**	500,713
Additions	**189,781**	182,608
Disposals	**(1,568)**	(236)
Depreciation charge	**(51,546)**	(36,501)
Exchange alignment	**(404)**	506
Carrying value at end of the period (unaudited)	**1,121,172**	647,090

12. INTANGIBLE ASSETS

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Carrying value at beginning of the period (audited)	**2,942,454**	2,175,149
Additions	**291,746**	400,903
Disposals	**(4,316)**	(59,761)
Amortisation charge	**(32,847)**	(13,096)
Exchange alignment	**(2)**	6
Carrying value at end of the period (unaudited)	**3,197,035**	2,503,201

13. TRADE RECEIVABLES

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

	30 June 2021	31 December 2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within 3 months	**216,405**	196,213

14. TRADE PAYABLES

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

	30 June 2021	31 December 2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within 1 year	**185,313**	298,148
1 to 2 years	**817**	804
	186,130	298,952

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2021			31 December 2020		
	Effective interest rate (%)	**Maturity**	**RMB'000 (Unaudited)**	Effective interest rate (%)	Maturity	RMB'000 (Audited)
Current						
Lease liabilities	**4.50-6.28**	**2021**	**60,690**	4.65-6.28	2021	72,041
Bank borrowings – unsecured	**1.31-4.35**	**2021-2022**	**1,490,949**	1.00-4.35	2021	923,292
Current portion of long term bank borrowings – secured (Note (a))	**4.50-6.00**	**2021-2022**	**42,198**	4.50	2021	34,002
Current portion of long term bank borrowings – unsecured	**3.95-4.65**	**2021-2022**	**28,106**	4.65-6.20	2021	153,116
Current portion of long term other borrowings – unsecured	**0.88**	**2022**	**5,554**	0.88	2021	6,035
			1,627,497			1,188,486
Non-current						
Lease liabilities	**4.50-6.28**	**2022-2029**	**241,093**	4.65-6.28	2022-2029	220,934
Bank borrowings – secured (Note (a))	**3.98-4.50**	**2022-2030**	**453,331**	3.98-4.50	2022-2030	326,896
Bank borrowings – unsecured	**3.95-4.65**	**2023**	**282,854**	4.65	2022-2023	95,444
Other borrowings – unsecured	–	–	–	0.88	2022	1,857
			977,278			645,131
			2,604,775			1,833,617

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

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Analysed into:		
Bank loans and other loans repayable:		
Within one year	**1,566,807**	1,116,445
In the second year	**318,242**	37,627
In the third to fifth years, inclusive	**196,102**	209,319
Beyond five years	**221,841**	177,251
	2,302,992	1,540,642
Lease liabilities:		
Within one year	**60,690**	72,041
In the second year	**59,724**	44,462
In the third to fifth years, inclusive	**126,197**	111,473
Beyond five years	**55,172**	64,999
	301,783	292,975

Notes:

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

(i) the pledge of certain of the Group's trade receivables amounting to RMB4,300,000 (31 December 2020: RMB4,300,000);

(ii) the pledge of certain of the Group's other receivables amounting to RMB6,455,000 (31 December 2020: RMB5,305,000);

(iii) mortgages over the Group's right-of-use assets, which had a net carrying value at the end of the reporting period of RMB203,188,000 (31 December 2020: RMB205,303,000); and

(iv) mortgages over the Group's property, plant and equipment that had a net carrying value at the end of the reporting period of RMB249,547,000 (31 December 2020: Nil).

(b) Except for certain of the Group's unsecured bank borrowings amounting to USD22,911,000, which bear interest at rates ranging from 1.31% to 3.85%, and the 0.88% unsecured other borrowings amounting to NTD24,000,000, respectively, all borrowings are in RMB.

16. SHARE CAPITAL

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Issued and fully paid:		
543,494,853 (2020: 543,494,853) ordinary shares	**543,495**	543,495

17. CONTINGENT LIABILITIES

As at 30 June 2021, the Group did not have any contingent liabilities.

18. COMMITMENTS

Capital commitments

The Group had the following capital commitments at the end of the reporting periods:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Contracted, but not provided for	**685,223**	697,843

19. RELATED PARTY TRANSACTIONS

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

(a) Name and relationship of the related parties

Name	Relationship
Shanghai Fosun Pharmaceutical (Group) Co., Ltd.*	
("上海復星醫藥(集團)股份有限公司")("Fosun Pharma")	Ultimate parent company
Shanghai Clone High Technology Co., Ltd.*	
("上海克隆生物高技術有限公司")("Clone High Tech")	Fellow subsidiary
Shanghai Kaimao Bio-Pharmaceutical Co., Ltd.*	
("上海凱茂生物醫藥有限公司")("Kai Mao Bio-pharma")	Fellow subsidiary
Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd.*	
("上海復星醫藥產業發展有限公司") ("Fosun Pharma Industrial Development")	Fellow subsidiary
Jiangsu Wanbang Pharmaceutical Limited Company*	
("江蘇萬邦生化醫藥集團有限公司")("Jiangsu Wanbang")	Fellow subsidiary
Fosun Pharmaceutical Distribution (Jiangsu) Co., Ltd.*	
("江蘇復星醫藥銷售有限公司")("Jiangsu Fosun")	Fellow subsidiary
Shanghai Xin Shihua Investment Management Co., Ltd.*	
("上海新施華投資管理有限公司")("Xin Shihua")	Fellow subsidiary
Gland Pharma Limited ("Gland Pharma")	Fellow subsidiary
Shanghai Fudehui Trading Co., Ltd.*	
("上海復得惠貿易有限公司")("Shanghai Fudehui")	Fellow subsidiary
Fosun Pharma USA Inc ("Fosun USA")	Fellow subsidiary
Shanghai Old Temple Gold Co., Ltd.*	
("上海老廟黃金有限公司")("Shanghai Old Temple Gold")	Fellow subsidiary
Shanghai Xingfu Enterprise Management Consulting Co., Ltd.*	
("上海星服企業管理諮詢有限公司")("Shanghai Xingfu")	Fellow subsidiary
Shanghai Bohao Laboratory Co., Ltd.*	
("上海伯豪醫學檢驗所有限公司")("Shanghai Bohao")	Fellow subsidiary
Kuyi International Travel Service (Shanghai) Co., Ltd.*	
("酷怡國際旅行社(上海)有限公司")("Kuyi Travel")	Fellow subsidiary
Sinopharm Group Co., Ltd. and its subsidiaries*	
("國藥控股股份有限公司"及其子公司)("Sinopharm")	Associate of the ultimate parent company
Chongqing Pharmaceutical (Group) Co., Ltd and its subsidiaries*	
("重慶醫藥(集團)股份有限公司"及其子公司)("Chongqing Pharma")	Associate of the ultimate parent company

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

19. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(b) Transactions with related parties

	Notes	For the six months ended 30 June 2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Licensing revenue from a related party			
Fosun Pharma Industrial Development	(i)	**5,199**	5,199
Jiangsu Wanbang	(i)	**2,156**	–
		7,355	5,199
Sales of goods to related parties			
Jiangsu Fosun	(ii)	**217,903**	73,776
Sinopharm	(ii)	**140,983**	8,654
Chongqing Pharma	(ii)	**10,652**	6,285
		369,538	88,715
Purchased from related parties			
Clone High Tech	(iii)	**140**	–
Jiangsu Fosun	(iii)	**2,275**	–
Sinopharm	(iii)	**1,490**	648
Kai Mao Bio-pharma	(iii)	**225**	132
Fosun USA	(iii)	**–**	248
Shanghai Old Temple Gold	(iii)	**104**	185
Gland Pharma	(iii)	**–**	163
Others	(iii)	**344**	350
		4,578	1,726
Purchase of right-of-use assets from			
Clone High Tech	(iii)	**29,462**	19,076
Rental services provided by			
Kai Mao Bio-pharma	(iii)	**–**	45
Xin Shihua	(iii)	**–**	35
		–	80

19. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(b) Transactions with related parties *(CONTINUED)*

Notes:

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

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

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

(c) Outstanding balances with related parties

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Amounts due from related parties		
Trade receivables		
Jiangsu Fosun	**77,891**	81,583
Sinopharm	**70,344**	50,121
Chongqing Pharma	**6,489**	5,649
	154,724	137,353
Prepayments, other receivables and other assets		
Kuyi Travel	**–**	14
Sinopharm	**13**	13
Others	**–**	9
	13	36
Amounts due to related parties		
Trade payables		
Jiangsu Fosun	**2,414**	–
Sinopharm	**1,306**	301
Shanghai Xingfu	**–**	78
Shanghai Fudehui	**–**	32
	3,720	411

19. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(c) Outstanding balances with related parties *(CONTINUED)*

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Other payables and accruals		
Fosun Pharma	**3,526**	3,676
Clone High Tech	**735**	–
Jiangsu Fosun	**–**	56
Shanghai Bohao	**–**	7
	4,261	3,739
Lease liabilities		
Clone High Tech	**153,342**	141,726
Contract liabilities		
Fosun Pharma Industrial Development	**283,953**	330,958
Jiangsu Wanbang	**68,939**	85,872
	352,892	416,830

Note:

Certain subsidiaries of the Group entered into rental agreements with related parties. The amounts of lease liabilities charged by the Group to the related parties under the leases were determined with reference to the amounts charged by third parties. Except lease liabilities, the balances are trade in nature, unsecured, non-interest-bearing and have no fixed terms of repayment.

(d) Compensation of key management personnel of the Group

	For the six months ended 30 June 2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Fees	**500**	636
Other emoluments:		
Wages and salaries	**12,854**	7,982
Performance related bonuses	**5,579**	5,712
Staff welfare expenses	**215**	276
Share award scheme	**25,196**	5,083
	44,344	19,689

20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amounts		Fair values	
	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)	**30 June 2021 RMB'000 (Unaudited)**	31 December 2020 RMB'000 (Audited)
Financial liabilities				
Interest-bearing bank and other borrowings (non-current portion) (other than lease liabilities)	**736,185**	424,197	**728,742**	419,423

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

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

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

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

Fair value hierarchy

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

Liabilities for which fair values are disclosed:

As at 30 June 2021

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Interest-bearing bank and other borrowings (non-current portion) (other than lease liabilities)	**–**	**728,742**	**–**	**728,742**

As at 31 December 2020

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Interest-bearing bank and other borrowings (non-current portion) (other than lease liabilities)	–	419,423	–	419,423

21. EVENTS AFTER THE REPORTING PERIOD

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

22. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 18 August 2021.

(I) RESULTS AND DIVIDENDS

The Group's results for the six months ended 30 June 2021 and the financial position of the Group as at 30 June 2021 are set out in the interim condensed consolidated financial statements and the accompanying notes on pages 31 to 52. The Board has not recommended the distribution of any interim dividend for the Reporting Period.

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

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

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

As at 30 June 2021, the Directors/Supervisors and chief executive of the Company have no short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO). The interest or long positions of Directors/Supervisors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or the interest and long positions should be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interest in shares of the associated corporations

Name	Name of the associated corporation	Nature of interest and capacity	Class	Number of Shares	Approximate percentage in total Shares
Qiyu Chen	Fosun International	Beneficial owner	Ordinary share	9,498,000	0.11%
	Fosun International	Beneficial owner	Share option	1,350,000	0.02%
	Fosun Pharma	Beneficial owner	A Shares	114,075	0.01%
	Fosun Tourism Group	Beneficial owner	Ordinary share	1,478	0.00%
Yifang Wu	Fosun Pharma	Beneficial owner	H Shares	342,000	0.06%
	Fosun Pharma	Beneficial owner	A Shares	718,900	0.04%
Xiaohui Guan	Fosun Pharma	Beneficial owner	A Shares	181,000	0.01%
Deli Kong	Fosun Pharma	Beneficial owner	A Shares	8,500	0.00%

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

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

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

As at 30 June 2021, the following persons (other than the Directors/Supervisors or chief executive of the Company) had the following interests and/or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of Part XV of the SFO:

Name of Shareholder	Nature of interest and capacity	Class	Number of Shares	Approximate percentage in relevant class of Shares	Approximate percentage in total Shares
Fosun New Medicine	Beneficial owner	Domestic Shares	265,971,569	73.03%	48.94%
Fosun Pharma Industrial Development[1]	Beneficial owner	Domestic Shares	23,873,818	6.56%	4.39%
	Interest in controlled entity	Domestic Shares	265,971,569	73.03%	48.94%
Fosun Pharma[2]	Interest in controlled entity	Domestic Shares	289,845,387	79.59%	53.33%
		H Shares	24,211,239	14.81%	4.45%
Fosun High Tech[3]	Interest in controlled entity	Domestic Shares	289,845,387	79.59%	53.33%
		H Shares	24,211,239	14.81%	4.45%
Fosun International[4]	Interest in controlled entity	Domestic Shares	289,845,387	79.59%	53.33%
		H Shares	24,211,239	14.81%	4.45%
FHL[5]	Interest in controlled entity	Domestic Shares	289,845,387	79.59%	53.33%
		H Shares	24,211,239	14.81%	4.45%
FIHL[6]	Interest in controlled entity	Domestic Shares	289,845,387	79.59%	53.33%
		H Shares	24,211,239	14.81%	4.45%
Guangchang Guo[7]	Interest in controlled entity	Domestic Shares	289,845,387	79.59%	53.33%
		H Shares	24,211,239	14.81%	4.45%
Fosun Industrial	Beneficial owner	H Shares	21,018,900	12.86%	3.87%
	Security interest	H Shares	3,192,339	1.95%	0.59%
Al Rayyan Holding LLC	Beneficial owner	H Shares	11,370,960	6.96%	2.09%
Qatar Holding LLC[8]	Interest in controlled entity	H Shares	11,370,960	6.96%	2.09%
Qatar Investment Authority[8]	Interest in controlled entity	H Shares	11,370,960	6.96%	2.09%
DIC Holding LLC	Beneficial owner	H Shares	2,842,740	1.74%	0.52%
Qatar Investment Authority (in the capacity of investment manager of DIC Holding LLC)[9]	Interest in controlled entity	H Shares	2,842,740	1.74%	0.52%
Cayman Henlius[10]	Beneficial owner	H Shares	51,877,060	31.74%	9.55%
Wei-Dong Jiang[11]	Beneficial owner	H Shares	686,455	0.42%	0.13%
	Interest in controlled entity	H Shares	51,877,060	31.74%	9.55%
Scott Shi-Kau Liu[12]	Beneficial owner	H Shares	2,410,695	1.48%	0.44%
	Interest in controlled entity	H Shares	51,877,060	31.74%	9.55%
HenLink	Beneficial owner	Unlisted foreign shares	15,876,694	100%	2.92%
Qiling Zeng[13]	Interest in controlled entity	Unlisted foreign shares	15,876,694	100%	2.92%

Notes:

(1) As at 30 June 2021, Fosun New Medicine was wholly owned by Fosun Pharma Industrial Development. Fosun Pharma Industrial Development was deemed to be interested in the Domestic Shares which Fosun New Medicine was interested in.

(2) On 24 December 2019, Cayman Henlius pledged a total of 3,192,339 H Shares to Fosun Industrial, therefore Fosun Industrial had security interest in these H Shares. As of 30 June 2021, Fosun Pharma Industrial Development and Fosun Industrial were wholly owned by Fosun Pharma. Fosun Pharma was deemed to be interested in the Domestic Shares and H Shares which Fosun Pharma Industrial Development and Fosun Industrial were interested in.

(3) As at 30 June 2021, Fosun High Tech held approximately 39.39% of the shares in Fosun Pharma. Fosun High Tech was deemed to be interested in the Domestic Shares and H Shares which Fosun Pharma was interested in.

(4) As at 30 June 2021, Fosun High Tech was wholly owned by Fosun International. Fosun International was deemed to be interested in the Domestic Shares and H Shares which Fosun High Tech was interested in.

(5) As at 30 June 2021, FHL directly held approximately 72.14% of the shares in Fosun International. FHL was deemed to be interested in the Domestic Shares and H Shares which Fosun International was interested in.

(6) As at 30 June 2021, FHL was wholly owned by FIHL. FIHL was deemed to be interested in the Domestic Shares and H Shares which FHL was interested in.

(7) As at 30 June 2021, Mr. Guangchang Guo held approximately 85.29% of the shares in FIHL. Mr. Guangchang Guo was deemed to be interested in the Domestic Shares and H Shares which FIHL was interested in.

(8) As at 30 June 2021, Al Rayyan Holding LLC was wholly owned by Qatar Holding LLC, which was wholly owned by Qatar Investment Authority. Qatar Holding LLC and Qatar Investment Authority were deemed to be interested in the H Shares which Al Rayyan Holding LLC was interested in.

(9) As at 30 June 2021, DIC Holding LLC was wholly owned by Qatar Investment Authority (in the capacity of investment manager of DIC Holding LLC). Qatar Investment Authority (in the capacity of investment manager of DIC Holding LLC) was deemed to be interested in the H Shares which DIC Holding LLC was interested in.

(10) As at 30 June 2021, Cayman Henlius was held by Dr. Scott Shi-Kau Liu and Dr. Wei-Dong Jiang as to approximately 62.96% and 37.04% of the total equity interests, respectively. On 24 December 2019, Cayman Henlius pledged a total of 3,192,339 H Shares to Fosun Industrial, a wholly-owned subsidiary of Fosun Pharma, while Cayman Henlius continues to be the beneficial owner of such Shares.

(11) As at 30 June 2021, Dr. Wei-Dong Jiang held approximately 37.04% of the shares in Cayman Henlius. Dr. Wei-Dong Jiang was deemed to be interested in the H Shares which Cayman Henlius was interested in.

(12) As at 30 June 2021, Dr. Scott Shi-Kau Liu held approximately 62.96% of the shares in Cayman Henlius. Dr. Scott Shi-Kau Liu was deemed to be interested in the H Shares which Cayman Henlius was interested in.

(13) As at 30 June 2021, Mrs Qiling Zeng held approximately 34.14% of the shares in HenLink. Mrs Qiling Zeng was deemed to be interested in the unlisted foreign Shares which HenLink was interested in.

Save as disclosed herein, there is no other person known to the Directors/Supervisors or chief executive of the Company who, as of 30 June 2021, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 under Part XV of the SFO or who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

(V) MODEL CODE FOR SECURITIES TRANSACTIONS

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

(VI) COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to enhancing shareholder value by achieving high standards of corporate conduct, transparency and accountability. During the Reporting Period, the Board is of the view that the Company has been in full compliance with all applicable code provisions of the CG Code.

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

The audit committee of the Company comprised Mr. Tak Young So (Chairman), Dr. Lik Yuen Chan and Ms. Xiaohui Guan. Mr. Tak Young So and Dr. Lik Yuen Chan are both independent non-executive Directors. The audit committee of the Company has reviewed the unaudited interim results and the interim report of the Group for the six months ended 30 June 2021.

(VIII) SHARE OPTION SCHEME

During the Reporting Period, the Company did not have any share option scheme.

(IX) SUFFICIENCY OF PUBLIC FLOAT

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

(X) FUND RAISING ACTIVITIES

1. Initial public offering on the hong kong stock exchange

On 25 September 2019, the Company issued 64,695,400 H Shares at HK$49.6 per H Share in connection with the global offering and listing of the H Shares on the Hong Kong Stock Exchange. The total gross proceeds amounted to approximately HK$3,209 million by way of initial public offering of the Company on the Hong Kong Stock Exchange.

On 22 October 2019, the over-allotment option granted in connection with the Global Offering was partially exercised and the Company issued an aggregate of 4,366,400 H Shares at HK$49.6 per H Share. The total gross proceeds amounted to approximately HK$216.6 million.

After deduction of listing expenses, the total net proceeds from the Global Offering (including the net proceeds from the partial exercise of the over-allotment option) was approximately HK$3,147.1 million (approximately RMB2,800.9 million), the use and allocation of which was adjusted as announced in the announcement (the "**Announcement**") of the Company dated 26 March 2021. As at the date of this interim report, the proceeds have been used and will continue to be used in accordance with those set out in the Prospectus and adjusted use set out in the Announcement as follows:

Intended use of proceeds as set out in the Prospectus	Allocation of net proceeds in the proportion as set out in the Prospectus and as adjusted in the Announcement[4]	Amounts utilized as at 31 December 2020 (RMB million)	Amounts utilized during the Reporting Period (RMB million)	Amounts not yet utilized as at 30 June 2021 (RMB million)
(a) Fund the ongoing clinical trials, regulatory filing and registration for Core Products[1]	**approximately 32.9% (RMB920.4 million)**	**588.9**	**69.2**	**262.3**
– Fund the ongoing clinical trials, regulatory filing and registration for HLX02	approximately 6.0% (RMB168.1 million)	167.3	0.7	0.1
– Fund the ongoing clinical trials, regulatory filing and registration for HLX04 for the mCRC indication	approximately 8.0% (RMB224.1 million)	158.6	1.7	63.8
– Develop immune-oncology combination therapy comprised of HLX04 and HLX10 for the treatment of advanced solid tumours	approximately 18.9% (RMB528.2 million)	263.0	66.8	198.4
(b) Fund the ongoing clinical trials, regulatory filing and registration for other biosimilar candidates, including HLX12, HLX11 and HLX14[2]	**approximately 8.7% (RMB244.1 million)**	**222.0**	**22.1**	**0.0**
(c) Fund the ongoing clinical trials, regulatory filing and registration for bio-innovation drugs and the development of immune-oncology combination therapy[3]	**approximately 48.4% (RMB1,356.3 million)**	**940.8**	**64.7**	**350.8**
– HLX07	approximately 3.3% (RMB92.8 million)	92.8	0.0	0.0
– HLX20	approximately 0.2% (RMB5.6 million)	4.2	0.0	1.4
– HLX10 and immune-oncology combination therapies involving HLX10 (including HLX10+HLX07)	approximately 44.9% (RMB1,257.9 million)	843.8	64.7	349.4
(d) Working capital and general corporate purposes	**approximately 10.0% (RMB280.1 million)**	**277.2**	**1.6**	**1.3**
TOTAL[5]	**100% (RMB2,800.9 million)**	**2,028.9**	**157.6**	**614.4**

Notes:

(1) The use of proceeds to be applied to the research and development of the Core Products depends on the development progress of each Core Product. Please refer to the section headed "Management Discussion and Analysis" in this interim report for further details. Please also refer to the announcement of the Company dated 14 August 2020 in respect of the NDA approval for 漢曲優® by the NMPA.

(2) The use of proceeds to be applied to the research and development of the other biosimilar candidates depends on the development progress of each of these biosimilar candidates. Please refer to the section headed "Management Discussion and Analysis" in this interim report for further details.

(3) The use of proceeds to be applied to the research and development of the bio-innovative drugs and the development of immune-oncology combination therapy depends on the development progress of each of these drugs and therapies. Please refer to the section headed "Management Discussion and Analysis" in this interim report for further details.

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

(5) The majority of the net proceeds from the Global Offering are allocated to fund ongoing clinical trials, regulatory filings and registrations of the Company's drugs and therapies, the outcome and hence the timeframe, of which are not within the control of the Company. Please refer to the section headed "Management Discussion and Analysis" in this interim report.

Other than fund raising activity as set out above, the Company has not conducted any other fund raising activities involving the issue of equity securities within 12 months immediately prior to the Latest Practicable Date.

2. Proposed a share offering on the shanghai stock exchange

On 30 March 2020, the Company has announced the proposal to make an application to the relevant regulatory authorities in the PRC for the allotment and issue of A Shares and an application to the Shanghai Stock Exchange for the listing of, and permission to deal in, the A Shares on the Science and Technology Innovation Board of Shanghai Stock Exchange. On 27 April 2020, a circular containing the details of the Proposed A Share Offering was despatched to the Shareholders. On 12 June 2020, the resolutions in relation to the Proposed A Share Offering were duly passed. On 23 April 2021, a circular containing the details of extension of the Proposed A Share Offering and Listing was despatched to the Shareholders. On 25 May 2021, the resolutions in relation to extension of the Proposed A Share Offering and Listing were duly passed.

Other than fund raising activity as set out above, the Company has not conducted any other fund raising activities involving the issue of equity securities within 12 months immediately prior to the Latest Practicable Date.

DEFINITIONS

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

"A Share(s)"	RMB ordinary share(s) proposed to be issued by the Company pursuant to the A Share Offering
"A Share Offering"	the Company's proposed initial public offering of A Shares, which are proposed to be listed on the Science and Technology Innovation Board of Shanghai Stock Exchange
"A Share Offering and Listing"	the Company's proposed initial public offering of A Shares, and listing of such Shares on the Science and Technology Innovation Board of Shanghai Stock Exchange
"Accord"	Accord Healthcare Limited
"Binacea"	Binacea pharma Inc., a limited liability company incorporated in the Cayman Islands in February 2020
"Biosidus"	Biosidus S.A.
"Biosimilar Guidelines"	the Guidelines for the R&D and Evaluation of Biosimilars (Trial) (《生物類似藥研發與評價技術指導原則(試行)》)
"Board"	the board of Directors of the Company
"Cayman Henlius"	Henlius Biopharmaceuticals, Inc., a company established in Cayman Islands on 23 February 2009, and a substantial shareholder
"CG Code"	Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules
"Company" or "Henlius"	Shanghai Henlius Biotech, Inc., a joint stock company incorporated under the laws of the PRC with limited liability, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange
"Director(s)"	the director(s) of the Company
"Domestic Share(s)"	Ordinary Shares issued by the Company in the PRC with a nominal value of RMB1.00 each, which are subscribed for and paid for in RMB
"Essex"	Essex Investment and Zhuhai Essex
"Essex Bio-Technology"	Essex Bio-Technology Limited, a company incorporated in Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
"Essex Investment"	Essex Bio-Investment Limited, a company incorporated in British Virgin Islands with limited liability, a wholly-owned subsidiary of Essex Bio-Technology
"EU"	European Union
"Farma De Colombia"	Farma De Colombia S.A.S
"FDA"	the United States Food and Drug Administration

"FHL"	Fosun Holdings Limited (復星控股有限公司), a company incorporated in Hong Kong on 18 February 2005 with limited liability, and a controlling shareholder
"FIHL"	Fosun International Holdings Ltd. (復星國際控股有限公司), a company incorporated in the British Virgin Islands on 9 September 2004 with limited liability, and a controlling shareholder
"Fosun High Tech"	Shanghai Fosun High Technology (Group) Co., Ltd.* (上海復星高科技(集團)有限公司), a company incorporated in the PRC on 8 March 2005, and a controlling shareholder
"Fosun Industrial"	Fosun Industrial Co., Limited, a company incorporated in Hong Kong, a wholly-owned subsidiary of Fosun Pharma
"Fosun International"	Fosun International Limited (復星國際有限公司), a company incorporated in Hong Kong on 24 December 2004 with limited liability, the shares of which are listed on the Main Board of the Stock Exchange, and a controlling shareholder
"Fosun New Medicine"	Shanghai Fosun New Medicine Research Company Limited* (上海復星新藥研究有限公司), a company incorporated in the PRC on 12 September 2008 with limited liability, and a controlling shareholder
"Fosun Pharma"	Shanghai Fosun Pharmaceutical (Group) Co., Ltd.* (上海復星醫藥(集團)股份有限公司), a joint stock company established in the PRC, the H shares and A shares of which are listed and traded on the Main Board of the Stock Exchange and the Shanghai Stock Exchange, respectively, and a controlling shareholder
"Fosun Pharma Industrial Development"	Shanghai Fosun Pharmaceutical Industrial Development Company Limited* (上海復星醫藥產業發展有限公司), a company incorporated in the PRC on 27 November 2001 with limited liability, a wholly-owned subsidiary of Fosun Pharma, and a controlling shareholder
"Global Offering"	the global offering comprises the Hong Kong public offering of 6,469,600 H Shares as well as the international offering of 58,225,800 H Shares initially available for subscription and 4,366,400 H Shares pursuant to the partial exercise of the over-allotment option
"GMP"	good manufacturing practice
"Group", "we", "our" or "us"	the Company and its subsidiaries
"H Share(s)"	overseas listed foreign share(s) in the Company's ordinary share capital, with a nominal value of RMB1.00 each, which were listed on the Stock Exchange and traded in Hong Kong dollars
"HenLink"	HenLink, Inc., a company incorporated in the Cayman Islands on 15 August 2014 and a shareholder whose beneficial owners are certain employees of the Group
"HK$" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange" or the "Stock Exchange"	The Stock Exchange of Hong Kong Limited

"IFRSs"	International Financial Reporting Standards
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China
"Intas"	Intas Pharmaceuticals Limited, founded in 1976 and headquartered in India
"Jiangsu Fosun"	Jiangsu Fosun Pharmaceutical Sales Co., Ltd.* ("江蘇復星醫藥銷售有限公司"), a company incorporated in the PRC with limited liability, and a wholly-owned subsidiary of Fosun Pharma
"Jiangsu Wanbang"	Jiangsu Wanbang Biopharmaceutical (Group) Co., Ltd.* ("江蘇萬邦生化醫藥集團有限責任公司"), a company incorporated in the PRC with limited liability, and a wholly-owned subsidiary of Fosun Pharma
"KG Bio"	PT Kalbe Genexine Biologics
"Latest Practicable Date"	16 September 2021, being the latest practicable date for ascertaining the contents set out in this report prior to printing
"Listing"	the listing of the H Shares on the Main Board of the Stock Exchange
"Listing Date"	25 September 2019, being the date on which the H Shares were listed on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"mAb"	monoclonal antibodies
"Mabxience"	Mabxience Research, S.L.
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
"NDA"	new drug application
"NeuPharma"	Suzhou NeuPharma Co., Ltd.* (蘇州潤新生物科技有限公司)
"NMPA"	the National Medical Products Administration of the PRC
"PRC", "China" or "Mainland China"	the People's Republic of China, but for the purposes of this interim report only, except where the context requires, references in this interim report to PRC, China or Mainland China exclude Hong Kong, Macau and Taiwan
"Prospectus"	the prospectus issued by the Company on 12 September 2019 in connection with the Global Offering
"R&D"	research and development
"Reporting Period"	the six months ended 30 June 2021
"RMB"	Renminbi, the lawful currency of the PRC

"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Share(s)"	ordinary shares with nominal value of RMB1.00 each in the share capital of the Company
"Songjiang First Plant"	the Company's manufacturing facility at Guangfu Lin Road of the Songjiang District of Shanghai
"Songjiang Second Plant"	Henlius Biotech Biopharmaceutical Industrialization Base II, the Company's manufacturing facility with total planned area of 200 mu currently under construction in the Songjiang District of Shanghai
"Supervisor(s)"	the supervisors(s) of the Company
"U.S." or "United States"	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
"USD"	U.S. Dollars, the lawful currency of the U.S.
"Xuhui Facility"	the Company's manufacturing facility at Yishan Road of the Xuhui District of Shanghai
"Zhuhai Essex"	Zhuhai Essex Bio-Pharmaceutical Company Limited* (珠海億勝生物製藥有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of the Essex Bio-Technology

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

** For identification purpose only*