MISSION

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

VISION

Be the most trusted and admired biotech company providing innovative and affordable medicines for all patients.

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CORPORATE PROFILE

AFFORDABLE INNOVATION
RELIABLE QUALITY

Our Group is the first biopharmaceutical company to receive NDA approval for a monoclonal antibody biosimilar in accordance with the Biosimilar Guidelines and the first to commercially launch a biosimilar product in China.

Our Group is a leading biopharmaceutical company in China with the vision to offer high-quality, affordable and innovative drugs for patients worldwide. The H Shares of our Group have been listed on the Main Board of the Stock Exchange since 25 September 2019.

Since our inception in 2010, we have established, and continue to expand, a comprehensive product pipeline of both biosimilars and bio-innovative drugs. As of the Latest Practicable Date, in addition to the biosimilar product we had commercially launched, namely HLX01 (漢利康®), we had developed in-house over 20 biologic drug candidates and several immuno-oncology combination therapies in our pipeline, including (i) two mAb candidates with NDA accepted by the NMPA, including one mAb candidate with MAA accepted by the EMA; (ii) two mAb candidates undergoing Phase 3 clinical trials and six mAb candidates undergoing Phase 1/2 clinical trials, and three immuno-oncology combination therapies undergoing Phase 3 clinical trials; and (iii) 31 IND approvals received across different jurisdictions.

Our co-founders, Dr. Scott Shi-Kau Liu and Dr. Wei-Dong Jiang, each possesses over 25 years of hands-on experience in developing therapeutic drugs and held leadership positions in R&D, drug manufacturing and quality management at top international biopharmaceutical companies. Inspired by our co-founders, we have assembled a high-calibre team of experts working closely with each other towards the Group's vision.

MILESTONES

HLX03

(adalimumab injection) NDA accepted in the PRC (currently under priority review)

HLX04

(bevacizumab [illegible]) IND [illegible] disease related indications approved

HLX10+HLX07

IND application for the second combo therapy accepted by NMPA

03

MARCH

HLX02

(trastuzumab injection) NDA

01

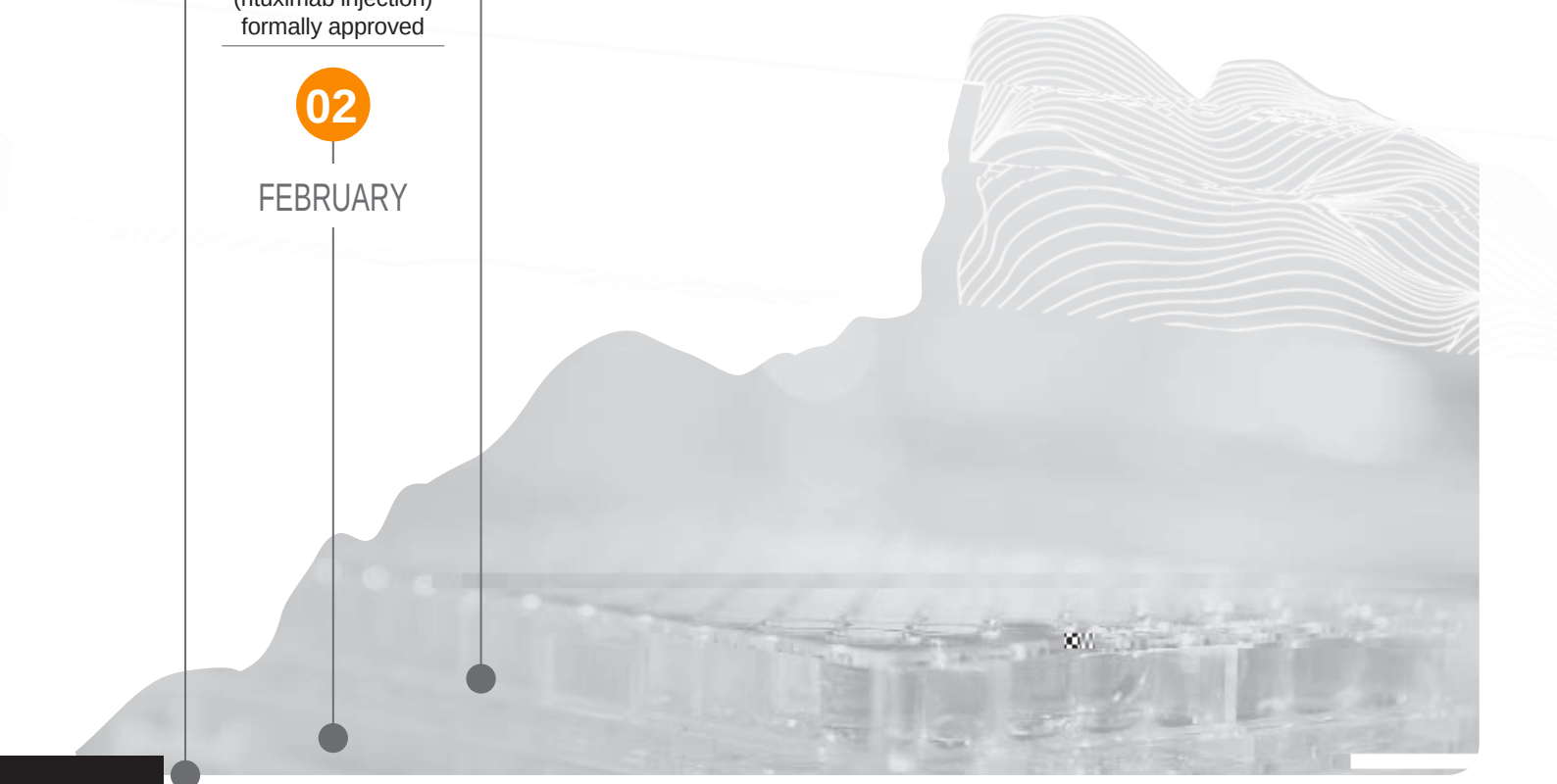
JANUARY

HLX01, First PRC Biosimilar

NDA of 漢利康® (rituximab injection) formally approved

02

FEBRUARY



NHL(3)BC/mGC(5)PS/RA/AS(8)mCRC/n

Notes:

(1) HLX01 (漢利康®) is one of the Group's core products. The Group received the NDA approval for HLX01 (漢利康®) in February 2019 and commenced commercial sales in May 2019.

(2) Phase 2 clinical trials are not required for biosimilars.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Adhering to our mission of “becoming one of the world’s most trusted and admired biopharmaceutical companies, offering innovative and affordable medicines for patients worldwide”, and leveraging our efficient and integrated global research and development platform, outstanding global regulatory registration and clinical development capability as well as comprehensive quality management system, the Group has made significant progress on product R&D and commercialisation during the Reporting Period.

During the Reporting Period, the NDA of HLX01

Meanwhile, as major patents of key drugs are expiring successively, and the development of corresponding biosimilars involves lower risk and stronger certainty in market potential than innovative drugs, the Group plans to further expand its pipelines for biosimilar products based on the existing product lines with a view to bringing in long-term growth opportunities.

In the second half of 2019, the Group will actively establish and expand its sales teams and establish a systematic and standardised business operation system to prepare for the commercialisation of more potential products to be launched in the market.

R&D

In the second half of 2019, the Group will actively engage in and proceed with the research and development of innovative drugs based on the existing extensive pipelines and the advanced R&D platform for monoclonal antibodies, and commence clinical trials for combination therapies using drug candidates (including PD-1/PD-L1mAbs) as the skeleton to develop various types of immune-oncology combination therapies. The Group's R&D centres cover three high-tech industrial clusters which are located in Shanghai, Taipei and California. In the second half of 2019, the Group will continue to strengthen the innovation capability of the three R&D centres by focusing on the R&D centre in California and in-house R&D centre in Taipei, China. Based on an integrated antibody discovery platform and innovative technology, the R&D centre in California will put more effort in the establishment of a differentiated R&D pipeline, and fully utilise the international resources available to expand current product pipeline and benefit patients worldwide. At the same time, the in-house R&D centre in Taipei, China has established over 50 animal efficacy models, including SC xenograft, humanised mouse models and syngeneic models, covering 16 types of different human malignant tumor. In the second half of 2019, the in-house R&D centre in Taipei, China will enhance the efficiency of innovative R&D, continue to build efficacy models in order to meet the growing demand for innovative drug efficacy studies and constantly provide innovative drug R&D project to the Group.

In the second half of 2019, the Group will continue to collaborate with Accord, our cooperative partner, in actively proceeding with the filing of MAA for HLX02 (trastuzumab injection) in European Union. The Group has also reached a cooperation consensus with KG Bio in September 2019. The Group agreed to grant KG Bio the exclusive development and commercialisation rights of several HLX10 indications and combination therapies in 10 Southeast Asian countries in accordance with the agreement.

Meanwhile, the Group plans to seek potential strategic cooperation with more international partners through implementing business development strategy for entering the international market through these international strategic partners, in particular for the entry to emerging markets with significant unfulfilled medical needs for affordable pharmaceutical products, to benefit patients overseas.

The Group's existing Xuhui Facility has a total capacity of 14,000L. The Group will maximise and optimise the production capacity of Xuhui Facility and will continue to stringently comply with high quality standards as required by NMPA, FDA and EMA.

Meanwhile, the Group will actively proceed with the construction of the second manufacturing facility, the Songjiang Facility, to enhance the overall production capacity of the Group. The Songjiang Facility has a planned land area of approximately 200 mu, Phase 1 of the construction project has received construction permit for commencing construction in June 2019. Currently, Phase 1 of the project is under construction, it is expected to complete and commence pilot operation in 2021, the production capacity of original solution will surpass Xuhui Facility upon completion of the project. After completion of construction, the Songjiang Facility will become the Group's base for R&D, pilot production and production of mAb biopharmaceutical drugs. This will further enhance the Group's R&D capability in core business area, and satisfy the commercialised production demand for biosimilar and bio-innovative drugs of the Group.

FINANCIAL REVIEW

The revenue of the Group for the six months ended 30 June 2019 was approximately RMB17.0 million, representing an increase of approximately RMB17.0 million as compared with that for the six months ended 30 June 2018, which was mainly due to the growth in sales of the Group's core products, of which we have delivered 20,638 vials of HLX01 to our commercialisation partner Fosun

During the six months ended 30 June 2019, the Group recognised R&D expenditure of approximately RMB528.6 million, representing an increase of approximately 133.7 million or approximately 33.9% as compared with approximately RMB394.9 million for the six months ended 30 June 2018. The significant increase in our research and development expenditure was mainly due to (1) the increases in clinical trial expenses and costs of pre-clinical studies in line with our expanded pipeline and increased level of R&D activities; (2) the increases in the number of researchers and their salaries; and (3) the progress of clinical trials continued to develop as anticipated.

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

During the six months ended 30 June 2019, the Group recognised administrative expenses of approximately RMB66.1 million, as compared to that of approximately RMB38.0 million for the six months ended 30 June 2018. The increase in administrative expenses of the Group was mainly due to (1) the increase in 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; and (3) the increase in other consultation fees.

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

During the six months ended 30 June 2019, the Group recognised selling and distribution expenses of approximately RMB12.9 million,

The following table sets forth the maturity structure of outstanding debts as at 30 June 2019 and 31 December 2018. Of which, lease liabilities were initially recognised upon the adoption of IFRS 16 – Lease on 1 January 2017.

	30 June 2019 RMB'000	31 December 2018 RMB'000

In order to satisfy the expected market demand of drugs in our pipeline, the Group is currently constructing a second manufacturing facility in Shanghai, the Songjiang Facility, to significantly increase our overall production capacity. We designed the Songjiang Facility to incorporate substantially similar manufacturing equipment, technologies and processes as those used and to be implemented at our Xuhui Facility. The Group expects the Songjiang Facility to support our future global commercial needs when fully operational.

The Company is expected to invest not more than RMB1 billion for the construction of the Phase I project of Songjiang Facility (first 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 Songjiang Facility will be mainly funded through debt financing.

For details of the Songjiang Facility, please refer to the section headed "Business Review – Further Enhancing Manufacturing Capabilities".

Save as disclosed in this report, as of 30 June 2019, the Group did not make any significant investments.

	30 June 2019 RMB'000	31 December 2018 RMB'000
Plant and machinery	**54,132**	41,980
Construction in progress	**5,335**	1,787
Electronic equipment	**10,899**	13,855
Leasehold improvements	**16,296**	15,270
Others	**–**	509
Total	**86,662**	73,401

We had capital commitments for plant and machinery contracted but not provided for of RMB73.2 million as at 30 June 2019, respectively. These capital commitments primarily relate to expenditures expected to be incurred for the purchase of machinery, renovation of our existing laboratories and buildings, as well as research and development costs to be capitalised.

As of 30 June 2019, the Group did not have any significant contingent liabilities.

As of 30 June 2019, the Group did not conduct any material acquisitions and disposals.

EMPLOYEES AND REMUNERATION POLICIES

The following table sets forth the breakdown of our employees by function as at 30 June 2019:

Function	Number of Employees
Management and administrative	114
Research and development	260
Quality and technical support	168
Manufacturing	171
Clinical medical affairs	161
Total	**874**

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 norm. 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, ongoing objective for the employees. All employees participate in formal training on an annual basis, where the Group focus on the latest technical developments and updates in regulatory requirements.

SUBSEQUENT EVENT

The H Shares of the Company have been listed on the Main Board of the Stock Exchange since 25 September 2019.

INDEPENDENT REVIEW REPORT



Ernst & Young
22/F, CITIC Tow

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2019

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
LOSS FOR THE PERIOD	**(316,930)**	(202,767)
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	**(498)**	196
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	**(498)**	196
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(317,428)**	(202,571)
Attributable to:		
Owners of the parent	**(317,428)**	(189,971)
Non-controlling interests	**–**	(12,600)
	(317,428)	(202,571)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2019

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

Six months ended 30 June 2019

	Attributable to owners of the parent							
	Share capital RMB'000	Share premium* RMB'000	Other reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Accumulated loss* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2018 (audited)	**474,433**	**2,857,170**	**(606,235)**	**(647)**	**(922,172)**	**1,802,549**	**–**	**1,802,549**
Loss of the period	**–**	**–**	**–**	**–**	**(316,930)**	**(316,930)**	**–**	**(316,930)**
Other comprehensive loss for the period:								
– (316,930) (31serv–								

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	**(316,930)**	(199,444)
Adjustments for:		
Finance costs	**21,397**	32,585
Depreciation of property, plant and equipment	**16,257**	8,497
Depreciation of right-of-use assets	**11,713**	9,226
Amortization of intangible assets	**3,329**	1,996
Amortization of deferred income	**(2,322)**	(146)
Exchange loss/(gain)	**7,851**	(15,818)
Loss on disposal of items of property, plants and equipment	**64**	–
Share-based payment expense	**46,956**	23,655
Cash outflows before working capital changes	**(211,685)**	(139,449)
Increase in inventories	**(38,441)**	(3,514)
(Increase)/decrease in trade and bills receivables	**(10,754)**	14,397
Increase in prepayments, deposits and other receivables	**(13,827)**	(44,585)
Increase in contract assets	**(5,470)**	–
Increase in pledged deposits	**(583)**	(3,220)
Increase in trade and bills payables	**24,999**	36,724
Decrease in other payables and accruals	**(6,691)**	(2,053)
Increase in contract liabilities	**56,934**	82,385
Increase in deferred income	**1,421**	–
Cash used in operations	**(204,097)**	(59,315)
Tax paid	**–**	(3,323)
Net cash flows used in operating activities	**(204,097)**	(62,638)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment and other non-current assets	**(387,151)**	(63,441)
Additions to intangible assets	**(266,368)**	(230,466)
Loan to a related party	**–**	(300,000)
Repayment of loan from a related party	**–**	300,000
Net cash flows used in investing activities	**(653,519)**	(293,907)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES		
0., FL 2.277-039746Tj 0.4031 0.New bank and other borrowingsOWS FROM FINAN81 T78 -1.412297,270		
620,352 2.277-039746T Effect of foreign exchange rate changes, net OWS FROM FINANCING ACTIVITIES (Uf(27,49		

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

30 June 2019

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 303, 304, Block 7, No.1999 Zhangheng Road, China (Shanghai) Pilot Free Trade Zone, PRC.

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

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

In the opinion of the Directors, the holding company of the Company is Shanghai Fosun New Medicine Research Company Limited which is registered in the PRC, the ultimate holding company of the Company is Fosun International Holdings Limited which is registered in Hong Kong, and the ultimate controlling shareholder of the Company is Mr. Guo Guangchang.

The H 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 (the "Listing Date").

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The interim condensed consolidated financial information for the six months ended 30 June 2019 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 Historical Financial Information included in Accountants' Report set forth in Appendix I to the Company's prospectus dated 12 September 2019 (the "Prospectus").

The Group recorded net current liabilities of RMB127,514,000 as at 30 June 2019. In view of the net current liabilities position, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. On 30 June 2019, based on the arrangements entered into with the licensed bank in Mainland China, the undrawn banking facilities of the Group was RMB270,000,000. In addition, the Company received net proceeds amounting to HKD3,096,344,000 before any exercise of over-allotment option from the initial public offering of the Company's shares on the Listing Date. Having considered the cash flows from operations and its available resource of finance, the Directors are of the opinion the Group is able to meet in full its financial obligations as they fall due for the foreseeable future and it is appropriate to prepare the interim condensed financial information of the Group for the six months ended 30 June 2019 on a going concern basis.

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 Historical Financial Information that contained in the Appendix I to the Prospectus. All the International Financial Reporting Standards ("IFRSs") effective for the accounting period commencing from 1 January 2019 together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information.

3. OPERATING SEGMENT INFORMATION

The Group is engaged in biopharmaceutical research, biopharmaceutical service and biopharmaceutical production, which is 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.

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	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sale of goods	**13,327**	–
License fee income	**3,504**	–
Rendering of service	**208**	–
	17,039	**–**

Disaggregated revenue information for revenue from contracts with customers

	For the six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
Geographical markets		
China	**17,039**	–
Timing of revenue recognition		
Goods or services transferred at a point in time	**13,535**	–
Services transferred over time	**3,504**	–
Total revenue from contracts with customers	**17,039**	**–**

5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Government grants	**2,452**	229
Interest income	**8,813**	4,235
Exchange gains	**–**	15,818
Others	**81**	211
	11,346	20,493

6. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	**11,296**	–
Depreciation of property, plant and equipment	**1,342**	573
Depreciation of right-of-use assets	**3,104**	2,436
Amortisation of other intangible assets	**471**	157
Research and development costs:		
Current year expenditure	**225,158**	149,309
Including:		
Depreciation of property, plant and equipment	**13,207**	7,924
Depreciation of right-of-use assets	**8,566**	6,790
Amortization of intangible assets	**2,009**	1,839
Employee benefit expense (excluding share-based payment expense)	**70,131**	37,331
Share-based payment expense	**33,829**	17,939
IPO listing expenses	**6,083**	3,573
Auditor's remuneration	**500**	150
Employee benefit expense (including Directors' and chief executive's remuneration):		
Wages and salaries	**13,167**	11,413
Staff welfare expenses	**5,175**	3,415
Share-based payment expense	**10,018**	5,715
Foreign exchange loss/(gain), net	**7,851**	(15,818)
Bank interest income	**(8,813)**	(4,235)
Loss on disposal of items of property plants and equipment	**64**	–

7. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest expense on entrusted loans from a related party	**–**	

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

The calculation of the basic loss per share amounts is based on the loss attributable to ordinary equity holders of the parent and the weighted average number of of ordinary shares of 451,683,053 (six months ended 30 June 2018: 418,970,498) in issue during the period.

The calculation of the diluted loss per share amounts is based on the loss for the year 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 2019, as used in the basic loss per share calculation, and the weighted average number of all dilutive potential ordinary shares into ordinary shares.

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to ordinary equity holders of the parent used in the basic loss per share calculation	**(316,930)**	(191,664)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	**451,683,053**	418,970,498
Effect of dilution – weighted average number of ordinary shares:		
Restricted shares under share award scheme	**–**	–
	451,683,053	418,970,498

Because the diluted loss per share amount is decreased when taking restricted shares issued under the 2018 share award scheme into account which had been disclosed in Appendix I to the Prospectus, the restricted shares had an anti-dilutive effect of the basic loss per share during the six months ended 30 June 2019 and were ignored in the calculation of diluted loss per share.

11. PROPERTY, PLANT AND EQUIPMENT

	RMB'000
Carrying value at beginning of the Period (audited)	323,979
Additions	86,662
Disposals	(64)
Depreciation charge	(24,941)
Exchange alignment	55
Carrying value at end of the Period (unaudited)	385,691

As at 30 June 2019, the Group's property, plant and equipment with a net carrying value of RMB124,277,000 (31 December 2018: RMB132,824,000) were pledged as security for interest-bearing bank loans as set out in note 14 to the interim condensed consolidated financial statements.

12. TRADE AND BILLS RECEIVABLES

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Trade receivables	**14,457**	5,821
Bills receivables	**3,118**	1,000
	17,575	6,821

Trade and bills receivables are non-interest-bearing.

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

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Within 1 year	**12,275**	1,521
1 to 2 years	**5,300**	5,300
	17,575	6,821

13. TRADE AND BILLS PAYABLES

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Trade payables	**123,310**	79,285
Bills payables	**6,357**	6,024
	129,667	85,309

Trade and bills payables are non-interest-bearing and are normally settled on terms of three to six months.

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

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Within 1 year	**129,216**	85,299
1 to 2 years	**431**	10
2 to 3 years	**20**	–
	129,667	85,309

14. INTEREST-BEARING BANK BORROWINGS

	Notes	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Bank loans			
Secured	(a)	**241,712**	249,992
Unsecured		**366,467**	70,000
Other loans:			
Secured	(b)	**4,085**	4,624
Unsecured		**10,122**	11,460
Lease liabilities		**189,974**	191,942
Total		**812,360**	528,018
Repayable:			
Within one year		**307,763**	142,678
In the second year		**110,892**	121,434
In the third to fifth years, inclusive		**347,344**	204,847
Beyond five years		**46,361**	59,059
		812,360	528,018
Current portion		**307,763**	142,678
Non-current portion		**504,597**	385,340

Notes:

(a) The bank loans with the amount of RMB41,720,000 are secured by all the trade receivables and other receivables owned by the Company from the date of the bank loan agreement to the date of the bank loan were fully and completely repaid. As at 30 June 2019, the amount of pledged trade receivables was RMB7,891,000.

The bank loans with the amount of RMB199,992,000 are secured by the mortgage of the Group's equipment owned by the Group. As at 30 June 2019, the mortgaged equipment had a net carrying amount of approximately RMB120,425,000.

(b) The other loans with the amount of RMB4,085,000 are secured by the mortgage of the Group's equipment which had a net carrying amount of approximately RMB3,852,000 at 30 June 2019.

15. SHARE CAPITAL

	Number of Shares	Nominal value of RMB$1.00 each
Issued and fully paid:		
At 31 December 2018 (audited) and 30 June 2019 (unaudited)	474,433,053	474,433,053

16. COMMITMENTS

The Group had the following capital commitments:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Contracted, but not provided	**73,195**	95,561

17. CONTINGENT LIABILITIES

As at 30 June 2019, the Group did not have any contingent liabilities.

18. RELATED PARTY TRANSACTIONS

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

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
Beijing Fosun Pharmaceutical Research Limited Company* (北京復星醫藥科技開發有限公司) ("Beijing Fosun")	Fellow subsidiary
Jiangsu Wanbang Pharmaceutical Limited Company* (江蘇萬邦[illegible]) (" ")	Fellow subsidiary

18. RELATED PARTY TRANSACTIONS *(CONTINUED)*

	Notes	For the six months ended 30 June 2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
License revenue to related parties			
Fosun Pharma Industrial Development	(i)	**3,504**	–
Services provided to related parties			
Chongqing Fuchuang	(i)	**69**	–
Sales of goods to related parties			
Jiangsu Fosun	(i)	**12,640**	–
Sino Fuzhou	(i)	**114**	–
Chongqing Xinte	(i)	**279**	–
Sino Chongqing	(i)	**61**	–
Purchases from related parties			
Sinopharm	(i)	**247**	452
Beijing Fosun	(i)	**302**	90
Rental of properties			
Clone High Tech	(ii)	**3,723**	21,142
Kai Mao Bio-pharma	(ii)	**43**	39
Interest expense of lease liabilities			
Clone High Tech	(ii)	**5,136**	5,472
Advance from customers for exclusive distribution rights			
Fosun Pharma Industrial Development	(iii)	**37,735**	34,440
Jiangsu Wanbang	(iii)	**19,625**	–
Interest expense of contract liabilities			
Fosun Pharma Industrial Development	(iii)	**3,259**	8,280
Jiangsu Wanbang	(iii)	**1,829**	874
Donation to related parties			
Fosun Foundation	(iv)	**500**	–

Notes:

(i) During the six months ended 30 June 2019, the transactions were carried out in accordance with the terms and conditions similar to those offered to/by unrelated customers/suppliers in the ordinary course of business.

18. RELATED PARTY TRANSACTIONS *(CONTINUED)*

18. RELATED PARTY TRANSACTIONS *(CONTINUED)*

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Wages and salaries	**5,779**	2,760
Performance related bonuses	**1,371**	1,108
Staff welfare expenses	**175**	152
Share award scheme	**7,463**	3,732
	14,808	7,752

19. 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:

	30 June 2019	
	Carrying amount	Fair value
	RMB'000	RMB'000
Interest-bearing and bank borrowings-non-current	**504,597**	516,365

	31 December 2018	
	Carrying amount	Fair value
	RMB'000	RMB'000
Interest-bearing and bank borrowings-non-current	**385,340**	388,199

Management has assessed that the fair values of trade and bills receivables, pledged deposits, cash and cash equivalents, trade and bills payables, financial assets included in prepayments, deposits and other receivables, 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 Group's principal financial instruments comprise cash and cash equivalents, and interest-bearing bank and other borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables, financial assets included in prepayments, deposits and other receivables, trade and bills payables and financial liabilities included in other payables and accruals, which arise directly from its operations.

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 30 June 2019 was assessed to be insignificant.

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

RESULTS AND DIVIDENDS

The Group's results for the six months ended 30 June 2019 and the state of affairs of the Group as at 30 June 2019 are set out in the interim condensed consolidated financial statements and the accompanying notes on pages 16 to 34. The Board has not recommended the distribution of any interim dividend for the Reporting Period.

THE GLOBAL OFFERING

On 25 September 2019, the H Shares of the Company were listed on the Main Board of the Stock Exchange. The global offering of the H Shares (the "**Global Offering**") comprised the Hong Kong public offering of 6,469,600 H Shares and the international offering of 58,225,800 H Shares (subject to the Over-allotment Option granted by the Company). Net proceeds from the Global Offering before any exercise of the Over-allotment Option received by the Company were approximately HK$3,096.3 million. The Company intends to apply such net proceeds in accordance with the purposes as set out in the Prospectus. As at the date of this interim report, the Company has not used any of the net proceeds received from the Global Offering.

SHARE CAPITAL

Immediately before the completion of the Global Offering, the Company's registered capital was RMB474,433,053, divided into 364,189,618 Domestic Shares and 110,243,435 unlisted foreign Shares with a nominal value of RMB1.00 each.

Immediately following the completion of the Global Offering, the Company's registered capital comprises of 364,189,618 Domestic Shares, 94,366,741 H Shares converted from unlisted foreign Shares, 15,876,694 unlisted foreign Shares, and 64,695,400 H Shares issued pursuant to the Global Offering. As at the date of this interim report, the total issued share capital of the Company is RMB539,128,453, comprising of 539,128,453 issued and fully paid Shares of RMB1.00 each.

PUBLIC FLOAT

Rule 8.08(1) of the Listing Rules requires that there must be an open market in the securities for which listing is sought and that a sufficient public float of an issuer's listed securities must be maintained. The Company has applied to the Stock Exchange, and the Stock Exchange has granted, a waiver that the minimum public float requirement under Rule 8.08(1)(a) be reduced. Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained a public float of no less than 18.1% of the total issued share capital of the Company as at the date of this interim report.

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

As at the Latest Practicable Date, 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:

Name	Number of Shares	Class	Nature of Interest	Approximate percentage in relevant class of Shares[2]	Approximate percentage in total Shares[2]
Scott Shi-Kau Liu	2,410,695	H Shares	Legal and beneficial owner	1.52%	0.45%
	58,977,060	H Shares	Interest in controlled entity[1]	37.08%	10.94%

Note:

(1) As at the Latest Practicable Date, 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 under the SFO.

(2) The corresponding total number of relevant class of Shares and total Shares in the calculation of percentage are the number as at the date of this interim report.

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Name	Name of Associated Corporation	Number of shares	Nature of Interest	Approximate Percentage in relevant class of shares
Scott Shi-Kau Liu	Fosun International	3,000,000 shares	Legal and beneficial owner	0.035%
Qiyu Chen	Fosun International	17,418,000 shares	Legal and beneficial owner	0.204%
	Fosun Pharma	114,075 A shares	Legal and beneficial owner	0.006%
	Fosun Tourism Group	1,478 shares	Legal and beneficial owner	0.000%
Yifang Wu	Fosun Pharma	342,000 H shares	Legal and beneficial owner	0.062%
	Fosun Pharma	718,900 A shares	Legal and beneficial owner	0.036%
Xiaohui Guan	Fosun Pharma	181,000 A shares	Legal and beneficial owner	0.009%
Jiemin Fu	Fosun Pharma	196,000 A shares	Legal and beneficial owner	0.010%
Deli Kong	Fosun Pharma	8,500 A shares	Legal and beneficial owner	0.0004%

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 or their respective spouses or minor children, or were any such rights exercised by them; nor was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement which enabled the Directors/Supervisors or chief executive to acquire such rights in any other body corporate.

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

As at the Latest Practicable Date, 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[9]	Approximate percentage in total Shares[9]
Fosun New Medicine	Legal and beneficial owner	Domestic Shares	265,971,569	73.03%	49.33%
Fosun Pharma Industrial Development[1]	Legal and beneficial owner	Domestic Shares	23,873,818	6.56%	4.43%
	Interest in controlled entity	Domestic Shares	265,971,569	73.03%	49.33%
Fosun Pharma[2]	Interest in controlled entity	Domestic Shares	289,845,387	79.59%	53.76%
Fosun High Tech[3]	Interest in controlled entity	Domestic Shares	289,845,387	79.59%	53.76%
Fosun International[4]	Interest in controlled entity	Domestic Shares	289,845,387	79.59%	53.76%
FHL[5]	Interest in controlled entity	Domestic Shares	289,845,387	79.59%	53.76%
FIHL[6]	Interest in controlled entity	Domestic Shares	289,845,387	79.59%	53.76%
Guangchang Guo[7]	Interest in controlled entity	Domestic Shares	289,845,387	79.59%	53.76%
Al-Rayyan Holding LLC	Legal and beneficial owner	H Shares	14,213,700	8.94%	2.64%
Cayman Henlius	Legal and beneficial owner	H Shares	58,977,060	37.08%	10.94%
Wei-Dong Jiang	Legal and beneficial owner	H Shares	686,455	0.43%	0.13%
	Interest in controlled entity[8]	H Shares	58,977,060	37.08%	10.94%

Notes:

(1) As at the Latest Practicable Date, 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) As at the Latest Practicable Date, Fosun Pharma Industrial Development was wholly-owned by Fosun Pharma. Fosun Pharma was deemed to be interested in the Domestic Shares which Fosun Pharma Industrial Development was interested in.

(3) As at the Latest Practicable Date, Fosun High Tech held approximately 37.87% of the shares in Fosun Pharma. Fosun High Tech was deemed to be interested in the Domestic Shares which Fosun Pharma was interested in.

(4) As at the Latest Practicable Date, Fosun High Tech was wholly-owned by Fosun International. Fosun International was deemed to be interested in the Domestic Shares which Fosun High Tech was interested in.

(5) As at the Latest Practicable Date, FHL directly held approximately 70.76% of the shares in Fosun International. FHL was deemed to be interested in the Domestic Shares which Fosun International was interested in.

(6) As at the Latest Practicable Date, FHL was wholly-owned by FIHL. FIHL was deemed to be interested in the Domestic Shares which FHL was interested in.

(7) As at the Latest Practicable Date, Mr. Guangchang Guo held approximately 85.29% of the shares in FIHL. Mr. Guangchang Guo was deemed to be interested in the Domestic Shares which FIHL was interested in.

(8) As at the Latest Practicable Date, 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.

(9) The corresponding total number of relevant class of Shares and total Shares in the calculation of percentage are the number as at the date of this interim report.

DIRECTORS

Scott Shi-Kau Liu *(Chief Executive Officer and President)*

Qiyu Chen (陳啟宇) *(Chairman)*
Yifang Wu (吳以芳)
Jiemin Fu (傅潔民)
Aimin Hui
Xiaohui Guan (關曉暉)

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

Yong Zhou (

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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183 Queen's Road East
Wanchai
Hong Kong

COMPLIANCE ADVISER

Haitong International Capital Limited
8/F Li Po Chun Chambers
189 Des Voeux Road Central
Central
Hong Kong

AUDITOR AND REPORTING ACCOUNTANTS

Ernst & Young
Certified Public Accountants
22nd Floor, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

LEGAL ADVISERS TO THE COMPANY

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

As to PRC laws:
Llinks Law Offices
19/F and 16/F, One Lujiazui
68 Yin Cheng Road Middle
Shanghai
PRC

STOCK SHORT NAME

HENLIUS – B

STOCK CODE

2696

COMPANY WEBSITE

www.henlius.com

DEFINITIONS

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

"Accord"	Accord Healthcare Limited
"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
"Company"	Shanghai Henlius Biotech, Inc., a joint stock company incorporated under the laws of the PRC with limited liability and whose H Shares are listed on the 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
"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 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 Co., Ltd. (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, and a controlling shareholder
"Global Offering"	

"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China
"International Underwriting Agreement"	has the same meaning as set out in the Prospectus
"KG Bio"	PT Kalbe Genexine Biologics
"Latest Practicable Date"	18 September 2019, being the latest practicable date for ascertaining certain information contained in this interim report
"Listing"	the listing of the H Shares on the Main Board of the Stock Exchange
"Listing Date"	25 September 2019, being the date on which the H Shares were listed on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"MAA"	marketing authorisation application
"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
"NMPA"	the National Medical Products Administration of the PRC
"Over-allotment Option"	an additional of not more than 9,704,300 H Shares to be issued by the Company pursuant to the International Underwriting Agreement, bearing the same meaning as set out in the Prospectus
"PRC", "China" or "Mainland China"	the People's Republic of China, but for the purposes of this interim report only, except where