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

2024
ANNUAL REPORT

RELIABLE QUALITY
AFFORDABLE INNOVATION

MISSION

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

VISION

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

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Chairman and non-executive director

Wenjie Zhang[1]

Executive directors

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

Non-executive directors

Qiyu Chen (陳啟宇)
Yifang Wu (吳以芳)
Xiaohui Guan (關曉暉)
Deyong Wen (文德鏞)
Xingli Wang

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)
Zhiyong Liu (劉志勇)[3]
Yexing Yuan (袁曄星)[4]

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

Wenjie Zhang *(Chairman)*[1]
Guoping Zhao (趙國屏)
Ruilin Song (宋瑞霖)

REMUNERATION COMMITTEE

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

STRATEGY COMMITTEE

Wenjie Zhang *(Chairman)*[1]
Jun Zhu (朱俊)[2]
Qiyu Chen (陳啟宇)
Yifang Wu (吳以芳)
Deyong Wen (文德鏞)
Xingli Wang
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[1]
Jun Zhu (朱俊)[2]

Notes:

1. Mr. Wenjie Zhang was re-designated from an executive Director to a non-executive Director and resigned as an authorised representative on 24 March 2025, and continues to serve as the chairman of the Board, the chairman of the Nomination Committee, the chairman of the Strategy Committee and a member of the Environmental, Social and Governance Committee.
2. Dr. Jun Zhu (朱俊) was appointed as an authorised representative on 24 March 2025.
3. Mr. Zhiyong Liu (劉志勇) was appointed as an employee representative Supervisor on 31 January 2025.
4. Mr. Yexing Yuan (袁曄星) resigned as an employee representative Supervisor on 31 January 2025.

JOINT COMPANY SECRETARIES

Yan Wang (王燕)
Wan Kai Chong (莊運啓) *(Associate member of the Hong Kong Chartered Governance Institute)*[5]
Mei Ha Wendy Kam (甘美霞) *(Fellow of the Hong Kong Chartered Governance Institute)*[6]

AUTHORISED REPRESENTATIVES

Jun Zhu (朱俊)[2]
Wan Kai Chong (莊運啓)[5]
Wenjie Zhang[1]
Mei Ha Wendy Kam (甘美霞)[6]

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

11F, Building B8
188 Yizhou Road
Xuhui District
Shanghai
PRC

REGISTERED OFFICE IN CHINA

Room 901, 9/F, Building 1
No. 367 Shengrong Road
China (Shanghai) Pilot Free Trade Zone
PRC[7]

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

H SHARES REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

AUDITOR AND REPORTING ACCOUNTANTS

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

LEGAL ADVISERS TO THE COMPANY

As to Hong Kong laws:
Freshfields
55th Floor, One Island East
Taikoo Place
Quarry Bay
Hong Kong

As to PRC law:
Fangda Partners
24/F, HKRI Centre Two
288 Shi Men Yi Road
Shanghai
PRC

STOCK SHORT NAME

HENLIUS

STOCK CODE

2696

COMPANY WEBSITE

www.henlius.com

Notes:

5. Ms. Wan Kai Chong (莊運啓) was appointed as a joint company secretary and authorised representative on 26 August 2024.
6. Ms. Mei Ha Wendy Kam (甘美霞) resigned as a joint company secretary and authorised representative on 26 August 2024.
7. Took effect upon approvals at the annual general meeting, the 2024 first class meeting of domestic shareholders and unlisted foreign shareholders and the 2024 first class meeting of H shareholders held on 20 May 2024.

CHAIRMAN'S STATEMENT

Wenjie Zhang
Chairman and Non-Executive Director of Henlius

Dear Shareholders and Investors,

On behalf of the board of Directors, I am hereby pleased to present you the annual results of Henlius for the financial year ended 31 December 2024.

In 2024, the global biopharmaceutical industry continued to evolve amidst a mix of challenges and opportunities. With outstanding market performance and exceptional commercial operational efficiency, Henlius reported consecutive profits. Remaining true to our mission of "benefiting patients worldwide with high-quality biomedicines", the Company adhered to a science-driven and value-oriented approach, devoted more efforts in key areas such as innovative R&D and global expansion, and achieved fruitful results, laying a solid foundation for the Company's sustainable development.

Over the years, with the integrated biopharmaceutical platform as its cornerstone, the Company has relied on an efficient operational system to integrate innovative R&D, large-scale manufacturing, and lean commercial operations, thereby forming a unique competitive advantage. Innovation is the foundation of the Company's development. Guided by a differentiated strategy, we focus on urgent unmet clinical needs, accelerate the discovery and validation of advantageous targets, and introduce cutting-edge technologies to empower drug development, so as to fully explore and maximize the therapeutic value of molecules and continuously enhance both R&D efficiency and quality. At the same time, we emphasize the close integration of original innovation and clinical value, continuously optimizing the mechanism for translating innovative results, and accelerating the delivery of more breakthrough clinical solutions. Manufacturing is a key pillar of value creation and revenue generation for enterprises. We are continuously improving manufacturing efficiency through technological innovation and process optimization. We strictly adhere to international quality management standards to ensure high product quality. In the commercialisation domain, the Company continues to strengthen its brand influence and market penetration by building a flexible and efficient marketing network, deepening market insights, and refining precision promotion strategies, thereby injecting strong momentum into sustainable development.

The globalisation strategy is the core driver anchoring Henlius' future. In 2024, the Company's core products successively received authoritative recognition from both global mainstream biopharmaceutical markets and emerging markets, marking our steady progression from a "globalisation practitioner" to a "value creator". These breakthrough achievements not only validated the forward-looking nature of our strategy but also demonstrated our competitiveness in the global biopharmaceutical arena. Throughout the globalisation process, we have engaged in diverse strategic collaborations with more partners and deepened our global footprint. By leveraging flexible commercialisation pathways, we have accelerated the approvals for marketing and clinical applications of our products worldwide, enabling China's innovative outcomes to benefit a broader population of patients around the world. Meanwhile, with the construction of a global product portfolio as the core, we are also strengthening our international supply chain and localised operational capabilities in parallel, thus providing a strong foundation for accelerating the expansion of our global markets.

Every step Henlius takes would not be possible without the trust and support from all sectors of society and the dedication of all our employees. Facing the rapid evolution of the global biopharmaceutical industry, we will continuously strengthen our core competitiveness with more prudent steps and innovative thinking. I firmly believe that only by putting patient needs at the centre can we progress steadily and achieve long-term success, create greater medical value, and generate strong momentum for sustainable growth.

CHIEF EXECUTIVE OFFICER'S REVIEW

Jun Zhu
Executive Director, Chief Executive Officer

Dear Shareholders and Investors,

In a market environment full of challenges and opportunities, Henlius once again delivered an uplifting result: in 2024, the Company recorded a revenue of RMB5,724.4 million, with net profit amounting to RMB820.5 million, achieving profitability for the second year in a row, and our profit increased by 50.3% year-on-year, with a net profit margin of 14.3%, representing a year-on-year increase of 41.6%. So far, Henlius has six products approved for marketing in China, and four approved for marketing globally, benefiting over 750,000 patients worldwide in more than 50 countries and regions. Meanwhile, our innovative pipelines were further consolidated and made breakthroughs. We continued our efforts to deepen the application of AI and other advanced technologies, achieving notable results in our two-wheel driven strategy of internationalization and innovation.

Core products saw steady growth and global expansion embarked on a new chapter. In 2024, our products witnessed steady growth in sales revenue, which effectively drove the continuous realization of the Company's commercialisation capabilities. Moreover, we accelerated overseas market expansion by joining hands with Accord, Eurofarma, KGbio, Organon and other international partners. In 2024, HANQUYOU obtained new approvals in countries such as the US and Canada, and has been approved for marketing in more than 50 countries and regions worldwide, benefiting over 240,000 patients. HANSIZHUANG, as the world's first anti-PD-1 monoclonal antibody for first-line treatment of small cell lung cancer, has successfully entered the EU market and made its first debut in Southeast Asia and other overseas markets. So far, this product has been approved for marketing in more than 30 countries and regions, including China, Europe and Southeast Asia, with its licenses-out areas covering more than 100 countries and regions. In addition, our marketed products HANLIKANG and HANBEITAI also obtained approvals in overseas emerging markets for the first time. To date, the Company has four products approved for marketing in overseas markets.

Innovate pipelines to build up strength for the future, and to speed up the translation of innovative achievements. Guided by clinical needs, we have built a diversified innovative pipeline covering around 50 molecules, focusing on advanced fields, such as monoclonal antibody, polyclonal antibody, ADC and fusion protein. The Company actively promoted the innovative combination therapy of HANSIZHUANG in differentiated indications, including colorectal cancer, gastric carcinoma and limited-stage small cell lung cancer. The international multi-centre phase 3 clinical trial of the Company's innovative HER2-targeting monoclonal antibody candidate HLX22 in HER2-positive advanced gastric cancer completed the first patient dose, potentially reshaping the landscape of gastric cancer treatment. HLX43, the second PD-L1 ADC in the world and the first in China to enter clinical stage, completed the first patient dose for the phase 2 clinical study in solid tumours. In addition, a phase 1b/2 clinical trial of HLX43 in combination with HANSIZHUANG has been initiated, aiming to exploit the synergistic effects of ADC+IO in advanced/metastatic solid tumours.

CHIEF EXECUTIVE OFFICER'S REVIEW

In 2024, driven by innovation and globalization, Henlius navigated the waves of change in the bio-pharmaceutical industry and delivered a satisfactory result. I would like to extend my gratitude to our Shareholders, employees and all walks of life for their firm support and long-term companionship. Because of them, we are able to make continuous breakthroughs and scale new heights in the global biopharmaceutical field. In the future, we will, based on the unmet clinical needs, stimulate innovation vitality to the maximum extent, further expand the global presence, and empower future sustainable growth, making greater contributions to the cause of human health!

I. FINANCIAL SUMMARY

For the Year Ended 31 December 2024

	2024 RMB'000	2023 RMB'000
Revenue	**5,724,449**	5,394,909
Cost of sales	**(1,539,787)**	(1,476,112)
Gross profit	**4,184,662**	3,918,797
Other income and gains	**107,980**	68,914
Selling and distribution expenses	**(1,917,391)**	(1,754,241)
Administrative expenses	**(370,799)**	(383,840)
Impairment losses on financial assets, net	**4,843**	(30,280)
Research and development expenses	**(1,035,130)**	(1,118,732)
Other expenses	**(5,397)**	(20,501)
Financial costs	**(122,887)**	(110,539)
Profit before tax	**845,881**	569,578
Income tax expenses	**(25,411)**	(23,559)
Profit for the year	**820,470**	546,019

The Group's total revenue increased by approximately RMB329.5 million or approximately 6.1% to approximately RMB5,724.4 million for the year ended 31 December 2024, compared to approximately RMB5,394.9 million for the year ended 31 December 2023. Such revenue was mainly from drug sales, R&D services provided to customers, and license income.

For the year ended 31 December 2024, the Group recognized R&D expenditure of approximately RMB1,840.5 million, representing an increase of approximately RMB406.9 million as compared to approximately RMB1,433.6 million for the year ended 31 December 2023. R&D expenses mainly arose from advancing technology platform innovation, IND application, and clinical trials for new drugs to accelerate the Group's innovation and transformation.

The Group's total profit was approximately RMB820.5 million for the year ended 31 December 2024, representing an increase of approximately RMB274.5 million in profit from the profit of approximately RMB546.0 million for the year ended 31 December 2023, mainly due to the sustained increase in sales volume of core products after they achieved commercial sales.

II. FIVE YEARS' FINANCIAL SUMMARY

Results

	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Revenue	**5,724,449**	5,394,909	3,214,730	1,682,472	587,586
Profit before tax	**845,881**	569,578	(693,887)	(956,739)	(993,541)
Income tax expense	**(25,411)**	(23,559)	(1,372)	(27,313)	–
Profit for the year	**820,470**	546,019	(695,259)	(984,052)	(993,541)
Profit for the year attributable to owners of the parent	**820,470**	546,019	(695,259)	(984,052)	(993,541)

Assets and Liabilities

	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Total assets	**10,597,520**	9,903,571	8,924,308	7,172,844	6,439,176
Total liabilities	**(7,583,899)**	(7,711,270)	(7,287,976)	(4,876,088)	(3,240,404)
Net assets	**3,013,621**	2,192,301	1,636,332	2,296,756	3,198,772

III. BUSINESS HIGHLIGHTS:

1 HANQUYOU (trastuzumab for injection, European trade name: Zercepac®, US trade name: HERCESSI™), HANNAIJIA (neratinib maleate):

As at the Latest Practicable Date, HANQUYOU has benefited over 240,000 patients in total in Mainland China.

In April 2024, trastuzumab for injection (US trade name: HERCESSI™) was approved by the FDA for treatment of adjuvant breast cancer, metastatic breast cancer and metastatic gastric cancer.

In August 2024, trastuzumab for injection (Canadian trade name: Adheroza) was approved by Health Canada for the treatment of early breast cancer, metastatic breast cancer and metastatic gastric cancer.

From the beginning of 2024 to date, the new drug applications of different specifications of HANQUYOU were also approved in countries/regions, including Brazil, the Philippines, Uzbekistan, and Mexico.

During the Reporting Period, the Company licensed in HANNAIJIA, with a view to achieving sequential treatment with HANQUYOU, to further reduce the 5-year and 10-year postoperative recurrence risks in patients with HER2-positive early breast cancer. As at the Latest Practicable Date, HANNAIJIA has completed the tendering process on the procurement platform and has been included in the medical insurance procurement platform in all provinces in Mainland China.

2 HANSIZHUANG (serplulimab injection, European trade name: Hetronifly®):

As at the Latest Practicable Date, HANSIZHUANG has benefited over 100,000 patients in total in Mainland China.

In December 2024, the new drug application (NDA) for new indication of HANSIZHUANG in combination with pemetrexed and carboplatin for the first-line treatment of unresectable locally advanced or metastatic non-squamous non-small cell lung cancer (nsNSCLC) with negative epidermal growth factor receptor (EGFR) gene mutation and negative anaplastic lymphoma kinase (ALK) status was approved by the NMPA.

In February 2025, the marketing authorisation application (MAA) for HANSIZHUANG (European trade name: Hetronifly®) in combination with carboplatin and etoposide for the first-line treatment for adult patients with extensive-stage small cell lung cancer (ES-SCLC) was approved by the European Commission (EC).

From the beginning of 2024 to date, the new drug applications for HANSIZHUANG across various indications were also approved in countries/regions, including Cambodia, Thailand, and Indonesia.

3 HANLIKANG (rituximab injection), HANDAYUAN (adalimumab injection) and HANBEITAI (bevacizumab injection):

As at the Latest Practicable Date, HANLIKANG has benefited over 300,000 patients in total in Mainland China.

From the beginning of 2024 to date, the new drug applications for HANLIKANG were approved in Peru, Nicaragua, and Bolivia, respectively.

In February 2024, the supplemental new drug applications (sNDA) for four new indications of HANDAYUAN, including polyarticular juvenile idiopathic arthritis, pediatric plaque psoriasis, Crohn's disease and pediatric Crohn's disease were accepted by the NMPA, and were approved in May 2024.

During the Reporting Period, HANBEITAI focused on "dual-channel" market and smoothly progressed towards its established commercialisation goals.

In December 2024, HANBEITAI was approved for marketing in Bolivia.

4 During the Reporting Period, the equity transfer transaction under the Framework Agreement in relation to the Acquisition of DDL Licensed Company was officially completed. As Henlius Pharmaceutical Trading, the target company of the acquisition, holds a pharmaceutical business license, the Group has since gained the capability to commercialise and sell more in-licensing products, thereby expanding its operational channels and further broadening its business model.

5 **Diversified International Collaborations:**

In November 2024, the Group entered into an amendment agreement with Getz Pharma (Private) Limited and Getz Pharma International FZ-LLC, agreeing to grant an additional license to commercialise HANQUYOU in Pakistan.

In December 2024, the Company entered into an agreement with Abbott Products Operations AG., agreeing to grant a license to commercialise five products across 69 agreed countries and regions in Asia, Latin America, the Caribbean, and the Middle East & North Africa (MENA).

In February 2025, the Company entered into an agreement with Dr. Reddy's Laboratories SA, agreeing to grant a license to develop, manufacture, and commercialise HLX15 (recombinant anti-CD38 human monoclonal antibody injection) in the United States and agreed European regions.

In March 2025, the Group entered into an agreement with Fosun Industrial Co., Limited, agreeing to grant a license to commercialise HANSIZHUANG in Hong Kong and Macau regions.

In January and June 2024, the Company entered into an agreement and a supplementary agreement with Sermonix Pharmaceuticals, Inc., being granted an exclusive license to develop, manufacture, and commercialise HLX78 (lasofoxifene) in the Asian region.

In August 2024, the Company entered into an agreement with Convalife Pharmaceuticals Co., Ltd., being granted an exclusive license to commercialise HANNAIJIA in China, as well as exclusive negotiation and conditional licensing rights in agreed overseas countries and regions.

In December 2024, the Company entered into an agreement with Palleon Pharmaceuticals Inc., agreeing to collaborate on the global development of E-602 (the Company's product code: HLX79) and combination therapies, as well as commercialisation within their respective licensed territories.

During the Reporting Period, the Group established a strategic partnership with SVAX, a Saudi Arabian company. The two parties will establish a joint venture in Saudi Arabia, integrating the Group's leading biopharmaceutical R&D and manufacturing capabilities with SVAX's local registration, market access, and commercialisation expertise. This collaboration aims to accelerate the global registration and commercialisation of multiple products, enhancing access to advanced biologics in the MENAT (Middle East, North Africa, and Türkiye) region to benefit more patients.

6 Efficient Advancement on Clinical Study Projects both Domestically and Internationally:

– Progress of international clinical study projects: HLX22 (recombinant humanised anti-HER2 monoclonal antibody injection)

- In November 2024, the first patient has been dosed in an international multi-centre phase 3 clinical study of HLX22 in combination with trastuzumab and chemotherapy compared to trastuzumab and chemotherapy with or without pembrolizumab for the first-line treatment of locally advanced or metastatic gastroesophageal junction cancer and gastric cancer in Mainland China. During the Reporting Period, such phase 3 clinical trial was permitted to commence in the United States, Japan and Australia, respectively, and the first patient in Japan has been dosed in March 2025.

- In March 2025, Orphan-drug Designation of HLX22 (recombinant humanised anti-HER2 monoclonal antibody injection) for the treatment of gastric cancer (GC) was granted by the FDA.

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

- In May 2024, the first patient in phase 3 part has been dosed in the international multi-centre phase 2/3 clinical trial of HANSIZHUANG in combination with bevacizumab and chemotherapy for the first-line treatment of metastatic colorectal cancer in Mainland China. In July 2024, the phase 3 part of this clinical trial was permitted to commence in Japan and Indonesia, with the first patients dosed in Indonesia in August 2024 and in Japan in October 2024.

- In January 2025, the recruitment of subjects was completed in the international multi-centre phase 3 clinical study of HANSIZHUANG or placebo in combination with chemoradiotherapy for the treatment of limited-stage small cell lung cancer (LS-SCLC).

- As at the Latest Practicable Date, over 100 sites have been set for the bridging study in the United States for HANSIZHUANG in combination with chemotherapy for the first-line treatment of extensive-stage small cell lung cancer (ES-SCLC), and the recruitment of subjects is ongoing.

– Progress of international clinical study projects: other products

- In January 2024, the recruitment of subjects was completed in the international multi-centre phase 3 clinical study of HLX04-O (recombinant anti-VEGF humanised monoclonal antibody injection) for the treatment of wet age-related macular degeneration (wAMD).

- In April 2024, an international multi-centre phase 3 clinical study of a biosimilar of denosumab HLX14 (recombinant anti-RANKL human monoclonal antibody injection) for the treatment of osteoporosis in postmenopausal women at high risk for fracture met the primary study endpoints. During the Reporting Period, new drug applications for the product were accepted by the EMA, Health Canada and the FDA, respectively.

- In September 2024, an international multi-centre phase 3 clinical study of a biosimilar to pertuzumab HLX11 (recombinant anti-HER2 domain II humanised monoclonal antibody injection) for neo-adjuvant therapy of HER2-positive, HR-negative early or locally advanced breast cancer met the primary study endpoint. In January and March 2025, the new drug applications for the product were accepted by the FDA and the EMA, respectively.

6 Efficient Advancement on Clinical Study Projects both Domestically and Internationally:

– Progress of domestic clinical study projects: HLX43 (antibody-drug conjugate targeting PD-L1 with novel DNA topoisomerase I inhibitor)

  • In December 2024, an investigational new drug application (IND) for the phase 1b/2 clinical trial of HLX43 for injection (antibody-drug conjugate targeting PD-L1 with novel DNA topoisomerase I inhibitor) as a monotherapy or in combination for the treatment of advanced/metastatic solid tumours was approved by the NMPA. In January 2025, the first patient has been dosed in a phase 2 clinical study of the product in patients with recurrent/metastatic esophageal squamous cell carcinoma in Mainland China.

– Progress of domestic clinical study projects: HLX22 (recombinant humanised anti-HER2 monoclonal antibody injection)

  • In December 2024, an investigational new drug application (IND) for the phase 2 clinical trial of HLX22 (recombinant humanised anti-HER2 monoclonal antibody injection) in combination with trastuzumab and chemotherapy, or in combination with trastuzumab deruxtecan for the treatment of HER2-expressing solid tumours was approved by the NMPA.

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

  • In April 2024, an investigational new drug application (IND) for HLX53 (anti-TIGIT Fc fusion protein) in combination with HANSIZHUANG and HANBEITAI for the first-line treatment of locally advanced or metastatic hepatocellular carcinoma was approved by the NMPA. In August 2024, the first patient has been dosed in phase 2 clinical trial of this combination therapy.

  • In April 2024, the recruitment of subjects was completed in the phase 3 clinical study of HANSIZHUANG in combination with chemotherapy for neo-/adjuvant treatment of gastric cancer in Mainland China.

– Progress of domestic clinical study projects: other products

  • In January 2024, a phase 1 clinical study of a biosimilar of denosumab HLX14 (recombinant anti-RANKL human monoclonal antibody injection) in Chinese healthy male subjects was successfully completed. The study met all of the prespecified endpoints.

  • In March 2024, an investigational new drug application (IND) for HLX6018 (recombinant anti-GARP/TGF-β1 humanised monoclonal antibody injection) was approved by the NMPA for the treatment of idiopathic pulmonary fibrosis. In April 2024, the first subject has been dosed in a phase 1 clinical study of this product in healthy subjects in Mainland China.

  • In March 2024, the first patient has been dosed in a phase 1 clinical study of HLX42 for injection (antibody-drug conjugate targeting EGFR with novel DNA topoisomerase I inhibitor) in patients with advanced/metastatic solid tumours in Mainland China.

6 Efficient Advancement on Clinical Study Projects both Domestically and Internationally:

- In May 2024, an investigational new drug application (IND) for HLX78 (lasofoxifene) was approved by the NMPA. In November 2024, the first subject has been dosed in a phase 1 clinical study of this product in Chinese healthy female subjects in Mainland China. In December 2024, the first patient in Mainland China has been dosed in an international multi-centre phase 3 clinical study of this product in combination with abemaciclib versus fulvestrant in combination with abemaciclib for the treatment of locally advanced or metastatic breast cancer.

- In June 2024, a phase 1 clinical study of a biosimilar of daratumumab HLX15 (recombinant fully anti-CD38 human monoclonal antibody injection) in healthy Chinese male subjects was successfully completed. The study met all of the prespecified endpoints.

- In December 2024, the new drug application (NDA) for a biosimilar of pertuzumab HLX11 (recombinant anti-HER2 domain II humanised monoclonal antibody injection) was accepted by the NMPA.

- In April 2025, a phase 3 clinical study of recombinant anti-VEGF humanized monoclonal antibody injection HLX04-O for the treatment of wet age-related macular degeneration (wAMD) met the primary study endpoint.

7 Efficient Advancement on Pre-Clinical Development Projects:

The Group attaches great importance to the pre-clinical project pipeline. During the Reporting Period, the Group obtained approvals for investigational new drug applications (IND) for GARP/TGF-β1 and TIGIT+PD-1+VEGF target projects, and proceeded to clinical study smoothly.

- In September 2024, an investigational new drug application (IND) for HLX17 (recombinant humanised anti-PD-1 monoclonal antibody injection) was approved by the NMPA. HLX17 is intended for the treatment of melanoma, non-small cell lung cancer, esophageal cancer, head and neck squamous cell cancer, colorectal cancer, hepatocellular carcinoma, biliary tract cancer, triple-negative breast cancer, microsatellite instability-high or deficient mismatch repair tumours, gastric cancer, etc.

- In January 2025, an investigational new drug application (IND) for the phase 1b/2 clinical trial of HLX43 for injection (antibody-drug conjugate targeting PD-L1 with novel DNA topoisomerase I inhibitor) in combination with HANSIZHUANG for the treatment of patients with advanced/metastatic solid tumours was approved by the NMPA.

- In February 2025, an investigational new drug application (IND) for innovative small molecular HLX99 was approved by the FDA. HLX99 is intended for the treatment of amyotrophic lateral sclerosis (ALS).

- In March 2025, an investigational new drug application (IND) for a phase 2 clinical trial of HLX79 injection (human sialidase fusion protein) in combination with HANLIKANG (rituximab injection) for the treatment of active glomerulonephritis was approved by the NMPA.

8 Orientation toward Clinical Value and Injecting Impetus toward the Pipeline:

By centring on patients' needs, with the clinical value-oriented early R&D, based on new drug discovery platforms driven by deep data and biocomputing accelerated molecular design technology, the Group continues to develop high-quality and affordable innovative drugs to treat complex diseases with the help of network biology and polypharmacology. By employing a comprehensive antibody drug technology platform to empower the development of innovative therapies, the Group is planning for the development of the next-generation innovative antibody drugs and antibody-based drugs. In terms of the development of T Cell Engager, the Group has developed highly specific products targeting solid tumours, which can effectively overcome the immunosuppressive tumour microenvironment and activate immune-mediated tumour cell killing. In terms of the development of antibody-drug conjugates (ADC), the Group's R&D platform Hanjugator has the ability to develop ADC products with high safety, high selectivity and high efficacy, and is able to effectively expand the application scenarios of ADC products, providing strong support for the Group in developing ADC products with differentiation advantage and significant clinical value. As at the Latest Practicable Date, the Group has a total of approximately 50 molecules in its pipeline and 14 R&D platforms, covering a wealth of drug forms, such as monoclonal antibody, multi-specific antibody, antibody-drug conjugates (ADC), fusion proteins, small molecule drugs and other forms of drugs.

9 Layout of Industrialisation Base for Biologics with High Economic Benefit based on International Standards:

The total commercial production capacity of the Group is 48,000L (including the Xuhui Facility with a commercial production capacity of 24,000L and Songjiang First Plant with a commercial production capacity of 24,000L). During the Reporting Period, Xuhui Facility has successfully completed the first commercial shipments of the products, including HANSIZHUANG, HANQUYOU, and HANDAYUAN to multiple overseas regions, and multiple overseas customers audits for such products; During the Reporting Period, Songjiang First Plant completed the first commercial shipment of HANQUYOU (US trade name: HERCESSI™) to the United States; During the Reporting Period, the construction of Songjiang Second Plant Phase I facility was completed.

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

IV. PRODUCT PORTFOLIO AND PIPELINE

Innovative mAb
Innovative fusion protein
Biosimilar mAb
Innovative ADC
Small molecule
Innovative multi-specific antibody
Bridging study in U.S.
BLA under FDA review
Global MRCT
MAA under EMA review
Approved in global markets

(1) Approved in China, the EU and several SEA countries. trade name: Hetronifly® in Europe. Business partners: KGbio/Fosun Pharma/Intas.
(2) Approved in countries such as China and Peru. The first biosimilar approved in China. Business partners: Fosun Pharma/Farma de Colombia/Eurofarma/Abbott/Boston Oncology.
(3) The first rituximab approved for the indication in China.
(4) Approved in 50+ countries, including China, U.S., the UK, Germany, France and Australia, trade name registered in U.S.: HERCESSI™. trade name registered in Europe: Zercepac®. Business partners: Accord/ Cipla/ Jacobson/ Elea/ Eurofarma/ Abbott/ KGbio/ Getz
(5) Business partners: Fosun Wanbang/Getz Pharma.
(6) Business partner: Eurofarma.
(7) Exclusive license obtained in China.
(8) Marketing applications under review in the EU and the U.S. Business partner: Organon.
(9) Marketing applications under review in China and the U.S. Business partner: Organon.
(10) IND approvals obtained in China/Australia/the U.S./Singapore/EU countries, etc. Business partner: Essex.
(11) IND approvals obtained in China/the U.S./Japan .
(12) Exclusive license obtained in China. Phase 3 MRCT enrolling globally. IND approval obtained in China.
(13) IND approvals obtained in China/the U.S.
(14) IND approvals obtained in China/the U.S.
(15) Exclusive license obtained in China.
(16) IND approvals obtained in China/the U.S. and granted FDA Fast Track Designation.
(17) Business partner: Shanghai Jingze.
(18) Business partner: Dr. Reddy's, etc.
(19) Exclusive license obtained in China. Phase 1/2 conducting in the U.S.

HANSIZHUANG, HANLIKANG, HANQUYOU, HANDAYUAN and HANBEITAI, the core products of the Company, were all successfully launched.

MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS REVIEW

As part of our commitment to provide affordable and high-quality biomedicines for patients worldwide, the Group has achieved remarkable success in the international market by leveraging its robust integrated platform of R&D, production and commercialisation, and successfully realised the "Closed-loop Internationalisation 1.0". During the Reporting Period, the sustained growth in sales of our core products and the significant cost control achievements through refined management measures have laid a solid foundation for the Group's enhanced profitability. Meanwhile, the orderly progress of global clinical development and drug registrations of pipeline products, the steady progress in international production capacity construction, and the deepening of the "Go Global" strategy have driven the positive cycle and high-quality growth of the Company's business.

As at the Latest Practicable Date, 6 products (24 indications) of the Group have been successfully marketed in Mainland China, and 4 products have been successfully approved for marketing in Europe, the United States, Canada, Australia, Indonesia, Bolivia and other counties/regions. From the beginning of 2024 to date, the Group's "Go Global" initiatives have yielded fruitful results. HANQUYOU was approved for commercialisation in the United States and Canada by the FDA and the Health Canada, respectively, marking a new chapter in North American commercialisation. HANSIZHUANG in combination with chemotherapy was approved in the EU for the first-line treatment of extensive-stage small cell lung cancer (ES-SCLC) in adult patients, becoming the Group's second product approved in the EU after HANQUYOU, further solidifying international mainstream markets' recognition of the Group's products. HANLIKANG was approved in Peru, and HANBEITAI was approved in Bolivia. Additionally, the new drug applications for HLX14 were accepted in the EU, the United States and Canada, respectively, while the new drug application for HLX11 was accepted in the United States and the EU, paving the way for more products to shine in international mainstream markets.

(I) Strong global product commercialisation capability

During the Reporting Period, the Group insisted on starting from clinical needs, actively creating a comprehensive and innovative business operation model, and continuously optimising the commercialisation layout, achieving remarkable results. As at the end of the Reporting Period, the Group's commercialisation team was over 1,500 people, promoting the commercialisation of six products, including HANQUYOU and HANSIZHUANG, in an orderly manner in Mainland China. Meanwhile, leveraging on the foresighted R&D strategy and commercialisation management system, the Group has made significant strides in overseas markets with multiple products to expand its global footprint, further benefiting patients worldwide.

In addition, the Group formally completed the equity transfer transaction under the Framework Agreement on Acquisition of DDL Licensed Company during the Reporting Period. As Henlius Pharmaceutical Trading, the target company of the acquisition, holds a pharmaceutical business license, the Group has since gained the capability to commercialise and sold more in-licensing products, thereby expanding its operational channels and further broadening its business model.

HANQUYOU (trastuzumab for injection, European trade name: Zercepac®, US trade name: HERCESSI™) (a therapeutic product for breast cancer and gastric cancer) became the monoclonal antibody biosimilar drug approved in Mainland China, the United States, and Europe; sequential treatment with HANNAIJIA (neratinib maleate) for the extended adjuvant treatment of breast cancer

HANQUYOU is the core product of the Group in the field of anti-tumour therapy, and was independently developed by the Group in accordance with the relevant regulations on biosimilar drugs of Mainland China, the EU, and the United States. In Mainland China, HANQUYOU has continued to penetrate the domestic market and generate significant sales revenue for the Group leveraging the Group's efficient market access and sales execution capabilities, as well as the differentiated advantages offered by HANQUYOU's flexible dose portfolio of 150mg and 60mg. As at the end of the Reporting Period, both dosage strengths of HANQUYOU have completed the tendering process on the procurement platform and have been included in the medical insurance procurement platform in all provinces in Mainland China, and so far, have benefited over 240,000 patients in Mainland China. During the Reporting Period, the Group has also strengthened the treatment ecosystem for patients with HER2-positive breast cancer and gastric cancer, further enhancing the international quality and market recognition of HANQUYOU.

In April 2024, trastuzumab for injection (US trade name: HERCESSI™) was approved by the FDA for the treatment of adjuvant breast cancer, metastatic breast cancer and metastatic gastric cancer. Since then, HANQUYOU has become a monoclonal antibody biosimilar drug approved in Mainland China, Europe, and the United States. In addition, the new drug submission (NDS) for trastuzumab for injection (Canadian trade name: Adheroza) was approved by the Health Canada in August 2024. From the beginning of 2024 to date, the new drug applications of different specifications of HANQUYOU were approved in countries/regions, including Brazil, the Philippines, Uzbekistan, and Mexico.

As at the Last Practicable Date, HANQUYOU has been approved in Europe and Mainland China for over four years. With its high international quality standards, HANQUYOU has been approved for marketing in over 50 countries and regions (including the United States, the United Kingdom, Germany, Spain, France, Italy, Switzerland, Australia, Singapore, Argentina, Brazil, Canada, etc.). Furthermore, the Group successfully collaborated with internationally renowned biomedicine enterprises, including Abbott, Accord, Eurofarma, PT Kalbio Global Medika, Laboratorio ELEA Phoenix S.A., etc., to fully boost market share in Europe, the United States, Canada, and other regions, as well as many emerging markets at country level, covering over 100 countries/regions around the world.

During the Reporting Period, the Company licensed in HANNAIJIA, with a view to achieving sequential treatment with HANQUYOU to further reduce the 5-year and 10-year postoperative recurrence risks in patients with HER2-positive early-stage breast cancer. HANNAIJIA, an oral small-molecule pan-HER tyrosine kinase inhibitor (TKI), was approved by the NMPA in June 2024 for the extended adjuvant therapy of HER2-positive early breast cancer in adult patients after adjuvant therapy containing trastuzumab. While accelerating the market accessibility of HANNAIJIA, the Group actively promoted education on sequential treatment with neratinib, an extended adjuvant therapy, offering the possibility for curing more patients with early breast cancer. As at the Latest Practicable Date, HANNAIJIA has completed the tendering process on the procurement platform and has been included in the medical insurance procurement platform in all provinces in Mainland China.

HANSIZHUANG (serplulimab injection, European trade name: Hetronifly®) has significant differentiated advantages in the treatment of small-cell lung cancer, and the marketing authorisation application for new indications of HANSIZHUANG has been approved during the Reporting Period, further expanding its international presence

HANSIZHUANG is a core innovative PD-1 monoclonal antibody product independently developed by the Group. Several of its key clinical study results have been published in prestigious journals, including the Journal of the American Medical Association (JAMA) (《美國醫學會雜誌》), Nature Medicine (《自然－醫學》), Cancer Cell, and the British Journal of Cancer. Meanwhile, HANSIZHUANG was recommended by numerous guidelines, including the Guidelines of CSCO for Small-Cell Lung Cancer (《CSCO小細胞肺癌診療指南》), Guidelines of CSCO for Non-small Cell Lung Cancer (《CSCO非小細胞肺癌診療指南》), Guidelines of CSCO for Esophageal Cancer (《CSCO食管癌診療指南》), Guidelines of CSCO for Immune Checkpoint Inhibitor Clinical Practice (《CSCO免疫檢查點抑制劑臨床應用指南》), and Chinese Guidelines for the Radiotherapy of Esophageal Cancer (《中國食管癌放射治療指南》).

During the Reporting Period, the new drug application (NDA) for new indication of HANSIZHUANG in combination with pemetrexed and carboplatin for the first-line treatment of unresectable locally advanced or metastatic non-squamous non-small cell lung cancer (nsNSCLC) with negative epidermal growth factor receptor (EGFR) gene mutation and negative anaplastic lymphoma kinase (ALK) status was approved by the NMPA, offering more treatment options for lung cancer patients. As at the Latest Practicable Date, HANSIZHUANG has been approved in Mainland China for the first-line treatment in combination with chemotherapy for squamous non-small cell lung cancer (sqNSCLC), extensive-stage small cell lung cancer (ES-SCLC), esophageal squamous cell carcinoma (ESCC), and non-squamous non-small cell lung cancer (nsNSCLC). It has become the first monoclonal antibody drug targeting PD-1 approved for first-line treatment of extensive-stage small cell lung cancer (ES-SCLC) around the world, and its differentiated advantages of focusing on small cell lung cancer are uniquely competitive in the PD-1 market. As at the Latest Practicable Date, HANSIZHUANG has benefited over 100,000 cancer patients.

With its excellent efficacy and data quality, HANSIZHUANG has been widely acknowledged in the international market. As its licenses-out areas covering the United States, Europe, Southeast Asia, the Middle East and North Africa, India, and emerging countries and regions, the international commercialisation has been carried out in an orderly manner. After being approved for marketing in Indonesia in 2023, HANSIZHUANG has accelerated its commercialisation in international markets.

- In April 2024, HANSIZHUANG was approved for marketing in Cambodia for the treatment of extensive-stage small cell lung cancer (ES-SCLC).

- In July 2024, HANSIZHUANG was approved for marketing in Thailand for the treatment of extensive-stage small cell lung cancer (ES-SCLC).

- In January 2025, HANSIZHUANG was approved for an additional indication in Indonesia and Thailand for the treatment of squamous non-small cell lung cancer (sqNSCLC), respectively.

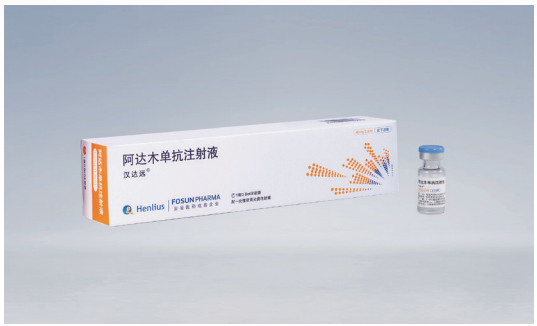
- In February 2025, HANSIZHUANG (European trade name: Hetronifly®) in combination with carboplatin and etoposide for the first-line treatment for adult patients with extensive-stage small cell lung cancer (ES-SCLC) was approved for marketing in the EU, further expanding its international presence and solidifying its recognition in mainstream markets.

As at the Latest Practicable Date, HANSIZHUANG has been approved for marketing in over 30 countries and regions and has been granted Orphan-drug Designation by regulatory authorities in the United States, the EU and Switzerland, respectively. In January 2024, HANSIZHUANG received the Innovation Passport Designation from the UK's Innovative Licensing and Access Pathway Steering Group, including the Medicines and Healthcare products Regulatory Agency (MHRA), for the treatment of extensive-stage small cell lung cancer (ES-SCLC).

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

As the first monoclonal antibody drug approved for marketing under the Guidelines for the R&D and Evaluation of Biosimilars (Trial) (《生物類似藥研發與評價技術指導原則(試行)》) in China in 2019, HANLIKANG has benefited over 300,000 patients in total in Mainland China. The domestic commercial sale of HANLIKANG is undertaken by Fosun Yaohong, a subsidiary of Fosun Pharma, the controlling shareholder of the Company. In the international market, the Company actively collaborates with its partners, including Abbott, Boston Oncology, LLC, Eurofarma, and FARMA DE COLOMBIA S.A.S to continuously advance the global presence of HANLIKANG. During the Reporting Period, HANLIKANG was approved for marketing in Peru, Nicaragua, and Bolivia, becoming the third self-developed and manufactured product of the Group to be approved for overseas marketing after HANQUYOU and HANSIZHUANG.

HANDAYUAN is the third product of the Group marketed in Mainland China. Its domestic commercial sale is undertaken by Fosun Wanbang, a subsidiary of Fosun Pharma, the controlling shareholder of the Company. In February 2024, the supplemental new drug applications (sNDA) for four new indications of HANDAYUAN were accepted by the NMPA, and were approved in May 2024. As at the end of the Reporting Period, HANDAYUAN has been approved in Mainland China for all eight indications of originator adalimumab for domestic marketing, including rheumatoid arthritis, ankylosing spondylitis, psoriasis, uveitis, polyarticular juvenile idiopathic arthritis, pediatric plaque psoriasis, Crohn's disease and pediatric Crohn's disease.



Additionally, HANBEITAI, the fourth biosimilar product of the Group, which was approved for marketing and realised commercial sales, has covered metastatic colorectal cancer, advanced, metastatic or recurrent non-small cell lung cancer, recurrent glioblastoma, cervical cancer, as well as indications of epithelial ovarian cancer, fallopian tube cancer or primary peritoneal cancer. During the Reporting Period, HANBEITAI focused on "dual-channel" market and smoothly progressed towards its established commercialisation goals. In December 2024, HANBEITAI was approved for marketing in Bolivia, marking a new breakthrough in its internationalisation.

Further promote the overseas commercialisation process of products through diverse international cooperation

In line with its internationalisation strategy, the Group entered into partnerships with renowned international companies as well as continued to promote the commercialisation of existing overseas cooperation during the Reporting Period.

- In November 2024, the Group entered into an amendment agreement with Getz Pharma (Private) Limited and Getz Pharma International FZ-LLC, agreeing to grant the license further to commercialise HANQUYOU in Pakistan.

- In December 2024, the Company entered into an agreement with Abbott Products Operations AG., agreeing to grant a license to commercialise five products in the agreed regions. The license covers 69 countries and regions in Asia, Latin America, the Caribbean, the Middle East and North Africa.

- In February 2025, the Company entered into an agreement with Dr. Reddy's Laboratories SA, agreeing to grant a license to develop, manufacture and commercialise HLX15 (recombinant anti-CD38 human monoclonal antibody injection) in the United States and agreed European region.

- In March 2025, the Group entered into an agreement with Fosun Industrial Co., Limited, agreeing to grant a license to commercialise HANSIZHUANG in Hong Kong and Macau regions.

During the Reporting Period, the Group also actively expanded the research and development of its product pipeline through licensing-in and cooperative development to provide patients with more treatment options.

- In January and June 2024, the Company entered into an agreement and a supplement agreement with Sermonix Pharmaceuticals, Inc., to acquire the exclusive rights of development, manufacture and commercialisation of HLX78 (Lasofoxifene) in Asian region.

- In August 2024, the Company entered into an agreement with Convalife Pharmaceuticals Co., Ltd. to in-license the exclusive commercialisation rights of HANNAIJIA in PRC, as well as the exclusive negotiation rights and conditional license rights in agreed overseas countries and regions.

- In December 2024, the Company entered into an agreement with Palleon Pharmaceuticals Inc., in which both parties agree to go into cooperation for the joint development worldwide and commercialisation in respective licensed regions (for the Company, the PRC (including Hong Kong, Macau, and Taiwan); for Palleon, the rest of the world) with respect to the E-602 (code in the Company: HLX79) and combination therapies.

During the Reporting Period, the Group entered into a strategic cooperation with the Saudi Arabian company SVAX. The two sides will establish a joint venture in Saudi Arabia to advance the global registration and commercialisation of several products of the Group and improve access to advanced biologics in the Middle East, North Africa, and Türkiye (MENAT) region for the purpose of benefiting more patients through creating synergy between the Group's leading capabilities in biologics R&D and manufacturing and the SVAX's advantages in local registration, market access, and commercialisation resources.

(II) SUSTAINABLE GLOBAL CLINICAL DEVELOPMENT CAPABILITY ON MEDICAL PRODUCTS

During the Reporting Period, based on clinical needs, the Group has organised the development of innovative products. Clinical trials on the indication for products are in further process, including HANSIZHUANG (PD-1) and related combination therapies, HLX22 (recombinant humanised anti-HER2 monoclonal antibody injection) and related combination therapies, HLX42 for injection (antibody-drug conjugate targeting EGFR with novel DNA topoisomerase I inhibitor), HLX6018 (recombinant anti-GARP/TGF-β1 humanised monoclonal antibody injection), HLX78 (lasofoxifene), HLX43 for injection (antibody-drug conjugate targeting PD-L1 with novel DNA topoisomerase I inhibitor) for the treatment of solid tumours, small cell lung cancer (SCLC), metastatic colorectal cancer (mCRC), gastric cancer (GC), hepatocellular carcinoma (HCC), breast cancer, and esophageal squamous cell carcinoma (ESCC).

With well-established teams for global drug registration and clinical operation, the Group is committed to promoting the development of pipeline products domestically and internationally. During the Reporting Period, the Group submitted 17 investigational new drug applications (INDs) and 25 new drug applications (NDAs), and received approval for 12 investigational new drug applications (INDs) and 17 new drug applications (NDAs), in China, the United States, the EU and nearly 40 other countries, including Canada, Indonesia and Japan. The Group has formed its clinical operation teams in the United States, Australia, etc. for operation and management of overseas research centres. As of the end of the Reporting Period, the Group had a number of ongoing international multi-centre clinical studies in China, the United States, Japan, Australia, Spain, Germany, Poland, Hungary, Latvia, Indonesia and other countries.

1. CONTINUOUS AND EFFICIENT ADVANCEMENT OF CLINICAL RESEARCH PRODUCT

As at the Latest Practicable Date, the Group has carried out a total of more than 30 clinical trials in an orderly manner in various countries/regions across the world.

Progress of international clinical study projects

– Progress of HLX22 (recombinant humanised anti-HER2 monoclonal antibody injection)

- In November 2024, the first patient has been dosed in an international multi-centre phase 3 clinical study of HLX22 in combination with trastuzumab and chemotherapy compared to trastuzumab and chemotherapy with or without pembrolizumab for the first-line treatment of locally advanced or metastatic gastroesophageal junction cancer and gastric cancer in Mainland China. During the Reporting Period, such phase 3 clinical trial was permitted to commence in the United States, Japan and Australia, respectively, and the first patient in Japan has been dosed in March 2025.

- In March 2025, Orphan-drug Designation of HLX22 (recombinant humanised anti-HER2 monoclonal antibody injection) for the treatment of gastric cancer (GC) was granted by the FDA.

– Progress of HANSIZHUANG (serplulimab injection)

- In May 2024, the first patient in phase 3 part has been dosed in an international multi-centre phase 2/3 clinical trial of HANSIZHUANG in combination with bevacizumab and chemotherapy for the first-line treatment of metastatic colorectal cancer in Mainland China. In July 2024, the phase 3 part of this clinical trial was permitted to commence in Japan and Indonesia, respectively. The first patient in this part has been dosed in Indonesia and Japan in August 2024 and October 2024, respectively.

- In January 2025, the recruitment of subjects was completed in an international multicentre phase 3 clinical study comparing HANSIZHUANG or placebo in combination with chemotherapy and concurrent radiotherapy for the treatment of limited-stage small cell lung cancer (LS-SCLC) patients.

- As at the Latest Practicable Date, over 100 sites have been set for the bridging study in the United States for HANSIZHUANG in combination with chemotherapy for the first-line treatment of extensive-stage small cell lung cancer (ES-SCLC), and the recruitment of subjects is ongoing.

– Progress of other products

- In January 2024, the recruitment of subjects was completed in an international multi-centre phase 3 clinical study of HLX04-O (recombinant anti-VEGF humanised monoclonal antibody injection) for the treatment of wet age-related macular degeneration (wAMD).

- In April 2024, an international multi-centre phase 3 clinical study of a biosimilar of denosumab HLX14 (recombinant anti-RANKL human monoclonal antibody injection) for the treatment of osteoporosis in postmenopausal women at high risk for fracture met the primary study endpoints. During the Reporting Period, new drug applications for the product were accepted by the EMA, Health Canada and the FDA, respectively.

- In September 2024, an international multi-centre phase 3 clinical study of a biosimilar of pertuzumab HLX11 (recombinant anti-HER2 domain II humanised monoclonal antibody injection) for the neoadjuvant therapy of HER2-positive, HR-negative early or locally advanced breast cancer met the primary study endpoint. In January and March 2025, the new drug applications for the product were accepted by the FDA and the EMA, respectively.

Progress of domestic clinical study projects

– Progress of HLX43 (antibody-drug conjugate targeting PD-L1 with novel DNA topoisomerase I inhibitor)

- In December 2024, an investigational new drug application (IND) for the phase 1b/2 clinical trial of HLX43 for injection (antibody-drug conjugate targeting PD-L1 with novel DNA topoisomerase I inhibitor) as a monotherapy or in combination for the treatment of advanced/metastatic solid tumours was approved by the NMPA. In January 2025, the first patient has been dosed in a phase 2 clinical study of the product for the treatment of recurrent/metastatic esophageal squamous cell carcinoma in Mainland China.

– Progress of HLX22 (recombinant humanised anti-HER2 monoclonal antibody injection)

- In December 2024, an investigational new drug application (IND) for the phase 2 clinical trial of HLX22 (recombinant humanised anti-HER2 monoclonal antibody injection) in combination with trastuzumab and chemotherapy or with trastuzumab deruxtecan for treatment of HER2 expressing solid tumours was approved by the NMPA.

– Progress of HANSIZHUANG (serplulimab injection)

- In April 2024, an investigational new drug application (IND) for HLX53 (anti-TIGIT Fc fusion protein) in combination with HANSIZHUANG and HANBEITAI for the first-line treatment of locally advanced or metastatic hepatocellular carcinoma was approved by the NMPA. The first patient has been dosed in phase 2 clinical trial of this combination therapy in August 2024.

- In April 2024, the recruitment of subjects was completed in the phase 3 clinical study of HANSIZHUANG in combination with chemotherapy for neo-/adjuvant treatment of gastric cancer in Mainland China.

– Progress of other products

- In January 2024, a phase 1 clinical study of a biosimilar of denosumab HLX14 (recombinant anti-RANKL human monoclonal antibody injection) in Chinese healthy male subjects was successfully completed. The study met all of the pre-specified endpoints.

- In March 2024, an investigational new drug application (IND) for HLX6018 (recombinant anti-GARP/TGF-β1 humanised monoclonal antibody injection) was approved by the NMPA for the treatment of idiopathic pulmonary fibrosis. In April 2024, the first subject has been dosed in a phase 1 clinical study in healthy subjects of this product in Mainland China.

- In March 2024, the first patient has been dosed in a phase 1 clinical study of HLX42 for injection (antibody-drug conjugate targeting EGFR with novel DNA topoisomerase I inhibitor) for the treatment of advanced/metastatic solid tumours in Mainland China.

- In May 2024, an investigational new drug application (IND) for HLX78 (lasofoxifene) was approved by the NMPA. In November 2024, the first subject has been dosed in a phase 1 clinical study of this product in Chinese healthy female subjects in Mainland China. In December 2024, the first patient in Mainland China has been dosed in an international multi-centre phase 3 clinical study of the combination of this product and abemaciclib compared to the combination of fulvestrant and abemaciclib for the treatment of locally advanced or metastatic breast cancer.

- In June 2024, a phase 1 clinical study of a biosimilar of daratumumab HLX15 (recombinant anti-CD38 fully human monoclonal antibody injection) in healthy Chinese male subjects was successfully completed. The study met all of the pre-specified endpoints.

- In December 2024, the new drug application (NDA) for a biosimilar of pertuzumab HLX11 (recombinant anti-HER2 domain II humanised monoclonal antibody injection) was accepted by the NMPA.

- In April 2025, a phase 3 clinical study of recombinant anti-VEGF humanized monoclonal antibody injection HLX04-O for the treatment of wet age-related macular degeneration (wAMD) met the primary study endpoint.

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

The Group attached great importance to the pre-clinical project pipeline. During the Reporting Period, we made progress in and obtained approvals of investigational new drug application (IND) for GARP/TGF-β1 and TIGIT+PD-1+VEGF target projects, and proceeded to clinical study smoothly.

- In September 2024, an investigational new drug application (IND) for HLX17 (recombinant humanised anti-PD-1 monoclonal antibody injection) was approved by the NMPA. HLX17 is intended for the treatment of melanoma, non-small cell lung cancer, esophageal cancer, head and neck squamous cell cancer, colorectal cancer, hepatocellular carcinoma, biliary tract cancer, triple-negative breast cancer, microsatellite instability-high or deficient mismatch repair tumours, gastric cancer, etc.

- In January 2025, an investigational new drug application (IND) for the phase 1b/2 clinical trial of HLX43 for injection (antibody-drug conjugate targeting PD-L1 with novel DNA topoisomerase I inhibitor) in combination with HANSIZHUANG for the treatment of patients with advanced/metastatic solid tumours was approved by the NMPA.

- In February 2025, an investigational new drug application (IND) for innovative small molecular HLX99 was approved by the FDA. HLX99 is intended for the treatment of amyotrophic lateral sclerosis (ALS).

- In March 2025, an investigational new drug application (IND) for a phase 2 clinical trial of HLX79 injection (human sialidase fusion protein) in combination with HANLIKANG (rituximab injection) for the treatment of active glomerulonephritis was approved by the NMPA.

The clinical and pre-clinical application results of the Group's products from the beginning of 2024 up to the Latest Practicable Date:

Product name (targets)	Indications	Progress as of the Latest Practicable Date
Efficient advancement on international clinical projects		
HLX22 (HER2) in combination with trastuzumab	Gastroesophageal junction cancer and gastric cancer	In May 2024, an investigational new drug application for the phase 3 clinical trial was approved by the FDA In October 2024, the phase 3 clinical trial was permitted to commence in Japan In November 2024, the first patient has been dosed in an international multi-centre phase 3 clinical study In December 2024, the phase 3 clinical trial was permitted to commence in Australia In March 2025, the first patient in Japan has been dosed in the phase 3 clinical trial
HLX22 (HER2)	Gastric cancer (GC)	In March 2025, Orphan-drug Designation was granted by the FDA
HANSIZHUANG in combination with bevacizumab and chemotherapy (PD-1+VEGF)	Metastatic colorectal cancer (mCRC)	In May 2024, the first patient in phase 3 part has been dosed in the international multi-centre phase 2/3 clinical trial In July 2024, the phase 3 part in the international multi-centre phase 2/3 clinical trial was permitted to commence in Japan and Indonesia respectively The international multi-centre phase 3 clinical trial is ongoing in Mainland China, Japan and Indonesia
HANSIZHUANG in combination with chemotherapy (PD-1)	Limited-stage small cell lung cancer (LS-SCLC)	In January 2025, the recruitment of subjects was completed in an international multi-centre phase 3 clinical study
HANSIZHUANG in combination with chemotherapy (PD-1)	Extensive-stage small cell lung cancer (ES-SCLC)	As at the Latest Practicable Date, over 100 sites have been set for the bridging study in the United States, and the recruitment of subjects is ongoing

Product name (targets)	Indications	Progress as of the Latest Practicable Date
HLX04-O (VEGF)	Wet age-related macular degeneration (wAMD)	In January 2024, the recruitment of subjects was completed in an international multi-centre phase 3 clinical study
HLX14 (RANKL)	Osteoporosis (OP) etc.	In April 2024, an international multi-centre phase 3 clinical study met the primary study endpoints In May 2024, the marketing authorisation application (MAA) was accepted by the EMA In September 2024, the new drug submission (NDS) was accepted by Health Canada In October 2024, the biologic license application (BLA) was accepted by the FDA
HLX11 (HER2)	Breast cancer (BC)	In September 2024, an international multi-centre phase 3 clinical study met the primary study endpoint In January 2025, the biologic license application (BLA) was accepted by the FDA In March 2025, the marketing authorisation application (MAA) was accepted by the EMA
Smooth progress of domestic clinical projects		
HLX43 (PD-L1 ADC)	Solid tumour (including esophageal squamous cell carcinoma (ESCC))	In December 2024, an investigational new drug application for the phase 1b/2 clinical trial was approved by the NMPA In January 2025, the first patient has been dosed in a phase 2 clinical study for the treatment of recurrent/ metastatic esophageal squamous cell carcinoma
HLX22 (HER2) in combination with trastuzumab and chemotherapy or combined with trastuzumab deruxtecan	Solid tumour	In December 2024, an investigational new drug application for the phase 2 clinical trial was approved by the NMPA
HLX53 in combination with HANSIZHUANG and HANBEITAI (TIGIT+PD-1+VEGF)	Hepatocellular carcinoma (HCC)	In April 2024, an investigational new drug application was approved by the NMPA In August 2024, the first patient has been dosed in a phase 2 clinical study

Product name (targets)	Indications	Progress as of the Latest Practicable Date
HANSIZHUANG in combination with chemotherapy (PD-1)	Neo-/adjuvant for Gastric cancer	In April 2024, the recruitment of subjects in a phase 3 clinical study was completed
HLX14 (RANKL)	Osteoporosis (OP) etc.	In January 2024, a phase 1 clinical study in Chinese healthy male subjects was completed
HLX6018 (GARP/TGF-β1)	Idiopathic pulmonary fibrosis (IPF)	In March 2024, an investigational new drug application was approved by the NMPA In April 2024, the first subject has been dosed in a phase 1 clinical study
HLX42 (EGFR ADC)	Solid tumour	In March 2024, the first patient has been dosed in a phase 1 clinical study
HLX78 (SERM)	Breast cancer (BC)	In May 2024, an investigational new drug application was approved by the NMPA In November 2024, the first subject has been dosed in a phase 1 clinical study In December 2024, the first patient in Mainland China has been dosed in an international multi-centre phase 3 clinical study
HLX15 (CD38)	Multiple myeloma (MM)	In June 2024, phase 1 clinical study in healthy male subjects was completed
HLX11 (HER2)	Breast cancer (BC)	In December 2024, the new drug application (NDA) was accepted by the NMPA
HLX04-O (VEGF)	Wet age-related macular degeneration (wAMD)	In April 2025, a phase 3 clinical study met the primary study endpoint
Efficient advancement of IND filings for pre-clinical development projects		
HLX6018 (GARP/TGF-β1)	Idiopathic pulmonary fibrosis (IPF)	In March 2024, an investigational new drug application was approved by the NMPA (Already in clinical phase in Mainland China)
HLX53 in combination with HANSIZHUANG and HANBEITAI (TIGIT+PD-1+VEGF)	Hepatocellular carcinoma (HCC)	In April 2024, an investigational new drug application was approved by the NMPA (Already in clinical phase in Mainland China)

Product name (targets)	Indications	Progress as of the Latest Practicable Date
HLX17 (PD-1)	Melanoma, non-small cell lung cancer, esophageal cancer, head and neck squamous cell cancer, colorectal cancer, hepatocellular carcinoma, biliary tract cancer, triple-negative breast cancer, microsatellite instability-high or deficient mismatch repair tumours, gastric cancer, etc.	In September 2024, an investigational new drug application was approved by the NMPA
HLX43 in combination with HANSIZHUANG (PD-L1 ADC+PD-1)	Solid tumour	In January 2025, an investigational new drug application for the phase 1b/2 clinical trial was approved by the NMPA
HLX99 (Polypharmacology)	Amyotrophic lateral sclerosis (ALS)	In February 2025, an investigational new drug application was approved by the FDA
HLX79 in combination with HANLIKANG (Human sialidase fusion protein + CD20)	Active glomerulonephritis	In March 2025, an investigational new drug application for a phase 2 clinical trial was approved by the NMPA

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

The Group's early R&D is focused on patients' needs and clinical value. Based on new drug discovery platforms driven by deep data and biocomputing accelerated molecular design technology, the Group continues to develop high-quality and affordable innovative drugs to treat complex diseases with the help of network biology and polypharmacology. By employing a comprehensive antibody drug technology platform to empower the development of innovative therapies, the Group is planning for the development of the next-generation innovative antibody drugs and antibody-based drugs. In terms of the development of T cell engager, the Group developed highly specific products targeting solid tumours, which can efficiently break through the immune microenvironment of solid tumours, and activate the autoimmunity to kill the tumour cells. In terms of the development of antibody drug conjugates (ADC), the Group's R&D platform Hanjugator has the ability to develop ADC products with high safety, high selectivity and high efficacy, and is able to effectively expand the application scenarios of ADC products, providing strong support for the Group in developing ADC products with differentiation advantage and significant clinical value.

As at the Latest Practicable Date, the Group has a total of approximately 50 molecules in its pipeline and 14 R&D platforms, covering a wealth of drug forms, such as monoclonal antibody, multi-specific antibody, antibody-drug conjugates (ADC), fusion preteins, small molecule drugs and other forms of drugs.

(IV) Layout of industrialisation base for biologics with high economic benefit based on international standards

As at the end of the Reporting Period, the Group, with a total commercial production capacity of 48,000L (including the Xuhui Facility with a commercial production capacity of 24,000L and Songjiang First Plant with a commercial production capacity of 24,000L), has fully supported the global supply of products approved for marketing.

- Xuhui Facility, the Group's first biopharmaceutical production base in Shanghai Caohejing Hi-Tech Park has been granted with the Chinese, EU, Brazilian and Indonesian GMP certificates and has regularised its supply in global markets. During the Reporting Period, the Xuhui Facility has successfully completed the first batch of commercial shipment to multiple overseas regions and multiple overseas customers audits for the products of HANSIZHUANG, HANQUYOU, HANDAYUAN, etc.

- Songjiang First Plant of the Group in Songjiang District, Shanghai has a commercial production capacity of 24,000L, including the liquid fill line and lyophilized preparation line. Songjiang First Plant has obtained the Chinese and US GMP certificates, and completed the first batch of commercial shipment of HANQUYOU (US trade name: HERCESSI™) to the United States during the Reporting Period. In early 2025, the Plant has successfully passed the ISO 14001 environmental management system certification and ISO 45001 occupational health and safety management system certification, and obtained the accreditation marks of International Accreditation Forum (IAF) and Deutsche Akkreditierungsstelle GmbH (DakkS).

- In order to meet the Group's long-term demand for commercial production capacity, the construction of the Phase I project of Songjiang Second Plant, with a total planned land area of 200 acres started in 2019. The designed production capacity for the first and second stages of this project is totaled 36,000L. The construction of the overall facility buildings for the first stage of this project has been completed during the Reporting Period. The installation and commissioning of equipment in two main production buildings including production lines of some drug substances and drug products, the Prefilled Syringes System (PFS), and the pilot production line of antibody drug conjugates (ADC) and the equipment verification work have been completed, while the verification work of the remaining production lines will also be implemented in order according to production requirements.

(V) SOCIAL RESPONSIBILITY, ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group regards the concept of "Patient-oriented" as the starting point of its development, and has been committed to providing more affordable and high-quality medicines for global patients, and has actively fulfilled its responsibilities toward stakeholders such as patients, employees, partners, and communities. Based on a deep understanding of sustainable development, the Group took an active approach to implement the ESG management strategy, and focused its ESG efforts on corporate governance, product, talent, environment and the society. In terms of corporate governance, the Group improved its compliance management systems, strengthened the ESG performance capabilities of the Board of Directors, and promoted the implementation of the sustainable development strategy. In terms of product, by upholding the principle of "Quality First", the Group strictly abided by high-quality standards in production and development, and was devoted to improving the accessibility of products with medical security and product layout globalisation. We continuously achieved cost reduction and efficiency improvement through the process optimisation to enhance the affordability of medicines. In terms of talent, the Group attached great importance to talent development, and built an open and inclusive corporate culture. Through the global talent introduction program and career development system, the Group has built an international and professional team, and has been awarded the "Best Corporate Employer in Asia" for three consecutive years. In terms of environment, the Group has actively fulfilled its commitment to green development, systematically promoted TCFD climate risk management, continued to monitor the progress of its environmental targets, and has put multiple environmental management measures into practice. On the social front, the Group took the initiative to shoulder social responsibilities, paid attention to the well-being of patients and the public, continuously carried out medical public welfare projects, and jointed hands with partners to build a new ecosystem in the pharmaceutical industry.

Further information on the Group's social responsibility, environmental policies and performance will be set out in the Environmental, Social and Governance Report to be published by the Company in due course.

II. OUTLOOK FOR 2025

In 2025, the Group will continue to focus on clinical needs and devote itself to oncology, auto-immune diseases and other key fields, and continuously deepen product innovation, market expansion and international cooperation so as to further consolidate its international capability of "R&D, production and sales integration". Meanwhile, the Group will actively explore the application of innovative AI platforms in the research and development, accelerate the process of digital transformation, and be committed to making steady progress at a larger, international, and more profitable Biopharma stage, to create more value for global patients.

(I) CAPITALISE ON FIRST-ENTRANT ADVANTAGES AND INCREASE THE GLOBAL MARKET COVERAGE OF PRODUCTS

As one of the leading biopharma companies in Mainland China, the Group will continue to advance the successful commercialisation of more products in an all-round efficient commercial operation model, providing global patients with biological drugs of affordable price and high quality. At the same time, relying on the qualifications of Henlius Pharmaceutical Trading and its Good Supply Practice (GSP) certification in China, the Group will also explore more business cooperation possibilities, further expand the commercialised product pipeline and enrich the overall business format of the Group and promote the quality and growth of the commercialisation sector.

- The Group has accumulated strong commercial capabilities in the field of breast cancer treatment. In 2025, while expanding the potential of the lower-tier markets and stabilizing the overall market share of HANQUYOU, the Group will make every effort to promote the commercialisation process of HANNAIJIA. The Group will make full use of the market coverage capabilities and customer resources of the commercialisation team of HANQUYOU to more quickly and widely increase the awareness and treatment rate of intensive adjuvant therapy for HER2-positive early breast cancer, and ensure that the target groups of the intensive adjuvant therapy receive treatment. We aim to build HANNAIJIA into a benchmark brand of neratinib, benefiting more Chinese patients with HER2-positive breast cancer, thus further consolidating the Group's leading position in the treatment of HER2-positive breast cancer.

- HANSIZHUANG (European trade name: Hetronifly®) was officially approved for marketing in the European Union in early 2025 based on the excellent clinical research data and international quality, becoming the first and only monoclonal antibody drug targeting PD-1 approved for the treatment of extensive-stage small cell lung cancer (ES-SCLC) in the European Union. In 2025, the Group will continue to uphold the differentiated product strategy, strengthen the competitive advantages of HANSIZHUANG, consolidate its leading position in the treatment of small cell lung cancer, and further expand its market share in the treatment fields including non-small cell lung cancer and esophageal cancer, so that more patients can benefit from it.

- In 2025, HANBEITAI will continue to focus on the dual-channel market with a view to further increase the market share.

- Fosun Yaohong and Fosun Wanbang, subsidiaries of Fosun Pharma, the controlling Shareholder of the Company, are responsible for the domestic commercial sales of HANLIKANG and HANDAYUAN, respectively. In 2025, the Group will maintain close cooperation with Fosun Yaohong and Fosun Wanbang, thereby continuously carrying out commercial sales of products.

While actively expanding the domestic market, the Group will constantly promote the business cooperation of its self-developed products and establish presence in the international market. With the continuous progress made in the R&D and registration of pipeline products of the Group and the gradual recognition of the Group's products in the international market, the Group will continuously work closely with international partners and leverage the commercial capability of partners in their own field to effectively integrate the Group's products into the local market to benefit a wide range of overseas patients and achieve long-term win-win results. In addition, the Group will also continue to actively promote the authorized introduction and cooperative development of external innovative technologies and projects, and rapidly expand the Group's innovative product pipeline through business development.

(II) CONTINUE TO FACILITATE THE APPROVALS OF PIPELINE PRODUCTS WORLDWIDE

As at the Latest Practicable Date, 6 products of the Group have been successfully approved for marketing in Mainland China, Europe, the United States, Canada, Australia, Indonesia, Bolivia and other countries/regions. In 2025, the Group will continuously promote the marketing approval process of more products in the global market with experiences gained along the way.

- In 2025, HANSIZHUANG in combination with chemotherapy for extensive-stage small cell lung cancer (ES-SCLC) and squamous non-small cell lung cancer (sqNSCLC) indications is expected to be approved for marketing in more countries or regions, accelerating the penetration of the Europe, Southeast Asia, Middle East and other markets.

- The biologic license application (BLA) for pertuzumab biosimilar HLX11 is expected to be approved in the United States in 2025.

- The new drug applications for denosumab biosimilar HLX14 are expected to be approved in the United States, European Union and Canada in 2025 respectively. The new drug application (NDA) of the product is also expected to be submitted in Mainland China in 2025.

- The new drug application (NDA) for HLX04-O for wet age-related macular degeneration (wAMD) indications is expected to be submitted in Mainland China in 2025.

- In 2025, the Group will also proactively cooperate with international partners to facilitate the marketing approval process in terms of HANLIKANG, HANQUYOU, HANDAYUAN, HANBEITAI, HANSIZHUANG, HLX11, HLX14, and HLX04-O in the United States, the EU, Canada, Japan, the United Kingdom, Switzerland, Saudi Arabia, Indonesia, Argentina, Brazil and other countries and regions.

(III) CONTINUE TO EXPAND PRODUCT PIPELINE BASED ON PATIENTS' NEEDS THROUGH ITERATING R&D CAPABILITIES

The Group will continue to integrate international resources and advantages to explore cutting-edge innovative products with significant clinical value. Meanwhile, the Group will actively deploy the in-depth application of artificial intelligence (AI) technology in the product research and development process, and accelerate the transformation and deepening of early research and development results. Moreover, the Group will continue to rapidly empower and expand the pipeline by project cooperation, with a view to meeting the unmet clinical needs as soon as possible. In 2025, the Group will fully promote the investigational new drug application (IND) of multiple innovative products (including antibody-drug conjugates (ADC), small molecule drugs and innovative drugs, and accelerate the progress of innovative products into the clinical research stage, laying a solid foundation for the long-term development of the Group.

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

The Group proactively plans the construction of production bases and the expansion of production capacity in accordance with the process of product R&D and marketing, providing a strong guarantee for the commercial sales of products. The Group's Xuhui Facility will continue to adopt a series of lean management and process optimisation measures to ensure the stability and efficiency of international commercial production and promote the marketing application of HANSIZHUANG in the United States as soon as possible. Songjiang First Plant will continuously improve the international standard quality system. In 2025, the relevant production lines in Songjiang First Plant plan to receive the GMP compliance inspection of relevant products before the launch from the drug and health supervision agencies in the Mainland China, the United States and the EU.

Songjiang Second Plant Phase I Project is expected to be overall completed and accepted in 2025, and will expedite the realisation of global supply for the first commercial production line of drug substance and drug product. In 2025, the relevant production lines in Songjiang Second Plant will usher in the GMP compliance inspection of relevant products before the launch in Mainland China, the United States and EU respectively. The Group will spare no effort to build Songjiang Second Plant into a R&D, pilot test and production base for monoclonal antibody biological drugs of the Group. This will further enhance the market competitiveness of the Group in its core business areas and meet the global commercial production needs of the Group's products.

III. FINANCIAL REVIEW

(I) Revenue

During the Reporting Period, the Group promoted the exploration of extensive portfolio of existing products and improved the integrated platform for biopharmaceutical R&D, production and commercialisation. Meanwhile, it has deeply tapped into the potential of combination treatment by adopting the "combination therapy + internationalisation" strategy to promote a number of international multi-centre clinical studies, and amplified its own competitive capabilities, offering high-quality treatment options for patients across the world. During the Reporting Period, the Group's profitability continued to trend upwards, and the R&D pipeline showed a strong potential for innovation growth. Together with global partners, the Group secured the rapid entry and successful promotion of products to complete the layout of globalisation for overseas markets.

As an international and innovative biopharmaceutical company, the Group will continuously focus on clinical needs and build differentiated, innovative product pipelines, while accelerating international market expansion and establishing multi-level global clinical product development and operation capabilities to offer affordable high-quality biopharmaceuticals that can benefit more patients. The Group will accelerate the advancement of the layout of globalisation, covering the mainstream biopharmaceutical market and emerging markets, and strive to expand and deepen strategic cooperation.

During the Reporting Period, the Group realised an operating income of approximately RMB5,724.4 million, representing an increase of 6.1% compared to the same period in the last year, and the main revenue components are as follows:

1) **REVENUE FROM PRODUCT SALES:**

HANQUYOU (trastuzumab for injection) was the first domestic trastuzumab approved for marketing independently developed by the Group and was also the first product of the Group to adopt its inhouse team to conduct commercialisation promotion. It was commercially available in the domestic market in August 2020. During the Reporting Period, HANQUYOU recorded a sales revenue of approximately RMB2,692.4 million, representing an increase of approximately RMB48.0 million or 1.8% as compared to the same period in the last year. Zercepac® and HERCESSI™ recorded overseas sales revenue of approximately RMB117.6 million.

HANSIZHUANG (serplulimab) was the first self-developed and approved bioinnovative drug of the Group and was commercially available in the domestic market in March 2022. The approval of HANSIZHUANG will further enrich the Group's commercial product line and will also bring more treatment options for domestic patients. During the Reporting Period, HANSIZHUANG recorded sales revenue of approximately RMB1,308.9 million, representing a stable increase of approximately RMB189.1 million or approximately 16.9% as compared to the same period in the last year. Zerpidio® and its overseas products recorded sales revenue of approximately RMB3.7 million.

HANBEITAI (bevacizumab) is the fourth biosimilar product of the Group approved for marketing in Mainland China and commercialised by the Group's in-house team. It was commercially available in the domestic market in January 2023. During the Reporting Period, HANBEITAI recorded sales revenue of approximately RMB197.1 million.

In respect of HANLIKANG (rituximab), according to the cooperation agreement with Fosun Pharma, Fosun Pharma would reimburse all the expenses related to the clinical trials of HANLIKANG incurred by the Group after the relevant cooperation agreement was signed, and the Group was responsible for the production of HANLIKANG in China and the supply of HANLIKANG to Fosun Pharma after the commercialisation of HANLIKANG, and shall share the profits from the sales of HANLIKANG in China. During the Reporting Period, the Group recorded sales revenue of approximately RMB528.5 million, and licensing income of approximately RMB21.9 million under the aforementioned profit-sharing arrangement with its partners.

In respect of HANDAYUAN (adalimumab), according to the cooperation agreement with Fosun Pharma, Fosun Pharma would reimburse all the expenses related to the clinical trials of HANDAYUAN incurred by the Group after the relevant cooperation agreement was signed, and the Group was responsible for the production of HANDAYUAN in China and the supply of HANDAYUAN to Fosun Pharma after the commercialisation of HANDAYUAN, and shall share the profits from the sales of HANDAYUAN in China. During the Reporting Period, HANDAYUAN recorded sales revenue of approximately RMB40.1 million under the aforementioned profit-sharing arrangement with its partners.

HANNAIJIA (Neratinib Maleate) is another important product of the Group for breast cancer treatment, which is expected to form a sequential therapy with the existing product HANQUYOU in the pipeline, further reducing the 5-year and 10-year postoperative recurrence risks in patients with HER2-positive early breast cancer. HANNAIJIA started shipment in September 2024. During the Reporting Period, HANNAIJIA recorded sales revenue of approximately RMB45.3 million.

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

The Group has been conforming to global standards in respect of product R&D, partner selection and quality management and unwaveringly implementing the internationalisation strategy to provide high-quality treatment options to patients around the world. The Group will further consolidate the globalisation capability model and create a more international portfolio of innovative pipelines to achieve newer, faster and more comprehensive internationalisation. During the Reporting Period, the Group also carried out business cooperation with many partners around the world based on various projects, including intellectual property licensing, joint development and commercial authorisation, etc.

In June 2018, the Group entered into a license agreement with Accord in relation to HANQUYOU (European trade name: Zercepac®), granting Accord exclusive commercialisation rights in special territories as agreed therein. In July 2020, the marketing authorisation application of Zercepac® submitted by a wholly-owned subsidiary of Accord was approved. Since then, Zercepac® has been the first "Chinese" monoclonal antibody biosimilar drug approved for sale in the EU. The Group recognised licensing revenue of approximately RMB5.6 million for the 12 months ended 31 December 2024.

In September 2019, the Group entered into a co-development and commercialisation agreement with PT Kalbe Genexine Biologics in relation to HANSIZHUANG (serplulimab). With the continuous advancement of R&D services, the Group has recognised revenue from R&D services of approximately RMB2.0 million for the 12 months ended 31 December 2024.

In October 2020, the Group entered into a co-development and exclusive license agreement with Essex Bio-Investment Limited and Zhuhai Essex Bio-Pharmaceutical Co., Ltd.* (珠海億勝生物製藥有限公司) in relation to the HLX04-O (recombinant humanised anti-VEGF monoclonal antibody injection) independently developed by the Group. The Group has recognised revenue from R&D services of approximately RMB36.5 million for the 12 months ended 31 December 2024.

In June 2022, the Group entered into a license and supply agreement with Organon LLC, granting Organon LLC and its affiliates exclusive right to commercialise two products independently developed by the Group, being HLX11 (recombinant anti-HER2 domain II humanised monoclonal antibody injection) and HLX14 (recombinant anti-RANKL human monoclonal antibody injection) worldwide except for China, fully covering the United States., EU, Japan and other major biomedicine markets and many emerging markets. The Group has recognised revenue from R&D services of approximately RMB290.0 million for the 12 months ended 31 December 2024.

In November 2022, the Group entered into a license agreement with Fosun Pharma Industrial Development, granting it the right of exclusive commercialisation of HANSIZHUANG (serplulimab) independently developed by the Group in the United States. The Group has recognised revenue from R&D services of approximately RMB142.3 million for the 12 months ended 31 December 2024.

In October 2023, the Group entered into a license agreement with Intas in relation to HANSIZHUANG (serplulimab), granting Intas exclusive developing and commercial rights in special territories as agreed therein. The Group has recognized licensing revenue of approximately RMB233.2 million for the 12 months ended 31 December 2024.

3) Revenue from other R&D service businesses

The Group recognised revenue from CMC Technical Services of approximately RMB52.7 million for the 12 months ended 31 December 2024.

(II) Cost of sales

Cost of sales of the Group primarily represents reagents and consumables, employee compensation, outsourcing fees, utilities expenses and depreciation and amortisation. For the 12 months ended 31 December 2024, the Group recorded cost of sales of approximately RMB1,539.8 million, representing an increase of approximately RMB63.7 million as compared with that for the 12 months ended 31 December 2023 due to the increase of the sales volume of the key commercial product markets.

(III) Gross profit

For the 12 months ended 31 December 2024, the Group recorded a gross profit of approximately RMB4,184.7 million, representing an increase of approximately RMB265.9 million as compared with that for the 12 months ended 31 December 2023, mainly due to the continuous growth of sales from HANQUYOU and HANSIZHUANG, the key commercial products of the Group.

(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 other grants (recognised after satisfying certain conditions imposed by the government).

During the Reporting Period, the Group recognised other income and gains of approximately RMB108.0 million.

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Government grants	**77,785**	59,814
Interest income	**21,703**	8,146
Exchange gains/(losses)	**8,136**	(1,421)
Others	**356**	2,375
Total	**107,980**	68,914

(V) R&D EXPENSES

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Expensed R&D expenses		
R&D employee salaries	**315,319**	333,275
Clinical trials	**294,995**	299,424
Outsourcing fees	**147,461**	120,180
Reagents and consumables	**115,297**	128,878
Depreciation and amortisation	**57,111**	65,661
Consulting expense	**28,881**	25,676
Technology expense	**12,541**	62,020
Utilities expenses	**10,133**	11,640
Share-based compensation	**–**	161
Others	**53,392**	71,817
Total expensed R&D expenses	**1,035,130**	1,118,732
Capitalised R&D expenses		
Clinical trials	**315,988**	84,333
R&D employee salaries	**175,315**	125,791
Reagents and consumables	**85,925**	29,849
Technology expense	**67,511**	–
Depreciation and amortisation	**51,410**	21,217
Outsourcing fees	**42,717**	27,852
Utilities expenses	**29,084**	4,668
Consulting expense	**3,898**	677
Share-based compensation	**–**	38
Others	**33,525**	20,486
Total capitalised R&D expenses	**805,373**	314,911

For the 12 months ended 31 December 2024, the Group recognized R&D expenses of approximately RMB1,840.5 million, representing an increase of approximately RMB406.9 million as compared with approximately RMB1,433.6 million for the 12 months ended 31 December 2023, mainly due to (1) the development expenditures under the contracts were included in the cost of R&D service after certain projects were licensed out in the previous period, thereby reducing the Group's own R&D expenses; and (2) during the Reporting Period, the Group adhered to a scientific and efficient R&D strategy, focused on unmet clinical needs, and optimized pipeline resource allocation. Our R&D expenses mainly arose from advancing technology platform innovation, IND application, and clinical trials for new drugs to accelerate the Group's innovation and transformation.

(VI) Administrative expenses

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

For the 12 months ended 31 December 2024, the Group recognised administrative expenses of approximately RMB370.8 million, representing a decrease of approximately RMB13.0 million as compared with approximately RMB383.8 million for the 12 months ended 31 December 2023. The decrease in administrative expenses of the Group was mainly due to: (1) the decrease in administrative staff costs as the Group implemented its cost reduction and efficiency enhancement strategy; and (2) the corresponding decrease in third-party consulting fees and depreciation costs to improve operational efficiency.

(VII) Selling and distribution expenses

Selling and distribution expenses of the Group mainly included salaries, promotional expenses and others.

For the 12 months ended 31 December 2024, the Group recognised selling and distribution expenses of approximately RMB1,917.4 million, which were mainly the marketing expenses incurred in continuous sales growth of HANQUYOU, HANSIZHUANG, HANBEITAI, and the marketing and selling of HANNAIJIA. Among which, the marketing expenses ratio of HANQUYOU in the domestic market remained stable.

(VIII) Other expenses

For the 12 months ended 31 December 2024, the Group recognised other expenses of approximately RMB5.4 million, which mainly included provision for loss on devaluation of inventories of semi-finished products, finished products, and raw materials.

(IX) Income tax expense

For the 12 months ended 31 December 2024, the Group incurred income tax expense of approximately RMB25.4 million.

(X) Profit for the year

In view of the above, the Group recorded an increase of approximately RMB274.5 million in profit from a profit of approximately RMB546.0 million for the year ended 31 December 2023 to a profit of approximately RMB820.5 million for the year ended 31 December 2024.

(XI) Liquidity and capital resources

As of 31 December 2024, cash and bank balances of the Group were approximately RMB773.0 million, mainly denominated in Renminbi ("**RMB**"), United States Dollars ("**USD**"), New Taiwan Dollars ("**NTD**"), Hong Kong Dollars ("**HKD**") and Euro ("**EUR**"), compared to cash and bank balances of the Group of approximately RMB987.7 million as of 31 December 2023, representing a decrease of approximately RMB214.7 million.

As of 31 December 2024, the current assets of the Group were approximately RMB2,511.5 million, including cash and bank balances of approximately RMB773.0 million, inventories of approximately RMB728.3 million, trade receivables of approximately RMB857.4 million, contract assets of approximately RMB43.9 million, and other receivables of approximately RMB108.9 million.

As of 31 December 2024, the current liabilities of the Group were approximately RMB5,032.0 million, including trade payables of approximately RMB729.1 million, other payables and accruals of approximately RMB1,299.4 million, contract liabilities of RMB444.0 million, and interest-bearing bank and other borrowings of approximately RMB2,559.5 million.

As at 31 December 2024, the bank balances in foreign exchange were as follows:

	RMB'000
RMB	466,791
HKD	2,803
USD	299,954
EUR	669
NTD	2,745

	Original amount'000
RMB	466,791
HKD	3,026
USD	41,692
EUR	35
NTD	12,314

(XII) INVENTORIES

Inventories of the Group amounted to approximately RMB728.3 million as at 31 December 2024, representing a decrease of approximately RMB29.1 million as compared with approximately RMB757.4 million as at 31 December 2023, mainly due to further improvement in inventory management.

(XIII) TRADE RECEIVABLES

As at 31 December 2023 and 31 December 2024, trade receivables from customer contracts were approximately RMB647.8 million and RMB857.4 million, respectively. There were no changes in accounting estimates or key assumptions made in both years.

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Within 3 months	856,286	635,950
3 to 6 months	1,144	11,878
Total	857,430	647,828

(XIV) INTEREST-BEARING BANK AND OTHER BORROWINGS

As of 31 December 2024, borrowings from bank and other institutions (exclusive of lease liabilities) of the Group were approximately RMB3,445.8 million. The Group incurred new borrowings for the following reasons: ongoing clinical research trials and preclinical research for drug candidates, selling expenses of commercialisation of products, plant construction and normal operating expenses. The borrowings of the Group were denominated in RMB.

Such borrowings bear interest at fixed annual and floating interest rates. There is no significant seasonal impact on the Group's borrowing requirements.

(XV) MATURITY STRUCTURE OF OUTSTANDING DEBTS

The following table sets forth the maturity structure of outstanding debts as at 31 December 2024 and 31 December 2023, of which lease liabilities were recognised in accordance with IFRS 16 – Leases.

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Within one year	**2,559,515**	2,800,377
In the second year	**348,137**	213,288
In the third to fifth year (inclusive)	**726,050**	899,218
Over five years	**14,484**	180,168
Total	**3,648,186**	4,093,051

(XVI) COLLATERAL AND PLEDGED ASSETS

As at 31 December 2024, the Group's pledged assets in relation to borrowings included property, plant and equipment of approximately RMB1,115.6 million and land use right of approximately RMB188.4 million.

(XVII) KEY FINANCIAL RATIOS

	31 December	31 December
	2024	2023
Current ratio[(1)]:	**49.9%**	52.8%
Quick ratio[(2)]:	**35.4%**	37.9%
Gearing ratio[(3)]:	**50.5%**	59.5%

Notes:

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

(2) Quick ratio is calculated as current assets minus inventories and then divided by current liabilities as 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) MATERIAL INVESTMENTS

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

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

(XIX) CAPITAL COMMITMENTS AND CAPITAL EXPENDITURES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Construction in progress	**256,114**	472,846
Plant and machinery	**14,881**	52,046
Electronic equipment	**2,968**	11,574
Leasehold improvements	**15,887**	35,589
Total	**289,850**	572,055

We had capital commitments for plant and machinery contracted but not provided for of approximately RMB83.3 million as at 31 December 2024. These capital commitments primarily relate to expenditures expected to be incurred for the purchase of machinery, renovation of our existing laboratories and buildings and the R&D expenditure to be capitalised.

(XX) CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any material contingent liabilities.

(XXI) MATERIAL ACQUISITIONS AND DISPOSALS

As at 31 December 2024, the Group did not have any material acquisitions and disposals.

(XXII) DIVIDENDS

The Group did not pay or declare any dividends for the year ended 31 December 2024.

IV. RISK MANAGEMENT

(I) Foreign exchange risk

As at 31 December 2024, the Group was principally engaged in business in the PRC, in which most of the transactions were settled in RMB with no significant foreign exchange risk. No financial instrument for hedging foreign exchange risk or other hedging purposes was employed.

(II) Exchange rate risk

Currently, the major business operation of the Group is in the PRC and most of the revenue and expenses are settled in RMB, which is the Group's reporting currency. With the acceleration of the Group's development in overseas markets, it is expected that the sales revenue and licensing revenue denominated in USD and EUR will increase in the future. Fluctuations in exchange rates may affect the Group's cash flows, revenue, earnings and financial position.

(III) Potential risks

1. Market Risk

The biologics market is highly competitive, and the Group's existing commercialised products and products that may be commercialised in the future face competition from pharmaceutical companies around the world in respect of various factors such as indication treatment, drug novelty, drug quality and reputation, breadth of drug portfolio, manufacturing and distribution capacity, drug price, breadth and depth of customer coverage, consumer behaviour and supply chain relationships. The Group's ability to remain competitive depends to a large extent on our ability to innovate, develop and promote new products and technologies that meet market needs in a timely manner to capture market share. Meanwhile, after the advancement and implementation of the relevant centralised procurement policies in the PRC, the resulting impact on the Group's relevant products is uncertain. The Group will continue to track the subsequent policy developments.

2. Business and Operational Risk

Global situation is ever-changing and global biologics market is also constantly evolving, and the Group invests significant amounts of human and capital resources for R&D, to develop, enhance or acquire technologies that will allow the Group to expand the scope and improve the quality of the services. Currently, the Group has independently developed products and successfully made them available on the market as below: HANLIKANG, HANQUYOU, HANDAYUAN, HANBEITAI and HANSIZHUANG. Most of the Group's drug candidates are still under development and are in the clinical development stages, and the course of clinical development involves a lengthy and expensive process with uncertainties in various aspects, as there can be no assurance from the Group for the development and clinical results. Furthermore, if the clinical development and regulatory approval process of the drug candidates are delayed or terminated, the successful development and commercialisation of the Group's drug candidates in a timely manner may be adversely affected.

3. Force Majeure Risk

Our business, financial condition and results of operations may be materially and adversely affected by natural disasters or other unanticipated catastrophic events such as earthquakes, fires, terrorist attacks and wars. For example, the ability of our facilities to operate may be impaired, our equipment may be damaged, the development timeline of our drug candidates may be prolonged and even there may be a decrease in the demand for our products. The occurrence of any such event could adversely affect our business and financial condition.

V. EMPLOYEES AND REMUNERATION POLICIES

The following table sets forth the breakdown of our employees by function as at 31 December 2024:

Function	Number of employees
R&D and technology	953
Manufacturing	848
Commercial Operation	1,452
General and administrative	262
Total	**3,515**

The individual employment contracts entered into by the Group with our employees set out terms such as salaries, bonuses, grounds for termination and confidentiality. Employment contracts with our R&D personnel also typically contain a non-competition agreement. The Group also provides benefits to our employees as part of their compensation package which we believe are in line with industry norms. For example, PRC-based employees are entitled to employee benefits as mandated by the PRC Social Insurance Law and Regulations on the Administration of Housing Provident Fund, including pension, basic medical insurance, maternity insurance, work-related injury insurance, unemployment insurance and housing provident fund. To stay competitive in the market for talents, the Group also adopts share award schemes when applicable to give incentives to our employees. The Group emphasizes on-the-job training as a constant and ongoing objective for the employees. All employees participate in formal training on an annual basis, where the Group focuses on the latest technical developments and updates in regulatory requirements.

REPORT OF THE BOARD OF DIRECTORS

The Board is pleased to present its 2024 annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Group is principally engaged in (i) R&D, production and sale of monoclonal antibody (mAb) drugs and the provision of related technical services (except for the development and application of human stem cells, genetic diagnosis and therapy technology) and (ii) the transfer of its own technology and provision of the related technology consultation services.

Details of the principal activities of the subsidiaries of the Company are set out in note 1 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the Reporting Period.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2024 are set out in the Consolidated Statement of Profit or Loss on page 90.

The Board does not recommend a final dividend for the Reporting Period.

PROFIT DISTRIBUTION PLAN

The Company has adopted a profit distribution administration policy. According to the policy, the Company may distribute its dividend by means of cash, shares or a combination of cash and shares, and will give priority to distribution of cash dividends. Subject to the full distribution of cash dividends and a reasonable equity size and shareholding structure of the Company, the Company may make profit distribution by allocating dividend in shares in order to align the expansion of equity with performance growth. The Board shall comprehensively take account of the features of the industry where the Company operates, its stage of development, its own business model, and profitability and other factors such as whether there is any significant capital expenditure arrangement in forming practicable profit distribution plans. The specific plan for distribution shall be decided by the Shareholders at the general meeting according to the Company's actual operation results of the year.

BUSINESS REVIEW

The business review of the Group for the Reporting Period is set out in the sections headed "Chairman's Statement, Chief Executive Officer's Review" on pages 4 to 6 and "Management Discussion and Analysis" on pages 16 to 42, respectively of this annual report. A discussion on the Company's social responsibility, environmental policies and performance is also set out in "Management Discussion and Analysis". All references to other sections or reports in this annual report form part of this Report of the Board of Directors.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The notice of the forthcoming annual general meeting has been published in accordance with the requirements of the Listing Rules and the Articles of Association. The period of closure of register of members has been announced in the notice of annual general meeting dated 15 April 2025.

SUMMARY OF FINANCIAL INFORMATION

A summary of the financial information for the last five financial years, as extracted from the audited financial statements, is set out in the section headed "Five Years' Financial Summary" on page 8 of this annual report.

BANK BORROWINGS AND OTHER BORROWINGS

Details of bank borrowings and other borrowings of the Company and its subsidiaries as of 31 December 2024 are set out in note 26 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Company and its subsidiaries during the Reporting Period are set out in note 14 to the financial statements.

CHARGE ON ASSETS

As of 31 December 2024, the total amount of RMB188.4 million in right-of-use asset was pledged to banks as loan security (31 December 2023: RMB192.6 million). The total amount of RMB1,115.6 million in property, plant and equipment was pledged to banks as loan security (31 December 2023: RMB907.5 million).

Details of collateral and pledged assets are set out in the section headed "Collateral and Pledged Assets" on page 39 of this annual report.

SHARE CAPITAL

Details of movements in the Company's share capital during the Reporting Period are set out in note 30 to the financial statements.

The Company has not held and did not hold any treasury shares (as defined under the Listing Rules) during the financial year ended 31 December 2024 and as at 31 December 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares).

DISTRIBUTABLE RESERVES

As of 31 December 2024, the Company did not have any distributable reserves.

Details of the movements in the respective reserves of the Group and the Company during the year are set out in the Consolidated Statement of Changes in Equity on page 93.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, the total amount of purchases attributable to the Group's top five largest suppliers was less than 30%. The total amount of revenue attributable to the Group's five largest customers[1] was 60.1% of the total revenue of the Group. The total amount of revenue attributable to the Group's largest customer[1] was 35.9% of the total revenue of the Group.

During the Reporting Period, other than Fosun Yaohong and Fosun Pharma Industrial Development (each a wholly-owned subsidiary of Fosun Pharma), to the knowledge of the Directors, none of the Directors or any of their close associates, or any Shareholders of the Company (which, to the knowledge of the Directors, owned more than 5% of the issued Shares of the Company) had interests in the five largest suppliers or customers of the Group.

1 major customers (meaning, other than in relation to consumer goods or services, the ultimate customer, and in relation to consumer goods or services, the ultimate wholesaler or retailer as the case may be)

DIRECTORS

Unless otherwise stated, the following is the list of the Directors during the Reporting Period and as of the Latest Practicable Date:

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Mr. Wenjie Zhang[1]

EXECUTIVE DIRECTOR

Dr. Jun Zhu *(Chief Executive Officer)*

NON-EXECUTIVE DIRECTORS

Mr. Wenjie Zhang *(Chairman)*[1]
Mr. Qiyu Chen
Mr. Yifang Wu
Ms. Xiaohui Guan
Mr. Deyong Wen
Dr. Xingli Wang

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tak Young So
Dr. Lik Yuen Chan
Dr. Guoping Zhao
Dr. Ruilin Song

SUPERVISORS

The following is the list of the Supervisors during the Reporting Period and as of the Latest Practicable Date:

Ms. Rongli Feng *(Chairwoman)*
Mr. Deli Kong
Mr. Zhiyong Liu[2]
Mr. Yexing Yuan[3]

Notes:

1. Mr. Wenjie Zhang was re-designated from an executive Director to a non-executive Director on 24 March 2025.

2. Mr. Zhiyong Liu was appointed as an employee representative Supervisor on 31 January 2025.

3. Mr. Yexing Yuan resigned as an employee representative Supervisor on 31 January 2025.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of the Directors, Supervisors and the senior management of the Company are set out on pages 75 to 84 of this annual report.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the Directors and Supervisors has entered into a letter of appointment with the Company for a term of three years, subject to the provision of retirement and rotation of Directors and Supervisors under the Articles of Association.

None of the Directors and Supervisors has an unexpired service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

REMUNERATION POLICY

The remuneration policy of the Group is set out in the section headed "Management Discussion and Analysis" on page 42 of this annual report.

Executive Directors are entitled to remuneration for acting as Director of the Company, which are submitted for consideration at the annual general meeting. However, if executive Directors also serve as senior management of the Company and receive salaries for the services in connection with the management of the affairs of the Group, they will not be entitled to additional Directors' remuneration. Non-executive Directors do not receive any emolument. The remuneration of independent non-executive Directors is determined with reference to salaries paid by comparable companies, experience, responsibilities and performance of the Group. Details of the remuneration of the Directors, Supervisors and chief executives and the five highest paid employees are set out in notes 9 and 10 to the financial statements.

The remuneration of senior management of the Company by band (including share-based payment) for the Reporting Period is set out below:

	Number of senior management
RMB Nil to RMB5,000,000	6
RMB5,000,001 to RMB10,000,000	3

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Related Party Transactions", there is no transaction, arrangement or contract that is significant in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a person who at any time in the Reporting Period was a Director/Supervisor or his or her connected entity had, directly or indirectly, a material interest subsisted at any time during the Reporting Period or at the end of the Reporting Period.

PENSION SCHEME

The full-time employees of the Group are covered by various government-regulated defined contribution retirement benefit schemes under which the employees are entitled to a monthly pension. The Group contributes a percentage of the employees' salaries (subject to maximum caps) to these retirement benefit schemes on a monthly basis. Under these schemes, the Group has no legal obligation for retirement benefits beyond the contributions made. Contributions to these schemes are expensed as incurred. There were no forfeited contributions available for the Group to reduce its existing level of contributions to the defined contribution scheme as at 31 December 2024. The pension cost paid by the Group during the Reporting Period was RMB136.2 million.

MANAGEMENT CONTRACT

No contracts concerning the management and/or administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Except as disclosed in this annual report, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the Directors and Supervisors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate at any time during the Reporting Period or at the end of the Reporting Period.

DIRECTORS' AND SUPERVISORS' INTERESTS IN COMPETING BUSINESS

None of the Directors or Supervisors is interested in any businesses apart from the Group's business which competes with or is likely to compete, either directly or indirectly, with the Group's business.

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

As at 31 December 2024, none of the Directors/Supervisors and chief executives of the Company has short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO). As at 31 December 2024, the interest of Directors, Supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise should be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interests in Shares of the Company

Name of Shareholder	Nature of interests and capacity	Class	Number of shares[3]	Approximate Percentage in relevant class of shares	Approximate Percentage in total shares
Jun Zhu [1]	Interests in controlled entity	H Shares	50,000	0.03%	0.01%

INTERESTS IN SHARES OF THE ASSOCIATED CORPORATION

Name	Name of the associated corporation	Nature of interests and capacity	Class	Number of shares[3]	Approximate Percentage in relevant class of shares
Wenjie Zhang[2]	Fosun International	Beneficial owner	Share Option	200,000	0.00%
Qiyu Chen	Fosun International	Beneficial owner	Ordinary Shares	17,930,400	0.22%
	Fosun International	Beneficial owner	Share Option	18,450,000	0.23%
	Fosun Pharma	Beneficial owner	A Shares	114,075	0.01%
	Fosun Tourism Group	Beneficial owner	Ordinary Shares	501,478	0.04%
Yifang Wu	Fosun Pharma	Beneficial owner	H Shares	373,000	0.07%
	Fosun Pharma	Beneficial owner	A Shares	922,224	0.04%
	Fosun International	Beneficial owner	Ordinary Shares	360,000	0.00%
	Fosun International	Beneficial owner	Share Option	400,000	0.00%
Xiaohui Guan	Fosun International	Beneficial owner	Ordinary Shares	200,000	0.00%
	Fosun International	Beneficial owner	Share Option	1,200,000	0.01%
	Fosun Pharma	Beneficial owner	A Shares	331,357	0.02%
	Fosun Pharma	Beneficial owner	H Shares	25,000	0.00%
Deyong Wen	Fosun Pharma	Beneficial owner	A Shares	145,357	0.01%
	Fosun Pharma	Beneficial owner	H Shares	20,000	0.00%
Rongli Feng	Fosun Pharma	Beneficial owner	A Shares	82,465	0.00%
Deli Kong	Fosun Pharma	Beneficial owner	A Shares	27,200	0.00%

Notes:

(1) As of 31 December 2024, Dr. JZ Limited was wholly-owned by Dr. Jun Zhu. Dr. Jun Zhu was deemed to be interested in the H Shares which Dr. JZ Limited was interested in. Save as disclosed herein, as of 31 December 2024, Zhoushan Guoyun directly held approximately 0.99% of the Shares in the Company and Dr. Jun Zhu held approximately 3.09% of the shares in Zhoushan Guoyun.

(2) As of 31 December 2024, HenLink held directly approximately 2.92% of the Shares in the Company, and Mr. Wenjie Zhang held approximately 8.93% of the shares in HenLink.

(3) They are all in long position.

Save as disclosed in the foregoing, as at 31 December 2024, none of the Directors/Supervisors or chief executives of the Company or their respective close associates had any interests or short 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 executives 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 executives to acquire such rights in any other corporation.

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

As at 31 December 2024, the following persons (other than the Directors/Supervisors or chief executive of the Company) had the following interests 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 [1]	Approximate percentage of relevant class of shares	Approximate percentage in total Shares
Fosun New Medicine	Beneficial owner	Unlisted Shares	265,971,569	69.98%	48.94%
Fosun Pharma Industrial Development [2]	Beneficial owner	Unlisted Shares	25,393,818	6.68%	4.67%
	Interest in controlled entity	Unlisted Shares	265,971,569	69.98%	48.94%
Fosun Pharma [3]	Interest in controlled entity	Unlisted Shares	291,365,387	76.66%	53.61%
		H Shares	32,331,100	19.78%	5.95%
Fosun High Tech [4]	Interest in controlled entity	Unlisted Shares	291,365,387	76.66%	53.61%
		H Shares	32,331,100	19.78%	5.95%
Fosun International [5]	Interest in controlled entity	Unlisted Shares	291,365,387	76.66%	53.61%
		H Shares	32,331,100	19.78%	5.95%
FHL [6]	Interest in controlled entity	Unlisted Shares	291,365,387	76.66%	53.61%
		H Shares	32,331,100	19.78%	5.95%
FIHL [7]	Interest in controlled entity	Unlisted Shares	291,365,387	76.66%	53.61%
		H Shares	32,331,100	19.78%	5.95%
Guangchang Guo [8]	Interest in controlled entity	Unlisted Shares	291,365,387	76.66%	53.61%
		H Shares	32,331,100	19.78%	5.95%
Fosun Industrial	Beneficial owner	H Shares	32,331,100	19.78%	5.95%
Al Rayyan Holding LLC	Beneficial owner	H Shares	11,370,960	6.96%	2.09%
Qatar Holding LLC [9]	Interest in controlled entity	H Shares	11,370,960	6.96%	2.09%
Qatar Investment Authority [9]	Interest in controlled entity	H Shares	11,370,960	6.96%	2.09%
DIC Holding LLC	Beneficial owner	H Shares	1,684,899	1.03%	0.31%
Qatar Investment Authority (in the capacity of investment manager of DIC Holding LLC) [10]	Interest in controlled entity	H Shares	1,684,899	1.03%	0.31%
Cayman Henlius [11]	Beneficial owner	H Shares	43,756,960	26.77%	8.05%
Wei-Dong Jiang [12]	Beneficial owner	H Shares	720,955	0.44%	0.13%
	Interest in controlled entity	H Shares	43,756,960	26.77%	8.05%
Scott Shi-Kau Liu [13]	Beneficial owner	H Shares	2,410,695	1.48%	0.44%
	Interest in controlled entity	H Shares	43,756,960	26.77%	8.05%
Lijun Lin	Interest in controlled entity	H Shares	11,669,384	7.14%	2.15%
UBS Group AG	Interest in controlled entity	H Shares	16,325,703	9.99%	3.00%

Notes:

(1) All interests are long positions. As at 31 December 2024, none of the such person has short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

(2) As at 31 December 2024, Fosun New Medicine was wholly owned by Fosun Pharma Industrial Development. Fosun Pharma Industrial Development was deemed to be interested in the Unlisted Shares which Fosun New Medicine was interested in.

(3) As at 31 December 2024, Fosun Pharma Industrial Development and Fosun Industrial were wholly owned by Fosun Pharma. Fosun Pharma was deemed to be interested in the Unlisted Shares and H Shares which Fosun Pharma Industrial Development and Fosun Industrial were interested in.

(4) As at 31 December 2024, Fosun High Tech held approximately 35.99% of the shares in Fosun Pharma, Fosun High Tech was deemed to be interested in the Unlisted Shares and H Shares which Fosun Pharma was interested in.

(5) As at 31 December 2024, Fosun High Tech was wholly owned by Fosun International. In addition, Fosun International held approximately 0.22% of the shares in Fosun Pharma. Fosun International was deemed to be interested in the Unlisted Shares and H Shares which Fosun High Tech and Fosun Pharma were interested in.

(6) As at 31 December 2024, FHL directly held approximately 72.76% of the shares in Fosun International. FHL was deemed to be interested in the Unlisted Shares and H Shares which Fosun International was interested in.

(7) As at 31 December 2024, FHL was wholly owned by FIHL. FIHL was deemed to be interested in the Unlisted Shares and H Shares which FHL was interested in.

(8) As at 31 December 2024, Mr. Guangchang Guo held approximately 85.29% of the shares in FIHL. Mr. Guangchang Guo was deemed to be interested in the Unlisted Shares and H Shares which FIHL was interested in.

(9) As at 31 December 2024, 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.

(10) As at 31 December 2024, 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.

(11) As at 31 December 2024, Cayman Henlius was held by Dr. Scott Shi-Kau Liu and Dr. Wei-Dong Jiang as to approximately 64.20% and 35.80% of the equity interests, respectively.

(12) As at 31 December 2024, Dr. Wei-Dong Jiang held approximately 35.80% of the shares in Cayman Henlius. Dr. Wei-Dong Jiang was deemed to be interested in the H Shares which Cayman Henlius was interested in.

(13) As at 31 December 2024, Dr. Scott Shi-Kau Liu held approximately 64.20% of the shares in Cayman Henlius. Dr. Scott Shi-Kau Liu was deemed to be interested in the H Shares which Cayman Henlius was interested in.

Save as disclosed herein, there is no other person known to the Directors/Supervisors or chief executives of the Company who, as at 31 December 2024, 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 entitling them to vote in all circumstances at general meetings of the Company.

PERMITTED INDEMNITY

Pursuant to the Articles of Association, subject to the applicable laws and regulations, every Director and Supervisor shall be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he/she may sustain or incur in the execution of his/her office or otherwise in relation thereto. The Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against the Directors and Supervisors of the Group.

SHARE OPTION SCHEME

For the year ended 31 December 2024, the Company did not have any share option scheme.

SHARE AWARD SCHEME

For the year ended 31 December 2024, the Company did not have any share award scheme in effect.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Group during the Reporting Period or subsisted at the end of the Reporting Period.

SUFFICIENCY OF PUBLIC FLOAT

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

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights in the Articles of Association or under the applicable laws of the PRC where the Company is incorporated.

DONATIONS

During the Reporting Period, the Group made donations of RMB134.8 million.

CONTINUING CONNECTED TRANSACTIONS

Property Leasing Framework Agreement

On 17 November 2022, the Company entered into the Clone Property Leasing Framework Agreement and the Fukun Property Leasing Framework Agreement with Clone High Tech and Fukun Pharmaceutical, respectively, pursuant to which the Group has agreed to lease premises from Clone High Tech and Fukun Pharmaceutical for its use as manufacturing facilities, laboratories and/or office buildings from time to time, for a period of three years commencing from 1 January 2023 and ending on 31 December 2025.

Both of Clone High Tech and Fukun Pharmaceutical are wholly-owned subsidiaries of Fosun Pharma, the controlling shareholder of the Company. Therefore, each of Clone High Tech and Fukun Pharmaceutical is a connected person of the Company by virtue of being an associate of the Company's controlling shareholder. Accordingly, the entering into the Property Leasing Framework Agreements, including the Clone Property Leasing Framework Agreement and Fukun Property Leasing Framework Agreement, constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The total value of the right-of-use assets relating to the leases entered into by the Group with Clone High Tech and Fukun Pharmaceutical and/or their associates in relation to the leasing of property under the Property Leasing Framework Agreements, including the Clone Property Leasing Framework Agreement and the Fukun Property Leasing Framework Agreement for the years ended 31 December 2024 and ending 31 December 2025 will not exceed RMB34.81 million and RMB135.66 million, respectively.

Financial Services Agreement

On 14 February 2023, the Company entered into a financial services agreement with Fosun Finance, pursuant to which Fosun Finance agreed to provide the non-exclusive financial services, including the depository services, the comprehensive credit services, the settlement services and other financial services, to the Group within its business scope as approved by the China Banking and Insurance Regulatory Commission.

Fosun Finance is a subsidiary of Fosun High Tech, which is the controlling shareholder of the Company, therefore Fosun Finance is a connected person of the Company by virtue of being an associate of the Company's controlling shareholder. Accordingly, the Services under the Financial Services Agreement provided by Fosun Finance to the Group constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The comprehensive credit services, the settlement services and other financial services provided by Fosun Finance to the Group pursuant to the Financial Services Agreement are fully exempt continuing connected transactions.

The maximum daily amount of the deposits (including accrued interest) to be placed by the Group with Fosun Finance under the Financial Services Agreement for the years ending 31 December 2024 and 31 December 2025, and the period from 1 January 2026 to 13 February 2026 will not exceed RMB200 million, respectively.

Promotional Services Agreement

On 24 August 2020 and 31 December 2020, Henlius Biopharmaceuticals, a wholly-owned subsidiary of the Company, entered into the Promotional Services Agreement and Supplemental Agreement with Fosun Yaohong to engage Fosun Yaohong to provide promotional services in relation to HANQUYOU to the Group from 24 August 2020 to 30 June 2022. As the Group continues to engage Fosun Yaohong to provide the promotional services, Henlius Biopharmaceuticals renewed the Promotional Services Agreement ("**Promotional Services Agreement (2022 Renewal)**") with Fosun Yaohong on 30 June 2022 to extend the term of the Promotional Services Agreement for a term from 1 July 2022 to 31 December 2023. On 29 December 2023, Henlius Biopharmaceuticals entered into a supplementary agreement with Fosun Yaohong to renew the Promotional Services Agreement ("**Promotional Services Agreement (2023 Renewal)**") to further extend the term of the agreement for a year from 1 January 2024 to 31 December 2024 and adjust the applicable rates thereunder. On 31 December 2024, Henlius Biopharmaceuticals entered into a new supplementary agreement with Fosun Yaohong to renew the Promotional Services Agreement ("**Promotional Services Agreement** (**2024 Renewal**)") to further extend the term of the agreement for a year from 1 January 2025 to 31 December 2025 and adjust the applicable rates and designated areas thereunder.

Fosun Yaohong is a wholly-owned subsidiary of Fosun Pharma (a controlling shareholder of the Company), therefore, Fosun Yaohong is a connected person of the Company by virtue of being an associate of the Company's controlling shareholder. Accordingly, the transactions under the Promotional Services Agreement (2023 Renewal) and Promotional Services Agreement (2024 Renewal) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The maximum annual transaction amount (on a tax-exclusive basis) to be paid by the Group to Fosun Yaohong under the Promotional Services Agreement (2023 Renewal) for the year ended 31 December 2024 will not exceed RMB75 million.

The maximum annual transaction amount (on a tax-exclusive basis) to be paid by the Group to Fosun Yaohong under the Promotional Services Agreement (2024 Renewal) for the year ending 31 December 2025 will not exceed RMB40 million.

CMC Technical Services Framework Agreement

On 29 June 2023, Aton Ruilin, a wholly-owned subsidiary of the Company, entered into the CMC Technical Services Framework Agreement with Fosun Pharma Industrial Development, pursuant to which Aton Ruilin agreed to provide CMC related technical services to Fosun Pharma Industrial Development and its subsidiaries.

Fosun Pharma Industrial Development is a wholly-owned subsidiary of Fosun Pharma, the controlling shareholder of the Company. Therefore, Fosun Pharma Industrial Development is a connected person of the Company by virtue of being an associate of the Company's controlling shareholder. Accordingly, the transactions under the CMC Technical Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The maximum annual transaction amounts to be paid by Fosun Pharma Industrial Development and its subsidiaries to Aton Ruilin with respect to the provision of the services under the CMC Technical Services Framework Agreement for the years ended 31 December 2024 and ending 31 December 2025, and the period from 1 January 2026 to 28 June 2026 will not exceed RMB8 million, RMB20 million and RMB15 million, respectively.

Business Travel Management Services Agreement

On 5 September 2024, the Company entered into the Business Travel Management Services Agreement with Hainan Fosun International Business Travel, pursuant to which Hainan Fosun International Business Travel and/or its related parties agreed to provide business travel-related products as well as consulting, booking and management services to the Company and/or its related parties, including without limitation, booking domestic and international air tickets, hotels, train tickets and insurance and other travel related services.

Hainan Fosun International Business Travel is a non-wholly-owned subsidiary of Fosun International (a controlling shareholder of the Company), therefore, Hainan Fosun International Business Travel is a connected person of the Company. Accordingly, the transaction contemplated under the Business Travel Management Services Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

The maximum annual transaction amount to be paid by the Group to Hainan Fosun International Business Travel and/or its related parties under the Business Travel Management Services Agreement for the period from 5 September 2024 to 31 December 2024, the year ending 31 December 2025, the year ending 31 December 2026, and the period from 1 January 2027 to 4 September 2027 will not exceed RMB7 million, RMB45 million, RMB50 million and RMB40 million, respectively.

General Procurement Framework Agreement

On 13 April 2024, the Company entered into the General Procurement Framework Agreement with Fosun High Tech, pursuant to which the Group will, from time to time, procure services and products for administrative or functional purposes from Fosun High Tech Group, including without limitation, property management services, vehicle services, daily administrative items and services, etc.

Fosun High Tech is a controlling shareholder of the Company, therefore, Fosun High Tech is a connected person of the Company. Accordingly, the transaction contemplated under the General Procurement Framework Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

The maximum annual transaction amount to be paid by the Group to Fosun High Tech Group under the General Procurement Framework Agreement for the year ended 31 December 2024 will not exceed RMB5.35 million.

Sinopharm Procurement Framework Agreement

On 24 April 2020, the Company entered into a Sinopharm Procurement Framework Agreement to procure (i) warehousing and logistics services, and (ii) raw materials, including reagent, from Sinopharm Group. The initial term of the Sinopharm Procurement Framework Agreement expired on 31 December 2022. The Company and Sinopharm continues to carry out the transactions under the Sinopharm Procurement Framework Agreement after 31 December 2022. On 17 November 2022, the parties have agreed that the term of the Sinopharm Procurement Framework Agreement shall be automatically renewed in accordance with its terms for a further term of three years from 1 January 2023 to 31 December 2025. Save for the automatic renewal, there has been no other change in the principal term of the Sinopharm Procurement Framework Agreement since its execution on 24 April 2020.

Fosun Pharma (a controlling shareholder of the Company) directly held 49% of the interests in Sinopharm Industrial Investment and Sinopharm is a subsidiary of Sinopharm Industrial Investment. Therefore, Sinopharm is a connected person of the Company by virtue of being an associate of the Company's controlling shareholder. Accordingly, the transactions under the Sinopharm Procurement Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

The maximum transaction amount to be paid by the Group to Sinopharm Group for the procurement of warehousing and logistic services pursuant to the Sinopharm Procurement Framework Agreement for the years ended 31 December 2024 and ending 31 December 2025 will not exceed RMB24.50 million and RMB22.00 million, respectively.

The maximum transaction amount to be paid by the Group to Sinopharm Group for the procurement of raw materials pursuant to the Sinopharm Procurement Framework Agreement for the years ended 31 December 2024 and ending 31 December 2025 will not exceed RMB16.50 million and RMB16.50 million, respectively.

Sinopharm Distribution Framework Agreement

On 24 April 2020, the Company entered into a Sinopharm Distribution Framework Agreement to sell the self-owned products (except for HANLIKANG and HANDAYUAN) of the Group to the Sinopharm Group from time to time. On 12 June 2020, the Shareholders approved the Sinopharm Distribution Framework Agreement dated 24 April 2020 at the 2020 second extraordinary general meeting. As the initial term of the Sinopharm Distribution Framework Agreement expires on 31 December 2022 and the Company and Sinopharm Holdings will continue to carry out the transactions under the Sinopharm Distribution Framework Agreement after 31 December 2022, on 17 November 2022, with the consent of the parties, the term of the Sinopharm Distribution Framework Agreement was automatically renewed in accordance with its provisions for a period of three years from 1 January 2023 to 31 December 2025. Since the entering into of the Sinopharm Distribution Framework Agreement on 24 April 2020, there has been no other change in its principal terms other than automatic renewal. On 27 December 2022, the Shareholders approved the renewal of the Sinopharm Distribution Framework Agreement entered into between the Company and Sinopharm on 24 April 2020 and the transactions contemplated thereunder at the second extraordinary general meeting of 2022.

Fosun Pharma (a controlling shareholder of the Company) directly held 49% of the interests in Sinopharm Industrial Investment and Sinopharm is a subsidiary of Sinopharm Industrial Investment. Therefore, Sinopharm is a connected person of the Company by virtue of being an associate of the Company's controlling shareholder. Accordingly, the transactions under the Sinopharm Distribution Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

For the years ended 31 December 2024 and ending 31 December 2025, the maximum annual transaction amount that the Group will receive from Sinopharm Holding Group for the sale of its self-owned products under the Sinopharm Distribution Framework Agreement will not exceed RMB4,491 million and RMB4,691 million, respectively.

Collaboration Arrangements Under the HLX01 Agreement and the HLX03 Agreement

The Company has entered into the HLX01 Agreement (as amended) with Fosun Pharma Industrial Development (a subsidiary of Fosun Pharma) on 18 September 2015 in connection with HLX01 (HANLIKANG). Pursuant to the terms of the HLX01 Agreement, the Company has agreed to (i) be responsible for the R&D, regulatory submission, clinical trials as well as the manufacturing and supply of HANLIKANG in the PRC; and (ii) grant an exclusive right to Fosun Pharma Industrial Development to promote and commercialise HANLIKANG in the PRC. The Company and Fosun Pharma Industrial Development have also agreed to share the net profit (as defined in the HLX01 Agreement) derived from the sales of HANLIKANG in the PRC. The HLX01 Agreement became effective on the date of signing, and will continue until terminated in accordance with its terms. Frost & Sullivan has confirmed that it is a market practice. The HLX01 Agreement may be terminated if (i) any party materially breaches the terms of the HLX01 Agreement and such breach cannot be cured within 90 days by the breaching party upon receiving notice from the non-breaching party, or (ii) any party is under liquidation, whether voluntary or otherwise, or enters into any agreements with its creditors which may be detrimental to the performance of the obligations under the HLX01 Agreement. In addition, if there is a change of control of Fosun Pharma Industrial Development, Fosun Pharma Industrial Development and the Company should negotiate in good faith for continuing to carry out the cooperation arrangement under the HLX01 Agreement, failing which, the Company may terminate the HLX01 Agreement. Accordingly, the term of the HLX01 Agreement will continue until it is terminated in accordance with its terms.

The Company entered into an agreement with Fosun Wanbang (a wholly-owned subsidiary of Fosun Pharma) in relation to HLX03 (HANDAYUAN) on 18 September 2017 to commercialise HANDAYUAN. The HLX03 Agreement contains the similar terms as those of the HLX01 Agreement.

On 23 December 2024, the transactions contemplated under the HLX01 Agreement and the HLX03 Agreement (including the proposed annual caps for the three years ending December 31, 2025, 2026 and 2027) were approved by the Shareholders at the 2024 Extraordinary General Meeting.

Fosun Pharma Industrial Development and Fosun Wanbang are subsidiaries of Fosun Pharma, the controlling shareholder of the Company. Therefore, the transactions contemplated under the HLX01 Agreement and the HLX03 Agreement constitute a continuing connected transaction of the Company, as each of Fosun Pharma Industrial Development and Fosun Wanbang is a connected person of the Company by virtue of their capacity as associates of the controlling shareholder of the Company.

For such transactions, the Company has applied to, and the Stock Exchange has granted to the Company, a waiver from strict compliance with Rules 14A.52 of the Listing Rules, accordingly, the term of each of the HLX01 Agreement and the HLX03 Agreement may be for an unspecified period, respectively.

For the three years ending 31 December 2025, 2026 and 2027, the sales revenue (including revenues from the supply of products and sharing of net profits) to be received from Fosun Pharma and/or its associates by the Group under the HLX01 Agreement will not exceed RMB592 million, RMB682 million and RMB752 million, respectively.

For the three years ending 31 December 2025, 2026 and 2027, the sales revenue (including revenues from the supply of products and sharing of net profits) to be received from Fosun Pharma and/or its associates by the Group under the HLX03 Agreement will not exceed RMB75 million, RMB90 million and RMB105 million, respectively.

During the Reporting Period, the actually received amount of the Group for the supply of products and sharing of net profit from sales of related products were RMB558.2 million.

License Agreement

On 17 November 2022, the Company entered into the License Agreement with Fosun Pharma Industrial Development, pursuant to which the Company agreed to grant to Fosun Pharma Industrial Development an exclusive license, based on the Company's intellectual property rights, to commercialise HANSIZHUANG (serplulimab injection) (the "**Licensed Product**") in the United States (including its territories and possessions) (the "**Territory**") for the treatment indication of Extensive Stage Small-Cell Lung Cancer (ES-SCLC) and any other indication (other than ES-SCLC) as mutually agreed between the Company and Fosun Pharma Industrial Development in human. Pursuant to the License Agreement, Fosun Pharma Industrial Development is required to make the upfront payment, one-off regulatory milestone payment, sales milestone payments, royalty payments and transfer price payments to the Company. The term of the License Agreement shall commence on the Effective Date and will be valid until Fosun Pharma Industrial Development concludes, in its sole discretion, that the Licensed Product is no longer commercially viable in the Territory with a one hundred-eighty (180) days prior written notice, or is terminated earlier by the parties under the agreed circumstances as set out in the License Agreement. On 27 December 2022, the Shareholders at the second extraordinary general meeting of 2022 approved the License Agreement entered into between the Company and Fosun Pharma Industrial Development on 17 November 2022 (including the transactions contemplated thereunder).

Fosun Pharma Industrial Development is a wholly-owned subsidiary of Fosun Pharma (a controlling shareholder of the Company), therefore Fosun Pharma Industrial Development is a connected person of the Company by virtue of being an associate of the Company's controlling shareholder. Accordingly: (i) the entering into the License Agreement and the proposed payments of the Upfront Payment and the Regulatory Milestone Payments would constitute one-off connected transactions of the Company under Chapter 14A of the Listing Rules; and (ii) the payment of the sales milestone payments, the royalty payments and the transfer price payments would constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. For item (ii), the Company has applied to, and the Stock Exchange has granted to the Company, a waiver from compliance with Rules 14A.52 and 14A.53(1) of the Listing Rules.

Based on the progress of the clinical trials of the Licensed Product and various preparatory work conducted by Fosun Pharma Group for commercialisation of the Licensed Product, on 9 August 2023, the Company and Fosun Pharma Industrial Development entered into the amendment to license and supply agreement to amend certain terms of the License Agreement (the "**Amendment to License Agreement**"). The Proposed Amendments include the amendments to the payment schedule of the remaining amount of the Upfront Payment, the Termination of Repurchase Options and the amendments to the royalty rates of the Royalty Payments. As the Proposed Amendments contemplated under the Amendment to License Agreement constituted material variation to the terms of the License Agreement, the Company re-complied with the provisions of Chapter 14A of the Listing Rules and sought Shareholders' approval for the changes under the Amendment to License Agreement. On 28 August 2023, the Shareholders approved at the First Extraordinary General Meeting of 2023 the Amendment to the License Agreement (including the transactions contemplated thereunder) dated 9 August 2023 entered into between the Company and Fosun Pharma Industrial Development as set out in the circular of the Company dated 11 August 2023.

During the Reporting Period, the actual revenue recognised for the progress of revenue from research and development services under the License Agreement was RMB142.3 million.

Review by and Confirmation of Independent Non-Executive Directors of the Company

The independent non-executive Directors have reviewed the above continuing connected transactions, and confirmed that such transactions were:

(i) entered into in the ordinary and usual course of business of the Group;

(ii) conducted on normal commercial terms or better (as defined in the Listing Rules); and

(iii) carried out according to the terms in the relevant transaction agreements, which are fair and reasonable and in the interests of the Shareholders as a whole.

Confirmation of the Auditor

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740, "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Company's auditor has issued its unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group in pages 52 to 56 of this annual report in accordance with Rule 14A.56 of the Listing Rules.

RELATED PARTY TRANSACTIONS

During the Reporting Period, the Group entered into certain transactions with parties regarded as "related parties" under the applicable accounting standards. Details of the related party transactions entered into by the Group during the Reporting Period are disclosed in note 37 to the financial statements.

Apart from the connected transactions and continuing connected transactions as disclosed in this annual report, none of the related party transactions constituted connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules, which are subject to announcement and independent shareholders' approval requirements. The Company has complied with the requirements of Chapter 14A of the Listing Rules during the Reporting Period.

NON-COMPETITION UNDERTAKING

Fosun Pharma has provided the Non-competition Undertaking to the Company in connection with the Listing to ensure there remains a clear delineation of their respective businesses in the future.

The Non-competition Undertaking commenced on the listing date and will end on the earlier of (i) the date on which Fosun Pharma or its subsidiaries (other than the Group) ceases to be controlling shareholders (as defined under the Listing Rules) of the Company and (ii) the date on which the Shares cease to be listed on the Stock Exchange.

The independent non-executive Directors have performed an annual review and confirmed that they are not aware of any circumstances which indicate that Fosun Pharma is not in compliance with Non-competition Undertaking.

CONTRACT OF SIGNIFICANCE

References are made to the joint announcements dated 24 June 2024 and 23 August 2024 jointly issued by Fosun New Medicine, Fosun Pharma and the Company in relation to the Merger Agreement and the Supplemental Merger Agreement entered into between the Company and Fosun New Medicine. Save as disclosed in this annual report, at no time during the Reporting Period had the Company or any of its subsidiaries entered into any contract of significance with the Controlling Shareholders or any of their subsidiaries, nor had any contract of significance been entered into for the services provided by the Controlling Shareholders or any of their subsidiaries to the Company or any of its subsidiaries.

PRIVATISATION

References are made to joint releases by Fosun New Medicine (the "**Offeror**"), Fosun Pharma and the Company (i) the initial joint announcement dated 24 June 2024 in relation to, amongst others, the proposed privatisation of the Company by the Offeror by way of merger by absorption of the Company under PRC laws and the proposed withdrawal of listing of the Company; (ii) the joint announcement dated 15 July 2024 in relation to the extension of time for despatch of the Composite Document; (iii) the joint announcement dated 14 August 2024 in relation to the progress update on the Merger; (iv) the joint announcement dated 23 August 2024 in relation to the revised proposal of the Merger, and particularly the Share Alternative; (v) the joint announcements respectively dated 23 September 2024, 23 October 2024 and 22 November 2024 in relation to the progress update on the Merger; (vi) the joint announcement dated 16 December 2024 in relation to the fulfilment of the Pre-Conditions; (vii) the composite document dated 23 December 2024 (the "**Composite Document**"); (viii) the joint announcement dated 23 December 2024 in relation to the despatch of the Composite Document; (vix) the joint announcement date 22 January 2025 in relation to that the Merger was not approved by the H Shareholders' Class Meeting and the termination of the Merger. Unless otherwise stated, capitalised terms used in this paragraph shall have the same meanings as those defined in the Composite Document.

The EGM and the H Shareholders' Class Meeting were held by the Company on 22 January 2025 to vote for the special resolution in relation to the Merger. As such special resolution was not passed at the H Shareholders' Class Meeting, (i) the Conditions to effectiveness were not satisfied and the Merger was terminated; (ii) the offer period ended; and (iii) the listing of the Company' H Shares on the Stock Exchange was maintained.

SUBSEQUENT EVENTS

Except as disclosed in this annual report, there were no material subsequent events since the end of the Reporting Period and as at the Latest Practicable Date.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognises the importance of compliance with regulatory requirements. The Group has been allocating system and staff resources to ensure ongoing compliance with rules and regulations and to maintain cordial working relationships with regulators through effective communications. During the Reporting Period, the Group has complied, to the best of our knowledge, with all relevant rules and regulations that have a significant impact on the Company.

SIGNIFICANT LEGAL PROCEEDINGS

Reference is made to the announcement of the Company dated 10 November 2023 in relation to, among other things, the related legal dispute arising from the investment management agreement entered into between the Company and the Investment Manager.

On 30 August 2023, the Company filed an application with the Court for stay of the Court Proceedings in favour of arbitration process. Subsequently, on 6 November 2023, the Court granted an order by consent of the parties, inter alia, that the Court Proceedings be stayed in favour of arbitration process. As the proceedings are ongoing, the Company will inform Shareholders of the development in due course.

RELATIONSHIP WITH STAKEHOLDERS

The Company recognises that its employees, customers and business partners are keys to its sustainability journey. The Company has been striving to achieve corporate sustainability through engaging its employees, providing quality services for its customers, collaborating with business partners and supporting communities.

The Company places significant emphasis on human resources. The Company provides a fair workplace, promoting non-discrimination and diversity to its staff, together with competitive remuneration and benefits, as well as a range of opportunities for career advancement based on employees' merits and performance. The Company provides regular training for staff to keep them abreast of the latest developments in the market and industry, by means of both internal training and training provided by experts from external organisations.

To enhance customer satisfaction and promote a customer-oriented culture within the Group, the Company takes "Customer First" as one of its core values. It values the feedback from customers and collects feedback through daily communication, regular meetings, etc. It has also established the mechanism about customer service, support and complaints. When dealing with a customer complaint, the Company treats it as an opportunity to improve its relationship with the customer, and solves it in a timely manner and in accordance with international standards.

The Company believes that its suppliers are equally important in driving quality delivery of its products. It proactively collaborates with its business partners (including suppliers and contractors) to deliver high-quality and sustainable products and services.

AUDITOR

The financial statements of the Group have been audited by Ernst & Young.

A resolution to re-appoint Ernst & Young as the auditor of the Company will be proposed at the forthcoming annual general meeting.

On Behalf of the Board
Wenjie Zhang
Chairman
Hong Kong, 24 March 2025

REPORT OF THE BOARD OF SUPERVISORS

During the Reporting Period, in accordance with the Company Law, the Listing Rules and other relevant laws, regulations and the Articles of Association, the Rules of Procedures of the Board of Supervisors and relevant regulations, all members of the Board of Supervisors performed their supervisory functions, carefully and objectively considered the issues related to the finance and operation of the Company, and earnestly supervised the legality and compliance of Directors' and senior management's performance. They have fully developed the supervisory role, and played an active role in ensuring the implementation of resolutions passed on general meetings of the Company, and safeguarding the legitimate rights and interests of the Company and Shareholders as a whole.

THE DAILY OPERATION OF THE BOARD OF SUPERVISORS

During the Reporting Period, the third session of the Board of Supervisors of the Company held a total of 6 meetings, at which the financial situation and other annual events for the year 2023 of the Group, matters related to the financial position for the first quarter, the first half year and the third quarter of 2024, the amended Rules of Procedures for the Board of Supervisors, privatization and relevant matters were reviewed.

REVIEW OPINIONS OF THE BOARD OF SUPERVISORS ON THE RELATED MATTERS OF THE COMPANY IN 2024

1. Compliance with Laws in Operations

   The Board of Supervisors considers that the Company can operate in strict accordance with the requirements of the Company Law, the Articles of Association, and other relevant requirements. The Company's decision-making procedures are legal and effective, and an internal control system is in place. No violations of laws, regulations, the Articles of Association or any detriment to the interests of the Company were found when the Directors and senior management of the Company performing their functions.

2. Financial Position

   The Board of Supervisors considers that the preparation and review procedures of the Company's financial reports are in compliance with the Company Law and the Articles of Association and other relevant provisions, and the financial report can authentically reflect the Group's operating conditions and financial position, with no significant omissions or false statements.

3. Internal Control

   The Board of Supervisors considers that, the Company has established a relatively complete internal control system, which is in compliance with relevant requirements such as the Company Law and the Articles of Association, and has played a better role in risk prevention and control in all aspects of the Company's daily operations and management.

4. Connected Transactions

   The Board of Supervisors considers that, during the Reporting Period, the Company's connected transactions were carried out in accordance with the principles of openness, fairness and equity, and the transaction procedures were legal and compliant, without any detriment to the rights and interests of the Company and Shareholders.

On Behalf of the Board of Supervisors
Rongli Feng
Chairman
Hong Kong, 24 March 2025

CORPORATE GOVERNANCE REPORT

The Board hereby presents to the Shareholders the corporate governance report for the year ended 31 December 2024.

CORPORATE CULTURE

The corporate culture of the Company includes mission, vision, core value and quality culture.

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

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

– Core Value: Honesty, Execution, Nurturing, Leadership, Innovation, Uncompromising on Quality, Science & Strategy-oriented.

– Quality Culture: Quality of Talent, Quality of Execution, Quality of Collaboration, Quality of Decision, Quality of Innovation, Quality of Communication, Quality of Product.

The strategic development planning and decisions made by the Company are in line with the Company's corporate culture. Adhering to the "patient-centered" core principle, the Company creates a "Quality Culture" with Henlius characteristics by integrating "Quality" elements into the overall operation of the Company. To ensure that the corporate culture has been spread clearly to all employees, the Company has incorporated the promotion of corporate culture into various aspects, such as the employee handbook, training and development and performance evaluation. Meanwhile, the Company carried out a series of publicizing and implementation activities from every aspect, strengthened and improved the communication mechanism between management and employees, deepened employees' understanding and recognition of corporate culture through various ways to further guide employees' daily behaviors.

CORPORATE GOVERNANCE CULTURE

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that Shareholder wealth will be maximised in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

Corporate governance is the process by which the Board instructs the management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

– satisfactory and sustainable returns to Shareholders;

– that the interests of those who deal with the Company are safeguarded;

– that overall business risk is understood and managed appropriately;

– the delivery of high-quality products and services to the satisfaction of customers; and

– that high standards of ethics are maintained.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving high corporate governance standards.

The Board believes that high corporate governance standards are essential for the Group to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company's corporate governance practices are based on the principles and code provisions as set out in the CG Code.

The Company has also in place a corporate governance framework and has established a set of policies and procedures based on the CG Code. Such policies and procedures provide the infrastructure for enhancing the Board's ability to implement governance and exercise proper oversight on business conduct and affairs of the Company.

In the opinion of the Directors, the Company has complied with all principles and code provisions of the CG Code during the Reporting Period.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding the securities transactions of Directors, Supervisors and relevant employees who are likely to be in possession of inside information of the Company.

Specific enquiry has been made of all the Directors and Supervisors and the Directors and Supervisors have confirmed that they have complied with the Model Code during the Reporting Period.

No incident of non-compliance of the Model Code by the relevant employees was noted by the Company.

BOARD OF DIRECTORS

Board Composition

The Board of the Company currently comprises the following Directors:

Chairman and non-executive director

Mr.Wenjie Zhang

Executive director

Dr. Jun Zhu *(Chief Executive Officer)*

Non-executive directors

Mr. Qiyu Chen
Mr. Yifang Wu
Ms. Xiaohui Guan
Mr. Deyong Wen
Dr. Xingli Wang

Independent non-executive directors

Mr. Tak Young So
Dr. Lik Yuen Chan
Dr. Guoping Zhao
Dr. Ruilin Song

The biographical information of the Directors is set out in the section headed "Biographical Details of Directors, Supervisors and Senior Management" on pages 75 to 84 of this annual report.

None of the members of the Board is related to one another, including financial, business, family, or other material or relevant relationship(s).

Chairman and Chief Executive Officer

Code provision C.2.1 of CG Code provides that roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The chairman of the Board leads and is responsible for the effective functioning of the Board of the Company. The terms of reference of the chief executive officer are set out in the Articles of Association. The chief executive officer is responsible for organising the formulation and implementation of the Company's strategic plan, annual investment plan, and implementing Board resolutions.

The roles of the Chairman of the Board and chief executive officer of the Company are separate and held by different persons to ensure their respective independence of responsibilities, accountability and the balance of power and authority between them. During the Reporting Period, Mr. Wenjie Zhang serves as the Chairman of the Board of the Company, and Dr. Jun Zhu serves as the chief executive officer of the Company.

Independent Non-executive Directors

During the Reporting Period, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing more than one-third of the Board with at least one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Mechanisms to Ensure Independent Views and Input are Available to the Board

The Board has established mechanisms to ensure independent views and input are available to the Board, including all the Directors have timely and full access to the information of the Company (including but not limited to financial reports, audit results and other relevant data) as well as the advice and services of the Company Secretary and other senior managements; Board members have access to necessary professional advice in their decision-making process. The Board may, in appropriate circumstances, seek independent professional advice at the Company's expenses to assist them; Board members may also seek inputs from other members, employees and other stakeholders in appropriate circumstances to ensure that different perspectives are taken into account in the decision-making process, etc.

The Board has reviewed and considered that the above mechanisms are effective in ensuring that independent views and input are provided to the Board during the year ended 31 December 2024.

Appointment, Removal and Re-election of Directors

Directors shall be elected at the general meeting and the term of office of each Director (including non-executive Director) shall be three years. The term of office of a Director may be renewed upon re-election when it expires. The chairman of the Board shall be elected and removed by a majority of all Directors, and term of office thereof shall be three years, and may be renewed upon re-election when it expires.

In case a Director has failed to be present in person twice consecutively without any due causes, nor authorised another Director to be present at the board meeting on his behalf, he shall be considered unable to fulfil his duties as a Director, and the Board may suggest the general meeting making replacement.

In accordance with the Articles of Association, all existing Directors will continue in office until their term of office expiring on 27 July 2025.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and supervision of the Company; and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have timely and full access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

BOARD COMMITTEE

The Board has established a total of five committees, namely, the Audit Committee, Remuneration Committee, Nomination Committee, Strategy Committee and Environmental, Social and Governance Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, Remuneration Committee and Nomination Committee are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

The list of the chairman and members of each Board committee is set out under "Corporate Information" on page 2 of this annual report.

Audit Committee

The Audit Committee consists of three members, namely Ms. Xiaohui Guan who is a non-executive Director of the Company, and Mr. Tak Young So and Dr. Lik Yuen Chan who are independent non-executive Directors of the Company. Mr. Tak Young So is the chairman of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the Reporting Period, the Audit Committee held a total of 5 meetings for reviewing the quarterly, interim and annual financial results and reports and financial report, appointment of external auditors and engagement of non-audit services and relevant scope of works and arrangements etc. for the audit to raise concerns about possible improprieties.

The Audit Committee also held a total of 2 meetings with the external auditors.

Remuneration Committee

The Remuneration Committee consists of three members, namely Mr. Yifang Wu who is a non-executive Director of the Company, and Dr. Lik Yuen Chan and Dr. Ruilin Song who are independent non-executive Directors of the Company. Dr. Ruilin Song is the chairman of the Remuneration Committee.

The terms of reference of the Remuneration Committee are no less exacting than those set out in the CG Code. The primary functions of the Remuneration Committee include making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management; reviewing/approving matters relating to the share scheme in accordance with the Listing Rules and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

During the Reporting Period, the Remuneration Committee held a total of 1 meeting to review and make recommendation to the Board on the remuneration policy and the remuneration packages of the Directors and senior management and other related matters.

Details of the remuneration of the Directors and senior management are set out in note 9 to the financial statements for the year ended 31 December 2024.

Nomination Committee

The Nomination Committee consists of three members, namely Mr. Wenjie Zhang who is a non-executive Director of the Company, and Dr. Guoping Zhao and Dr. Ruilin Song who are independent non-executive Directors of the Company. Mr. Wenjie Zhang is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are no less exacting than those set out in the CG Code. The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, reviewing the board diversity policy and the policies related to the nomination of Directors and assessing the independence of independent non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's board diversity policy.

In evaluating and nominating suitable candidates for directorships, the Nomination Committee would consider the following criteria of the candidate as per the policies related to the nomination of Directors and the candidate's relevant criteria are necessary to implement the corporate strategy and achieve Board diversity, where appropriate before making recommendation to the Board:

- character and integrity;
- qualifications including professional qualifications, skills, knowledge and the experience related to the Company's business and strategy, and diversity factors as referred in the board diversity policy;
- any measurable objectives adopted for achieving diversity on the Board;
- the Board shall include independent non-executive Directors in accordance with the Listing Rules and whether the candidate would be considered independent by reference to the independence guidelines set out in the Listing Rules;
- any potential contributions the candidate can make to the Board in terms of qualifications, skills, experience, independence and gender diversity;
- the willingness and ability to devote adequate time to discharge duties as a member of the Board and Board committee(s); and
- other factors that are applicable to the Company's business and succession plan, and relevant factors that can be revised by the Nomination Committee and/or the Board when necessary.

During the Reporting Period, the Nomination Committee held a total of 4 meetings to review the structure, size and composition of the Board, the independence of the independent non-executive Directors and matters related to the appointment of senior management, and to recommend to the Board on the above matters.

Strategy Committee

The Strategy Committee consists of eight members, namely Dr. Jun Zhu who is an executive Director of the Company, Mr. Wenjie Zhang, Mr. Qiyu Chen, Mr. Yifang Wu, Mr. Deyong Wen and Dr. Xingli Wang who are non-executive Directors of the Company, and Mr. Tak Young So and Dr. Ruilin Song who are independent non-executive Directors of the Company. Mr. Wenjie Zhang is the chairman of the Strategy Committee.

The main responsibility of the Strategy Committee is to conduct research on the Company's long-term development strategies and significant investment decisions and make recommendations to the Board of the Company, including:

- studying and making recommendations on the Company's long-term strategic development plan;
- tackling other matters related to strategic investment as required by the laws, regulations, regulatory documents, Listing Rules, Articles of Association and other internal management systems of the Company or authorised by the Board;
- studying and making recommendations on other significant events that affect the Company's development;
- inspecting the implementation of the above matters approved by the Board or the general meeting; and
- studying and making recommendations on significant investments, financing, significant capital operations, and asset operating projects subject to the approval by the Board or the general meeting as required by the Articles of Association or other internal management systems of the Company.

During the Reporting Period, the Strategy Committee held 3 meetings in total.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

The Environmental, Social and Governance Committee consists of five members, namely Dr. Jun Zhu who is an executive Director of the Company, Mr. Wenjie Zhang who is a non-executive Director of the Company, and Mr. Tak Young So, Dr. Lik Yuen Chan and Dr. Ruilin Song who are independent non-executive Directors of the Company. Dr. Lik Yuen Chan is the chairman of the Environmental, Social and Governance Committee.

The main responsibility of the Environmental, Social and Governance Committee is to develop the vision, objectives, strategies and structure for the Company's environmental, social and governance efforts, and to review matters related to the implementation of the vision, strategies and structure in environmental, social and governance terms.

During the Reporting Period, the Environmental, Social and Governance Committee held 1 meeting in total.

ATTENDANCE RECORDS OF DIRECTORS

The Company held 17 Board meetings, 5 Audit Committee meetings, 1 Remuneration Committee meeting, 4 Nomination Committee meetings, 3 Strategy Committee meetings, 1 Environmental, Social and Governance Committee meeting and 4 general meetings during the Reporting Period.

The Directors' attendance record of the Board meetings, Board committee meetings and the general meetings of the Company during the Reporting Period is set out in the table below:

	Attendance/number of Meetings						
Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	Strategy Committee	Environmental, Social and Governance Committee	General Meeting [1]
Mr. Wenjie Zhang	17/17			4/4	3/3	1/1	4/4
Dr. Jun Zhu	17/17				3/3	1/1	4/4
Mr. Qiyu Chen	17/17				3/3		4/4
Mr. Yifang Wu	17/17		1/1		3/3		4/4
Ms. Xiaohui Guan	17/17	5/5					4/4
Mr. Deyong Wen	17/17				3/3		4/4
Dr. Xingli Wang	17/17				3/3		1/1
Mr. Tak Young So	17/17	5/5			3/3	1/1	4/4
Dr. Lik Yuen Chan	17/17	5/5	1/1			1/1	4/4
Dr. Guoping Zhao	17/17			4/4			4/4
Dr. Ruilin Song	17/17		1/1	4/4	3/3	1/1	4/4

Note:

(1) During the Reporting Period, the Company held a total of 4 general meetings, including 1 annual general meeting, 1 extraordinary general meeting, 1 domestic shareholders' class meeting, 1 unlisted foreign shareholders' class meeting and 1 H shareholders' class meeting.

For the year ended 31 December 2024, the chairman held 1 meeting with independent non-executive Directors without the presence of other Directors.

The independent non-executive Directors and non-executive Directors have attended general meetings of the Company to gain and develop a balanced understanding of the view of the Shareholders.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

During the Reporting Period, the Company organised training sessions conducted by the lawyer for its Directors. Such training sessions cover a wide range of relevant topics including Directors' duties and responsibilities/corporate governance etc. In addition, relevant reading materials including Directors' manual/legal and regulatory update/seminar handouts have been provided to the Directors for their reference and studying.

The Company understands that Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally organised briefings for Directors will be arranged and reading materials on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

The records of continuous professional development relating to Director's duties and regulatory and business development that have been received by the Directors during the Reporting Period are summarised as follows:

Name of Directors	Types of Training[Note]
Executive Directors	
Mr. Wenjie Zhang(1)	A&B
Dr. Jun Zhu	A&B
Non-executive Directors	
Mr. Qiyu Chen	A&B
Mr. Yifang Wu	A&B
Ms. Xiaohui Guan	A&B
Mr. Deyong Wen	A&B
Dr. Xingli Wang	A&B
Independent Non-executive Directors	
Mr. Tak Young So	A&B
Dr. Lik Yuen Chan	A&B
Dr. Guoping Zhao	A&B
Dr. Ruilin Song	A&B

Notes:

(1) Mr. Wenjie Zhang was re-designated from an executive Director to a non-executive Director on 24 March 2025.

Types of Training

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

BOARD DIVERSITY POLICY

The Company has adopted the board diversity policy, which sets out the approaches to achieve the diversity of the Board. The Company recognises that the Board shall possess the skills, experience and principles of diverse opinions and perspectives that are necessary and appropriate to the Company's business. The Board will review the implementation and effectiveness of the board diversity policy at least on an annual basis.

Pursuant to the board diversity policy, the Nomination Committee has reviewed the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile during the Reporting Period. In order to achieve diversity in opinions and perspectives of the members of the Board, the Nomination Committee will consider diverse factors in appointment and re-appointment of members of the Board, including gender, age, cultural and educational background, race, place of residence, expertise, skills, knowledge, service period, regulatory requirements and legal rights. All of the above factors are considered to be relevant to the Company's business on the grounds that:

– As the Company facing diverse operating environment, in order to fulfil the best interests of Shareholders, due consideration shall be given to the interests of employees, customers, suppliers and other business counterparties, governments and other institutions that have an influence on the Company and public shareholders. The composition of the Board that is based on the gender, age, cultural and educational background and race of the members can help strike a right balance among the interests of all parties.

– Expertise, skills, knowledge, and service period are important factors that determine whether the Board can make a wise decision.

All members of the Board are appointed based on the strengths of the candidates, taking into account their skills, knowledge and experience as a whole as required by the Board and the above diverse opinions and perspectives of the Board.

The Board had targeted to achieve and had achieved at least 9.1%(1) of female Directors, and considers that the above current board diversity is satisfactory.

In considering the Board's succession and to ensure diversity at the Board level, the Nomination Committee will engage independent professional search firm(s) to help identify suitable candidates for consideration as non-executive Directors as and when appropriate. The Board will continue to take opportunities to increase the proportion of female Directors over time as and when suitable candidates are identified.

Gender Diversity

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio and numbers in the workforce of the Group, including the Board and senior management as at the end of the Reporting Period:

	Female (ratio/number)	Male (ratio/number)
Board	9.1% (1)	90.9% (10)
Senior Management	44.44% (4)	55.56% (5)
Other employees	52.8% (1,853)	47.2% (1,653)
Overall workforce	52.8% (1,857)	47.2% (1,658)

The Board had targeted to achieve and had achieved at least 9.1%(1) of female Directors, 44.44%(4) of female senior management and 52.8%(1,857) of female employees of the Group and considers that the above current gender diversity is satisfactory. The Company is not aware of any mitigating factors or circumstances which make achieving gender diversity across the workforce (including senior management) more challenging or less relevant.

Details on the gender ratio of the Group together with relevant data can be found in the Environmental, Social and Governance Report.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions as set out in the code provision A.2.1 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the CG Code and disclosures in this corporate governance report.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Company's risk management and internal control systems have been developed with the following principles, features and processes:

– the Audit Committee of the Company assists the Board in leading the management and oversees the formulation, implementation and monitoring of the risk management and internal control systems.

– the Company has established an internal audit department as the full-time internal control agency. The internal audit department implements supervision and management in the course of business operation of the Company. The internal audit department uses the auditing technology to conduct real-time and post-event supervision and audit of the Company's daily business to ensure that the Company's business operations continue to meet the Company's system requirements and external regulatory requirements.

– the Company has established risk management and internal control systems and updates them from time to time, enabling the Company to maintain the highest standard of corporate governance and identify and reduce any potential risks.

– the Company has developed effective risk management procedures and internal control systems based on the corporate governance manual, and implemented them in the Company's daily business and various functions, such as research and development, production, sales, procurement, engineering, assets, human resources, information technology, financial reporting and management.

– the Company has formulated a number of policies to ensure that the Company complies with the Listing Rules generally, including but not limited to corporate governance, connected transactions, notifiable transactions, inside information and Directors' securities transactions.

The core departments conducted internal control assessment regularly to identify risks that could potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security.

The management, in coordination with department heads, assessed the likelihood of risk occurrence, provided treatment plans, and monitored the risk management progress, and reported to the Audit Committee and the Board on identified major findings and the effectiveness of the systems.

The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems based on information we have for now and will do continues efforts to ensure the effectiveness of the risk management and internal control systems.

The internal audit department is responsible for performing independent review of the effectiveness of the risk management and internal control systems. The internal audit department examined key issues in relation to the accounting control and other management controls and reported its findings and recommendations for improvement to the Audit Committee.

The Board, as supported by the Audit Committee as well as the management report and the internal audit findings, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2024, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorised access and use of inside information are strictly prohibited.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2024.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on pages 85 to 89.

AUDITORS' REMUNERATION

The remuneration paid to the Company's external auditors of the Company in respect of audit services and non-audit services for the year ended 31 December 2024 amounted to RMB2,750,000 and RMB1,542,000, respectively.

An analysis of the remuneration paid to the external auditor of the Company, Ernst & Young, for the year ended 31 December 2024 is set out below:

Service Category	Fees Paid/Payable (RMB)
Audit Services	
—Annual audit service	2,750,000
Non-audit Services	
—Interim review service	1,050,000
—Others	492,000
	4,292,000

JOINT COMPANY SECRETARIES

During the Reporting Period, Ms. Yan Wang, the secretary to the Board of the Company, has been serving as the joint company secretary. Ms. Mei Ha Wendy Kam of Tricor Services Limited, an external service provider, served as the joint company secretary of the Company from 18 August 2022 to 26 August 2024. The primary contact person of Ms. Mei Ha Wendy Kam is Ms. Yan Wang. Upon the resignation of Ms. Mei Ha Wendy Kam, Ms. Wan Kai Chong was appointed as the joint company secretary of the Company. The primary contact person of Ms. Wan Kai Chong is Ms. Yan Wang. For the year ended 31 December 2024, Ms. Wang, Ms. Kam and Ms. Chong undertook no less than 15 hours of the relevant professional training in compliance with Rule 3.29 of the Listing Rules.

All Directors have access to the advice and services provided by the joint company secretaries on corporate governance and practices and matters of the Board.

SHAREHOLDERS' RIGHTS

To safeguard Shareholder's interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Convening an Extraordinary General Meeting

If Shareholders request the convening of an extraordinary general meeting, the following procedures shall be carried out:

(i) The Shareholders holding, individually or in aggregate, more than 10% of the voting shares of the Company may sign one written request requesting the Board to convene an extraordinary general meeting and stating the matters to be considered at the meeting. If the Board approves convening an extraordinary general meeting, it will within five days of adopting the resolution of the Board issue the notice of convening the meeting. The aforesaid number of shares held shall be calculated on the date when the Shareholders make the written request.

(ii) If the board of directors cannot or fails to perform its duty to convene the general meeting, the board of supervisors shall convene and chair the meeting promptly; if the board of supervisors cannot or fails to perform its duty to convene the general meeting, the Shareholders who individually or in aggregate hold more than 10% of the Company's shares for more than 90 consecutive days may convene and chair the meeting by themselves.

(iii) Where Shareholders individually or in aggregate holding more than 10% of the Company's shares request to convene an extraordinary general meeting, the board of directors and the board of supervisors shall decide whether to convene an extraordinary general meeting within ten days from the date of receipt of the request, and reply to the Shareholders in writing.

Where the Shareholders convene and preside over a meeting by themselves as the Board fails to convene the meeting pursuant to the aforesaid request, the reasonable expenses incurred therefrom shall be borne by the Company.

Putting Forward Proposals at General Meetings

Shareholders individually or in aggregate holding more than 1% of the Company's shares shall have the right to put forward proposals. The contents of the proposal shall fall within the terms of reference of the general meeting and have specified subjects and specific resolutions, in further compliance with the laws and regulations and the Company's Articles of Association.

In addition, Shareholders individually or in aggregate holding more than 1% of the Company's shares may propose a temporary proposal to the convener in writing form ten days prior to date of the general meeting; the convener shall issue a supplementary notice of general meeting within two days after receipt of the said temporary proposal, to notify other Shareholders and to submit the said temporary proposal to the general meeting for consideration. The contents of the temporary proposal shall fall within the terms of reference of the general meeting and have specified subjects and specific resolutions.

The general meeting shall not vote and adopt a resolution on any proposal that is not listed in the notice of the general meeting or that is inconsistent with the Articles of Association.

Putting Forward Enquiries to The Board

For putting forward any enquiries to the Board of the Company, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the Company by means of facsimile, email or post. The details of contact are as follows:

Shanghai Henlius Biotech, Inc. (For the attention of the Board)

Address: 11/F, B8 Building, No. 188 Yizhou Rd, Xuhui District, Shanghai, PRC, 200233
Fax: +86 021-34611802
Email: ir@henlius.com

For the avoidance of doubt, Shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address, apart from the registered office of the Company, and provide their full names, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor's understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. The chairman of the Board and the chairman of all Board committees (or their delegates) will attend the annual general meetings in person to meet Shareholders and answer their enquiries.

At the annual general meeting of the Company held on 20 May 2024, the Shareholders approved the proposed amendments to the Articles of Association, details of which are set out in the circular of the Company dated 17 April 2024. The latest version of the Company's Articles of Association is also available on the Company's website and the Stock Exchange's website.

To promote effective communication, the Company maintains a website at http://www.henlius.com, where information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are available for public access.

Shareholders' Communication Policy

The Company has in place a Shareholders' Communication Policy to ensure that Shareholders' views and concerns are appropriately addressed. The policy aims to ensure that the Shareholders, and, in appropriate circumstances, the investment community at large, are provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments, governance and risk profile), in order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders and the investment community to engage actively with the Company.

Under the policy, information shall be communicated to Shareholders and the investment community mainly through the Company's financial reports, annual general meetings and other general meetings that may be convened, as well as by making available all the disclosures submitted to the Stock Exchange and its corporate communications and other corporate publications on the Company's website. Effective and timely dissemination of information to Shareholders and the investment community shall be ensured at all times, and the Board shall maintain an on-going dialogue with Shareholders and the investment community.

The Board reviewed the implementation and effectiveness of the Shareholders' Communication Policy during the Reporting Period and the results were satisfactory.

Profit Distribution Administration Policy

The Company has adopted a profit distribution administration policy on payment of dividends. Such details have been disclosed in the section headed "Profit Distribution Plan" on page 43 of this annual report.

BOARD OF DIRECTORS

Mr. Wenjie Zhang, aged 58, has served as an executive Director of the Company from November 2020 to March 2025, has been a non-executive Director of the Company since March 2025, and has been the Chairman of the Board since November 2021.

Mr. Zhang joined the Group in March 2019 and has been the senior vice president and chief commercial operation officer, president and chief executive officer of the Company. Mr. Zhang holds directorships in certain subsidiaries of the Company. Mr. Zhang has been the executive president of Fosun Pharma since July 2023 and a non-executive Director of Gland Pharma since August 2024.

Prior to joining the Group, Mr. Zhang served as the assistant engineer of research and development of Jinan Corbère Bioengineering Co., Ltd.*(濟南科貝爾生物工程有限公司), the China sales representative of Sino-American Shanghai Squibb Pharmaceuticals Co., Ltd.*(中美上海施貴寶製藥有限公司). He worked at Bayer Group (stock code: BAYGn), a company listed on Frankfurt Stock Exchange, and served as the product manager of US Marketing Division at Bayer Pharmaceutical's US subsidiary, business development manager and deputy director of global marketing, head of business development at Bayer Healthcare's Asia Pacific headquarters, the head of Oncology and Specialty Medicine Business at Bayer Schering Pharma China, and the head of Oncology and Specialty Medicine Business in Asia Pacific, vice president of Tumor Business Department II of Shanghai Roche Pharmaceutical Co., Ltd.*(上海羅氏製藥有限公司). He also worked at Amgen Inc. (stock code: AMGN) ("**Amgen**"), a company listed on the NASDAQ Stock Exchange, and served as the executive director of Japan and Asia Pacific of Amgen and the general manager of Amgen Biopharmaceutical (Shanghai) Co., Ltd.*(安進生物醫藥(上海)有限公司). Mr. Zhang obtained a bachelor's degree in science in microbiology from Shandong University in the PRC in July 1990, and a master's degree in business administration from Yale University in May 1998.

Dr. Jun Zhu (朱俊), aged 46, has been an executive Director of the Company since August 2023.

Dr. Zhu joined the Group in January 2021 and served as senior vice president and chief medical officer of the Company and its subsidiaries. Dr. Zhu served as the president of the Company from November 2021 to April 2023, and the president and chief financial officer of the Company from May 2023 to July 2023. Dr. Zhu served as the chief executive officer, president and chief financial officer of the Company from July 2023 to September 2023, the chief executive officer and chief financial officer of the Company since October 2023 and the chief executive officer of the Company since July 2024. Dr. Zhu serves as the Director and a member of the senior management in certain subsidiaries of the Company.

Prior to joining the Group, Dr. Zhu served as the internal medicine physician in Huashan Hospital affiliated to Fudan University in Shanghai, the project manager and global vice-president of IQVIA Holdings Inc., the general manager (Greater China) of Omnicare Clinical Research Inc., the founder and chief executive officer of Shanghai PPC Biopharmaceutical Technology Co., Ltd.* (上海百利佳生醫藥科技有限公司). Mr. Zhu obtained a bachelor's degree in clinical medicine from Fudan University (復旦大學) in the PRC in July 2001, an EMBA degree from Cheung Kong Graduate School of Business (長江商學院) in the PRC in September 2018, and a doctoral degree in health management from University of Montpellier in France in June 2024.

Mr. Qiyu Chen (陳啟宇), aged 52, has been a non-executive Director of the Company since February 2010 and served as the chairman of the Board from December 2018 to November 2021.

Mr. Chen joined Fosun Pharma Group in April 1994, and has served as a director of Fosun Pharma since May 2005, and served as the chairman of the board of Fosun Pharma from June 2010 to October 2020. Mr. Chen currently serves as the chairman of the board of Fosun High Tech, the executive director and the co-chief executive officer of Fosun International, the non-executive director and vice chairman of the board of Sinopharm. Mr. Chen previously served as the non-executive director of Gland Pharma, the director of Beijing Sanyuan Foods Co., Ltd.* (北京三元食品股份有限公司) (Shanghai Stock Exchange stock code: 600429) and the co-chairman of the board of New Frontier Health Corporation (delisted from the New York Stock Exchange in January 2022 and merged by Unicorn II Holdings Limited by way of merger by absorption). In addition, Mr. Chen holds directorships in various companies invested by Fosun International and its affiliated companies.

Mr. Chen has been the chairman of China Medical Pharmaceutical Material Association (中國醫藥物資協會), a vice president of China Pharmaceutical Innovation and Research Development Association (中國醫藥創新促進會), the honorary chairman and chief supervisor of Shanghai Biopharmaceutics Industry Association (上海市生物醫藥行業協會), a member of the 14th Shanghai Standing Committee of the Chinese People's Political Consultative Conference, a part time vice chairman of Shanghai Federation of Industry and Commerce (General Chamber of Commerce) (上海市工商業聯合會(總商會)) and the chairman of Biopharmaceutical Chamber of Commerce of Shanghai Federation of Industry and Commerce (上海市工商聯生物醫藥商會). Mr. Chen was awarded "Asia's Best CEO" by Corporate Governance Asia, etc. Mr. Chen obtained a bachelor's degree in genetics from Fudan University (復旦大學) in the PRC in July 1993 and a master's degree in business administration from China Europe International Business School (中歐國際工商學院) in the PRC in September 2005.

Mr. Yifang Wu (吳以芳), aged 55, has been a non-executive Director of the Company since June 2015.

Mr. Wu joined Fosun Pharma Group in April 2004, and successively held various positions including the senior vice president, chief operating officer, the president, the chief executive officer of Fosun Pharma. Mr. Wu has been an executive director of Fosun Pharma since August 2016 and the chairman of the board of Fosun Pharma since October 2020. Mr. Wu currently serves as a non-executive director of Sisram Medical Ltd* (復銳醫療科技有限公司) (Stock Exchange stock code: 01696). He has also been serving as a senior vice president of Fosun International since January 2023 and serves as the director in certain subsidiaries of Fosun Pharma. Mr. Wu previously served as the chairman of the board of supervisors of Sinopharm and a non-executive director of Gland Pharma.

Prior to joining Fosun Pharma Group, Mr. Wu worked at Xuzhou Biochemical Pharmaceutical Factory* (徐州生物化學製藥廠), Xuzhou (Wanbang) Biopharmaceuticals Manufactures Plant* (徐州(萬邦)生物化學製藥廠), Xuzhou Wanbang Biochemical Pharmaceutical Co., Ltd.* (徐州萬邦生化製藥有限公司) and Jiangsu Wanbang Biopharmaceutical Co., Ltd.* (江蘇萬邦生化醫藥股份有限公司) (which were predecessors of Jiangsu Wanbang). Mr. Wu is currently an executive member of China Society for Drug Regulation (中國藥品監督管理研究會), a vice chairman of China News of Drug Information Association (中國醫藥新聞信息協會), a vice chairman of China Pharmaceutical Enterprise Association (中國醫藥企業管理協會), a vice chairman of China Pharmaceutical Industry Association (中國化學製藥工業協會), a vice chairman of China Non-prescription Medicines Association (中國非處方藥物協會), a vice chairman of the Shanghai Pharmaceutical Profession Association (上海醫藥行業協會), a vice chairman of the China Association of Enterprises with Foreign Investment (中國外商投資企業協會), and a deputy to the 14th People's Congress of Jiangsu province. Mr. Wu graduated from Nanjing University of Science and Technology (南京理工大學), majoring in international commerce in the PRC in 1996 and obtained a master's degree in business administration from Saint Joseph's University in the United States in 2005.

Ms. Xiaohui Guan (關曉暉), aged 54, has been a non-executive Director of the Company since December 2018.

Ms. Guan joined Fosun Pharma Group in May 2000 and successively served as assistant to the president, general manager of the finance department, chief accountant, vice president and chief accountant, senior vice president and chief financial officer, and executive president and chief financial officer of Fosun Pharma. Ms. Guan has been an executive director of Fosun Pharma since December 2021, and the vice chairman of the board of Fosun Pharma since January 2022. Ms. Guan currently serves as the vice president of Fosun International and the chairman of the board of supervisors of Sinopharm. She was a non-executive director of Sinopharm and Gland Pharma. Moreover, Ms. Guan serves as a director in certain subsidiaries of Fosun Pharma.

Prior to joining Fosun Pharma Group, Ms. Guan worked at the Jiangxi Branch of the Industrial and Commercial Bank of China. Ms. Guan obtained a bachelor's degree in economics from Jiangxi University of Finance and Economics (江西財經大學) in the PRC in June 2000 and acquired a master's degree in professional accountancy from the Chinese University of Hong Kong in December 2007. Ms. Guan is qualified as a Chinese Certified Public Accountant and a member of the Association of Chartered Certified Accountants.

Mr. Deyong Wen (文德鏞), aged 53, has been a non-executive Director of the Company since July 2022.

Mr. Wen joined Fosun Pharma Group in May 2002 and successively served as vice president, senior vice president, co-president, and president of Fosun Pharma. He has been serving as the chief executive officer of Fosun Pharma since June 2022 and as an executive director of Fosun Pharma since August 2022. Mr. Wen currently serves as a non-executive director of Sinopharm, a director of China National Medicines Corporation Ltd.* (國藥集團藥業股份有限公司) (Shanghai Stock Exchange stock code: 600511), and the chairman of the board of supervisors of China National Accord Medicines Corporation Ltd.* (國藥集團一致藥業股份有限公司) (Shenzhen Stock Exchange stock code: 000028). Mr. Wen served as a director of Anhui Sunhere Pharmaceutical Excipients Co., Ltd.* (安徽山河藥用輔料股份有限公司) (Shenzhen Stock Exchange stock code: 300452). Moreover, Mr. Wen serves as a director of certain subsidiaries of Fosun Pharma.

Prior to joining Fosun Pharma Group, Mr. Wen worked at Chongqing No. 6 Pharmaceutical Factory* (重慶製藥六廠) (the predecessor of Chongqing Yaoyou Pharmaceutical Co., Ltd.* (重慶藥友製藥有限責任公司)). Mr. Wen is currently a deputy of the 16th People's Congress of Shanghai Municipality, a vice president of Shanghai Licensed Pharmacist Association (上海執業藥師協會), a vice president of China Association of Pharmaceutical Commerce (中國醫藥商業協會), and a member of Chinese Preventive Medicine Association (中華預防醫學會). Mr. Wen graduated from West China University of Medical Sciences (華西醫科大學) (currently known as West China School of Medicine of Sichuan University (四川大學華西醫學中心)) in the PRC in June 1995, and obtained a master's degree in business administration from Donghua University (東華大學) in the PRC in December 2007.

Dr. Xingli Wang, aged 62, has been a non-executive Director of the Company since August 2023.

Dr. Wang joined Fosun Pharma Group in January 2023 and currently serves as the executive president, chief executive officer of the global R&D center, and co-chief executive officer of the Innovative Medicine Business Division of Fosun Pharma. Prior to joining Fosun Pharma Group, Dr. Wang served as a senior lecturer in cardiovascular medicine at The University of New South Wales, Australia, as director of cardiothoracic surgery research and tenured professor at Baylor College of Medicine, USA, and as medical director of Schering-Plough Corporation (a company formerly listed on the NYSE, stock code: SGP; merged into Merck & Co., Inc. in 2009). He also worked at Novartis AG (a company listed on the NYSE, stock code: NVS), mainly serving as project director, global project clinical director, director of Novartis global drug R&D (China), and general manager of the Biomedical Research Institute (China). Dr. Wang obtained a bachelor's degree in medicine from Shandong Medical College (incorporated into Shandong University in 2000) in the PRC in July 1985 and a doctoral degree in cardiovascular internal medicine from The University of New South Wales in Australia in October 1991. Dr. Wang also holds a license to practice medicine in Australia.

Mr. Tak Young So (蘇德揚), aged 54, has been an independent non-executive Director of the Company since September 2019.

Mr. So has been the founding and managing partner of FastLane Group since July 2012. He served as an independent non-executive director of CARsgen Therapeutics Holdings Limited (Stock Exchange stock code: 02171) from June 2021 to June 2023 and has been an independent non-executive director of Goodbaby International Holdings Limited (Stock Exchange stock code: 01086) since May 2022.

Mr. So has more than 30 years of experience in finance, accounting, investment, and private equity businesses with global financial institutions and asset management companies. Mr. So served as an auditor at Ernst & Young, Hong Kong, as group audit and project manager of the strategic and performance improvement group in the Sydney office of Commonwealth Bank of Australia, as vice president of global capital market/Asia treasury and vice president of financial controls at Bank of America, Hong Kong, as head of finance and operations of consumer banking in Hong Kong, head of asset and liability management of Greater China/Asia Pacific, and chief financial officer of consumer, commercial and private banking in Hong Kong at ABN AMRO Bank N.V., Hong Kong, as chief financial officer at Hamon Investment Group, an affiliate of Bank of New York Mellon, as chief financial officer of the Asia Pacific of asset management division at Deutsche Bank, Hong Kong, as chief financial officer at PAG Capital, and as a partner at Prospere Capital Limited. Mr. So obtained a bachelor's degree in accounting and finance and a master's degree in business administration in banking from the University of Technology Sydney, Australia, in April 1994 and September 1998, respectively. He has been a fellow member of the Certified Practising Accountants Australia (CPA Australia) since August 2011.

Dr. Lik Yuen Chan (陳力元), aged 56, has been an independent non-executive Director of the Company since September 2019.

Dr. Chan is a world-famous academic in liver diseases with extensive achievements and recognition in clinical practice and research teaching. Dr. Chan joined Union Hospital of Hong Kong in November 2020 and has been serving as the vice president and manager of the Internal Medicine Department. Dr. Chan held various positions at the Chinese University of Hong Kong from 2002 to 2021, including director of the Centre of Liver Health, associate dean of external affairs of the Faculty of Medicine, and professor of the Internal Medicine Department and the Department of Medicine and Therapeutics.

He has been a member of the Royal College of Physicians of the United Kingdom since November 1995, a fellow of the Hong Kong College of Physicians since May 2000, a fellow of the Hong Kong Academy of Medicine since June 2000, a fellow of the Royal College of Physicians of Edinburgh since July 2003, a fellow of the Royal College of Physicians of London since May 2006, and a fellow of the American Association for the Study of Liver Diseases since October 2016. Dr. Chan obtained a bachelor's degree in medicine and surgery from the Chinese University of Hong Kong in December 1992, a doctoral degree in medicine from the Chinese University of Hong Kong in November 2001, and a master's degree in business administration from the University of Hong Kong in November 2014.

Dr. Guoping Zhao (趙國屏), aged 76, has been an independent non-executive Director of the Company since September 2019.

Dr. Zhao is a molecular microbiologist. Currently, he serves as the chairman of the Advisory Committee of the Key Laboratory of Synthetic Biology of the Center for Excellence in Molecular Plant Science of the Chinese Academy of Sciences (CAS) (中國科學院分子植物科學卓越創新中心合成生物學重點實驗室), a professor at the Department of Microbiology and Immunology at the School of Life Sciences of Fudan University (復旦大學生命科學學院微生物學與免疫學系), and the director of the Fudan Microbiome Center (復旦微生物組中心). Dr. Zhao was elected as a member of the Chinese Academy of Sciences (中國科學院院士) in 2005, a fellow of The World Academy of Sciences (發展中國家科學院院士) in 2011, and a member of the American Academy of Microbiology in February 2022. Dr. Zhao is also the honorary president of the Shanghai Society for Microbiology, the honorary president of the Shanghai Society of Biotechnology, the honorary chairman of the Synthetic Biology Committee of the Chinese Society of Biotechnology (中國生物技術學會合成生物學專業委員會), and a member of the American Society for Microbiology.

Dr. Zhao served in various positions related to life science research at the CAS, successively holding roles as a researcher, assistant to the director, and later deputy director of the Microorganism Secondary Metabolism Regulation Laboratory of IPPE, Shanghai Institutes for Biological Sciences (SIBS), CAS (中國科學院上海生命科學研究院植物生理生態研究所次生代謝分子調控研究開放實驗室), as director of the Shanghai Research Center of Biotechnology, CAS (中國科學院上海生物工程研究中心), and as vice president of the SIBS, CAS (中國科學院上海生命科學研究院副院長). Dr. Zhao obtained a bachelor of science degree in microbiology from Fudan University (復旦大學) in Shanghai in the PRC in July 1982 and a Ph.D. degree in biochemistry from Purdue University in the United States in December 1990.

Dr. Ruilin Song (宋瑞霖), aged 62, has been an independent non-executive Director of the Company since September 2019.

Dr. Song has been a non-executive director of Luye Pharma Group Ltd.* (綠葉製藥集團有限公司) (Stock Exchange stock code: 02186) since March 2017, an independent non-executive director of Simcere Pharmaceutical Group Limited* (先聲藥業集團有限公司) (Stock Exchange stock code: 02096) since November 2019, an independent non-executive director of Jacobio Pharmaceuticals Group Co., Ltd.* (加科思藥業集團有限公司) (Stock Exchange stock code: 01167) since December 2020, and an independent non-executive director of Mediwelcome Healthcare Management & Technology Inc.* (麥迪衛康健康醫療管理科技股份有限公司) (Stock Exchange stock code: 02159) since December 2020. Dr. Song served as an independent director of Jiangxi Boya Bio-pharmaceutical Co., Ltd.* (江西博雅生物製藥股份有限公司) (Shenzhen Stock Exchange stock code: 300294) from March 2017 to March 2021, an independent director of Shanxi Zhendong Pharmaceutical Co., Ltd.* (山西振東製藥股份有限公司) (Shenzhen Stock Exchange stock code: 300158) from June 2015 to June 2021, an independent director of Tibet Aim Pharm. Inc.* (西藏易明西雅醫藥科技股份有限公司) (Shenzhen Stock Exchange stock code: 002826) from August 2015 to August 2021, and an independent director of Shenzhen Chipscreen Biosciences Co., Ltd.* (深圳微芯生物有限公司) (SSE STAR Market stock code: 688321) from May 2018 to April 2024.

During the time he worked in the Legislative Affairs Office of the State Council, Dr. Song was mainly engaged in the legislative review of Chinese medicine and health laws for 22 years. He participated in all China's medicine and health legislation activities from 1987 to 2006, in charge of the drafting and review of laws such as Drug Administration Law of the PRC, Law of the PRC on the Prevention and Treatment of Communicable Diseases and Law of the PRC on Medical Practitioners, and administrative regulations such as Regulations on Medical Institutions, Administration of Medical Devices and Emergency Regulations on Public Health Emergencies, etc.

Since 2007, Dr. Song has been dedicated to the research of China's pharmaceutical policies, especially the policies for pharmaceutical innovation. Under his leadership, Research Center for Medicinal Policy of Chinese Pharmaceutical Association and PhIRDA (中國醫藥創新促進會) have finalised dozens of research projects. Dr. Song has been the executive president of PhIRDA (formerly known as China Pharmaceutical Industry Research and Development Association (中國醫藥工業科研開發促進會)) from November 2009 to September 2019, the president of PhIRDA from September 2019 to September 2020, and executive president of PhIRDA since September 2020. Dr. Song also served as specially-invited expert of Talent Pool Participating in and Discussing State Affairs of the CPPCC, consultant expert of Participating in and Discussing State Affairs of the Chinese Peasants and Workers Democratic Party, executive deputy director of National Drug Policy and Industrial Development Research Center of China Pharmaceutical University, visiting researcher of Shanghai Jiao Tong University, member of Advisory Committee for Traditional Chinese Medicine Strategic Decision of National Medical Products Administration, vice chairman of China Alliance of Rare Diseases (CARD), director of Chinese Pharmacist Association and a member of the Biotech Advisory Panel of the Stock Exchange among other important social positions. Dr. Song obtained a bachelor's degree in laws from China University of Political Science and Law (中國政法大學) in June 1985, a master's degree in business administration from China Europe International Business School (中歐國際工商學院) in the PRC in November 2004 and a doctoral degree in social and administrative pharmacy from China Pharmaceutical University (中國藥科大學) in December 2018.

BOARD OF SUPERVISORS

Ms. Rongli Feng (馮蓉麗), aged 49, has been a shareholder representative supervisor of the Company and the chairman of the Board of Supervisors since May 2020.

Ms. Feng joined Fosun Pharma Group in April 2020 and served as the vice president of Fosun Pharma from April 2020 to March 2021, she has been the senior vice president of Fosun Pharma from March 2021 to January 2024, and she has been the executive president of Fosun Pharma since January 2024. Ms. Feng currently serves as a non-executive director of Sinopharm and a non-executive director of Sisram Medical Ltd* (復銳醫療科技有限公司) (Stock Exchange stock code: 01696). Moreover, Ms. Feng serves as the director and supervisor in certain subsidiaries of Fosun Pharma. Prior to joining Fosun Pharma Group, Ms. Feng served as a human resources supervisor of Sealed Air Packaging (Shanghai) Co., Ltd.* (希悦爾包裝(上海)有限公司), a human resources manager of Grundfos Pumps (Shanghai) Co., Ltd.* (格蘭富水泵(上海)有限公司), the Asia-Pacific human resources manager of Emerson Electric (China) Investment Co., Ltd.* (艾默生電氣(中國)投資有限公司), the China human resources planning manager of Dow Chemical (China) Co., Ltd.* (陶氏化學(中國)有限公司), the director of human resources of Shanghai Roche Pharmaceutical Co., Ltd.* (上海羅氏製藥有限公司), the senior director of human resources at F. Hoffmann-LaRoche AG, the deputy chief human resources officer of Fosun High Tech and the managing director of the human resources department of Shanghai Fosun Venture Capital Investment Management Co., Ltd.* (上海復星創業投資管理有限公司), etc. Ms. Feng graduated from Shanghai University (上海大學) in the PRC with a major in microcomputer application in July 1996. In February 2002, she obtained a master's degree in business administration from Columbia Southern University in the United States.

Mr. Deli Kong (孔德力), aged 50, has been a shareholder representative supervisor of the Company since August 2016.

Mr. Kong worked at Fosun Pharma from June 2005 to December 2012, with his last position as a patent affairs senior officer. Mr. Kong has been working at Fosun Pharma Industrial Development since January 2013 and successively served as the senior researcher, deputy director, assistant to head of research institute, minister of policy and information research centre and deputy head of the research institute, minister of policy and information research centre, assistant to the president and general manager of patent affairs department and the executive vice president of the global R&D centre. Prior to joining Fosun Pharma Group, Mr. Kong also previously served as an assistant researcher at the Shanghai Institute of Biochemistry and Cell Biology of the Chinese Academy of Sciences*(中國科學院上海生物化學與細胞生物研究所). Mr. Kong obtained a master's degree in biochemical engineering from the School of Engineering of East China University of Science and Technology (華東理工大學) in the PRC in July 1999.

Mr. Zhiyong Liu (劉志勇), aged 52, joined the Group in June 2020. Currently, he serves as the general manager of production, and an employee supervisor of the Company and supervisor of certain subsidiaries of the Company since January 2025.

Prior to joining the Group, Mr. Liu successively served as director of preparation workshop, manager of the planning department, and manager of the engineering department of Changchun GeneScience Pharmaceutical Limited* (長春金賽藥業股份有限公司) (currently known as Changchun GeneScience Pharmaceutical Co., Ltd.* (長春金賽藥業有限責任公司)). He served as the production director at Jilin Qijian Bio-Pharmaceutical Co., Ltd.* (吉林省奇健生物技術有限公司), the production director at Genovate (Changzhou) Biotechnology Co., Ltd* (健亞(常州)生物技術有限公司), and assistant to the president and executive deputy general manager of Zhejiang Huajinyike Biopharmaceutical Co., Ltd.*(浙江華津依科生物製藥有限責任公司). Mr. Liu obtained a bachelor's degree in physical chemistry from Jilin University (吉林大學) in July 1997 and a master's degree in bioengineering from Jilin University in June 2016.

MEMBERS OF SENIOR MANAGEMENT OF THE GROUP

The chief executive officer and chief financial officer, and other members of the senior management of the Group are responsible for the day-to-day management of the business of the Company. Certain information relating to the chief executive officer and chief financial officer is set out in "－Board of Directors" above.

Ms. Wei Huang, aged 57, served as the senior vice president of Henlius Biopharmaceuticals from December 2019 to October 2020, the senior vice president and chief operating officer of the Company from October 2020 to September 2023 and the president since October 2023. Ms. Huang also serves as the director or a member of the senior management in certain subsidiaries of the Company. Ms. Huang has served as a non-independent director of Gland Pharma since November 2024.

Prior to joining the Group, Ms. Huang served as a research assistant of Center of Marine Biotechnology, a process development engineer of Baxter (AMVAX) Inc., a project manager of New Brunswick Scientific Inc., a process engineer and the director of process engineer of Fluor Corp., the senior/chief process engineer of Bechtel Corp., the vice president of process development and engineering of REG Life Science Inc., and the chief consultant of Newa Technology Inc. Ms. Huang obtained a bachelor's degree in Biochemical Engineering from the East China Institute of Chemical Technology (華東化工學院) in the PRC in July 1990 and a master's degree in Chemical and Biochemical Engineering from the University of Maryland in the United States in August 1993.

Mr. Cheng Yu (余誠), aged 48, served as the general manager of the marketing department of the Company from August 2019 to February 2020, the vice president of Henlius Biopharmaceuticals from February 2020 to November 2021, and the vice president and chief commercial officer of the Company from November 2021 to August 2023. He has been the senior vice president and chief commercial officer of the Company since September 2023. Mr. Yu serves as the chairman of the board of Henlius Pharmaceutical Trading, a subsidiary of the Company.

Mr. Yu has extensive experience in product structure, product strategy development and launching of new products. Prior to joining the Company, Mr. Yu previously served as the sales representative of Glaxo Wellcome Pharmaceutical Co., Ltd.*(葛蘭素威康製藥有限公司), and served as senior pharmaceutical representative, district sales manager, regional sales manager, product manager, marketing manager and marketing director of Shanghai Roche Pharmaceutical Co., Ltd.*(上海羅氏製藥有限公司), and the head of the marketing department of Amgen Inc. Mr. Yu obtained a bachelor's degree in medicinal chemistry from Shanghai Medical College of Fudan University*(復旦大學上海醫學院) (formerly known as Shanghai Medical University) in the PRC in July 1999 and an EMBA degree from Fudan University (復旦大學) in the PRC in June 2016.

Ms. Ping Cao, aged 53, served as the vice president of Henlius USA Inc., a subsidiary of the Company, from July 2018 to October 2020, the vice president and chief business development officer of the Company from October 2020 to August 2023, and the senior vice president and chief business development officer of the Company since September 2023. Ms. Cao has served as a director of Fosun Henlius Health Holdings Pte. Ltd., a subsidiary of the Company, since January 2025.

Prior to joining the Group, Ms. Cao served as the Associate Director of Contract Manufacturing Operation (CMO) and Global Manufacturing and Supply (GMS) at Bristol-Myers Squibb Company, and the head of Technology Platform Trading project of Business Development Department, and the senior director of Business Development Department of Abzena PLC. Ms. Cao also serves as a member of the Advisory Council of Meneldor B.V. since February 2021. Ms. Cao obtained a bachelor's degree in materials science and technology from Tianjin University (天津大學) in the PRC in July 1994, a master's degree in chemical engineering from Tianjin University (天津大學) in the PRC in March 1999, and a master's degree in organic chemistry from Michigan State University in the United States in April 2004. Ms. Cao completed the Advanced Management Program at The Wharton School of the University of Pennsylvania in the United States in June 2022.

Ms. Li Junhua (李君華), aged 49, served as the vice president and chief human resources officer of the Company from April 2022 to December 2024. She has been a senior vice president and the chief human resources officer of the Company and director in some subsidiaries of the Company since January 2025.

Prior to joining the Group, Ms. Li served as director of human resources (Greater China) of Rabobank, executive director of the human resources department and a business partner of Astrazeneca (Wuxi) Trading Co., Ltd.*(阿斯利康(無錫)貿易有限公司), and vice president of the human resources department of Chia Tai Tianqing Pharmaceutical Group Co., Ltd.*(正大天晴藥業集團股份有限公司). Ms. Li obtained a bachelor's degree in economics from Shandong Institute of Finance and Economics (山東財政學院) in China in July 1998, majoring in international finance, and a master's degree in business administration from the cooperative MBA program offered by Shanghai University of Finance and Economics and Webster University in the U.S. in December 2002.

Mr. Xinjun Guo (郭新軍), aged 54, served as the vice president and secretary to the Board of the Company from February 2010 to March 2019, the senior vice president and secretary to the Board of the Company from March 2019 to November 2021, and the senior vice president of the Company since November 2021. Mr. Guo serves as the director or a member of the senior management in certain subsidiaries of the Company.

Prior to joining the Group, Mr. Guo previously served as a researcher, project manager, research manager and chief engineer of Hangzhou Jiuyuan Gene Engineering Co., Ltd.*(杭州九源基因工程有限公司), the director and deputy general manager of Hangzhou Taishi Biotechnology Co., Ltd.*(杭州泰士生物科技有限公司), the secretary to the board of directors and deputy general manager of Zhejiang Cifu Pharmaceutical Co., Ltd.*(浙江賜富醫藥有限公司), and the chief engineer of Shanghai Clone High Technology Co., Ltd.*(上海克隆高技術有限公司) (now known as Shanghai Kaimao Bio-Pharmaceutical Co., Ltd.* (上海凱茂生物醫藥有限公司)). Mr. Guo has many years of experience in biopharmaceutical R&D and industrialization, and is familiar with different domestic laws and regulations. He was involved in the development of the recombinant human granulocyte colony-stimulating factor (rhG-CSF) injection, the first listed Category II new drug in China. He was awarded Outstanding Technology Development Talent of Hangzhou, Second Prize for Zhejiang Province's Science and Technology Progress Award, First Prize for Hangzhou's Science and Technology Progress Award and Shanghai May 1st Labour Medal. He also led the team to win the 2021 National Worker Pioneer, the 2021 Shanghai Worker Pioneer, the 2020 "Shanghai Model Group" and the 2019 Shanghai Worker Pioneer. Currently, Mr. Guo is a member of the special committee for pharmaceutical innovation and investment of China Pharmaceutical Industry Research and Development Association (中國醫藥創新促進會醫藥創新投資專委會), the vice-chairman of Shanghai Biopharmaceutical Industry Association (上海市生物醫藥行業協會), and a member of the ninth council of Shanghai Pharmaceutical Profession Association (上海醫藥行業協會). Mr. Guo received his bachelor's degree from the Genetics and Genetic Engineering Department of Fudan University (復旦大學) in the PRC in July 1993, and a master's degree in business administration from Zhejiang University (浙江大學) in the PRC in March 2005.

Dr. Feng Ye, aged 57, has been the vice president and the chief quality officer of the Company since September 2024.

Prior to joining the Group, Dr. Ye served as a statistician in the Research and Development Department of Schering-Plough Corporation, the principal statistician at GSK plc (formerly known as Glaxo SmithKline plc); the senior manager of quality assurance, director of quality engineering, director of clinical production quality and director of quality at Amgen Inc.; the vice president for quality and senior vice president of technical operations at HJB (Hangzhou) Co., Ltd* (杭州奕安濟世生物藥業有限公司); and the chief operating officer of Transcenta Holding Limited. Dr. Ye received a bachelor of science degree from the University of Oregon in March 1993 and a master of science degree from the University of Oregon in June 1995. Dr. Ye obtained his Ph.D. in biostatistics from the University of North Carolina at Chapel Hill in December 2000.

Dr. Jijun Yuan (袁紀軍), aged 47, served as chief science officer at Henlius Biologics from November 2024 to December 2024. He has been the chief science officer of the Company since January 2025.

Prior to joining the Company, Dr. Yuan served as a postdoctoral researcher in molecular biology at the University of California, Los Angeles, in the United States, a senior researcher and then deputy director of the Biological Drugs Department at Shanghai Hengrui Pharmaceuticals Co., Ltd.*(上海恒瑞醫藥有限公司), the vice president and chief science officer in Shanghai Genechem Technology Co., Ltd.*(上海吉凱基因化學技術有限公司) (now known as Shanghai Genechem Co., Ltd.), the general manager at Shanghai Jibei Biotechnology Co., Ltd.*(上海吉倍生物技術有限公司), a wholly-owned subsidiary of Shanghai Genechem Technology Co., Ltd.*(上海吉凱基因化學技術有限公司), and the executive vice-president and president in pre-clinical development at Suzhou Abogen Biosciences Co., Ltd.*(蘇州艾博生物科技有限公司). Dr. Yuan was awarded the titles of Shanghai Leading Talent, an Expert in the Expert Database of the Science and Technology Commission of Shanghai, and an Innovation Elite on the 2nd Overseas Chinese Innovation and Entrepreneurship Elite List. He obtained a bachelor's degree in biochemistry from Fudan University (復旦大學) in July 1999 and a doctoral in biochemistry from The Ohio State University in the United States in March 2008.

Mr. Yingbo Mao (毛應波), aged 47, has been the vice president and chief financial officer of the Company since July 2024. He also serves as a director or a member of the senior management in several subsidiaries of the Company.

Prior to joining the Group, Mr. Mao served as a senior auditor at Deloitte Touche Tohmatsu Certified Public Accountants, deputy manager of financial planning & analysis for Greater China at Coca-Cola, financial director for Greater China at Bayer Healthcare Company Limited*(拜耳醫藥保健有限公司), and financial director for Greater China and Asia Pacific at UCB. Mr. Mao also successively served as the chief financial officer of Healthcare Holdings, deputy chief financial officer and general manager of the financial department at the Grand Healthcare Industry Operation Committee*(大健康產業運營委員會), and co-chief financial officer and deputy general manager of the financial department of the Healthcare Industry Committee at Fosun International Limited and its subsidiaries. Mr. Mao obtained a bachelor's degree in economics from Shanghai University of Finance and Economics in July 2000, majoring in international accounting professionals, and completed the BI Norwegian Business School – Fudan University joint MBA program and obtained a master's degree in business administration in July 2015. Mr. Mao is qualified as a Chinese Certified Public Accountant and holds the national legal professional qualification.

Mr. Li Jing (李靖), aged 43, joined the Group in August 2017. He served as the director of global project management, the senior director of the global clinical affairs operation department, the executive director of the global clinical affairs operation department, the deputy general manager of the clinical operation department, the general manager of the clinical operation department and the general manager of the global product development department in the Group. He has been served as vice president of the Company since January 2025.

Prior to joining the Group, Mr. Li served as a clinical research associate (CRA) in Shanghai Pharmaceutical (Group) Co., Ltd. *(上海醫藥(集團)有限公司), a CRA II in Gesi (Beijing) Medical Technologies Co., Ltd. *(格斯(北京)醫療科技有限公司), a senior CRA in Covance Pharmaceutical Research and Development (Shanghai) Co., Ltd., the senior project manager in Shanghai Roche Pharmaceutical Co., Ltd.*(上海羅氏製藥有限公司) and the senior project manager in Hutchison Medi Pharma Limited. Mr. Li obtained a bachelor's degree of medicine from Tongji University in July 2004, majoring in clinical medicine, and a master's degree in medicine in biomedical engineering from Tongji University in May 2007.

Ms. Li Jin (李錦), aged 51, served as deputy general manager of the regulatory affairs department of the Company from September 2021 to August 2022, as general manager of the regulatory affairs department of the Company from September 2022 to December 2024, and has been served as the vice president of the Company since January 2025.

Prior to joining the Group, Ms. Li held positions including registration specialist at Grand Pharmaceutical Group Limited*(遠大醫藥集團有限公司), registration affairs manager at Harbin Gloria Pharmaceuticals Co., Ltd.(哈爾濱譽衡藥業股份有限公司), registration affairs manager at Beijing Youlipu Pharmaceutical Technology Co., Ltd.*(北京優力普醫藥科技有限公司), deputy manager of registration at Merck Sharp & Dohme (China) Ltd.*(默沙東(中國)有限公司), registration affairs manager at Biogen Idec Inc., head of registration affairs (non-oncology) at Amgen Inc., senior manager of CMC registration affairs at Bayer HealthCare Company Limited*(拜耳醫藥保健有限公司), deputy director of registration (general medicine and endocrinology) at Merck Serono (Beijing) Pharmaceutical R&D Co., Ltd.*(默克雪蘭諾(北京)醫藥研發有限公司), director of registration affairs/China head at Mundipharma (China) Pharmaceutical Company Limited*(萌蒂(中國)製藥有限公司), and vice president of registration affairs at Nuance Pharma (Shanghai) Co.,Ltd.*(優銳醫藥科技(上海)有限公司). Ms. Li obtained a bachelor of science degree in traditional Chinese medicine from Beijing University of Chinese Medicine in June 1995.

Ms. Yan Wang (王燕), aged 37, was appointed as the secretary to the Board and joint company secretary of the Company since November 2021.

Ms. Wang has acted as science & technology administrative commissioner, supervisor of the marketing department, securities affairs representative and manager of public affairs department, director of the office of board secretary and executive director of public relationship of the Company from July 2013. She currently has been the secretary to the Board and deputy general manager of public relationship of the Company. Ms. Wang has been the company secretary of Fosun Henlius Health Holdings Pte. Ltd., a subsidiary of the Company, since January 2025. Ms. Wang obtained a bachelor's degree in bio-pharmacy from Nanjing Forestry University (南京林業大學) in the PRC in June 2010 and a master's degree in biochemistry from Nanjing Forestry University (南京林業大學) in the PRC in July 2013.

JOINT COMPANY SECRETARIES

Ms. Yan Wang (王燕) was appointed as a joint company secretary of the Company on 5 November 2021. See "Senior Management of the Group" above for further details.

Ms. Wan Kai Chong (莊運啓) was appointed as a joint company secretary of the Company on 26 August 2024. Ms. Chong is a manager of Company Secretarial Services of Tricor Services Limited, having over 10 years of experience in compliance and corporate secretarial fields for Hong Kong listed companies and is a Chartered Secretary, a Chartered Governance Professional and an associate member of both of The Hong Kong Chartered Governance Institute (formerly "The Hong Kong Institute of Chartered Secretaries") and The Chartered Governance Institute (formerly "The Institute of Chartered Secretaries and Administrators") in the United Kingdom. Ms. Chong obtained a master's degree of Science in Professional Accounting and Corporate Governance from City University of Hong Kong in February 2014.

INDEPENDENT AUDITOR'S REPORT

Ernst & Young
27/F, One Taikoo Place,
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道 979 號
太古坊一座 27 樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

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

OPINION

We have audited the consolidated financial statements of Shanghai Henlius Biotech, Inc. (the "Company") and its subsidiaries (the "Group") set out on pages 90 to 172, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS *(CONTINUED)*

Key audit matter	How our audit addressed the key audit matter
Capitalisation of development expenditure During the year ended 31 December 2024, the expenditure of RMB805,373,000 incurred on projects to develop new biopharmaceutical products was capitalised in intangible assets – deferred development costs in the consolidated financial statements. The expenditure on development activities was capitalised and deferred when all the criteria mentioned in note 2.4 *Material Accounting Policies* were satisfied. This matter was significant to our audit because significant management estimation and judgements were required in determining whether the development expenditure met the capitalisation criteria.	Our audit procedures included, among others, assessing whether the capitalisation policy adopted was in line with IFRS Accounting Standards, obtaining an understanding of the Group's internal approval procedures regarding the capitalisation of development expenditure by conducting interviews with key management in charge of research, development and industrialisation of various projects, and obtaining certifications related to different stages of development activities and commercial and technical feasibility reports prepared by management.
The disclosures about the capitalisation of development expenditure are included in note 2.4 *Material Accounting Policies*, note 3 *Significant Accounting Judgements and Estimates* and note 15 *Intangible Assets* to the consolidated financial statements.	We also assessed the adequacy of the disclosures in the consolidated financial statements.
Impairment of intangible assets The carrying values of indefinite-life intangible assets and deferred development costs in the consolidated financial statements amounted to RMB73,821,000 and RMB1,659,168,000, respectively, as at 31 December 2024. In accordance with IFRS Accounting Standards, the Group is required to perform impairment testing for indefinite-life intangible assets and deferred development costs at least on an annual basis. The impairment testing is based on the recoverable amount of each individual asset. This matter was significant to our audit because the impairment testing process was complex and involved significant management judgements and estimates.	Our audit procedures included, among others, involving internal valuation specialists to assist us in evaluating the assumptions and methodologies used by management, particularly the discount rates, royalty rates, and contributory asset charges used in the valuation method based on the cash flow forecast of each individual asset. We paid attention to the forecasts with respect to future revenues, operating results and development costs to be incurred to complete the development process by comparing the forecasts with the business development plan of each individual asset.
The disclosures about the impairment of indefinite-life and deferred development assets are included in note 2.4 *Material Accounting Policies*, note 3 *Significant Accounting Judgements and Estimates* and note 15 *Intangible Assets* to the consolidated financial statements.	We also assessed the adequacy of the disclosures in the consolidated financial statements.

KEY AUDIT MATTERS *(CONTINUED)*

Key audit matter	How our audit addressed the key audit matter
Revenue recognition of exclusive license contracts The Group entered into several exclusive license contracts (the "Contracts") for the development and commercialisation of candidate drugs. The consideration for the Contracts included upfront fees, milestone payments based on the completion of certain milestone events and royalties based on future sales. For the year ended 31 December 2024, the Group recognised licensing revenue under the Contracts amounting to RMB260,760,000. As part of the accounting for revenue recognition under the Contracts, significant management's judgements and estimations were involved in identifying the performance obligations, determining whether each performance obligation is satisfied over time or at a point in time, estimating the variable considerations and allocating the consideration based on the stand-alone selling price of each performance obligation. The Group's disclosures about revenue recognition under the Contracts are included in note 2.4 *Material Accounting Policies*, note 3 *Significant Accounting Judgements and Estimates* and note 5 *Revenue* to the consolidated financial statements.	Our audit procedures included, among others, evaluating management's accounting policies and assessing management's processes and controls relating to revenue recognition under the Contracts. We inspected the Contracts and discussed with management about the nature, business rationale and the progress of the Contracts. We evaluated management judgements in identifying performance obligations by assessing whether the license and research and development services within the Contracts were distinct, and in determining whether each performance obligation was satisfied over time or at a point in time by examining the related terms in the Contracts and the related supporting evidence. We checked the conditions and the current status of the payments made by the customers and the achievement of the milestone events to assess management's judgements and estimations regarding the variable considerations and the satisfaction of each performance obligation. We involved internal specialists to assist us in the assessment of the methodologies and the assumptions used by management, particularly the discount rates, and the cost mark-up rate, in determining the stand-alone selling price of each performance obligation. We performed recalculations to check the mathematical accuracy based on management's model to determine the revenue recognised for each performance obligation. We also assessed the adequacy of the disclosures in the consolidated financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lau Kwok Wa Lawrence.

Ernst & Young
Certified Public Accountants
Hong Kong
24 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	5	**5,724,449**	5,394,909
Cost of sales		**(1,539,787)**	(1,476,112)
Gross profit		**4,184,662**	3,918,797
Other income and gains	6	**107,980**	68,914
Selling and distribution expenses		**(1,917,391)**	(1,754,241)
Administrative expenses		**(370,799)**	(383,840)
Impairment losses on financial assets, net		**4,843**	(30,280)
Research and development expenses		**(1,035,130)**	(1,118,732)
Other expenses		**(5,397)**	(20,501)
Finance costs	8	**(122,887)**	(110,539)
PROFIT BEFORE TAX	7	**845,881**	569,578
Income tax expense	11	**(25,411)**	(23,559)
PROFIT FOR THE YEAR		**820,470**	546,019
Attributable to:			
Owners of the parent		**820,470**	546,019
Non-controlling interests		**–**	–
		820,470	546,019
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic			
– For profit for the year (RMB)	13	**1.51**	1.01
Diluted			
– For profit for the year (RMB)	13	**1.51**	1.00

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
PROFIT FOR THE YEAR	**820,470**	546,019
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**850**	17
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**850**	17
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**821,320**	546,036
Attributable to:		
Owners of the parent	**821,320**	546,036
Non-controlling interests	**–**	–
	821,320	546,036

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**2,343,354**	2,237,768
Intangible assets	15	**5,355,204**	4,510,729
Right-of-use assets	16	**357,103**	414,886
Other non-current assets	17	**30,335**	64,156
Total non-current assets		**8,085,996**	7,227,539
CURRENT ASSETS			
Inventories	18	**728,266**	757,359
Trade receivables	19	**857,430**	647,828
Prepayments, deposits and other receivables	20	**108,938**	200,761
Contract assets	21	**43,928**	82,419
Cash and bank balances	22	**772,962**	987,665
Total current assets		**2,511,524**	2,676,032
CURRENT LIABILITIES			
Trade payables	23	**729,099**	544,815
Other payables and accruals	24	**1,299,350**	1,255,363
Contract liabilities	25	**444,033**	466,878
Interest-bearing bank and other borrowings	26	**2,559,514**	2,800,377
Total current liabilities		**5,031,996**	5,067,433
NET CURRENT LIABILITIES		**(2,520,472)**	(2,391,401)
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,565,524**	4,836,138
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	26	**1,088,671**	1,292,674
Other long-term payables	27	**149,266**	172,071
Contract liabilities	25	**1,075,238**	949,044
Deferred income	29	**238,728**	230,048
Total non-current liabilities		**2,551,903**	2,643,837
Net assets		**3,013,621**	2,192,301
EQUITY			
Share capital	30	**543,495**	543,495
Reserves	31	**2,470,126**	1,648,806
Equity attributable to owners of the parent and total equity		**3,013,621**	2,192,301

Zhang Wenjie
Chairman of the Board of Directors
Executive Director

Zhu Jun
Chief Executive Officer
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

	Attributable to owners of the parent					
	Share capital RMB'000	Share premium* RMB'000	Other reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Accumulated losses* RMB'000	Total RMB'000
At 1 January 2023	543,495	6,051,757	(481,413)	(7,018)	(4,470,489)	1,636,332
Profit for the year	–	–	–	–	546,019	546,019
Other comprehensive income for the year:						
Exchange differences related to foreign operations	–	–	–	17	–	17
Total comprehensive income for the year	–	–	–	17	546,019	546,036
Vesting of restricted shares (note 32)	–	17,627	(10,321)	–	–	7,306
Equity-settled share-based payments (note 32)	–	–	2,627	–	–	2,627
At 31 December 2023	543,495	6,069,384	(489,107)	(7,001)	(3,924,470)	2,192,301

	Attributable to owners of the parent					
	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 2024	**543,495**	**6,069,384**	**(489,107)**	**(7,001)**	**(3,924,470)**	**2,192,301**
Profit for the year	**–**	**–**	**–**	**–**	**820,470**	**820,470**
Other comprehensive income for the year:						
Exchange differences related to foreign operations	**–**	**–**	**–**	**850**	**–**	**850**
Total comprehensive income for the year	**–**	**–**	**–**	**850**	**820,470**	**821,320**
At 31 December 2024	**543,495**	**6,069,384**	**(489,107)**	**(6,151)**	**(3,104,000)**	**3,013,621**

* These reserve accounts comprise the consolidated other reserves of RMB2,470,126,000 (2023: RMB1,648,806,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**845,881**	569,578
Adjustments for:			
Finance costs	8	**122,887**	110,539
Depreciation of property, plant and equipment	7	**141,500**	135,768
Depreciation of right-of-use assets	7	**71,944**	73,693
Amortisation of intangible assets	7	**161,355**	149,772
Amortisation of deferred income	29	**(8,213)**	(5,999)
Foreign exchange (gain)/loss, net	7	**(8,136)**	1,421
Impairment of trade receivables, net	7	**(5,160)**	9,031
Impairment of contract assets	7	**129**	–
Impairment of other receivables	7	**317**	21,249
Write-down of inventories to net realisable value	7	**5,102**	22,817
Loss/(Gain) on disposal of items of property, plant and equipment	7	**90**	(267)
Gain on disposal of items of right-of-use assets	7	**(911)**	(455)
Share-based payment expense	7	**–**	2,587
Cash inflows before working capital changes		**1,326,785**	1,089,734
Decrease/(increase) in inventories		**23,862**	(22,336)
Increase in trade receivables		**(204,313)**	(201,350)
(Increase)/decrease in prepayments, other receivables and other assets		**(51,109)**	2,126
Decrease/(increase) in contract assets		**38,362**	(82,419)
Increase in pledged deposits		**(8,559)**	–
Increase/(decrease) in trade payables		**161,366**	(108,340)
Decrease in other payables and accruals		**(136,486)**	(103,904)
Increase in contract liabilities		**103,349**	452,564
Increase in deferred income		**16,893**	42,553
Cash from operations		**1,270,150**	1,068,628
Tax paid		**(28,263)**	(20,707)
Net cash generated from operating activities		**1,241,887**	1,047,921
CASH FLOWS USED IN INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(164,008)**	(473,674)
Additions to intangible assets		**(673,198)**	(537,770)
Placement of time deposits with original maturity of more than three months		**(73,000)**	(120,000)
Cash repaid from a third party		**–**	134,984
Prepayment for the proposed acquisition of a subsidiary		**–**	(15,000)
Withdrawal of pledged deposits		**–**	7,000
Proceeds from disposal of items of property, plant and equipment		**241**	23
Net cash flows used in investing activities		**(909,965)**	(1,004,437)

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank and other borrowings		**2,673,958**	2,511,759
Repayment of bank and other borrowings		**(3,081,685)**	(2,147,093)
Principal portion of lease payments	16(b)	**(102,608)**	(90,330)
Interest paid		**(133,032)**	(129,905)
Net cash (used in)/generated from financing activities		**(643,367)**	144,431
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(311,445)**	187,915
Cash and cash equivalents at beginning of year		**867,663**	673,476
Effect of foreign exchange rate changes, net		**15,183**	6,272
CASH AND CASH EQUIVALENTS AT END OF YEAR	22	**571,401**	867,663
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**772,962**	987,665
Less: Pledged deposits	22	**8,561**	2
Time deposits with original maturity of more than three months		**193,000**	120,000
Cash and cash equivalents as stated in the statement of cash flows	22	**571,401**	867,663

1. CORPORATE AND GROUP 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 901, 9/F, Building 1, No. 367 Shengrong Road, China (Shanghai) Pilot Free Trade Zone, the PRC.

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

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

In the opinion of the directors of the Company (the "Directors"), 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.

INFORMATION ABOUT SUBSIDIARIES

The particulars of the Company's principal subsidiaries are as follows:

Name	Place and date of incorporation/registration, place of operations, and kind of legal entity	Issued ordinary/ registered share capital	Percentage of ownership interest		Principal activities
			Direct	Indirect	
Shanghai Henlius Biopharmaceutical Co., Ltd. (上海復宏漢霖生物製藥有限公司)*	Shanghai, PRC/Mainland China 26 June 2014, limited liability company	Registered share capital of Renminbi ("RMB") 740,000,000	100%	–	Biopharmaceutical production; biopharmaceutical services; and biopharmaceutical R&D
Henlius USA Inc. ("Henlius USA")	CA, United States of America 18 August 2015, incorporated company	Registered share capital of United States dollar ("USD") 81,500,000/88,905,000	100%	–	Biopharmaceutical R&D and biopharmaceutical services
Shanghai Henlius Biologics Co., Ltd. (上海復宏漢霖生物醫藥有限公司)*	Shanghai, PRC/Mainland China 26 December 2017, limited liability company	Registered share capital of Renminbi ("RMB") 571,500,000/1,000,000,000	100%	–	Biopharmaceutical R&D and biopharmaceutical services
Aton (Shanghai) Biotech Co., Ltd. (安騰瑞霖(上海)生物科技有限公司)*	Shanghai, PRC/Mainland China 24 March 2022, limited liability company	Registered share capital of Renminbi ("RMB") 683,980,350	100%	–	Biopharmaceutical R&D and biopharmaceutical services
Shanghai Henlius Pharmaceutical Trading Co., Ltd. (上海復宏漢霖醫藥貿易有限公司)*	Shanghai, PRC/Mainland China 23 November 2023, limited liability company	Registered share capital of Renminbi ("RMB") 10,000,000	100%	–	Pharmaceutical trading

* The English names of these subsidiaries represent the best efforts made by management of the Company to translate the Chinese names as they do not have official English names registered in the PRC.

2 ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards"), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB"), and International Accounting Standards ("IASs") and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect, and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Renminbi ("RMB"), and all values are rounded to the nearest thousand except when otherwise indicated.

The Group had net current liabilities of RMB2,520,472,000 as at 31 December 2024. Having taken into account the unused banking facilities and the expected cash flows from operating, financing and investing activities, the Directors consider that it is appropriate to prepare the financial statements on a going concern basis.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2 ACCOUNTING POLICIES *(CONTINUED)*

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRS Accounting Standards for the first time for the current year's financial statements.

Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")
Amendments to IAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

The nature and the impact of the revised IFRS Accounting Standards are described below:

(a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As a result of the implementation of the amendments, the Group has provided additional disclosures about its supplier finance arrangements in notes 26, 33 and 40 to the financial statements.

2 ACCOUNTING POLICIES *(CONTINUED)*

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[3]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to IAS 21	*Lack of Exchangeability*[1]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[2]

1 Effective for annual periods beginning on or after 1 January 2025

2 Effective for annual periods beginning on or after 1 January 2026

3 Effective for annual/reporting periods beginning on or after 1 January 2027

4 No mandatory effective date yet determined but available for adoption

Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below.

IFRS 18 replaces IAS 1 *Presentation of Financial Statements.* While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

2 ACCOUNTING POLICIES *(CONTINUED)*

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS *(CONTINUED)*

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19. Some of the Company's subsidiaries are considering the application of IFRS 19 in their specified financial statements.

Amendments to IFRS 9 and IFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

2 ACCOUNTING POLICIES *(CONTINUED)*

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS *(CONTINUED)*

Annual Improvements to IFRS Accounting Standards – Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 7 *Financial Instruments: Disclosures:* The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 9 *Financial Instruments:* The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 10 *Consolidated Financial Statements:* The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IAS 7 *Statement of Cash Flows:* The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2.4 MATERIAL ACCOUNTING POLICIES

Fair value measurement

The Group measures its investment properties, derivative financial instruments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2 ACCOUNTING POLICIES *(CONTINUED)*

2.4 MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

Fair value measurement *(continued)*

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2 ACCOUNTING POLICIES *(CONTINUED)*

2.4 MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2 ACCOUNTING POLICIES *(CONTINUED)*

2.4 MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2%
Plant and machinery	9.5% to 19%
Motor vehicles	19%
Office and other equipment	9.5% to 19%
Electronic equipment	9.5% to 19%
Leasehold improvements	10% to 20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

2 ACCOUNTING POLICIES *(CONTINUED)*

2.4 MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

INTANGIBLE ASSETS (OTHER THAN GOODWILL) *(CONTINUED)*

NON-PATENT TECHNOLOGIES AND PURCHASED MEDICINE SUPPLY RIGHTS

Non-patent technologies and purchased medicine supply rights have been classified as assets with an indefinite useful life. They have indefinite life as there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows, the extension cost is low and assets can be used indefinitely. They are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful lives of such intangible assets are reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

MEDICINE LICENSES

Medicine licenses with finite useful lives are measured initially at cost, which transfer from the deferred development costs after such medicine getting the medicine licenses from the related authorities. Medicine licenses are amortised on the expected pattern of consumption of the future economic benefits, which are assessed by the Group after considering the similar medicine and the market condition.

OFFICE SOFTWARE

Purchased office software is stated at cost less any impairment losses and is amortised on the straight-line basis over the estimated useful life of 5 to 10 years. The useful lives of the software are assessed by the Group after considering the contractual term, the current functionality equipped by the software, using plan and operation needs of the software. The software served as basement IT system or technological platform is amortised over a long period as 10 years. Other software served as fast updating applications and single application software is amortised over a shorter period, such as 5 years.

RESEARCH AND DEVELOPMENT COSTS

All research costs are charged to the statement of profit or loss as incurred.

The expenditure on an internal research and development project is classified into expenditure in the research phase and expenditure in the development phase based on its nature and whether there is material uncertainty that the research and development activities can form an intangible asset at end of the project.

Expenditure in the development phase is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

The specific criteria for the classification of expenditures on the research phase and expenditures on the development phase are as follows:

As for biosimilar products, expenditures on the research phase are all the expenditures incurred before the commencement of Phase I clinical trial for the medicines. Expenditures on the development phase are all the expenditures incurred after the commencement of Phase I clinical trial for the medicines. Commencement of Phase I clinical trial is determined based on the approval by authorities.

As for bio-innovative products, expenditures on the research phase are all the expenditures incurred before the commencement of Phase III clinical trial for the medicines. Expenditures on the development phase are all the expenditures incurred after the commencement of Phase III clinical trial for the medicines.

Deferred development costs are stated at cost less any impairment losses and will be transferred to medicine licenses when the products are put into commercial production.

2 ACCOUNTING POLICIES *(CONTINUED)*

2.4 MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Land	50 years
Plant and machinery	2 to 10 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in the assessment to purchase the underlying asset.

The Group's lease liabilities are included in interest-bearing bank and other borrowings.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

2 ACCOUNTING POLICIES *(CONTINUED)*

2.4 MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

LEASES *(CONTINUED)*

GROUP AS A LESSOR

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

INVESTMENTS AND OTHER FINANCIAL ASSETS

INITIAL RECOGNITION AND MEASUREMENT

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

SUBSEQUENT MEASUREMENT

The subsequent measurement of financial assets depends on their classification as follows:

FINANCIAL ASSETS AT AMORTISED COST (DEBT INSTRUMENTS)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.

2 ACCOUNTING POLICIES *(CONTINUED)*

2.4 MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired, or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

2 ACCOUNTING POLICIES *(CONTINUED)*

2.4 MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

Impairment of financial assets *(continued)*

General approach *(continued)*

The Group considers a financial asset in default when contractual payments are 1 year past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component, or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, financial liabilities included in other payables and accruals and interest-bearing bank and other borrowings.

The Group classifies financial liabilities that arise from a supplier finance arrangement within trade payables in the statement of financial position if they have a similar nature and function to trade payables. This is the case if the supplier finance arrangement is part of the working capital used in the Group's normal operating cycle, the level of security provided is similar to trade payables and the terms of the liabilities that are part of the supply chain finance arrangement are not substantially different from the terms of trade payables that are not part of the arrangement. Cash flows related to liabilities arising from supplier finance arrangements that are classified in trade and bills payables in the statement of financial position are included in operating activities in the statement of cash flows. Otherwise, the financial liabilities are classified in interest-bearing bank and other borrowings in the statement of financial position and the related cash flows are included in financing activities in the statement of cash flows.

2 ACCOUNTING POLICIES *(CONTINUED)*

2.4 MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

Financial liabilities *(continued)*

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)
After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on weighted moving average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

2 ACCOUNTING POLICIES *(CONTINUED)*

2.4 MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

The Group provides for warranties in relation to the sale of certain biopharmaceutical products during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates, and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2 ACCOUNTING POLICIES *(CONTINUED)*

2.4 MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

INCOME TAX *(CONTINUED)*

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

GOVERNMENT GRANTS

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

2 ACCOUNTING POLICIES *(CONTINUED)*

2.4 MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

Sale of biopharmaceutical products

Revenue from the sale of biopharmaceutical products is recognised at the point in time when control of the asset is transferred to the customer, generally on receipt of the biopharmaceutical products. Some contracts for the sale of biopharmaceutical products provide customers with sales rebates. Sales rebates, giving rise to variable consideration.

License

The Group grant commercialisation licenses or intellectual property licenses (collectively, the “License”) of certain products. The License are either sold separately or bundled together with research and development service to one customer.

Contracts for bundled License and research and development service are comprised of two performance obligations because the promises to transfer the License and provide research and development service are capable of being distinct and separately identifiable. Accordingly, the transaction price is allocated based on the relative stand-alone selling prices of the License and research and development services.

For the commercialisation licenses, the Group would undertake activities, such as being the exclusive supplier of the certain biopharmaceutical products related to the License, which significantly affect the License. Thus, the customers get a right to access the License and the revenue of License is recognised overtime during the expected commercialisation period after obtaining the commercialisation authorisation from the local authorities. And for the intellectual property licenses which the customer obtains the a right to use the License, the revenue of the License is recognised at a point of time, when the control of the license is transferred to the customer and the customer is able to consume and benefit from the License. The consideration for License comprises fixed element and variable elements. The variable elements are included in the transaction price when the Group can conclude that it is highly probable there will not be a significant reversal of revenue.

Research and development service

The Group provides research and development services that are either rendered separately or bundled together with the License to a customer.

2 ACCOUNTING POLICIES *(CONTINUED)*

2.4 MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

REVENUE RECOGNITION *(CONTINUED)*

RESEARCH AND DEVELOPMENT SERVICE *(CONTINUED)*

Contracts for bundled research and development service and License are comprised of two performance obligations because the promises to provide research and development service and transfer the License are capable of being distinct and separately identifiable. Accordingly, the transaction price is allocated based on the relative stand-alone selling prices of the research and development services and License.

For the research and development service which the customers can't control the service or consume the benefit or have no enforceable obligation to pay for the service provided to date, the Group concluded that the research and development service can be identified as a performance obligation satisfied at a point in time. The stand-alone selling prices is recognised as revenue when the customers accept and can benefit from this service.

For research and development service which the customer simultaneously receives and consumes the benefits provided by the Group, the revenue from research and development services is recognised over time, using an input or output method to measure progress towards complete satisfaction of the service. The progress is determined on the basis of the cost expended relative to the total expected cost to complete the service.

REVENUE FROM OTHER SOURCES

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

OTHER INCOME

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

CONTRACT ASSETS

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

CONTRACT LIABILITIES

A contract liability is recognised when a payment is received, or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

CONTRACT COSTS

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

2 ACCOUNTING POLICIES *(CONTINUED)*

2.4 MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

CONTRACT COSTS *(CONTINUED)*

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

SHARE-BASED PAYMENTS

The Group operates several share-award schemes. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by reference to the latest market price of share transaction or determined by an external valuer, further details of which are given in note 32 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms have not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it has vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2 ACCOUNTING POLICIES *(CONTINUED)*

2.4 MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

Other employee benefits

Pension scheme

The employees are required to participate in a defined central pension scheme managed by the local municipal government of the areas in the PRC. The PRC companies are required to contribute a certain percentage of the relevant part of the payroll of these employees to the central pension scheme. The Group has no obligation for the payment of retirement benefits beyond the annual contributions. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Accommodation benefits

According to the relevant PRC rules and regulations, the PRC companies now comprising the Group and their employees are each required to make contributions which are in proportion to the salaries and wages of the employees to an accommodation fund administered by the government agencies in the PRC. There is no further obligation on the part of the Group except for such contributions to the accommodation fund. Contributions to an accommodation fund administrated by government agencies are charged to the consolidated statement of profit or loss as and when they are incurred.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

2 ACCOUNTING POLICIES *(CONTINUED)*

2.4 MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

FOREIGN CURRENCIES *(CONTINUED)*

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense, or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

JUDGEMENTS

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

(a) Identifying performance obligation under contracts which have bundled sales of the License and research and development services

The Group have certain contracts which provide the License together with research and development service to a customer. The Group determined that both the License and research and development services are capable of being distinct. The Group also determined that the promises to transfer the License and provide research and development services are distinct within the context of the contract. The Group is not providing a significant integration service because the presence of the License and research and development services together in the contract does not result in any additional or combined functionality and neither the License nor the research and development modifies or customises the other. In addition, the License and research and development services are not highly interdependent or highly interrelated, because the Group would be able to transfer the License even if the customer declined research and development service and would be able to provide research and development service if other distributors have such request. Consequently, the Group has allocated a portion of the transaction price to the License and the research and development services based on relative stand-alone selling prices.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(CONTINUED)*

JUDGEMENTS *(CONTINUED)*

REVENUE FROM CONTRACTS WITH CUSTOMERS *(CONTINUED)*

(b) Determining the timing of satisfaction of the License

The Group concluded that for the License which would be significantly affected by the activities undertaken by the Group, such as being the exclusive supplier of certain biopharmaceutical products related to the License, the customers get a right to access the License, the revenue is recognised overtime during the expected commercialisation period of the related biopharmaceutical products. The Group determined that the output method is the best method in measuring the progress of the License because there is a relationship between the Group's output and the transfer of the License to the customers. The Group recognises revenue on the basis of the output happened relative to the total expected output during the expected commercialisation period.

For the License which the customer gets a right to use the License, revenue for the License is recognised at the point of time when the control of the License is transferred to the customer and the customer is able to consume and benefit from the License.

(c) Determining the timing of satisfaction of research and development services

The Group concluded that in some contracts, revenue for research and development services is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group. The fact that another entity would not need to re-perform the research and development services that the Group has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Group's performance as it performs.

The Group determined that the input method is the best method in measuring the progress of the research and development services because there is a direct relationship between the Group's effort (i.e., actual cost incurred) and the transfer of services to the customer. The Group recognises revenue on the basis of the cost expended relative to the total expected cost to complete the services.

The Group also concluded that in some other contracts, revenue for research and development services is to be recognised at a point of time, because the customers cannot control the service or consume the benefit and have no enforceable obligation to pay for the service provided to date.

(d) Determining the method to estimate variable consideration

Certain contracts include variable consideration based on the future events. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

Given that the payments of certain variable consideration are not within the control of the Group, such as regulatory approvals, relevant consideration is not considered until relevant approvals are obtained. The Group determines that the most likely amount method is the appropriate method to estimate the variable consideration. When it is highly probable that the income corresponding to the relevant consideration will not be significantly reversed, the uncertainty of the variable consideration is eliminated and the variable consideration will be included in the transaction price. At the end of each reporting period, the Group will re-evaluate the probability of the payment of the variable consideration, and if necessary, adjust the estimation of the overall transaction price.

SIGNIFICANT JUDGEMENT IN DETERMINING THE LEASE TERM OF CONTRACTS

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by a highly possible renewal action which is reasonably certain to be exercised.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(CONTINUED)*

JUDGEMENTS *(CONTINUED)*

SIGNIFICANT JUDGEMENT IN DETERMINING THE LEASE TERM OF CONTRACTS *(CONTINUED)*

The Group has a high possibility to renew the periods under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to renew. That is, it considers all relevant factors that create an economic incentive for it to renew. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to renew (or not to renew) the periods of existing leases (e.g., a change in business strategy).

The Group includes the renewal period as part of the lease term for leases of machinery due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., three to five years) and there will be a significant negative effect on production if a replacement is not readily available.

DEFERRED TAX ASSETS

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has tax losses of RMB1,968,317,000 (2023: RMB2,726,545,000) carried forward. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward. Further details on deferred taxes are disclosed in note 28 to the financial statements.

ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

PROVISION FOR EXPECTED CREDIT LOSSES ON RECEIVABLES AND CONTRACT ASSETS

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets are disclosed in note 19 and note 21, respectively, to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(CONTINUED)*

ESTIMATION UNCERTAINTY *(CONTINUED)*

LEASES – ESTIMATING THE INCREMENTAL BORROWING RATE

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

NET REALISABLE VALUE OF INVENTORIES

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated cost to be incurred to completion and sale. These estimates are based on the current market condition and the historical experience of selling products of a similar nature. It could change significantly as a result of changes in customers' needs and prices change when the products' expiration date is approaching. Management reassesses these estimates at the end of the reporting period.

STAND-ALONE SELLING PRICES OF THE LICENSE AND THE RESEARCH AND DEVELOPMENT SERVICES

The Group has certain contracts which provide the License together with research and development services to customers. As part of the accounting for these arrangements, the Group will develop assumptions that require estimation to determine the stand-alone selling price for each performance obligation identified in the contract. In developing the stand-alone selling price for a performance obligation, the Group considers the fair value of each performance obligation, and the fair value is determined using the valuation techniques (expected cost plus a margin approach or income approach) that are appropriate in the circumstances and for which sufficient data are available to measure fair value, the key assumptions include the discount rates, royalty rates and the cost mark-up rates. The consideration allocated to each performance obligation is limited to the consideration that is not constrained.

USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT

The Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations, or competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

USEFUL LIVES OF INTANGIBLE ASSETS

The Group reviews the useful life of intangible assets at least at the end of each year. If there is evidence that the useful life of intangible assets is different from the previous estimate, the amortisation period of intangible assets with limited useful lives will be changed. For intangible assets with uncertain service life, if there is evidence that its service life is limited, it shall be amortised according to a reasonable method. The difference between the actual result and the original estimate will affect the book value of intangible assets and the provision for impairment of intangible assets in the current and subsequent periods when the estimate is changed.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(CONTINUED)*

ESTIMATION UNCERTAINTY *(CONTINUED)*

IMPAIRMENT OF NON-FINANCIAL ASSETS (OTHER THAN GOODWILL)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets and deferred development costs are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

DEFERRED DEVELOPMENT COSTS

Deferred development costs are capitalised in accordance with the accounting policy for research and development costs in note 2.4 to the financial statements. In determining the amounts to be capitalised, management makes assumptions with regard to future economic benefits generated from the assets, discount rates to be applied and the expected period of benefits. Further details are contained in note 15 to the financial statements.

4. OPERATING SEGMENT INFORMATION

The Group is engaged in biopharmaceutical R&D, biopharmaceutical services and biopharmaceutical production and sales, 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.

GEOGRAPHICAL INFORMATION

(A) REVENUE FROM EXTERNAL CUSTOMERS

	2024 RMB'000	2023 RMB'000
Mainland China	**5,046,100**	4,810,621
Asia Pacific (excluding Mainland China)	**236,864**	193,988
North America	**329,124**	314,789
South America	**10,624**	19,144
Europe	**101,412**	56,367
Oceania	**325**	–
Total revenue	**5,724,449**	5,394,909

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

4. OPERATING SEGMENT INFORMATION *(CONTINUED)*

GEOGRAPHICAL INFORMATION *(CONTINUED)*

(B) NON-CURRENT ASSETS

	2024 RMB'000	2023 RMB'000
Mainland China	**7,982,313**	7,087,635
Overseas	**103,683**	139,904
Total non-current assets	**8,085,996**	7,227,539

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

INFORMATION ABOUT MAJOR CUSTOMERS

Revenue from customers amounting to over 10% to the total revenue of the Group in the reporting period is as follows:

	2024 RMB'000
Customer A	**2,055,889**

	2023 RMB'000
Customer A	1,932,173
Customer B	552,068
	2,484,241

5. REVENUE

An analysis of revenue is as follows:

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers	**5,721,643**	5,392,189
Revenue from other sources		
Gross rental income from operating leases	**2,806**	2,720
Total revenue	**5,724,449**	5,394,909

5. REVENUE *(CONTINUED)*

REVENUE FROM CONTRACTS WITH CUSTOMERS

(A) REVENUE INFORMATION

	2024 RMB'000	2023 RMB'000
Types of goods or service		
Sales of biopharmaceutical products	**4,933,529**	4,553,548
Research and development services	**523,473**	698,906
Licensing revenue	**260,760**	138,953
Others	**3,881**	782
Total revenue from contracts with customers	**5,721,643**	5,392,189
Timing of revenue recognition		
Transferred at a point in time	**5,220,316**	4,782,856
Transferred over time	**501,327**	609,333
Total revenue from contracts with customers	**5,721,643**	5,392,189

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2024 RMB'000	2023 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of biopharmaceutical products	**155,203**	–
Licensing revenue	**25,959**	23,383
Research and development services	**301,322**	194,499
	482,484	217,882

There is no revenue recognised from performance obligations satisfied in previous periods.

(B) PERFORMANCE OBLIGATIONS

Information about the Group's performance obligations is summarised below:

Sale of biopharmaceutical products

The performance obligation is satisfied upon receipt of the products and payment is generally due within 90 days from the received date.

The license

The performance obligation of commercialisation licenses is generally satisfied overtime during the expected commercialisation period after the Group obtains the commercialisation authorisation from the local authorities and payment in advance is normally required. The performance obligation of intellectual property licenses is satisfied at a point in time and payment is billed based on the milestone achieved.

5. REVENUE *(CONTINUED)*

REVENUE FROM CONTRACTS WITH CUSTOMERS *(CONTINUED)*

(B) PERFORMANCE OBLIGATIONS *(CONTINUED)*

Research and development services

Based on the terms of the contracts, the performance obligation is generally satisfied over time as services are rendered or at the point in time as the services are completed and accepted and payment is billed based on the milestone achieved.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2024 RMB'000	2023 RMB'000
Amounts expected to be recognised as revenue:		
Within one year	**444,033**	687,922
After one year	**1,075,238**	1,090,827
	1,519,271	1,778,749

The remaining performance obligations expected to be recognised after one year mainly relate to the transaction prices allocated to sale of biopharmaceutical products, the license and research and development services. The revenue from sale of biopharmaceutical products is expected to be recognised in which the risk of the biopharmaceutical products is transferred. The revenue from the license is expected to be recognised during the future estimated commercialisation period. The revenue from research and development services is expected to be recognised during the period in which the services are being rendered. The amounts disclosed above do not include variable consideration.

6. OTHER INCOME AND GAINS

	2024 RMB'000	2023 RMB'000
Interest income	**21,703**	8,146
Exchange gains/(losses)	**8,136**	(1,421)
Government grants	**77,785**	59,814
Others	**356**	2,375
Total other income and gains	**107,980**	68,914

7. PROFIT BEFORE TAX

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

	Notes	2024 RMB'000	2023 RMB'000
Cost of inventories sold		**896,929**	799,043
Cost of services provided		**642,858**	677,069
Depreciation of property, plant and equipment*		**141,500**	135,768
Depreciation of right-of-use assets*		**71,944**	73,693
Amortisation of intangible assets*		**161,355**	149,772
Research and development expenses:			
Current year expenditure		**1,035,130**	1,118,732
Lease payments not included in the measurement of lease liabilities	16(c)	**12,551**	8,751
Auditor's remuneration		**4,100**	5,400
Employee benefit expense (including directors' and chief executive's remuneration (note 9)):			
Wages and salaries		**1,392,662**	1,390,934
Staff welfare expenses		**283,527**	255,547
Share-based payment expense*	32	**–**	2,587
Foreign exchange (gains)/losses	6	**(8,136)**	1,421
Impairment of financial assets, net:			
Impairment of trade receivables	19	**(5,160)**	9,031
Impairment of other receivables		**317**	21,249
Impairment of contract assets	21	**129**	–
Write-down of inventories to net realisable value		**5,102**	22,817
Bank interest income	6	**(21,703)**	(8,146)
Gain on disposal of right-of-use assets		**(911)**	(455)
Loss/(gain) on disposal of items of property, plant and equipment		**90**	(267)

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

8. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 RMB'000	2023 RMB'000
Interest expense on bank and other borrowings	128,661	134,175
Interest expense on lease liabilities (note 16(b))	11,583	13,348
Less: Interest capitalised (note 14)	(17,357)	(36,984)
Total	122,887	110,539

9. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' REMUNERATION

Directors', supervisors' and chief executives' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 RMB'000	2023 RMB'000
Fees	1,312	1,084
Other emoluments:		
Salaries, allowances and benefits in kind	17,955	19,404
Performance-related bonuses	2,064	1,920
Share award scheme	–	1,106
Subtotal	20,019	22,430
Total fees and other emoluments	21,331	23,514

In prior years, certain directors and supervisors were granted to restricted shares in respect of their services to the Group, further details of which are set out in note 32 to the financial statements. The fair value of these restricted shares, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the directors', supervisors' and chief executives' remuneration disclosures below.

There were no emoluments paid by the Group to the directors as an inducement to join the Group, or upon joining the Group, or as compensation for loss of office during the year.

(A) INDEPENDENT NON-EXECUTIVE DIRECTORS

The fees paid to independent non-executive directors during the year were as follows:

	2024 RMB'000	2023 RMB'000
Dr. Lik Yuen Chan	328	271
Mr. Tak Young So	328	271
Dr. Ruilin Song	328	271
Dr. Guoping Zhao	328	271
Total	1,312	1,084

9. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' REMUNERATION *(CONTINUED)*

(B) EXECUTIVE DIRECTORS, NON-EXECUTIVE DIRECTORS, SUPERVISORS AND THE CHIEF EXECUTIVES

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance-related bonuses RMB'000	Pension scheme contributions RMB'000	Share award scheme RMB'000	Total remuneration RMB'000
2024						
Executive directors						
Mr. Wenjie Zhang[1]	–	9,277	960	–	–	10,237
Mr. Jun Zhu *(chief executives)*	–	7,978	960	71	–	9,009
Subtotal	–	17,255	1,920	71	–	19,246
Non-executive directors						
Mr. Qiyu Chen	–	–	–	–	–	–
Mr. Yifang Wu	–	–	–	–	–	–
Ms. Xiaohui Guan	–	–	–	–	–	–
Mr. Deyong Wen	–	–	–	–	–	–
Mr. Zihou Yan	–	–	–	–	–	–
Mr. Xingli Wang	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–
Supervisors						
Ms. Rongli Feng	–	–	–	–	–	–
Mr. Deli Kong	–	–	–	–	–	–
Mr. Yexing Yuan	–	582	144	47	–	773
Subtotal	–	582	144	47	–	773
Total	–	17,837	2,064	118	–	20,019

(1) Mr. Wenjie Zhang resigned as an executive director and appointed as an non-executive director of the Company in March 2025.

There was no arrangement under which a director, a supervisor or the chief executive waived or agreed to waive any remuneration during the year (2023: Nil).

9. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' REMUNERATION *(CONTINUED)*

(B) EXECUTIVE DIRECTORS, NON-EXECUTIVE DIRECTORS, SUPERVISORS AND THE CHIEF EXECUTIVES *(CONTINUED)*

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance-related bonuses RMB'000	Pension scheme contributions RMB'000	Share award scheme RMB'000	Total remuneration RMB'000
2023						
Executive directors						
Mr. Wenjie Zhang	–	–	–	–	–	–
Mr. Jun Zhu[1]	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–
Non-executive directors						
Mr. Qiyu Chen	–	–	–	–	–	–
Mr. Yifang Wu	–	–	–	–	–	–
Ms. Xiaohui Guan	–	–	–	–	–	–
Mr. Deyong Wen	–	–	–	–	–	–
Mr. Zihou Yan[2]	–	–	–	–	–	–
Mr. Xingli Wang[3]	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–
Supervisors						
Ms. Rongli Feng	–	–	–	–	–	–
Mr. Deli Kong	–	–	–	–	–	–
Mr. Yexing Yuan[4]	–	588	–	–	–	588
Subtotal	–	588	–	–	–	588
Chief executives						
Mr. Wenjie Zhang[5]	–	10,686	960	–	935	12,581
Mr. Jun Zhu[5]	–	8,130	960	–	171	9,261
Subtotal	–	18,816	1,920	–	1,106	21,842
Total	–	19,404	1,920	–	1,106	22,430

(1) Mr. Jun Zhu was appointed as an executive director of the Company in August 2023.

(2) Mr. Zihou Yan resigned as a non-executive director of the Company in July 2023.

(3) Mr. Xingli Wang was appointed as a non-executive director in August 2023.

(4) Mr. Yexing Yuan was appointed as a supervisor on 1 January 2023.

(5) Mr. Wenjie Zhang resigned as the chief executive officer in July 2023 and Mr. Jun Zhu was appointed as the chief executive officer in July 2023.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors (2023: two), details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining three (2023: three) highest paid employees who are neither a director, supervisor nor chief executive of the Company are as follows:

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	13,440	17,511
Performance-related bonuses	5,210	5,019
Share award scheme	–	873
Total	18,650	23,403

The number of non-director, non-supervisor and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2024 RMB'000	2023 RMB'000
Nil to RMB1,000,000	–	–
RMB4,000,001 to RMB4,500,000	1	–
RMB4,500,001 to RMB5,000,000	–	–
RMB5,000,001 to RMB5,500,000	–	1
RMB5,500,001 to RMB6,000,000	–	–
RMB6,000,001 to RMB6,500,000	1	–
RMB6,500,001 to RMB7,000,000	–	–
RMB7,000,001 to RMB7,500,000	–	–
RMB7,500,001 to RMB8,000,000	1	–
RMB8,000,001 to RMB8,500,000	–	–
RMB8,500,001 to RMB9,000,000	–	1
RMB9,000,001 to RMB9,500,000	–	1
Total	3	3

In prior years, restricted shares were granted to certain non-director, non-supervisor and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 32 to the financial statements. The fair value of such restricted shares, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director, non-supervisor and non-chief executive highest paid employees' remuneration disclosures.

11. INCOME TAX

The provision for Mainland China current income tax is based on the statutory rate of 25% (2023: 25%) of the assessable profits of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008, except for certain group entities in Mainland China, which are taxed at a preferential rate of 15%.

Taxes on profits assessable elsewhere have been calculated at the tax rates prevailing in the jurisdictions in which the Group operates. The provision for current income tax of Henlius USA incorporated in the United State and Henlius Industrial incorporated in Hong Kong in the year of 2024, is based on the statutory rates of 29.84% and 8.25%, respectively (2023: 29.84% and 8.25% respectively).

	2024 RMB'000	2023 RMB'000
Current – Mainland China	25,411	23,559
Total tax charged for the year	25,411	23,559

A reconciliation of the tax expense applicable to loss before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

Year ended 31 December 2024

	Mainland China RMB'000	Other countries and regions RMB'000	Total RMB'000
Profit/(Loss) before tax	916,703	(70,822)	845,881
Tax at the statutory tax rate	229,176	(21,197)	207,979
Lower tax rate for a specific entity	(95,459)	–	(95,459)
Withholding income tax paid	25,411	–	25,411
Expenses not deductible for tax	64,291	–	64,291
Additional deductible allowance for R&D expenses	(150,293)	–	(150,293)
Utilisation of the unrecognised tax losses	(151,829)	(827)	(152,656)
Deductible temporary differences and tax losses not recognised	104,114	22,024	126,138
Tax charge at the effective rate	25,411	–	25,411

11. INCOME TAX *(CONTINUED)*

Year ended 31 December 2023

	Mainland China RMB'000	Other countries and regions RMB'000	Total RMB'000
Profit/(Loss) before tax	708,676	(139,098)	569,578
Tax at the statutory tax rate	177,169	(40,470)	136,699
Lower tax rate for a specific entity	(68,950)	–	(68,950)
Withholding income tax paid	23,559	–	23,559
Expenses not deductible for tax	43,464	–	43,464
Additional deductible allowance for R&D expenses	(176,553)	–	(176,553)
Utilisation of the unrecognised tax losses	(153,488)	–	(153,488)
Deductible temporary differences and tax losses not recognised	178,358	40,470	218,828
Tax charge at the effective rate	23,559	–	23,559

12. DIVIDENDS

No dividends have been paid or declared by the Company during the reporting period.

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 543,494,853 (2023: 543,299,247) in issue during the year.

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

The calculations of basic and diluted earnings per share are based on:

	2024 RMB'000	2023 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**820,470**	546,019

	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**543,494,853**	543,299,247
Effect of dilution – weighted average number of ordinary shares:		
Restricted shares under share award scheme	**–**	73,857
Weighted average number of ordinary shares in issue during the year in the diluted earnings per share calculation	**543,494,853**	543,373,104

All the shares under the share award scheme had been vested in 2023. Therefore, there was no effect of dilution in 2024.

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Office and other equipment RMB'000	Electronic equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2024								
At 1 January 2024:								
Cost	629,256	929,020	954	625	116,786	346,790	816,158	2,839,589
Accumulated depreciation	–	(368,914)	(622)	(533)	(62,296)	(169,456)	–	(601,821)
Net carrying amount	629,256	560,106	332	92	54,490	177,334	816,158	2,237,768
At 1 January 2024, net of accumulated depreciation	629,256	560,106	332	92	54,490	177,334	816,158	2,237,768
Additions	–	14,881	–	–	2,968	15,887	256,114	289,850
Disposals	–	(318)	–	–	(13)	–	–	(331)
Depreciation provided during the year	(12,701)	(116,262)	(126)	(45)	(17,416)	(37,989)	–	(184,539)
Transfers	137,749	347,465	–	–	5,614	(2,795)	(488,033)	–
Exchange rate fluctuation	–	–	–	–	385	221	–	606
At 31 December 2024, net of accumulated depreciation	754,304	805,872	206	47	46,028	152,658	584,239	2,343,354
At 31 December 2024:								
Cost	767,005	1,290,807	954	625	124,653	360,252	584,239	3,128,535
Accumulated depreciation	(12,701)	(484,935)	(748)	(578)	(78,625)	(207,594)	–	(785,181)
Net carrying amount	754,304	805,872	206	47	46,028	152,658	584,239	2,343,354

14. PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

	Buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Office and other equipment RMB'000	Electronic equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2023								
At 1 January 2023:								
Cost	–	850,063	954	829	104,530	311,051	1,002,518	2,269,945
Accumulated depreciation	–	(284,083)	(496)	(672)	(43,529)	(123,716)	–	(452,496)
Net carrying amount	–	565,980	458	157	61,001	187,335	1,002,518	1,817,449
At 1 January 2023, net of accumulated depreciation	–	565,980	458	157	61,001	187,335	1,002,518	1,817,449
Additions	–	52,046	–	–	11,574	35,589	472,846	572,055
Disposals	–	(773)	–	(10)	(21)	(1,123)	–	(1,927)
Depreciation provided during the year	–	(86,233)	(126)	(55)	(18,546)	(45,635)	–	(150,595)
Transfers	629,256	29,086	–	–	–	864	(659,206)	–
Exchange rate fluctuation	–	–	–	–	482	304	–	786
At 31 December 2023, net of accumulated depreciation	629,256	560,106	332	92	54,490	177,334	816,158	2,237,768
At 31 December 2023:								
Cost	629,256	929,020	954	625	116,786	346,790	816,158	2,839,589
Accumulated depreciation	–	(368,914)	(622)	(533)	(62,296)	(169,456)	–	(601,821)
Net carrying amount	629,256	560,106	332	92	54,490	177,334	816,158	2,237,768

As at 31 December 2024, the carrying amounts of property, plant and equipment of the Group included capitalised interest of approximately RMB92,443,000(31 December 2023: RMB75,086,000). During this year, the construction of Songjiang Second Plant's phase I project was completed and transferred to buildings with amounts of RMB137,749,000(31 December 2023: RMB629,256,000).

As at 31 December 2024, the Group's property, plant and equipment with a carrying amount of RMB1,115,558,000 (2023: RMB907,539,000) were pledged as security for the Group's interest-bearing bank and other borrowings, as further detailed in note 26 to financial statements.

15. INTANGIBLE ASSETS

	Non-patent technologies RMB'000	Medicine supply license RMB'000	Office software RMB'000	Deferred development costs RMB'000	Medicine license RMB'000	Total RMB'000
31 December 2024						
Cost at 1 January 2024, net of accumulated amortisation	48,921	–	43,549	1,250,144	3,168,115	4,510,729
Additions	–	24,900	16,330	805,373	161,984	1,008,587
Transfers	–	–	–	(396,349)	396,349	–
Transfer to cost of sales						
Amortisation during the year	–	–	(7,562)	–	(156,551)	(164,113)
Exchange rate fluctuation	–	–	1	–	–	1
At 31 December 2024	48,921	24,900	52,318	1,659,168	3,569,897	5,355,204
At 31 December 2024						
Cost	48,921	24,900	79,164	1,688,016	4,079,893	5,920,894
Accumulated amortisation	–	–	(26,846)	–	(509,996)	(536,842)
Accumulated impairment	–	–	–	(28,848)	–	(28,848)
Net carrying amount	48,921	24,900	52,318	1,659,168	3,569,897	5,355,204

	Non-patent technologies RMB'000	Office software RMB'000	Deferred development costs RMB'000	Medicine license RMB'000	Total RMB'000
31 December 2023					
Cost at 1 January 2023, net of accumulated amortisation	48,921	35,961	1,629,152	2,618,249	4,332,283
Additions	–	11,411	509,434	–	520,845
Transfers	–	2,085	(693,919)	693,919	2,085
Transfer to cost of sales	–	–	(194,523)	–	(194,523)
Amortisation during the year	–	(5,910)	–	(144,053)	(149,963)
Exchange rate fluctuation	–	2	–	–	2
At 31 December 2023	48,921	43,549	1,250,144	3,168,115	4,510,729
At 31 December 2023:					
Cost	48,921	62,825	1,278,992	3,521,560	4,912,298
Accumulated amortisation	–	(19,276)	–	(353,445)	(372,721)
Accumulated impairment	–	–	(28,848)	–	(28,848)
Net carrying amount	48,921	43,549	1,250,144	3,168,115	4,510,729

15. INTANGIBLE ASSETS *(CONTINUED)*

The intangible assets of the Group with indefinite life are non-patent technologies and medicine supply license, which have indefinite life as the extension cost is low and these assets can be used indefinitely. In addition, the intangible assets of the Group also include the deferred development costs which are the expenditure incurred in the development phase of each project. Management tests the intangible assets with indefinite useful life and the deferred development costs which were not yet available for use for impairment annually by comparing their carrying amounts with their recoverable amounts.

NON-PATENT TECHNOLOGIES

The recoverable amounts of the non-patent technologies were determined based on the fair value less costs of disposal, and the fair values of non-patent technologies were determined using the relief from the royalty method taking into account the nature of the asset, using cash flow projections based on financial budget approved by the management, and the growth rate used to extrapolate the cash flows beyond the financial budget period is 2.0% (2023: 2.2%), which is close to the long-term inflation rate. The fair value measurement hierarchy of the non-patent technologies was level 3. Other key assumptions to the valuation model used are listed as follows:

	31 December 2024	31 December 2023
Discount rates	**16.00%**	16.00%
Royalty rates	**5.00%**	5.00%

Discount rates – The discount rates used reflect specific risks relating to non-patent technologies.

Royalty rates – The basis used to determine the value assigned to royalty rates is the royalty rate of the market where non-patent technologies are located, taking into account the profitability of the Group and other qualitative factors.

DEFERRED DEVELOPMENT COSTS

The recoverable amounts of the deferred development costs were determined based on the fair value less costs of disposal, and the fair value of the deferred development costs was determined using the multi-period excess earnings method taking into account the nature of the assets, using cash flow projections based on financial budget approved by the management, covering the economic life of corresponding biopharmaceutical products.

The fair value measurement hierarchy of the remaining deferred development costs was level 3. Other key assumptions to the valuation model used are listed as follows:

	31 December 2024	31 December 2023
Discount rates	**18.01% to 22.19%**	17.68% to 19.89%
Contributory asset charges	**0.60% to 2.29%**	1.94% to 3.65%

Discount rates – The discount rates used reflect specific risks relating to deferred development costs.

Contributory asset charges – The basis used to determine the value assigned to contributory asset charges is the return of revenue ("ROR") of the contributory assets, the ROR was determined according to the borrowing rate and cost of equity, and the contributory assets mainly included working capital, tangible assets and assembled workforce.

With regard to the assessment of fair value, management believes that no reasonably possible changes in any of the key assumptions would cause the recoverable amounts of non-patent technologies, medicine supply license and deferred development costs to be materially lower than their carrying amounts.

16. LEASES

THE GROUP AS A LESSEE

The Group has lease contracts for various items of plant and machinery and other equipment used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of plant and machinery generally have lease terms between 2 and 10 years. Other equipment generally has lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(A) RIGHT-OF-USE ASSETS

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

31 December 2024

	Land RMB'000	Plant and machinery RMB'000	Total RMB'000
As at 1 January 2024	192,604	222,282	414,886
Additions	–	21,842	21,842
Disposal	–	(1,761)	(1,761)
Depreciation charge	(4,233)	(74,263)	(78,496)
Exchange rate fluctuation	–	632	632
As at 31 December 2024	188,371	168,732	357,103

31 December 2023

	Land RMB'000	Plant and machinery RMB'000	Total RMB'000
As at 1 January 2023	196,837	215,585	412,422
Additions	–	94,449	94,449
Disposal	–	(5,421)	(5,421)
Depreciation charge	(4,233)	(83,223)	(87,456)
Exchange rate fluctuation	–	892	892
As at 31 December 2023	192,604	222,282	414,886

At 31 December 2024, the Group's right-of-use assets with a carrying amount of RMB188,371,000 (2023: RMB192,604,000) were pledged as security for the Group's interest-bearing bank and other borrowings, as further detailed in note 26 to the financial statements.

16. LEASES *(CONTINUED)*

THE GROUP AS A LESSEE *(CONTINUED)*

(B) LEASE LIABILITIES

The carrying amount of lease liabilities (included under interest-bearing bank and other borrowings) and the movements during the years are as follows:

	2024 RMB'000	2023 RMB'000
Carrying amount at 1 January	273,416	261,092
New leases	21,842	94,102
Accretion of interest recognised during the year	11,583	13,348
Disposal	(2,671)	(5,876)
Payments	(102,608)	(90,330)
Exchange rate fluctuation	815	1,080
Carrying amount at 31 December	202,377	273,416
Analysed into:		
Current portion	64,975	86,961
Non-current portion	137,402	186,455

The maturity analysis of lease liabilities is disclosed in note 40 to the financial statements.

(C) THE AMOUNTS RECOGNISED IN PROFIT OR LOSS IN RELATION TO LEASES ARE AS FOLLOWS:

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities	11,583	13,348
Depreciation charge of right-of-use assets	71,944	73,693
Expense relating to short-term leases and leases of low-value assets	12,551	8,751
Total amount recognised in profit or loss	96,078	95,792

(D) THE TOTAL CASH OUTFLOW FOR LEASES AND FUTURE CASH OUTFLOWS RELATING TO LEASES THAT HAVE NOT YET COMMENCED ARE DISCLOSED IN NOTES 33(C) AND 35(B), RESPECTIVELY, TO THE FINANCIAL STATEMENTS.

17. OTHER NON-CURRENT ASSETS

	2024 RMB'000	2023 RMB'000
Prepayment for non-current assets	14,503	33,557
Long-term deposits	15,832	15,599
Prepayment for the proposed acquisition of a subsidiary	–	15,000
Total	30,335	64,156

18. INVENTORIES

	2024 RMB'000	2023 RMB'000
Raw materials	258,033	284,371
Work in progress	268,626	432,492
Finished goods	200,309	68,827
Contract performance costs	6,693	9,912
	733,661	795,602
Provision	(5,395)	(38,243)
Total	728,266	757,359

19. TRADE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	867,206	663,957
Impairment	(9,776)	(16,129)
Net carrying amount	857,430	647,828

The Group's trading terms with its customers are mainly on credit. The credit period is generally three months. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

19. TRADE RECEIVABLES *(CONTINUED)*

An ageing analysis of the trade receivables as at the end of each reporting period, based on the invoice date and net of loss allowance, is as follows:

	2024 RMB'000	2023 RMB'000
Within 3 months	**856,286**	635,950
3 to 6 months	**1,144**	11,878
Total	**857,430**	647,828

	2024 RMB'000	2023 RMB'000
At the beginning of year	**16,129**	7,098
Impairment losses, net	**(5,160)**	9,031
Amount written off as uncollectible	**(1,193)**	–
At the end of year	**9,776**	16,129

For the trade receivables, to which the customers have similar loss patterns, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due, and the calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions, and forecasts of future economic conditions.

The expected loss rate for the trade receivables that are not past due is assessed to be 0.5%, while the expected loss rate for those that are past due is assessed to be 10% to 100% based on the time of past due. The Directors are of the opinion that the ECL in respect of these balances is sufficient.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	2024 RMB'000	2023 RMB'000
Prepayments		44,278	44,086
Value added tax to be deducted and certified		23,890	134,980
Deposits and other receivables		40,770	21,695
Due from AMTD	(i)	477,029	470,015
		585,967	670,776
Impairment allowance	(i)	(477,029)	(470,015)
Total		108,938	200,761

Note:

(i) On 25 September 2019, the Company entered into an investment management agreement (the "IMA") with AMTD Global Markets Limited ("AMTD", now renamed as oOo Securities (HK) Group Limited). Pursuant to the IMA, the Company deposited a total principal amount of USD117,000,000 into its investment portfolio account with AMTD (the "AMTD Account") and engaged AMTD to provide investment management services.

The Company recovered in total of USD30,640,000 from AMTD during the years ended 31 December 2020, 2021 and 2022. As at 31 December 2022, the outstanding balances in the AMTD Account amounted to USD86,360,000. During the year ended 31 December 2023, the Company further recovered an amount of USD20,000,000 from AMTD. As at 31 December 2023 and 2024, the outstanding balances of the investment principal in AMTD Account amounted to USD66,360,000 (equivalent to RMB470,015,000 and RMB477,029,000 respectively).

Based on the analysis by the Company's management and with the assistance of the Company's external legal counsel, it is clarified that when the IMA was terminated on 25 September 2021, the Company had the legal rights to recover all the outstanding investment amounts from AMTD. Therefore, the outstanding investment amounts with AMTD is accounted for as an amount due from AMTD. Since the year of 2023, the Company has taken legal actions to recover the outstanding investment amount from AMTD.

The Company assessed the expected credit losses based on all the facts and available information, including historical correspondence with AMTD and relevant analysis from the external legal counsel of the Company, etc. Impairment of the amount due from AMTD amounted to USD66,360,000 was provided for amounts due from AMTD as at 31 December 2024 and 2023.

The deposits and other receivables included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2024 and 2023, the loss allowance was assessed to be minimal.

21. CONTRACT ASSETS

	2024 RMB'000	2023 RMB'000
Contract assets arising from:		
Research and development services	44,057	82,419
Impairment	(129)	–
Net carrying amount	43,928	82,419

Contract assets are initially recognised for revenue earned from research and development services as the receipt of consideration is based on achieving of operational milestones under development plan. Included in contract assets for research and development services are retention receivables. Upon achievement of operational milestones, the amounts recognised as contract assets are reclassified to trade receivables. The decrease in contract assets in 2024 was the result of the settlement from the customer during the year.

As at 31 December 2024, the Group's loss allowance of contract assets was RMB129,000 (2023: Nil). The Group's trading terms and credit policy with customers are disclosed in note 19 to the financial statements.

The expected timing of recovery or settlement for contract assets as at 31 December is as follows:

	2024 RMB'000	2023 RMB'000
Within one year	43,928	82,419

The movements in the loss allowance for impairment of contract assets are as follows:

	2024 RMB'000	2023 RMB'000
At beginning of year	–	–
Impairment losses, net	129	–
At end of year	129	–

22. CASH AND BANK BALANCES

	2024 RMB'000	2023 RMB'000
Cash on hand	1	1
Bank balances	772,961	987,664
Subtotal	772,962	987,665
Less: Pledged for letter of credit	(8,561)	(2)
Term deposits with original maturity of more than three months	(193,000)	(120,000)
	(201,561)	(120,002)
Cash and cash equivalents	571,401	867,663

The Group's cash and bank balances as at the end of each reporting period are denominated in the following currencies:

	2024 RMB'000	2023 RMB'000
Denominated in RMB	466,791	575,536
Denominated in USD	299,954	399,755
Denominated in EUR	669	2,868
Denominated in HKD	2,803	5,719
Denominated in NTD	2,745	3,787
	772,962	987,665

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term time deposit rates. The bank balances and restricted cash for investment are deposited with creditworthy banks with no recent history of default.

23. TRADE PAYABLES

	2024 RMB'000	2023 RMB'000
Trade payables	729,099	544,815

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

An ageing analysis of the trade payables as at the end of each reporting period based on the invoice date, is as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year	692,208	542,286
1 to 2 years	36,869	2,507
2 to 3 years	–	22
Over 3 years	22	–
Total	729,099	544,815

The financial liabilities that are part of the Group's supplier finance arrangements included in interest-bearing bank and other borrowings are normally settled on 12 month terms.

The Group has established supplier finance arrangements that are offered to some of the Group's suppliers in Mainland China. Participation in the arrangements is at the suppliers' own discretion. Suppliers that participate in the supplier finance arrangements will receive early payments or payments at the original due dates on invoices sent to the Group from the Group's external finance provider. If suppliers choose to receive early payments, they pay a fee to the finance provider. In order for the finance provider to pay the invoices, the goods must have been received or supplied and the invoices must have been approved by the Group. Payments to suppliers ahead of or at the invoice due date are processed by the finance provider and, in all cases, the Group settles the original invoice by paying the finance provider in line with the original invoice maturity date or at a later date as agreed with the finance provider. Payment terms with suppliers have not been renegotiated in conjunction with the arrangements. The Group provides no security to the finance provider.

The financial liabilities that are part of the supplier finance arrangements, amounting to RMB25,000,000, included in interest-bearing bank and other borrowings.

24. OTHER PAYABLES AND ACCRUALS

	Note	2024 RMB'000	2023 RMB'000
Other payables	(i)	261,026	195,096
Payroll and welfare payables		535,974	571,317
Accruals		385,392	404,535
Other current liabilities		1,037	1,275
Other taxes payables		115,921	83,140
Total		1,299,350	1,255,363

Note:

(i) Other payables mainly represent the payables related to the purchase of property, plant and equipment, the deposits received and refundable prepayment in advance.

25. CONTRACT LIABILITIES

	2024 RMB'000	2023 RMB'000
Short-term advances received from customers		
Sales of goods	136,065	155,203
License and research and development services	307,968	311,675
Subtotal	444,033	466,878
Long-term advances received from customers		
License and research and development services	1,075,238	949,044
Subtotal	1,075,238	949,044
Total	1,519,271	1,415,922

26. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December 2024			31 December 2023		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Lease liabilities (note 16)	3.53-6.28	2025	64,975	3.53-6.28	2024	86,961
Bank borrowings – unsecured	2.65-3.86	2025	2,063,924	2.80-3.86	2024	2,249,832
Current portion of long-term bank borrowings – secured (Note (a))	3.53	2025	154,950	3.53	2024	90,000
Current portion of long-term bank borrowings – unsecured	3.45-3.95	2025	275,665	3.65-4.05	2024	373,584
Total – current			2,559,514			2,800,377
Non-current						
Lease liabilities (note 16)	3.53-6.28	2026-2030	137,402	3.53-6.28	2025-2030	186,455
Bank borrowings – secured (Note (a))	3.53	2026-2030	951,269	3.53	2025-2030	1,106,219
Total – non-current			1,088,671			1,292,674
Total			3,648,186			4,093,051

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

	2024 RMB'000	2023 RMB'000
Analysed into:		
Bank borrowings and other borrowings repayable:		
Within one year	**2,494,539**	2,713,416
In the second year	**300,000**	154,950
In the third to fifth years, inclusive	**639,888**	789,146
Beyond five years	**11,381**	162,123
Subtotal	**3,445,808**	3,819,635
Lease liabilities:		
Within one year	**64,975**	86,961
In the second year	**48,137**	58,338
In the third to fifth years, inclusive	**86,162**	110,072
Beyond five years	**3,103**	18,045
Subtotal	**202,377**	273,416
Total	**3,648,185**	4,093,051

Notes:

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

(i) mortgages over the Group's right-of-use assets, which had a net carrying value at the end of the reporting period of RMB188,371,000 (2023: RMB192,604,000); and

(ii) mortgages over the Group's property, plant and equipment that had a net carrying value at the end of the reporting period of RMB1,115,558,000 (2023: RMB907,539,000).

(b) All borrowings are in RMB.

27. OTHER LONG-TERM PAYABLES

	2024 RMB'000	2023 RMB'000
Payables relating to the license out contract (Note)	62,893	125,786
Payroll and welfare payables	79,328	39,240
Other taxes payables	7,045	7,045
Total	149,266	172,071

Note:

As at 31 December 2024, the Company received a total upfront payment of RMB900,000,000 from Fosun Pharma Industrial Development relating to a license exclusive agreement to commercialise HANSIZHUANG in the United States (including its territories and possessions). An amount of RMB62,893,000 was recognised as other long-term payable based on the contract term.

28. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

DEFERRED TAX LIABILITIES

	Right-of-use assets RMB'000
At 1 January 2024	30,505
Deferred tax charged to the statement of profit or loss during the year (note 11)	(7,272)
Gross deferred tax liabilities at 31 December 2024	23,233

DEFERRED TAX ASSETS

	Lease liabilities RMB'000
At 1 January 2024	30,505
Deferred tax credited to the statement of profit or loss during the year (note 11)	(7,272)
Gross deferred tax assets at 31 December 2024	23,233

DEFERRED TAX LIABILITIES

	Right-of-use assets RMB'000
At 1 January 2023	27,411
Deferred tax charged to the statement of profit or loss during the year (note 11)	3,094
Gross deferred tax liabilities at 31 December 2023	30,505

28. DEFERRED TAX *(CONTINUED)*

DEFERRED TAX ASSETS

	Lease liabilities RMB'000
At 1 January 2023	27,411
Deferred tax credited to the statement of profit or loss during the year (note 11)	3,094
Gross deferred tax assets at 31 December 2023	30,505

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2024 RMB'000	2023 RMB'000
Deferred tax offset in the consolidated statement of financial position	**23,233**	30,505
Net deferred tax assets recognised in the consolidated statement of financial position	**23,233**	30,505
Net deferred tax liabilities recognised in the consolidated statement of financial position	**23,233**	30,505

Deferred tax assets have not been recognised in respect of the following items:

	2024 RMB'000	2023 RMB'000
Tax losses	**1,968,317**	2,726,545
Deductible temporary difference	**4,325,578**	3,966,690
Total	**6,293,895**	6,693,235

The unused tax losses expire as follows:

	2024 RMB'000	2023 RMB'000
Less than five years	**807,731**	1,094,119
Beyond five years	**857,212**	1,389,375
Without limitation	**303,374**	243,051
Total	**1,968,317**	2,726,545

29. DEFERRED INCOME

	2024 RMB'000	2023 RMB'000
Government grants	238,728	230,048

Various government grants have been received from local government authorities for setting up research and development activities. Some government grants received that did not meet the fulfilled conditions were included in deferred income. These grants are recognised as income over the periods necessary to match the grants on a systematic basis to the costs that they are intended to compensate. The movements in government grants of the Group during the reporting period are as follows:

	2024 RMB'000	2023 RMB'000
At the beginning of the year	230,048	193,494
Received during the year	16,893	42,553
Recognised as income during the year	(8,213)	(5,999)
At the end of the year	238,728	230,048

30. SHARE CAPITAL

Shares

	2024 RMB'000	2023 RMB'000
Issue and fully paid: 543,494,853 (2023: 543,494,853) ordinary shares	543,495	543,495

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000
At 1 January 2023, 31 December 2023 and 31 December 2024	543,494,853	543,495

31. RESERVES

The amounts of the Group's reserves and the movements therein for the year are presented in the consolidated statement of changes in equity of the Group.

32. SHARE AWARD SCHEME

2018 Share Award Scheme and Amendments to the 2018 Share Award Scheme

The Group adopted a share award scheme (the "2018 Share Award Scheme") for the purpose of motivating the directors and key personnel of the Group to promote success of the business. The 2018 Share Award Scheme was approved by the Directors and became effective on 14 April 2018.

On 14 April 2018 (the "Date of Grant of the 2018 Share Award Scheme"), pursuant to the 2018 Share Award Scheme, 22,750,000 ordinary shares of the Company were granted to 55 eligible participants of the 2018 Share Award Scheme at an exercise price of RMB9.21 per share. All the 22,750,000 ordinary shares held by the eligible participants shall be vested (or repurchased and cancelled by the Company) in three tranches upon the expiry of each vesting period. On 30 September 2018, the Company received the payment of the subscription price of RMB209,528,000 from the eligible participants, and the Company's share capital and share premium were then increased by RMB22,750,000 and RMB186,778,000, respectively. Meanwhile, the Company has recognised RMB209,528,000 as other payables and accruals and other reserve due to the restricted share repurchase obligation of the Company till the end of the vesting period. The eligible participants include the members of senior management of the Company and the core technical personnel of the Company and its subsidiaries. Details of the vesting date are summarised as follows:

Type of eligible participants	% of conditional shares	Vesting date	% of vested conditional shares
1	100%	30 April 2020	60%
		30 April 2021	20%
		30 April 2022	20%
2	100%	30 April 2020	35%
		30 April 2021	30%
		30 April 2022	35%
3	100%	30 April 2020	20%
		30 April 2021	25%
		30 April 2022	55%

As for the restricted shares, the conditions for releasing the restrictions comprised two parts, namely the Company achieving certain milestones in respect of its products and the participants passing annual performance review. The percentage of shares in respect of which the conditions may be released depends on the achievement of those conditions. In relation to the shares in respect of which the restrictions have been released, such shares cannot be transferred within one year after releasing the restrictions.

All of the eligible participants have accepted the granted shares by signing off the offer letters. The 2018 Share Award Scheme shall be valid from the date of grant of the shares to the date on which all the restricted shares granted have been vested or otherwise repurchased and cancelled.

32. SHARE AWARD SCHEME *(CONTINUED)*

2018 Share Award Scheme and Amendments to the 2018 Share Award Scheme *(CONTINUED)*

The aggregate fair value of the shares granted amounted to approximately RMB307,125,000 (RMB13.50 per share), and the fair value is determined by an external valuer using the discounted cash flow model taking into account the terms and conditions upon which the restricted shares were granted.

The following table lists the inputs to the valuation model used:

	14 April 2018
Discount rates (%)	16.14%
Long-term growth rate (%)	3.00%

Discount rates – The discount rates used are before tax and reflect specific risks relating to the relevant units.

Long-term growth rate – The basis used to determine the value assigned to the long-term growth rate is the forecast price indices during the budget year from where the biopharmaceuticals are located.

During the year of 2020, in view of the business development of the Group and to provide an effective and sound incentive mechanism with reference to market practices, the Directors proposed to amend the terms of the 2018 Share Award Scheme ("Amendments to the 2018 Share Award Scheme") which was approved by the Directors on 17 November 2020.

Pursuant to the Amendments to the 2018 Share Award Scheme, upon the resignation of the participants, the transfer restrictions of a certain percentage of the shares awarded under the 2018 Share Award Scheme will be released, if the participants have fulfilled the service period conditions and certain performance conditions.

The following restricted shares were outstanding under the 2018 Share Award Scheme and Amendments to the 2018 Share Award Scheme during the year:

	Number of shares
At 1 January 2023	79,800
Vested during the year	(79,800)
At 31 December 2023 and 1 January 2024	–
Vested during the year	–
At 31 December 2024	–

32. SHARE AWARD SCHEME *(CONTINUED)*

2020 Share Award Scheme

The Group adopted a share award scheme (the "2020 Share Award Scheme") for the purpose of motivating the directors and key personnel of the Group to promote success of the business. The 2020 Share Award Scheme was approved by the Directors and became effective on 10 December 2020.

On 10 December 2020 (the "Date of Grant of the 2020 Share Award Scheme"), pursuant to the 2020 Share Award Scheme, 2,780,700 ordinary shares of the Company were granted to 12 eligible participants of the 2020 Share Award Scheme at an exercise price of RMB9.21 per share. All the 2,780,700 ordinary shares are derived from the vested restricted shares at the time of the resignation of the participants in the 2018 Share Award Scheme. All the 2,780,700 ordinary shares held by the eligible participants shall be vested (or repurchased and cancelled by the Company) in two tranches upon the expiry of each vesting period. The eligible participants include the members of senior management of the Company and the core technical personnel of the Company and its subsidiaries. Details of the vesting date are summarised as follows:

Type of eligible participants	% of conditional shares	Vesting date	% of vested conditional shares
1	100%	30 April 2021	60%
		30 April 2022	20%
		30 April 2023	20%
2	100%	30 April 2021	20%
		30 April 2022	25%
		30 April 2023	55%

As for restricted shares, the conditions for releasing the restrictions comprised two parts, namely the Company achieving certain milestones in respect of its products and the participants passing annual performance review. The percentage of shares in respect of which the restrictions may be released depends on the achievement of those conditions.

All of the eligible participants have accepted the granted shares by signing off the offer letters. The 2020 Share Award Scheme shall be valid from the date of grant of the shares to the date on which all the restricted shares granted have been vested or otherwise repurchased and cancelled.

The following restricted shares were outstanding under the 2020 Share Award Scheme during the year:

	Number of shares
At 1 January 2023	632,640
Vested during the year	(632,640)
At 31 December 2023 and 1 January 2024	–
Vested during the year	–
At 31 December 2024	–

The aggregate fair value of the 2020 shares granted amounted to approximately RMB63,636,000 (RMB22.88 per share), and the fair value is determined by the stock price on the date of grant of the 2020 Share Award Scheme.

32. SHARE AWARD SCHEME *(CONTINUED)*

2021 Share Award Scheme

On 7 April 2021, 13 July 2021, 30 November 2021, pursuant to the 2020 Share Award Scheme, 531,050 ordinary shares of the Company were granted to 5 eligible participants at an exercise price of RMB9.21 per share. All the 531,050 ordinary shares are derived from the forfeited shares at the time of the resignation of the participants in the 2018 and 2020 Share Award Schemes. All the 531,050 ordinary shares held by the eligible participants shall be vested (or repurchased and cancelled by the Company) in two tranches upon the expiry of each vesting period. The eligible participants include the members of senior management of the Company and the core technical personnel of the Company and its subsidiaries. Details of the vesting date are summarised as follows:

Type of eligible participants	% of conditional shares	Vesting date	% of vested conditional shares
1	100%	30 April 2021	60%
		30 April 2022	20%
		30 April 2023	20%
2	100%	30 April 2021	20%
		30 April 2022	25%
		30 April 2023	55%

As for restricted shares, the conditions for releasing the restrictions comprised two parts, namely the Company achieving certain milestones in respect of its products and the participants passing annual performance review. The percentage of shares in respect of which the restrictions may be released depends on the achievement of those conditions.

All of the eligible participants have accepted the granted shares by signing off the offer letters. The Share Award Scheme shall be valid from the date of grant of the shares to the date on which all the restricted shares granted have been vested or otherwise repurchased and cancelled.

The following restricted shares were outstanding under the Share Award Scheme during the year:

	Number of shares
At 1 January 2023	152,252
Vested during the year	(152,252)
At 31 December 2023	–
Vested during the year	–
At 31 December 2024	–

The aggregate fair value of the shares granted amounted to approximately RMB9,952,000 (131,550 shares with RMB25.18 per share, 89,500 shares with RMB20.39 per share, and 310,000 shares with RMB15.53 per share), and the fair value is determined by the stock price on the date of grant of the Share Award Scheme.

32. SHARE AWARD SCHEME *(CONTINUED)*

2022 Share Award Scheme

On 28 February 2022, pursuant to the 2020 Share Award Scheme, 42,000 ordinary shares of the Company were granted to an eligible participant at an exercise price of RMB9.21 per share. All the 42,000 ordinary shares are derived from the forfeited shares at the time of the resignation of the participants in the 2020 Share Award Schemes. All the 42,000 ordinary shares held by the eligible participants shall be vested (or repurchased and cancelled by the Company) in two tranches upon the expiry of each vesting period. The eligible participants include the members of senior management of the Company and the core technical personnel of the Company and its subsidiaries. Details of the vesting date are summarised as follows:

Type of eligible participants	% of conditional shares	Vesting date	% of vested conditional shares
1	100%	30 April 2021	60%
		30 April 2022	20%
		30 April 2023	20%

As for restricted shares, the conditions for releasing the restrictions comprised two parts, namely the Company achieving certain milestones in respect of its products and the participants passing annual performance review. The percentage of shares in respect of which the restrictions may be released depends on the achievement of those conditions.

All of the eligible participants have accepted the granted shares by signing off the offer letters. The Share Award Scheme shall be valid from the date of grant of the shares to the date on which all the restricted shares granted have been vested or otherwise repurchased and cancelled.

The following restricted shares were outstanding under the Share Award Scheme during the year:

	Number of shares
At 1 January 2023	8,400
Vested during the year	(8,400)
At 31 December 2023	–
Vested during the year	–
At 31 December 2024	–

The aggregate fair value of the shares granted amounted to approximately RMB396,000 (42,000 shares with RMB9.44 per share), and the fair value is determined by the stock price on the date of grant of the Share Award Scheme.

The Group has recognised expenses of RMB2,286,000, deferred development costs of RMB38,000, cost of sales of RMB301,000 and inventory of RMB2,000 for the year ended 31 December 2023 in respect of all the Share Award Scheme of the Company. All the shares had been vested in 2023.

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(A) MAJOR NON-CASH TRANSACTIONS

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB21,842,000 (2023: RMB94,449,000) and RMB21,842,000 (2023: RMB94,102,000), respectively, and non-cash disposals to right-of-use assets and lease liabilities of RMB1,761,000 (2023: RMB5,421,000) and RMB2,671,000 (2023: RMB5,876,000), respectively, in respect of lease arrangements for plant and machinery.

During the year, the Group reclassified trade payables of RMB35,000,000 (2023: RMB48,430,000) to interest-bearing bank and other borrowings in respect of the supplier finance arrangements.

(B) CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES:

	Bank and other borrowings RMB'000	Lease liabilities RMB'000	Interest payable included in other payables and accruals RMB'000
2024			
At 1 January 2024	**3,819,635**	**273,416**	**4,209**
New leases	**–**	**21,842**	**–**
Disposal	**–**	**(2,671)**	**–**
Changes from financing cash flows	**(407,727)**	**(102,608)**	**(133,032)**
Foreign exchange movement	**3,269**	**816**	**–**
Interest capitalised	**–**	**–**	**17,358**
Interest expense	**(4,369)**	**11,583**	**115,673**
Increase arising from supplier finance arrangements	**35,000**	**–**	**–**
At 31 December 2024	**3,445,808**	**202,378**	**4,208**
2023			
At 1 January 2023	3,416,003	261,092	1,604
New leases	–	94,102	–
Disposal	–	(5,876)	–
Changes from financing cash flows	364,666	(90,330)	(129,905)
Foreign exchange movement	37,301	1,080	–
Interest capitalised	–	–	36,984
Interest expense	1,665	13,348	95,526
At 31 December 2023	3,819,635	273,416	4,209

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(CONTINUED)*

(C) TOTAL CASH OUTFLOW FOR LEASES

The total cash outflow for leases included in the statement of cash flows is as follows:

	2024 RMB'000	2023 RMB'000
Within operating activities	**12,551**	8,751
Within financing activities	**102,608**	90,330
Total	**115,159**	99,081

34. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's letter of credit and for the bank and other borrowings are included in notes 22 and 26, respectively, to the financial statements.

35. COMMITMENTS

(A) THE GROUP HAD THE FOLLOWING CAPITAL COMMITMENTS AT THE END OF THE REPORTING PERIOD:

	2024 RMB'000	2023 RMB'000
Contracted, but not provided for:		
plant and machinery	**83,336**	199,268
Investment	**–**	10,000
	83,336	209,268

(B) The Group did not have any lease contracts that have not yet commenced as at 31 December 2024 and 2023.

(C) OTHER BUSINESS AGREEMENTS

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

36. CONTINGENT LIABILITIES

At the end of the reporting period, the Group did not have any contingent liabilities.

37. RELATED PARTY TRANSACTIONS

The Directors are of the view that the following companies are related parties that have material transactions or balances with the Group during the year.

(a) NAME AND RELATIONSHIPS OF THE RELATED PARTIES

Name	Relationship with the Group
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
Fosun Wanbang (Jiangsu) Pharmaceutical Group Co., Ltd. * ("復星萬邦(江蘇)醫藥集團有限公司") ("Fosun Wanbang")	Fellow subsidiary
Fosun Yaohong (Jiansu) Pharmaceutical Technology Co., Ltd.* &** ("復星曜泓(江蘇)醫藥科技有限公司") ("Fosun Yaohong")	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") ("Old Temple Gold")	Fellow subsidiary
Suzhou Otovia Therapeutics Biotechnology Co., Ltd.* ("蘇州星奧拓維生物技術有限公司") ("Suzhou Otovia Therapeutics")	Fellow subsidiary
Fosun Health Technology (Jiangsu) Co., Ltd.* ("復星健康科技(江蘇)有限公司") ("Fosun Health")	Fellow subsidiary
Fosun Diagnostics (Shanghai) Co., Ltd.* ("復星診斷科技(上海)有限公司") ("Fosun Diagnostics")	Fellow subsidiary
Shanghai Fukun Pharmaceutical Technology Development Co., Ltd.* ("上海復坤醫藥科技發展有限公司") ("Shanghai Fukun")	Fellow subsidiary
Shanghai Xingfu Enterprise Management Consulting Co., Ltd.* ("上海星服企業管理諮詢有限公司") ("Shanghai Xingfu")	Fellow subsidiary
Hainan Fosun Trade Co., Ltd.* ("海南復星商社貿易有限公司") ("Fosun Trade")	Fellow subsidiary
Shanghai Yunji Information Technology Co., Ltd.* ("上海雲濟信息科技有限公司") ("Shanghai Yunji")	Fellow subsidiary
Shanghai Golte Property Management Co., Ltd.* ("上海高地物業管理有限公司") ("Shanghai Golte Property")	Fellow subsidiary
Chengdu Forte Real Estate Co., Ltd.* ("成都復地置業有限公司") ("Chengdu Forte")	Fellow subsidiary
Shanghai Fosun High Tech Group Finance Co., Ltd. * ("上海復星高科技集團財務有限公司") ("Shanghai Fosun Finance")	Fellow subsidiary
Starmab Biotechnology (Shanghai) Co., Ltd.* ("星濟生物(上海)有限公司") ("Starmab Biotechnology")	Fellow subsidiary
Suzhou Xinghe Desai Biotechnology Co., Ltd.* ("蘇州星核迪賽生物技術有限公司") ("Suzhou Xinghe Desai")	Fellow subsidiary
Suzhou Xingming Youjian Biotechnology Co., Ltd.* ("蘇州星明優健生物技術有限公司") ("Suzhou Xingming Youjian")	Fellow subsidiary
Hainan Fosun International Business Travel Co., Ltd.* ("海南復星國際商旅有限公司") ("Fosun International Business Travel")	Fellow subsidiary

37. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(A) NAME AND RELATIONSHIPS OF THE RELATED PARTIES *(CONTINUED)*

Name	Relationship with the Group
Shanghai Fosun Xingtai Pharmaceutical Technology Co., Ltd.* (“上海復星星泰醫藥科技有限公司”) (“Fosun Xingtai Pharmaceuticaly”)	Fellow subsidiary
Shanghai Zhuoer Hui Comprehensive Outpatient Department Co., Ltd.* (“上海卓爾薈綜合門診部有限公司”) (“Shanghai Zhuoer Hui”)	Fellow subsidiary
Hainan Fosun Merchant Medical Trading Co., Ltd.* (“海南復星商社醫療貿易有限公司”) (“Hainan Fosun Merchant”)	Fellow subsidiary
Shanghai Xingpuyun Technology Co., Ltd.* (“上海瑆樸雲科技有限公司”) (“Shanghai Xingpuyun”)	Fellow subsidiary
Suzhou Boa Mingsai Biopharmaceutical Co., Ltd.* (“蘇州博奧明賽生物製藥有限公司”) (“Suzhou Boa Mingsai”)	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”)	Other related companies

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

** Fosun Yaohong (Jiangsu) Pharmaceutical Technology Co., Ltd. was renamed from Fosun Pharmaceutical Distribution (Jiangsu) Co., Ltd. to Fosun Yaohong (Jiangsu) Pharmaceutical Technology Co., Ltd. on January 23, 2025.

(B) TRANSACTIONS WITH RELATED PARTIES

	Notes	2024 RMB'000	2023 RMB'000
Licensing revenue to related parties			
Fosun Pharma Industrial Development	(i),(v)	**21,926**	21,926
Services provided to related parties			
Fosun Pharma Industrial Development	(ii),(v)	**144,166**	194,508
Starmab Biotechnology	(ii),(v)	**509**	–
Suzhou Otovia Therapeutics	(ii)	**487**	473
Fosun Yaohong	(ii)	**–**	341
Others	(ii)	**80**	–
		145,242	195,322
Sales of goods to related parties			
Sinopharm	(iii),(v)	**2,055,888**	1,932,171
Fosun Yaohong	(iii),(v)	**543,089**	551,727
Chongqing Pharma	(iii)	**108,107**	89,753
		2,707,084	2,573,651

37. RELATED PARTY TRANSACTIONS *(CONTINUED)*

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

	Notes	2024 RMB'000	2023 RMB'000
Services purchased from related parties			
Fosun Yaohong	(iv),(v)	**26,731**	30,753
Fosun Pharma	(iv),(v)	**2,616**	851
Shanghai Golte Property	(iv),(v)	**2,096**	1,638
Shanghai Yunji	(iv),(v)	**2,051**	1,706
Fosun International Business Travel	(iv),(v)	**1,723**	–
Old Temple Gold	(iv)	**923**	1,463
Kai Mao Bio-pharma	(iv)	**494**	617
Clone High Tech	(iv),(v)	**112**	555
Fosun Health	(iv),(v)	**–**	624
Others	(iv),(v)	**2,223**	733
		38,969	38,940
Purchases of materials from			
Sinopharm	(iv),(v)	**2,878**	1,065
Purchases of right-of-use assets from			
Clone High Tech	(iv),(v)	**6,111**	18,100
Shanghai Fukun	(iv),(v)	**–**	949
Chengdu Forte	(iv),(v)	**–**	368
		6,111	19,417
Purchases of fixed assets from			
Shanghai Yunji	(iv)	**1,824**	880
Purchases of intangible assets from			
Shanghai Yunji	(iv)	**1,511**	1,255
Fosun Pharma	(iv)	**559**	–
Shanghai Xingpuyun	(iv)	**105**	–
		2,175	1,255
Deposits in related parties			
Shanghai Fosun Finance	(v),(vi)	**193,000**	193,000
Interest income			
Shanghai Fosun Finance	(v),(vi)	**4,759**	1,826

37. RELATED PARTY TRANSACTIONS *(CONTINUED)*

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

Notes:

(i) The Group granted exclusive licenses 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 commercialisation 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 research and development services provided to related parties were carried out in accordance with the terms and conditions similar to those offered to unrelated customers in the ordinary course of business.

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

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

(v) The related party transactions in respect of the license to Fosun Pharma Industrial Development, services provided to Fosun Pharma Industrial Development, the sale of goods to Fosun Yaohong and Sinopharm, services purchased from Shanghai Fosun High Technology (Group) Co., Ltd. and its subsidiaries (including Fosun Yaohong and Fosun International Business Travel) and Sinopharm, purchase of materials from Sinopharm, purchase of right-of-use assets from Clone High Tech and Shanghai Fukun and deposit in and interest income from Shanghai Fosun Finance also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules, which are subject to announcement or independent shareholders' approval requirements. The Group confirmed that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of these transactions.

(vi) Shanghai Fosun High Technology Group Finance Co., Ltd., a fellow subsidiary of the Group, provides deposit services to subsidiaries of the Group, and the maturity date is from March 2025 to May 2025. The applicable interest rates were determined in accordance with the prevailing market rates and the transactions were carried out in accordance with normal commercial terms.

37. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(c) OUTSTANDING BALANCES WITH RELATED PARTIES

	Notes	2024 RMB'000	2023 RMB'000
Amounts due from related parties			
Trade receivables			
Sinopharm	(i)	**300,917**	232,998
Fosun Yaohong	(i)	**139,817**	92,732
Chongqing Pharma	(i)	**19,973**	11,409
Fosun Pharma Industrial Development	(i)	**–**	9,525
Others	(ii)	**218**	–
		460,925	346,664
Prepayments, other receivables and other assets			
Shanghai Fosun Finance	(ii)	**2,930**	–
Clone High Tech	(ii)	**2,706**	2,706
Shanghai Fukun	(ii)	**1,125**	1,125
Fosun Pharma	(ii)	**–**	233
Others	(ii)	**59**	108
		6,820	4,172
Other non-current assets			
Fosun Trade	(ii)	**12**	12
Amounts due to related parties			
Trade payables			
Sinopharm	(iii)	**1,520**	85
Kai Mao Bio-pharma	(iii)	**192**	109
Others	(iii)	**19**	–
		1,731	194
Other payables, accruals and other current liabilities			
Fosun Pharma Industrial Development	(vi)	**125,986**	–
Fosun International Business Trave	(vi)	**1,807**	–
Fosun Pharma	(iv)	**833**	–
Shanghai Yunji	(iv)	**720**	1,107
Fosun Yaohong	(iv)	**–**	25,588
Clone High Tech	(iv)	**–**	2,210
Others	(iv)	**1,642**	1,487
		130,988	30,392

37. RELATED PARTY TRANSACTIONS *(CONTINUED)*

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

	Notes	2024 RMB'000	2023 RMB'000
Other long-term payable			
Fosun Pharma Industrial Development	(vii)	**62,893**	125,786
Lease liabilities			
Clone High Tech	(v)	**51,370**	94,786
Shanghai Fukun	(v)	**2,793**	9,292
Chengdu Forte	(v)	**48**	240
		54,211	104,318
Contract liabilities			
Fosun Pharma Industrial Development	(vi)	**782,221**	789,199
Fosun Wanbang	(vi)	**82,286**	82,286
Sinopharm	(vi)	**61,974**	98,352
Chongqing Pharma	(vi)	**4,492**	6,096
Others	(iv)	**526**	362
		931,499	976,295

Notes:

(i) The amounts due from related parties in the trade receivables were trade in nature, unsecured, interest-free and repayable within 90 days.

(ii) The amounts due from related parties in the prepayments, deposits, other receivables and other non-current assets were trade in nature, unsecured, interest-free and have no fixed terms of repayment.

(iii) The amounts due to related parties in trade payables were trade in nature, unsecured, interest-free and repayable. The outstanding balances were repayable within 90 days.

(iv) The amounts due to related parties in other payables and accruals were unsecured, interest-free and have no fixed terms of repayment.

37. RELATED PARTY TRANSACTIONS *(CONTINUED)*

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

Notes: *(CONTINUED)*

(v) The Company rented plant and machinery from Clone High Tech, Shanghai Fukun and Chengdu Forte, and recognised the corresponding lease liabilities. The maturity profile of the lease liabilities due to Clone High Tech, Shanghai Fukun and Chengdu Forte as at 31 December 2024 is as follows:

	2024 RMB'000	2023 RMB'000
Within one year	34,386	58,792
In the second year	13,150	31,236
In the third to fifth years, inclusive	6,675	14,290
	54,211	104,318

(vi) The amounts due to related parties in contract liabilities were the advance payments of the License for certain biopharmaceutical products. These amounts are trade in nature, unsecured and with interest recognised which represented the significant financing component in the revenue contract.

(vii) The amount represents the payable relating to the license out contract. For details, please refer to note 27 to the financial statements.

(D) COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP

	2024 RMB'000	2023 RMB'000
Fees	1,312	1,084
Other emoluments:		
Salaries, allowances and benefits in kind	40,935	47,927
Performance related bonuses	9,854	11,139
Share award scheme	–	2,159
Total compensation paid to key management personnel	52,101	62,309

Further details of directors', supervisors' and chief executives' remuneration are included in note 9 to the financial statements.

38. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period of the Group are as follows:

Financial assets at amortised cost

	2024 RMB'000	2023 RMB'000
Trade receivables	857,430	647,828
Financial assets included in prepayments, deposits and other receivables	18,683	21,695
Other non-current assets	15,832	15,599
Cash and bank balances	772,962	987,665
	1,664,907	1,672,787

Financial liabilities at amortised cost

	2024 RMB'000	2023 RMB'000
Trade payables	729,099	544,815
Financial liabilities included in other payables and accruals	261,026	195,096
Other long-term payables	62,893	125,786
Interest-bearing bank and other borrowings	3,648,185	4,093,051
	4,701,203	4,958,748

39. 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	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Financial liabilities				
Interest-bearing bank and other borrowings (non-current portion) (other than lease liabilities)	951,269	1,106,219	945,748	1,099,434

Management has assessed that the fair values of cash and bank balances, trade receivables, trade 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.

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

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.

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 31 December 2024

	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)	–	945,748	–	945,748

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Interest-bearing bank and other borrowings (non-current portion) (other than lease liabilities)	–	1,099,434	–	1,099,434

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include cash and bank balances, 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 receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with a floating interest rate.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. The Group does not use derivative financial instruments to hedge its interest rate risk. At 31 December 2024, approximately 59% (2023: 60%) of the Group's interest-bearing bank and other borrowings bore interest at fixed rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings) and the Group's equity.

	Increase/ (decrease) in basis points	Increase/ (decrease) in equity RMB'000
Year ended 31 December 2024		
RMB	**25**	**(3,497)**
RMB	**(25)**	**3,497**
Year ended 31 December 2023		
RMB	25	(3,800)
RMB	(25)	3,800

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from activities by operating units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the USD exchange rates, with all other variables held constant, of the Group's profit or loss before tax and the Group's equity due to changes arising on fair values of monetary assets and liabilities.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

FOREIGN CURRENCY RISK *(CONTINUED)*

	Increase/ (decrease) in USD rate %	Increase/ (decrease) in equity RMB'000
Year ended 31 December 2024		
If the RMB weakens against the USD	5	10,876
If the RMB strengthens against the USD	(5)	(10,876)
Year ended 31 December 2023		
If the RMB weakens against the USD	5	10,356
If the RMB strengthens against the USD	(5)	(10,356)

CREDIT RISK

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

MAXIMUM EXPOSURE AND YEAR-END STAGING

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	–	–	–	867,206	867,206
Contract assets*	–	–	–	43,928	43,928
Financial assets included in prepayments, deposits and other receivables					
– Normal**	18,683	–	–	–	18,683
– Doubtful**	–	–	477,029	–	477,029
Other non-current assets	15,832	–	–	–	15,832
Cash and bank balance					
– Not yet past due	772,962	–	–	–	772,962

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

CREDIT RISK *(CONTINUED)*

MAXIMUM EXPOSURE AND YEAR-END STAGING *(CONTINUED)*

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	–	–	–	663,957	663,957
Contract assets*	–	–	–	82,419	82,419
Financial assets included in prepayments, deposits and other receivables					
– Normal**	21,695	–	–	–	21,695
– Doubtful**	–	–	470,015	–	470,015
Other non-current assets	15,599	–	–	–	15,599
Cash and bank balance					
– Not yet past due	987,665	–	–	–	987,665

* For trade receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 19 to the financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 19 to the financial statements.

At the end of the reporting period, the Group had certain concentrations of credit risk as 4%(2023: 8%) and 16% (2023: 21%) of the Group's trade receivables were due from the Group's largest customer and five largest customers, respectively.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

LIQUIDITY RISK

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations of cash flows.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

31 December 2024

	On demand or within one year RMB'000	One to five years RMB'000	Over five years RMB'000	Total RMB'000
Trade payables	729,099	–	–	729,099
Financial liabilities included in other payables and accruals	261,025	–	–	261,025
Other long-term payables	–	62,893	–	62,893
Lease liabilities	73,089	147,254	3,134	223,477
Interest-bearing bank and other borrowings (excluding lease liabilities)	2,531,869	1,036,388	13,598	3,581,855
	3,595,082	1,246,535	16,732	4,858,349

31 December 2023

	On demand or within one year RMB'000	One to five years RMB'000	Over five years RMB'000	Total RMB'000
Trade payables	544,815	–	–	544,815
Financial liabilities included in other payables and accruals	195,096	–	–	195,096
Other long-term payables	–	125,786	–	125,786
Lease liabilities	96,079	186,484	18,695	301,258
Interest-bearing bank and other borrowings (excluding lease liabilities)	2,758,554	1,053,413	194,997	4,006,964
	3,594,544	1,365,683	213,692	5,173,919

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

CAPITAL MANAGEMENT

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 31 December 2023.

The Group monitors capital using a gearing ratio, which is net debt divided by the adjusted capital plus net debt. Net debt includes interest-bearing bank and other borrowings less cash and cash equivalents. Capital includes equity attributable to owners of the parent. The gearing ratios as at the end of the reporting periods were as follows:

	2024 RMB'000	2023 RMB'000
Interest-bearing bank and other borrowings (note 26)	**3,648,185**	4,093,051
Less: Cash and cash equivalents	**571,401**	867,663
Net debt	**3,076,784**	3,225,388
Equity attributable to owners of the parent	**3,013,621**	2,192,301
Capital and net debt	**6,090,405**	5,417,689
Gearing ratio	**51%**	60%

41. EVENTS AFTER THE REPORTING PERIOD

As at the date of approval of these financial statements, there have been no significant events after the end of the reporting period.

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	153,571	181,869
Intangible assets	4,005,202	2,526,535
Investments in subsidiaries	3,082,748	2,940,893
Right-of-use assets	25,975	37,338
Other non-current assets	–	15,063
Total non-current assets	7,267,496	5,701,698
CURRENT ASSETS		
Trade receivables	4,093,384	1,946,457
Contract assets	31,368	82,419
Prepayments, deposits and other receivables	705,336	516,310
Inventories	3,151	1,909
Cash and bank balances	501,873	670,316
Total current assets	5,335,112	3,217,411
CURRENT LIABILITIES		
Trade payables	916,616	718,816
Other payables and accruals	3,832,974	1,402,179
Contract liabilities	303,444	300,432
Interest-bearing bank and other borrowings	1,417,413	1,282,964
Total current liabilities	6,470,447	3,704,391
NET CURRENT LIABILITIES	(1,135,335)	(486,980)
TOTAL ASSETS LESS CURRENT LIABILITIES	6,132,161	5,214,718
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	14,179	27,200
Other long-term payables	113,024	151,676
Contract liabilities	1,075,238	801,650
Deferred income	74,485	77,384
Total non-current liabilities	1,276,926	1,057,910
Net assets	4,855,235	4,156,808
EQUITY		
Share capital	543,495	543,495
Reserves (Note)	4,311,740	3,613,313
Total equity	4,855,235	4,156,808

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(CONTINUED)*

Note:

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2023	6,051,757	25,000	(3,429,458)	2,647,299
Profit for the year	–	–	956,081	956,081
The vesting of restricted shares (note 32)	17,627	(10,321)	–	7,306
Equity-settled share-based payments (note 32)	–	2,627	–	2,627
At 31 December 2023 and 1 January 2024	**6,069,384**	**17,306**	**(2,473,377)**	**3,613,313**
Profit for the year	**–**	**–**	**698,427**	**698,427**
At 31 December 2024	**6,069,384**	**17,306**	**(1,774,950)**	**4,311,740**

43. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the directors on 24 March 2025.

DEFINITIONS

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

"Abbott"	Abbott Operations Uruguay S.R.L.
"Accord"	Accord Healthcare Limited
"AMTD" or "Investment Manager"	AMTD Global Markets Limited (now renamed as oOo Securities (HK) Group Limited)
"Articles of Association"	the articles of association of the Company
"Aton Ruilin"	Aton (Shanghai) Biotech Co., Ltd.* (安騰瑞霖(上海)生物科技有限公司), a wholly-owned subsidiary of the Company
"Board"	the board of directors of the Company
"Business Travel Management Services Agreement"	the business travel management services agreement dated 5 September 2024 entered into between the Company and Hainan Fosun International Business Travel
"Cayman Henlius"	Henlius Biopharmaceuticals, Inc., a company established in the Cayman Islands on 23 February 2009, and a substantial shareholder
"CG Code"	Corporate Governance Code contained in Appendix C1 to the Listing Rules
"Clone High Tech"	Shanghai Clone High Technology Co., Ltd.* (上海克隆生物高技術有限公司), a limited liability company incorporated under the laws of the PRC and a wholly-owned subsidiary of Fosun Pharma
"Clone Property Leasing Framework Agreement"	the property leasing framework agreement dated 17 November 2022 entered into between the Company and Clone High Tech in relation to the leasing of the premises
"CMC Technical Services Framework Agreement"	the CMC technical services framework agreement dated 29 June 2023 entered into between Aton Ruilin (a wholly-owned subsidiary of the Company) and Fosun Pharma Industrial Development

"Company" or "Henlius"	Shanghai Henlius Biotech, Inc., a joint stock company incorporated under the laws of the PRC with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange
"Company Law"	the Company Law of the PRC, as revised or supplemented from time to time
"CSCO"	Chinese Society of Clinical Oncology
"Director(s)"	the director(s) of the Company
"EMA"	European Medicines Agency
"EU"	European Union
"Eurofarma"	Eurofarma Laboratorios S.A.
"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
"Financial Services Agreement"	the financial services agreement dated 14 February 2023 entered into between the Company and Fosun Finance
"Fosun Finance"	Shanghai Fosun High Technology (Group) Finance Co., Ltd.* (上海復星高科技集團財務有限公司), a limited liability company established in the PRC, and a subsidiary of Fosun High Tech
"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 High Tech Group"	Fosun High Tech and its subsidiaries
"Fosun Industrial"	Fosun Industrial Co., Limited (復星實業(香港)有限公司), a company incorporated in Hong Kong on 22 September 2004 with limited liability
"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 Co., Ltd. (上海復星新藥研究股份有限公司) (formerly known as 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 with limited liability, 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 Group"	Fosun Pharma and its subsidiaries

"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, a wholly-owned subsidiary of Fosun Pharma, and a controlling shareholder
"Fosun Pharma Industrial Technical Services Agreement"	the technical services agreement dated 16 March 2022 entered into between the Company and Fosun Pharma Industrial Development
"Fosun Wanbang"	Fosun Wanbang (Jiangsu) Pharmaceutical Group Co., Ltd. *(復星萬邦(江蘇)醫藥集團有限公司) (formerly known as Jiangsu Wanbang (Group) Biopharmaceutical Co., Ltd. *(江蘇萬邦生化醫藥集團有限責任公司)), a company incorporated in the PRC with limited liability, and a wholly-owned subsidiary of Fosun Pharma
"Fosun Yaohong"	Fosun Yaohong (Jiangsu) Pharmaceutical Technology Co., Ltd. * (復星曜泓(江蘇)醫藥科技有限公司) (formerly known as 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
"Fukun Pharmaceutical"	Shanghai Fukun Pharmaceutical Technology Development Co., Ltd.* (上海復坤醫藥科技發展有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Fosun Pharma
"Fukun Property Leasing Framework Agreement"	the property leasing framework agreement dated 17 November 2022 entered into between the Company and Fukun Pharmaceutical in relation to the leasing of the premises
"General Procurement Framework Agreement"	the general procurement framework agreement dated 13 April 2024 entered into between the Company and Fosun High Tech
"Gland Pharma"	Gland Pharma Limited (stock code of Bombay Stock Exchange Limited and National Stock Exchange of India: GLAND)
"GMP"	Good Manufacturing Practice of Medical Products
"Group", "we", "our" or "us"	the Company and its subsidiaries
"H Shares"	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
"Hainan Fosun International Business Travel"	Hainan Fosun International Business Travel Co., Ltd. (海南復星國際商旅有限公司), a company established in the PRC with limited liability and a non-wholly owned subsidiary of Fosun International
"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
"Henlius Biopharmaceuticals"	Shanghai Henlius Biopharmaceuticals Co., Ltd.* (上海復宏漢霖生物製藥有限公司), a wholly owned subsidiary of the Company
"Henlius Biologics"	Shanghai Henlius Biologics Co., Ltd. (上海復宏漢霖生物醫藥有限公司), a wholly-owned subsidiary of the Company
"Henlius Pharmaceutical Trading"	Shanghai Henlius Pharmaceutical Trading Co., Ltd.* (上海復宏漢霖醫藥貿易有限公司)(formerly known as Shanghai Baodao Hongshun Pharmaceutical Trading Co., Ltd.* (上海寶島宏順醫藥貿易有限公司)), a wholly-owned subsidiary of the Company
"HK$" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"HLX01 Agreement"	the cooperation agreement dated 18 September 2015 entered into with Fosun Pharma Industrial Development relating to cooperation arrangements for HLX01
"HLX03 Agreement"	the cooperation agreement dated 18 September 2017 entered into with Jiangsu Wanbang (Group) Biopharmaceutical Co., Ltd., a wholly-owned subsidiary of Fosun Pharma, relating to the cooperation arrangements for HLX03
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

"Hong Kong Stock Exchange" or the "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"IFRSs"	International Financial Reporting Standards
"IMA"	the investment management agreement dated 25 September 2019 entered into between the Company and AMTD
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China
"Intas"	Intas Pharmaceuticals Limited, founded in 1976 and headquartered in India
"Latest Practicable Date"	6 April 2025, being the latest practicable date for ascertaining the contents set out in this report prior to printing
"Listing"	the listing of the H Shares on the Main Board of the Stock Exchange
"Listing Date"	25 September 2019, being the date on which the H Shares were listed on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"MAA"	marketing authorisation application
"mAb"	monoclonal antibodies
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules
"NDA"	new drug application
"NMPA"	the National Medical Products Administration of the PRC
"PRC", "China" or "Mainland China"	the People's Republic of China, but for the purposes of this annual report only, except where the context requires, references in this annual report to PRC, China or Mainland China exclude Hong Kong, Macau and Taiwan Regions
"Promotional Services Agreement"	the agreement entered into by Henlius Biopharmaceuticals and Jiangsu Fosun on 24 August 2020 in relation to the provision of promotional services by Jiangsu Fosun to the Group, as amended by a supplemental agreement on 31 December 2020, 30 June 2022, 29 December 2023 and 31 December 2024

"Property Leasing Framework Agreements"	the Clone Property Leasing Framework Agreement and the Fukun Property Leasing Framework Agreement
"R&D"	research and development
"Reporting Period"	the year ended 31 December 2024
"RMB"	Renminbi, the lawful currency of the PRC
"Rules of Procedures of the Board of Supervisors"	the rules of procedures of the Board of Supervisors of the Company
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"SVAX"	AL-TIRYAQ AL-KHALAWI Medical Company, a biotechnology company established in Saudi Arabia
"Share(s)"	ordinary shares with nominal value of RMB1.00 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Sinopharm"	Sinopharm Group Co. Ltd.* (國藥控股股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed and traded on the Stock Exchange
"Sinopharm Distribution Framework Agreement"	the distribution framework agreement dated 24 April 2020 entered into between the Company and Sinopharm relating to the sales of self-owned products (except for HANLIKANG and HANDAYUAN)

"Sinopharm Group"	Sinopharm and its subsidiaries
"Sinopharm Industrial Investment"	Sinopharm Industrial Investment Co. Ltd.* (國藥產業投資有限公司), a company incorporated in the PRC on 5 June 2008 and the controlling shareholder of Sinopharm
"Sinopharm Procurement Framework Agreement"	the procurement framework agreement dated 24 April 2020 entered into between the Company and Sinopharm relating to the procurement of (i) warehousing and logistics services and (ii) raw materials by the Group from Sinopharm Group
"Songjiang First Plant"	the Company's manufacturing facility at Guangfu Lin Road of the Songjiang District of Shanghai
"Songjiang Second Plant"	Henlius Biotech Biopharmaceutical Industrialization Base II, the Company's manufacturing facility with total planned area of 200 acres currently under construction in the Songjiang District of Shanghai
"Supervisor(s)"	the supervisors(s) of the Company
"U.S." or "United States"	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
"USD"	U.S. Dollars, the lawful currency of the U.S.
"Unlisted Share(s)"	ordinary share(s) with nominal value of RMB1.00 each in the share capital of the Company, which are not listed on any stock exchange
"Xuhui Facility"	the Company's manufacturing facility at Yishan Road of the Xuhui District of Shanghai
"Zhoushan Guoyun"	Zhoushan Guoyun Biotech Partnership Enterprise (Limited Partnership)* (舟山果運生物技術合夥企業(有限合夥)), a company incorporated in the PRC on 9 August 2017 and a Shareholder whose beneficial owners are certain employees of the Group

In this annual 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 only*