SHENZHEN HEPALINK PHARMACEUTICAL GROUP CO., LTD.
(深圳市海普瑞藥業集團股份有限公司)

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

(Stock code: 9989)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2025

The board of directors (the "**Board**") of Shenzhen Hepalink Pharmaceutical Group Co., Ltd. (the "**Company**" or "**Hepalink**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "**Group**", "**we**", "**our**" or "**us**") for the six months ended June 30, 2025 (the "**Reporting Period**"), together with comparative figures for the same period in 2024.

FINANCIAL HIGHLIGHTS

For the six months ended June 30, 2025, the Group recorded the following unaudited results:

	For the six months ended June 30,		
	2025	2024	% Changes
	RMB'000	*RMB'000*	
Revenue	**2,791,387**	2,828,657	-1.3%
Gross profit	**809,246**	999,274	-19.0%
Gross profit margin (%)	**29.0%**	35.3%	N/A
Profit attributable to equity holders of the parent	**421,851**	663,684	-36.4%

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended June 30, 2025

	Notes	Six months ended June 30, 2025 **RMB'000** **(unaudited)**	2024 RMB'000 (unaudited)
REVENUE	*4*	**2,791,387**	2,828,657
Cost of sales		**(1,982,141)**	(1,829,383)
Gross profit		**809,246**	999,274
Other income and gains	*5*	**233,913**	406,625
Selling and distribution expenses		**(193,154)**	(191,911)
Administrative expenses		**(296,706)**	(279,610)
(Impairment losses)/reversal of impairment on financial assets		**(1,289)**	11,446
Impairment losses on property, plant and equipment		**(6,954)**	–
Other expenses		**(1,539)**	(15,906)
Finance costs	*6*	**(42,212)**	(84,504)
Share of losses of associates		**(17,663)**	(77,765)
PROFIT BEFORE TAX	*7*	**483,642**	767,649
Income tax expense	*8*	**(62,462)**	(104,813)
PROFIT FOR THE PERIOD		**421,180**	662,836
Attributable to:			
Owners of the parent		**421,851**	663,684
Non-controlling interests		**(671)**	(848)
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*10*		
Basic			
— for profit for the period		**RMB0.29**	RMB0.45
Diluted			
— for profit for the period		**RMB0.29**	RMB0.45

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2025

	Six months ended June 30,	
	2025	2024
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
PROFIT FOR THE PERIOD	**421,180**	662,836
OTHER COMPREHENSIVE INCOME		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods (net of tax):		
Exchange differences on translation of foreign operations	**(142,067)**	35,308
Share of other comprehensive income of associates	**–**	14,905
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	**(142,067)**	50,213
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods (net of tax):		
Change in fair value of equity investments designated at fair value through other comprehensive income	**94,363**	(8,783)
Remeasurement gains on defined benefit pension schemes	**4,417**	4,066
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	**98,780**	(4,717)
Other comprehensive (loss)/income for the period (net of tax)	**(43,287)**	45,496
Total comprehensive income for the period (net of tax)	**377,893**	708,332
Attributable to:		
Owners of the parent	**378,576**	709,162
Non-controlling interests	**(683)**	(830)

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2025

	Notes	**June 30, 2025** ***RMB'000*** **(unaudited)**	December 31, 2024 *RMB'000* (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**2,630,409**	2,668,337
Right-of-use assets		**166,596**	185,585
Goodwill		**2,347,262**	2,357,034
Other intangible assets		**280,514**	306,676
Investments in associates		**311,341**	350,320
Equity investments designated at fair value through other comprehensive income		**675,131**	580,134
Financial assets at fair value through profit or loss		**887,169**	893,040
Deferred tax assets		**317,468**	282,510
Other non-current assets		**104,872**	98,614
Total non-current assets		**7,720,762**	7,722,250
CURRENT ASSETS			
Inventories		**4,670,336**	5,393,947
Trade and bills receivables	*11*	**1,420,869**	1,182,797
Contract assets		**4,001**	4,018
Prepayments, other receivables and other assets		**302,901**	431,252
Amounts due from related parties		**53,632**	51,802
Financial assets at fair value through profit or loss		**878,449**	867,895
Derivative financial instruments		**8,361**	521
Pledged deposits		**7,580**	80
Time deposits		**423,383**	267,135
Cash and cash equivalents		**1,744,699**	1,421,827
Total current assets		**9,514,211**	9,621,274

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Continued)

June 30, 2025

	Notes	**June 30, 2025** ***RMB'000*** **(unaudited)**	December 31, 2024 *RMB'000* (audited)
CURRENT LIABILITIES			
Trade payables	*12*	**364,792**	299,692
Derivative financial instruments		**1,712**	–
Other payables and accruals		**590,217**	519,076
Contract liabilities		**209,838**	264,283
Interest-bearing bank and other borrowings		**2,486,486**	2,367,161
Tax payable		**131,524**	120,264
Amounts due to related parties		**332,143**	89,939
Lease liabilities		**38,341**	38,822
Total current liabilities		**4,155,053**	3,699,237
NET CURRENT ASSETS		**5,359,158**	5,922,037
TOTAL ASSETS LESS CURRENT LIABILITIES		**13,079,920**	13,644,287
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**528,171**	1,081,048
Deferred income		**44,545**	27,285
Deferred tax liabilities		**226,860**	242,494
Long-term employee benefits		**17,197**	23,215
Other non-current liabilities		**10,341**	10,354
Lease liabilities		**40,833**	57,770
Total non-current liabilities		**867,947**	1,442,166
Net assets		**12,211,973**	12,202,121
EQUITY			
Equity attributable to owners of the parent			
Share capital	*13*	**1,467,296**	1,467,296
Reserves		**10,691,912**	10,681,377
Total equity attributable to owners of the parent		**12,159,208**	12,148,673
Non-controlling interests		**52,765**	53,448
Total equity		**12,211,973**	12,202,121

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Founded in Shenzhen in 1998, Hepalink is a leading multinational pharmaceutical company with A+H dual financing platform. Our main business includes the investment, development and commercialization of the heparin industry chain, bio-macromolecule Contract Development and Manufacturing Organization ("**CDMO**") and innovative drugs. The Group's three business segments are synergistic and driven by unmet clinical needs; committing to providing high quality, safe and effective drugs and services for global patients to protect their health.

The Group's businesses cover the manufacture and sales of pharmaceutical products, development of CDMO services and innovative drugs. Our sales of pharmaceutical products consist of (i) finished dose pharmaceutical products, which mainly include enoxaparin sodium injection; (ii) active pharmaceutical ingredient ("**API**") products, which mainly include heparin sodium API and enoxaparin sodium API; and (iii) other products, which mainly include pancreatin API. In the field of heparin industry chain, Hepalink is one of the leaders in the industry and market. The finished dose enoxaparin sodium pharmaceutical products of the Group are currently sold in more than 40 countries worldwide. Since the approval of finished dose enoxaparin sodium pharmaceutical product by European Medicines Agency ("**EMA**") through the Centralized Procedure (CP) in 2016, relying on excellent product quality and stable efficacy, the Group leads among domestic companies in the industry; and as the finished dose enoxaparin sodium pharmaceutical product obtained the consistency evaluation on generic drug quality and efficacy from National Medical Products Administration of China in October 2020, the Group is the first evaluation-passed supplier of finished dose enoxaparin sodium pharmaceutical products.

We operate a CDMO business providing research and development ("**R&D**"), manufacturing, quality management and program management services, through our wholly-owned subsidiaries Cytovance Biologics, Inc. ("**Cytovance**"), which specializes in the development and manufacture of recombinant pharmaceutical products and critical non-viral vectors and intermediates for gene therapy, and SPL Acquisition Corp. ("**SPL**"), which provides services in the development and manufacture of naturally derived pharmaceutical products.

The Group has obtained exclusive development and commercial rights in the People's Republic of China (the "**PRC**") for certain clinical stage innovative drug candidates which are being developed for the treatment of diseases with an immune system axis. We are also developing a self-discovered proprietary drug candidate which is currently at clinical stage.

Industry Review

The global economic and trade landscape during the first half of 2025 has been complex and volatile, continuously impacted by trade conflicts, policy uncertainties, and geopolitical risks, leading to broad-based slowdown in global economic growth, with the United Nations reporting an estimated Gross Domestic Product growth rate of 2.4% only for 2025, marking a notable decline from 2.9% in 2024. Escalating trade and tariff barriers have intensified supply chain tensions, leading to higher production costs and affecting export demand, business confidence, the stability of the manufacturing industry and currency across nations. Meanwhile, the International Monetary Fund (IMF) cited the ongoing downside risks from potential higher tariffs, rising uncertainty and geopolitical tension as causes of global trade growth plummeting sharply from 3.3% in 2024 to 1.6%. In June 2025, the World Bank further lowered its global growth projection for 2025 from 2.7% to 2.3%, marking the lowest level since the 2008 financial crisis, with nearly 70% of economies facing downgraded growth expectations. During the Reporting Period, trade policy uncertainty emerged as a critical challenge. The United States implemented a series of high tariffs in early 2025, elevating the effective tariff rate to its highest level since the 1930s. These measures not only increased the prices of imported goods but also triggered a global supply chain restructuring, compelling companies to adjust their overseas sales deployment and strategies. Major economies, including China and the European Union, responded with retaliatory measures, further exacerbating trade tensions, while emerging markets, particularly export-dependent Asian countries, bore the significant brunt of the impact. Geopolitical risks compounded economic uncertainties during the Reporting Period. Ongoing conflicts in Ukraine and the Middle East, along with changes in U.S. policy, disrupted global supply chains and the economic environment. The European Union faced inflationary pressures due to volatile energy prices, while Asian nations, despite demonstrating relative resilience, had to contend with weakening external demand and challenges posed by supply chain reconfiguration. Overall, the global economic and trade environment in the first half of 2025 was fraught with uncertainty.

During the Reporting Period, the Group proactively addressed various market challenges, steadfastly executed its overall business strategy, and remained focused on its goals of innovative capacity and globalization. Centered on digital operations, the Group drove high-quality development for both the Company and its businesses through quality leadership and digital-intelligent transformation. At the operational level, the Group actively promoted refined management, committed to building a flat and efficient organization system, fully elevated organizational effectiveness, and steadily improved the Company's operational efficiency and core profitability. During the Reporting Period, significant progress was made at the Group's Pingshan production base in three areas, being quality certification, smart manufacturing, and capacity expansion. During the Reporting Period, the Pingshan production base successfully obtained European Good Manufacturing Practice (GMP) certification and EMA production approval, demonstrating that its quality management system fully complies with European standards. This milestone confirms that the enoxaparin sodium injections produced at the Pingshan Park are now qualified for commercialization in the European Economic Area (EEA); meanwhile, the 5G digital intelligence factory at the Pingshan production base enhanced operational efficiency and risk control level through integrated quality systems and interconnected processes; notably, the newly launched pre-filled formulation production line at the Pingshan production base increased annual capacity by 330 million units, synergizing with Techdow Pharmaceutical's existing production lines to establish a robust supply capability of 550 million enoxaparin sodium finished doses annually. These breakthroughs have solidified the Group's competitive edge in the global anticoagulant drug market and laid a strong foundation for continued market share expansion. The Group's enoxaparin sodium finished dose sales grew by over 30% year-on-year during the Reporting Period. Through global expansion and local coordination, the Group continued to strengthen its core competitiveness and further solidified its finished dose pharmaceutical products business. In terms of market expansion, the Group leveraged Europe as a strategic hub while deepening channel development in China and the U.S., actively exploring emerging markets to build a more comprehensive global sales network. Through differentiated market strategies and self-operated sales operations management, the Group achieved sales growth across markets, driving global revenue higher. In terms of internal management, the Group adheres to financial prudence, achieving continuous improvement in financial management level through refined debt management and dynamic cash flow optimization. This enables the Group to maintain robust cash reserves and ample liquidity even in complex operating environments. In response to global market volatility, we will continue to strengthen forward-looking capital planning and systematic risk management, ensuring a stable financial structure through precise capital allocation and efficiency optimization, thereby providing strong support for the Group's sustainable development.

During the Reporting Period, the Group achieved total operating revenue of approximately RMB2,791.4 million (the same period of last year: RMB2,828.7 million), representing a year-on-year decrease of approximately 1.3%. Gross profit was approximately RMB809.2 million (the same period of last year: RMB999.3 million), with a gross profit margin of approximately 29.0% (the same period of last year: 35.3%). During the Reporting Period, the Group recorded a net profit attributable to the equity holders of the parent company of approximately RMB421.9 million (the same period of last year: RMB663.7 million). The year-on-year decrease in net profit was primarily due to the positive impact of a significant one-off investment gain recorded in the same period of 2024, which had a significant impact on the year-on-year change in profit for the Reporting Period.

Sales

The Group mainly operates three main business segments, including (i) heparin industrial chain business; (ii) CDMO business; and (iii) innovative drugs and innovative business.

Heparin Industrial Chain Business

During the Reporting Period, the Group's heparin industrial chain business achieved sales revenue of approximately RMB2,229.7 million (the same period of last year: RMB2,245.3 million), representing a year-on-year decrease of approximately 0.7%.

During the Reporting Period, finished dose pharmaceutical products sales volume achieved a significant growth of over 30%, with sales revenue reaching approximately RMB1,767.9 million (the same period of last year: RMB1,453.5 million), representing a year-on-year increase of approximately 21.6%, accounting for approximately 63.3% of the Group's total revenue. Gross profit was approximately RMB492.1 million (the same period of last year: RMB494.8 million), with a gross profit margin of approximately 27.8% (the same period of last year: 34.0%). During the Reporting Period, market environments across various global regions showed significant differences, with intensified market competition in certain areas. Based on strategic considerations to strengthen the market competitiveness of formulation products and promote business expansion, the Group conducted a prudent assessment and implemented structural adjustments to sales prices in specific regional markets. Additionally, changes in U.S. market tariff policies impacted business operations. These factors led to fluctuations in the gross profit margin of enoxaparin sodium formulations business during the Reporting Period.

During the Reporting Period, the European market was the primary sales region for the Group's enoxaparin sodium formulations, achieving significant sales volume growth and steadily maintaining a top-two market share. In terms of sales strategies, the Group continued to deepen penetration in existing markets by strengthening strategic partnerships with core customers, conducting in-depth analyses of national healthcare policies and market trends, and optimizing bidding strategies, which further improved the order's bid success rate; at the same time, we actively expanded coverage in new markets by developing more precise sales strategies for untapped markets, successfully securing tender orders in new markets. In terms of brand building, the Group actively participated in major European pharmaceutical exhibitions and industry summits, comprehensively showcasing the clinical advantages and quality management system of its products, thereby continuously enhancing brand influence. In addition, the Group focused on improving localized operational capabilities by strengthening its self-operated marketing team in Europe and establishing market monitoring and rapid response mechanisms, continuously enhancing its ability to adapt to changes in pharmaceutical policies and market dynamics.

During the Reporting Period, the Group achieved sales growth despite facing numerous challenges in the U.S. market, primarily attributable to the implementation of the dual-track operating model of "self-operated + agency-driven". In response to the operational impacts caused by U.S. tariff policies, we flexibly adjusted our operational strategies to effectively mitigate the adverse effects of these policies while achieving sustainable sales growth in the U.S. market. Among all, our self-operated sales team demonstrated exceptional execution capabilities, actively improving the sales network, filling market gaps, and continuously increasing product sales. Currently, we have established in-depth collaborations with several leading healthcare groups, laying a solid business foundation. Meanwhile, we continued to advance the commercialization of Fosaprepitant dimeglumine and Gabapentin capsules. By integrating self-operated channel resources and leveraging synergistic advantages, we are fostering new points of growth.

In the China market, the Group implemented a diversified marketing strategy, further driving sales growth during the Reporting Period. By participating in the National Centralized Drug Procurement Platform (國家藥品集中採購平台), the Group continued to expand its sales scale and market share in China. Meanwhile, for non-centralized procurement markets, we developed targeted marketing strategies based on regional medication needs and market characteristics, aggressively expanding into underserved markets with growth potential. This approach not only unlocked new revenue streams and steadily increased terminal penetration, but also strengthened the Group's position in China's enoxaparin sodium formulation market, further enhancing the Group's overall competitiveness in the Chinese pharmaceutical industry.

During the Reporting Period, the Group achieved steady growth in its presence across non-European and non-American overseas markets. In established markets, the Group further consolidated its market share by enhancing operational efficiency, refining management practices and deepening channel engagement. Meanwhile, we intensified efforts to expand into new markets, successfully securing market access approvals in South Africa and Argentina during the Reporting Period. By strengthening collaboration with local commercial partners in non-European and non-American overseas markets, we developed more efficient and precise marketing strategies, effectively driving sales growth while boosting the Group's influence in regional markets. These efforts have laid a favourable condition for future expansion in non-European and non-American overseas markets.

During the Reporting Period, the Group's API business faced significant market challenges, generating sales revenue of approximately RMB444.5 million (the same period of last year: RMB747.6 million), representing an approximately 40.5% year-on-year decline, with a gross profit margin of approximately 23.0% (the same period of last year: 41.7%). The operational challenges in the Group's API business were primarily driven by persistently low export prices for heparin APIs and intensifying industry competition, which continued to exert downward pressure on pricing. In response to these market dynamics, the Group remains committed to its strategy of transitioning towards high-end formulation products, continues to strategically position its API business as a support for the formulation business, while moderately adjusting its proportion within overall operations. We remain committed to product quality as our core priority, continuously optimizing production processes to enhance cost competitiveness. Meanwhile, we are maintaining a rational pricing system to strengthen the Group's competitive position in the API sector and prepare for a potential market recovery.

CDMO Business

During the Reporting Period, the Group's CDMO business generated revenue of approximately RMB523.2 million (the same period of last year: RMB560.4 million). Business quality improved significantly, with gross profit margin rising to 36.5% (the same period of last year: 31.2%), demonstrating improvement as compared to the same period of last year, and showing the effectiveness of our cost control and operational optimization initiatives. In terms of client expansion, we deepened strategic partnerships with existing core clients to ensure stable business growth, while actively cultivating new customer groups through enhanced marketing efforts, successfully broadening our business coverage. On the operational management front, we implemented an innovative project management system, streamlining processes and boosting execution efficiency to significantly improve client satisfaction and loyalty. To strengthen core competitiveness, we proactively pursued internal resource integration, building a more diversified commercial capabilities framework. Leveraging the synergistic operations of two key platforms of the Group, Cytovance Biologics, Inc. (Cytovance) and SPL Acquisition Corp. (SPL), we optimized resource and capacity allocation. This not only enhanced overall operational efficiency but also delivered superior service experiences to clients, injecting new growth momentum into the CDMO business.

Innovative Drugs and Innovation Business

The Group signed a distribution agreement with Zhejiang Yongtai Pharmaceutical Co., Ltd. (浙江永太藥業有限公司). According to the agreement, the Group will be responsible for the commercialization of Gabapentin capsules in the United States market.

At the same time, the Group's self-operated team in the United States continued to advance the commercialization of Fosaprepitant dimeglumine, a product under Chia Tai Tianqing Pharmaceutical Group Co. Ltd., in the United States market, including marketing, promotion, sales, and distribution of the product.

The continuously expanding new business varieties fully reflect the Group's commitment to international operations and support for Chinese pharmaceutical companies' strategies to enter the European and American markets. The Group has established complete self-operated teams in five countries in Europe, namely the United Kingdom, Italy, Spain, Germany, and Poland, as well as in the United States, with well-developed sales networks and channels. The Group is actively analyzing drugs with significant potential and synergistic value to seek new business growth and partnerships.

H1710

H1710 is an innovative candidate drug independently developed by the Group. In February 2025, the Group received the Notice of Approval for Clinical Trial (《藥物臨床試驗批准通知書》) issued by the National Medical Products Administration (NMPA) and the clinical trial of H1710 injection was approved. The enrollment of the first subject and the first dosing in the phase I clinical trial of the H1710 Injection was completed in July 2025.

H1710 is a novel compound that targets heparanase, a heparin-degrading enzyme. It has a suitable chain length and a unique flexible structure, and competitively binds to heparanase with heparan sulfate proteoglycans or heparin, making it a highly efficient and selective heparanase inhibitor. Heparanase is overexpressed in various tumors and is associated with tumor growth and metastasis. Studies have shown that targeting heparanase is a new anticancer strategy of cancer treatment. The Group's preclinical research has demonstrated that H1710 exhibits anti-tumor pharmacological activity by inhibiting the activity and expression of heparanase. H1710 has shown significant anti-tumor effects in various tumor animal models.

Oregovomab

Oregovomab, a murine monoclonal antibody, is an anti-CA125 immunotherapy drug candidate being developed by an associate of the Company, OncoQuest Inc. It has completed a Phase II clinical trial as a standard treatment combined with chemotherapy in patients with advanced primary ovarian cancer. The Group has exclusive development and commercial rights for Oregovomab in the Greater China region. An interim analysis of Oregovomab Phase III clinical trial suggested that the study did not meet its intended objectives and a patient follow-up on survival statistics is being conducted as recommended by the Data and Safety Monitoring Board (DSMB). The Group will actively explore options to advance the development of new drugs for Oregovomab. One of the Group's non-wholly-owned subsidiary, Shenzhen OncoVent Biomedical Technology Co., Ltd., has also entered into a licensing agreement for Oregovomab with Orient EuroPharma Co., Ltd. (a biotechnology company). The Group will continue to explore cooperation opportunities, accelerate the strategic layout of innovative drugs and build up diversified commercialization capabilities.

AR-301 (Salvecin)

AR-301 is a fully human monoclonal IgG1 antibody (mAb) that specifically targets S. aureus alpha-toxin. It is being developed by a non-controlling company of the Company, Aridis Pharmaceuticals, Inc. ("**Aridis**"). The Group has exclusive development and commercial rights in the Greater China region. AR-301 was granted Fast Track Designation by the United States Food and Drug Administration (the "**FDA**") and Orphan Drug Designation by the EMA. The Global Phase III Study of Tosatoxumab (AR-301) in Combination with Antibiotics (SOC) for the Treatment of Staphylococcus aureus Ventilator-associated Pneumonia did not reach the primary study endpoint. However, the study data revealed that Tosatoxumab significantly improves outcomes for patients over age 65 with ventilator-associated pneumonia, and also demonstrates efficacy against Methicillin-resistant Staphylococcus aureus (MRSA) infections. Based on this finding, Aridis has discussed with and obtained guidance from the FDA and the EMA on the design of a second Phase III study for the treatment of hospitalized patients who are diagnosed with pneumonia caused by Staphylococcus aureus and require mechanical ventilation by combining it with standard-of-care antibiotics.

RVX-208 (Apabetalone)

RVX-208 is a selective inhibitor of bromodomain and BET proteins with selectivity for the second bromodomain. It is the first small molecule drugs being developed by an associate of the Company, Resverlogix Corp.. The Group has exclusive development and commercial rights in the Greater China region. RVX-208 has completed phase III clinical trial (BETonMACE) in combination with standard-of-care antibiotics to reduce the incidence of major adverse cardiovascular events among high-risk cardiovascular disease patients with type II diabetes mellitus, recent acute coronary syndrome, and low levels of high-density lipoprotein (HDL). RVX-208 was granted Breakthrough Therapy Designation by the FDA in February 2020 and the clinical plan for pivotal phase III was approved by the FDA in June 2020. Apabetalone, the first drug in its class to receive the FDA Breakthrough Therapy approval for a major cardiovascular indication, will further advance its drug development progress, including planned clinical trials and the implementation of an accelerated development strategy.

Outlook

Amid a complex and ever-changing global economic landscape compounded by uncertainties in trade protectionist policies, increasingly fierce competition in the business environment, and short-term pricing pressures across the heparin supply chain, the Group faces multiple operational challenges. In response to the prevailing conditions, the Group will maintain a prudent approach while steadfastly pursuing our commitment to high-quality product development. By optimizing our business structure and enhancing operational efficiency, we will implement stable management strategies to navigate market volatility, continuously strengthen our core competitiveness, and lay a solid foundation for future growth.

To address the existing market challenges, the Group will leverage the digitalized production system at our Pingshan production base as a core competitive advantage, supported by our robust annual production capacity of 550 million doses of enoxaparin sodium formulations. This will enable us to further advance our internationalization strategy, accelerate the development of our global sales network, and actively explore Contract Sales Organization (CSO) and Contract Manufacturing Organization (CMO) opportunities to fully capitalize on our industrial production capacity and global commercialization strengths. Concurrently, we will continue to enhance our brand influence and increase market penetration to consolidate the Group's position in the global heparin industry. At the same time, the Group will proactively respond to changes in tariff policies, regularly assess market challenges and opportunities, and flexibly adjust our market strategies to mitigate adverse impacts while meeting diverse regional market demands. Building on these efforts, the Group will further optimize the operational strategies, reduce operating costs, and improve overall profitability to ensure strong safeguards for our future growth.

The Group's formulation business will continue to focus on Europe as its core market while strengthening competitive advantages. By integrating resources from our global sales network, in-house sales teams, and partners, we will steadily and systematically enhance market penetration and brand influence. Concurrently, we will actively expand in the U.S., China, and other non-European and non-American overseas markets by establishing deep collaborations with leading local pharmaceutical companies to accelerate commercial execution. In response to the evolving international trading environment, we are closely monitoring tariff policy changes and will respond swiftly with strategic adjustments to mitigate challenges and impacts from tariff and price fluctuations. Building on the established benchmark position in European markets, the Group will promote synergistic global market development to further strengthen our worldwide position in heparin formulations.

For our API business, the Group will maintain a prudent and steady operating strategy. We observe that current API market supply remains ample, with product prices at cyclical lows and customers maintaining cautious procurement approaches. Given this market environment, the Group will continuously monitor signals of recovering end-user demand and raw material inventory changes while adjusting strategies to enhance operational resilience. Meanwhile, we are actively expanding our new customer base and building diversified sales channels. Maintaining sharp market insights, we will promptly adjust business strategies to strengthen the overall competitiveness of our API business, ensuring full preparedness to capitalize on industry recovery opportunities.

The Group's dual platforms, Cytovance and SPL, will continue to support the development of the CDMO business. The Group will optimize capacity allocation and coordinate project timelines to better fulfill customer demands and drive scale expansion of the CDMO business. The Group will further enhance market development and customer relationship management, boosting penetration in CDMO business and accurately identifying needs of both current and potential customers. Additionally, the Group will improve production and managerial efficiency, strengthen project management workflows, and elevate operational effectiveness, ensuring long-term development of the CDMO business. The Group will continue to promote technological advancements, strengthen R&D investment, enhance CDMO technical capabilities, and provide customers with high value-added services.

Confronting an increasingly competitive market environment, the Group will comprehensively advance management upgrades by continuously optimizing organizational structure design and building a flattened, high-efficiency management system to significantly enhance overall operational effectiveness. We will further refine process management and establish rapid decision-making channels, ensuring business units can promptly respond to market dynamics. Through implementing a precision management model, we will digitally allocate human, financial, and production resources to maximize resource utilization efficiency. Through these management innovation initiatives, we will continuously enhance our core competitive edge and drive profitability growth. The Group remains confident that through the united efforts and innovative spirit of our entire workforce, we will achieve superior-quality growth and deliver consistent, sustainable value to our shareholders.

Financial Review

Revenue

	For the six months ended June 30,				
	2025 sales amount *RMB'000* (unaudited)	**2025 % of revenue**	2024 sales amount *RMB'000* (unaudited)	2024 % of revenue	**Year-on-year increase/ decrease (%)**
Sale of goods	**2,229,683**	**79.9%**	2,245,298	79.4%	-0.70%
Finished dose pharmaceutical products	**1,767,907**	**63.3%**	1,453,516	51.4%	21.6%
API	**444,504**	**15.9%**	747,599	26.4%	-40.5%
Others[(1)]	**17,272**	**0.7%**	44,183	1.6%	-60.9%
CDMO services	**523,229**	**18.7%**	560,378	19.8%	-6.6%
Others[(2)]	**38,475**	**1.4%**	22,981	0.8%	67.4%
Total	**2,791,387**	**100%**	2,828,657	100%	-1.3%

Notes:

(1) Other products mainly include Pancreatin API.

(2) Other businesses mainly include manufacture and marketing services, processing services, technical support services and other services.

Revenue from manufacturing and sales of goods decreased by RMB15.6 million to RMB2,229.7 million, accounting for 79.9% of the total revenue during the Reporting Period, as compared with RMB2,245.3 million, accounting for 79.4% of the Group's revenue in the corresponding period in 2024. During the Reporting Period, the Company's product sales remained generally stable, with revenue largely flat year-on-year. By business segment, the finished dose pharmaceutical products business performed strongly, with sales revenue increased by 21.6% year-on-year, driven primarily by higher sales volume; while the API business saw a decline in revenue, mainly due to lower selling prices.

Cost of sales

For the six months ended June 30, 2025, cost of sales increased by RMB152.7 million to RMB1,982.1 million (the same period of last year: RMB1,829.4 million).

Gross profit

	For the six months ended June 30,			
	2025 gross profit *RMB'000* (unaudited)	**2025 gross profit margin (%)**	2024 gross profit *RMB'000* (unaudited)	2024 gross profit margin (%)
Sale of goods	**592,673**	**26.6%**	815,707	36.3%
Finished dose pharmaceutical products	**492,136**	**27.8%**	494,768	34.0%
API	**102,388**	**23.0%**	311,793	41.7%
Others[(1)]	**-1,851**	**-10.7%**	9,146	20.7%
CDMO services	**190,773**	**36.5%**	174,563	31.2%
Others[(2)]	**25,800**	**67.1%**	9,004	39.2%
Total	**809,246**	**29.0%**	999,274	35.3%

Notes:

(1) Other products mainly include Pancreatin API.

(2) Other businesses mainly include manufacture and marketing services, processing services, technical support services and other services.

For the six months ended June 30, 2025, gross profit decreased by RMB190.1 million to RMB809.2 million (the same period of last year: RMB999.3 million). During the Reporting Period, gross profit margin was 29.0% (the same period of last year: 35.3%), decreased by 6.3 percentage points year-on-year. Specifically, the gross profit margin for the finished dose pharmaceutical products business declined by 6.2 percentage points year-on-year, primarily due to lower product selling unit prices, while the API business saw a year-on-year drop of 18.7 percentage points in gross profit margin, mainly driven by downward market pricing trends.

Finance Costs

The Group's finance costs consist of interest on bank borrowings and corporate bonds and finance costs. For the six months ended June 30, 2025, finance costs decreased by RMB42.3 million to RMB42.2 million (the same period of last year: RMB84.5 million), representing a decrease of 50.1%. The decrease in finance costs was mainly attributable to a decrease in interest on bank borrowings as compared to the same period in 2024.

Taxation

For the six months ended June 30, 2025, income tax expense was RMB62.5 million (the same period of last year: RMB104.8 million), representing a decrease of approximately 40.4%.

Impairment Losses on Property, Plant and Equipment

During the Reporting Period, the Group recognised an impairment loss of RMB7.0 million on property, plant and equipment (the same period of last year: nil). The Group conducted an impairment assessment of its idle fixed assets. The estimated recoverable amounts indicated that the recoverable amounts of the assets were lower than their carrying amounts, and the carrying amounts of the assets will be written down to their recoverable amounts.

Profit Attributable to Equity Holders of the Company

For the six months ended June 30, 2025, profit attributable to equity holders of the Company was RMB421.9 million (the same period of last year: RMB663.7 million), representing a decrease of approximately 36.4%.

Earnings per Share

The basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, by the weighted average number of ordinary shares of the Company in issue for the six months ended June 30, 2025. The diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company, by the weighted average number of ordinary shares of the Company in issue for the six months ended June 30, 2025 (with adjustments made for all potential dilution effect of the ordinary shares).

For the six months ended June 30, 2025, both basic earnings per share and diluted earnings per share were RMB0.29 (the same period of last year: RMB0.45), representing a decrease of approximately 35.6%.

Liquidity and Financial Resources

Treasury Policies

The primary objective of the Group's capital management is to maintain its ability to continue as a going concern so that the Group can constantly provide returns for shareholders of the Company and benefits for other stakeholders by implementing proper product pricing and securing access to financing at reasonable costs. The Group actively and regularly reviews and manages its capital structure and makes adjustments by taking into account the changes in economic conditions, its future capital requirements, prevailing and expected profitability and operating cash flows, expected capital expenditures and expected strategic investment opportunities. The Group closely monitors its debt-to-asset ratio, which is defined as total borrowings divided by total assets.

Foreign Currency Risk

For the six months ended June 30, 2025, the Group's primary source of revenue is from sales in overseas markets, and major currencies of settlement are Euro and U.S. dollar. There are many overseas companies within the scope of consolidation, involving Euro, U.S. dollar, Hong Kong dollar, etc., and drastic fluctuation of the international exchange rate may have a significant impact on the Company's foreign exchange gains and losses. The Group's foreign exchange gains and losses include unrealized foreign exchange gains and losses related to its internal foreign currency borrowings due to the fact that the reporting currency is different in domestic and overseas companies, and the foreign currency statement translation differences are not accounted through foreign exchange gains and losses. Therefore, there were unrealized foreign exchange gains and losses in the domestic and overseas companies themselves that cannot be offset in the statement of profit or loss. Such after tax unrealized foreign exchange gains during the Reporting Period were RMB167.8 million. The Company will use financial market tools in a more flexible way, including export bill purchase, foreign exchange derivatives and other tools to reduce the risk of foreign exchange losses caused by exchange rate fluctuations, and will actively promote the approval procedures for the conversion of internal borrowings to lower the effect of unrealized foreign exchange gains and losses caused by internal transactions on the results.

Liquidity and Financial Resources

The Group's liquidity remains strong. During the Reporting Period, the Group's primary source of funds was from its ordinary business operations. As at June 30, 2025, the Group's cash and bank balances were approximately RMB1,744.7 million (December 31, 2024: approximately RMB1,421.8 million).

Capital Structure

As at June 30, 2025, the Group recorded short-term loans of approximately RMB2,486.5 million (December 31, 2024: approximately RMB2,367.2 million) and long-term loans of approximately RMB528.2 million (December 31, 2024: approximately RMB1,081.0 million).

Pledge of Assets

As at June 30, 2025, the Group's assets of approximately RMB2,926.6 million were pledged to banks and other financial institutions to secure the credit facilities granted to the Group (December 31, 2024: approximately RMB2,922.0 million).

Contingent Liabilities

As at June 30, 2025, neither the Group nor the Company had material contingent liabilities (December 31, 2024: nil).

Asset-liability Ratio

As at June 30, 2025, the Group's total assets amounted to approximately RMB17,235.0 million, (December 31, 2024: approximately RMB17,343.5 million), whereas the total liabilities amounted to approximately RMB5,023.0 million (December 31, 2024: approximately RMB5,141.4 million). The asset-liability ratio (i.e., total liabilities divided by total assets) was approximately 29.1% (December 31, 2024: approximately 29.6%).

Interest Rate Risk

The Group's exposure to the risk of changes in interest rates relates to the interest-bearing bank borrowings with floating interest rates. The Group's policy is to manage our interest cost using a mix of fixed and variable rate debts. As at June 30, 2025, the Group had approximately 68.4% interest-bearing borrowings bore interest at fixed rates (December 31, 2024: approximately 69.6%).

Indebtedness

	As at June 30, 2025 ***RMB'000*** **(unaudited)**	As at December 31, 2024 *RMB'000* (audited)
Interest-bearing bank and other borrowings	**3,014,657**	3,448,209
Lease liabilities	**79,174**	96,592
Total financial indebtedness	**3,093,831**	3,544,801
Pledged bank deposits	**(7,580)**	(80)
Net financial indebtedness	**3,086,251**	3,544,721

The maturity profile of the Group's interest-bearing bank and other borrowings is set out as follows:

	As at June 30, 2025	As at December 31, 2024
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Repayable:		
Within one year or on demand	**2,486,486**	2,367,161
After one year but within two years	**239,313**	567,118
After two years but within five years	**97,167**	335,213
After five years	**191,691**	178,717
Total	**3,014,657**	3,448,209

The Group's bank borrowings as at June 30, 2025 were approximately RMB1,689.7 million (December 31, 2024: RMB2,604.2 million). As at June 30, 2025, the Group's total amount of other borrowings was approximately RMB1,325.0 million (December 31, 2024: RMB844.0 million).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended June 30, 2025

1. Corporate Information

The Company is a joint stock company with limited liability established in the People's Republic of China (hereafter, the "**PRC**") on April 21, 1998. With the approval of the China Securities Regulatory Commission, the Company completed its initial public offering and was listed on the Shenzhen Stock Exchange (stock code: 002399.SZ) on May 6, 2010. The Company completed its public offering in Hong Kong and its H shares were listed on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") (stock code: 9989) on July 8, 2020. The registered address of the office of the Company in the PRC is No. 21 Langshan Road, Nanshan District, Shenzhen. The Company's principal place of business in Hong Kong is at Room 4724, 47/F, Sun Hung Kai Centre, 30 Harbour Road, Wan Chai, Hong Kong. The Company is ultimately controlled by Mr. Li Li and Ms. Li Tan who are acting in concert.

The Company and its subsidiaries (collectively referred to as the "**Group**") are principally engaged in biopharmaceutical production, biopharmaceutical services, biopharmaceutical trading and biopharmaceutical research and development in Asia, Europe, North America and Australia, and investment business in Asia, Europe and North America.

This interim condensed consolidated financial information was approved for issuance by the Audit Committee and the Board on August 29, 2025.

2.1 Basis of Preparation

The interim condensed consolidated financial information for the six months ended June 30, 2025 has been prepared in accordance with International Accounting Standard ("**IAS**") 34 Interim Financial Reporting and should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2024, which has been prepared in accordance with International Financial Reporting Standards ("**IFRSs**").

The interim condensed consolidated financial information has been prepared under the historical cost convention, except for equity investments designated at fair value through other comprehensive income, derivative financial instruments and financial assets at fair value through profit or loss which have been measured at fair value. The Group's interim condensed consolidated financial information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

The accounting policies and methods of computation used in the interim condensed consolidated financial information for the six months ended June 30, 2025 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2024.

The financial information relating to the six months ended June 30, 2024 that is included in the interim condensed consolidated financial information as comparative information does not constitute the Group's statutory annual consolidated financial statements for that year but is derived from those financial statements.

2.2 Changes in Accounting Policies and Disclosures

The accounting policies adopted in preparing the interim condensed consolidated financial information are consistent with those adopted in preparing the Group's annual consolidated financial statements for the year ended December 31, 2024, except for the following revised International Financial Reporting Standards Accounting Standard, which are being adopted for the first time in relation to the financial information for the current period.

Amendments to IFRS 21	*Lack of Exchangeability*

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

The amendments to IFRS 21 clarify how an entity should assess whether a currency is convertible into another currency when it lacks convertibility, and how to estimate the spot exchange rate at the measurement date. The amendment requires disclosure of relevant information to enable users of financial statements to understand the impact of a currency's lack of convertibility. Since the currencies used in the Group's transactions and the currencies involved in converting the functional currencies of Group entities into the Group's reporting currency are all convertible, therefore, the amendment has no impact on the interim condensed consolidated financial information.

3. Operating Segment Information

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(a) the finished dose pharmaceutical products segment, which includes enoxaparin sodium injection;

(b) the API segment, which includes heparin sodium active pharmaceutical ingredients, and enoxaparin sodium active pharmaceutical ingredients;

(c) the CDMO segment, which includes R&D, manufacturing, quality management, program management and commercial manufacture under customers' specific order; and

(d) the "others" segment.

Segment revenue and results

For the six months ended June 30, 2025 (unaudited)

Segment	Finished dose pharmaceutical products *RMB'000*	API *RMB'000*	CDMO *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue:					
Sales to external customers	**1,767,907**	**444,504**	**523,229**	**55,747**	**2,791,387**
Intersegment sales	**1,909,719**	**1,155,634**	**48**	**41,283**	**3,106,684**
	3,677,626	**1,600,138**	**523,277**	**97,030**	**5,898,071**
Reconciliation:					
Elimination of intersegment sales					**(3,106,684)**
Revenue from contracts with customers					**2,791,387**
Segment results:	**443,041**	**136,316**	**190,773**	**53,610**	**823,740**
Reconciliation:					
Elimination of intersegment results					**(14,494)**
Other income and gains					**233,913**
Selling and distribution expenses					**(193,154)**
Administrative expenses					**(296,706)**
Impairment losses on financial and contract assets					**(1,289)**
Impairment losses on property, plant and equipment					**(6,954)**
Other expenses					**(1,539)**
Finance costs					**(42,212)**
Share of losses of associates					**(17,663)**
Group's profit before tax					**483,642**

For the six months ended June 30, 2024 (unaudited)

Segment	Finished dose pharmaceutical products *RMB'000*	API *RMB'000*	CDMO *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue:					
Sales to external customers	1,453,516	747,599	560,378	67,164	2,828,657
Intersegment sales	2,310,607	1,149,292	265	76,737	3,536,901
	3,764,123	1,896,891	560,643	143,901	6,365,558
Reconciliation:					
Elimination of intersegment sales					(3,536,901)
Revenue from contracts with customers					2,828,657
Segment results:	454,738	461,857	174,560	43,526	1,134,681
Reconciliation:					
Elimination of intersegment results					(135,407)
Other income and gains					406,625
Selling and distribution expenses					(191,911)
Administrative expenses					(279,610)
Reversal of impairment on financial asset					11,446
Other expenses					(15,906)
Finance costs					(84,504)
Share of losses of associates					(77,765)
Group's profit before tax					767,649

Geographical information

(a) Revenue from external customers

	For the six months ended June 30,	
	2025	2024
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Hong Kong	**3,656**	6,678
United States of America	**522,133**	580,353
Europe	**1,548,299**	1,390,708
Mainland China	**217,898**	187,627
Other countries/regions	**499,401**	663,291
	2,791,387	2,828,657

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

(b) Non-current assets

	As at	As at
	June 30,	December 31,
	2025	2024
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Mainland China	**2,504,592**	2,570,951
United States of America	**3,229,364**	3,291,361
Europe	**103,793**	100,856
Hong Kong	**3,244**	3,397
Total	**5,840,993**	5,966,565

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

During the period ended June 30, 2025, revenue of approximately RMB322,465,000 derived from a single external customer accounted for more than 10% of the total revenue.

During the period ended June 30, 2024, revenue of approximately RMB287,352,000 derived from a single external customer accounted for more than 10% of the total revenue.

4. Revenue

Revenue from contracts with customers

(i) Disaggregated revenue information

For the six months ended June 30, 2025 (unaudited)

Segment	Finished dose pharmaceutical products *RMB'000*	API *RMB'000*	CDMO *RMB'000*	Others *RMB'000*	Total *RMB'000*
Type of goods or services					
Sale of products	**1,767,907**	**444,504**	**–**	**17,272**	**2,229,683**
CDMO services	**–**	**–**	**523,229**	**–**	**523,229**
Others	**–**	**–**	**–**	**38,475**	**38,475**
Total revenue from contracts with customers	**1,767,907**	**444,504**	**523,229**	**55,747**	**2,791,387**
Timing of revenue recognition					
Products transferred at a point in time	**1,767,907**	**444,504**	**–**	**17,272**	**2,229,683**
Services transferred at a point in time	**–**	**–**	**284,878**	**13,470**	**298,348**
Services transferred over time	**–**	**–**	**238,351**	**25,005**	**263,356**
Total revenue from contracts with customers	**1,767,907**	**444,504**	**523,229**	**55,747**	**2,791,387**

For the six months ended June 30, 2024 (unaudited)

Segment	Finished dose pharmaceutical products *RMB'000*	API *RMB'000*	CDMO *RMB'000*	Others *RMB'000*	Total *RMB'000*
Type of goods or services					
Sale of products	1,453,516	747,599	–	44,183	2,245,298
CDMO services	–	–	560,378	–	560,378
Others	–	–	–	22,981	22,981
Total revenue from contracts with customers	1,453,516	747,599	560,378	67,164	2,828,657
Timing of revenue recognition					
Products transferred at a point in time	1,453,516	747,599	–	44,183	2,245,298
Services transferred at a point in time	–	–	269,591	4,302	273,893
Services transferred over time	–	–	290,787	18,679	309,466
Total revenue from contracts with customers	1,453,516	747,599	560,378	67,164	2,828,657

The following table shows the amounts of revenue recognised during the each of the periods ended June 30, 2025 and 2024 that were included in the contract liabilities at the beginning of each reporting period and recognised from performance obligations satisfied in previous periods:

	For the six months ended June 30,	
	2025	2024
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Revenue recognised that was included in the contract liabilities balance at the beginning of period:		
Sale of products	**53,003**	22,859
CDMO services	**246,108**	425,851
	299,111	448,710

(ii) Performance obligations

Sale of products

The performance obligation is satisfied upon delivery of the products and payment is generally due within 30 to 180 days from delivery, except for PRC customers of the finished dose pharmaceutical products, where payment in advance is normally required.

CDMO services

For services under the Fee-for-service ("**FFS**") model, revenue is recognised over time and the performance obligation is part of a contract that has an original expected duration of one year or less. Therefore, under practical expedients allowed by IFRS 15, the Group does not disclose the value of unsatisfied performance obligations under the FFS model.

For certain CDMO services, the directors of the Company have determined that performance obligations are satisfied upon acceptance of the deliverable products under customers' specific orders, and therefore, the performance obligation is recognised as revenue at a point in time.

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at June 30, 2025 and December 31, 2024 are as follows:

	As at June 30, 2025	As at December 31, 2024
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within one year	**387,682**	364,935

All the performance obligations are expected to be recognised within one year. The amounts disclosed above do not include variable consideration which is constrained.

5. Other Income and Gains

	For the six months ended June 30,	
	2025	2024
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Other income		
Bank interest income	**19,396**	18,596
Interest income from debt investment	**1,886**	–
Government grants related to		
– Assets*	**1,572**	1,281
– Income**	**2,638**	3,003
Dividend income from financial assets at fair value through profit or loss	**17,508**	207,876
Total other income	**43,000**	230,756
Other gains		
Foreign exchange gains/(losses), net	**214,543**	(12,134)
Gains on disposal of financial assets at fair value through profit or loss	**2,412**	1,361
Fair value (losses)/gains, net:		
Fair value losses on financial assets at fair value through profit or loss	**(28,535)**	(96,283)
Fair value (losses)/gains on derivative instruments	**(2,865)**	8,607
Gains/(losses) on disposal of items of property, plant and equipment	**1,289**	(583)
Gains on disposal of investment in associates	**–**	272,018
Others	**4,069**	2,883
Total other gains	**190,913**	175,869
Total other income and gains	**233,913**	406,625

* The Group has received certain government grants related to assets to invest in laboratory equipment and plant. The grants related to assets were recognised in profit or loss over the useful lives of the relevant assets.

** The government grants and subsidies related to income have been received to compensate for the Group's research and development costs. Certain of the grants related to income have future related costs expected to be incurred and require the Group to comply with conditions attached to the grants and the government to acknowledge the compliance of these conditions. These grants related to income are recognised in the statement of profit or loss on a systematic basis over the periods that the costs, which they are intended to compensate, are expensed. Other government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

6. Finance Costs

An analysis of finance costs is as follows:

	For the six months ended June 30,	
	2025	2024
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest expenses on:		
Bank borrowings	**39,431**	71,970
Corporate bonds	**–**	6,796
Lease liabilities	**545**	776
Other finance cost	**2,236**	4,962
	42,212	84,504

7. Profit before Tax

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

	For the six months ended June 30,	
	2025	2024
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Cost of inventories sold	**1,649,750**	1,443,136
Cost of services provided	**332,391**	386,247
Depreciation of property, plant and equipment	**137,228**	128,038
Depreciation of right-of-use assets	**19,219**	18,686
Amortisation of other intangible assets	**30,210**	27,651
Research and development costs*	**102,717**	81,041
Impairment losses on property, plant and equipment	**6,954**	–
Auditor's remuneration	**2,660**	2,698
Employee benefit expense (including directors' and supervisors' remuneration):		
Salaries and other benefits	**312,752**	229,924
Pension scheme contributions, social welfare and other welfare**	**30,684**	52,627
Rental expenses not included in the measurement of lease liabilities	**2,149**	1,676
Finance costs	**42,212**	84,504
Foreign exchange (gains)/losses, net	**(214,543)**	12,134
Write-down/(reversal of write-down) of inventories to net realisable value	**48,531**	(13,934)
Impairment losses/(reversed) on financial and contract assets:		
Impairment losses/(reversed) on trade receivables:	**6,138**	(8,491)
Impairment reversed on other receivables	**(4,849)**	(2,955)

* Research and development costs are included in "Administrative expenses" in the consolidated statements of profit or loss.

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

8. Income Tax Expense

The major components of the income tax expense for the period are as follows:

	For the six months ended June 30,	
	2025	2024
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax expense/(credit)		
PRC	**63,049**	4,776
United States of America	**29,815**	58,720
Elsewhere	**1,656**	4,525
Under/(over) provision in prior years	**7,270**	(5,041)
	101,790	62,980
Deferred tax (credit)/expense		
PRC	**(35,365)**	50,552
United States of America	**(1,442)**	(2,020)
Elsewhere	**(2,521)**	(6,699)
	(39,328)	41,833
Total tax charge for the period	**62,462**	104,813

9. Dividends

	For the six months ended June 30,	
	2025	2024
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Dividends declared by the Company	**366,824**	–

On May 22, 2025, the shareholders of the Company approved the 2024 profit distribution plan at the annual general meeting, according to which a dividend of RMB2.50 (including tax) has been distributed for every 10 shares of the Company, with a total payment amount of RMB 366,824,051.00 (including tax).

10. Earnings per Share Attributable to Ordinary Equity Holders of the Parent

The calculation of the basic and diluted 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 in issue during the each of the periods ended June 30, 2025 and 2024 as adjusted to reflect the subsequent changes in capital at nil consideration.

The calculation of basic and diluted earnings per share is based on:

	For the six months ended June 30,	
	2025	2024
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent	**421,851**	663,684

	For the six months ended June 30,	
	2025	2024
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares in issue during the period, used in the basic and diluted earnings per share calculation	**1,467,296,204**	1,467,296,204

11. Trade and Bills Receivables

	As at	As at
	June 30,	December 31,
	2025	2024
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables	**1,452,596**	1,204,481
Bill receivables	**1,184**	4,243
Allowance for expected credit losses	**(32,911)**	(25,927)
	1,420,869	1,182,797

The Group's trading terms with its customers are mainly on credit. The credit period is generally from one month to three months. The Group seeks to maintain strict control over its outstanding receivables to minimize credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. The balances of trade receivables are non-interest-bearing.

An aging analysis of the trade and bills receivables as at June 30, 2025 and December 31, 2024, based on the billing date and net of allowance for expected credit losses, is as follows:

	As at June 30, 2025	As at December 31, 2024
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within one year	**1,411,337**	1,173,191
One to two years	**23,002**	18,964
Two to three years	**7,570**	5,496
Over three years	**11,871**	11,073
	1,453,780	1,208,724
Less: Allowance for expected credit losses	**32,911**	25,927
	1,420,869	1,182,797

The movements in the allowance for expected credit losses of trade receivables are as follows:

	As at June 30, 2025	As at December 31, 2024
	RMB'000	*RMB'000*
	(unaudited)	(audited)
At beginning of the year/period	**25,927**	40,039
Impairment losses/(reversed)	**8,447**	(7,745)
Write-off	**(3,220)**	(6,164)
Exchange realignment	**1,757**	(203)
	32,911	25,927

12. Trade payables

	As at June 30, 2025	As at December 31, 2024
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade payables	**364,792**	299,692

An aging analysis of the trade payables as at December 31, 2024 and June 30, 2025, based on the invoice date, is as follows:

	As at June 30, 2025	As at December 31, 2024
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within one year	**355,699**	290,366
One year to two years	**7,617**	8,592
Two years to three years	**1,124**	201
Over three years	**352**	533
	364,792	299,692

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 90 days.

13. Share Capital

	As at June 30, 2025	As at December 31, 2024
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Registered, issued and fully paid 1,467,296,204 ordinary shares	**1,467,296**	1,467,296

Use of Proceeds from the H Share Listing of the Company

The H shares of the Company were listed on the Main Board of the Hong Kong Stock Exchange on July 8, 2020, and the Company obtained net proceeds from such H shares offering ("**Net Proceeds**") of approximately RMB3,538.4 million. According to the plan on use of Net Proceeds as set out in the prospectus dated June 24, 2020 of the Company, approximately 30% of the Net Proceeds (or approximately RMB1,061.5 million) is intended to be used for improving capital structure and repaying the existing debt; approximately 30% of the Net Proceeds (or approximately RMB1,061.5 million) is intended to be used for expansion of the sales and marketing network and infrastructure in the European Union and other global markets, such as the PRC; approximately 20% of the Net Proceeds (or approximately RMB707.7 million) is intended to be used for expanding our development and manufacturing capacity and broadening the Group's product and services offering of Cytovance; and approximately 20% of the Net Proceeds (or approximately RMB707.7 million) is intended to be used for investment in innovative drugs.

On November 20, 2023, the Group announced a change in use of the remaining Net Proceeds, which would be utilized in accordance with, among others, the business needs of the Group and the market conditions. The change in use of the remaining Net Proceeds was approved by the shareholders of the Company at the extraordinary general meeting of the Company held on December 15, 2023.

As at June 30, 2025, the unutilized Net Proceeds amounted to approximately RMB61.3 million. Details are set out in the following table:

Business objectives	Unutilized Net Proceeds as at December 31, 2024 *(RMB million)*	Utilized Net Proceeds during the six months ended June 30, 2025 *(RMB million)*	Cumulative utilization of Net Proceeds as of June 30, 2025 *(RMB million)*	Unutilized Net Proceeds as at June 30, 2025 *(RMB million)*
(1) Improving capital structure and repaying the existing debt	–	–	1,034.4	–
(2) Expansion of the sales and marketing network and infrastructure in the European Union and other global markets, such as the PRC; in expanding production scale and organization, increasing procurement and reserves of production resources	177.3	177.3	1,013.8	–
(3) Expanding our development and manufacturing capacity and broadening our product and services offering of Cytovance	36.5	33.9	309.0	2.6
(4) Investment in innovative drugs	80.0	21.3	111.6	58.7
(5) General working capital of the Company or, subject to permission under the PRC laws and regulations, the balance to be placed with PRC financial institutions as short-term deposits	–	–	1,008.3	–
Total:	293.8	232.5	3,477.1	61.3

As at June 30, 2025, an accumulative amount of RMB1,034.4 million had been used by the Company to improve capital structure and repay the existing debt; an accumulative amount of RMB1,013.8 million had been used to expand our sales and marketing network and infrastructure in the European Union and other global markets such as the PRC, and in expanding production scale and organization, increasing procurement and reserves of production resources; an accumulative amount of RMB309.0 million had been used to enhance our development and production capabilities and to expand our product and service offerings of Cytovance; an accumulative amount of RMB111.6 million had been used for investments in innovative drugs; an accumulative amount of RMB1,008.3 million had been used for general working capital of the Company; and the remaining unutilized Net Proceeds of RMB61.3 million were deposited with licensed financial institutions as deposits. The Group expects to fully utilize the remaining Net Proceeds on or before November 30, 2025.

The expected timeline for utilization of the unutilized Net Proceeds above is based on the Group's best estimation and is subject to change based on the future development of market conditions.

Significant Investments

As at June 30, 2025, the Group did not hold significant investments with a value of 5% or more of the Company's total assets. As at June 30, 2025, the Group does not have any plan for significant investments or purchase of capital assets.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended June 30, 2025. The Company did not have any treasury shares (as defined under the Listing Rules) as at June 30, 2025.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the Reporting Period, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

Events after the Reporting Period

The Company has no events after the Reporting Period that need to be brought to the attention of the shareholders of the Company.

Employee and Remuneration Policy

As at June 30, 2025, the Group had 2,131 employees, where their salaries, bonus and allowances were determined based on their performance, experience and the then prevailing market rates. Other employee benefits include the Mandatory Provident Fund, insurance and medical care, subsidized training, and employee share incentive schemes. During the Reporting Period, the total staff costs (including director's emoluments) were approximately RMB343.4 million (the same period of last year: approximately RMB282.6 million).

Compliance with Corporate Governance Code

The Company is committed to ensuring high standards of corporate governance and has adopted the code provisions set out in the Corporate Governance Code in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Corporate Governance Code**"). During the Reporting Period, the Company had complied with all the applicable code provisions in the Corporate Governance Code.

The Board currently comprises four executive directors and three independent non-executive directors, with the independent non-executive directors representing no less than one-third of the Board. Having such a percentage of independent non-executive directors on the Board can ensure their views carry significant weight and reflect the independence of the Board.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has devised its own code of conduct for the trading of securities by its directors, supervisors and members of senior management of the Group (who are likely to possess inside information about the securities of the Company due to their offices or employments in the Company or its subsidiaries) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Model Code**"). Having made specific enquiry by the Company, all directors, supervisors and members of senior management of the Group have confirmed that they had complied with the required standard set out in the Model Code during the Reporting Period. The Company will continue to ensure the compliance with the corresponding provisions set out in the Model Code.

Review of Interim Results by the Audit Committee

The audit committee of the Company (the "**Audit Committee**") has reviewed the unaudited consolidated interim results of the Group for the six months ended June 30, 2025.

The Audit Committee has considered and reviewed the accounting principles and practices adopted by the Group, and has discussed with management on issues in relation to internal control, risk management and financial reporting. The Audit Committee is of the opinion that the unaudited consolidated interim results of the Group for the six months ended June 30, 2025 are in compliance with the relevant accounting standards, laws and regulations and have been officially disclosed in due course.

Interim Dividends

The Board has resolved not to declare interim dividends for the six months ended June 30, 2025 (the same period of last year: nil).

Publication of 2025 Interim Results Announcement and Interim Report

This announcement will be published on the websites of the Company (http://www.hepalink.com) and the Hong Kong Stock Exchange (http://www.hkexnews.hk). The 2025 interim report of the Company will be made available to the shareholders of the Company in due course and will be published on the websites of the Company and the Hong Kong Stock Exchange.

Appreciation

On behalf of the Board, I would like to express my gratitude to all shareholders for their trust, support and understanding, as well as to all the staff of the Group for their unremitting efforts.

By order of the Board
Shenzhen Hepalink Pharmaceutical Group Co., Ltd.
Li Li
Chairman

Shenzhen, the PRC
August 29, 2025

As at the date of this announcement, the executive directors of the Company are Mr. Li Li, Ms. Li Tan, Mr. Shan Yu and Mr. Zhang Ping; and the independent non-executive directors of the Company are Dr. Lu Chuan, Mr. Huang Peng and Mr. Yi Ming.

This announcement contains forward-looking statements relating to the business outlook, estimates of financial performance, forecast business plans and growth strategies of the Group. These forward-looking statements are based on information currently available to the Group and are stated herein on the basis of the outlook at the time of this announcement. They are based on certain expectations, assumptions and premises, some of which are subjective or beyond control of the Group. These forward– looking statements may prove to be incorrect and may not be realised in the future. Underlying these forward-looking statements are a large number of risks and uncertainties. In light of the risks and uncertainties, the inclusion of forward-looking statements in this announcement should not be regarded as representations by the Board or the Company that the plans and objectives will be achieved. Furthermore, this announcement also contains statements based on the Group's management accounts, which have not been audited or reviewed by the Group's auditor. Shareholders and potential investors should therefore not place undue reliance on such statements.