翰森製藥
HANSOH PHARMA

Hansoh Pharmaceutical Group Company Limited
翰森製藥集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3692)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2021

The board (the "**Board**") of directors (the "**Directors**") of Hansoh Pharmaceutical Group Company Limited (the "**Company**") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended June 30, 2021, together with the comparative figures for the corresponding period in 2020.

In this announcement, "we", "us" and "our" refer to the Company and where the context otherwise requires, the Group.

FINANCIAL HIGHLIGHTS

For the six months ended June 30, 2021, the Group recorded the following unaudited results:

- Revenue was approximately RMB4,402 million, representing an increase of approximately 10.6% compared with the corresponding period of the previous year;
- R&D expenditure was approximately RMB687 million, representing an increase of approximately 44.2% compared with the corresponding period of the previous year, and accounted for approximately 15.6% of the revenue;
- Net profit was approximately RMB1,291 million, representing an increase of approximately 5.6% compared with the corresponding period of the previous year;
- Basic earnings per share was approximately RMB0.22, representing an increase of approximately 4.1% compared with the corresponding period of the previous year;
- Sales of innovative drugs accounted for approximately 28.5% of the Group's revenue; sales of innovative drugs accounted for approximately 18.9% of the Group's revenue for the corresponding period of the previous year.

CORPORATE OVERVIEW

The Company is one of the leading research and development-driven pharmaceutical companies in the People's Republic of China ("**PRC**" or "**China**"), devoting itself to meet the unmet clinical needs of patients and improve the health and well-being of human beings through continuing innovation.

The Company has established a leading position in some of the largest and fastest-growing therapeutic areas in the PRC with significant unmet medical needs, including oncology, central nervous system ("**CNS**") diseases, anti-infectives and diabetes.

The core driving force of the Company is its focus on innovation. The Company has continuously increased its investments in research and development ("**R&D**") over the years, established a sound R&D platform and mastered a number of proprietary technologies. It has successfully launched and developed a series of innovative drugs and first-to-market generic drugs.

The Company attaches great importance to product quality. It has maintained the advanced nature of its production quality system through overseas certification, while at the same time constantly expanding the business pipeline of its principal businesses. In addition, it continues to introduce advanced management concepts and tools to improve the overall operation efficiency of the Group.

As the innovative drugs are approved for marketing from time to time, the Company devotes efforts to improve its professional marketing capability and increase the understanding and knowledge of medical professionals regarding the innovative drugs.

Main products

Oncology drugs:	Ameile (aumolertinib mesylate tablets), Hansoh Xinfu (flumatinib mesylate tablets), Pulaile (pemetrexed disodium for injection), Zefei (gemcitabine hydro chloride for injection), Xinwei (imatinib mesylate tablets), Xinmei (decitabine for injection), Xintai (bortezomib for injection), Tanneng (fosaprepitant dimeglumine for injection)
CNS disease drugs:	Oulanning (olanzapine tablets; olanzapine oral fast dissolving films; olanzapine orally disintegrating tablets), Ameining (agomelatine tablets), Ailanning (paliperidone extended-release tablets)
Anti-infective drugs:	Mailingda (morinidazole sodium chloride injection), Hengmu (Tenofovir Amibufenamide Tablets), Zetan (tigecycline for injection), Hengjie (linezolid glucose injection/tablets) and Hengsen (micafungin sodium for injection)
Others:	Fulaimei (polyethylene glycol loxenatide for injection), Fulaidi (repaglinide tablets), Fulairui (canagliflozin tablets), Ruibote (rabeprazole sodium enteric-coated tablets), Zexin (apixaban tablets), Ruiyisheng (prucalopride succinate tablets), Fulaixin (Empagliflozin Tablets) and Fulailin (Saxagliptin Tablets)

In 2013, the Company was first awarded with the State Science and Technology Award (second prize) (國家科技獎(二等獎)) by the PRC State Council (中國國務院) (the "**State Council**"). During the same year, we obtained United States Food and Drug Administration ("**U.S. FDA**") certification for our oncology injectable products, including Zefei, which was approved for sale by the U.S. FDA. We obtained the latest versions of Chinese Good Manufacturing Practice (藥品生產品質管制規範) ("**GMP**") certifications for all our production lines.

In 2014, the Company was once again awarded with the State Science and Technology Award (second prize) (國家科技獎(二等獎)) by the State Council. During the same year, our first self-developed innovative drug Mailingda (morinidazole sodium chloride injection) was approved for sale in China.

In 2017, the Company ranked 22nd among the "Top 100 Pharmaceutical Industrial Enterprises of China" (2017年中國醫藥工業企業百強) by the China National Pharmaceutical Industry Information Center (中國醫藥工業信息中心).

In both 2018 and 2019, the Company ranked second for "R&D-driven Pharmaceutical Companies in China" (中國醫藥研發產品線最佳工業企業) by the China National Pharmaceutical Industry Information Center (中國醫藥工業信息中心) for two years consecutively.

In May 2019, our self-developed GLP-1 receptor agonist, a long-acting Category 1.1 innovative drug indicated for the treatment of Type-II diabetes, Fulaimei (polyethylene glycol loxenatide for injection), was approved for sale in China.

In May 2019, the Company was awarded with the "Green Enterprise Management Award" (2019年度綠色企業管理獎).

On June 14, 2019, the shares of the Company were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited, creating a milestone for the Group and laying a solid foundation for our future development.

In August 2019, the Company was named as an enterprise with "Excellence in Performing Social Responsibilities Among Chinese Pharmaceutical Enterprises" (中國醫藥企業社會責任優秀) by the China National Pharmaceutical Industry Information Center (中國醫藥工業信息中心).

In March 2020, Ameile (aumolertinib mesylate tablets), a Category 1 innovative drug self-developed by the Company, was obtained the marketing approval in China and is indicated for the treatment of patients with locally advanced or metastatic non-small cell lung cancer (NSCLC) with T790M mutation, who have progressed on or after EGFR-TKI therapy.

In July 2020, the Company's patent inventions regarding morinidazole and tigecycline were awarded with the "Outstanding Award for Patent in the PRC" (中國專利優秀獎) and "Silver Award for Patents in the PRC" (中國專利銀獎) by the State Intellectual Property of China (中國知識產權局), respectively.

In August 2020, the Company was awarded with "R&D-driven Pharmaceutical Companies in China" (中國醫藥研發產品線最佳工業企業) by the China National Pharmaceutical Industry Information Center (中國醫藥工業信息中心).

In August 2020, the Company was named as an enterprise with Excellence in Performing Social Responsibilities Among Chinese Pharmaceutical Enterprises (中國醫藥企業社會責任優秀) by the China National Pharmaceutical Industry Information Center (中國醫藥工業信息中心).

In October 2020, the Company was awarded with the "Green Supply Chain Management Enterprise Award" (綠色供應鏈管理企業) by the Ministry of Industry and Information Technology of China (中國工業和信息化部).

In November 2020, our "R&D and industrialization project of the National Category 1 innovative drug long-acting PEG-loxenatide for injection" was awarded with the Honor Award of the China Industrial Award (中國工業大獎表彰獎) by China Federation of Industrial Economics (中國工業經濟聯合會).

In December 2020, aumolertinib mesylate tablets, flumatinib mesylate tablets, PEG-loxenatide for injection, all being Category 1 innovative drugs of the Company, are included in 2020 National Reimbursement Drug List for Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance Catalogue (國家基本醫療保險、工傷保險和生育保險藥品目錄(2020 年)).

In June 2021, our Category 1 innovative drug, Hengmu (Tenofovir Amibufenamide Tablets), has been granted drug registration approval by the National Medical Products Administration of the People's Republic of China ("**NMPA**").

In June 2021, Blossom Biosciences was co-founded and incubated by Cormorant Asset Management and the Company, which co-led and completed the US$72 million Series A financing.

The website of the Group: **www.hspharm.com/**

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Review

Since the beginning of this year, China's achievements in the combat against the novel coronavirus (COVID-19) pandemic had been consolidated. China's economic recovery exhibited a remarkable result, unveiling a steady and positive trend. With the continuous advancement of pharmaceutical policies and the support and incubation of the capital market, China's pharmaceutical industry entered into an era of innovation. The number of innovative drug applications and approvals has increased significantly compared to the past. The access of National Reimbursement Drug List ("**NRDL**", 國家醫保藥品目錄) through negotiation has been institutionalized, which in turn facilitated newly approved innovative drugs to be promptly included into the NRDL and accelerated the achievement of innovation. The national centralized drug procurement has been carried out to the fifth batch. As it was carried out on a regular, the scope of procurement gradually expanded, accelerating the transformation and upgrade of the industry. The rigid growth of medical demand was driven by the aging of the population and consumption upgrades, and the industry's growth will continue to maintain a development trend higher than the macroeconomic growth.

Business Review

During the period under review, the Group's main achievements are as follows:

In January 2021, the Company successfully completed the issuance and listing of US$600 million zero-coupon convertible bonds without bearing interest due in 2026 to the professional investors only (the "**Bonds**"). The Bonds may be converted into conversion shares pursuant to the terms and conditions of the Bonds (the "**Conversion Shares**"). Assuming full conversion of the Bonds at the initial conversion price of HK$60.00 per Share and no further issue of Shares, the Bonds will be convertible into 77,529,000 Shares, representing approximately 1.31% of the issued share capital of the Company as at January 8, 2021 and approximately 1.29% of the issued share capital of the Company after the issue of the Conversion Shares upon full conversion of the Bonds.

In February 2021, Hansoh (Shanghai) Health Technology Co., Ltd. (翰森(上海)健康科技有限公司) and Jiangsu Hansoh (collectively, the "**Licensees**"), each a wholly-owned subsidiary of the Company, have entered into an exclusive license and collaboration agreement (the "**Licensing Agreement**") with SCYNEXIS, Inc. (NASDAQ: SCYX) ("**SCYNEXIS**"). Pursuant to the Licensing Agreement, the Licensees would obtain an exclusive license from SCYNEXIS to research, develop and commercialize ibrexafungerp in the People's Republic of China (including Hong Kong, Macau and Taiwan). The product was approved for launch for the treatment of vaginal yeast infections on June 2, 2021 in United States and is the first new antifungal class in over 20 years, as well as the first and only non-azole treatment for vaginal yeast infections. The Company is of the view that that the cooperation with SCYNEXIS will strengthen the Group's leading position in the anti-infective therapeutic area, as well as the global business expansion of the Group.

In February 2021, "Ameile" (阿美樂®) met its primary end point as first-line treatment for patients with locally advanced or metastatic EGFR-mutated non-small cell lung cancer (NSCLC) in the Phase 3 Study. Its concrete clinical information, which were presented at the ASCO Meeting in June 2021, shows that the median progression-free survival (mPFS) of the first-line treatment of non-small cell lung cancer achieved 19.3 months in June 2021. Currently, the Company has submitted application for marketing for Ameile to be used for first-line treatment for indications and Ameile was granted National Breakthrough Therapy Designation (國家突破性治療品種) and Priority Review Drug Species Designation (優先審評品種名單) in April 2021 and May 2021 respectively.

In April 2021, "Lenalidomide capsule", an oncology drug indicated for treatment of (1) multiple myeloma, in combination therapy with dexamethasone, in adult patients with previously untreated multiple myeloma who are not eligible for transplant; (2) multiple myeloma, in combination with dexamethasone, in adult patients who have received at least one prior therapy, has been granted drug registration approval in China.

In May 2021, "bortezomib for injection", which is indicated for the treatment of Multiple Myeloma and Mantle cell lymphoma, was tentatively approved by the United States Food and Drug Administration.

In June 2021, the Group has (i) obtained drug registration approval in China for Category 1.1 innovative drug "Tenofovir Amibufenamide Tablets", an anti-infective drug indicated for the treatment of chronic hepatitis B virus infection in adults; (ii) obtained drug registration approval in China for "Erlotinib Hydrochloride Tablets", an oncology drug indicated for the treatment of patients with locally advanced or late-stage metastatic non-small cell lung cancer (NSCLC) whose tumors have epidermal growth factor receptor (EGFR) sensitizing mutations, and receiving first-line treatment, maintenance treatment, or second or greater line treatment after progression at least one prior chemotherapy regimen; (iii) clinical trial notice in China for "HS-10365 capsules", a Category 1 innovative drug intended to be used for the treatment of advanced malignant solid tumor; and (iv) obtained drug registration approval in China for "Lurasidone Hydrochloride Tablets", an atypical antipsychotic agent indicated for treatment of schizophrenia.

In June 2021, Blossom Biosciences was co-founded and incubated by Cormorant Asset Management ("**Comorant**") and the Company, which co-led and completed the US$72 million Series A financing. Blossom Biosciences aims to bring more potentially transformative medicine to patients in China. Blossom Biosciences has entered into an agreement with the Company to provide pre-clinical, clinical and commercialization support to expedite the development and launch of novel assets in China. Cormorant will support Blossom Biosciences by leveraging its extensive global biopharmaceutical resources and portfolio companies to in-license innovative products to Blossom Biosciences. Andrew Phillips, Ph. D., managing director at Cormorant, and previously chief executive officer of C4 Therapeutics, Inc. (Nasdaq: CCCC) has been appointed as interim chief executive officer of Blossom Biosciences.

In June 2021, an environmental, social and governance committee of the Board (the "**ESG Committee**") was established. The ESG Committee's responsibilities include but not limited to guiding and formulating the vision, goals, strategies and structure of the Group in relation to environmental, social and governance to ensure that they are in line with the needs of the Group and comply with applicable laws, regulations, regulatory requirements, and international standards. The ESG Committee is also in-charge of monitoring the development and implementation of the Group's environmental, social and governance policies. The members of the ESG Committee are Mr. Lyu Aifeng, Ms. Yang Dongtao and Mr. Chan Charles Sheung Wai, and Mr. Lyu Aifeng has been appointed as the chairman of the ESG Committee.

Revenue

We generate substantially all of our revenue from sales of pharmaceutical products. Most of our main products are in the oncology, CNS diseases, anti-infectives, metabolism and other main therapeutic areas we strategically target. The proportion of innovative drugs sales revenue to the Group's total revenue increased from 18.9% in the six months ended June 30, 2020 to approximately 28.5% in the six months ended June 30, 2021.

Oncology products

In respect of oncology products, we primarily focus on drugs for the treatment of solid tumors with high incidence such as lung cancer and breast cancer, as well as hematological cancer. Our oncology drug portfolio mainly consists of Ameile (aumolertinib mesylate tablets), a Category 1 innovative drug, which was newly launched in 2020, Hansoh Xinfu (flumatinib mesylate tablets) which was newly launched in 2019, Pulaile (pemetrexed disodium for injection), Zefei (gemcitabine hydrochloride for injection), Xinwei (imatinib mesylate tablets), Xinmei (decitabine for injection), Xintai (bortezomib for injection) and Tanneng (fosaprepitant dimeglumine for injection). For the six months ended June 30, 2021, revenue from our oncology drug portfolio amounted to approximately RMB2,125 million, accounting for approximately 48.3% of our total revenue.

Ameile (aumolertinib mesylate tablets) is the first innovative drug for the third-generation EGFR-TKI developed in China, indicating for the treatment of patients with locally advanced or metastatic non-small cell lung cancer with T790M mutation, who have progressed on or after EGFR-TKI therapy. In addition to its favorable safety profile, Ameile's median progression free survival (mPFS) is over one year, which is the longest mPFS among same class drugs at the moment. Since its launch, Ameile has been widely prescribed in clinical practices, bringing new hope to lung cancer patients in China. Ameile has been included in the Guidelines of Chinese Society of Clinical Oncology for the treatment of Non-small Cell Lung Cancer in 2020 (《2020 年 CSCO 非小細胞肺癌診療指南》) due to its efficacy and safety which were highly recognized by clinical experts. Ameile is included in the National Reimbursement Drug List after negotiations in 2020.

In February 2021, "Ameile" (阿美樂®) met its primary end point as first-line treatment for patients with locally advanced or metastatic EGFR-mutated non-small cell lung cancer (NSCLC) in the Phase 3 Study. Its concrete clinical information, which were presented at the ASCO Meeting in June 2021, shows that the median progression-free survival (mPFS) of the first-line treatment of non-small cell lung cancer reached 19.3 months in June 2021. The Company has submitted application for marketing for Ameile to be used for first-line treatment for indications and Ameile was granted National Breakthrough Therapy Designation (國家突破性治療品種) and Priority Review Drug Species Designation (優先審評品種名單) in April 2021 and May 2021 respectively.

Hansoh Xinfu (flumatinib mesylate tablets) is the second-generation targeting Bcr-Abl TKI, indicating for the treatment of chronic myelogenous leukemia. Based on the results of existing clinical trials, its efficacy is better than that of imatinib. Further, no pleural effusion or cardiotoxicity which incurred in the use of other second-generation Bcr-Abl TKI and its safety is more favorable. Since its launch, patients have benefited significantly and growing patient are treated with long-term application. Hansoh Xinfu is recommended as the first-line treatment for chronic myelogenous leukemia in the Guidelines for Diagnosis and Treatment of Chronic Myelogenous leukemia in China (2020 edition) (中國慢性髓性白血病診斷與治療指南(2020 版)). Xinwei is the first-to-market generic of imatinib, which is indicated for the targeted treatment of, among others, Philadelphia chromosome-positive chronic myelogenous leukemia, acute lymphocytic leukemia and gastrointestinal stromal tumors. Unlike chemotherapy, imatinib is typically prescribed for long-term use. In May 2018, Xinwei became the first imatinib mesylate tablets to pass the consistency evaluation. Hansoh Xinfu is included in the National Reimbursement Drug List after negotiations in 2020.

Pulaile is the first-to-market generic of pemetrexed, which is indicated for the treatment of nonsmall cell lung cancer and malignant pleural mesothelioma, and is the first-line chemotherapy. Pulaile obtained the Japanese Pharmaceuticals and Medical Devices Agency (PMDA) certification in 2016 and obtained U.S. FDA certification in 2019. Zefei is the first-to-market generic of gemcitabine, which is indicated for the treatment of middle and late-stage non-small cell lung cancer, breast cancer, and pancreatic cancer, and is the first-line chemotherapy. In 2013, Zefei obtained U.S. FDA certification. In 2013, Zefei won the second prize for the Advancement of Science and Technology Award (國家科技進步二等獎). Since its launch in 2001, Zefei has taken a leading position in the gemcitabine market and increased penetration into county markets through our professional academic promotion and active expansion of its scope of clinical application.

Anti-infective products

Our anti-infective drug portfolio mainly consists of Mailingda (morinidazole sodium chloride for injection), Hengmu (Tenofovir Amibufenamide Tablets), Zetan (tigecycline for injection), Hengjie (linezolid glucose for injection) and Hengsen (micafungin sodium for injection). The Company mainly focuses on drugresistant bacteria products as the clinical needs of these products are increasing. Meanwhile, the Company maintains rational drug use as the guiding direction for academic activities of antiinfective drugs, to promote the regulated clinical use of anti-infective drugs. For the six months ended June 30, 2021, revenue from our anti-infective drug portfolio amounted to approximately RMB812 million, accounting for approximately 18.4% of our total revenue.

Mailingda is our first self-developed innovative drug, and is also the latest generation of nitroimidazole-class drug indicated for treatment of pelvic inflammation, gangrenous appendicitis and suppurative appendicitis caused by certain bacteria in adults. It has a better safety profile than the previous generation of typical drug named ornidazole. Mailingda is recommended in the treatment of intra-abdominal infection in the Chinese Guideline for the Diagnosis and Management of Intra-abdominal Infection (2019 edition) (中國腹腔感染診治指南(2019 版). In 2017, Mailingda was included in the NRDL after negotiation. The agreement with the National Healthcare Security Administration was renewed successfully in November 2019 through negotiation.

Hengmu is the new second generation of Tenofovir drug self-developed by the Company. The Product is also the first self-developed oral dose medicine indicated for the treatment of chronic hepatitis B virus (HBV) infection in China. Tenofovir Amibufenamide Tablet is a new type of nucleotide reverse transcriptase inhibitors. By optimizing the structure, the drug has higher cell membrane penetration rate and is easier to enter liver cells so as to achieve liver-targeting, which effectively improve drug plasma stability and reduce patient's exposure to tenofovir. It is a safer long-term treatment option.

CNS disease products

Our CNS disease drug portfolio mainly consists of Oulanning (olanzapine tablets; olanzapine oral fast dissolving films; olanzapine orally disintegrating tablets) and Ameining (agomelatine tablets). For the six months ended June 30, 2021, revenue from our CNS disease drug portfolio amounted to approximately RMB819 million, accounting for approximately 18.6% of our total revenue.

Oulanning (olanzapine tablets) is the first-to-market generic of olanzapine in China, which is indicated for treatment of schizophrenia, mania and bipolar affective disorder, typically prescribed for long-term use. After its launch, Oulanning has been widely recognized clinically for its excellent efficacy and quality. In comparison with original schizophrenia drugs, olanzapine is indicated for a wider range of indications. Olanzapine also has faster control of acute symptoms and the occurrence rate of extrapyramidal reactions is either small or insignificant. In 2014, Oulanning won the second prize for the Advancement of Science and Technology Award (國家科技進步二等獎). In May 2018, Oulanning became the first olanzapine tablets to pass the consistency evaluation.

Ameining is a first-to-market generic drug of agomelatine tablets and launched in 2014. It is applicable to confirmed case of depression and the only generic drug of agomelatine tablets currently approved for sale in China. During the period under review, the revenue from Ameining recorded a remarkable growth.

Metabolism and other main therapeutic products

Our drug portfolio of this segment mainly consists of Fulaimei (PEG-loxenatide for injection), Fulaidi (repaglinide tablets), Fulairui (canagliflozin tablets), Ruibote (rabeprazole sodium entericcoated tablets), Zexin (apixaban tablets) and Ruiyisheng (prucalopride succinate tablets). For the six months ended June 30, 2021, revenue from the drug portfolio in relation to the abovementioned areas amounted to approximately RMB646 million, accounting for approximately 14.7% of our total revenue.

Fulaimei (PEG-loxenatide for injection) is our self-developed innovative diabetes drug. With significant hypoglycemic efficacy and good safety, it requires only once weekly administration, providing a new treatment choice to diabetes patients in China. Fulaimei is also the first innovative drug launched by using our proprietary PEGylation technology. Fulaimei is included in the National Reimbursement Drug List after negotiations in 2020.

Research and Development

We have one of the largest R&D teams among pharmaceutical companies in China. Our dedicated professional R&D team consists of over 1,600 researchers at four centres in Shanghai, Lianyungang, Changzhou and the United States respectively. We have several national-level R&D designations, including the National Technology Center (國家級技術中心), Post-doctoral Research Station (博士後科研工作站) and Key National Laboratory (國家重點實驗室).

We focus on R&D of innovative products in the fields such as oncology, anti-infectives, CNS diseases and diabetes as well as autoimmune diseases. At present, we have more than a hundred research projects, including 3 innovative drugs entering into the phase II and post-phase II phases of clinical development, and 18 projects which are for the development of bioequivalency (BE) (including the applications for marketing approval). During the period under review, the Company has newly filed and obtained 8 clinical approvals, and obtained 6 drugs marketing approvals, out of which are 1 innovative drugs and 1 first-to-market generic drugs. All generics newly obtaining marketing approval have been deemed passing the consistency evaluation.

Ameile, a self-developed innovative and the first domestic third generation EGFR-TKI developed in the PRC, has obtained the marketing approval in 2020. It is indicated for treatment of patients with locally advanced or metastatic NSCLC with T790M mutation, who have progressed after previous EGFR-TKI therapy. Ameile has demonstrated favourable efficacy and safety, in addition to its efficacy for patients with brain metastasis. The Company is also actively exploring the development of several new indications for Ameile. Of which, the first-line treatment for patients with locally advanced or metastatic EGFR-mutated non-small cell lung cancer ("NSCLC") in the Phase 3 Study was positive top line result in February 2021. Its clinical data, which were presented at the ASCO Meeting, shows that the median progression-free survival (mPFS) of the first-line treatment of non-small cell lung cancer reached 19.3 months in June 2021. Currently, the Company has submitted application for marketing for Ameile to be used for first-line treatment for indications and Ameile was granted National Breakthrough Therapy Designation (國家突破性治療品種) and Priority Review Drug Species Designation (優先審評品種名單) in April 2021 and May 2021 respectively. Simultaneously, five more pivotal studies have been approved for clinical studies.

Tenofovir amibufenamide tablet, a self-developed innovative drug, was approved for launch in June 2021 and is used for the treatment of chronic hepatitis B, with improvements in the efficacy while significantly reducing toxic side effect as compared with its previous generation of drug Tenofovir disoproxil fumarate (TDF).

The in-licensing biologics "Inebilizumab Injections", jointly developed and commercialized in China by our Group and Viela Bio, Inc. in China has been filed Biologics License Application (BLA) and accepted by the NMPA in October 2020. This product is a new treatment of neuromyelitis optical spectrum disorder and was approved by the U.S. FDA in June 2020.

For the six months ended June 30, 2021, R&D expenditure was RMB687 million, representing an increase of 44.2% as compared with the corresponding period in 2020.

Business Development

In addition to investment in R&D internally, the Group also actively sought external innovation through in-licensing and acquisition opportunities in order to enrich our product pipelines. In February 2021, we collaborated with SCYNEXIS to research, develop and commercialize ibrexafungerp in the PRC.

Liquidity and Financial Resources

For the six months ended June 30, 2021, the Group's operating activities generated a net cash inflow of approximately RMB1,084 million. The capital expenditure for the period was RMB1,134 million, mainly relating to the construction, purchase of additional land, buildings and workshops, and the purchase of equipment, motor vehicles and software required for production, R&D and administrative activities. The Group's cash flow of financing activities for the period under review mainly consisted of the receivables upon the issuing of the convertible bonds of approximately RMB3,853 million and the payment of RMB64 million for the dividends to the then shareholders.

The Group's financial position remains sound. As at June 30, 2021, we had cash and bank balances of RMB14,342 million (as at December 31, 2020: RMB4,285 million), current portion of financial assets at fair value through profit or loss of RMB1,294 million (as at December 31, 2020: RMB200 million), and other financial assets of RMB2,483million (as at December 31, 2020: RMB9,233 million). As at June 30, 2021, our financial assets at fair value through profit or loss and other financial assets primarily comprise of investments in financial products issued by commercial banks. Our purchase of financial products after the Listing does not constitute notifiable transactions of the Company under the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**"). As at June 30, 2021, the Group's gearing ratio (calculated as total liabilities divided by total assets) was approximately 27.0% (as at December 31, 2020: 14.0%).

Most of the Group's assets and liabilities are denominated in Renminbi and United States Dollars. The Group manages its foreign exchange risk by closely monitoring its net foreign exchange exposure to reduce the impact of foreign exchange fluctuations.

Pledge of Group Assets

As at June 30, 2021, none of the Group's assets was subject to any encumbrance, mortgage, lien, charge or pledge.

Contingent Liabilities

As at June 30, 2021, the Group had no material contingent liabilities.

Significant Investments Held

During the six months ended June 30, 2021, we did not have any significant investments.

Future Plans for Material Investments and Capital Assets

As at June 30, 2021, the Group did not have any plans for material investments and capital assets.

Material Acquisitions and Disposals

During the six months ended June 30, 2021, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures.

Employees and Emoluments Policy

As at June 30, 2021, the Group had a total of 12,030 full-time employees, whose remuneration is determined based on their performance and experience as well as the prevailing market salary level.

The staff costs, including remuneration of the directors of the Company, social welfare and other benefits, were approximately RMB1,109 million for the six months ended June 30, 2021. We also provide regular training to employees designed to strengthen staff commitment to us and improve staff knowledge in a number of important areas of our services, such as knowledge about the Company and our products as well as sales, laws and regulations applicable to our operation, requirements under applicable GMP or other certifications, quality control, production safety and corporate culture.

We have conditionally approved and adopted a scheme for the grant of restricted share units ("**RSU Scheme**") on May 27, 2019 to recognize contributions by selected participants and give incentives thereto in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group. For details of the RSU Scheme, please refer to the prospectus of the Company dated May 31, 2019. As at June 30, 2021, 17.542 million restricted share units had been planned to be granted by the Company pursuant to the RSU Scheme.

Prospects

The COVID-19 pandemic has entered into a state of normalization. As public awareness towards health has further heightened, the huge medical demand in China continues to increase. The national medical reform continues to advance, with new policies among the medical insurance system, drug review and approval system being implemented, thereby bringing major challenges and opportunities to the development of the entire pharmaceutical industry. In the face of new changes in the policy and market environment, as well as the impact of the epidemic, the Company has made active responses, identified and accelerated the pace of innovation and development, achieving a comprehensive transformation and upgrade. Following the launch of Hengmu (Tenofovir Amibufenamide Tablets), the Company had successfully introduced five Category 1 innovative drugs. The Company has entered into the harvesting stage as to its innovative transformation and its comprehensive competitiveness is further improved. We believe, with the ever-strengthening innovation capabilities, through multi-level cooperation to enrich the product pipeline portfolio, maintaining a high-level product quality, ensuring stable production and supply and relying on the outstanding commercialization capabilities self-accumulated, the Company will develop in a sustainable, stable and heathly manner.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED JUNE 30, 2021

	Notes	For the six months ended June 30, 2021 (unaudited) RMB'000	2020 (unaudited) RMB'000
REVENUE	*4*	**4,401,501**	3,979,518
Cost of sales		**(415,680)**	(357,865)
Gross profit		**3,985,821**	3,621,653
Other income	*4*	**182,245**	113,377
Selling and distribution expenses		**(1,529,142)**	(1,447,427)
Administrative expenses		**(432,693)**	(348,570)
Research and development costs		**(686,929)**	(476,377)
Other gains, net	*4*	**27,754**	30,938
PROFIT BEFORE TAX	*5*	**1,547,056**	1,493,594
Income tax expense	*6*	**(256,466)**	(271,760)
PROFIT FOR THE PERIOD		**1,290,590**	1,221,834
Attributable to:			
Owners of the parent		**1,290,590**	1,221,834
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT FOR THE PERIOD			
Basic (RMB)	*7*	**0.22**	0.21
Diluted (RMB)	*7*	**0.20**	0.21

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2021

	For the six months ended June 30,	
	2021	2020
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
PROFIT FOR THE PERIOD	**1,290,590**	1,221,834
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(124,121)**	144,155
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	**(124,121)**	144,155
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	**(124,121)**	144,155
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**1,166,469**	1,365,989
Attributable to:		
Owners of the parent	**1,166,469**	1,365,989

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2021

	Notes	**As at June 30, 2021 (unaudited) *RMB'000***	As at December 31, 2020 (audited) *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**3,043,760**	2,039,329
Right-of-use assets		**251,629**	264,489
Intangible assets		**7,094**	9,893
Financial assets at fair value through profit or loss		**233,400**	28,389
Prepayments for purchase of property, plant and equipment		**164,764**	1,163,971
Total non-current assets		**3,700,647**	3,506,071
CURRENT ASSETS			
Inventories		**328,967**	298,727
Trade and bills receivables	*8*	**3,180,678**	3,127,460
Prepayments, other receivables and other assets		**296,343**	142,098
Financial assets at fair value through profit or loss		**1,294,405**	200,000
Other financial assets		**2,482,939**	9,232,734
Cash and bank balances	*9*	**14,342,093**	4,284,970
Total current assets		**21,925,425**	17,285,989
CURRENT LIABILITIES			
Trade and bills payables	*10*	**249,944**	124,382
Other payables and accruals	*11*	**2,040,372**	2,347,033
Contract liabilities		**204,704**	195,688
Lease liabilities		**8,127**	11,039
Tax payable		**–**	11,397
Dividends payable		**316,530**	–
Total current liabilities		**2,819,677**	2,689,539
NET CURRENT ASSETS		**19,105,748**	14,596,450
TOTAL ASSETS LESS CURRENT LIABILITIES		**22,806,395**	18,102,521

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT JUNE 30, 2021

	Notes	**As at June 30, 2021 (unaudited)** ***RMB'000***	As at December 31, 2020 (audited) *RMB'000*
NON-CURRENT LIABILITIES			
Convertible bonds		**3,786,595**	–
Lease liabilities		**74,697**	81,710
Deferred tax liabilities		**203,535**	121,810
Other non-current liabilities		**23,167**	23,403
Total non-current liabilities		**4,087,994**	226,923
NET ASSETS		**18,718,401**	17,875,598
EQUITY			
Equity attributable to owners of the parent			
Share capital	*12*	**52**	52
Reserves		**18,718,349**	17,875,546
		18,718,401	17,875,598
Non-controlling interests		**–**	–
Total equity		**18,718,401**	17,875,598

These interim condensed consolidated financial statements have been reviewed by Ernst & Young, not audited.

1. CORPORATE INFORMATION

The Company is an exempted company incorporated in the Cayman Islands with limited liability under the Companies Law of the Cayman Islands.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended June 30, 2021 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2020.

The interim condensed consolidated financial information is presented in Renminbi ("**RMB**"), and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

The application of the amendment to HKFRSs in the current period has had no material impact on the Group's financial position and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

Information about geographical areas

Since over 90% of the Group's revenue and operating profit were generated from the sales of pharmaceutical products in Mainland China and most of the Group's identifiable operating assets and liabilities were located in Mainland China, no geographical segment information is presented in accordance with HKFRS 8 *Operating Segments*.

Information about major customers

No revenue from the Group's sales to a single customer amounted to 10% or more of the Group's revenue during the periods presented.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue and other income is as follows:

	For the six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sales of industrial products – at a point in time	**4,390,540**	3,978,187
Rendering of research and development services	**10,961**	1,331
	4,401,501	3,979,518
Other income		
Investment income	**74,095**	23,577
Government grants	**43,312**	25,800
Bank interest income	**64,248**	63,623
Others	**590**	377
	182,245	113,377

An analysis of other gains, net is as follows:

	For the six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other gains, net		
Gain/(loss) on disposal of items of property, plant and equipment	**479**	(98)
Fair value gains of financial assets at fair value through profit or loss	**12,525**	51,243
Fair value gains of convertible bonds	**89,336**	–
Donations	**(34,564)**	(19,347)
Exchange differences, net	**(2,070)**	4,440
Impairment of trade receivables, net	**(20)**	(421)
Impairment of inventories, net	**(733)**	(6,409)
Interest expense	**(27,114)**	(449)
Others	**(10,085)**	1,979
	27,754	30,938

5. PROFIT BEFORE TAX

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

	Notes	For the six months ended June 30, 2021 ***RMB'000*** **(Unaudited)**	2020 *RMB'000* (Unaudited)
Cost of inventories sold		**282,667**	241,474
Depreciation of items of property, plant and equipment		**124,416**	102,632
Depreciation of right-of-use assets		**7,720**	4,731
Amortisation of intangible assets		**3,115**	1,755
Impairment of trade receivables, net		**20**	421
Impairment of inventories, net		**733**	6,409
Operating lease expenses		**2,102**	6,865
Auditors' remuneration		**1,937**	1,880
(Gain)/loss on disposal of items of property, plant and equipment	*4*	**(479)**	98
Investment income	*4*	**(74,095)**	(23,577)
Fair value gains of financial assets at fair value through profit or loss	*4*	**(12,525)**	(51,243)
Fair value gains of convertible bonds	*4*	**(89,336)**	–
Bank interest income	*4*	**(64,248)**	(63,623)
Foreign exchange loss/(gain), net	*4*	**2,070**	(4,440)
Employee benefit expense			
Wages and salaries		**814,940**	690,745
Social welfare and other benefits		**252,339**	120,051
Share-based payment expenses		**42,089**	17,081
		1,109,368	827,877

6. INCOME TAX

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and British Virgin Islands.

The subsidiary incorporated in Hong Kong and subsidiaries registered as a Hong Kong tax resident are subject to income tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the reporting period.

The provision for PRC corporate income tax is based on the statutory rate of 25% of the assessable profits of certain PRC subsidiaries 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 subsidiaries of the Group in Mainland China which are granted tax concession and are taxed at preferential tax rates.

In 2014, Jiangsu Hansoh Pharmaceutical Group Co., Ltd. ("**Jiangsu Hansoh**"), a subsidiary of the Company, was accredited as a "High and New Technology Enterprise" ("**HNTE**") and was entitled to a preferential income tax rate of 15% for a period of three years from 2014 to 2016. Jiangsu Hansoh subsequently renewed its HNTE qualification in 2017 and 2020, and was entitled to the preferential tax rate of 15% from 2017 to 2020 and 2020 to 2022.

In 2017, Shanghai Hansen Technology Co., Ltd. ("**Shanghai Hansen**"), a subsidiary of the Company, was initially accredited as a HNTE, and thus entitled to a preferential income tax rate of 15% from 2017 to 2019. Shanghai Hansen subsequently renewed its HNTE qualification in 2020, and was entitled to the preferential tax rate of 15% from 2020 to 2022.

The income tax expense of the Group for the periods presented is analysed as follows:

	For the six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax	**174,741**	370,574
Deferred income tax	**81,725**	(98,814)
	256,466	271,760

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 5,920,327,325 (2020: 5,833,026,365) in issue during the period, as adjusted to reflect the rights issue during the period.

The calculation of the diluted earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, adjusted to reflect the interest and the fair value on the convertible bonds. The weighted average number of ordinary shares used in the calculation of diluted earnings per share is the weighted average number of ordinary shares in issue of the parent, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued on the conversion of all dilutive potential shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	For the six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic and diluted earnings per share calculation	**1,290,590**	1,221,834
Interest on convertible bonds	**23,770**	–
Less: Fair value gain on the derivative component of the convertible bonds	**89,336**	–
	1,225,024	1,221,834

	Adjusted number of shares Six months ended June 30,	
	2021	2020
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**5,920,327,325**	5,833,026,365
Effect of dilution – weighted average number of ordinary shares		
Restricted share units	**3,991,197**	448,267
Convertible bonds	**68,105,586**	–
Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculation	**5,992,424,108**	5,833,474,632
Basic earnings per share (RMB per share)	**0.22**	0.21
Diluted earnings per share (RMB per share)	**0.20**	0.21

8. TRADE AND BILLS RECEIVABLES

	June 30, 2021	December 31, 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**2,773,151**	2,744,236
Provision for impairment	**(482)**	(462)
	2,772,669	2,743,774
Bills receivable	**408,009**	383,686
	3,180,678	3,127,460

An ageing analysis of trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	June 30, 2021	December 31, 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 90 days	**2,751,918**	2,731,791
91 days to 180 days	**15,624**	11,213
Over 180 days	**5,127**	770
	2,772,669	2,743,774

An ageing analysis of bills receivable as at the end of the reporting period, based on the bills date, is as follows:

	June 30, 2021	December 31, 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 90 days	**257,771**	297,847
91 days to 180 days	**150,238**	85,839
	408,009	383,686

The movements in the loss allowance for impairment of trade receivables are as follows:

	For the six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
At beginning of the period	**462**	1,011
Impairment losses, net	**20**	421
Write-off	**–**	(237)
At end of the period	**482**	1,195

9. CASH AND BANK BALANCES

	June 30, 2021	December 31, 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Cash and bank balances, unrestricted	**2,413,139**	1,514,473
Bank deposits with initial term of less than three months when acquired	**6,239,857**	1,548,843
Bank deposits with initial term of over three months when acquired *(note (a))*	**5,689,097**	1,221,654
Cash and bank balances	**14,342,093**	4,284,970

Note:

(a) The above investments represent time deposits with initial term of over three months when acquired (including three months) issued by commercial banks with annual return rates ranging from 0.58% to 4.13%. None of these investments are either past due or impaired. None of these deposits are pledged.

10. TRADE AND BILLS PAYABLES

	June 30, 2021	December 31, 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables	**130,449**	67,520
Bills payable	**119,495**	56,862
	249,944	124,382

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

	June 30, 2021	December 31, 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 90 days	**247,863**	122,932
91 days to 180 days	**578**	594
181 days to 1 year	**920**	98
Over 1 year	**583**	758
	249,944	124,382

11. OTHER PAYABLES AND ACCRUALS

	June 30, 2021	December 31, 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Accrued expenses	**1,230,467**	1,437,440
Staff payroll, welfare and bonus payables	**254,444**	331,266
Other tax payables	**120,208**	108,406
Payables for purchase of items of property, plant and equipment	**78,206**	92,023
Other payables	**357,047**	377,898
	2,040,372	2,347,033

12. SHARE CAPITAL

	June 30, 2021 ***RMB*** **(Unaudited)**	December 31, 2020 *RMB* (Audited)
Issued and fully paid:		
5,922,350,070 shares of HK$0.00001 each (December 31, 2020: 5,918,991,200 shares of HK$0.00001 each)	**52,169**	52,140

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	**Share capital** *RMB*
At January 1, 2021 (audited)	5,918,991,200	52,140
Placing of new shares – Issue of shares of HK$0.00001 each *(note (a))*	3,358,870	29
At June 30, 2021 (unaudited)	5,922,350,070	52,169

Note:

(a) Pursuant to the placing agreement dated April 19, 2021, 3,358,870 shares of the Company have been successfully placed on April 19, 2021 at the price of HK$5.36 per share, representing a discount of approximately 85.03% to the closing market price of the Company's ordinary shares on the immediate preceding business day before the completion date. The net proceeds from the placing amounted to HK$18,004,000 (equivalent to approximately RMB15,111,000).

EVENTS AFTER THE REPORTING PERIOD

There is no material events affecting the Company occurred since June 30, 2021 and up to the date of this announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules and the Company has adopted the CG Code as its own code of corporate governance.

The Board is of the view that the Company has complied with all the code provisions as set out in the CG Code during the six months ended June 30, 2021, save for code provisions A.2.1 and A.5.1 of the CG Code.

Code Provision A.2.1

Code provision A.2.1 of the CG Code states that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company has appointed Ms. Zhong Huijuan ("**Ms. Zhong**") as both the chairlady and the chief executive officer of the Company. Due to the nature and the extent of the Group's operations and Ms. Zhong's in-depth knowledge and experience in the PRC pharmaceutical industry, the Board considers that the balance of power and authority under the present arrangement is not impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairlady of the Board and the chief executive officer of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

Code Provision A.5.1

Code provision A.5.1 of the CG Code states that issuers should establish a nomination committee. The Company did not establish a nomination committee as the Board considers that, having considered the size of the Group, the determination of appointment and removal of Directors is a collective decision of the Board. The Board is empowered under the articles of association of the Company to appoint any person as a director either to fill a casual vacancy on or as an addition to the Board. The Board will select and recommend candidates for directorship and senior management having regard to the balance of skills, experience and qualifications appropriate to the Group's business.

The Board will periodically review and enhance its corporate governance practices to ensure that the Company continues to meet the requirements of the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct regarding securities transactions of the Company by Directors (the "**Company Code**") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules. Specific enquiry has been made to all Directors and all of them have confirmed that they have complied with the Company Code during the six months ended June 30, 2021.

AUDIT COMMITTEE

The Board has established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the CG Code. The Audit Committee consists of three independent non-executive Directors, namely Mr. Chan Charles Sheung Wai (chairman of the Audit Committee), Mr. Lin Guoqiang and Ms. Yang Dongtao.

The Audit Committee and the external auditor, Ernst & Young, have reviewed the unaudited interim results of the Group for the six months ended June 30, 2021.

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

During the six months ended June 30, 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

INTERIM DIVIDEND

The Board did not recommend payment of any interim dividend for the six months ended June 30, 2021.

USE OF PROCEED FROM ISSUANCE OF CONVERTIBLE BONDS

In January 2021, the Company successfully completed the issuance and listing of US$600 million zero-coupon convertible bonds due in 2026 to the professional investors only. The net proceeds from the Bonds was approximately US$595.65 million, which have been and will be used on R&D expenditure, upgrading and expanding existing manufacturing facilities (including R&D facilities) and procuring equipment for its production facilities and for general corporate purposes, as disclosed in the announcement of the Company dated January 8, 2021. US$90.58 million was utilized as at June 30, 2021 and US$505.07 million remains unutilized. The balance is expected to be fully utilized by 2030.

USE OF PROCEEDS FROM PLACING

On April 22, 2020, the Company entered into a placing agreement with Morgan Stanley & Co. International plc and Citigroup Global Markets Limited (the "**Placing Agents**"), pursuant to which the Placing Agents agreed to place 130,380,000 ordinary shares in the Company, or, failing which, to purchase themselves on a fully underwritten basis to not fewer than six placees who are professional, institutional or other investors selected and procured by the Placing Agents and whose ultimate beneficial owners are independent third parties (the "**Placing**"). The Placing price was HK$26.75 per share.

The net proceeds from the Placing were approximately HK$3,477.20 million, which have been and will be used on R&D, including but not limited to our existing and future domestic and overseas drug development programs, expanding our R&D team, and investment in technologies to further enhance our R&D capabilities and enrich our product pipeline, as disclosed in the announcement of the Company dated April 22, 2020. HK$138.75 million was utilized as at June 30, 2021 and HK$3,338.45 million remains unutilized. The balance is expected to be fully utilized by 2030.

USE OF PROCEEDS FROM THE LISTING

The net proceeds from the initial public offering of the shares of the Company in June 2019 and allotment and issuance of shares pursuant to the full exercise of the over-allotment option in July 2019 amounted to approximately HK$8.798 billion. The proposed use of the net proceeds was disclosed in the Company's prospectus dated May 31, 2019. As at June 30, 2021, the net proceeds utilized was approximately HK$7.365 billion and the remaining net proceeds was approximately HK$1.433 billion. The Company intends to continue to utilize the remaining net proceeds in the future for the purposes as set out in the prospectus. As at June 30, 2021, the net proceeds utilized by the Group were as follows:

Purpose	Percentage of the total amount	Net proceeds Received (HK$100 million)	Utilized from the Listing Date to June 30, 2021 (HK$100 million)	Unutilized as at June 30, 2021 (HK$100 million)	Expected time frame
R&D programs, expanding our R&D team and investment in technologies	45%	39.59	25.26	14.33	The balance is expected to be fully utilized by 2025
Manufacturing system to construct new production lines and further automate existing production facilities	25%	21.99	21.99	0	Not applicable
Enhancement of sales and academic promotion	20%	17.60	17.60	0	Not applicable
Working capital and other general purposes	10%	8.80	8.80	0	Not applicable
Total	100%	87.98	73.65	14.33	

For more details, please refer to the section headed "Future Plans and Use of Proceeds – Use of Proceeds" of the prospectus.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (**www.hkexnews.hk**) and the Company (**www.hspharm.com**). The interim report for the six months ended June 30, 2021 will be dispatched to the shareholders of the Company and available on the same websites in due course.

By Order of the Board
Hansoh Pharmaceutical Group Company Limited
Zhong Huijuan
Chairlady

Hong Kong, August 26, 2021

As at the date of this announcement, the Board comprises Ms. Zhong Huijuan as the chairlady and executive Director, Mr. Lyu Aifeng and Miss Sun Yuan as executive Directors, Ms. Ma Cuifang as the non-executive Director, and Mr. Lin Guoqiang, Mr. Chan Charles Sheung Wai and Ms. Yang Dongtao as independent non-executive Directors.