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, 2022

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, 2022, together with the comparative figures for the corresponding period in 2021.

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, 2022, the Group recorded the following unaudited results:

- Revenue was approximately RMB4,434 million, representing an increase of approximately 0.7% compared with the corresponding period of the previous year;
- R&D expenditure was approximately RMB739 million, representing an increase of approximately 7.6% compared with the corresponding period of the previous year, and accounted for approximately 16.7% of the revenue;
- Profit was approximately RMB1,298 million, representing an increase of approximately 0.6% compared with the corresponding period of the previous year;
- Basic earnings per share was approximately RMB0.22, representing an increase of approximately 0.6% compared with the corresponding period of the previous year;
- Sales of innovative drugs accounted for approximately 52.3% of the Group's revenue; sales of innovative drugs accounted for approximately 28.5% of the Group's total revenue for the corresponding period of the previous year.

The Board has declared the payment of an interim dividend of HK5 cents per share for the six months ended 30 June, 2022.

CORPORATE OVERVIEW

The Company is one of the leading research and development ("**R&D**") and innovation-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 clinical needs, including oncology, anti-infectives, central nervous system ("**CNS**") diseases and metabolic diseases.

The core driving force of the Company is its focus on innovation. The Group has continuously increased its investments in R&D over the years, established sound R&D platforms and mastered a number of proprietary technologies, as well as developed a series of innovative drugs which are currently under different stages of R&D. During the six months ended June 30, 2022, the Group obtained marketing approval for a total of 7 new products. The Company has newly filed and obtained clinical approvals for 6 products, all of which were related to innovative drug programs; and filed 4 applications for marketing approvals, including 1 innovative drug (inclusive of new indications), being Pegmolesatide (formerly known as PEG Sihematide) for the treatment of anemia in non-dialysis chronic kidney disease patients who have not received erythropoietin therapy.

The Group attaches great importance to product quality. It has maintained the advanced nature of its production quality system by passing overseas certification, meanwhile 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.

As the self-developed innovative drugs are approved for marketing constantly, the Group devotes efforts to improve its professional marketing capability and increase the recognition and knowledge of medical professionals regarding the self-developed innovative drugs. During the six months ended June 30, 2022, the sales revenue of innovative drugs amounted to approximately RMB2,321 million, representing an increase of approximately 84.8% compared to the corresponding period of the previous year, and the proportion of the total revenue of the Group increased from 28.5% for the corresponding period of the previous year to 52.3%.

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

In January 2022, HS-10382 tablets, a Category 1 innovative drug self-developed by the Group, has been granted a clinical trial notice issued by the National Medical Products Administration of the People's Republic of China ("**NMPA**"), and is intended to be used for the treatment of chronic myelogenous leukemia (CML) with the specific indications to be determined after the clinical trials.

In February 2022, HS-10370 injections, a Category 1 innovative drug self-developed by the Group, has been granted a clinical trial notice issued by the NMPA, and is intended to be used for the treatment of advanced solid tumor with the specific indications to be determined after the clinical trials.

In March 2022, HS-10380 tablets, a Category 1 innovative drug self-developed by the Group, has been granted a clinical trial notice issued by the NMPA, and is intended to be used for the treatment of schizophrenia, with the specific indications to be determined after the clinical trials.

In March 2022, the Group's innovative drug, XINYUE (Inebilizumab Injections), has been granted drug registration approval issued by the NMPA.

In April 2022, the Company presented data from the Phase I climbing trial of its proprietary Class 1 innovative PI3Kα inhibitor HS-10352-101 single agent at the 113th Annual Meeting of the American Association for Cancer Research (AACR) in 2022. HS-10352 showed favorable results in HR+HER2-advanced breast cancer with no standard of care regimen or no access to or tolerance of standard therapy subjects, showed favorable safety, tolerability and pharmacokinetic (PK) profiles and observed preliminary antitumor activity, and showed superior antitumor activity in the population carrying the PIK3CA mutation, which is expected to provide clinical benefit to patients with HR+HER2-PIK3CAm+ advanced breast cancer.

In April 2022, HS-10386 tablets, a Category 1 innovative drug self-developed by the Group, has been granted a clinical trial notice issued by the NMPA, and is intended to be used for the treatment of advanced solid tumors, with the specific indications to be determined after the clinical trials.

In April 2022, HS-10384 tablets, a Category 1 innovative drug self-developed by the Group, has been granted a clinical trial notice issued by the NMPA, and is intended to be used for menopausal vasomotor syndrome, with the specific indications to be determined after the clinical trials.

In May 2022, the Group entered into an exclusive license agreement with NiKang Therapeutics Inc. ("**NiKang Therapeutics**"). Pursuant to the licensing agreement, the Group obtained an exclusive license from NiKang Therapeutics to develop and commercialize NKT2152 within China (including Hong Kong, Macau and Taiwan).

In June 2022, the Medicines and Healthcare products Regulatory Agency of United Kingdom (U.K.) ("**MHRA**") has accepted for review our partner EQRx, INC. ("**EQRx**")'s marketing authorization application for aumolertinib (marketed as AMEILE® in China, aumolertinib mesilate) in EGFR-mutated non-small cell lung cancer (NSCLC). This is the first MAA of aumolertinib filed outside of the PRC.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Review

During the period under review, the effect of the COVID-19 pandemic lingered with recurring local outbreaks in the first half of the year, which has affected the operations of pharmaceutical companies. However, the rigid demand in the pharmaceutical market remained robust. With increasing aging population and heightening health awareness of the public, it is expected that the pharmaceutical industry will maintain a steady growth trend.

In terms of policy, the central government continued to step up its efforts and investment in the reform of the public health services sector by strengthening the synergy among policies in respect of the medical, medical insurance and pharmaceutical industries and expediting the development of a new landscape for orderly medical consultation at the national, provincial, municipal and grassroot level, thereby promoting the high-quality development of the healthcare and pharmaceutical industry. Over the past few years, the central government has increased the national subsidy level for medical insurance of the general public and improved the interprovincial on-the-spot settlement mechanism of medical bills with extra attention paid to the prevention and treatment of chronic diseases and cancers. Strengthened efforts have been steered towards the research on and drug security for rare diseases with an aim to enhance the level of healthcare security provided to the general public in all aspects from multiple dimensions. Nine ministries and commissions including the Ministry of Industry and Information Technology and the National Development and Reform Commission issued the "Development Plan of the Pharmaceutical Industry during the '14th Five-year Period'" (《「十四五」醫藥工業發展規劃》), which facilitated the innovation and technological breakthrough of drugs and supported enterprises to pursue innovation and internationalization. Moreover, the central government sent clear signals that further support will be provided for the innovation of the industrial chain at various levels with an emphasis on innovation and R&D. Proactive efforts will also be made in respect of introduction of new technologies. As such, companies with profound differentiated competitiveness will possess better adaptability and hence be able to give play to their key competitive advantages.

Business Highlights

During the period under review, the Group's operating headquarters, research and development and production bases in Mainland China were successively affected by the outbreak of the pandemic, which slowed down the progress of product R&D and marketing activities, especially the promotion of new drugs. During the six months ended June 30, 2022, the Group's sales revenue of innovative drugs amounted to approximately RMB2,321 million, representing an increase of approximately 84.8% compared to the corresponding period of the previous year, and the proportion of innovative drugs sales revenue increased to 52.3% from 28.5% for the corresponding period of the previous year. In terms of innovation and R&D, the Group continued to increase R&D investment to increase the innovation capability and R&D efficiency. As at June 30, 2022, a total of 6 innovative drugs were approved for marketing, 5 of them were included in the National Reimbursement Drug List ("**NRDL**") and XINYUE has been granted drug registration approval for the treatment of adult patients with neuromyelitis optica spectrum disorders (NMOSD) who are anti-aquaporin-4 immunoglobulin G seropositive (AQP4-IgG+) during the period. As at June 30, 2022, the Group had 1,432 R&D staff and over 25 innovative drug programs at various clinical development stages. Meanwhile, the Group paid close attention to frontier technology in the global pharmaceutical industry. With respect to business development ("**BD**"), it further enhanced the Group's innovation capabilities and enriched its innovation product pipeline through in-licensing and joint development.

For the six months ended June 30, 2022, the Group recorded revenue of approximately RMB4,434 million during the period of review, representing an increase of approximately 0.7% compared with the corresponding period of the previous year; profit of approximately RMB1,298 million, representing an increase of approximately 0.6% compared with the corresponding period of the previous year; and earnings per share of approximately RMB0.22, representing an increase of approximately 0.6% compared with the corresponding period of the previous year.

We generate substantially all of our revenue from sales of pharmaceutical products. Our main products are concentrated in the therapeutic areas which the Group strategically targets at, including the oncology, anti-infectives, CNS diseases, metabolic diseases and other main therapeutic areas:

In respect of anti-tumor products, we primarily focus on the treatment of solid tumors with high incidence such as lung cancer, as well as hematological cancer. Our anti-tumor product portfolio mainly consists of Ameile (aumolertinib mesylate tablets), an innovative drug, Hansoh Xinfu (flumatinib mesylate tablets), an innovative drug, Pulaile (pemetrexed disodium for injection), Xintai (bortezomib for injection) and Xinwei (imatinib mesylate tablets). During the six months ended June 30, 2022, revenue from our anti-tumor drug portfolio amounted to approximately RMB2,451 million, accounting for approximately 55.3% of the total revenue of the Group.

Our anti-infective product portfolio mainly consists of, among others, Mailingda (morinidazole sodium chloride injection), an innovative drug, Hengmu (tenofovir amibufenamide tablets), an innovative drug, Zetan (tigecycline for injection) and Hengsen (micafungin sodium for injection). The Company mainly focuses on treatment products for drug-resistant bacteria as the clinical needs of these products are increasing. Meanwhile, the Company adopts rational drug use as the guiding direction for academic activities of anti-infective drugs, so as to promote the regulated clinical use of anti-infective drugs. During the six months ended June 30, 2022, revenue from our anti-infective drug portfolio amounted to approximately RMB597 million, accounting for approximately 13.5% of the total revenue of the Group.

Our CNS disease product portfolio mainly consists of, among others, Oulanning (olanzapine oral dose formulations), Ailanning (paliperidone extended-release tablets) and Ameining (agomelatine tablets). During the six months ended June 30, 2022, revenue from our CNS disease drug portfolio amounted to approximately RMB845 million, accounting for approximately 19.0% of the total revenue of the Group.

Product portfolio of metabolic diseases and other areas mainly consists of, among others, Fulaimei (PEG-loxenatide for injection), an innovative drug, Ruibote (rabeprazole sodium enteric-coated tablets) and Fulaidi (repaglinide tablets), Fulairui (canagliflozin tablets), Puruian (ambrisentan tablets). During the six months ended June 30, 2022, revenue from the drug portfolio in relation to the abovementioned areas amounted to approximately RMB541 million, accounting for approximately 12.2% of the total revenue of the Group.

Innovative Drug Products

During the six months ended June 30, 2022, the sales revenue of innovative drugs amounted to approximately RMB2,321 million, representing an increase of approximately 84.8% compared with the corresponding period of the previous year and accounted for approximately 52.3% of the Group's total revenue. The sales revenue of innovative drugs is composed of the revenues of 5 innovative drug products, namely Ameile, Hansoh Xinfu, Mailingda, Fulaimei and Hengmu. Ameile, Hansoh Xinfu and Fulaimei were included in the NRDL which is effective since March 2021, which allowed them to swiftly cover hundreds of large hospitals and direct-to-patient pharmacies. With the rising coverage rate, the number of patients using these drugs increased significantly. Mailingda renewed the agreement with the NHSA for the second time and remained in the NRDL. In June 2021, Hengmu was approved for marketing and its clinical data was well-known by hepatitis B experts nationwide as a result of active academic promotion activities of the Group. In 2021, Hengmu was included in the NRDL following medical insurance negotiation which is effective starting from January 2022, and hence, its timeline from approval for marketing to entering into the NRDL was shortest in the Group. In March 2022, XINYUE was approved for marketing and included in the Chinese Guidelines for the Diagnosis and Treatment of Optic Neuromyelitis Optica Spectrum Disorders (2021 Edition)* (《中國視神經脊髓炎譜系疾病診斷與治療指南(2021年版)》) with Class A recommendation.

Ameile

Ameile (aumolertinib mesylate tablets) is the first innovative third-generation EGFR-TKI drug wholly developed in China. In December 2021, Ameile obtained approval to be used as the first-line treatment for adult patients with locally advanced or metastatic NSCLC whose tumors have epidermal growth factor receptor (EGFR) exon 19 deletions or exon 21 (L858R) substitute mutation positive. In 2020, Ameile obtained approval for the treatment of patients with locally advanced or metastatic NSCLC with T790M mutation, who have progressed on or after EGFR-TKI therapy. Ameile was included in the NRDL after negotiations in 2020 which is effective starting from March 2021.

In February 2021, Ameile met its primary end point as first-line treatment for patients with locally advanced or metastatic EGFR-mutated NSCLC in the Phase 3 clinical data. Its concrete clinical data, which were presented at the ASCO Meeting in June 2021, shows that the median progression-free survival (mPFS) of the first-line treatment of NSCLC achieved 19.3 months. In September 2021, the overall survival data of Ameile as the treatment of patients with locally advanced or metastatic NSCLC with T790M mutation, who have progressed on or after EGFR-TKI therapy, were presented at the ESMO Meeting, reporting that the median survival (mOS) of the second-line treatment of NSCLC achieved 30.2 months.

In June 2022, the MHRA has accepted for review our partner EQRx's marketing authorization application for aumolertinib, being jointly developed and commercialized by the Company and EQRx, for the first-line treatment of adult patients with locally advanced or metastatic NSCLC with sensitizing EGFR mutations and for the treatment of adult patients with locally advanced or metastatic T790M mutation-positive NSCLC, which have progressed on or after EGFR-TKI therapy. This is the first MAA of aumolertinib filed outside of the People's Republic of China.

In June 2022, data on CNS metastasis in patients with locally advanced or metastatic EGFR-mutated NSCLC treated with Ameile in the first line were presented at ASCO. Ameile significantly reduced the risk of CNS progression compared to gefitinib, with a median progression-free survival of 29.0 months in CNS.

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 2022* (《2022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, and has been listed as Class I recommendation for first-line indications and second-line indications.

Hansoh Xinfu

Hansoh Xinfu (flumatinib mesylate tablets) is the second-generation Bcr-Abl TKI. Hansoh Xinfu was included in the NRDL after negotiations in 2020 which is effective since March 2021. Hansoh Xinfu is used 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 been benefited significantly and the product has been adopted for long-term application by an increasing number of patients. 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)》).

Mailingda

Mailingda (morinidazole sodium chloride for injection) is the first self-developed innovative drug of the Group. In December 2021, it was included in the NRDL after negotiation and renewed the agreement with the NHSA without further price cut. Mailingda is the latest generation of nitroimidazole-class drug indicated for treatment of pelvic inflammatory disease in women, as well as combined surgery for the treatment of suppurative appendicitis and gangrenous appendicitis. 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 Treatment 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 NHSA was successfully renewed twice consecutively in November 2019 and December 2021, respectively.

Fulaimei

Fulaimei (PEG-loxenatide for injection) is the Group's self-developed innovative diabetes drug. Fulaimei was included in the NRDL after negotiations in 2020 which is effective starting from March 2021. Fulaimei is the first innovative drug launched by using the Group's proprietary PEGylation technology. With significant lowering blood sugar efficacy and good safety, it requires only once weekly administration. It is the first long-acting GLP-1 innovative drug wholly developed in China, providing a new treatment option to diabetes patients in China. Fulaimei has been included in the Prevention and Therapy Guidelines for Type 2 Diabetes in China (2020 Edition)* (《中國2型糖尿病防治指南（2020版）》) released by the Chinese Diabetes Society (CDS) in April 2021.

Hengmu

Hengmu (tenofovir amibufenamide tablets) is the novel Tenofovir prodrug self-developed by the Group. The product is also the first wholly developed oral dose medicine indicated for the treatment of hepatitis B virus (HBV) infection in China. Hengmu was approved for marketing in June 2021 and was included in the NRDL in the same year through negotiation. Hengmu 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. Hengmu was included in the CSCO Guidelines for Diagnosis and Treatment of Liver Cancer (2022 Edition)*(《CSCO 肝癌診療指南(2022 年版)》) as Class I recommendation.

XINYUE

XINYUE (Inebilizumab Injections) is a targeted CD19 B-cell depleting antibody for adult patients with AQP4-IgG+ NMOSD developed by Viela Bio, Inc. ("**Viela Bio**", which was acquired by Horizon Therapeutics plc on March 15, 2021). It was approved for marketing by the U.S. Food and Drug Administration (FDA), the Japanese Ministry of Health, Labour and Welfare and the European Commission in June 2020, March 2021 and April 2022, respectively. On May 24, 2019, the Group obtained an exclusive license from Viela Bio to develop and commercialize the Product in designated territory (i.e. Mainland China, Hong Kong and Macau) for NMOSD as well as other designated potential indications. In March 2022, XINYUE was approved for marketing and included in the Chinese Guidelines for the Diagnosis and Treatment of Optic Neuromyelitis Optica Spectrum Disorders (2021 Edition)* (《中國視神經脊髓炎譜系疾病診斷與治療指南(2021 年版)》) with Class A recommendation.

R&D and Innovation

The Group have one of the largest R&D teams among pharmaceutical companies in China. Our professional R&D team consists of 1,432 research fellows at four R&D centres in Shanghai, Lianyungang and Changzhou, as well as 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).

The Group focuses on R&D of innovative products in the fields such as oncology, anti-infectives, CNS diseases and metabolic diseases as well as autoimmune diseases. At present, we have over 40 clinical trials of innovative drug on going, which are derived from over 25 innovative drug programs at various clinical development stages. During the six months ended June 30, 2022, the Group obtained a total of 46 patents granted in China (including 8 granted in Hong Kong, Macau and Taiwan) and 4 patents granted overseas. It has also obtained marketing approval for 7 new products, including 1 innovative drug: Inebilizumab Injections (trade name: XINYUE 昕越®), which are used for the treatment of adult patients with NMOSD who are AQP4-IgG+. The Group filed 4 new applications for marketing, including 1 innovative drug: Category 1 innovative product Pegmolesatide (formerly known as PEG Sihematide) for the treatment of anemia in non-dialysis chronic kidney disease patients who have not received erythropoietin therapy. It has newly filed and obtained 6 clinical approvals, all of which are related to innovative drug programs.

Details of progress made by the Group in respect of innovative drugs during the six months ended June 30, 2022 were as follows:

Marketing approval for innovative drugs

In March 2022, Inebilizumab injection (trade name: XINYUE®), jointly developed and commercialized by the Group and Viela Bio, Inc. in China, obtained marketing approval for the treatment of adult patients with NMOSD who are AQP4-IgG+.

Application for marketing of innovative drugs

In May 2022, the application for marketing for the new indication of Pegmolesatide (formerly known as PEG Sihematide) self-developed by the Group was accepted by the NMPA. This new indication is intended to be used for the treatment of anemia in non-dialysis chronic kidney disease patients who have not received erythropoietin therapy.

Clinical approvals newly filed and obtained for innovative drugs

In January 2022, HS-10382 tablets, a Category 1 innovative drug self-developed by the Group, has been granted a clinical trial notice issued by the NMPA, and is intended to be used for the treatment of chronic myelogenous leukemia (CML) with the specific indications to be determined after the clinical trials.

In February 2022, HS-10370 injections, a Category 1 innovative drug self-developed by the Group, has been granted a clinical trial notice issued by the NMPA, and is intended to be used for the treatment of advanced solid tumor with the specific indications to be determined after the clinical trials.

In March 2022, HS-10380 tablets, a Category 1 innovative drug self-developed by the Group, has been granted a clinical trial notice issued by the NMPA, and is intended to be used for the treatment of schizophrenia, with the specific indications to be determined after the clinical trials.

In April 2022, HS-10386 tablets, a Category 1 innovative drug self-developed by the Group, has been granted a clinical trial notice issued by the NMPA, and is intended to be used for the treatment of advanced solid tumors, with the specific indications to be determined after the clinical trials.

In April 2022, HS-10384 tablets, a Category 1 innovative drug self-developed by the Group, has been granted a clinical trial notice issued by the NMPA, and is intended to be used for menopausal vasomotor syndrome, with the specific indications to be determined after the clinical trials.

BD

The Group adheres to the dual engine strategy driven by both in-house R&D and external BD collaboration. In addition to making internal R&D investment, the Group also actively sought opportunities in respect of innovative products and early-stage highly differentiated projects with proof of concept, so as to strengthen the product pipeline. In order to enhance innovation capabilities, the Group actively enabled different platform collaboration around the world and established an extensive and competitive R&D pipeline.

During the six months ended June 30, 2022, the expenses of BD project (including upfront payment(s) and milestone payment(s)) paid by the Group were approximately RMB151 million in total.

Milestone achieved with Viela Bio

In March 2022, "Inebilizumab Injections" (trade name: XINYUE 昕越®) has been granted drug registration approval issued by the NMPA of the People's Republic of China for the treatment of adult patients with NMOSD who are AQP4-IgG+. The obtaining of drug registration approval of "Inebilizumab Injections" will further enrich and improve the Group's product portfolio.

On May 24, 2019, the Group obtained an exclusive license from Viela Bio to develop and commercialize the Product in designated territory (i.e. Mainland China, Hong Kong and Macau) for NMOSD as well as other designated potential indications.

Collaboration with NiKang Therapeutics

In May 2022, the Group entered into an exclusive license agreement with NiKang Therapeutics. Pursuant to the licensing agreement, the Group obtained an exclusive license from NiKang Therapeutics to develop and commercialize NKT2152 within China (including Hong Kong, Macau and Taiwan).

NKT2152 is a small molecule that inhibits HIF-2α. It is currently in a phase 1/2 dose escalation and expansion trial (NCT05119335). This trial is designed to evaluate safety, tolerability, pharmacokinetics, pharmacodynamics and clinical activity in patients with advanced Clear Cell Renal Cell Carcinoma (ccRCC).

Milestone achieved with EQRx

In June 2022, the MHRA has accepted for review our partner EQRx's marketing authorization application for aumolertinib, a novel, third-generation epidermal growth factor receptor-tyrosine kinase inhibitor ("**EGFR-TKI**") being developed and commercialized under the license agreement entered into between the Group and EQRX, for the first-line treatment of adult patients with locally advanced or metastatic NSCLC with sensitizing EGFR mutations and for the treatment of adult patients with locally advanced or metastatic EGFR T790M mutation-positive NSCLC. This is the first marketing authorization application of aumolertinib filed outside of the People's Republic of China.

Liquidity and Financial Resources

For the six months ended June 30, 2022, the Group's operating activities generated a net cash inflow of RMB1,774 million. The capital expenditure for the reporting period was RMB181 million, mainly relating to the construction and purchase of additional buildings and workshops, as well as the purchase of equipment, motor vehicles and software required for production, R&D and administrative activities.

The Group's financial position remains sound. As at June 30, 2022, we had cash and bank balances of RMB16,978 million (as at December 31, 2021: RMB14,702 million), financial assets at fair value through profit or loss of RMB1,882 million (as at December 31, 2021: RMB2,357 million), other financial assets of RMB2,086 million (as at December 31, 2021: RMB1,874 million). As at June 30, 2022, 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. The Group's purchase of financial products during the six months ended June 30, 2022 does not constitute notifiable transactions of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**"). As at June 30, 2022, the Group's gearing ratio (calculated as total liabilities divided by total assets) was approximately 26.8% (as at December 31, 2021: 26.3%).

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, 2022, none of the Group's assets was subject to any encumbrance, mortgage, lien, charge or pledge.

Contingent Liabilities

As at June 30, 2022, the Group had no material contingent liabilities.

Significant Investments Held

During the six months ended June 30, 2022, we did not have any significant investments.

Future Plans for Material Investments and Capital Assets

As at June 30, 2022, the Group did not have any plans for material investments and capital assets.

Material Acquisitions and Disposals

During the six months ended June 30, 2022, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures.

Employees and Emoluments Policy

As at June 30, 2022, the Group had a total of 10,783 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 executive Directors, social welfare and other benefits, were approximately RMB1,237 million for the six months ended June 30, 2022. 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 Good Manufacturing Practice (GMP) or other certifications, quality control, production safety and corporate culture.

The Company has conditionally approved and adopted the restricted share unit scheme ("**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 section headed "Statutory and General Information – D. Post-IPO RSU Scheme" in Appendix IV to the prospectus of the Company dated May 31, 2019. During the six months ended June 30, 2022, 36,240,000 restricted share units had been granted by the Company pursuant to the RSU Scheme.

Prospects

Amid the new industry landscape of more definite policies and increasing competition, the Group will adhere to the dual-engine model of both in-house R&D and external BD collaboration to promote in-depth transformation and upgrade. On one hand, the Group will step up the efforts in in-house R&D to accelerate the conversion of its innovative achievements, thereby building its competitive moat with in-house innovation as its core. On the other hand, the Group will, through BD, actively identify new targets, expand into new horizons, introduce new technologies and promote the Group's in-house R&D achievements to the world in a bid to benefit more patients globally. The Group will also actively expand its therapeutic areas. Apart from further development in its advantageous areas such as oncology, anti-infectives, central nervous system diseases and metabolic diseases, the Group will also further tap into new areas with potentials for the provision of high-quality products, with an aim to satisfy the unmet healthcare needs of the majority of patients on the basis of continuously enriching its product pipeline.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED JUNE 30, 2022

	Notes	For the six months ended June 30, 2022 (unaudited) RMB'000	2021 (unaudited) RMB'000
REVENUE	*4*	**4,434,378**	4,401,501
Cost of sales		**(398,582)**	(415,680)
Gross profit		**4,035,796**	3,985,821
Other income	*4*	**194,399**	182,245
Selling and distribution expenses		**(1,682,856)**	(1,529,142)
Administrative expenses		**(292,386)**	(432,693)
Research and development costs		**(739,035)**	(686,929)
Other (expenses)/gains, net	*4*	**(6,794)**	27,754
PROFIT BEFORE TAX	*5*	**1,509,124**	1,547,056
Income tax expense	*6*	**(211,148)**	(256,466)
PROFIT FOR THE PERIOD		**1,297,976**	1,290,590
Attributable to:			
Owners of the parent		**1,297,976**	1,290,590
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT FOR THE PERIOD			
Basic (RMB)	*8*	**0.22**	0.22
Diluted (RMB)	*8*	**0.22**	0.20

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2022

	For the six months ended June 30,	
	2022	2021
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
PROFIT FOR THE PERIOD	**1,297,976**	1,290,590
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**253,549**	(124,121)
Net other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods	**253,549**	(124,121)
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD, NET OF TAX	**253,549**	(124,121)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**1,551,525**	1,166,469
Attributable to:		
Owners of the parent	**1,551,525**	1,166,469

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2022

	Notes	**As at June 30, 2022 (unaudited) *RMB'000***	As at December 31, 2021 (audited) *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**3,243,289**	3,224,555
Right-of-use assets		**261,706**	250,840
Intangible assets		**31,776**	17,037
Investment in an associate		**87,649**	–
Financial assets at fair value through profit or loss		**437,606**	394,967
Prepayments for purchase of property, plant and equipment		**85,896**	93,404
Total non-current assets		**4,147,922**	3,980,803
CURRENT ASSETS			
Inventories		**497,126**	410,127
Trade and bills receivables	*9*	**3,033,249**	3,675,990
Prepayments, other receivables and other assets		**221,293**	160,207
Financial assets at fair value through profit or loss		**1,881,837**	2,357,215
Other financial assets		**2,085,894**	1,873,773
Cash and bank balances	*10*	**16,977,595**	14,702,056
Total current assets		**24,696,994**	23,179,368
CURRENT LIABILITIES			
Trade and bills payables	*11*	**239,612**	248,330
Other payables and accruals	*12*	**2,404,266**	2,609,035
Contract liabilities		**13,246**	22,201
Lease liabilities		**14,426**	9,968
Tax payable		**81,059**	134,196
Dividends payable		**455,826**	–
Total current liabilities		**3,208,435**	3,023,730
NET CURRENT ASSETS		**21,488,559**	20,155,638
TOTAL ASSETS LESS CURRENT LIABILITIES		**25,636,481**	24,136,441

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT JUNE 30, 2022

	Notes	**As at June 30, 2022 (unaudited) *RMB'000***	As at December 31, 2021 (audited) *RMB'000*
NON-CURRENT LIABILITIES			
Convertible bonds		**4,029,505**	3,742,996
Lease liabilities		**86,193**	74,917
Deferred tax liabilities		**372,003**	266,752
Other non-current liabilities		**22,695**	22,931
Total non-current liabilities		**4,510,396**	4,107,596
NET ASSETS		**21,126,085**	20,028,845
EQUITY			
Equity attributable to owners of the parent			
Share capital	*13*	**52**	52
Treasury shares		**(86,138)**	(57,969)
Reserves		**21,212,171**	20,086,762
		21,126,085	20,028,845
Non-controlling interests		**–**	–
Total equity		**21,126,085**	20,028,845

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, 2022 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, 2021.

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 31 December 2021, 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 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

None of these amendments had a material impact on the financial position or performance of the Group. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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 OTHER (EXPENSES)/GAINS, NET

An analysis of revenue and other income is as follows:

	For the six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sales of industrial products – at a point in time	**4,372,817**	4,390,540
Rendering of research and development services	**61,561**	10,961
	4,434,378	4,401,501
Other income		
Investment income	**3,620**	74,095
Government grants	**38,930**	43,312
Bank interest income	**151,802**	64,248
Others	**47**	590
	194,399	182,245

An analysis of other (expenses)/gains, net is as follows:

	For the six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other (expenses)/gains, net		
Gain on disposal of items of property, plant and equipment	**2,196**	479
Fair value gains of financial assets at fair value through profit or loss	**43,596**	12,525
Fair value (loss)/gains of convertible bonds	**(60,692)**	89,336
Donations	**(25,374)**	(34,564)
Exchange differences, net	**68,819**	(2,070)
Impairment of trade receivables, net	**(1,481)**	(20)
Impairment of inventories, net	**(312)**	(733)
Interest expense	**(28,656)**	(27,114)
Share of loss of an associate	**(776)**	–
Others	**(4,114)**	(10,085)
	(6,794)	27,754

5. PROFIT BEFORE TAX

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

	Notes	For the six months ended June 30, 2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Cost of inventories sold		**250,301**	282,667
Depreciation of items of property, plant and equipment		**144,320**	124,416
Depreciation of right-of-use assets		**10,021**	7,720
Amortisation of intangible assets		**3,826**	3,115
Impairment of trade receivables, net		**1,481**	20
Impairment of inventories, net		**312**	733
Operating lease expenses		**3,802**	2,102
Auditors' remuneration		**1,534**	1,937
Share of loss of an associate	*4*	**776**	–
Gain on disposal of items of property, plant and equipment	*4*	**(2,196)**	(479)
Investment income	*4*	**(3,620)**	(74,095)
Fair value gains of financial assets at fair value through profit or loss	*4*	**(43,596)**	(12,525)
Fair value loss/(gains) of convertible bonds	*4*	**60,692**	(89,336)
Bank interest income	*4*	**(151,802)**	(64,248)
Exchange differences, net	*4*	**(68,819)**	2,070
Employee benefit expense			
Wages and salaries		**849,677**	814,940
Social welfare and other benefits*		**335,817**	252,339
Share-based payment expenses		**51,194**	42,089
		1,236,688	1,109,368

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

6. INCOME TAX

The Group is subject to income tax on an entity basis on profits 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 2019, and was entitled to the preferential tax rate of 15% from 2020 to 2022.

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

In 2021, Changzhou Hengbang Pharmaceutical Co., Ltd. ("**Changzhou Hengbang**"), a subsidiary of the Company, was initially accredited as an HNTE, and thus entitled to a preferential income tax rate of 15% from 2021 to 2023.

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

	For the six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax	**105,897**	174,741
Deferred income tax	**105,251**	81,725
	211,148	256,466

7. DIVIDENDS

	For the six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Dividends declared – RMB7.32 cents (six months ended June 30, 2021: RMB6.51 cents) per ordinary share	**455,826**	380,866

Note:

Pursuant to the resolution of the shareholders of the Company dated June 10, 2022, the Company declared a dividend of RMB7.32 cents (six months ended June 30, 2021: RMB6.51 cents) per ordinary share to the shareholders, amounting to a total of RMB455,826,000 (six months ended June 30, 2021: RMB380,866,000).

8. 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 5,916,956,923 (2021: 5,920,327,325) 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 the 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 diluted earnings per share for the six-month period ended 30 June 2022 did not assume conversion of the convertible bonds as its inclusion would be anti-dilutive.

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

	For the six months ended June 30,	
	2022	2021
	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	**1,297,976**	1,290,590
Interest on convertible bonds	**–**	23,770
Fair value change on the derivative component of the convertible bonds	**–**	(89,336)
	1,297,976	1,225,024

	Adjusted number of shares Six months ended June 30,	
	2022	2021
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**5,916,956,923**	5,920,327,325
Effect of dilution – weighted average number of ordinary shares		
Restricted share units	**2,524,570**	3,991,197
Convertible bonds	**–**	68,105,586
Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculation	**5,919,481,493**	5,992,424,108
Basic earnings per share (RMB per share)	**0.22**	0.22
Diluted earnings per share (RMB per share)	**0.22**	0.20

9. TRADE AND BILLS RECEIVABLES

	June 30, 2022 ***RMB'000*** **(Unaudited)**	December 31, 2021 *RMB'000* (Audited)
Trade receivables	**3,001,495**	3,248,366
Provision for impairment	**(2,550)**	(1,069)
	2,998,945	3,247,297
Bills receivable	**34,304**	428,693
	3,033,249	3,675,990

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, 2022 ***RMB'000*** **(Unaudited)**	December 31, 2021 *RMB'000* (Audited)
Within 90 days	**2,767,437**	2,997,328
91 days to 180 days	**14,191**	217,159
Over 180 days	**217,317**	32,810
	2,998,945	3,247,297

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

	June 30, 2022 ***RMB'000*** **(Unaudited)**	December 31, 2021 *RMB'000* (Audited)
Within 90 days	**26,612**	394,604
91 days to 180 days	**7,692**	34,089
	34,304	428,693

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

	For the six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
At beginning of the period	**1,069**	462
Impairment losses, net	**1,481**	20
Write-off	**–**	–
At end of the period	**2,550**	482

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

		Overdue by			
	Not overdue	**Within 90 days**	**90 days to 1 year**	**Over 1 year**	**Total**
At 30 June 2022					
Expected credit loss rate	**0%**	**0%**	**20%**	**100%**	**0%**
Gross carrying amount (RMB'000)	**2,765,408**	**224,976**	**10,701**	**410**	**3,001,495**
Loss allowance (RMB'000)	**–**	**–**	**2,140**	**410**	**2,550**
At 31 December 2021					
Expected credit loss rate	0%	0%	20%	100%	0%
Gross carrying amount (RMB'000)	2,952,695	291,128	4,343	200	3,248,366
Loss allowance (RMB'000)	–	–	869	200	1,069

10. CASH AND BANK BALANCES

	June 30, 2022	December 31, 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Cash and bank balances, unrestricted	**2,653,210**	2,503,263
Bank deposits with initial term of less than three months when acquired	**54,317**	4,215,446
Bank deposits with initial term of over three months when acquired (note (a))	**14,270,068**	7,983,347
Cash and bank balances	**16,977,595**	14,702,056

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 0.81% to 4.33%. None of these investments are either past due or impaired. None of these deposits are pledged.

11. TRADE AND BILLS PAYABLES

	June 30, 2022	December 31, 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables	**151,171**	116,103
Bills payable	**88,441**	132,227
	239,612	248,330

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, 2022	December 31, 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 90 days	**238,234**	247,069
91 days to 180 days	**131**	193
181 days to 1 year	**191**	12
Over 1 year	**1,056**	1,056
	239,612	248,330

12. OTHER PAYABLES AND ACCRUALS

	June 30, 2022	December 31, 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Accrued expenses	**1,657,480**	1,725,012
Staff payroll, welfare and bonus payables	**276,241**	362,688
Other tax payables	**158,145**	112,861
Payables for purchase of items of property, plant and equipment	**91,170**	102,800
Other payables	**221,230**	305,674
	2,404,266	2,609,035

13. SHARE CAPITAL

	June 30, 2022 ***RMB*** **(Unaudited)**	December 31, 2021 *RMB* (Audited)
Issued and fully paid:		
5,922,350,070 shares of HK$0.00001 each (December 31, 2021: 5,922,350,070 shares of HK$0.00001 each)	**52,169**	52,169

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

	Number of shares in issue	**Share capital** *RMB*
At January 1, 2022 (audited)	5,922,350,070	52,169
At June 30, 2022 (unaudited)	5,922,350,070	52,169

EVENTS AFTER THE REPORTING PERIOD

In July 2022, Palbociclib Capsules developed by the Group has been granted drug registration approval issued by the NMPA. It is an oncology drug indicated for the treatment of patients with hormone receptor (HR)-positive, human epidermal growth factor receptor 2 (HER2)-negative advanced or metastatic breast cancer in combination with an aromatase inhibitor as initial endocrine-based therapy in postmenopausal women. The obtaining of drug registration approval of the Product will further enrich and improve the Group's product portfolio.

In August 2022, the Group entered into an exclusive license and collaboration agreement (the "**TiumBio Licensing Agreement**") with TiumBio Co., Ltd. ("**TiumBio**"). Pursuant to the TiumBio Licensing Agreement, the Group obtained an exclusive license from TiumBio to develop and commercialize TU2670 for the treatment of endometriosis, uterine fibroids and other indications within China (including Hong Kong, Macau and Taiwan).

With effect from August 15, 2022, the address of the principal place of business in Hong Kong of the Company will be relocated from Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong to: 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong.

With effect from August 15, 2022, the Hong Kong Branch Share Registrar and Transfer Office of the Company, Tricor Investor Services Limited, will change its address from Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong to: 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

In August 2022, the Company made a voluntary announcement regarding the signing of an exclusive licensing and co-development agreement (the "**GHDDI Licensing Agreement**") with Beijing Huayi Health Drug Discovery Institute* (北京華益健康藥物研究中心) (also known as the Global Health Drug Discovery Institute (abbreviated as "**GHDDI**")). Pursuant to the GHDDI Licensing Agreement, the Group was granted exclusive worldwide rights to develop, manufacture and commercialize the new drug candidate GDI-4405 series of anti-novel coronavirus ("**SARS-CoV-2**").

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, 2022, save for code provision C.2.1 of the CG Code.

Code Provision C.2.1

Code provision C.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.

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, 2022.

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 D.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, 2022.

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

During the six months ended June 30, 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has declared the payment of an interim dividend of HK5 cents per share for the six months ended June 30, 2022 (for the six months ended June 30, 2021: nil). The interim dividend for 2022 will be paid to shareholders on Friday, September 30, 2022 whose names appear on the register of members of the Company on Wednesday, September 14, 2022. For the purpose of determining shareholders who are qualified for the interim dividend, the register of members of the Company will be closed from Tuesday, September 13, 2022 to Wednesday, September 14, 2022, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Friday, September 9, 2022.

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$233.57 million was utilized as at June 30, 2022 and US$362.08 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$312.5 million was utilized as at June 30, 2022 and HK$3,164.70 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, 2022, the net proceeds of approximately HK$8.798 billion have been fully utilized for the purposes as set out in 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, 2022 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, 2022

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

* *For identification purposes only*