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, 2023 AND THE SUPPLEMENTAL INFORMATION IN RELATION TO THE 2022 ANNUAL REPORT

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, 2023, together with the comparative figures for the corresponding period in 2022.

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, 2023, the Group recorded the following unaudited results:

- Revenue was approximately RMB4,511 million, representing an increase of approximately 1.7% compared with the corresponding period of the previous year;
- Revenue of innovative drugs amounted to approximately RMB2,786 million, representing an increase of approximately 20.1% compared to the corresponding period of the previous year, and its proportion to the revenue increased from 52.3% to 61.8% as compared with the corresponding period of the previous year;
- R&D expenditure was approximately RMB929 million, representing an increase of approximately 25.8% compared with the corresponding period of the previous year, and accounted for approximately 20.6% of the revenue;
- Profit was approximately RMB1,289 million, representing a decrease of approximately 0.7% compared with the corresponding period of the previous year;
- Basic earnings per share was approximately RMB0.22, representing a decrease of approximately 0.8% compared with the corresponding period of the previous year;

The Board has declared the payment of an interim dividend of HK$7.07 cents per share for the six months ended June 30, 2023.

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 medical 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, anti-infective diseases, central nervous system ("**CNS**") diseases and metabolic diseases.

Innovation is the core driving force of the Company. The Group has continuously increased its investments in R&D over the years, built seasoned R&D platforms, established a number of proprietary technologies, developed and commercialized a number of innovative drug products, as well as prepared a series of innovative drugs which are currently at different stages of R&D. The Group has successfully transformed itself into an innovative biopharma company that focuses on developing and selling innovative drugs.

During the six months ended June 30, 2023, the Group's 7 innovative drugs were approved for marketing, 6 of them were included in the National Reimbursement Drug List ("**NDRL**"). During the period under review, the Group obtained marketing approvals for a total of 4 new products, including 1 innovative drug; and has newly obtained 11 clinical approvals, which belong to 6 innovative drugs; the sales revenue of innovative drugs amounted to approximately RMB2,786 million, representing an increase of approximately 20.1% compared to the corresponding period of the previous year, and its proportion to the revenue increased from 52.3% to 61.8% as compared with the corresponding period of the previous year. Revenue from our innovative drugs has become a core driver for sustainable growth of the Company's performance.

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

In January 2023, HS-10390 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 Focal Segmental Glomerulosclerosis and Immunoglobulin A Nephropathy with the specific indications to be determined after the clinical trials.

In January 2023, the following 4 innovative drugs including new indications of the Group have been included in the 2022 National Reimbursement Drug List ("**2022 Drug List**") released by the National Healthcare Security Administration of the People's Republic of China ("**NHSA**"), including Aumolertinib mesylate tablets (trade name: Ameile (阿美樂®)), Inebilizumab Injections (trade name: XINYUE (昕越®)), Flumatinib mesylate tablets (trade name: Hansoh Xinfu (豪森昕福®)) and PEG-loxenatide for injection (trade name: Fulaimei (孚來美®)). Ameile for the first-line treatment of adult patients with locally advanced or metastatic non-small cell lung cancer ("**NSCLC**") whose tumors have epidermal growth factor receptor ("**EGFR**") exon 19 deletions or exon 21 (L858R) substitution mutation-positive (new indication approved in 2021) has been included in the 2022 Drug List for the first time; XINYUE for the treatment of adult patients with neuromyelitis optica spectrum disorders ("**NMOSD**") who are AQP4 antibody-positive (indication approved in 2022) has been included in the 2022 Drug List for the first time.

In May 2023, HS-10506 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 depression and insomnia, with specific indication be determined after the completion of clinical research.

In June 2023, HS-20117 (license-in as PM1080), a Category 1 innovative drug developed by the Group under the exclusive license from Biotheus Inc. ("**Biotheus**"), has been granted a clinical trial notice issued by the NMPA, and is intended to be used for the treatment of advanced solid tumor.

In June 2023, HS-10516 Capsules (license-in as NKT2152), a Category 1 innovative drug developed by the Group under the exclusive license from NiKang Therapeutics Inc. ("**NiKang Therapeutics**"), has been granted a clinical trial notice issued by the NMPA, and is intended to be used for the treatment of renal cell carcinoma.

In June 2023, Dapagliflozin Tablets, developed by the Group, has been granted drug registration approval issued by the NMPA, and is indicated to improve glycemic control in adults with type 2 diabetes mellitus.

In June 2023, HS-10518 Capsules (license-in as TU2670), a Category 1 innovative drug developed by the Group under the license from TiumBio Co., Ltd. ("**TiumBio**"), has been granted a clinical trial notice issued by the NMPA, and is intended to be used for the management of moderate to severe pain associated with endometriosis and management of heavy menstrual bleeding associated with uterine leiomyomas.

In June 2023, Pegmolesatide Injection (trade name: Saint Luolai (聖羅萊®)), a Category 1 innovative drug self-developed by the Group, has been granted drug registration approval issued by the NMPA, and is indicated to treat anemia in chronic kidney disease (CKD) adult patients who have not received erythropoiesis stimulating agent (ESA) and not on dialysis; as well as who are receiving short-acting erythropoietin treatment and on dialysis.

In June 2023, the Group was listed in the Sustainability Yearbook (China Edition) published by S&P Global and ranked in the top 1% of the industry in terms of ESG score, and honoured as the "Industry's Most Improved Company".

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

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Review

In recent years, the annual dynamic adjustment of the NRDL and the policy direction of encouraging innovation in the 2022 Drug List have shortened the time for innovative drugs to be included in the catalogue on the one hand, and broadened the varieties of drugs to be included in the scope of health insurance coverage on the other hand. New rules such as simplification in the renewal process of negotiated drugs and simplification in the addition process of new indications have further optimized the negotiation process of innovative drugs and improved the renewal efficiency, which has enhanced the accessibility of innovative drugs and is expected to accelerate the release of their commercialization potential. Under the strengthening of the industry regulatory environment, innovative drug companies with innovative drug products of higher clinical value and efficient and compliant commercialization capabilities are expected to achieve sustainable and high-quality performance.

Business Highlights

During the six months ended June 30, 2023, the Group's sales revenue of innovative drugs amounted to approximately RMB2,786 million, representing an increase of approximately 20.1% compared to the corresponding period of the previous year, and the proportion of innovative drugs sales revenue increased to 61.8% from 52.3% 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, 2023, the Group's 7 innovative drugs were approved for marketing, 6 of them were included in the NRDL. As at June 30, 2023, the Group had 1,617 R&D staffs and over 30 innovative drug programs at various clinical development stages. Meanwhile, the Group paid close attention to cutting-edge 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, 2023, the Group recorded revenue of approximately RMB4,511 million, representing an increase of approximately 1.7% compared with the corresponding period of the previous year; profit of approximately RMB1,289 million, representing a decrease of approximately 0.7% compared with the corresponding period of the previous year; and earnings per share of approximately RMB0.22, representing a decrease of approximately 0.8% compared with the corresponding period of the previous year.

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

In respect of oncology products, we primarily focus on the treatment of solid tumors with high incidence such as lung cancer, as well as hematological tumors. Our oncology 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), Xinwei (imatinib mesylate tablets) and Tanneng (fosaprepitant dimeglumine for injection). During the six months ended June 30, 2023, revenue from our anti-tumor drug portfolio amounted to approximately RMB2,555 million, accounting for approximately 56.6% of the total revenue of the Group.

Our anti-infective product portfolio mainly consists of, among others, Hengmu (tenofovir amibufenamide tablets), an innovative drug, Mailingda (morinidazole sodium chloride injection) an innovative drug and Hengsen (micafungin sodium for injection). During the six months ended June 30, 2023, revenue from our anti-infective drug portfolio amounted to approximately RMB601 million, accounting for approximately 13.3% of the total revenue of the Group.

Our CNS disease product portfolio mainly consists of, among others, Ameining (agomelatine tablets), Oulanning (olanzapine oral dose formulations) and Ailanning (paliperidone extended-release tablets). During the six months ended June 30, 2023, revenue from our CNS disease drug portfolio amounted to approximately RMB701 million, accounting for approximately 15.5% 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), Fulaidi (repaglinide tablets), Fulairui (canagliflozin tablets) and Puruian (ambrisentan tablets). During the six months ended June 30, 2023, revenue from the drug portfolio in relation to the abovementioned areas amounted to approximately RMB654 million, accounting for approximately 14.6% of the total revenue of the Group.

Innovative Drug Products

During the period under review, the Group has made multiple progress of the innovative drug portfolio. Among others, four innovative drugs (including new indications) of the Group, namely Ameile, XINYUE, Hansoh Xinfu and Fulaimei, have been included in the 2022 Drug List, released by the NHSA: among them, Ameile for the first-line treatment of adult patients with locally advanced or metastatic NSCLC whose tumors have EGFR exon 19 deletions or exon 21 (L858R) substitution mutation-positive (new indication approved in 2021) has been included in the NRDL for the first time; XINYUE for the treatment of adult patients with NMOSD who are AQP4 antibody-positive (indication approved in 2022) has been included in the NRDL for the first time. Also, during the period under review, the Group's innovative drug, Saint Luolai, which has been developed over the past 15 years, was approved for two indications for the treatment of anemia in chronic kidney disease (CKD) adult patients who have not received erythropoiesis stimulating agent (ESA) and not on dialysis, as well as who are receiving short-acting erythropoietin treatment and on dialysis.

During the six months ended June 30, 2023, the sales revenue of innovative drugs amounted to approximately RMB2,786 million, representing an increase of approximately 20.1% compared with the corresponding period of the previous year and accounted for approximately 61.8% of the Group's total revenue. The sales revenue of innovative drugs is composed of the revenues of 6 innovative drug products, namely Ameile, Hansoh Xinfu, Hengmu, Fulaimei, Mailingda and XINYUE.

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 EGFR exon 19 deletions or exon 21 (L858R) substitute mutation positive and has been included in the 2022 Drug List after negotiations in January 2023. 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, and was also successfully renewed in the 2022 Drug List in January 2023.

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, showed that the median progression – free survival (mPFS) of the first-line treatment of NSCLC achieved 19.3 months. Updates from the ASCO meeting in June 2022, showed that the median progression-free survival (CNS PFS) for first-line treatment of NSCLC with CNS metastasis reached 29.0 months.

In July 2020, the Group entered into the strategic collaboration and license agreement (the "**License Agreement**") with EQRx, Inc. ("**EQRx**") and granted an exclusive license to permit EQRx to research, develop, manufacture and commercialize aumolertinib and any product containing or comprising of aumolertinib outside of the PRC. In August 2023, the Group received a written notice from EQRx in relation to the termination of License Agreement. The License Agreement will be terminated upon the expiry of the term as stipulated therein. The Group will regain the research, development, manufacture and commercialization rights to aumolertinib outside of the PRC upon the termination of the License Agreement and will lead the regulatory review process for aumolertinib marketing authorization applications (the "**MAAs**") by the Medicines and Healthcare Products Regulatory Agency ("**MHRA**") in the United Kingdom and the European Medicines Agency ("**EMA**") upon completion of the transition.

Since its launch, Ameile has been widely used in clinical practices, due to its efficacy and safety which were highly recognized by clinical experts. It brings new hope to lung cancer patients in China. Ameile has been recommended as Class I or Preferred by 8 national guidelines, including the Guidelines of Chinese Society of Clinical Oncology ("**CSCO**") for the treatment of Non-small Cell Lung Cancer in 2023* (《中國臨床腫瘤學會(CSCO)非小細胞肺癌診療指南(2023版)》). Ameile's patent titled "EGFR Inhibitor and its Preparation and Application" was also awarded the 24th "China Patent Gold Award"*.

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 and was successfully renewed in the 2022 Drug List in January 2023. 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* (《慢性髓性白血病診斷與治療指南》) released by National Health Commission and the Guidelines of CSCO for the treatment of Malignant Hematologic Diseases* (《CSCO惡性血液病診療指南》).

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 novel nucleotide reverse transcriptase inhibitors. By optimizing the compound structure, Hengmu has higher cell membrane penetration rate and is easier to enter liver cells to achieve liver-targeting effect so that it can effectively improve drug plasma stability and reduce systematic exposure of tenofovir in patients. It provides a safer option of long-term treatment. Hengmu has been included in the Chronic Hepatitis B Prevention and Control Guidelines (2022 Edition)* (《慢性乙肝防治指南(2022版)》) as one of the first line recommendation of antiviral therapy for chronic hepatitis B, and has also been included in the Guidelines of CSCO for the treatment of Hepatocellular Cancer (2022 Edition)* (《CSCO肝癌診療指南(2022年版)》) as Class I recommendation.

Fulaimei

Fulaimei (PEG-loxenatide for injection) is the first innovative drug launched leveraging on the Group's proprietary PEGylation technology. It delivers significant efficacy in lowering blood glucose with favorable safety profile. As the first long-acting GLP-1 innovative drug wholly developed in China, it only requires once weekly administration. Thus, it provides a new treatment option to diabetes patients in China. Fulaimei was first included in the NRDL in 2020 and was successfully renewed in the 2022 Drug List after negotiations in January 2023. 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) since April 2021.

Mailingda

Mailingda (morinidazole sodium chloride for injection), the Group's first self-developed innovative drug, was included in the NRDL after negotiation in 2017, and was successfully renewed for the first time in November 2019 and again in December 2021 at a zero-price reduction. Mailingda is the new 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 for 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)》).

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. Chinese mainland, 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 2022 Drug List after negotiation in January 2023. XINYUE has been 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 a Class A recommendation.

Saint Luolai

Saint Luolai (Pegmolesatide Injection), a Category 1 innovative drug which has been self-developed by the Group over the past 15 years, is a long-acting peptide-based erythropoiesis-stimulating agents (ESA) promoting the proliferation of red blood cells in the body. In October 2021, the Group's new drug application for Saint Luolai for the treatment of dialysis patients who are receiving erythropoietin treatment due to anemia caused by chronic kidney disease (CKD) has been accepted by the NMPA. In May 2022, the Group's new drug application for Saint Luolai for the treatment of anemia in non-dialysis chronic kidney disease patients who have not received erythropoietin therapy has been accepted by the NMPA. In June 2023, Saint Luolai has been approved for two indications: to treat anemia in CKD adult patients who have not received ESA and not on dialysis; as well as who are receiving short-acting erythropoietin treatment and on dialysis during the period.

Saint Luolai has a high selectivity agonist EPO Receptor (EPOR). It effectively binds to EPOR homodimers, promoting erythropoiesis. Saint Luolai exhibits comparable erythropoietic effects to traditional ESAs but demonstrates lower binding to non-erythropoietic heterodimers (EPOR + CD131), which may offer potential safety advantages. Additionally, Saint Luolai, has a significantly extended half-life compared to short-acting ESAs. It allows for once-every-4-week dosing, offering greater convenience to patients while promoting treatment compliance. Saint Luolai is the global only once-monthly peptide-based highly specific EPO receptor agonist.

R&D and Innovation

The Group has one of the largest R&D teams among pharmaceutical companies in China. Our professional R&D team consists of 1,617 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 anti-tumor, anti-infective diseases, 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 30 innovative drug programs at various clinical development stages. During the six months ended June 30, 2023, the Group newly obtained 6 new clinical-stage innovative candidates with 11 clinical approvals; 4 marketing approval for new products, including 1 innovative drug (with 2 approved indications): Saint Luolai (Pegmolesatide Injection), an innovative drug used to treat anemia in chronic kidney disease (CKD) adult patients who have not received erythropoiesis stimulating agent (ESA) and not on dialysis; as well as who are receiving short-acting erythropoietin treatment and on dialysis. It has also obtained a total of 28 patents granted in China (including 8 granted in Hong Kong, Macau and Taiwan) and 13 patents granted overseas.

Details of progress made by the Group in respect of innovative drugs during the six months ended June 30, 2023 were as follows:

Progress of clinical trials for innovative drugs

During the period under review, a number of clinical trials of the Group's innovative drugs entered into the Proof of Concept ("**POC**") stage: (i) HS-10353 capsules intending for the treatment of depression, (ii) HS-10365 capsules intending for the treatment of thyroid cancer, (iii) HS-10380 tablets intending for the treatment of schizophrenia, (iv) HS-20094 injections intending for the type 2 diabetes mellitus, (v) HS-20093 injectables intending for the treatment of relapsed or refractory osteosarcoma and other sarcomas and (vi) HS-10374 tablets intending for the treatment of psoriasis in various related clinical trials.

Furthermore, we have published several clinical trials data at various international conference:

- HS-10365 is a highly potent and selective tyrosine kinase inhibitor. We published the Ph1 data of HS-10365 at the Annual Meeting of the American Association for Cancer Research ("**AACR**") 2023, which showed a manageable safety profile and favorable pharmacokinetic properties. The promising antitumor activity with expectable response time was observed in RET fusion+ NSCLC pts, no matter with or without previous treatments;

- HS-20093 is a B7-H3-targeted antibody-drug conjugate. We published the Ph1 data of HS-20093 at the Annual Meeting of American Society of Clinical Oncology ("**ASCO**") 2023. The safety profile of HS-20093 was acceptable. HS-20093 demonstrated promising antitumor activity in several tumor types, especially in SCLC;

- HS-10241, an oral and highly selective MET-TKI, may contribute to overcoming common acquired MET-based resistance mechanisms following prior EGFR-TKI monotherapy. We published the Ph1b data of HS-10241 in combination with aumolertinib at the Annual Meeting of ASCO 2023. HS-10241 in combination with aumolertinib was well tolerated, and showed encouraging antitumor activity in treatment of advanced NSCLC with EGFR mutation and MET amplification following prior EGFR-TKI.

Marketing approval for innovative drugs

In June 2023, Saint Luolai, a Category 1 innovative drug self-developed by the Group, has been approved for two indications: to treat anemia in chronic kidney disease (CKD) adult patients who have not received erythropoiesis stimulating agent (ESA) and not on dialysis; as well as who are receiving short-acting erythropoietin treatment and on dialysis.

Clinical approvals obtained for innovative drugs

In January 2023, HS-10390 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 Focal Segmental Glomerulosclerosis and Immunoglobulin A Nephropathy with specific indication be determined after the completion of clinical research.

In May 2023, HS-10506 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 depression and insomnia, with specific indication be determined after the completion of clinical research.

In June 2023, HS-20117 (license-in as PM1080), a Category 1 innovative drug developed by the Group under the exclusive license from Biotheus, has been granted a clinical trial notice issued by the NMPA, and is intended to be used for the treatment of advanced solid tumor.

In June 2023, HS-10516 Capsules (license-in as NKT2152), a Category 1 innovative drug developed by the Group under the exclusive license from NiKang Therapeutics, has been granted a clinical trial notice issued by the NMPA, and is intended to be used for the treatment of renal cell carcinoma.

In June 2023, HS-10518 Capsules (license-in as TU2670), a Category 1 innovative drug developed by the Group under the exclusive license from TiumBio, has been granted a clinical trial notice issued by the NMPA, and is intended to be used for the management of moderate to severe pain associated with endometriosis and management of heavy menstrual bleeding associated with uterine leiomyomas.

BD

The Group adheres to the 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 POC, 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, 2023, the expenses of BD project incurred were approximately RMB97 million in total.

Milestone achieved with Biotheus

In June 2023, HS-20117 (license-in as PM1080), a Category 1 innovative drug, has been granted a clinical trial notice issued by the NMPA, and is intended to be used for the treatment of advanced solid tumor.

In November 2022, the Group obtained an exclusive license from Biotheus to develop and commercialize PM1080 within China (including Hong Kong, Macau and Taiwan).

Milestone achieved with NiKang Therapeutics

In June 2023, HS 10516 Capsules (license-in as NKT2152), a Category 1 innovative drug, has been granted a clinical trial notice issued by the NMPA, and is intended to be used for the treatment of renal cell carcinoma.

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

Milestone achieved with TiumBio

In June 2023, HS-10518 Capsules (license-in as TU2670), a Category 1 innovative drug, has been granted a clinical trial notice issued by the NMPA, and is intended to be used for the management of moderate to severe pain associated with endometriosis and management of heavy menstrual bleeding associated with uterine leiomyomas.

In August 2022, the Group obtained an exclusive license from TiumBio to develop and commercialize TU2670 within China (including Hong Kong, Macau and Taiwan).

Environmental, Social and Governance (ESG)

Guided by the core values of "Responsibility, Integrity, Strive and Innovation", the Group will continue to enhance the accessibility of innovative drugs in areas of critical clinical needs while continuously optimising the corporate governance mechanism, strengthening product quality management and pharmacovigilance, improving energy and resource utilization and reducing greenhouse gas emissions, attracting and nurturing high-quality human resources, safeguarding the rights and welfare of employees, and collaborating with both upstream and downstream supply chains to realize the concept of sustainable development and advance the process of bringing quality products to the global market. With reference to the new ESG disclosure requirements announced by The Stock Exchange of Hong Kong Limited, we are continuously improving the disclosure of governance, strategy, risks, indicators and targets on key ESG issues, including climate risk and accessibility of medicines, and are moving towards a higher standard of ESG management, to be answerable to the concerns of investors, community environment, employees, suppliers, clinical trial subjects, ecology, customers and patients in general, and to provide long-term sustainable development for the company itself and society at large. It will also inject vitality into the long-term sustainable development of the corporate itself and the society.

During the period under review, the Group was listed in the Sustainability Yearbook (China Edition) published by S&P Global and ranked in the top 1% of the industry in terms of ESG score, and honoured as the "Industry's Most Improved Company", hinged on its excellent performance in the 2022 S&P Global CSA Corporate Sustainability Assessment. This marks Hansoh Pharma's top CSA score in the Chinese pharmaceutical industry for 2022 and the largest improvement in the industry, according to the rules of the Yearbook. At the same time, we maintained our MSCI ESG A rating.

As a leading innovation-driven pharmaceutical company in China, the Group continues to improve its policies and systems and enhance its ESG management system, so as to build long-term momentum for global innovation and development. The Company is committed to becoming a pioneer in global pharmaceutical innovation, a deep cultivator of the health industry, and an actor of green power, and strives to create diversified social values while continuously improving the quality of human life and comprehensively enhancing economic, social and ecological benefits.

Liquidity and Financial Resources

Currently, the Group follows a set of funding and treasury policies to manage its capital resources and mitigate potential risks. The Board considers various funding sources depending on the Group's funding needs to ensure that the financial resources have been used in the most cost-effective and efficient way. We also closely monitor uses of cash resources and strive to maintain a healthy liquidity for our operations.

For the six months ended June 30, 2023, the Group's operating activities generated a net cash inflow of RMB1,146 million. The capital expenditure for the reporting period was RMB200 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, etc.

The Group's financial position remains sound. As at June 30, 2023, we had cash and bank balances of RMB16,917 million (as at December 31, 2022: RMB17,615 million), financial assets at fair value through profit or loss of RMB4,530 million (as at December 31, 2022: RMB2,544 million), other financial assets of RMB2,089 million (as at December 31, 2022: RMB1,464 million). As at June 30, 2023, 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, 2023 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, 2023, the Group's gearing ratio (calculated as total liabilities divided by total assets) was approximately 24.3% (as at December 31, 2022: 24.5%).

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, 2023, none of the Group's assets was subject to any encumbrance, mortgage, lien, charge or pledge.

Contingent Liabilities

As at June 30, 2023, the Group had no material contingent liabilities.

Significant Investments Held

During the six months ended June 30, 2023, we did not have any significant investments.

Future Plans for Material Investments and Capital Assets

As at June 30, 2023, the Group did not have any plans for material investments and capital assets.

Material Acquisitions and Disposals

During the six months ended June 30, 2023, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures.

Employees and Emoluments Policy

As at June 30, 2023, the Group had a total of 9,432 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 RMB1,301 million for the six months ended June 30, 2023. 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. Participants may include employees of the Group (such as director, chief executive officer, vice president, financial controller, company secretary, members of senior management or key technical personnel) as well as any other person selected by the Board at its sole discretion from time to time (subject to the compliance of the applicable Listing Rules). During the six months ended June 30, 2023 and pursuant to the RSU Scheme, the Company allotted and issued 11,000,000 new shares to Computershare Hong Kong Trustees Limited (the "**RSU Trustee**") holding such shares for the benefit of the participants of the RSU Scheme pursuant to the terms of the RSU Scheme, and the RSU Trustee was instructed by the Company to purchase an aggregate of 6,656,000 shares from the open market. The RSU Trustee shall hold such shares for the benefit of selected participants. As at June 30, 2023, a balance of 6,242,700 Shares was held by the RSU Trustee for the RSU Scheme. 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, 2023, restricted share units ("**RSUs**") representing up to an aggregate of 20,304,400 shares had been granted by the Company pursuant to the RSU Scheme (the "**Grant**"). After the Grant, RSUs representing up to an aggregate of 49,348,454 shares of the Company will be available for future grants. Among the grants during the six months ended June 30, 2023, all RSUs granted to Ms. Sun Yuan (representing 1,300,000 shares) and Mr. Lyu Aifeng (representing 600,000 shares), both being executive directors of the Company and details of which are set out in the announcement dated April 27, 2023, only involve existing RSUs of the Company held or to be held by the RSU Trustee, and no new shares were or will be allotted or issued for the vesting of these RSUs for the Directors of the Company. The grant of RSUs to them form part of their remuneration package under their service contracts with the Company and are therefore exempted from the reporting, announcement and independent shareholders' approval requirements under Rules 14A.73(6) and 14A.95 of the Listing Rules.

Prospects

As an innovative biopharmaceutical company focusing on the development and marketing of innovative drugs, we will continue to increase our investment in research and development, continuously strengthen the accumulation of cutting-edge technologies, actively engage in external collaborations, accelerate the development and commercialization of self-developed and licensing products, and continually enrich the layout of our product pipeline, so as to better meet the unmet medical needs of patients in the PRC and around the world. The Company will also continue to drive operational transformation, continuously improve operational efficiency, firmly implement our compliance policy to ensure healthy and sustainable growth, and actively fulfill corporate social responsibility to realize the value for all stakeholders.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	Notes	For the six months ended June 30, 2023 (unaudited) RMB'000	2022 (unaudited) RMB'000
REVENUE	*4*	**4,511,217**	4,434,378
Cost of sales		**(535,455)**	(398,582)
Gross profit		**3,975,762**	4,035,796
Other income	*4*	**453,083**	194,399
Selling and distribution expenses		**(1,669,645)**	(1,682,856)
Administrative expenses		**(329,961)**	(292,386)
Research and development costs		**(929,478)**	(739,035)
other gains/(expenses), net	*4*	**122**	(6,794)
PROFIT BEFORE TAX	*5*	**1,499,883**	1,509,124
Income tax expense	*6*	**(211,035)**	(211,148)
PROFIT FOR THE PERIOD		**1,288,848**	1,297,976
Attributable to:			
Owners of the parent		**1,288,848**	1,297,976
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**	0.22

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	For the six months ended June 30,	
	2023	2022
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
PROFIT FOR THE PERIOD	**1,288,848**	1,297,976
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**463,930**	253,549
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**463,930**	253,549
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**463,930**	253,549
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**1,752,778**	1,551,525
Attributable to:		
Owners of the parent	**1,752,778**	1,551,525

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2023

	Notes	**As at June 30, 2023 (unaudited) *RMB'000***	As at December 31, 2022 (audited) *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**3,122,191**	3,195,646
Right-of-use assets		**246,494**	254,247
Intangible assets		**131,949**	33,422
Investment in associates		**93,329**	241,071
Financial assets at fair value through profit or loss		**583,577**	412,579
Prepayments for purchase of property, plant and equipment		**13,652**	33,294
Total non-current assets		**4,191,192**	4,170,259
CURRENT ASSETS			
Inventories		**600,384**	447,890
Trade and bills receivables	*9*	**3,327,016**	3,578,392
Prepayments, other receivables and other assets		**287,509**	181,886
Financial assets at fair value through profit or loss		**4,530,331**	2,544,426
Other financial assets		**2,088,567**	1,463,752
Cash and bank balances	*10*	**16,917,316**	17,615,274
Total current assets		**27,751,123**	25,831,620
CURRENT LIABILITIES			
Trade and bills payables	*11*	**298,422**	222,296
Other payables and accruals	*12*	**2,290,211**	2,265,631
Contract liabilities		**32,313**	25,097
Lease liabilities		**16,572**	15,543
Tax payable		**45,840**	90,935
Convertible bonds		**4,463,707**	–
Dividends payable		**268,852**	–
Total current liabilities		**7,415,917**	2,619,502
NET CURRENT ASSETS		**20,335,206**	23,212,118
TOTAL ASSETS LESS CURRENT LIABILITIES		**24,526,398**	27,382,377

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT JUNE 30, 2023

	Notes	**As at June 30, 2023 (unaudited) *RMB'000***	As at December 31, 2022 (audited) *RMB'000*
NON-CURRENT LIABILITIES			
Convertible bonds		**–**	4,282,742
Lease liabilities		**74,089**	79,571
Deferred tax liabilities		**254,458**	350,661
Other non-current liabilities		**22,223**	22,459
Total non-current liabilities		**350,770**	4,735,433
NET ASSETS		**24,175,628**	22,646,944
EQUITY			
Equity attributable to owners of the parent			
Share capital	*13*	**52**	52
Treasury shares		**(73,979)**	(28,027)
Reserves		**24,249,555**	22,674,919
Non-controlling interests		**–**	–
Total equity		**24,175,628**	22,646,944

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, 2023 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, 2022.

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, 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") for the first time for the current period's financial information.

HKFRS 17	*Insurance Contracts*
Amendments to HKFRS 17	*Insurance Contracts*
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform – Pillar Two Model Rules*

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.

2.3 CHANGES IN ACCOUNTING ESTIMATES

Innovation is the core driving force of the Company. The Group has continuously increased its investments in R&D over the years, built seasoned R&D platforms, established a number of proprietary technologies, developed and commercialized a number of innovative drug products, as well as prepared a series of innovative drugs which are currently at different stages of R&D. Due to the accumulated technology and experience of R&D over the years, the Group has decided to change the estimation of the capitalization timing of research and development costs.

The accounting estimate adopted by the Group before the change. All development and research costs were charged to the statement of profit or loss as incurred.

The accounting estimate adopted by the Group after the change. All research costs are charged to the statement of profit or loss as incurred.

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

Deferred development costs are stated at cost less any impairment losses.

The changes in accounting estimates were effective from January 1 2023. Such changes are changes in accounting estimates, which are adopted on a prospective basis without the retrospective adjustments. The changes in accounting estimates resulted in an increase in intangible assets by RMB 97,881,000 as at June 30 2023 and a decrease in research and development costs by RMB 97,881,000 for the six months ended June 30 2023.

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 GAINS/(EXPENSES), NET

An analysis of revenue and other income is as follows:

	For the six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sales of products – at a point in time	**4,483,227**	4,372,817
Collaboration revenue – at a point in time	**27,990**	61,561
	4,511,217	4,434,378
Other income		
Investment income	**42,090**	3,620
Government grants	**38,061**	38,930
Bank interest income	**372,218**	151,802
Others	**714**	47
	453,083	194,399

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

	For the six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
other gains/(expenses), net		
Gain on disposal of items of property, plant and equipment	**1,405**	2,196
Gain on disposal of associates	**4,064**	–
Share of loss of an associate	**(2,123)**	(776)
Fair value gains of financial assets at fair value through profit or loss	**18,020**	43,596
Fair value gains/(loss) of convertible bonds	**9,141**	(60,692)
Donations	**(10,632)**	(25,374)
Exchange differences, net	**11,963**	68,819
Impairment of trade receivables, net	**(5,828)**	(1,481)
Impairment of inventories, net	**4,278**	(312)
Interest expense	**(30,738)**	(28,656)
Others	**572**	(4,114)
	122	(6,794)

5. PROFIT BEFORE TAX

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

	Notes	For the six months ended June 30, 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Cost of inventories sold		**324,699**	250,301
Depreciation of items of property, plant and equipment		**169,443**	144,320
Depreciation of right-of-use assets		**10,305**	10,021
Amortisation of intangible assets		**5,130**	3,826
Impairment of trade receivables, net	*4*	**5,828**	1,481
Impairment of inventories, net	*4*	**(4,278)**	312
Operating lease expenses		**4,910**	3,802
Auditors' remuneration		**1,769**	1,534
Share of loss of an associate	*4*	**2,123**	776
Gain on disposal of items of property, plant and equipment	*4*	**(1,405)**	(2,196)
Investment income	*4*	**(42,090)**	(3,620)
Fair value gains of financial assets at fair value through profit or loss	*4*	**(18,020)**	(43,596)
Fair value (gains)/loss of convertible bonds	*4*	**(9,141)**	60,692
Bank interest income	*4*	**(372,218)**	(151,802)
Exchange differences, net	*4*	**(11,963)**	(68,819)
Employee benefit expense			
Wages and salaries		**882,199**	849,677
Social welfare and other benefits*		**332,757**	335,817
Share-based payments expense		**86,225**	51,194
		1,301,181	1,236,688

* 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 January 1, 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. As at the end of the reporting period, Jiangsu Hansoh is in the process of applying HNTE, which is expected to be completed within this year.

In 2017, Shanghai Hansoh BioMedical Co., Ltd. ("**Shanghai Hansen**"), 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 Hansen subsequently renewed its HNTE qualification in 2020, and was entitled to the preferential tax rate of 15% from 2020 to 2022. As at the end of the reporting period, Shanghai Hansen is in the process of applying HNTE, which is expected to be completed within this year.

In 2021, Changzhou Hansoh Pharmaceutical Co., Ltd. ("**Changzhou Hansoh**"), 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,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax	**307,238**	105,897
Deferred income tax	**(96,203)**	105,251
	211,035	211,148

7. DIVIDENDS

	For the six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
2022 final dividends declared – HK$5.00 cents (2021 final dividends declared – HK$9.00 cents) per ordinary share	**268,852**	455,826

Notes:

Pursuant to the resolutions of the shareholders of the Company dated June 1, 2023, the Company declared dividends of HK$5.00 cents (June 10, 2022: HK$9.00 cents) per ordinary share, amounting to a total of approximately RMB268,852,000 (six months ended June 30, 2022: RMB455,826,000).

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 5,923,743,166 (2022: 5,916,956,923) 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 June 30, 2023 did not assume conversion of the convertible bonds as its conversion be anti-dilutive.

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

	For the six months ended June 30,	
	2023	2022
	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	**1,288,848**	1,297,976

	Adjusted number of shares Six months ended June 30,	
	2023	2022
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**5,923,743,166**	5,916,956,923
Effect of dilution – weighted average number of ordinary shares:		
Restricted share units	**19,805,691**	2,524,570
Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculation	**5,943,548,857**	5,919,481,493
Basic earnings per share (RMB per share)	**0.22**	0.22
Diluted earnings per share (RMB per share)	**0.22**	0.22

9. TRADE AND BILLS RECEIVABLES

	June 30, 2023	December 31, 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**3,322,468**	3,542,190
Provision for impairment	**(14,049)**	(8,221)
	3,308,419	3,533,969
Bills receivable	**18,597**	44,423
	3,327,016	3,578,392

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, 2023	December 31, 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 90 days	**2,916,903**	3,346,334
91 days to 180 days	**86,554**	8,406
Over 180 days	**304,962**	179,229
	3,308,419	3,533,969

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

	June 30, 2023	December 31, 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 90 days	**18,581**	44,423
91 days to 180 days	**16**	–
	18,597	44,423

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

	For the six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
At beginning of the period	**8,221**	1,069
Impairment losses, net	**5,828**	1,481
At end of the period	**14,049**	2,550

10. CASH AND BANK BALANCES

	June 30, 2023	December 31, 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Cash and bank balances, unrestricted	**4,226,502**	2,464,318
Bank deposits with initial term of less than three months when acquired	**504,833**	201,814
Bank deposits with initial term of over three months when acquired *(note (a))*	**12,185,981**	14,949,142
Cash and bank balances	**16,917,316**	17,615,274

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 3.20% to 5.90%. None of these investments are either past due or impaired. None of these deposits are pledged.

11. TRADE AND BILLS PAYABLES

	June 30, 2023	December 31, 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables	**247,085**	133,959
Bills payable	**51,337**	88,337
	298,422	222,296

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, 2023	December 31, 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 90 days	**268,064**	220,947
91 days to 180 days	**28,723**	–
181 days to 1 year	**385**	–
Over 1 year	**1,250**	1,349
	298,422	222,296

12. OTHER PAYABLES AND ACCRUALS

	June 30, 2023	December 31, 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Accrued expenses	**1,530,111**	1,597,138
Staff payroll, welfare and bonus payables	**273,812**	267,430
Other tax payables	**132,665**	60,131
Payables for purchase of items of property, plant and equipment	**76,129**	85,385
Other payables	**277,494**	255,547
	2,290,211	2,265,631

13. SHARE CAPITAL

	June 30, 2023 ***RMB*** **(Unaudited)**	December 31, 2022 *RMB* (Audited)
Issued and fully paid:		
5,933,350,070 shares of HK$0.00001 each (December 31, 2022: 5,922,350,070 shares of HK$0.00001 each)	**52,265**	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, 2023(audited)	**5,922,350,070**	52,169
Placing of new share-Issue of shares of HK$0.00001 each *(note (a))*	**11,000,000**	96
At June 30, 2023 (unaudited)	**5,933,350,070**	52,265

Note:

(a) Pursuant to the placing agreement dated April 21, 2023, 11,000,000 shares of the Company have been successfully placed on April 21, 2023 at the price of HK$2.60 per share. The net proceeds from the placing amounted to HK$28,600,000 (equivalent to approximately RMB25,227,000).

EVENTS AFTER THE REPORTING PERIOD

In July 2023, the new drug application of "Ibrexafungerp Tablets" (R&D code: HS-10366), has been accepted by the NMPA, and it is intended to be used for the treatment of adult and post-menarchal pediatric females with vulvovaginal candidiasis (VVC). In February 2021, the Group obtained an exclusive license from SCYNEXIS, Inc. to research, develop and commercialize Ibrexafungerp in the PRC (including Hong Kong, Macau and Taiwan).

In August 2023, the Group received a written notice from EQRx in relation to the termination of the strategic collaboration and license agreement entered into between EQRx and the Company's subsidiaries, Hansoh (Shanghai) Healthtech Company Limited* (翰森(上海)健康科技有限公司) and Jiangsu Hansoh Pharmaceutical Group Company Limited* (江蘇豪森藥業集團有限公司) on July 23, 2020 in relation to aumolertinib. The License Agreement will be terminated upon the expiry of the term as stipulated therein. The Group will regain the research, development, manufacture and commercialization rights to aumolertinib outside of the PRC upon the termination of the License Agreement. The termination of the License Agreement will not affect the upfront payment and milestone payments previously received by the Group from EQRx. The parties will discuss on any transition activities. Upon completion of the transition, the Group will lead the regulatory review process for aumolertinib MAAs by the MHRA and the EMA.

In August 2023, Jiangsu Hansoh Pharmaceutical Group Company Limited* (江蘇豪森藥業集團有限公司), a wholly-owned subsidiary of the Company, entered into an exclusive collaboration agreement (the "**Collaboration Agreement**") with Antengene Corporation (Hong Kong) Limited and Antengene (Zhejiang) Pharmaceutical Technology Company Limited* (德琪(浙江)醫藥科技有限公司), both subsidiaries of Antengene Corporation Limited. Pursuant to the Collaboration Agreement, the Group will be exclusively responsible for commercialization of selinexor and any product containing or comprising of selinexor (marketed as XPOVIO®) in the mainland of China.

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, 2023, 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, 2023.

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, 2023.

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

During the six months ended June 30, 2023, 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 HK$7.07 cents per share for the six months ended June 30, 2023 (the interim dividend for the six months ended June 30, 2022: HK$5 cents per share). The interim dividend for 2023 will be paid to shareholders on Thursday, September 28, 2023 whose names appear on the register of members of the Company on Tuesday, September 12, 2023. For the purpose of determining shareholders who are qualified for the interim dividend, the register of members of the Company will be closed from Monday, September 11, 2023 to Tuesday, September 12, 2023, 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 8, 2023.

SUPPLEMENTAL INFORMATION IN RELATION TO THE 2022 ANNUAL REPORT

Reference is made to the 2022 annual report of the Company published on April 27, 2023 (the "**2022 Annual Report**"). The Company would like to further provide the following supplemental information:

Use of proceeds from 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 of the Company dated May 31, 2019. As at December 31, 2022, the net proceeds (being HK$8.798 billion) was fully utilized for purposes as set out in the prospectus.

Purpose	Percentage of the total amount	Net proceeds (HK$100 million)	Utilized from the listing date to December 31, 2022 (HK$100 million)	Unutilized as at December 31, 2022 (HK$100 million)	Expected time frame
R&D (including our existing and future domestic and overseas drug development programs), expanding our R&D team, and investment in technologies	45%	39.59	39.59	–	Not applicable
Manufacturing system, construct new production lines and upgrade and further automate our existing production facilities	25%	21.99	21.99	–	Not applicable
Sales and academic promotion	20%	17.60	17.60	–	Not applicable
Working capital and other general corporate purposes	10%	8.80	8.80	–	Not applicable
Total	100%	87.98	87.98	–	

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

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 for R&D including but not limited to our existing and future domestic and overseas drug R&D, projects, 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$400.27 million was utilized as at December 31, 2022 and HK$3,076.93 million remains unutilized. As at December 31, 2022, the net proceeds utilized by the Group were as follows:

Purpose	Percentage of the total amount	Net proceeds (HK$100 million)	Utilized from the issuance date to December 31, 2022 (HK$100 million)	Unutilized as at December 31, 2022 (HK$100 million)	Expected time frame
R&D, including but not limited to our existing and future domestic and overseas drug R&D, projects, expanding our R&D team, and investment in technologies	100%	34.7720	4.0027	30.7693	The balance is expected to be fully utilized by 2030

The net proceeds were used, and the remaining proceeds will be used, according to the purpose previously disclosed by the Company. To the best knowledge of the Directors, there has neither been any material change nor delay in the use of proceeds during the year ended December 31, 2022.

Use of proceeds 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 were approximately US$595.65 million, which have been and will be used for R&D expenditure, including but not limited to allocating funding to clinical trials for innovative drugs, innovative drugs development and/or in-license opportunities, upgrading and expanding existing manufacturing facilities and procuring equipment for its production facilities and for general corporate purposes. In December 2022, the Company repurchased bonds with an aggregate principal amount of US$4 million. As at December 31, 2022, US$362.63 million was utilized and US$229.02 million remains unutilized. As at December 31, 2022, the net proceeds utilized by the Group were as follows:

Purpose	Percentage of the total amount	Net proceeds (US$100 million)	Utilized from the issuance date to December 31, 2022 (US$100 million)	Repurchased from the issuance date to December 31, 2022 (US$100 million)	Unutilized as at December 31, 2022 (US$100 million)	Expected time frame
R&D expenditure, including but not limited to allocating funding to clinical trials for innovative drugs, innovative drugs development and/or in-license opportunities	65%	3.8717	1.6274	0.0400	2.2043	The balance is expected to be fully utilized by 2030
Upgrading and expanding existing manufacturing facilities (including R&D facilities) and procuring equipment for its production facilities	25%	1.4891	1.4032	–	0.0859	The balance is expected to be fully utilized by 2030
General corporate purposes	10%	0.5957	0.5957	–	–	Not applicable
Total	100%	5.9565	3.6263	0.0400	2.2902	

The net proceeds were used, and the remaining proceeds will be used, according to the purpose previously disclosed by the Company. To the best knowledge of the Directors, there has neither been any material change nor delay in the use of proceeds during the year ended December 31, 2022.

The above supplementary information does not affect other information set out in the 2022 Annual Report. Save as disclosed, all other information in the 2022 Annual Report remains unchanged.

USE OF PROCEEDS FROM PREVIOUS FUNDRAISING ACTIVITIES AS AT JUNE 30, 2023

Use of proceeds from placing

Reference is made to the section headed "SUPPLEMENTAL INFORMATION IN RELATION TO THE 2022 ANNUAL REPORT – Use of proceeds from placing", HK$510.83 million was utilized as at June 30, 2023 and HK$2,966.37 million remains unutilized. As at June 30, 2023, the net proceeds utilised by the Group were as follows:

Purpose	Percentage of the total amount	Net proceeds received (HK$100 million)	Utilized from the issuance date to June 30, 2023 (HK$100 million)	Unutilized as at June 30, 2023 (HK$100 million)	Expected time frame
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	100%	34.7720	5.1083	29.6637	The balance is expected to be fully utilized by 2030

The net proceeds were used, and the remaining proceeds will be used, according to the purpose previously disclosed by the Company. To the best knowledge of the Directors, there has neither been any material change nor delay in the use of proceeds during the six months ended June 30, 2023.

Use of proceeds from issuance of convertible bonds

Reference is made to the section headed "SUPPLEMENTAL INFORMATION IN RELATION TO THE 2022 ANNUAL REPORT – Use of proceeds from issuance of convertible bonds", US$483.16 million was utilized as at June 30, 2023 and US$108.49 million remains unutilized. As at June 30, 2023, the net proceeds utilised by the Group were as follows:

Purpose	Percentage of the total amount	Net proceeds received (US$100 million)	Utilized from the issuance date to June 30, 2023 (US$100 million)	Repurchased from the issuance date to June 30, 2023 (US$100 million)	Unutilized as at June 30, 2023 (US$100 million	Expected time frame
R&D expenditure, including but not limited to funding clinical trials of innovative drugs, innovative drug development and/or potential in-license opportunities	65%	3.8717	2.7468	0.0400	1.0849	The balance is expected to be fully utilized by 2030
Upgrading and expanding existing manufacturing facilities (including R&D facilities) and procuring equipment for its production facilities	25%	1.4891	1.4891	–	–	Not applicable
General corporate purposes	10%	0.5957	0.5957	–	–	Not applicable
Total	100%	5.9565	4.8316	0.0400	1.0849	

The net proceeds were used, and the remaining proceeds will be used, according to the purpose previously disclosed by the Company. To the best knowledge of the Directors, there has neither been any material change nor delay in the use of proceeds during the six months ended June 30, 2023.

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, 2023 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 31, 2023

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*