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**LANSEN PHARMACEUTICAL HOLDINGS LIMITED**  
**朗生醫藥控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock code: 503)**

**INTERIM RESULTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021**  
**SPECIAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS**

**FINANCIAL HIGHLIGHTS**

	<b>Six months ended 30 June 2021</b>	<b>Six months ended 30 June 2020</b>	<b>Change</b>
<b>Results (US\$'000):</b>			
Revenue	<b>23,485</b>	26,776	-12.3%
Gross profit	<b>15,148</b>	17,928	-15.5%
Profit from operations	<b>2,781</b>	5,992	-53.6%
Profit before income tax	<b>1,845</b>	103,242	-98.2%
Profit attributable to owners of the Company	<b>1,529</b>	96,442	-98.4%
<b>Profitability</b>			
Gross profit margin	<b>64.5%</b>	67.0%	-2.5%
Net profit margin	<b>6.5%</b>	360.2%	-353.7%
Basic and diluted earnings per share ( <i>US cents</i> )	<b>0.38</b>	24.3	-23.92

The board of directors (the “Board”) of Lansen Pharmaceutical Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as “Lansen” or the “Group”) for the six months ended 30 June 2021 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

		<b>Six months ended 30 June 2021 US\$'000 (unaudited)</b>	Six months ended 30 June 2020 US\$'000 (unaudited)
	<i>Notes</i>		
<b>Revenue</b>	4	<b>23,485</b>	26,776
Cost of sales		<u>(8,337)</u>	<u>(8,848)</u>
<b>Gross profit</b>		<b>15,148</b>	17,928
Other income	4	<b>565</b>	356
Selling and distribution expenses		<b>(7,758)</b>	(6,078)
Administrative expenses		<b>(5,081)</b>	(6,348)
Loss allowance (recognised)/reversed on financial assets		<u>(93)</u>	134
<b>Profit from operations</b>		<b>2,781</b>	5,992
Other non-operating income and expenses	6	<b>(1,565)</b>	98,230
Finance income	7	<b>1,843</b>	192
Finance costs	7	<b>(801)</b>	(1,176)
Share of post-tax result of associates		<u>(413)</u>	4
<b>Profit before income tax</b>	8	<b>1,845</b>	103,242
Income tax expense	9	<u>(316)</u>	<u>(6,800)</u>
<b>Profit for the period</b>		<b><u>1,529</u></b>	<b><u>96,442</u></b>

	<b>Six months ended 30 June 2021 US\$'000 (unaudited)</b>	Six months ended 30 June 2020 US\$'000 (unaudited)
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
— Exchange differences arising on translation of foreign operations	528	(1,305)
— Exchange differences reclassified to profit or loss upon deemed disposal of an associate	—	1,937
— Exchange differences reclassified to profit or loss upon disposal of a subsidiary	134	—
	<u>662</u>	<u>632</u>
Other comprehensive income for the period, net of tax		
	<u>662</u>	<u>632</u>
<b>Total comprehensive income for the period</b>	<u>2,191</u>	<u>97,074</u>
<b>Profit attributable to owners of the Company</b>	<u>1,529</u>	<u>96,442</u>
<b>Total comprehensive income attributable to owners of the Company</b>	<u>2,191</u>	<u>97,074</u>
	<i>US cents</i>	<i>US cents</i>
<b>Earnings per share</b>		
— Basic and diluted	11 <u>0.38</u>	<u>24.3</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		30 June 2021 US\$'000 (unaudited)	31 December 2020 US\$'000 (audited)
	<i>Notes</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		23,735	24,391
Right-of-use assets		2,339	2,450
Investment property		628	633
Intangible assets		22,108	21,630
Goodwill		6,824	6,824
Interests in associates		5,963	6,862
		<u>61,597</u>	<u>62,790</u>
<b>Current assets</b>			
Inventories		6,600	6,722
Trade and other receivables	12	48,720	44,368
Loan to an associate	13	8,149	8,425
Tax recoverable		105	105
Financial assets at fair value through profit or loss (“FVTPL”)	14	7,614	32,815
Pledged bank deposits		17,299	14,144
Cash and cash equivalents		103,000	83,409
		<u>191,487</u>	<u>189,988</u>
<b>Total assets</b>		<u><u>253,084</u></u>	<u><u>252,778</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		3,972	3,972
Share premium		16,750	16,750
Treasury shares		(856)	–
Foreign exchange reserve		4,569	3,907
Statutory reserve		10,343	10,228
Retained profits		163,839	162,425
<b>Total equity</b>		<u>198,617</u>	<u>197,282</u>

		<b>30 June</b>	31 December
		<b>2021</b>	2020
		<i>US\$'000</i>	<i>US\$'000</i>
	<i>Note</i>	<b>(unaudited)</b>	(audited)
<b>Non-current liabilities</b>			
Lease liabilities		<b>503</b>	782
Deferred tax liabilities		<b>1,970</b>	3,227
		<u><b>2,473</b></u>	<u>4,009</u>
<b>Current liabilities</b>			
Borrowings		<b>29,120</b>	31,424
Lease liabilities		<b>359</b>	394
Current tax liabilities		<b>245</b>	870
Trade and other payables	<i>15</i>	<b>20,898</b>	17,272
Contract liabilities		<b>110</b>	296
Other financial liabilities		<b>1,262</b>	1,231
		<u><b>51,994</b></u>	<u>51,487</u>
<b>Total liabilities</b>		<u><b>54,467</b></u>	<u>55,496</u>
<b>Total equity and liabilities</b>		<u><b>253,084</b></u>	<u>252,778</u>
<b>Net current assets</b>		<u><b>139,493</b></u>	<u>138,501</u>
<b>Total assets less current liabilities</b>		<u><b>201,090</b></u>	<u>201,291</u>

## Notes

### 1. CORPORATE INFORMATION

Lansen Pharmaceutical Holdings Limited (the “Company”) is an exempted limited liability company incorporated in the Cayman Islands on 10 September 2009 and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 7 May 2010. The Company’s registered office is located at Windward 3, Regatta Office Park, P. O. Box 1350, Grand Cayman KY1-1108, the Cayman Islands. The Company’s principal place of business is located at Suites 1203–4, 12/F, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of the Company’s subsidiaries (together with the Company referred to as the “Group”) are manufacturing and trading of pharmaceutical products. The principal activities of the Group are carried out in the People’s Republic of China (the “PRC”). There were no significant changes in the Group’s operations during the period.

The Company is a subsidiary of Cathay International Holdings Limited (“CIH”), a company incorporated in Bermuda. The directors consider the immediate holding company and ultimate holding company to be Cathay International Pharma Manufacture and Distribution (China) Limited and CIH respectively.

### 2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2021 (the “Interim Financial Statements”) have been prepared in accordance with International Accounting Standard (“IAS”) 34 “*Interim Financial Reporting*” issued by the International Accounting Standards Board (the “IASB”) and the applicable disclosure required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The preparation of the Interim Financial Statements in compliance with IAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The Interim Financial Statements are presented in United States Dollars (“US\$”), unless otherwise stated. The Interim Financial Statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2020 annual financial statements. The Interim Financial Statements do not include all of the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”) (which collective term includes all individual International Financial Reporting Standards and Interpretations as approved by the IASB, and all individual International Accounting Standards and Interpretations as originated by the Board of the International Accounting Standards Committee and adopted by the IASB), and should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 December 2020.

The Interim Financial Statements have been prepared on the historical cost basis except for certain financial assets and financial liabilities that are measured at fair values.

The Interim Financial Statements have been prepared with the same accounting policies adopted in the Group's consolidated financial statements for the year ended 31 December 2020, except for those disclosed in note 3.

The Interim Financial Statements are unaudited, but have been reviewed by BDO Limited in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" issued by the International Auditing and Assurance Standards Board.

### **3. CHANGES IN ACCOUNTING POLICIES**

In the current interim period, the Group has applied, for the first time, the following amendments issued by the IASB that are potentially relevant to and effective for the annual period beginning on or after 1 January 2021 for the preparation of the Interim Financial Statements.

Amendments to IAS 39, IFRS 4, IFRS 7, IFRS 9 and IFRS 16	Interest Rate Benchmark Reform — Phase 2
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Amendments to IFRS 16	COVID-19 Related Rent Concessions
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The adoption of the above amendments have no material impact on the Group's financial performance and position for the current or prior periods and/or on disclosures set out in these Interim Financial Statements.

The Group has not early applied any new standards or interpretation that is not yet effective for the current accounting period. In prior period, net exchange gain derived from cash and cash equivalents of approximately US\$30,000 and bank interest income of approximately US\$162,000 were included under administrative expenses and other income respectively. From 2021 onwards, those net exchange gain and bank interest income are presented under finance income and finance costs, to more appropriately reflect the nature of such items. The comparative figures have been reclassified to conform to the current period's presentation.

#### 4. REVENUE AND OTHER INCOME

An analysis of the Group's revenue which are generated from contracts with customers and other income for the periods are as follows:

	<b>Six months ended 30 June 2021 US\$'000 (unaudited)</b>	Six months ended 30 June 2020 US\$'000 (unaudited)
<b>Revenue from sales of goods</b>	<b>23,485</b>	26,776
<b>Timing of revenue recognition</b>		
At a point in time	<b>23,485</b>	26,776
<b>Other income</b>		
Government grants	<b>68</b>	100
Gain on early termination of lease	<b>198</b>	—
Others	<b>299</b>	256
	<b>565</b>	356

The Group received grants from the local government in the PRC mainly attributed to the Group's development of high-technology pharmaceutical products. The grants received were not subject to any conditions.

#### 5. SEGMENT INFORMATION

Information reported to the executive managing director, being the chief operating decision maker ("CODM"), for the purposes of resources allocation and assessment of segment performance based on the types of goods delivered.

The Group's reportable and operating segments under IFRS 8 "*Operating Segments*" are as follows:

- Pharmaceuticals: development, production and sale of specialty pharmaceuticals mainly used in the field of rheumatology and dermatology and other pharmaceuticals
- Cosmetic products: sale of cosmetic products
- Healthcare products: development, production and sale of healthcare products



The following is an analysis of the Group's revenue and results from operations by reportable and operating segments.

	Six months ended 30 June 2021			Total <i>US\$'000</i> (unaudited)
	Pharmaceuticals <i>US\$'000</i> (unaudited)	Cosmetic products <i>US\$'000</i> (unaudited)	Healthcare products <i>US\$'000</i> (unaudited)	
<b>Primary geographical markets</b>				
The PRC (domicile)	22,311	88	200	22,599
Overseas	—	—	886	886
Reportable segment revenue	<u>22,311</u>	<u>88</u>	<u>1,086</u>	<u>23,485</u>
Reportable segment profit/(loss)	<u>7,604</u>	<u>(416)</u>	<u>202</u>	<u>7,390</u>
	Six months ended 30 June 2020			Total <i>US\$'000</i> (unaudited)
	Pharmaceuticals <i>US\$'000</i> (unaudited)	Cosmetic products <i>US\$'000</i> (unaudited)	Healthcare products <i>US\$'000</i> (unaudited)	
<b>Primary geographical markets</b>				
The PRC (domicile)	25,556	2	381	25,939
Overseas	—	—	837	837
Reportable segment revenue	<u>25,556</u>	<u>2</u>	<u>1,218</u>	<u>26,776</u>
Reportable segment profit/(loss)	<u>12,739</u>	<u>(751)</u>	<u>(138)</u>	<u>11,850</u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current and prior periods.

The totals presented for the Group's operating segments reconciled to the Group's key financial figures as presented in the Interim Financial Statements is as follows:

	<b>Six months ended 30 June 2021 US\$'000 (unaudited)</b>	Six months ended 30 June 2020 US\$'000 (unaudited)
Total results of reportable segment profit	7,390	11,850
Unallocated income	565	356
Unallocated expenses	(5,174)	(6,214)
Other non-operating income and expenses	(1,565)	98,230
Finance income	1,843	192
Finance costs	(801)	(1,176)
Share of post-tax result of associates	(413)	4
	<u>1,845</u>	<u>103,242</u>
Profit before income tax	<u>1,845</u>	<u>103,242</u>

Reportable segment profit/(loss) represents the gross profit/(loss) less selling and distribution expenses by each segment. This is the measure reported to the CODM for the purpose of resources allocation and performance assessment.

Share of post-tax result of associates, other non-operating income and expenses, finance income, finance costs and certain income and expenses are not allocated to the reportable segments as they are not included in the measure of the results of reportable segment that is used by CODM for assessment of segment performance.

No segment assets or segment liabilities is presented as they are not regularly provided to the CODM.

## 6. OTHER NON-OPERATING INCOME AND EXPENSES

	Six months ended 30 June 2021 US\$'000 (unaudited)	Six months ended 30 June 2020 US\$'000 (unaudited)
Realised loss from financial assets at FVTPL ( <i>Note</i> )	(511)	–
Transaction costs and other tax in connection with partial disposal of financial assets at FVTPL	(5)	–
Unrealised (loss)/gain on change in value of financial assets at FVTPL ( <i>Note 14</i> )	(553)	54,792
Exchange difference arising on translation of financial assets at FVTPL	16	–
Gain on deemed disposal of an associate ( <i>Note 14</i> )	–	45,618
Gain on disposal of a subsidiary	13	–
Provision for impairment of intangible assets	–	(2,180)
Provision for impairment of interest in an associate	(550)	–
Loss allowance reversed on financial guarantee contract	25	–
	<u>(1,565)</u>	<u>98,230</u>

### *Note:*

During the six months ended 30 June 2021, the Group had disposed of a total of 2,453,511 shares in Zhejiang Starry Pharmaceutical Co., Ltd. (“Starry”) via on-market sales on the Shanghai Stock Exchange, at the average price of Renminbi (“RMB”) 64.46 per share and resulting in a realised loss of US\$516,000 (net of transaction costs and other tax). After the partial disposal, the Group’s equity interest in Starry was reduced from 1.3% as at 31 December 2020 to 0.3% as at 30 June 2021.

## 7. FINANCE INCOME AND FINANCE COSTS

	Six months ended 30 June 2021 <i>US\$'000</i> (unaudited)	Six months ended 30 June 2020 <i>US\$'000</i> (unaudited)
<b>Finance income</b>		
Bank interest income	863	162
Net exchange gain	980	30
	<u>1,843</u>	<u>192</u>
<b>Finance costs</b>		
Interest on bank borrowings	694	1,081
Cross guarantee commission fee payable to a fellow subsidiary	50	46
Unwinding of discount on contingent consideration	31	30
Interest on lease liabilities	26	19
	<u>801</u>	<u>1,176</u>

## 8. PROFIT BEFORE INCOME TAX

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

	Six months ended 30 June 2021 <i>US\$'000</i> (unaudited)	Six months ended 30 June 2020 <i>US\$'000</i> (unaudited)
Depreciation of property, plant and equipment	1,217	1,205
Depreciation of investment property	10	–
Depreciation of right-of-use assets	245	264
Provision for impairment of property, plant and equipment	49	17
Provision for impairment of obsolete inventories	36	1,220
Net exchange gain	(996)	(30)
Research and development costs	1,092	1,404
Losses on disposals of property, plant and equipment	2	31
Write off of inventories	277	175
	<u>2,777</u>	<u>4,286</u>

## 9. INCOME TAX EXPENSE

	<b>Six months ended 30 June 2021 US\$'000 (unaudited)</b>	Six months ended 30 June 2020 US\$'000 (unaudited)
<b>Current tax</b>		
— Tax for the period	1,610	964
— (Over)/Under provision in prior periods	<u>(26)</u>	<u>44</u>
	1,584	1,008
<b>Deferred tax</b>	<u>(1,268)</u>	<u>5,792</u>
Income tax expense	<u><u>316</u></u>	<u><u>6,800</u></u>

Tax on assessable profits has been calculated at the applicable rates of tax prevailing in the tax jurisdiction in which the Group operates.

Hong Kong profits tax is calculated at 16.5% (Six months ended 30 June 2020: 16.5%) on the estimated assessable profits for the six months ended 30 June 2021.

Under the two-tiered profits tax rates regime for Hong Kong profit tax, the first Hong Kong Dollars (“HK\$”) 2,000,000 of profits of qualifying corporations will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The two-tiered profits tax rates regime was applicable to the Group for the six months ended 30 June 2021 and 2020.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% (Six months ended 30 June 2020: 25%).

A subsidiary of the Group had been certified as a new high technology enterprise in the PRC and enjoyed a preferential enterprise income tax rate of 15% (Six months ended 30 June 2020: 15%).

## 10. DIVIDENDS

For the six months ended 30 June 2021 and 2020, the directors of the Company do not recommend the payment of interim dividends.

On 31 August 2021, the directors have declared a special dividend of HK\$1.55 (equivalent to approximately US\$0.20) per share, totalling approximately HK\$598,551,000 (equivalent to approximately US\$77,103,000) to the shareholders whose names appear in the register of members of the Company on 16 September 2021. The declared special dividend has not yet been accounted for in the Interim Financial Statements but will be reflected in the consolidated financial statements for the year ending 31 December 2021.

## 11. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the consolidated profit attributable to owners of the Company and the weighted average number of ordinary shares of 397,172,000 shares (Six months ended 30 June 2020: 397,172,000 shares), after adjusting the treasury shares held or cancelled by the Company, outstanding during the period.

The Group had no potential dilutive ordinary shares in issue during the current and prior periods.

## 12. TRADE AND OTHER RECEIVABLES

	<b>30 June 2021 US\$'000 (unaudited)</b>	31 December 2020 US\$'000 (audited)
Trade receivables	<b>16,543</b>	19,702
Less: loss allowance	<b>(710)</b>	(758)
	<b>15,833</b>	18,944
Bills receivables	<b>19,353</b>	12,881
Trade and bills receivables	<b>35,186</b>	31,825
Prepayments and other receivables	<b>13,534</b>	12,543
	<b>48,720</b>	44,368

The Group has a policy of allowing an average credit period of 90 days (31 December 2020: 90 days) to its customers.

Based on the invoice date, the ageing analysis of the trade and bills receivables (net of loss allowance) of the Group as at the end of the reporting period is as follows:

	<b>30 June 2021 US\$'000 (unaudited)</b>	31 December 2020 US\$'000 (audited)
90 days or below	<b>25,238</b>	16,109
91–180 days	<b>6,204</b>	11,428
181–365 days	<b>3,597</b>	4,206
Over 365 days	<b>147</b>	82
	<b>35,186</b>	31,825

As at 30 June 2021, certain bills receivables of US\$17,423,000 (31 December 2020: US\$11,141,000) were pledged to secure for bank borrowings of a fellow subsidiary.

### **13. LOAN TO AN ASSOCIATE**

The amount due is unsecured, interest-free and repayable on demand. The directors consider that the carrying amount of this balance approximates its fair value.

As at 30 June 2021, loss allowance of US\$858,000 (31 December 2020: US\$693,000) recognised on loan to an associate were made against the carrying amount of loan to an associate.

### **14. FINANCIAL ASSETS AT FVTPL**

On 26 April 2020, since the director of the Group's subsidiaries was ceased to be a director of Starry, the Group did not have the right to exercise significant influence on Starry and accordingly derecognised its interests in Starry as an associate of the Group. They are classified as financial assets at FVTPL according to the guidance in IFRS 9 "*Financial Instruments*".

As at 30 June 2021, the Group held a total of 798,982 shares (31 December 2020: 3,252,493 shares) in Starry, representing approximately 0.3% (31 December 2020: 1.3%) interest of the issued share capital of Starry.

The Group may further dispose of the shares of Starry under the share reduction plan ("Share Reduction Plan") as disclosed in the announcement headed "Voluntary Announcement in relation to Eighth Share Reduction Plan of Starry" of the Company dated 25 May 2021 and subject to prevailing market price of the shares of Starry and general conditions of the stock market as well as the restrictions set out in the Share Reduction Plan. The Group will comply with the applicable requirements under the Listing Rules accordingly and make further announcement(s) in this regard as and when appropriate.

## 15. TRADE AND OTHER PAYABLES

	<b>30 June 2021 US\$'000 (unaudited)</b>	31 December 2020 US\$'000 (audited)
Trade payables	2,232	2,905
Bills payables	12,633	5,058
Financial guarantee contract	963	979
Other payables and accruals	<u>5,070</u>	<u>8,330</u>
	<b><u>20,898</u></b>	<b><u>17,272</u></b>

Based on invoice date, the ageing analysis of the trade payables of the Group as at the end of the reporting period is as follows:

	<b>30 June 2021 US\$'000 (unaudited)</b>	31 December 2020 US\$'000 (audited)
90 days or below	1,908	2,158
91–180 days	26	399
181–365 days	37	4
Over 365 days	<u>261</u>	<u>344</u>
	<b><u>2,232</u></b>	<b><u>2,905</u></b>



## MANAGEMENT DISCUSSION AND ANALYSIS

The principal activities of Lansen Pharmaceutical Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively known as “Lansen” or the “Group”) are classified into three segments, pharmaceutical, cosmetics and healthcare. Its products are mainly sold in the People’s Republic of China (the “PRC”).

### BUSINESS REVIEW

Lansen recorded a revenue of approximately US\$23.5 million for the six months ended 30 June 2021 (six months ended 30 June 2020: approximately US\$26.8 million), representing a decrease of approximately 12.3% over the corresponding period last year. The decrease in the Group’s revenue was primarily attributable to the decrease in sales volume of the Group’s core products, Pafulin and Sicorten Plus, in the current period as compared with the corresponding period last year. The Group has focused with concern on the decrease in sales volume and is adjusting its sales strategies. Profit from operations for the period was approximately US\$2.8 million (six months ended 30 June 2020: approximately US\$6.0 million), representing a decrease of approximately 53.6% over the corresponding period last year. The decrease in the profit from operations was primarily attributable to the aforementioned decrease in revenue, which resulted in a corresponding decrease in gross profit. Profit for the period reached approximately US\$1.5 million (six months ended 30 June 2020: approximately US\$96.4 million), representing a decrease of approximately 98.4% over the corresponding period last year. The decrease in profit was due to the absence of a one-off net gain arising from the reclassification of the interest in Zhejiang Starry Pharmaceutical Co., Ltd. (“Starry”) as financial assets at fair value through profit or loss (“FVTPL”) in the current period. Starry is a company incorporated in the PRC and its shares are listed on the Shanghai Stock Exchange. Starry was accounted for as an associate of the Group prior to the reclassification. As disclosed in the Group’s 2020 interim report and 2020 annual report, as the shares held by the Group in Starry were less than 5%, the director appointed to Starry by the Group retired from the board of directors of Starry in 2020. According to applicable accounting standards, the Group had no right to exercise significant influence on Starry since then, and therefore, Starry ceased to be an associate and the interest in Starry was reclassified as financial assets at FVTPL since 2020.

In the first half of the year, revenue of the pharmaceutical segment decreased by approximately 12.7% over last year to approximately US\$22.3 million (six months ended 30 June 2020: approximately US\$25.6 million), among which, the revenue of its self-owned specialty pharmaceutical products (including Pafulin and Sicorten Plus) decreased by approximately 15.0% over the corresponding period last year. Profit of the pharmaceutical segment decreased by approximately 40.3% in the first half of the year as compared with the corresponding period last year.

In the first half of the year, revenue of the cosmetic segment amounted to approximately US\$88,000 (six months ended 30 June 2020: approximately US\$2,000); and segment loss amounted to approximately US\$0.4 million (six months ended 30 June 2020: approximately US\$0.8 million). The cosmetic business of the Group is still in the stage of product development and sales channel exploration.

The healthcare segment takes Natural Dailyhealth Holdings Limited (“Natural Dailyhealth”) as a platform for development to sell plant extract and healthcare products. The Group shares the post-tax results of this associate, Natural Dailyhealth. In addition, the main segment business of the Group’s healthcare products is an entrusted processing operation, which recorded a revenue of approximately US\$1.1 million in the first half of the year (six months ended 30 June 2020: approximately US\$1.2 million), representing a decrease of approximately 10.8% over the corresponding period last year; and segment profit amounted to approximately US\$0.2 million (six months ended 30 June 2020: segment loss of approximately US\$0.1 million).

### **Pharmaceutical segment**

2021 sees increasingly strengthened regulations on the PRC pharmaceutical industry. In this regard, the Group tried to expand its product coverage and channel coverage by closely following the changes in the pharmaceutical market environment and policies while adhering to its established strategies. The Group is conducting reviews at the execution level in order to better implement market coverage, gradually bringing its products to a broad grass-root market. Meanwhile, the Group continued to enhance online medical knowledge sharing, and additionally held a wide range of online academic conferences. In addition, the Group participated in some offline professional conferences and promotion meetings in the industry, and communicated with experts to explore new therapeutic areas for Pafulin, and enhance the awareness of Sicorten Plus in the dermatology therapeutic area. At the same time, the Group expanded the pharmacy market through retail pharmacy staff education.

### **Cosmetic segment**

In the first half of the year, the Group’s cosmetic business team began to make structural adjustments based on the actual business situation, and planned to establish a light cosmeceutical pipeline. Light cosmeceutical products are designed mainly to establish a new concept of skin care through various non-surgical medical means. With collagen functional skin care products as the core, the cosmetic segment relies on cosmeceutical channels and light cosmeceutical channels for promotion, and conducts product upgrading on the basis of the previous San Parietti series, targeting groups that pursue light cosmeceuticals and anti-aging. In addition, the Group tried to expand e-commerce channels by producing a product matrix based on target customers of different age groups. The Group will explore the way to operate brand-based cosmetic business in the PRC on its cosmeceutical products, chained self-operated stores and e-commerce channels respectively.

## **Healthcare segment**

The Group continued to utilise its associate, Natural Dailyhealth, as a platform for developing its healthcare business. During the period, the plant extract business operation of Natural Dailyhealth faced challenges with continuous pressures on its gross profit. In this connection, Natural Dailyhealth would adhere to its sales strategies with high-quality products and key customers as the core, and strengthen control over raw material procurement and production process optimisation, to improve its core competitiveness. Sales through e-commerce platforms are still at the initial stage of exploration. The beverage sub-segment failed to achieve market competitiveness in pilot cities. Therefore, Natural Dailyhealth will suspend the production of these products.

## **OUTLOOK**

### **Pharmaceutical segment**

In terms of the pharmaceutical business, the Group will continue to focus on the business in rheumatology, dermatology and other therapeutic areas, and continuously step up efforts on the expansion in hospitals, retail and grass-roots markets, to expand the coverage of grass-root distribution teams. Meanwhile, the Group will expand hospital coverage and product coverage, and enhance education on compliance to improve the Group's operational safety and sustainability.

The Group will continuously enhance the cooperation with health systems at all levels, professional associations and research platforms of relevant institutions and colleges to improve the technology standards and product reserves of the Group in immunity, dermatology and traditional Chinese medicine. Also, the Group will continue to increase its research and development investment in core products such as Pafulin in terms of their action mechanisms, new indications, and internationalisation of products to maintain its leading position in relevant therapeutic areas. With the further deepening of the national policies with emphasis on the development of the traditional Chinese medicine, the Group plans to gradually resume the production of over twenty traditional Chinese medicine products over the next few years and successively launch them into the market.

### **Cosmetic segment**

Looking forward to the second half of the year, the Group will continue to perfect its cosmetic business organisation and enhance brand building. The Group will continue to build a complete light cosmeceutical and anti-aging service model which is collagen-centric, through San Parietti skin care product series, San Parietti oral collagen nutrient series and upgraded light cosmeceutical collagen functional skin care product series, to meet the market demand for delaying the early signs of skin aging. In the second half of the year, the Group plans to launch the upgraded collagen functional skin care and anti-aging series, in order to display and sell San Parietti and upgraded collagen functional skin care product series in light cosmeceutical stores, while continuing to focus on brand building for its cosmetic business.

## **Healthcare segment**

The Group will continue to utilise Natural Dailyhealth as a platform for developing its healthcare business, with an aim to implement the strategies of high-quality products and key customers. Meanwhile, Natural Dailyhealth will actively strengthen control over raw material procurement and production process optimisation, to improve its cost competitiveness. Natural Dailyhealth plans to expand its production facilities with licences for pharmaceutical production and increase production lines for granules, to enrich its business scope. In terms of healthcare products, Natural Dailyhealth will continue to actively facilitate the registration approval of several healthcare products that Natural Dailyhealth has applied for with the State Food and Drug Administration.

## **FINANCIAL REVIEW**

### **Liquidity, financial resources and capital structure**

The Group primarily finances its working capital and other capital requirements by net cash generated from operating activities and resorts to external financing including bank borrowings from time to time when the operating cash flow is insufficient to meet capital requirements.

As at 30 June 2021, the net current assets of the Group were approximately US\$139.5 million (31 December 2020: approximately US\$138.5 million) and the current ratio was 3.7 (31 December 2020: 3.7).

As at 30 June 2021, the Group's cash and cash equivalents amounted to approximately US\$103.0 million (31 December 2020: approximately US\$83.4 million). As at 30 June 2021, the Group had pledged bank deposits of approximately US\$17.3 million (31 December 2020: approximately US\$14.1 million) to secure bank borrowings.

The Group's borrowings as at 30 June 2021 amounted to approximately US\$29.1 million (31 December 2020: approximately US\$31.4 million), which were fully repayable within 1 year (31 December 2020: repayable within 1 year).

The exposure of the Group's transactional currency to foreign currency risk was minimal as the majority of the financial assets and liabilities held by the subsidiaries of the Group are denominated in the respective functional currency of the subsidiaries. The Group currently does not have any foreign currency hedging policy. However, management closely monitors foreign exchange exposure and would consider hedging foreign currency exposure when necessary.

### **Charges on assets**

As at 30 June 2021, pledged bank deposits of approximately US\$17.3 million (31 December 2020: approximately US\$14.1 million) and bills receivables amounting to approximately US\$17.4 million (31 December 2020: approximately US\$11.2 million) were pledged to secure banking facilities of the Group and bank borrowings of a fellow subsidiary.

## **Material acquisitions and disposals**

During the period, the Group has disposed of a total of 2,453,511 shares in Starry via on-market sales on the Shanghai Stock Exchange, at the average price of RMB64.46 per share and resulting in a realised loss of US\$516,000 (net of transaction costs and other tax). After the partial disposal, the Group's holding in Starry has reduced from 1.3% as at 31 December 2020 to 0.3% as at 30 June 2021.

## **Human resources**

The Group had over 627 employees as at 30 June 2021. Staff remuneration of the Group, including salary, allowances, medical insurance and provident fund, is determined with reference to individual performance, professional qualifications, experience in the industry and relevant market trends.

Salaries of employees of the Group have been maintained at a competitive level and are reviewed annually, with close reference to the relevant labour market and economic condition. The Group provides career advancement training in the form of internal courses and workshops for staff and encourages staff to participate in training programmes related to the Group's business.

## **OTHER INFORMATION**

### **Interim Dividend**

The Directors do not recommend the payment of interim dividend for the six months ended 30 June 2021.

### **Special Dividend**

The Directors have declared a special dividend of HK\$1.55 per share to the shareholders whose names appear in the register of members of the Company on 16 September 2021. The special dividend will be payable on 28 September 2021.

### **Closure of Register of Members**

The register of members of the Company will be closed from Wednesday, 15 September 2021 to Thursday, 16 September 2021 (both dates inclusive), during such period no transfer of shares of the Company will be registered. In order to qualify for receiving the special dividend, the Company's shareholders are reminded to ensure that all transfers of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share register in Hong Kong, Link Market Services (Hong Kong) Pty Limited, at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong for registration not later than 4:30 p. m. on Tuesday, 14 September 2021.

## Future Plans Relating to Material Investment or Capital Assets

Save as disclosed in this announcement, the Group has no plans for material investments or capital assets as at 30 June 2021.

## Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules as at the date of this announcement.

## Purchase, Sale or Redemption of Listed Securities

The table that follows outlines details of the ordinary shares purchased by the Company on a monthly basis during the six months ended 30 June 2021. The total number of shares purchased was 2,774,000 during the six months ended 30 June 2021. All shares purchased were subsequently cancelled.

	No. of Shares	Highest price paid per share (HK\$)	Lowest price paid per share (HK\$)	Average price paid per share (HK\$)	Aggregate price paid (HK\$)
June 2021	2,774,000	2.50	2.22	2.39	6,643,530

## Compliance with the Code on Corporate Governance Practices

During the six months ended 30 June 2021, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules except with a deviation from paragraph A.5 of the Code. Under paragraph A.5 of the Code, the Company should establish a nomination committee with specific written terms of reference which deal clearly with its authority and duties. Currently, the Company has not established a nomination committee and has retained the functions with the remuneration committee of the Company. The remuneration committee of the Company has been delegated the functions of a nomination committee since its listing on the Main Board of the Stock Exchange in 2010. As such, the board of directors is of the view that the members of the remuneration committee of the Company possess the necessary experience and knowledge to discharge the functions of a nomination committee. The board of directors shall review the composition and operation of the board committees from time to time and shall consider establishing a nomination committee if such need arises.

## Compliance with the Model Code by Directors

The Company has adopted the model code as set out in Appendix 10 of the Listing Rules as the code for dealing in securities of the Company by the Directors (the “Model Code”). Following specific enquiries by the Company, all Directors have confirmed that they have fully complied with the required standard set out in the Model Code throughout the review period.

## **Review of Unaudited Financial Statements**

The audit committee of the Company (the “Audit Committee”) comprises of three independent non-executive Directors, namely Mr. Chan Kee Huen, Michael (Chairman), Mr. Yeung Tak Bun, Allen and Mr. Fritz Heinrich Horlacher.

The Company’s unaudited interim results for the six months ended 30 June 2021 have been reviewed by the Audit Committee together with management of the Company.

## **PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT**

The electronic version of this announcement will be published on the website of the Stock Exchange ([www.hkexnews.com.hk](http://www.hkexnews.com.hk)) and on the website of the Company ([www.lansen.com.cn](http://www.lansen.com.cn)). The interim report of the Company for the six months ended 30 June 2021 containing all the information required by Appendix 16 to the Listing Rules will be despatched to the shareholders of the Company and published on the aforementioned websites in due course.

## **APPRECIATION**

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our customers, shareholders, bankers, and in turn the management and staff for their unreserved support for the Group during the period.

By order of the Board  
**Lansen Pharmaceutical Holdings Limited**  
**Wu Zhen Tao**  
*Chairman*

Hong Kong, 31 August 2021

*As at the date of this announcement, the executive managing Director is Mr. Chen Li; the non-executive Directors are Mr. Wu Zhen Tao, Mr. Stephen Burnau Hunt and Ms. Liu Xuezi; the independent non-executive Directors are Mr. Chan Kee Huen, Michael, Mr. Fritz Heinrich Horlacher and Mr. Yeung Tak Bun, Allen.*