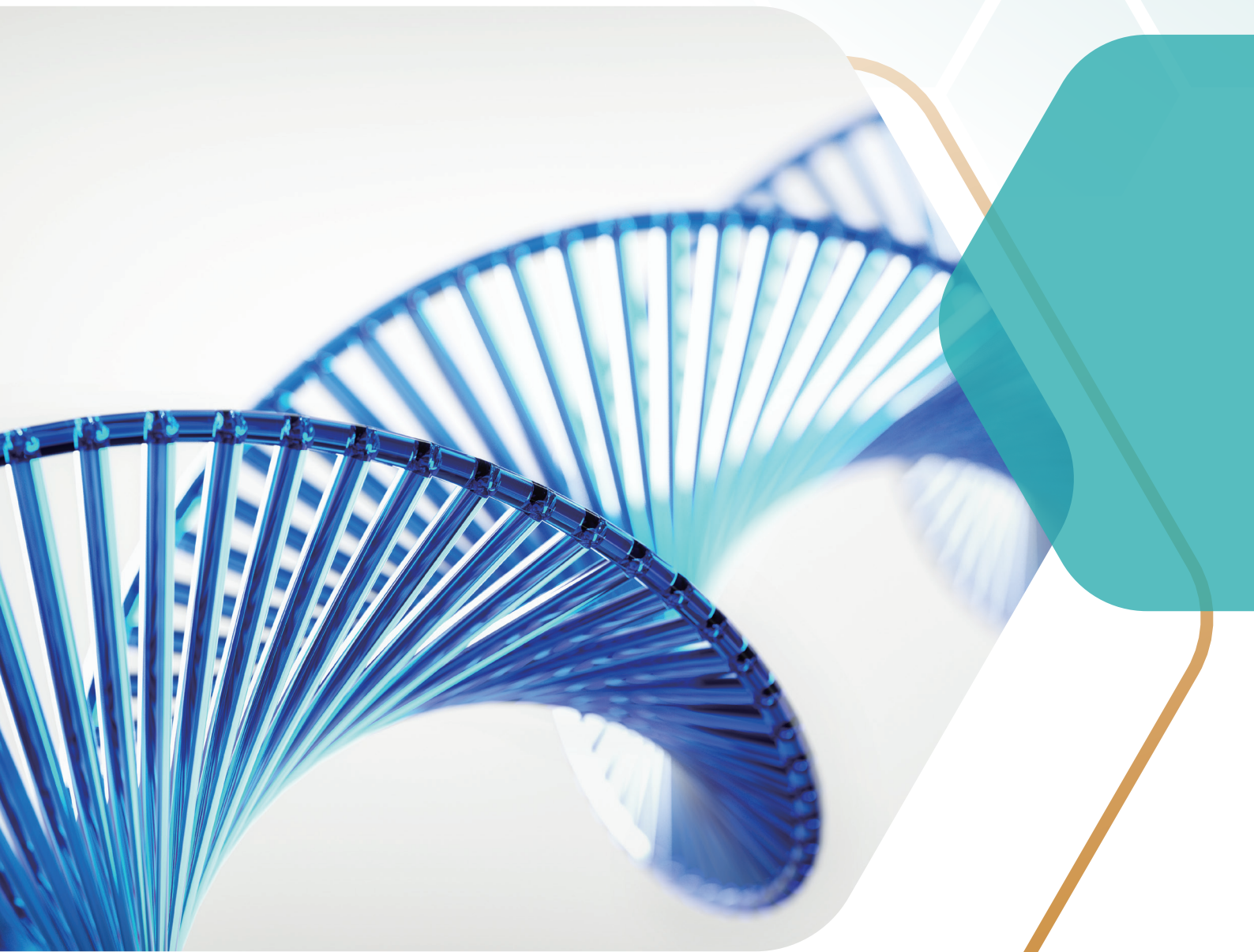




翰森製藥  
HANSOH PHARMA



# INTERIM REPORT · 2023

翰森製藥集團有限公司 | Stock Code: 3692  
Hansoh Pharmaceutical Group Company Limited (Incorporated in the Cayman Islands with limited liability)



# Contents

- 2** Corporate Information
- 4** Financial Highlights
- 5** Corporate Overview
- 7** Management Discussion and Analysis
- 18** Corporate Governance and Other Information
- 29** Independent Review Report of Interim Financial Information
- 30** Interim Condensed Consolidated Statement of Profit or Loss
- 31** Interim Condensed Consolidated Statement of Comprehensive Income
- 32** Interim Condensed Consolidated Statement of Financial Position
- 34** Interim Condensed Consolidated Statement of Changes in Equity
- 35** Interim Condensed Consolidated Statement of Cash Flows
- 37** Notes to the Interim Condensed Consolidated Financial Information
- 60** Definitions

# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Ms. Zhong Huijuan (鍾慧娟)  
*(Chairlady and Chief Executive Officer)*  
Mr. Lyu Aifeng (呂愛鋒)  
Ms. Sun Yuan (孫遠)

### Independent Non-executive Directors

Mr. Lin Guoqiang (林國強)  
Mr. Chan Charles Sheung Wai (陳尚偉)  
Ms. Yang Dongtao (楊東濤)

### AUDIT COMMITTEE

Mr. Chan Charles Sheung Wai (陳尚偉) *(Chairman)*  
Mr. Lin Guoqiang (林國強)  
Ms. Yang Dongtao (楊東濤)

### REMUNERATION COMMITTEE

Ms. Yang Dongtao (楊東濤) *(Chairlady)*  
Ms. Zhong Huijuan (鍾慧娟)  
Mr. Lin Guoqiang (林國強)

### STRATEGY AND DEVELOPMENT COMMITTEE

Ms. Zhong Huijuan (鍾慧娟) *(Chairlady)*  
Mr. Lyu Aifeng (呂愛鋒)  
Mr. Chan Charles Sheung Wai (陳尚偉)  
Ms. Yang Dongtao (楊東濤)

### ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Mr. Lyu Aifeng (呂愛鋒) *(Chairman)*  
Ms. Yang Dongtao (楊東濤)  
Mr. Chan Charles Sheung Wai (陳尚偉)

## NOMINATION COMMITTEE

Ms. Zhong Huijuan (鍾慧娟) *(Chairlady)*  
Mr. Lin Guoqiang (林國強)  
Mr. Chan Charles Sheung Wai (陳尚偉)

## JOINT COMPANY SECRETARIES

Ms. Zhong Shengli (鍾勝利)  
Ms. Li Yan Wing Rita (李昕穎)

## AUTHORISED REPRESENTATIVES

Ms. Sun Yuan (孫遠)  
Ms. Li Yan Wing Rita (李昕穎)

## LISTING INFORMATION

*Ordinary Shares*  
The Stock Exchange of Hong Kong Limited  
Stock Code: 3692

*Convertible Bonds*  
US\$600,000,000 zero-coupon convertible bonds due in 2026 issued on January 22, 2021  
The Stock Exchange of Hong Kong Limited  
Convertible Bonds Code: 40546

## REGISTERED OFFICE IN THE CAYMAN ISLANDS

P.O. Box 309, Uglan House  
Grand Cayman, KY1-1104  
Cayman Islands

## PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN THE PEOPLE'S REPUBLIC OF CHINA

287 Xiangke Road  
Pudong New District  
Shanghai, 201210  
The People's Republic of China

# Corporate Information

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

5/F, Manulife Place  
348 Kwun Tong Road  
Kowloon  
Hong Kong

## AUDITOR

Ernst & Young  
*Certified Public Accountants*  
27/F, One Taikoo Place  
979 King's Road  
Quarry Bay  
Hong Kong

## HONG KONG LEGAL ADVISOR

Cleary Gottlieb Steen & Hamilton (Hong Kong)  
37/F, Hysan Place  
500 Hennessy Road  
Causeway Bay  
Hong Kong

## CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited  
P.O. Box 1093, Boundary Hall  
Cricket Square  
Grand Cayman, KY1-1102  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## PRINCIPAL BANK

Lianyungang Branch of the Bank of Communications  
No. 45 Huanghe Road  
Economic & Technical Development Zone  
Lianyungang  
Jiangsu  
The People's Republic of China

## COMPANY'S WEBSITE

[www.hspharm.com](http://www.hspharm.com)

# 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.

# Corporate Overview

The Company is one of the leading R&D and innovation-driven pharmaceutical companies in the PRC, 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, 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.

As at June 30, 2023, the Group's 7 innovative drugs were approved for marketing, 6 of them were included in the NRDL. During the Reporting Period, 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 Reporting Period, 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 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 Drug List released by the 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 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 2022 Drug List 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 2022 Drug List for the first time.

## Corporate Overview

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 to 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, 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 exclusive license from TiunBio, 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/](http://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 BD, it further enhanced the Group's innovation capabilities and enriched its innovation product pipeline through in-licensing and joint development.



# Management Discussion and Analysis

## **BUSINESS HIGHLIGHTS** *(Continued)*

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-loxenate for injection), an innovative drug, Ruibote (rabeprazole sodium enteric-coated tablets), Fulaidi (repaglinide tablets), Fulairui (canagliflozin tablets) and Punuoan (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.

# Management Discussion and Analysis

## 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 Fulaimai, have been included in the 2022 Drug List, released by the NHA: 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 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 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, Fulaimai, 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 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 of aumolertinib outside the PRC upon the termination of the License Agreement and will lead the regulatory review process for aumolertinib MAAs by the MHRA and the EMA upon completion of the transition.

# Management Discussion and Analysis

## INNOVATIVE DRUG PRODUCTS *(Continued)*

### Ameile *(Continued)*

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 CSCO for the treatment of Non-small Cell Lung Cancer in 2023\* (《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 CML. 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 CML 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-loxenate 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.

# Management Discussion and Analysis

## INNOVATIVE DRUG PRODUCTS *(Continued)*

### 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 (which was acquired by Horizon Therapeutics plc on March 15, 2021). It was approved for marketing by the U.S. 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 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 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 CKD 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 only once-monthly peptide-based highly specific EPO receptor agonist around the globe.

# Management Discussion and Analysis

## 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 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. 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 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 AACR2023, 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 the 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.

# Management Discussion and Analysis

## **R&D AND INNOVATION** *(Continued)*

### **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 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.

### **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 to 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 to 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.

# Management Discussion and Analysis

## **BD** *(Continued)*

### **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, 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. It will also inject vitality into the long-term sustainable development of the corporate itself and the society.

# Management Discussion and Analysis

## **ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)** *(Continued)*

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. The Group did not have any bank borrowings as of June 30, 2023.

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. Among them, approximately 51% was invested for R&D-related intangible assets, and the remaining portion was used for the construction of plants and workshops, as well as the purchase of equipment and motor vehicles 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 continues to purchase financial products on a rolling basis which subsists during the six months ended June 30, 2023 and such purchase does not constitute notifiable transactions of the Company under the 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%).

The trade payables increased to RMB247 million (as at December 31, 2022: RMB134 million) and the inventories increased to RMB600 million (as at December 31, 2022: RMB448 million) as at June 30, 2023 due to the increase in purchase of raw materials for manufacturing.

As at June 30, 2023, the Group’s total current liabilities increased to RMB7,416 million (as at December 31, 2022: RMB2,620 million), which was mainly due to the reclassification of the convertible bonds, as details of which are set out in Note 18 to the Financial Statements.



# Management Discussion and Analysis

## **LIQUIDITY AND FINANCIAL RESOURCES** *(Continued)*

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. For the six months ended June 30, 2023, we did not hedge against any fluctuation in foreign currency.

## **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. We are also not currently involved in any material legal proceedings against us, nor are we aware of any pending or potential material legal proceedings against us.

## **SIGNIFICANT INVESTMENTS HELD**

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

We will continue to seek for potential strategic investment opportunities, as well as quality BD programs that can create synergy effect to the Group.

## **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.

# Management Discussion and Analysis

## EMPLOYEES AND EMOLUMENTS POLICY *(Continued)*

The Company has conditionally approved and adopted the 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).

On April 21, 2023, pursuant to the RSU Scheme, the Company allotted and issued 11,000,000 new ordinary shares (aggregate nominal value: HK\$110) to the RSU Trustee holding such shares for the benefit of the participants of the RSU Scheme pursuant to the terms of the RSU Scheme with the issue price per share of HK\$2.29 as measured by the Company which is arrived at upon taking into consideration of the number of existing treasury shares and the purchase prices of the RSUs at the time of measurement. The purchase price is HK\$2.60 per restricted share unit for vesting. The closing market price per share of immediately preceding business day of existing the issuance is HK\$14.56. During the six months ended June 30, 2023, 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 these 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, 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.

# Corporate Governance and Other Information

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at June 30, 2023, the interests and/or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) required to be entered into the register required to be kept by the Company pursuant to Section 352 of the SFO, or (iii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix 10 of the Listing Rules were as follows:

### 1. Interest in shares or underlying shares of the Company

Name of Director	Capacity/Nature of interest	Number of shares or underlying shares	Approximate percentage of shareholding interest <sup>(1)</sup>
Ms. Zhong Huijuan <sup>(2)</sup>	Person with influence over a trust	3,900,000,000	65.73%
Ms. Sun Yuan <sup>(3)</sup>	Beneficiary of a trust	3,902,500,300	65.77%
Mr. Lyu Aifeng <sup>(4)</sup>	Beneficial owner	2,133,000	0.04%

Notes:

- (1) The calculation is based on the total number of 5,933,350,070 issued shares of the Company as at June 30, 2023.
- (2) These ordinary shares in the Company are beneficially owned by Stellar Infinity Company Ltd. (“**Stellar Infinity**”) which is a wholly-owned subsidiary of Sunrise Investment Advisors Limited (“**Sunrise Investment**”), which in turn is wholly owned by Harmonia Holding Investing (PTC) Limited (the “**Sunrise Trust Trustee**”) as trustee for The Sunrise Trust (the “**Sunrise Trust**”), a discretionary trust set up by Ms. Sun Yuan (“**Ms. Sun**”). Ms. Zhong Huijuan (“**Ms. Zhong**”) is the person who has consent right on key matters in respect of the Sunrise Trust under the trust deed in respect of the Sunrise Trust. Accordingly, Ms. Zhong and Ms. Sun are deemed or taken to be interested in all the shares of the Company which are beneficially owned by Stellar Infinity for the purpose of Part XV of the SFO.
- (3) In addition to the ordinary shares held by Stellar Infinity, Ms. Sun also holds 408,100 ordinary shares of the Company vested according to the RSU Scheme and is entitled to 2,092,200 restricted share units subject to vesting conditions.
- (4) Mr. Lyu Aifeng (“**Mr. Lyu**”) holds 955,500 ordinary shares of the Company vested according to the RSU Scheme and is entitled to 1,177,500 restricted share units subject to vesting conditions.

# Corporate Governance and Other Information

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

### 2. Interest in shares or underlying shares of associated corporation of the Company

Name of Director	Name of associated corporation	Capacity/ Nature of interest	Number of shares or underlying shares in the associated corporation	Percentage of shareholding interest in the associated corporation
Ms. Zhong Huijuan	Sunrise Investment <sup>(1)</sup>	Person with influence over a trust	100	100%
Ms. Sun Yuan	Sunrise Investment <sup>(1)</sup>	Beneficiary of a trust	100	100%

Note:

- (1) Sunrise Investment is wholly owned by the Sunrise Trust Trustee, which is the trustee for the Sunrise Trust, a discretionary trust set up by Ms. Sun. Ms. Zhong is the person who has consent right on key matters in respect of the Sunrise Trust under the trust deed in respect of the Sunrise Trust. Accordingly, Ms. Zhong and Ms. Sun are deemed or taken to be interested in all the shares of Sunrise Investment which are beneficially owned by the Sunrise Trust Trustee for the purpose of Part XV of the SFO.

Save as disclosed above, as at June 30, 2023, so far as is known to the Directors, none of the Directors and the chief executives of the Company had or were deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified under Divisions 7 and 8 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

# Corporate Governance and Other Information

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at June 30, 2023, the interests and/or short positions of persons (other than the Directors and chief executives of the Company) in the shares or underlying shares of the Company (within the meaning of Part XV of the SFO) which were required to be notified under Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Name of shareholder	Capacity/Nature of interest	Number of shares or underlying shares	Approximate percentage of shareholding interest <sup>(1)</sup>
Stellar Infinity <sup>(2)</sup>	Beneficial owner	3,900,000,000	65.73%
Sunrise Investment <sup>(2)</sup>	Interest in controlled corporation	3,900,000,000	65.73%
Sunrise Trust Trustee <sup>(2)</sup>	Interest in controlled corporation	3,900,000,000	65.73%
Apex Medical <sup>(3)</sup>	Beneficial owner	950,000,000	16.01%
Mr. Cen Junda <sup>(3)</sup>	Interest in controlled corporation	950,000,000	16.01%

Notes:

- (1) The calculation is based on the total number of 5,933,350,070 issued shares of the Company as at June 30, 2023.
- (2) Stellar Infinity is a wholly-owned subsidiary of Sunrise Investment, which in turn is wholly owned by the Sunrise Trust Trustee, the trustee of the Sunrise Trust. Therefore, each of Sunrise Investment and the Sunrise Trust Trustee is deemed to be interested in the shares of the Company held by Stellar Infinity pursuant to the SFO.
- (3) As at June 30, 2023 Apex Medical Company Ltd. ("**Apex Medical**") was wholly-owned by Mr. Cen Junda. Therefore, Mr. Cen Junda was deemed to be interested in the shares of the Company held by Apex Medical pursuant to the SFO. On September 1, 2023, Mr. Cen Junda has transferred all of his interests in Apex Medical, an entity which is the beneficial owner of 950,000,000 shares in the Company, to JQC International Limited, which is indirectly wholly-owned by Cantrust (Far East) Limited (as trustee of a discretionary trust which Mr. Cen Junda is the founder). Accordingly, Mr. Cen Junda has become a person with influence over a trust and, going forward, will be deemed or taken to be interested in all the shares of JQC International Limited which are ultimately beneficially owned by Cantrust (Far East) Limited for the purpose of Part XV of the SFO.

Save as disclosed above, as at June 30, 2023, so far as is known to the Directors, no person (not being a Director or chief executive of the Company) had or was deemed to have any interest or short position in the shares or underlying shares of the Company which was required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

# Corporate Governance and Other Information

## RESTRICTED SHARE UNIT SCHEME

We have conditionally approved and adopted RSU Scheme on May 27, 2019 to recognize contributions by selected participants and give incentives to them 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. The RSU Scheme shall be valid for a period of 10 years commencing on May 17, 2019. The eligible participants of the RSU Scheme include (i) employees (including director, chief executive officer, vice president, financial controller, company secretary, members of senior management or key technical personnel) of the Group; and (ii) any other person selected by the Board at its sole discretion from time to time (subject to the compliance of the applicable Listing Rules). For further details of the RSU Scheme, please refer to Appendix IV “Statutory and General Information – D. Post-IPO RSU Scheme” of the prospectus of the Company dated May 31, 2019.

### Total number of shares available

No award shall be granted pursuant to the RSU Scheme if, as a result of such grant (assumed accepted), the aggregate number of shares underlying all grants made pursuant to the RSU Scheme (excluding awards that have lapsed or been cancelled in accordance with the rules of the RSU Scheme) will exceed 114,118,384 Shares, representing 2% of the number of shares in issue on the June 14, 2019.

As at June 30, 2023, the Company had 50,599,994 Shares available for issue under the RSU Scheme, representing approximately 0.85% of the total issued share capital of the Company as at the Reporting Period.

The number of RSUs available for grant under the scheme mandate of the RSU Scheme at the beginning and the end of the Reporting Period are 69,652,854 shares and 50,599,994 shares respectively.

### Vesting period

The vesting period of the RSUs granted is either (I) three years or (II) thirty months and would follow one of the following vesting schedule: (i) 40% shall vest on the first anniversary of the grant date and the remaining 30% and 30% shall vest on the second and third anniversary of the grant date, respectively; (ii) 30% shall vest on the first anniversary of the grant date and the remaining 30% and 40% shall vest on the second and third anniversary of the grant date, respectively; (iii) approximately 34% shall vest on the first anniversary of the grant date and the remaining approximately 33% and approximately 33% shall vest on the second and third anniversary of the grant date, respectively; (iv) approximately 19% shall vest six months after the grant date and the remaining approximately 33%, 33% and 15% shall vest on the first, second and third anniversary of the grant date, respectively; or (v) approximately 34% shall vest six months after the grant date, approximately 33% shall vest eighteen months after the grant date and approximately 33% shall vest thirty months after the grant date, respectively.

### Exercise period

The concept of exercise period is inapplicable to the RSU Scheme. The selected participants are required to pay the purchase price for the RSUs that will vest in the period at the time of vesting.

# Corporate Governance and Other Information

## **RESTRICTED SHARE UNIT SCHEME** *(Continued)*

### **Performance targets**

Subject to certain performance indicators and other requirements set out in the grant letter entered into between the selected participants and the Company, including based on the Company's annual results and the selected participant's individual annual performance.

### **Rights attached to the RSUs and the converted Shares**

A selected grantee under the RSU Scheme ("**Grantees**") does not have any contingent interest in any Shares underlying a grant. Furthermore, a Grantee may not exercise any voting right in respect of any of the Shares underlying the grant, unless otherwise specified by the Board, nor do they have any rights to any cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-script distributions from any Shares underlying the grant prior to vesting.

Any Shares transferred to a Grantee upon vesting shall be subject to the provisions of the Articles and will rank pari passu with the fully paid Shares in issue on the date of the transfer. The holders of the Shares will be entitled to participate in all dividends or other distributions paid or made on or after the date of transfer.

### **Amount payable**

No amount is payable upon acceptance of the awards, and the purchase consideration is payable on exercise during the vesting period.

# Corporate Governance and Other Information

## RESTRICTED SHARE UNIT SCHEME (Continued)

### Present status of the RSU Scheme

As at June 30, 2023, pursuant to the RSU Scheme, the Company had granted to Directors, executives and employees of the Group outstanding RSUs representing 37,095,600 Shares, accounting for approximately 0.63% of the total issued share capital of the Company as at June 30, 2023. Details of RSUs granted under the RSU Scheme for the six months ended June 30, 2023 are as follows:

Category	Grant date <sup>(2)(3)</sup>	Vesting period	Purchase Price	Outstanding as at January 1, 2023	During the Reporting Period				Outstanding as at June 30, 2023
					Granted	Vested/ Exercised	Cancelled	Lapsed	
<b>1. Director</b>									
Ms. Sun Yuan	April 29, 2022	3 years <sup>(3)</sup>	HK\$2.6	1,200,300	0	408,100	0	0	792,200
	April 27, 2023	3 years <sup>(3)</sup>	HK\$2.84	0	1,300,000 <sup>(8)(9)</sup>	0	0	0	1,300,000
Mr. Lyu Aifeng	June 15, 2020	3 years <sup>(4)</sup>	HK\$5.36	90,000	0	90,000	0	0	0
	June 28, 2021	3 years <sup>(3)</sup>	HK\$6.4	0	0	0	0	0	0
	April 29, 2022	3 years <sup>(5)</sup>	HK\$2.6	995,000	0	400,500	17,000	0	577,500
	April 27, 2023	3 years <sup>(3)</sup>	HK\$2.84	0	600,000 <sup>(8)(9)</sup>	0	0	0	600,000
<b>2. Employees</b>									
	April 22, 2020	3 years <sup>(6)</sup>	HK\$5.36	2,566,720	0	2,530,480	0	36,240	0
	May 12, 2021	3 years <sup>(3)</sup>	HK\$6.4	0	0	0	0	0	0
	April 29, 2022	3 years <sup>(5)</sup>	HK\$2.6	26,310,200	0	9,909,260	489,840	817,300	15,093,800
	October 29, 2022	30 months <sup>(7)</sup>	HK\$2.6	520,800	0	174,300	0	8,400	338,100
	April 27, 2023	3 years <sup>(3)</sup>	HK\$2.84	0	18,404,400 <sup>(8)</sup>	0	0	389,600	18,014,800
<b>3. Service provider <sup>(1)</sup></b>									
<b>Total:</b>	April 29, 2022	3 years <sup>(5)</sup>	HK\$2.6	681,600	0	298,320	4,080	0	379,200
				<u>32,364,620</u>	<u>20,304,400</u>	<u>13,810,960</u>	<u>510,920</u>	<u>1,251,540</u>	<u>37,095,600</u>



# Corporate Governance and Other Information

## **RESTRICTED SHARE UNIT SCHEME** *(Continued)*

### **Present status of the RSU Scheme** *(Continued)*

- (1) The service providers are all former employees who have accepted re-employment after retirement or who continue to provide consultancy advice to the Company after retirement. The Company values their familiarity with the businesses and operation of the Group and considers that their contribution to the Group is similar to that of the employees of the Group.
- (2) The fair value of the RSUs granted and the weighted-average closing price immediately before the dates on which the awards were exercised or vested are set out in Note 20 to the Financial Statements.
- (3) Vesting schedule: approximately 34% shall vest on the first anniversary of the grant date and the remaining approximately 33% and approximately 33% shall vest on the second and third anniversary of the grant date, respectively.
- (4) Vesting schedule: 40% shall vest on the first anniversary of the grant date and the remaining 30% and 30% shall vest on the second and third anniversary of the grant date, respectively.
- (5) Vesting schedule: approximately 19% shall vest six months after the grant date and the remaining approximately 33%, 33% and 15% shall vest on the first, second and third anniversary of the grant date, respectively.
- (6) Vesting schedule: 30% shall vest on the first anniversary of the grant date and the remaining 30% and 40% shall vest on the second and third anniversary of the grant date, respectively.
- (7) Vesting schedule: approximately 34% shall vest six months after the grant date, approximately 33% shall vest eighteen months after the grant date and approximately 33% shall vest thirty months after the grant date, respectively.
- (8) Closing price immediately prior to the grant date is HK\$14.56.
- (9) 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, mentioned in the announcement dated April 27, 2023 only involve existing shares 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. 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.

No grant has been made to (i) any related entity participant or service provider with options and awards granted in excess of 0.1% of the Company's issued shares over the 12-month period, and (ii) any other participant with options and awards granted in excess of the 1% individual limit, as such terms are used in the Listing Rules.

## **CHANGE IN DIRECTORS' INFORMATION**

There is not any change in the Directors' biographical details which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the six months ended June 30, 2023.

# Corporate Governance and Other Information

## 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.

In September 2023, Nintedanib Esilate Soft Capsules, developed by the Group, has been granted drug registration approval issued by the NMPA, and is indicated for systemic sclerosis-associated interstitial lung disease and chronic fibrosing interstitial lung diseases with a progressive phenotype.

## 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 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.

# Corporate Governance and Other Information

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE** *(Continued)*

### **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 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 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 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. The Audit Committee has also reviewed together with the management the accounting principles and policies adopted by the Group and the interim condensed consolidated financial information for the six months ended June 30, 2023. The Audit Committee was satisfied that such consolidated financial information were prepared in accordance with the applicable accounting standards and fairly present the Group's financial position and results for the Reporting Period.

## **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.

# Corporate Governance and Other Information

## INTERIM DIVIDEND, RECORD DATE 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 Wednesday, September 20, 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 Tuesday, September 19, 2023 to Wednesday, September 20, 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 Monday, September 18, 2023.

## 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\$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.

# Corporate Governance and Other Information

## 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. 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
<b>Total</b>	<b>100%</b>	<b>5.9565</b>	<b>4.8316</b>	<b>0.0400</b>	<b>1.0849</b>	

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.

# Independent Review Report of Interim Financial Information



Ernst & Young  
27/F, One Taikoo Place  
979 King's Road  
Quarry Bay, Hong Kong

安永會計師事務所  
香港鰂魚涌英皇道979號  
太古坊一座27樓

Tel電話: +852 2846 9888  
Fax傳真: +852 2868 4432  
ey.com

## Independent review report

### To the board of directors of Hansoh Pharmaceutical Group Company Limited

(Incorporated in the Cayman Islands with limited liability)

## INTRODUCTION

We have reviewed the interim condensed consolidated financial information set out on pages 30 to 59, which comprises the condensed consolidated statement of financial position of Hansoh Pharmaceutical Group Company Limited (the “**Company**”) and its subsidiaries (the “**Group**”) as at June 30, 2023 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial information is not prepared, in all material respects, in accordance with HKAS 34.

*Ernst & Young*  
Certified Public Accountants  
Hong Kong

August 31, 2023

# Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended June 30, 2023

	Notes	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
<b>REVENUE</b>	4	<b>4,511,217</b>	4,434,378
Cost of sales		<b>(535,455)</b>	(398,582)
<b>Gross profit</b>		<b>3,975,762</b>	4,035,796
Other income	4	<b>453,083</b>	194,399
Selling and distribution expenses		<b>(1,669,645)</b>	(1,682,856)
Administrative expenses		<b>(329,961)</b>	(292,386)
Research and development costs		<b>(929,478)</b>	(739,035)
Other gains/(expenses), net	4	<b>122</b>	(6,794)
<b>PROFIT BEFORE TAX</b>	5	<b>1,499,883</b>	1,509,124
Income tax expense	6	<b>(211,035)</b>	(211,148)
<b>PROFIT FOR THE PERIOD</b>		<b>1,288,848</b>	1,297,976
Attributable to:			
Owners of the parent		<b>1,288,848</b>	1,297,976
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT FOR THE PERIOD</b>			
Basic (RMB)	8	<b>0.22</b>	0.22
Diluted (RMB)	8	<b>0.22</b>	0.22

# Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended June 30, 2023

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



# Interim Condensed Consolidated Statement of Financial Position

June 30, 2023

	Notes	June 30, 2023 (Unaudited) RMB'000	December 31, 2022 (Audited) RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	3,122,191	3,195,646
Right-of-use assets	10(a)	246,494	254,247
Intangible assets		131,949	33,422
Investments in associates	11	93,329	241,071
Financial assets at fair value through profit or loss	13	583,577	412,579
Prepayments for purchase of property, plant and equipment		13,652	33,294
<b>Total non-current assets</b>		<b>4,191,192</b>	<b>4,170,259</b>
<b>CURRENT ASSETS</b>			
Inventories		600,384	447,890
Trade and bills receivables	12	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	13	4,530,331	2,544,426
Other financial assets	14	2,088,567	1,463,752
Cash and bank balances	15	16,917,316	17,615,274
<b>Total current assets</b>		<b>27,751,123</b>	<b>25,831,620</b>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	16	298,422	222,296
Other payables and accruals	17	2,290,211	2,265,631
Contract liabilities		32,313	25,097
Lease liabilities	10(b)	16,572	15,543
Tax payable		45,840	90,935
Convertible bonds	18	4,463,707	–
Dividends payable		268,852	–
<b>Total current liabilities</b>		<b>7,415,917</b>	<b>2,619,502</b>
<b>NET CURRENT ASSETS</b>		<b>20,335,206</b>	<b>23,212,118</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>24,526,398</b>	<b>27,382,377</b>

# Interim Condensed Consolidated Statement of Financial Position

June 30, 2023

	Notes	June 30, 2023 (Unaudited) RMB'000	December 31, 2022 (Audited) RMB'000
<b>NON-CURRENT LIABILITIES</b>			
Convertible bonds	18	–	4,282,742
Lease liabilities	10(b)	<b>74,089</b>	79,571
Deferred tax liabilities		<b>254,458</b>	350,661
Other non-current liabilities		<b>22,223</b>	22,459
<b>Total non-current liabilities</b>		<b>350,770</b>	4,735,433
<b>NET ASSETS</b>			
		<b>24,175,628</b>	22,646,944
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	19	<b>52</b>	52
Treasury shares	21	<b>(73,979)</b>	(28,027)
Reserves		<b>24,249,555</b>	22,674,919
		<b>24,175,628</b>	22,646,944
Non-controlling interests		–	–
<b>Total equity</b>		<b>24,175,628</b>	22,646,944

# Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2023

Notes	Share capital RMB'000	Share premium* RMB'000	Share-based payments* RMB'000	Treasury shares RMB'000	Merger reserve/other reserves* RMB'000	Exchange fluctuation reserve* RMB'000	Statutory surplus reserves* RMB'000	Retained profits* RMB'000	Total equity RMB'000
<b>At January 1, 2023 (audited)</b>	<b>52</b>	<b>13,931,541</b>	<b>313,478</b>	<b>(28,027)</b>	<b>(59,391)</b>	<b>(290,999)</b>	<b>890,179</b>	<b>7,890,111</b>	<b>22,646,944</b>
Profit for the period	-	-	-	-	-	-	-	1,288,848	1,288,848
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	-	-	-	-	-	463,930	-	-	463,930
Total comprehensive income for the period	-	-	-	-	-	463,930	-	1,288,848	1,752,778
Issuance of new shares	-	25,227	-	-	-	-	-	-	25,227
Restricted share unit subscribed under share- based payments	-	138,754	(159,496)	33,502	-	-	-	-	12,760
Share-based payments	-	-	86,225	-	-	-	-	-	86,225
Repurchase of shares under share incentive scheme	-	-	-	(79,454)	-	-	-	-	(79,454)
Dividends declared	7	-	-	-	-	-	-	(268,852)	(268,852)
Transfer from retained profits	-	-	-	-	-	-	3,259	(3,259)	-
<b>At June 30, 2023 (unaudited)</b>	<b>52</b>	<b>14,095,522</b>	<b>240,207</b>	<b>(73,979)</b>	<b>(59,391)</b>	<b>172,931</b>	<b>893,438</b>	<b>8,906,848</b>	<b>24,175,628</b>
<b>At January 1, 2022 (audited)</b>	<b>52</b>	<b>14,023,877</b>	<b>134,062</b>	<b>(57,969)</b>	<b>(57,100)</b>	<b>(923,885)</b>	<b>853,383</b>	<b>6,056,425</b>	<b>20,028,845</b>
Profit for the period	-	-	-	-	-	-	-	1,297,976	1,297,976
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	-	-	-	-	-	253,549	-	-	253,549
Total comprehensive income for the period	-	-	-	-	-	253,549	-	1,297,976	1,551,525
Restricted share unit subscribed under share- based payments	-	(19,193)	-	29,891	-	-	-	-	10,698
Share-based payments	-	-	51,194	-	-	-	-	-	51,194
Repurchase of shares under share incentive scheme	-	-	-	(58,060)	-	-	-	-	(58,060)
Dividends declared	7	-	-	-	-	-	-	(455,826)	(455,826)
Others	-	-	-	-	(2,291)	-	-	-	(2,291)
<b>At June 30, 2022 (unaudited)</b>	<b>52</b>	<b>14,004,684</b>	<b>185,256</b>	<b>(86,138)</b>	<b>(59,391)</b>	<b>(670,336)</b>	<b>853,383</b>	<b>6,898,575</b>	<b>21,126,085</b>

\* These reserve accounts comprise the reserves of RMB24,249,555,000 and RMB21,212,171,000 in the condensed consolidated statement of financial position as at June 30, 2023 and June 30, 2022, respectively.

# Interim Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2023

	Notes	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		<b>1,499,883</b>	1,509,124
Adjustments for:			
Impairment of trade receivables, net	5	<b>5,828</b>	1,481
Impairment of inventories, net	5	<b>(4,278)</b>	312
Depreciation of items of property, plant and equipment	5	<b>169,443</b>	144,320
Depreciation of right-of-use assets	5	<b>10,305</b>	10,021
Amortisation of deferred income		<b>(236)</b>	(236)
Amortisation of intangible assets	5	<b>5,130</b>	3,826
Gain on disposal of items of property, plant and equipment	4	<b>(1,405)</b>	(2,196)
Gain on disposal of associates	4	<b>(4,064)</b>	–
Share of loss of an associate	4	<b>2,123</b>	776
Fair value gains of financial assets at fair value through profit or loss	4	<b>(18,020)</b>	(43,596)
Fair value (gains)/losses of convertible bonds	4	<b>(9,141)</b>	60,692
Investment income	4	<b>(42,090)</b>	(3,620)
Interest income from deposits with initial term of over three months when acquired		<b>(346,259)</b>	(126,972)
Interest expense	4	<b>30,738</b>	28,656
Share-based payments	5	<b>86,225</b>	51,194
		<b>1,384,182</b>	1,633,782
Decrease in trade and bills receivables		<b>245,548</b>	641,260
Increase in prepayments, other receivables and other assets		<b>(105,623)</b>	(61,086)
Increase in inventories		<b>(148,216)</b>	(87,311)
Increase/(decrease) in trade and bills payables		<b>76,126</b>	(8,718)
Increase/(decrease) in other payables and accruals		<b>39,267</b>	(176,096)
Increase/(decrease) in contract liabilities		<b>7,216</b>	(8,955)
Cash generated from operations		<b>1,498,500</b>	1,932,876
Income tax paid		<b>(352,333)</b>	(159,034)
Net cash flows from operating activities		<b>1,146,167</b>	1,773,842

# Interim Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2023

	Notes	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of items of property, plant and equipment		2,381	3,546
Purchases of items of property, plant and equipment		(92,638)	(185,914)
Purchases of intangible assets		(102,029)	(16,680)
Proceeds from disposal of shareholdings in associates		166,532	–
Decrease/(increase) in bank deposits with initial term of over three months when acquired		3,567,676	(5,694,345)
Increase in financial products included in other financial assets		(638,568)	(92,841)
(Increase)/decrease in financial products included in financial assets at fair value through profit or loss		(2,106,360)	407,535
Interest income received from deposits with initial term of over three months when acquired		156,212	80,958
Investment income received from financial products included in other financial assets		42,090	3,620
Investment income received from financial products included in financial assets at fair value through profit or loss		46,576	25,761
Net cash flows from/(used in) investing activities		1,041,872	(5,468,360)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Lease payments		(8,992)	(7,467)
Purchase of shares under the share incentive scheme		(79,454)	(58,060)
Proceeds from employees for subscription of shares under the share incentive scheme		37,987	10,698
Net cash flows used in financing activities		(50,459)	(54,829)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>2,137,580</b>	<b>(3,749,347)</b>
Cash and cash equivalents at beginning of period		2,666,132	6,718,709
Effect of foreign exchange rate changes, net		(72,377)	(261,835)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>4,731,335</b>	<b>2,707,527</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances, unrestricted	15	4,226,502	2,653,210
Non-pledged time deposits with initial term of less than three months when acquired	15	504,833	54,317
Cash and cash equivalents as stated in the consolidated statement of cash flows		4,731,335	2,707,527

# Notes to the Interim Condensed Consolidated Financial Information

June 30, 2023

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

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.

# Notes to the Interim Condensed Consolidated Financial Information

June 30, 2023

## 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 RMB97,881,000 as at June 30, 2023 and a decrease in research and development costs by RMB97,881,000 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.

# Notes to the Interim Condensed Consolidated Financial Information

June 30, 2023

## 4. REVENUE, OTHER INCOME AND OTHER GAINS/(EXPENSES), NET

An analysis of revenue and other income is as follows:

	<b>For the six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue from contracts with customers</b>		
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
	<u>4,511,217</u>	<u>4,434,378</u>
<b>Other income</b>		
Investment income	42,090	3,620
Government grants	38,061	38,930
Bank interest income	372,218	151,802
Others	714	47
	<u>453,083</u>	<u>194,399</u>

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

	<b>For the six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Other gains/(expenses), net</b>		
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/(losses) 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)
	<u>122</u>	<u>(6,794)</u>



# Notes to the Interim Condensed Consolidated Financial Information

June 30, 2023

## 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	9	169,443	144,320
Depreciation of right-of-use assets	10	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)/losses 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
		<b>1,301,181</b>	<b>1,236,688</b>

\* 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.

# Notes to the Interim Condensed Consolidated Financial Information

June 30, 2023

## 6. INCOME TAX (Continued)

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 Hansoh**”), a subsidiary of the Company, was initially accredited as an HNTE, and thus entitled to a preferential income tax rate of 15% from 2017 to 2019. Shanghai Hansoh subsequently renewed its HNTE qualification in 2020, and was entitled to the preferential tax rate of 15% from 2020 to 2022. As at the end of the reporting period, Shanghai Hansoh 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:

	<b>For the six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Current income tax	<b>307,238</b>	105,897
Deferred income tax	<b>(96,203)</b>	105,251
	<b>211,035</b>	211,148

## 7. DIVIDENDS

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

Note:

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).

# Notes to the Interim Condensed Consolidated Financial Information

June 30, 2023

## 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:

	<b>For the six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<hr/>		
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic and diluted earnings per share calculation	<b>1,288,848</b>	1,297,976
	<hr/>	<hr/>
	<b>Adjusted number of shares</b>	
	<b>Six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<hr/>		
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	<b>5,923,743,166</b>	5,916,956,923
Effect of dilution – weighted average number of ordinary shares:		
Restricted share units	<b>19,805,691</b>	2,524,570
	<hr/>	<hr/>
Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculation	<b>5,943,548,857</b>	5,919,481,493
	<hr/>	<hr/>
Basic earnings per share (RMB per share)	<b>0.22</b>	0.22
Diluted earnings per share (RMB per share)	<b>0.22</b>	0.22
	<hr/>	<hr/>

# Notes to the Interim Condensed Consolidated Financial Information

June 30, 2023

## 9. PROPERTY, PLANT AND EQUIPMENT

	<b>For the six months ended June 30,</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
At beginning of period:		
Cost	<b>4,840,241</b>	4,584,317
Accumulated depreciation	<b>(1,644,595)</b>	(1,359,762)
Net carrying amount	<b>3,195,646</b>	3,224,555
At beginning of period, net of accumulated depreciation	<b>3,195,646</b>	3,224,555
Additions	<b>98,872</b>	165,863
Disposals	<b>(644)</b>	(311)
Depreciation provided during the period	<b>(169,443)</b>	(144,320)
Transfer	<b>(3,239)</b>	(4,038)
Exchange realignment	<b>999</b>	1,540
At end of period, net of accumulated depreciation	<b>3,122,191</b>	3,243,289
At end of period:		
Cost	<b>4,924,803</b>	4,734,230
Accumulated depreciation	<b>(1,802,612)</b>	(1,490,941)
Net carrying amount	<b>3,122,191</b>	3,243,289

## 10. LEASES

### The Group as a lessee

The Group has lease contracts for various items of land use right, property, equipment and vehicles. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms between 3 and 5 years. Equipment and vehicles generally have lease terms of 12 months or less and/or are individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

# Notes to the Interim Condensed Consolidated Financial Information

June 30, 2023

## 10. LEASES (Continued)

### The Group as a lessee (Continued)

#### (a) Right-of-use assets

	For the six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
At beginning of the period	254,247	250,840
Additions	–	16,824
Exchange realignment	2,552	4,063
Depreciation charge	(10,305)	(10,021)
At end of the period	246,494	261,706

#### (b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the period are as follows:

	For the six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Carrying amount at beginning of the period	95,114	84,885
New leases	–	16,824
Accretion of interest recognised during the period	1,784	2,154
Exchange realignment	2,755	4,223
Payments	(8,992)	(7,467)
Carrying amount at end of the period	90,661	100,619

#### (c) The amounts recognised in profit or loss in relation to leases are as follows:

	For the six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Interest on lease liabilities	1,784	2,154
Depreciation charge of right-of-use assets	10,305	10,021
Total amount recognised in profit or loss	12,089	12,175

# Notes to the Interim Condensed Consolidated Financial Information

June 30, 2023

## 11. INVESTMENTS IN ASSOCIATES

	<b>June 30, 2023</b> <i>RMB'000</i> (Unaudited)	December 31, 2022 <i>RMB'000</i> (Audited)
Investments in associates	<b>93,329</b>	241,071

The directors of the Group consider each associate is not material to the Group. The following table illustrates the aggregate financial information of the Group's associate that are not individually material:

	<b>For the six months ended June 30, 2023</b> <i>RMB'000</i> (Unaudited)	2022 <i>RMB'000</i> (Unaudited)
Share of the associate's loss for the period	<b>(2,123)</b>	(776)
Share of the associate's total comprehensive expense	<b>(2,123)</b>	(776)
Aggregate carrying amount of the Group's investments in associates	<b>93,329</b>	87,649

## 12. TRADE AND BILLS RECEIVABLES

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

	<b>June 30, 2023</b> <i>RMB'000</i> (Unaudited)	December 31, 2022 <i>RMB'000</i> (Audited)
Within 90 days	<b>2,916,903</b>	3,346,334
91 days to 180 days	<b>86,554</b>	8,406
Over 180 days	<b>304,962</b>	179,229
	<b>3,308,419</b>	3,533,969

# Notes to the Interim Condensed Consolidated Financial Information

June 30, 2023

## 12. TRADE AND BILLS RECEIVABLES (Continued)

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

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

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

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

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

	Current	Past due			Total
		Within 90 days	90 days to 1 year	Over 1 year	
<b>At June 30, 2023</b>					
Expected credit loss rate	0.25%	0.25%	4.45%	100.00%	0.42%
Gross carrying amount (RMB'000)	<b>2,852,087</b>	<b>414,285</b>	<b>52,559</b>	<b>3,537</b>	<b>3,322,468</b>
Expected credit losses (RMB'000)	<b>7,136</b>	<b>1,037</b>	<b>2,339</b>	<b>3,537</b>	<b>14,049</b>
<b>At December 31, 2022</b>					
Expected credit loss rate	0.17%	0.17%	4.45%	100.00%	0.23%
Gross carrying amount (RMB'000)	<b>3,199,965</b>	<b>303,229</b>	<b>38,468</b>	<b>528</b>	<b>3,542,190</b>
Expected credit losses (RMB'000)	<b>5,456</b>	<b>525</b>	<b>1,712</b>	<b>528</b>	<b>8,221</b>

# Notes to the Interim Condensed Consolidated Financial Information

June 30, 2023

## 13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>June 30, 2023 RMB'000 (Unaudited)</b>	December 31, 2022 RMB'000 (Audited)
<b>Current</b>		
Investments in financial products (note (a))	<u>4,530,331</u>	<u>2,544,426</u>
<b>Non-current</b>		
Other unlisted investments, at fair value (note (b))	<u>583,577</u>	<u>412,579</u>

Notes:

- (a) The above investments represent investments in certain financial products issued by commercial banks with expected return rates ranging from 1.20% to 4.32% per annum. The returns on all of these financial products are not guaranteed. The fair values of the investments approximate to their costs plus expected return. None of these investments are either past due or impaired.
- (b) The balance as at June 30, 2023 represents unlisted equity investments in nine venture capital which specialise in making equity investments in the life science industry and three innovative biopharmaceutical manufacturers. The Group has an intention of holding them as long-term investments.

## 14. OTHER FINANCIAL ASSETS

	<b>June 30, 2023 RMB'000 (Unaudited)</b>	December 31, 2022 RMB'000 (Audited)
Investments in financial products	<u>2,088,567</u>	<u>1,463,752</u>

The above investments represent investments in certain financial products issued by commercial banks. These financial products had terms of less than one year and had guaranteed annual return rates ranging from 4.10% to 5.34%. None of these investments are either past due or impaired.



# Notes to the Interim Condensed Consolidated Financial Information

June 30, 2023

## 15. CASH AND BANK BALANCES

	<b>June 30, 2023</b> <i>RMB'000</i> (Unaudited)	December 31, 2022 <i>RMB'000</i> (Audited)
Cash and bank balances, unrestricted	<b>4,226,502</b>	2,464,318
Time deposits with original maturity of less than three months when acquired	<b>504,833</b>	201,814
Time deposits with original maturity of over three months when acquired (note (a))	<b>12,185,981</b>	14,949,142
Cash and bank balances	<b>16,917,316</b>	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.

## 16. TRADE AND BILLS PAYABLES

	<b>June 30, 2023</b> <i>RMB'000</i> (Unaudited)	December 31, 2022 <i>RMB'000</i> (Audited)
Trade payables	<b>247,085</b>	133,959
Bills payable	<b>51,337</b>	88,337
	<b>298,422</b>	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:

	<b>June 30, 2023</b> <i>RMB'000</i> (Unaudited)	December 31, 2022 <i>RMB'000</i> (Audited)
Within 90 days	<b>268,064</b>	220,947
91 days to 180 days	<b>28,723</b>	–
181 days to 1 year	<b>385</b>	–
Over 1 year	<b>1,250</b>	1,349
	<b>298,422</b>	222,296

# Notes to the Interim Condensed Consolidated Financial Information

June 30, 2023

## 17. OTHER PAYABLES AND ACCRUALS

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

## 18. CONVERTIBLE BONDS

On January 22, 2021, the Company issued US\$600,000,000 zero coupon convertible bonds due in 2026. The bonds are convertible at the option of the bondholders into ordinary shares after March 4, 2021 on the basic conversion price of HK\$60.00 per share. The bonds are redeemable at the option of the bondholders on January 22, 2024. Any convertible bonds not converted, redeemed or purchased and cancelled will be redeemed by the Company on January 22, 2026 at the price of the par value.

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option.

The convertible bonds comprise two components:

The debt component was initially measured at fair value amounting to US\$562,489,000 (equivalent to RMB3,634,633,000). It is subsequently measured at amortized cost using the effective interest method after considering the effect of the transaction costs.

The derivative component comprises conversion options and early redemption options (not closely related to the debt component), which were initially measured at fair value amounting to US\$37,511,000 (equivalent to RMB242,387,000) and subsequently measured at fair value with changes in fair value recognized in profit or loss.

The total transaction costs of US\$4,000,000 (equivalent to RMB25,847,000) related to the issue of the convertible bonds were allocated to the debt and derivative components in proportion to their respective fair values.

# Notes to the Interim Condensed Consolidated Financial Information

June 30, 2023

## 18. CONVERTIBLE BONDS (Continued)

On December 28, 2022, the Company redeemed US\$4,000,000 zero coupon convertible bonds with total consideration of US\$3,720,000.

The convertible bonds have been split into the debt and embedded derivative components as follows:

	Debt component <i>RMB'000</i>	Embedded derivative component <i>RMB'000</i>	Total <i>RMB'000</i>
As at January 1, 2023	3,974,835	307,907	4,282,742
Exchange adjustments	149,605	11,547	161,152
Interest charged	28,954	–	28,954
Gain arising on changes of fair value	–	(9,141)	(9,141)
As at June 30, 2023 (Unaudited)	<u>4,153,394</u>	<u>310,313</u>	<u>4,463,707</u>
	Debt component <i>RMB'000</i>	Embedded derivative component <i>RMB'000</i>	Total <i>RMB'000</i>
As at January 1, 2022	3,611,331	131,665	3,742,996
Exchange adjustments	190,827	8,488	199,315
Interest charged	26,502	–	26,502
Loss arising on changes of fair value	–	60,692	60,692
As at June 30, 2022 (Unaudited)	<u>3,828,660</u>	<u>200,845</u>	<u>4,029,505</u>

As the redeemable option will not be in effect until January 22, 2024, convertible bonds were classified as non-current liabilities as at December 31, 2022 and reclassified into current liabilities as at June 30, 2023.

# Notes to the Interim Condensed Consolidated Financial Information

June 30, 2023

## 19. SHARE CAPITAL

	<b>June 30, 2023 RMB (Unaudited)</b>	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)	<b>52,265</b>	52,169

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

	<b>Number of shares in issue</b>	<b>Share capital RMB</b>
At January 1, 2023 (audited)	<b>5,922,350,070</b>	<b>52,169</b>
<u>Issue of shares of HK\$0.00001 each (note (a))</u>	<b>11,000,000</b>	<b>96</b>
At June 30, 2023 (unaudited)	<b>5,933,350,070</b>	<b>52,265</b>

Note:

- (a) On April 21, 2023, the Company issued 11,000,000 new ordinary shares to the RSU Trustee pursuant to the terms of the RSU Scheme approved and adopted on May 27, 2019, with the purchase price being HK\$2.60 per restricted share unit for vesting.

Reference is made to note 13 ("Note 13") to the interim condensed consolidated financial statements set out in the interim results announcement of the Company dated August 31, 2023 ("Interim Results Announcement"). Certain descriptions set out therein have been clarified (with corresponding updated descriptions underlined) due to inadvertent clerical inaccuracy. Save for the underlined descriptions, all other information set out in Note 13 in the Interim Results Announcement remain unchanged.

# Notes to the Interim Condensed Consolidated Financial Information

June 30, 2023

## 20. SHARE-BASED PAYMENTS

The Group's Restricted Share Unit Scheme (the "RSU Scheme") was adopted pursuant to a resolution passed on May 27, 2019 for the primary purpose of providing incentives to directors and eligible employees, and will expire on June 13, 2029.

The table below discloses movements of the RSU Scheme:

	For the six months ended June 30,	
	2023	2022
	Number of restricted share unit	Number of restricted share unit
Outstanding as at January 1	32,364,620	5,293,560
Granted during the period	20,304,400	36,240,000
Forfeited during the period	1,762,460	53,700
Exercised during the period	13,810,960	2,537,340
Outstanding as at June 30	37,095,600	38,942,520

For the six months ended June 30, 2023, 20,304,400 restricted share units were granted on April 27, 2023. The closing price of the Group's shares immediately before April 27, 2023, the date of grant, was HK\$14.56 per share. Approximately 34% shall vest on the first anniversary of the Vesting Commencement Date and the remaining approximately 33% and approximately 33% shall vest on the second and third anniversary of the Vesting Commencement Date, respectively.

# Notes to the Interim Condensed Consolidated Financial Information

June 30, 2023

## 20. SHARE-BASED PAYMENTS (Continued)

The fair value of the restricted share units determined on April 27, 2023 using the Binomial model was HK\$11.50 per unit. The following assumptions were used to calculate the fair value of the restricted share units:

	<b>April 27, 2023</b>
Weighted average closing price	<b>HK\$14.34</b>
Exercise price	<b>HK\$2.84</b>
Exercise life	<b>3 years</b>
Exercise volatility	<b>46.15%-51.81%</b>
Dividend yield	<b>0%</b>
Risk-free interest rate	<b>3.21%-3.29%</b>

The binomial model has been used to estimate the fair value of the restricted share units. The variables and assumptions used in computing the fair value of the restricted share units are based on the directors' best estimate. Changes in estimates and assumptions may result in changes in fair value of the restricted share units.

At the end of each reporting period, the Group revises its estimates of the number of restricted share units that are expected to vest ultimately. The impact of the revision of the estimates, if any, is recognised in profit or loss, with a corresponding adjustment to the share-based payment reserve.

As instructed by the Board, Computershare Hong Kong Trustee ("the Trustee") is appointed to acquire a certain number of shares from the open market for the RSU Scheme, and the purchased shares will be held by the Trustee until such shares are vested in accordance with the provisions of the Scheme.

# Notes to the Interim Condensed Consolidated Financial Information

June 30, 2023

## 21. TREASURY SHARES

During the six months ended June 30, 2023, a summary of movements in the Company's treasury shares is as follows:

	<b>Treasury shares RMB'000</b>
At January 1, 2023	<b>28,027</b>
Shares repurchased for RSU Scheme	<b>79,454</b>
Exercised	<b>(33,502)</b>
	<b>73,979</b>
At June 30, 2023 (unaudited)	<b>73,979</b>
	<b>Treasury shares RMB'000</b>
At January 1, 2022	57,969
Shares repurchased for RSU Scheme	58,060
Exercised	(29,891)
	<b>86,138</b>
At June 30, 2022 (unaudited)	<b>86,138</b>

## 22. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	<b>June 30, 2023 RMB'000 (Unaudited)</b>	December 31, 2022 RMB'000 (Audited)
Contracted, but not provided for the acquisition of property, plant and equipment	<b>151,933</b>	<b>39,341</b>

# Notes to the Interim Condensed Consolidated Financial Information

June 30, 2023

## 23. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group:

	For the six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Salaries, allowances and benefits in kind	32,343	27,749
Performance related bonuses	22,472	11,467
Share-based payments	39,473	27,443
Pension scheme contributions	1,214	1,349
Total compensation paid to key management personnel	95,502	68,008

## 24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

### Financial assets

	Carrying amount		Fair value	
	June 30, 2023 RMB'000 (Unaudited)	December 31, 2022 RMB'000 (Audited)	June 30, 2023 RMB'000 (Unaudited)	December 31, 2022 RMB'000 (Audited)
Financial assets at fair value through profit or loss	5,113,908	2,957,005	5,113,908	2,957,005
Debt investments at fair value through other comprehensive income	18,597	44,423	18,591	44,055
	5,132,505	3,001,428	5,132,499	3,001,060



# Notes to the Interim Condensed Consolidated Financial Information

June 30, 2023

## 24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

### Financial liabilities

	Carrying amount		Fair value	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Convertible bonds	<b>4,463,707</b>	4,282,742	<b>4,463,707</b>	4,282,742

Management has assessed that the fair values of cash and cash equivalents, time deposits with original maturity of over three months when acquired, trade and bills receivables, trade and bills payables, other financial assets, deposits and other receivables, financial liabilities included in other payables and accruals and dividends payable approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of lease liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for lease liabilities as at June 30, 2023 were assessed to be insignificant. The fair value of the liability portion of the convertible bonds is estimated by discounting the expected future cash flows using an equivalent market interest rate for a similar convertible bond with consideration of the Group's own non-performance risk.

The Group held bills receivable within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Bills receivable is measured at fair value through other comprehensive income. The Group has estimated the fair value of bills receivable by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair value of unlisted equity investments designated at fair value through profit or loss has been estimated at the most recent transaction price which equals to the original cost amounting to RMB583,577,000.

# Notes to the Interim Condensed Consolidated Financial Information

June 30, 2023

## 24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

The Group invests in financial assets at fair value through profit or loss, which represent wealth management products issued by banks. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at June 30, 2023 and December 31, 2022:

Financial instruments	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Bills receivable held both to collect cash flows and to sell	Discounted cash flow method	Discount rate per annum	4.13% to 4.57% (December 31, 2022: 4.13% to 4.57%)	5% (December 31, 2022: 5%) increase/decrease in discount rate would result in decrease/increase in fair value by 0.01% (December 31, 2022: 0.01%)
Convertible bonds – embedded derivative instruments	Binominal option pricing with the volatilities and risk-free rates as key inputs	Expected volatility	22.73% to 25.13% (December 31, 2022: 26.33% to 29.11%)	5% (December 31, 2022: 5%) increase in expected volatility would result in increase in fair value by 0.00% (December 31, 2022: 0.00%) 5% (December 31, 2022: 5%) decrease in expected volatility would result in decrease in fair value by 0.00% (December 31, 2022: 0.00%)

# Notes to the Interim Condensed Consolidated Financial Information

June 30, 2023

## 24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

*Assets measured at fair value:*

	Fair value measurement using			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
<b>As at June 30, 2023</b>				
Financial assets at fair value through profit or loss	–	4,530,331	583,577	5,113,908
Bills receivable	–	–	18,591	18,591
<b>As at December 31, 2022</b>				
Financial assets at fair value through profit or loss	–	2,544,426	412,579	2,957,005
Bills receivable	–	–	44,055	44,055

# Notes to the Interim Condensed Consolidated Financial Information

June 30, 2023

## 24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

### Fair value hierarchy *(Continued)*

*Liabilities measured at fair value:*

	Fair value measurement using			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1) RMB'000	(Level 2) RMB'000	(Level 3) RMB'000	
<b>As at June 30, 2023</b>				
Convertible bonds – embedded derivative instruments	–	–	310,313	310,313
<b>As at December 31, 2022</b>				
Convertible bonds – embedded derivative instruments	–	–	307,907	307,907

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (December 31, 2022: Nil).

## 25. EVENTS AFTER THE REPORTING PERIOD

On August 10, 2023, Jiangsu Hansoh entered into an exclusive collaboration agreement (the “**Collaboration Agreement**”) with Antengene Corporation (Hong Kong) Limited and Antengene (Zhejiang) Pharmaceutical Technology Company Limited, both subsidiaries of Antengene Corporation Limited (collectively, “**Antengene**”). Pursuant to the Collaboration Agreement, the Group will be exclusively responsible for commercialization of selinexor and any product containing or comprising of selinexor in the mainland of China and Antengene will continue to be responsible for research and development, regulatory approvals and affairs, product supply, and distribution of selinexor.

# Definitions

In this interim report, unless the context otherwise requires, the following terms shall have the meanings set out below.

“2022 Drug List”	the 2022 National Reimbursement Drug List released by the National Healthcare Security Administration of the People’s Republic of China in January 2023
“AACR”	the American Association for Cancer Research
“Apex Medical”	APEX MEDICAL COMPANY LTD., a company incorporated in the BVI as a limited liability company and wholly-owned by Mr. Cen Junda
“ASCO”	the American Society of Clinical Oncology
“Audit Committee”	the audit committee of the Board
“Bcr-Abl TKI”	BCR-ABL protein tyrosine kinase inhibitor (TKI)
“BD”	business development
“Biotheus”	Biotheus Inc. * (普米斯生物技術(珠海)有限公司)
“Board”	the board of Directors of the Company
“BVI”	the British Virgin Islands
“China” or “the PRC”	the People’s Republic of China
“CKD”	chronic kidney disease
“CML”	chronic myelogenous leukemia
“CNS”	central nervous system
“Code Provisions”	provisions under Corporate Governance Code
“Company” or “our Company”	Hansoh Pharmaceutical Group Company Limited, a company incorporated in the Cayman Islands with limited liability, its shares are listed and traded on the Main Board of the Stock Exchange
“Company Code”	the Company’s own code of conduct regarding securities transactions of the Company by Directors and relevant employees

## Definitions

“Convertible Bonds”	on January 22, 2021, the Company completed the issuance of US\$600 million of zero-coupon convertible bonds due in 2026 to professional investors (has the meaning given to it in the Securities and Futures Ordinance (Cap. 571) and the Securities and Futures (Professional Investors) Rules (Cap. 571D)), which are listed and traded on the Stock Exchange with bond code of 40546
“CG Code” or “Corporate Governance Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“CSCO”	the Chinese Society of Clinical Oncology
“Director(s)”	the director(s) of the Company
“EGFR”	epidermal growth factor receptor
“EGFR-TKI”	epidermal growth factor receptor -tyrosine kinase inhibitor (TKI)
“EMA”	European Medicines Agency
“EQRx”	EQRx, Inc.
“ESA(s)”	erythropoiesis-stimulating agent(s)
“ESG”	environmental, social and governance
“GMP”	Good Manufacturing Practice
“Group”, “our Group”, “we” or “us”	the Company and its subsidiaries and, in respect of the period before the Company became the holding company of our present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be)
“HK\$” or “Hong Kong dollar(s)” or “cent(s)”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time

# Definitions

“MAA”	marketing authorization application
“MHRA”	the United Kingdom (U.K.)’s Medicines and Healthcare products Regulatory Agency
“NHSA”	the National Healthcare Security Administration of the People’s Republic of China (中華人民共和國國家醫療保障局)
“NiKang Therapeutics”	NiKang Therapeutics Inc.
“NMOSD”	neuromyelitis optica spectrum disorders
“NMPA”	the National Medical Products Administration of the People’s Republic of China (中華人民共和國國家藥品監督管理局)
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Nomination Committee”	the nomination committee of the Board
“NRDL”	the National Reimbursement Drug List for Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance Catalogue* (國家基本醫療保險、工傷保險和生育保險藥品目錄) released by the NHSA
“NSCLC”	non-small cell lung cancer
“POC”	the Proof of Concept
“Prospectus”	the prospectus of the Company dated May 31, 2019
“R&D”	research and development
“Remuneration Committee”	the remuneration committee of the Board
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“Reporting Period”	the period of 6 months from January 1, 2023 to June 30, 2023

## Definitions

“RSU Scheme”	the scheme conditionally approved and adopted by the Company on May 27, 2019, which has granted restricted share units (“ <b>RSUs</b> ”) upon completion of the Global Offering, the details of which are set out in the section headed “Statutory and General Information” in Appendix IV of the Company’s Prospectus
“RSU Trustee”	Computershare Hong Kong Trustees Limited
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of the Company with nominal value of HK\$0.00001 each, which are listed and traded on the Stock Exchange
“Shareholder(s)”	holder(s) of Shares
“Stellar Infinity”	Stellar Infinity Company Ltd., a company incorporated in the BVI as a limited liability company and held as to 100% by Sunrise Investment
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategy and Development Committee”	the strategy and development committee of the Board
“subsidiary” or “subsidiaries”	has the meaning ascribed thereto under the Listing Rules
“Substantial Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Sunrise Investment”	Sunrise Investment Advisors Limited, a company incorporated in the BVI with limited liability and held as to 100% by the Sunrise Trust Trustee
“Sunrise Trust”	Sunrise Trust, a discretionary trust set up by Ms. Sun, of which the Sunrise Trust Trustee acts as the trustee pursuant to a trust deed dated January 28, 2016
“Sunrise Trust Trustee”	Harmonia Holding Investing (PTC) Limited



## Definitions

“TiumBio”	TiumBio Co., Ltd.
“U.S. FDA”	the United States Food and Drug Administration
“Viela Bio”	Viela Bio, Inc.
“%”	Percentage

\* *For identification purposes only*