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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3692)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2024

The board (the "**Board**") of directors (the "**Directors**") of Hansoh Pharmaceutical Group Company Limited (the "**Company**") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended June 30, 2024, together with the comparative figures for the corresponding period in 2023.

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

FINANCIAL HIGHLIGHTS

For the six months ended June 30, 2024, the Group recorded the following unaudited results:

- Revenue was approximately RMB6,506 million, representing an increase of approximately 44.2% compared with the corresponding period of the previous year;
- Revenue of innovative drugs and collaborative products amounted to approximately RMB5,032 million, representing an increase of approximately 80.6% compared to the corresponding period of the previous year, and its proportion to the revenue increased from 61.8% to 77.4% as compared with the corresponding period of the previous year;
- R&D expenditure was approximately RMB1,196 million, representing an increase of approximately 28.7% compared with the corresponding period of the previous year, and accounted for approximately 18.4% of the revenue;
- Profit was approximately RMB2,726 million, representing an increase of approximately 111.5% compared with the corresponding period of the previous year;
- Basic earnings per share was approximately RMB0.46, representing an increase of approximately 111.4% compared with the corresponding period of the previous year.

The increase in revenue, profit and basic earnings per share during the period under review was primarily due to the increase in the revenue of innovative drugs and collaborative products.

The Board has declared the payment of an interim dividend of HK$20.10 cents per share for the six months ended June 30, 2024.

CORPORATE OVERVIEW

The Company is one of the leading research and development ("**R&D**") and innovation-driven pharmaceutical companies in the People's Republic of China ("**PRC**" or "**China**"), driven by its mission of "continuous innovation for better life", and is committed to becoming the world's leading innovation-driven pharmaceutical enterprise.

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-infectives, central nervous system ("**CNS**") diseases, metabolic and other diseases, and has successfully transformed itself into an innovative biopharma company that focuses on developing and selling innovative drugs. As at June 30, 2024, the Group has been approved to market a total of seven innovative drugs, all of which were included in the National Reimbursement Drug List (《國家基本醫療保險、工傷保險和生育保險藥品目錄》) ("**NRDL**") issued by the National Healthcare Security Administration of the PRC ("**NHSA**"). The revenue of innovative drugs and collaborative products amounted to approximately RMB5,032 million and its proportion of total revenue amounted to approximately 77.4%, becoming a core driver for sustainable growth of the Company's performance.

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

In January 2024, HS-10501 tablets, a Category 1 innovative drug self-developed by the Group, obtained a clinical trial approval issued by the National Medical Products Administration of the PRC ("**NMPA**"), which was intended to be used for the treatment of type 2 diabetes mellitus ("**T2DM**") and obesity in adults, with specific indication to be determined after the completion of clinical research.

In February 2024, HS-10398 capsules, a Category 1 innovative drug self-developed by the Group, obtained a clinical trial approval issued by the NMPA, which was intended to be used for the treatment of immunoglobulin A nephropathy and membranous nephropathy, with specific indication to be determined after the completion of clinical research.

In March 2024, the Group entered into a license agreement with Biotheus Inc. ("**Biotheus**"), pursuant to which, the Group obtained an exclusive license from Biotheus to use HS-20117 (license-in as PM1080) for the development, manufacture, and commercialization of bispecific antibody-drug conjugate ("**ADC**") product on a global basis, with the right of sublicense.

In April 2024, HS-10504 tablets, a Category 1 innovative drug self-developed by the Group, obtained a clinical trial approval issued by the NMPA, which was intended to be used for the treatment of advanced non-small cell lung cancer ("**NSCLC**"), with specific indication to be determined after the completion of clinical research.

In April 2024, the Group entered into a license agreement with Qyuns Therapeutics Co., Ltd. ("**Qyuns**"), pursuant to which, the Group obtained an exclusive license from Qyuns to develop and commercialize monoclonal antibody HS-20137 (license-in as QX004N) within China (including Hong Kong, Macau and Taiwan).

The Company continues to improve its environmental, social and governance ("**ESG**") performance. During the year, the Company continued to be listed in the Sustainability Yearbook (China Edition) 2024 published by S&P Global, with the honor of ranking among the top 1% in the industry in terms of ESG score.

Events after the reporting period are set out below:

In July 2024, the New Drug Application ("**NDA**") of Ameile for adjuvant therapy after tumor resection in patients with NSCLC whose tumors have epidermal growth factor receptor ("**EGFR**") exon 19 deletions or exon 21(L858R) mutations, was accepted by the NMPA.

In August 2024, the Group entered into a license agreement with Guangzhou Lupeng Pharmaceutical Co., Ltd.* (廣州麓鵬製藥有限公司) ("**Lupeng Pharma**"), pursuant to which, the Group obtained an exclusive license from Lupeng Pharma to develop and commercialize a small molecule Brewton's tyrosine kinase inhibitor (BTKi) LP-168 within China (including Hong Kong, Macau and Taiwan).

In August 2024, the fourth NDA of Ameile was accepted by NMPA, for the treatment in patients with locally advanced, unresectable, EGFR exon 19 deletions or exon 21(L858R) mutations, NSCLC without progression following definitive platinum-based chemoradiotherapy.

In August 2024, the Group's collaborator, GSK plc ("**GSK**"), has received U.S. Food and Drug Administration ("**FDA**") Breakthrough Therapy Designation for B7-H3-targeted antibody-drug ("**ADC**") conjugate GSK5764227 (also known as HS-20093). The ADC is being evaluated for the treatment of patients with extensive-stage small-cell lung cancer ("**ES-SCLC**") with disease progression (relapsed or refractory) on or after platinum-based chemotherapy.

Save as disclosed above, there is no material event affecting the Company during the period from June 30, 2024 to the date of this announcement.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Review

During the period under review, the reform of China's pharmaceutical and healthcare system continued to deepen, with policies leading to the innovative transformation of the entire chain of the biopharmaceutical industry, and "new quality productivity" becoming the engine of development of biopharmaceuticals. With the NMPA continuously speeding up the review and approval of innovative and clinically urgently needed drugs, the health insurance payments further tilting towards the promotion and application of innovative products, and a healthier and more transparent industry environment have catalysed innovation-driven pharmaceutical enterprises to continuously increase their investment in R&D, accelerating the pace of innovation-driven development, and to lay out therapeutic areas of vast clinical needs around the health and well-being of the people to provide more accessible medication choices for patients.

Business Highlights

For the six months ended June 30, 2024, the Group recorded revenue of approximately RMB6,506 million, representing an increase of approximately 44.2% compared with the corresponding period of the previous year; profit of approximately RMB2,726 million, representing an increase of approximately 111.5% compared with the corresponding period of the previous year; and earnings per share of approximately RMB0.46, representing an increase of approximately 111.4% compared with the corresponding period of the previous year; the Group's revenue of innovative drugs and collaborative products amounted to approximately RMB5,032 million, representing an increase of approximately 80.6% to the corresponding period, and its proportion of total revenue was approximately 77.4%.

We generate our revenue primarily from sales of pharmaceutical products. Our main products are concentrated in the main therapeutic areas on which the Group strategically targets, including oncology, anti-infectives, CNS diseases, metabolic and other diseases. The increase in revenue, profit and basic earnings per share during the period under review was primarily due to the increase in the revenue of innovative drugs and collaborative products, which is attributable to the increase in sales of innovative drugs and an upfront payment from GSK, our collaborator. For further details of the collaborations with GSK, please refer to the sub-heading headed "Business Development" below.

For the six months ended June 30, 2024, the revenue and product portfolio of our major therapeutic areas are as follows:

Therapeutic Area	Product Portfolio
Oncology (revenue amounted to approximately RMB4,475 million, accounting for approximately 68.8% of the total revenue)	Innovative drug Ameile (Aumolertinib Mesilate Tablets), innovative drug Hansoh Xinfu (Flumatinib Mesylate Tablets), Pulaile (Pemetrexed Disodium for Injection), Pulaitan (Enzalutamide Soft Capsules), Xinwei (Imatinib Mesylate Tablets) and Tanneng (Fosaprepitant Dimeglumine for Injection), etc.
Anti-infectives (revenue amounted to approximately RMB701 million, accounting for approximately 10.8% of the total revenue)	Innovative drug Hengmu (Tenofovir Amibufenamide Tablets), innovative drug Mailingda (Morinidazole Sodium Chloride for Injection) and Hengsen (Micafungin Sodium for Injection), etc.
CNS diseases (revenue amounted to approximately RMB733 million, accounting for approximately 11.3% of the total revenue)	Innovative drug XINYUE (Inebilizumab Injection), Ameining (Agomelatine Tablets), Ailanning (Paliperidone Extended-Release Tablets), and Oulanning (Olanzapine Tablets/Orally Disintegrating Tablets/Oral Soluble Film), etc.
Metabolic and other diseases (revenue amounted to approximately RMB597 million, accounting for approximately 9.1% of the total revenue)	Innovative drug Fulaimei (PEG-Loxenatide for Injection), innovative drug Saint Luolai (Pegmolesatide Injection), Ruibote (Sodium Rabeprazole Enteric–coated Tablets), Fulaidi (Repaglinide Tablets), Fulairui (Canagliflozin Tablets) and Punuoan (Ambrisentan Tablets), etc.

Innovative Drug Products

During the period under review, seven of the Group's approved innovative drugs (Ameile, Hansoh Xinfu, Fulaimei, Hengmu, XINYUE, Saint Luolai and Mailingda) and the corresponding 9 indications have been included in the NRDL.

Ameile (阿美樂®)

Ameile (Aumolertinib Mesilate Tablets) is China's first innovative third-generation EGFR-tyrosine kinase inhibitor ("**TKI**") innovative drug independently developed by the Group, and it has been approved for two indications in China, as follows: in March 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 NRDL in January 2023; 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 NRDL after negotiations in January 2023.

From January 2024 to June 2024, multiple academic publications on Ameile were released. Six of the studies were selected for the European Lung Cancer Congress (ELCC) 2024, multiple important clinical studies were selected at the 2024 American Society of Clinical Oncology (ASCO) Annual Meeting, and a retrospective real-world research result was first published in the internationally renowned pharmacology journal *Frontiers in Pharmacology*.

In July 2024, the third NDA of Ameile for adjuvant therapy after tumor resection in patients with NSCLC whose tumors have EGFR exon 19 deletions or exon 21(L858R) mutations, was accepted by the NMPA.

In August 2024, the fourth NDA of Ameile for the treatment in patients with locally advanced, unresectable, EGFR exon 19 deletions or exon 21(L858R) mutations, NSCLC without progression following definitive platinum-based chemoradiotherapy, was accepted by the NMPA.

Since the launch of Ameile, a number of indications, including post-operative adjuvant and first-line chemotherapy combinations, are in Phase III pivotal clinical trials. The clinical trials of Ameile in combination with HS-10241, the Company's proprietary cMET small molecule, entered Phase III pivotal registration clinical trial stage, which is intended for the treatment of patients with locally advanced or metastatic NSCLC with EGFR mutation accompanied by MET amplification who have failed treatment with EGFR-TKI.

Ameile has been recommended as Class I or Preferred by eight national diagnosis and treatment guidelines, including *the Chinese Society of Clinical Oncology ("CSCO"): Clinical Guidelines For the Diagnosis and Treatment of NSCLC, 2023** (《中國臨床腫瘤學會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"* (中國專利金獎). The Group continues to push forward the regulatory review process for aumolertinib marketing authorization applications by the Medicines and Healthcare Products Regulatory Agency in the United Kingdom and the European Medicines Agency.

Hansoh Xinfu (豪森昕福®)

Hansoh Xinfu (Flumatinib Mesylate Tablets) is China's first self-developed novel second-generation Bcr-Abl TKI. It was approved for marketing in 2019, was included in the NRDL after negotiations in 2020 and was successfully renewed in the 2022 NRDL in January 2023. Hansoh Xinfu is used for the treatment of chronic myelogenous leukemia. Based on the results of existing clinical trials, its efficacy is better than that of imatinib. Further, no pleural effusion or cardiotoxicity which occurs in the use of other second-generation Bcr-Abl TKI has been observed, and its safety profile is more favorable. The product has been adopted for long-term application by an increasing number of patients. Hansoh Xinfu is recommended as the first-line treatment for chronic myelogenous leukemia in the *Guidelines for Diagnosis and Treatment of Chronic Myelogenous Leukemia** (《慢性髓性白血病診斷與治療指南》) released by the National Health Commission of the PRC (中國國家衛生健康委員會) ("**NHC**") and the *Guidelines For the Treatment of Malignant Hematologic Diseases** (《惡性血液病診療指南》).

***Fulaimei* (*孚來美®*)**

Fulaimei (PEG-Loxenatide for Injection) is the first innovative drug launched leveraging on the Group's proprietary PEGylation technology, it is the first original innovative GLP-1RA weekly formulation in China, which was approved for marketing in May 2019 for the treatment of T2DM. Fulaimei provides a new treatment option for diabetic patients in China, with clear efficacy in lowering blood glucose, combined with weight loss, improvement of blood lipids and blood pressure, and renal benefits, with a high degree of safety, and requiring only one injection per week. Fulaimei was first included in the NRDL after negotiation in 2020 and was successfully renewed in the 2022 NRDL in January 2023. Fulaimei has been included in the *Guideline For the Prevention and Treatment of Type 2 Diabetes Mellitus in China (2020 edition)** (《中國 2 型糖尿病防治指南(2020版)》) released by the Chinese Diabetes Society (CDS) in April 2021.

***Hengmu* (*恒沐®*)**

Hengmu (Tenofovir Amibufenamide Tablets) is the novel Tenofovir prodrug self-developed by the Group, it 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. It was successfully renewed in the 2023 NRDL in December 2023.

Hengmu is a novel nucleotide reverse transcriptase inhibitor. By optimizing the compound structure, Hengmu has higher cell membrane penetration rate, making it easier to enter liver cells to achieve liver-targeting effect in order to effectively improve drug plasma stability and reduce systematic exposure of tenofovir in patients, it provides a safer option for long-term treatment. The 48-week, 96-week and 144-week data from the Phase III pivotal clinical study of Hengmu have been published in several academic journals and international conferences, and the results of the studies have all confirmed the efficacy and safety of Hengmu in the long-term treatment of patients with chronic hepatitis B, especially in terms of safety for the bones and kidneys. In March 2024, four research results on Hengmu were presented at the 33rd Annual Meeting of the Asia Pacific Association for the Study of Liver (APASL). In June 2024, a real-world study on Hengmu was released at the European Association for the Study of the Liver (EASL).

Hengmu has been included in the *Guidelines For the Prevention and Treatment of Chronic Hepatitis B (version 2022)** (《慢性乙型肝炎防治指南(2022年版)》) as one of the first-line recommendation of antiviral therapy for chronic hepatitis B in February 2023, and has also been included in the *CSCO: Clinical Guidelines For the Diagnosis and Treatment of Hepatocellular, 2022** (《中國臨床腫瘤學會肝癌診療指南(2022年版)》) as Class I recommendation. In April 2024, Hengmu was recommended as Grade A in the *Diagnosis and Treatment Guidelines for Primary Liver Cancer (2024 Edition)* * (《原發性肝癌診療指南(2024年版)》) by the NHC.

XINYUE (昕越®)

XINYUE (Inebilizumab Injection) is a targeted CD19 B-cell depleting antibody for adult patients with neuromyelitis optica spectrum disorders ("**NMOSD**") who are AQP4 antibody-positive developed by our collaborator, Viela Bio, Inc. ("**Viela Bio**") (which was acquired by Horizon Therapeutics plc in March 2021, and Horizon Therapeutics plc was acquired by Amgen INC ("**Amgen**") in December 2023). It was approved for marketing by the U.S. FDA, the Ministry of Health, Labour and Welfare of Japan, 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 XINYUE in designated territories (i.e. the Chinese Mainland, Hong Kong and Macau regions) for NMOSD as well as other designated potential indications. Our collaborator, Amgen, is currently investigating global multi-centre clinical trials in IgG4-related diseases (IgG4-RD) and myasthenia gravis (gMG), including Chinese centres. In June 2024, our collaborator Amgen announced that the top line results of a randomized double-blind, multicenter, placebo-controlled Phase III clinical trial demonstrated that Inebilizumab Injection achieved the primary clinical endpoint in the treatment of IgG4 related diseases (IgG4-RD).

In March 2022, XINYUE was approved for marketing in the PRC and included in the 2022 NRDL 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. In March 2024, the *Expert Guidelines for Clinical Practice of Inebilizumab in the Treatment of Neuromyelitis Spectrum Diseases** (《伊奈利珠單抗治療視神經脊髓炎譜系疾病臨床實踐專家指南》) were released in Shanghai.

Saint Luolai (聖羅萊®)

Saint Luolai (Pegmolesatide Injection), a Category 1 innovative drug which has been self-developed by the Group for 15 years, is a long-acting peptide-based erythropoiesis stimulating agent ("**ESA**") promoting the proliferation of red blood cells in the body. In June 2023, Saint Luolai has been approved for two indications to treat anemia in chronic kidney disease ("**CKD**") adult patients who have not received ESA and are not on dialysis, as well as those who are receiving short-acting erythropoietin treatment and on dialysis. Saint Luolai was included in the 2023 NRDL in December 2023 for the first time through negotiation for its two indications.

Saint Luolai has a high selectivity agonist EPO Receptor (EPOR). It effectively binds to EPOR homodimers, promoting erythropoiesis, and exhibits comparable erythropoietic effects to traditional ESAs but demonstrates lower binding to non-erythropoietic heterodimers (EPOR + CD131), which may offer potential safety advantages. The data of the Phase III pivotal clinical trial of Saint Luolai (published in *eClinicalMedicine*, a subset of *The Lancet* in 2023) demonstrated that, as a monthly peptide-based highly specific EPO receptor agonist, it has a significantly extended half-life compared to short-acting ESAs and enables dosing once every 4 weeks, which enhances patient convenience while improving treatment compliance.

In February 2024, Saint Luolai was included for the first time in the *Chinese Expert Consensus on Long-acting Erythropoiesis-stimulating Agents in the Treatment of Renal Anemia (2024)** (《長效紅細胞生成刺激劑治療腎性貧血中國專家共識(2024年版)》).

Mailingda (邁靈達®)

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 renewed in November 2019, December 2021 (with zero-price reduction) and renewed again in the general list in December 2023. 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)》).

R&D and Innovation

Innovation focus is the core driving force of our Company's development. The Group has continuously increased its investments in R&D over the years, built complete 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. Our professional R&D team consists of over 1,700 research fellows at four R&D centres located in Maryland, United States and Shanghai, Changzhou and Lianyungang, China. 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).

During the six months ended June 30, 2024, we submitted 21 formal patent applications in China and 29 patents were granted; we submitted 49 formal overseas patent applications and 20 patents were granted.

R&D pipeline update

During the six months ended June 30, 2024, the Group had more than 50 clinical trials of innovative drugs being investigated, covering more than 30 innovative drug products.

Key innovative drugs obtaining first clinical approval during the review period includes: self-developed new Category 1 drug HS-10501 tablets (intended for the treatment of T2DM and adult obesity); self-developed Category 1 new drug HS-10398 capsules (intended for the treatment of immunoglobulin A nephropathy and membranous nephropathy); self-developed Category 1 new drug HS-10504 tablets (intended for the treatment of advanced NSCLC); HS-20137 monoclonal antibody (intended for the treatment of autoimmune diseases such as psoriasis) license-in from Qyuns, etc.

R&D progress of key products

HS-20094 is a dual agonist of glucagon like peptide-1 receptor ("**GLP-1**") and glucose dependent insulinotropic polypeptide ("**GIP**") receptor self-developed by the Group. By selectively activating GLP-1 and GIP receptors, it promotes insulin secretion, delays gastric emptying, inhibits appetite and reduces food intake, thereby producing biological effects such as sugar control, weight loss, and metabolic improvement. The phase IIa research results of HS-20094 published at the 2024 annual meeting of the American Diabetes Association (ADA) demonstrated that HS-20094 had good safety and tolerance characteristics in subjects with T2DM, and showed the efficacy of reducing glucose and weight.

HS-20093 is a novel B7-H3-targeted ADC composed of a fully-humanized B7-H3 monoclonal antibody covalently linked to topoisomerase inhibitor (TOPOi) payload self-developed by the Group. HS-20093 is currently undergoing several proof of concept (POC) clinical studies in China for the treatment of lung cancer, sarcoma, head and neck cancer and Phase I and Phase II clinical studies in other solid tumors. At the Annual Meeting of the ASCO 2024, a multicenter, open-label Phase II study of HS-20093 in relapsed or refractory bone and soft-tissue sarcomas (study code ARTEMIS-002) was released as an oral presentation, with preliminary data demonstrating that HS-20093, in patients with relapsed or refractory bone and soft-tissue sarcomas who have been adequately treated in the past, has demonstrated strong anti-tumor activity, superior to clinically available standard-of-care historical data, and was well tolerated for safety. Clinical study data support the subsequent development of HS-20093 in bone and soft tissue sarcomas. In August 2024, GSK, our collaborator, received FDA Breakthrough Therapy Designation for GSK5764227 (also known as HS-20093).

HS-10370 is an oral potent and highly selective small molecule KRAS G12C inhibitor self-developed by the Group. The results of the Phase I single-agent clinical study of HS-10370 in advanced solid tumours, presented at the 2024 Annual Meeting of the American Association for Cancer Research (AACR), demonstrated that HS-10370 has good safety and tolerability characteristics in patients with advanced solid tumors, and showed good efficacy in the treatment of advanced solid tumors with the KRAS G12C mutation, especially advanced NSCLC, which is expected to bring new treatment options to patients.

Business Development

In addition to internal R&D investment, in order to enhance the product pipeline, the Group adheres to both in-house R&D and external business development ("**BD**") collaboration to proactively explore opportunities with relatively high commercial potential, and actively engage in platform cooperation globally, thus forming a R&D pipeline layout with differentiated competitive strengths. In terms of in-licensing, as at the end of the period under review, the Company has introduced a total of 11 collaborative projects, of which nine are in the clinical stage and the remaining two are in the commercialization stage. The Group also actively pursues license-out opportunities for its own pipeline products and completed two external licensing approvals.

During the period under review, the expenses of BD projects incurred and recognised as R&D expenditure of the Group were approximately RMB130 million in total and pursuant to the licensing agreement between the Group and GSK entered into on December 20, 2023, the Group recognised an upfront payment of US$185 million BD licensing fees as collaboration revenue from GSK, our collaborator. For details of our collaborations with GSK, please refer to our announcements dated October 20, 2023, December 20, 2023 and August 20, 2024.

Progress of co-operation projects

Collaboration with Biotheus again

In March 2024, our Group entered into a license agreement with Biotheus and obtained its exclusive license to use bispecific antibodies targeting EGFR/c-met, including HS-20117, for the development, production, and commercialization of antibody conjugate products worldwide, with the right to further sublicense.

HS-20117 is a 1+1 heterodimeric structure of EGFR/c-met bispecific antibody, which can inhibit the growth and survival of tumors by specifically targeting the tumor antigens EGFR and c-met, and is currently in clinical research stage of phase I monotherapy and combination therapy.

Collaboration with Qyuns

In April 2024, our Group entered into a licensing agreement with Qyuns and obtained exclusive license from Qyuns to develop and commercialize HS-20137 monoclonal antibody in China (including Hong Kong, Macau, and Taiwan).

HS-20137 monoclonal antibody is an innovative drug candidate indicated for psoriasis and Crohn's disease. At present, HS-20137 has been initiated in various clinical studies, the highest stage of development in China is a Phase II clinical trial.

Environmental, Social and Governance (ESG)

Our Group adheres to the core values of "Responsibility, Integrity, Strive, and Innovation", and is committed to improving the accessibility of innovative drugs in areas where clinical demand is scarce. At the same time, we optimize corporate control mechanisms, strengthen product quality management and pharmacovigilance, improve energy and resource utilization, reduce greenhouse gas emissions, attract and build high-quality talent team, safeguard employee rights and well-being, collaborate upstream and downstream supply chains, and jointly practice the concept of sustainable development. We actively respond to the upgrading of sustainable information disclosure standards both domestically and internationally, setting higher environmental goals and continuously improving the disclosure of our governance, strategies, risks, indicators and targets on key ESG issues including greenhouse gases, climate risks, and drug accessibility. This is in response to the concerns of investors, community environment, employees, suppliers, clinical trial participants, ecology, customers, and patients, and injects vitality into the long-term sustainable development of the company and society. During the period under review, we proactively strengthened our corporate behaviour and business ethics control mechanisms, further developed integrity and compliance training to raise the awareness of business ethics among our staff, and continued to optimise our systems and processes in an effort to improve our compliance management system and make our innovations more accessible through a more rigorous and responsible approach.

During the period under review, the Company was awarded as "TOP 1%" in the Sustainability Yearbook (China Edition) 2024 published by S&P Global based on its excellent results in the 2023 S&P Global Corporate Sustainability Assessment ("**CSA**"), and topped the pharmaceutical industry in China in the 2023 CSA score. In addition, since our MSCI ESG rating was upgraded to AA in October 2023, the Company has continued to improve its policy system, implement ESG risk monitoring, and accumulate long-term momentum for global innovation and development. While continuously improving the quality of human life, we strive to create diverse social values and comprehensively enhance 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 the uses of cash resources and strive to maintain a healthy liquidity to meet the needs of our operations.

For the six months ended June 30, 2024, the Group's operating activities generated a net cash inflow of RMB2,682 million. The capital expenditure for the period under review was RMB306 million, mainly relating to the purchases of land use rights, the construction of workshops, as well as, among other things, the purchase of equipment, motor vehicles, software and patent rights required for production, R&D and administrative activities. The cash flow of financing activities for the period under review mainly consisted of the redemption of the outstanding convertible bonds in the aggregate principal amount of US$590,622,000.

The Group's financial position remains sound. As at June 30, 2024, we had cash and bank balances of RMB21,745 million (as at December 31, 2023: RMB22,435 million), financial assets at fair value through profit or loss of RMB321 million (as at December 31, 2023: RMB512 million), other financial assets of RMB1,431 million (as at December 31, 2023: RMB1,910 million). As at June 30, 2024, 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. As each of the financial products was subscribed with different banks under different terms and are of different nature and none of the financial products exceeds 5% of the applicable percentage ratios on a standalone basis, the Group's purchase of financial products during the six months ended June 30, 2024 does not constitute notifiable transactions of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**"). As at June 30, 2024, the Group's gearing ratio (calculated as total liabilities divided by total assets) was approximately 11.9% (as at December 31, 2023: 21.9%).

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

Pledge of Group Assets

As at June 30, 2024, none of the Group's assets was subject to any encumbrance, mortgage, lien, charge or pledge.

Contingent Liabilities

As at June 30, 2024, the Group had no material contingent liabilities.

Significant Investments Held

During the six months ended June 30, 2024, we did not have any significant investments.

Future Plans for Material Investments and Capital Assets

As at June 30, 2024, the Group did not have any plans for material investments and capital assets.

Material Acquisitions and Disposals

During the six months ended June 30, 2024, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures.

Employees and Emoluments Policy

As at June 30, 2024, the Group had a total of 9,099 full-time employees, whose remuneration is determined based on their performance and experience as well as the prevailing market salary levels.

The staff costs, including remuneration of the executive Directors, social welfare and other benefits, were approximately RMB1,480 million for the six months ended June 30, 2024. We also provide regular training to employees designed to strengthen staff commitment to us and improve staff knowledge in a number of important areas of our services, such as knowledge about the Company and our products as well as sales, laws and regulations applicable to our operation, requirements under applicable Good Manufacturing Practice (GMP) or other certifications, quality control, production safety and corporate culture.

The Company has conditionally approved and adopted the restricted share unit scheme ("**RSU Scheme**") on May 27, 2019 to recognize contributions by selected participants and give incentives thereto in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group. Participants may include employees of the Group (such as director, chief executive officer, vice president, financial controller, company secretary, members of senior management or key technical personnel) as well as any other person selected by the Board at its sole discretion from time to time (subject to the compliance of the applicable Listing Rules).

On April 19, 2024, pursuant to the RSU Scheme, the Company allotted and issued 2,300,000 new ordinary shares (aggregate nominal value: HK$23) to Computershare Hong Kong Trustees Limited (the "**RSU Trustee**") holding such shares for the benefit of the participants of the RSU Scheme pursuant to the terms of the RSU Scheme with the issue price per share of HK$2.6 as measured by the Company, which was arrived at after taking into consideration the number of shares currently held by the RSU Trustee and the purchase prices of the RSUs at the time of measurement, and the closing market price per share of immediately preceding business day of the issuance is HK$15.66. During the period under review, the RSU Trustee was instructed by the Company to purchase an aggregate of 3,000,000 shares from the open market. The RSU Trustee shall hold such shares for the benefit of selected participants. As at June 30, 2024, a balance of 1,315,065 shares of the Company 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 period under review, restricted share units ("**RSUs**") representing 11,397,590 shares of the Company had been granted by the Company pursuant to the RSU Scheme. Among the grants during the period under review, all RSUs granted to Ms. Sun Yuan (representing 1,300,000 shares of the Company) and Dr. Lyu Aifeng (representing 291,850 shares of the Company), both being executive Directors of the Company and details of which are set out in the announcement of the Company dated June 27, 2024, only involve existing shares of the Company held or to be held by the RSU Trustee, and no new shares of the Company were or will be allotted or issued for the vesting of these RSUs. The grant of RSUs to them forms 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.

Additional Information to the Annual Report for the year ended December 31, 2023 in relation to the RSU Scheme

Reference is made to the annual report of the Company for the year ended December 31, 2023 published on April 29, 2024 (the "**2023 Annual Report**"). Details of the RSUs granted, vested, cancelled and/or lapsed during the year ended December 31, 2023 were disclosed in the section headed "Directors' Report – Restricted Share Unit Scheme – 10. Present status of the RSU Scheme" of the 2023 Annual Report. For the year ended December 31, 2023, an aggregate of 13,810,960 RSUs were vested. The weighted average closing price of the shares immediately before the vesting dates of such RSUs was HK$14.31 per share.

Prospects

It is our corporate vision to become the world's leading innovation-driven pharmaceutical enterprise. We will continue to increase our investment in R&D, seize the ever-changing external opportunities, accelerate the transfer of R&D results, and promote the rapid market launch of innovative medicines and therapeutic solutions, in order to better meet the unmet medical needs of patients in China and around the world. We are committed to healthy and sustainable development and will actively fulfil our corporate social responsibility to create greater value for our shareholders, patients, society and other stakeholders.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Notes	For the six months ended 30 June	
		2024	2023
		(unaudited)	(unaudited)
		RMB'000	*RMB'000*
REVENUE	*4*	**6,505,501**	4,511,217
Cost of sales		**(579,218)**	(535,455)
Gross profit		**5,926,283**	3,975,762
Other income	*4*	**480,963**	453,083
Selling and distribution expenses		**(1,720,670)**	(1,669,645)
Administrative expenses		**(353,898)**	(329,961)
Research and development costs		**(1,196,454)**	(929,478)
other (expenses)/gains, net	*4*	**(18,038)**	122
PROFIT BEFORE TAX	*5*	**3,118,186**	1,499,883
Income tax expense	*6*	**(392,661)**	(211,035)
PROFIT FOR THE PERIOD		**2,725,525**	1,288,848
Attributable to:			
Owners of the parent		**2,725,525**	1,288,848
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT FOR THE PERIOD			
Basic (RMB)	*8*	**0.46**	0.22
Diluted (RMB)	*8*	**0.46**	0.22

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	For the six months ended 30 June	
	2024	2023
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
PROFIT FOR THE PERIOD	**2,725,525**	1,288,848
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**84,657**	463,930
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**84,657**	463,930
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**84,657**	463,930
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**2,810,182**	1,752,778
Attributable to:		
Owners of the parent	**2,810,182**	1,752,778

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	Notes	As at 30 June 2024 (unaudited) *RMB'000*	As at 31 December 2023 (audited) *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**2,859,333**	3,045,060
Right-of-use assets		**449,140**	234,663
Intangible assets		**196,620**	177,416
Financial assets at fair value through profit or loss		**743,409**	684,706
Prepayments for purchase of property, plant and equipment		**17,517**	13,927
Total non-current assets		**4,266,019**	4,155,772
CURRENT ASSETS			
Inventories		**599,506**	575,782
Trade and bills receivables	*9*	**2,938,415**	3,214,251
Prepayments, other receivables and other assets		**370,886**	236,208
Financial assets at fair value through profit or loss		**320,875**	512,409
Other financial assets		**1,431,441**	1,909,966
Cash and bank balances	*10*	**21,745,333**	22,434,691
Total current assets		**27,406,456**	28,883,307
CURRENT LIABILITIES			
Trade and bills payables	*11*	**174,562**	163,763
Other payables and accruals	*12*	**2,410,159**	2,375,680
Contract liabilities		**18,161**	38,471
Lease liabilities		**15,280**	16,087
Tax payable		**5,384**	85,650
Convertible bonds		**40,255**	4,183,198
Dividends payable		**768,760**	–
Total current liabilities		**3,432,561**	6,862,849
NET CURRENT ASSETS		**23,973,895**	22,020,458
TOTAL ASSETS LESS CURRENT LIABILITIES		**28,239,914**	26,176,230

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2024

	Notes	**As at 30 June 2024 (unaudited) *RMB'000***	As at 31 December 2023 (audited) *RMB'000*
NON-CURRENT LIABILITIES			
Convertible bonds		**–**	39,742
Lease liabilities		**64,137**	64,708
Deferred tax liabilities		**250,751**	255,020
Other non-current liabilities		**21,751**	21,987
Total non-current liabilities		**336,639**	381,457
NET ASSETS		**27,903,275**	25,794,773
EQUITY			
Equity attributable to owners of the parent			
Share capital	*13*	**52**	52
Treasury shares		**(13,599)**	(108,629)
Reserves		**27,916,822**	25,903,350
Non-controlling interests		**–**	–
Total equity		**27,903,275**	25,794,773

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 30 June 2024 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 31 December 2023.

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("**HKFRSs**") for the first time for the current period's financial information.

Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-Current (the "2020 Amendments")*
Amendments to HKAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

The amendments did not have any impact on the financial position or performance of the Group.

3. OPERATING SEGMENT INFORMATION

Information about geographical areas

Since approximately 80% of the Group's revenue was generated from the sales of pharmaceutical products in Chinese Mainland and most of the Group's identifiable operating assets and liabilities were located in Chinese Mainland, no geographical segment information in accordance with HKFRS 8 *Operating Segments* is presented.

Information about major customers

Collaboration revenue from GSK plc amounted to approximately 20% of the Group's revenue for the period presented, no other revenue from the Group's sales to a single customer amounted to 10% or more of the Group's revenue during the periods presented.

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

An analysis of revenue and other income is as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sales of products – at a point in time	**5,103,080**	4,483,227
Collaboration revenue – at a point in time	**1,402,421**	27,990
Total Revenue	**6,505,501**	4,511,217
Other income		
Investment income	**84,646**	42,090
Government grants	**21,918**	38,061
Bank interest income	**374,011**	372,218
Others	**388**	714
Total other income	**480,963**	453,083

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other (expenses)/gains, net		
(Losses)/gains on disposal of items of property, plant and equipment	**(499)**	1,405
Losses on derecognition of financial assets at amortised cost	**(4,805)**	–
Gains on disposal of associates	**–**	4,064
Share of losses of associates	**–**	(2,123)
Fair value gains of financial assets at fair value through profit or loss	**55,777**	18,020
Fair value gains of convertible bonds	**–**	9,141
Donations	**(30,438)**	(10,632)
Exchange differences, net	**22,595**	11,963
Impairment of trade receivables, net	**(6,943)**	(5,828)
Impairment of inventories, net	**(6,765)**	4,278
Impairment of property, plant and equipment	**(27,667)**	–
Interest expense	**(4,943)**	(30,738)
Others	**(14,350)**	572
Total other (expenses)/gains	**(18,038)**	122

5. PROFIT BEFORE TAX

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

	Notes	For the six months ended 30 June	
		2024	2023
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Cost of inventories sold		**355,191**	324,699
Depreciation of items of property, plant and equipment		**198,163**	169,443
Depreciation of right-of-use assets		**11,713**	10,305
Amortisation of intangible assets		**6,891**	5,130
Impairment of trade receivables, net	*4*	**6,943**	5,828
Impairment of inventories, net	*4*	**6,765**	(4,278)
Impairment of property, plant and equipment	*4*	**27,667**	–
Short-term lease expenses		**3,531**	4,910
Auditors' remuneration		**1,865**	1,769
Share of losses of associates	*4*	**–**	2,123
Losses/(gains) on disposal of items of property, plant and equipment	*4*	**499**	(1,405)
Investment income	*4*	**(84,646)**	(42,090)
Fair value gains of financial assets at fair value through profit or loss	*4*	**(55,777)**	(18,020)
Fair value gains of convertible bonds	*4*	**–**	(9,141)
Bank interest income	*4*	**(374,011)**	(372,218)
Exchange differences, net	*4*	**(22,595)**	(11,963)
Employee benefit expense			
Wages and salaries		**970,726**	882,199
Social welfare and other benefits*		**442,141**	332,757
Share-based payments		**67,587**	86,225
Total Employee benefit expense		**1,480,454**	1,301,181

* 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% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the reporting period. The first HK$2,000,000 (2023: HK$2,000,000) of assessable profits of each subsidiary are taxed at 8.25% (2023:8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%).

The provision for the People's Republic of China (the "**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 Chinese Mainland which are granted tax concession and are taxed at preferential tax rates.

In 2023, Jiangsu Hansoh Pharmaceutical Group Co., Ltd. ("**Jiangsu Hansoh**") and Shanghai Hansoh BioMedical Co., Ltd. ("**Shanghai Hansoh**"), subsidiaries of the Company, renewed their "High and New Technology Enterprise" ("**HNTE**") qualification and were entitled to a preferential income tax rate of 15% for a period of three years from 2023 to 2025.

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. As at end of the reporting period, Changzhou Hansoh is in the process of renewing its HNTE qualification, which is expected to be completed within this year.

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax	**396,930**	307,238
Deferred income tax	**(4,269)**	(96,203)
	392,661	211,035

7. DIVIDENDS

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
2023 final dividends declared – HK$14.22 cents (2022 final dividends declared – HK$5.00 cents) per ordinary share	**768,760**	268,852

Pursuant to the resolutions of the shareholders of the Company dated 13 June 2024, the Company declared dividends of HK$14.22 cents (1 June 2023: HK$5.00 cents) per ordinary share, amounting to a total of approximately RMB768,760,000 (six months ended 30 June 2023: RMB268,852,000).

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

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 5,925,786,074 (2023: 5,923,743,166) 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 calculations of basic and diluted earnings per share are based on:

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	**2,725,525**	1,288,848
Interest on convertible bonds	**265**	–
Profit attributable to ordinary equity holders of the parent used in the diluted earnings per share calculation	**2,725,790**	1,288,848

	Adjusted number of shares Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**5,925,786,074**	5,923,743,166
Effect of dilution – weighted average number of ordinary shares:		
Restricted share units	**20,143,737**	19,805,691
Convertible bonds	**703,086**	–
Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculation	**5,946,632,897**	5,943,548,857
Basic earnings per share (RMB per share)	**0.46**	0.22
Diluted earnings per share (RMB per share)	**0.46**	0.22

9. TRADE AND BILLS RECEIVABLES

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**2,941,595**	3,240,237
Provision for impairment	**(37,547)**	(30,604)
Net carrying amount	**2,904,048**	3,209,633
Bills receivable	**34,367**	4,618
Total	**2,938,415**	3,214,251

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:

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 90 days	**2,750,669**	3,032,806
91 days to 180 days	**8,085**	25,365
Over 180 days	**145,294**	151,462
Total	**2,904,048**	3,209,633

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

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 90 days	**16,615**	4,618
91 days to 180 days	**17,752**	–
Total	**34,367**	4,618

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
At beginning of the period	**30,604**	8,221
Provision for impairment, net	**6,943**	5,828
At end of the period	**37,547**	14,049

10. CASH AND BANK BALANCES

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Cash and bank balances, unrestricted	**6,722,852**	2,246,714
Time deposits with original maturity of less than three months when acquired	**73,352**	3,733,799
Time deposits with original maturity of over three months when acquired *(note (a))*	**14,949,129**	16,454,178
Cash and bank balances	**21,745,333**	22,434,691

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 1.85% to 6.07%. None of these investments are either past due or impaired. None of these deposits are pledged.

11. TRADE AND BILLS PAYABLES

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables	**172,631**	121,042
Bills payable	**1,931**	42,721
Total	**174,562**	163,763

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:

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 90 days	**171,133**	160,294
91 days to 180 days	**405**	950
181 days to 1 year	**1,552**	554
Over 1 year	**1,472**	1,965
Total	**174,562**	163,763

12. OTHER PAYABLES AND ACCRUALS

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Accrued expenses	**1,623,830**	1,546,526
Staff payroll, welfare and bonus payables	**278,939**	281,236
Other tax payables	**151,733**	141,551
Payables for purchase of items of property, plant and equipment	**41,746**	62,442
Other payables	**313,911**	343,925
Total	**2,410,159**	2,375,680

13. SHARE CAPITAL

	30 June 2024	31 December 2023
	RMB	*RMB*
	(Unaudited)	(Audited)
Issued and fully paid: 5,935,650,070 shares of HK$0.00001 each (31 December 2023: 5,933,350,070 shares of HK$0.00001 each)	**52,286**	52,265

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

	Number of shares in issue	**Share capital** ***RMB***
At 1 January 2024 (audited)	**5,933,350,070**	**52,265**
Issue of shares pursuant to the Group's Restricted Share Unit Scheme (the "**RSU Scheme**") adopted on 27 May 2019, HK$0.00001 each *(note (a))*	**2,300,000**	**21**
At 30 June 2024 (unaudited)	**5,935,650,070**	**52,286**

Note:

(a) On 19 April 2024, the Company issued 2,300,000 new ordinary shares to Computershare Hong Kong Trustees Limited (the "**Trustee**") pursuant to the terms of the RSU Scheme approved and adopted on 27 May 2019, with the purchase price being HK$2.60 per restricted share unit for vesting.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 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 Part 2 of the CG Code during the six months ended June 30, 2024, save for code provision C.2.1 of the CG Code.

Code Provision C.2.1

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

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct regarding securities transactions of the Company by Directors (the "**Company Code**") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 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, 2024.

AUDIT COMMITTEE

The Board has established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of Part 2 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, 2024.

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

On January 22, 2024, the Company redeemed the outstanding convertible bonds in the aggregate principal amount of US$590,622,000 pursuant to the terms and conditions of zero coupon convertible bonds due 2026 and bondholders' notice of redemption, representing approximately 99.10% in principal amount of the convertible bonds outstanding as at that date. The convertible bonds in the principal amount of US$5,378,000 remain outstanding as of June 30, 2024. Save as disclosed, during the period under review, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares). As at June 30, 2024, no treasury shares (as defined under the Listing Rules) were held by the Company.

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has declared the payment of an interim dividend of HK$20.10 cents per share for the six months ended June 30, 2024 (the interim dividend for the six months ended June 30, 2023: HK$7.07 cents per share). The interim dividend for 2024 will be paid to shareholders on Wednesday, October 30, 2024 whose names appear on the register of members of the Company on Wednesday, September 25, 2024. 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 24, 2024 to Wednesday, September 25, 2024, 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 23, 2024.

USE OF PROCEEDS FROM PREVIOUS FUNDRAISING ACTIVITIES AS AT JUNE 30, 2024

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, HK$2,179.06 million was utilized as at June 30, 2024 and HK$1,298.14 million remains unutilized. As at June 30, 2024, the net proceeds utilized by the Group were as follows:

Purpose	Percentage of the total amount	Net proceeds received (HK$100 million)	Utilized from the issuance date to June 30, 2024 (HK$100 million)	Unutilized as at June 30, 2024 (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	21.7906	12.9814	The balance is expected to be fully utilized by 2030

Utilized proceeds were 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, 2024.

Use of proceeds from issuance of convertible bonds

In January 2021, the Company successfully completed the issuance and listing of US$600 million zero-coupon convertible bonds due in 2026 to the professional investors only. The net proceeds from the bonds were approximately US$595.65 million, which have been and will be used for R&D expenditure, including but not limited to allocating funding to clinical trials for innovative drugs, innovative drugs development and/or in-license opportunities, upgrading and expanding existing manufacturing facilities and procuring equipment for its production facilities and for general corporate purposes. In December 2022, the Company repurchased bonds with an aggregate principal amount of US$4 million. In January 2024, the Company redeemed the outstanding convertible bonds in the aggregate principal amount of US$590,622,000. As at June 30, 2024, US$591.65 million was utilized as at June 30, 2024 and the net proceeds had been fully utilized. As at June 30, 2024, the net proceeds utilized 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, 2024 (US$100 million)	Repurchased from the issuance date to June 30, 2024 (US$100 million)	Unutilized as at June 30, 2024 (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	3.8317	0.0400	–	Not applicable
Upgrading and expanding existing manufacturing facilities (including R&D facilities) and procuring equipment for its production facilities	25%	1.4891	1.4891	–	–	Not applicable
General corporate purposes	10%	0.5957	0.5957	–	–	Not applicable
Total	100%	5.9565	5.9165	0.0400	–	

The net proceeds were 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, 2024.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (**www.hkexnews.hk**) and the Company (**www.hspharm.com**). The interim report for the six months ended June 30, 2024 will be available on the same websites in due course.

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

Hong Kong, August 27, 2024

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

* *For identification purposes only*