

IPO FACT SHEET
Hansoh Pharmaceutical Group Company Limited (3692)
ISSUE STATISTICS

Offer Size:	HK\$7,119.7m - HK\$7,861.3m
Placement Tranche:	551,280,000 Shares
Price:	HK\$13.06 - HK\$14.26
Board lot:	2,000
Entry fee:	HK\$28,807.40
Historical PE	34.51x – 37.68x
Net tangible asset per share:	HK\$1.72 - HK\$1.84
Market Cap (post-IPO):	HK\$74,519m- HK\$ 81,366m
Open:	31 May 2019
Close:	12.00 noon on 5 June 2019
Trading:	14 Jun 2019
Sponsor:	Morgan Stanley Asia Limited and Citigroup Global Markets Asia Limited

Year ended 31 Dec	(RMB'000)	yoy % chg
Revenue		
2017	6,185,537	13.9%
2018	7,722,278	24.8%
Profit for the year		
2017	1,595,473	8.1%
2018	1,903,048	19.3%

BACKGROUND

- They are one of the few R&D-driven Chinese pharmaceutical companies with an established leadership position in some of the largest and fastest-growing therapeutic areas in China with significant unmet clinical needs.
- They have a broad, diversified and leading drug portfolio in (i) central nervous system (“CNS”) diseases, (ii) oncology, (iii) anti-infectives, and (iv) diabetes. They also focus on the gastrointestinal and cardiovascular therapeutic areas.
- Together, these six therapeutic areas accounted for 62.5% of the total sales revenue of pharmaceuticals in China in 2018 and grew faster than the Chinese pharmaceutical industry as a whole, which grew at 8.1% on average from 2014 to 2018.
- Their diversified product portfolio includes eight main products with established market-leading positions and track record, which we refer to as their core products, and five other main products we launched more recently with strong growth potential. These thirteen main products accounted for 83.4%, 85.7% and 89.5% of their revenue in 2016, 2017 and 2018, respectively.
- They have a proven track record of over 20 years of R&D experience, as evidenced by their top-two ranking as of June 30, 2018 in both the number of Category 1.1 innovative drug candidates with IND approval and the number of first-to-market generic drug approvals since 2011.

BUSINESS STRATEGIES

- Strengthen research and development of their innovative drug candidates.
- Continue to strengthen their first-to-market generic drug portfolio.
- Continue to optimize their integrated and specialized academic sales and marketing system.
- Maintain world-class facilities and manufacturing quality management system.
- Train and recruit high-caliber talent.
- Expand their business and product portfolio through selective acquisitions and strategic investments.

COMPETITIVE STRENGTHS

- One of the few R&D-driven Chinese pharmaceutical companies with a broad, diversified and leading drug portfolio in multiple large and fast-growing therapeutic areas.

- Superior R&D capabilities as evidenced by their top-two ranking in both the number of Category 1.1 innovative drug candidates with IND approval and the number of first-to-market generic drug approvals since 2011.
- Strong portfolio of marketed drugs and pipeline drugs targeting six therapeutic areas with significant unmet clinical needs.
- Effective in-house sales force with therapeutic area focus and strong academic promotion capabilities.
- U.S. FDA-certified manufacturing quality management system enabling them to export injectable pharmaceuticals to developed markets.
- A visionary management team with deep insights into the industry and a strong sense of mission.

KEY RISKS

- If their products are removed or excluded from national, provincial or other government-sponsored medical insurance programs, their sales and profitability could be adversely affected.
- If we are unable to win bids to sell their products to PRC public hospitals through the centralized tender process, we will lose market share and their revenue and profitability could be adversely affected.
- The prices of certain of their products are subject to pricing regulation, competition and other factors and therefore may decrease.
- They are subject to changing legal and regulatory requirements in the PRC pharmaceutical industry, and new laws, rules and regulations may adversely affect their profitability or impose additional compliance burdens on them.
- Developments of new pharmaceutical products, in particular innovative drugs, is time-consuming and costly and the outcome is uncertain; if we fail to develop and commercialize new pharmaceutical products, their business prospects could be adversely affected.

DIVIDEND POLICY

- No fixed dividend policy.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
For their existing and future domestic and overseas drug development programs, expanding their R&D team, and investment in technologies to further enhance their R&D capabilities and enrich their product pipeline.	3,292.01	45.0%
For their manufacturing system to construct new production lines, and upgrade and further automate their existing production facilities to prepare for the potential increase in demand for their current products and the launch of new product.	1,828.89	25.0%
For sales and academic promotion to support the launch of new products, in particular, four innovative drugs to be launched from 2019 to 2020.	1,463.11	20.0%
Will be used to provide funding for their working capital and other general corporate purposes.	731.56	10.0%
Total:	7,315.57	100.0%

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