基石药业
CSTONE
PHARMACEUTICALS

CStone Pharmaceuticals
基石藥業

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)
Stock Code 股份代號 : **2616**

2022 Interim Report
中期報告

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Director

Dr. Jianxin Yang[3] *(Chief Executive Officer)*

Non-executive Directors

Dr. Wei Li[1][2] *(Chairman)*
Mr. Kenneth Walton Hitchner III
Mr. Yanling Cao
Mr. Xianghong Lin
Mr. Edward Hu

Independent Non-executive Directors

Dr. Paul Herbert Chew
Mr. Ting Yuk Anthony Wu
Mr. Hongbin Sun

AUDIT COMMITTEE

Mr. Hongbin Sun *(Chairman)*
Dr. Paul Herbert Chew
Mr. Ting Yuk Anthony Wu

COMPENSATION COMMITTEE

Mr. Ting Yuk Anthony Wu *(Chairman)*
Dr. Wei Li
Dr. Paul Herbert Chew

NOMINATION COMMITTEE

Dr. Wei Li[1][2] *(Chairman)*
Mr. Yanling Cao
Dr. Paul Herbert Chew
Mr. Ting Yuk Anthony Wu
Mr. Hongbin Sun

STRATEGY COMMITTEE

Dr. Jianxin Yang[3] *(Chairman)*
Mr. Edward Hu
Dr. Paul Herbert Chew

INVESTMENT COMMITTEE[4]

Mr. Edward Hu *(Chairman)*
Mr. Kenneth Walton Hitchner III
Mr. Hongbin Sun

AUTHORISED REPRESENTATIVES

Dr. Jianxin Yang[3]
Ms. Yin Kwan Ho[5]

JOINT COMPANY SECRETARIES

Mr. Ning He
Ms. Yin Kwan Ho[5]

COMPANY WEBSITE:

www.cstonepharma.com

REGISTERED OFFICE

The offices of Vistra (Cayman) Limited
P.O. Box 31119, Grand Pavilion
Hibiscus Way
802 West Bay Road
Grand Cayman KY1-1205
Cayman Islands

Notes:

(1) Dr. Frank Ningjun Jiang ceased to act as Chairman and chairman and member of the Nomination Committee with effect from May 31, 2022.

(2) Dr. Wei Li was appointed as Chairman and chairman and member of the Nomination Committee with effect from May 31, 2022.

(3) Dr. Frank Ningjun Jiang ceased to act as the Chief Executive Officer, the executive Director, the chairman of the Strategy Committee and the authorised representative and Dr. Jianxin Yang took up the roles of the Chief Executive Officer, the executive Director, the chairman of the Strategy Committee and the authorised representative with effect from August 25, 2022.

(4) The Investment Committee was established on May 31, 2022.

(5) Ms. Jeanie Lau resigned as the joint company secretary, the process agent and the authorised representative of the Company with effect from July 28, 2022. Ms. Yin Kwan Ho was appointed as the joint company secretary, the process agent and the authorised representative of the Company with effect from July 28, 2022.

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PRINCIPAL SHARE REGISTRAR

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HONG KONG SHARE REGISTRAR

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Hong Kong

COMPLIANCE ADVISOR

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Hong Kong

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Santa Clara, CA 95054

China Construction Bank
Industrial Park of Suzhou Branch
No. 1133 Dong Huan Road
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STOCK CODE:

2616

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35/F One Pacific Place 88 Queensway
Admiralty Hong Kong

Financial Highlights

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") MEASURES:

- **Revenue** was RMB261.8 million for the six months ended June 30, 2022, composed of RMB161.4 million in sales of pharmaceutical products, representing sales of the Company's pharmaceutical products (avapritinib, pralsetinib, newly launched ivosidenib), RMB87.3 million in license fee income, and RMB13.1 million in royalty income of sugemalimab, representing an increase of RMB182.4 million from RMB79.4 million for the six months ended June 30, 2021, primarily attributable to the increase in the total product sales of avapritinib and pralsetinib, and the revenue generated from newly launched ivosidenib and sugemalimab.

- **Research and development expenses** were RMB266.6 million for the six months ended June 30, 2022, representing a decrease of RMB246.2 million from RMB512.8 million for the six months ended June 30, 2021, primarily due to decrease in milestone fee and third party contracting cost and decrease in employee costs.

- **Administrative expenses** were RMB134.8 million for the six months ended June 30, 2022, representing a decrease of RMB19.3 million from RMB154.1 million for the six months ended June 30, 2021, primarily due to the decrease in employee costs.

- **Selling and marketing expenses** were RMB146.4 million for the six months ended June 30, 2022, representing an increase of RMB12.8 million from RMB133.6 million for the six months ended June 30, 2021, primarily attributable to sales force coverage expansion.

- **Loss for the period** was RMB361.6 million for the six months ended June 30, 2022, representing a decrease of RMB412.3 million from RMB773.9 million for the six months ended June 30, 2021, primarily attributable to the increase in revenue and decrease in research and development expenses.

NON-INTERNATIONAL FINANCIAL REPORTING STANDARDS ("NON-IFRS") MEASURES:

- **Research and development expenses** excluding the share-based payment expenses were RMB218.9 million for the six months ended June 30, 2022, representing a decrease of RMB225.9 million from RMB444.8 million for the six months ended June 30, 2021, primarily due to decrease in milestone fee and third party contracting cost and decrease in employee costs.

- **Administrative and selling and marketing expenses** excluding the share-based payment expenses were RMB224.4 million for the six months ended June 30, 2022, representing an increase of RMB10.1 million from RMB214.3 million for the six months ended June 30, 2021, primarily attributable to sales force coverage expansion.

- **Loss for the period** excluding the share-based payment expenses was RMB257.1 million, representing a decrease of RMB375.4 million from RMB632.5 million for the six months ended June 30, 2021, primarily attributable to the increase in revenue and decrease in research and development expenses.

Business Highlights

The first half of 2022 has been fruitful for CStone with milestones across our maturing pipeline and business. Our commercial successes in the first half, including the launch of two First-in-Class ("**FIC**")/Best-in-Class ("**BIC**") therapies, put us in an elite tier of innovative biopharmaceutical companies from China as we now have four products in market and generating recurring revenue to provide financial strength and fund further growth initiatives. For the six months ended June 30, 2022 and as of the date of this report, significant progress has been made with respect to our product pipeline and business operations. A shortlist of our achievements over this period includes:

- RMB261.8 million in total revenue, including RMB174.5 million of commercial revenue which is composed of RMB161.4 million in sales of our precision medicines and RMB13.1 million in royalty income of sugemalimab

- Two new products launched: sugemalimab and ivosidenib, bringing us to a total of four products commercially launched and generating sales, several of which have no competitors and therefore at highly advantageous market positions

- Four NDA approvals obtained for three products: sugemalimab for stage III NSCLC in mainland China, ivosidenib for isocitrate dehydrogenase 1 ("**IDH1**")-mutant relapsed/refractory acute myeloid leukemia ("**R/R AML**") in mainland China, pralsetinib for RET-mutant medullary thyroid cancer ("**MTC**") & RET fusion-positive thyroid cancer ("**TC**") in mainland China, and pralsetinib for RET fusion-positive non-small cell lung cancer ("**NSCLC**") in Hong Kong, China

- Three NDAs filed: pralsetinib for RET fusion-positive NSCLC and TC, RET-mutant MTC in Taiwan, China, pralsetinib for RET fusion-positive NSCLC in Hong Kong, China and sugemalimab for relapsed or refractory extranodal natural killer/T-cell lymphoma ("**R/R ENKTL**")

- Three positive topline data readouts for sugemalimab in various indications: R/R ENKTL, first-line stage IV NSCLC and stage III NSCLC

- Seven data presentations/publications at/on global academic conferences/top-tier medical journals

- Two key clinical programs commenced: the first-in-human ("**FIH**") global study of CS5001 (ROR1 ADC) and the pivotal study of lorlatinib for ROS1-positive advanced NSCLC in mainland China

- Over ten discovery projects in progress, including multi-specifics, antibody drug conjugates, and a proprietary platform for drugging intractable intracellular targets

- Further deepened our strategic partnerships with Pfizer, EQRx and Hengrui

- Successfully started pilot operations in our state-of-the-art manufacturing facility and achieved a technology transfer milestone for avapritinib

These achievements represent only a snapshot of what we have accomplished.

Business Highlights

We have achieved healthy and steady growth in commercial capabilities, demonstrated again in our new product and indication launches, as well as increasing brand influence. We have remained focused on key innovative initiatives that will drive continuous growth: 1) enhancing clinical education and testing assistance to expand the pool of potential patients for our drugs; 2) further building-out scientific leadership by broadening the influence of guideline inclusions through academic activities; 3) optimizing our pricing strategy, improving hospital/direct-to-patient ("**DTP**") pharmacy listing and entering into more insurance programs to expand accessibility and affordability; and 4) providing physician/patient education for better patient support and long-term medication. We have specifically focused our efforts on ensuring dedicated sales force coverage and enhancing sales productivity.

Our efforts to date have led to several successes. We have expanded our sales force coverage to approximately 700 hospitals as of the date of this report, up from 600 in 2021, accounting for approximately 70-80% of the relevant market for precision medicines. Currently, our in-market precision medicines have been included in 15 national guidelines, up from over ten at the time we released our 2021 annual results. In addition, they have been listed in 85 supplemental insurance plans, up from over 60 at the time we released our 2021 annual results.

Our clinical team has demonstrated the ability to translate our advantages in innovation, speed, and quality into tangible results for patients and our business. We successfully obtained four NDA approvals covering three products, including two FIC precision medicines as well as our flagship immuno-oncology backbone drug. During the Reporting Period, sugemalimab received approval from the National Medical Products Administration ("**NMPA**") for patients with stage III NSCLC without disease progression after concurrent or sequential chemoradiotherapy, making it the world's only anti-PD-1/PD-L1 monoclonal antibody approved in this patient population, significantly strengthened its market positioning and adoption momentum. Ivosidenib, a first-in-class drug, was approved in mainland China for adult patients with R/R AML who have an IDH1 mutation. In addition, pralsetinib received approval for RET-mutant MTC and RET fusion-positive TC in mainland China, and received approval for RET fusion-positive NSCLC in Hong Kong, China.

The broader spectrum of our clinical development success is reflected in the fact that CStone had four data presentations at the 2022 American Society of Clinical Oncology Annual Meeting (ASCO 2022) and the 2022 World Conference on Lung Cancer (WCLC 2022), and three publications on *The New England Journal of Medicine and The Lancet Oncology* as of the date of this report. These presentations and publications covered study results of sugemalimab in stage III NSCLC, stage IV NSCLC and R/R ENKTL, nofazinlimab combined with lenvatinib in hepatocellular carcinoma ("**HCC**") and ivosidenib in first-line acute myeloid leukemia ("**AML**"). In addition to the late-stage clinical development programs, meaningful progresses have also been made in our two early-stage programs since the last report including the progression into proof-of-concept ("**PoC**") expansion cohorts in the global phase I study of CS2006 (NM21-1480; PD-L1/4-1BB/HSA tri-specific) and robust enrolment of the FIH study of CS5001 (ROR1 ADC) in the U.S. and Australia.

Our research team has continued to make advances in our innovative early-stage programs, based on our "Gemstones on the Ring" research strategy. This strategy capitalizes on the modular "plug-and-play" nature of biologics. Following this research framework, we have in progress a total of over ten discovery projects and expect two potential FIC/BIC immune-oncology programs declaring pre-clinical candidates ("**PCCs**") this year, including one tri-specific molecule against PD-L1, VEGF plus another immuno-oncology ("**I/O**" or "**IO**") target, and one antibody-cytokine fusion molecule. Additionally, we have made great strides in our proprietary cell-penetrating therapeutic platform for targeting intractable intracellular proteins by achieving PoC *in vitro* for one of the treatment modalities using this platform.

Lastly, we launched pilot operations of our manufacturing facility as expected. We are steadily advancing our readiness for full-scale operations to produce our products for clinical trials as well as commercial sales. We are also in the process of technology transfer for multiple imported products which will reduce costs and improve long-term profitability of our products. Specifically, we have completed the technology transfer submission to Center for Drug Evaluation of NMPA ("**CDE**") for avapritinib in July 2022.

I. MULTIPLE PRODUCT LAUNCHES AND CONTINUED ROBUST COMMERCIAL EFFORTS

Since 2021, we have obtained a total of nine NDA approvals for four products, including four NDA approvals for three products as at the date of this report. Our commercial team continued its rapid execution of pre-launch and post-launch efforts to set the stage for market adoption of our products. TIBSOVO® (ivosidenib) received NDA approval in January 2022, achieved successful commercial launch in June 2022 (first prescriptions on June 8), and gained endorsement from all top KOLs in hematology.

Meanwhile, they have kept up robust efforts to engage the healthcare community, including healthcare providers, academic societies, patient groups, hospitals, pharmacies, payors, and other stakeholders, to provide education on our products and demonstrate our scientific leadership. In addition, they have expanded accessibility and affordability of our products through various patient identification programs and by working with payors to promote coverage of them in insurance programs.

Highlights and details on our commercial activities as of the date of this report are as follows:

- **Steady and Continued Ramp Up in Product Sales**

  We generated overall net sales of RMB161.4 million in the first half of 2022 on the basis of a steady growth in the total product sales of GAVRETO® (pralsetinib) and AYVAKIT® (avapritinib), as well as a successful launch of TIBSOVO® (ivosidenib).

- **Achieved Successful Launches of New Products and Indications**

  We expanded the number of in-market products and indications they cover with effective launches that position them to become meaningful future contributors to revenue.

  – TIBSOVO® (ivosidenib): Launched in mainland China, with 100% channel availability in major target hospitals and pharmacies.

  – GAVRETO® (pralsetinib): The indication of advanced or metastatic RET-mutant MTC and RET fusion-positive TC was launched in mainland China. Also, the indication of RET fusion-positive metastatic NSCLC was launched in Hong Kong, China.

  – CEJEMLY® (sugemalimab): A new indication was successfully launched in mainland China for the treatment of patients with unresectable stage III NSCLC whose disease has not progressed following concurrent or sequential platinum-based chemoradiotherapy.

Business Highlights

- **Expansion of sales force coverage in key markets for prescriptions of precision drugs**

  We have specifically focused our efforts on ensuring dedicated sales force coverage and successfully expanded our coverage to approximately 700 hospitals as of the date of this report, up from 600 in 2021, accounting for approximately 70-80% of the relevant market for precision medicines where we believe we can maximize the return on our sales efforts.

- **Launched anchor projects to facilitate patient identification and support prescriptions**

  – We have signed collaboration agreements with top gene sequencing companies to further improve the testing rate for RET alterations in NSCLC/TC and IDH1 mutation in hematologic cancers.

  – We provided support programs for RET alterations testing in MTC patients, and expanded test assistance programs to IDH1 mutation patients.

  – Besides pathologists, we strengthened clinicians' participation in test-related academic activities to further improve test awareness.

- **Established broad industry and academic awareness of our brand and scientific leadership**

  – We included GAVRETO® (pralsetinib), AYVAKIT® (avapritinib) and TIBSOVO® (ivosidenib) in 15 of China's national guidelines, i.e. Chinese Society of Clinical Oncology ("**CSCO**") NSCLC/ gastrointestinal stromal tumors ("**GIST**") Guidelines, Chinese Medical Association Guidelines, and Guidelines on Clinical Practice of Molecular Tests in NSCLC, for treatment paradigms for multiple therapeutic areas (NSCLC, TC, GIST and AML).

  – We engaged in close collaboration with several industry associations – Chinese Society of Clinical Oncology, China Anti-Cancer Association, and Chinese Medical Doctor Association – on diagnostic and treatment standardization projects for GIST, NSCLC and hematological malignancies, further strengthening our industry connections and demonstrating our expertise.

  – We enhanced awareness of our products among physicians and key opinion leaders ("**KOLs**") via proactive engagement and constant education. As of the date of this report, we have held over 80 academic meetings and events reaching over 80,000 leading KOLs and healthcare professionals ("**HCPs**"), resulting in an enhanced awareness within the healthcare community of our treatments.

  – We sponsored leading KOLs in post-approval clinical projects such as investigator-initiated trials and real-world studies to generate additional data in multiple cancer indications which may support the adoption of our drugs. We funded research in collaboration with non-profit academic institutions. In particular, two real-world studies have reached milestones, including the finalization of the clinical study report of pralsetinib for the treatment of NSCLC in Bo'ao and the activation of two sites for avapritinib for the treatment of GIST.

- **Developing a range of approaches to promote accessibility and affordability of our drugs**

  – We have updated our pricing strategy for our in-market products. Specifically, the listing price of AYVAKIT® (avapritinib) was adjusted to increase affordability of the first treatment cycle. The patient assistance program ("**PAP**") scheme of GAVRETO® (pralsetinib) was updated to support the long-term treatment of the patients.

  – We secured inclusion of AYVAKIT® (avapritinib) and GAVRETO® (pralsetinib) in 85 of the major commercial and government insurance programs, up from over 60 as disclosed in our 2021 annual results announcement.

  – We continued strategic collaboration with Sinopharm Group Co., Ltd ("**Sinopharm**") to broaden hospital and pharmacy distribution coverage for both GAVRETO® (pralsetinib) and AYVAKIT® (avapritinib). As of the date of this report, AYVAKIT® (avapritinib), GAVRETO® (pralsetinib) and TIBSOVO® (ivosidenib) have been listed in approximately 150 hospitals and DTPs, up from approximately 100 in 2021.

  – We continued strategic collaboration with three of the largest integrated innovative healthcare service platforms in mainland China – Shanghai Meditrust Health Co., Ltd., Beijing Yuanxin Technology Group Co., Ltd., and Medbanks Health Technology Co., Ltd. – to improve distribution and affordability of GAVRETO® (pralsetinib), AYVAKIT® (avapritinib) and TIBSOVO® (ivosidenib) by facilitating enrolment in city insurance programs.

- **Continued physician/patient education and support, for retention and long-term medication**

  We kept operating disease management programs through online platforms, to provide education on long term treatment for HCPs, and to provide education sessions and follow-up service for patients, to support retention ratio.

- **Collaborating with global strategic partners to support global launches of IO backbone drugs**

  – We are closely collaborating with our partners Pfizer and EQRx on the development and commercialization of sugemalimab in mainland China and outside of Greater China, respectively.

  – With EQRx, we are working closely on global development and regulatory strategies for sugemalimab, including the U.S., the U.K. and the European Union ("**EU**"), as well as territories beyond these such as the Middle East, Turkey and Africa. The global market size of PD-(L)1 for the treatment of NSCLC, gastric and esophageal cancers is forecasted to be approximately US$30 billion in 2026.

II. INNOVATION, HIGH QUALITY AND RAPID EXECUTION LEAD TO ADVANCES ACROSS A MATURING PIPELINE

CStone followed through on an aggressive clinical agenda with further developments across its pipeline. As of the date of this report, we have secured four NDA approvals and submitted two NDA filings as we rounded out our diverse and maturing pipeline of in-market and near-commercial ready drugs. In doing so, our clinical engine once again distinguished itself in terms of innovation, speed, and quality, as evidence by the facts that it took only six months for ivosidenib from NDA acceptance to NDA approval, and we had seven data presentations/publications at/on global academic conferences/ top-tier medical journals.

Details are as follows:

- **Sugemalimab** (CS1001, PD-L1 antibody), became the only anti-PD-1/PD-L1 monoclonal antibody approved for both stage III and stage IV NSCLC.
  - In May 2022, we received the NDA approval from the NMPA for the treatment of patients with unresectable stage III NSCLC whose disease has not progressed following concurrent or sequential platinum-based chemoradiotherapy. Sugemalimab became the first anti-PD-1/PD-L1 monoclonal antibody approved in this patient population.
  - In May 2022, we announced that the final PFS analysis of the registrational GEMSTONE-301 study further demonstrates sugemalimab's robust efficacy and significant clinical benefits shown in interim analysis in stage III NSCLC patients. In August 2022, we presented the detailed results at WCLC 2022.
  - In January 2022, we announced that the pre-specified OS interim analysis showed sugemalimab in combination with chemotherapy significantly and clinical meaningfully improved the overall survival in stage IV NSCLC patients, and the data has been presented at ASCO 2022. The positive OS data will be used for ex-China filling.
  - In September 2022, we received the NDA acceptance from NMPA with priority review for the treatment of patients with R/R ENKTL. In January 2022, we announced that the registrational trial for R/R ENKTL met the primary endpoint and demonstrated a complete response ("**CR**") rate significantly exceeding that of the currently available targeted monotherapy for these patients. We presented the topline results in an oral abstract session at ASCO 2022.
  - In January 2022, we completed enrolment for two key phase III registrational clinical trials, one for the first-line treatment of metastatic gastric adenocarcinoma/gastro-esophageal junction adenocarcinoma, and the other for the first-line treatment of metastatic esophageal squamous cell carcinoma.
  - For the markets outside of Greater China, we are working closely with EQRx on regulatory discussions for regulatory submissions for indications in stage III NSCLC, stage IV NSCLC, and R/R ENKTL in multiple countries and regions. For stage IV NSCLC, we expect the first filing outside of the U.S. in the next six months. Meanwhile, constructive conversations with the U.S. FDA are ongoing to gain greater clarity on the regulatory path. For R/R ENKTL, sugemalimab has received Breakthrough Therapy Designation ("**BTD**") from the U.S. FDA and we expect the Biologics License Application ("**BLA**") filing in 2023.

- **Nofazinlimab** (CS1003, PD-1 antibody)

  – In March 2022, we completed enrolment for the global phase III trial of nofazinlimab in combination with LENVIMA® (lenvatinib) in first-line treatment of patients with advanced HCC.

  – In June 2022, we presented the results from the phase Ib study of nofazinlimab combined with lenvatinib as first-line treatment in Chinese HCC patients at ASCO 2022.

- **Pralsetinib** (CS3009, RET inhibitor) – We have secured two NDA approvals and have one NDA filing currently under review.

  – In March 2022, we received the NDA approval from the NMPA for the treatment of patients with advanced or metastatic RET-mutant MTC and RET fusion-positive TC.

  – In July 2022, we received the NDA approval from the Hong Kong Department of Health ("**HK DoH**") for the treatment of patients with RET fusion-positive locally advanced or metastatic NSCLC.

  – In February 2022, we received the NDA acceptance from the Taiwan Food and Drug Administration ("**TFDA**") for the treatment of patients with RET fusion-positive locally advanced or metastatic NSCLC, RET-mutant MTC and RET fusion-positive TC.

- **Ivosidenib** (CS3010, IDH1 inhibitor) – We have secured our first NDA approval for this product.

  – In January 2022, we received an NDA approval from the NMPA for the treatment of adults with R/R AML with an IDH1 mutation.

- **Lorlatinib** (ROS-1 inhibitor)

  – We are working with Pfizer to jointly develop lorlatinib for c-ros oncogene 1 ("**ROS1**")-positive advanced NSCLC in Greater China. In May 2022, we enrolled the first patient in the pivotal study of lorlatinib for the treatment of ROS1-positive advanced NSCLC. Enrolment continues at a steady pace.

- **CS5001** (LCB71, ROR1 ADC)

  – After obtaining an approval of the IND application from the U.S. FDA and approval from the Australia Ethics Committee ("**EC**"), the FIH study of this potential best-in-class ROR1 ADC has shown swift recruitment to the dose-escalation part in both countries. Additionally, we submitted an IND application to the NMPA in March 2022 and received the approval in May 2022. To enable biomarker-driven patient selection based on tumor ROR1 expression, we have identified candidate ROR1 antibody clones for immuno-histochemistry ("**IHC**") to support such precision medicine effort in the future.

- **CS2006** (NM21-1480, PD-L1/4-1BB/HSA tri-specific molecule)

  – The FIH study is ongoing and includes sites in the U.S. and Taiwan. The dose-escalation part of the study has been completed and the study has proceeded to PoC stage to further explore the safety and efficacy of CS2006 in selected tumor indications. Data from the dose escalation part is planned to be presented to the scientific community in the second half of 2022. We received the IND approval from the NMPA in September 2021. We presented the preclinical data at AACR 2022.

III. RESEARCH EFFORTS HARNESS BIOLOGICS MODULAR POTENTIAL AND REINFORCE CORE IO FRANCHISE

Precision medicines and immuno-oncology combinations remain our strategic focus. Antibody-drug conjugates which deliver cytotoxic agents to tumor with precision, and multi-specific biologics which can create new biology and are combinations of themselves represent two near-term modalities for early-development.

Our research team has continued to make momentous progress in advancing the early-stage innovative programs, predicated on our "Gemstones on the Ring" research strategy which capitalizes on the modular "plug-and-play" nature of biologics. Following this research framework, we have in progress a total of over ten discovery projects and expect two potentially FIC/BIC immune-oncology programs declaring PCCs this year. Additionally, we have made great strides in our proprietary cell-penetrating therapeutic platform for targeting intractable intracellular proteins by achieving PoC *in vitro* for one of the treatment modalities using this platform. We have established a sustainable innovative research engine that utilises clinical insights and translational knowledge to drive discovery, and will continue to strengthen our model of innovation sourcing through organic research at our new global R&D Center in Suzhou, China, as well as collaboration with our business partners. These initiatives bolster our immuno-oncology and precision medicine franchises and enhance our capacity to meet our long-term target of filing one-two INDs per year.

We have made significant progress year-to-date with several initiatives:

- **Two FIC/BIC I/O programs** are on-track for pre-clinical candidate ("**PCC**") declaration this year, including one tri-specific molecule against PD-L1, VEGF plus another I/O target, and one antibody-cytokine fusion molecule.

- **Cell-penetrating therapeutic platform.** Many well-known oncology targets are intracellular proteins that are considered undruggable by current therapeutic approaches. We are developing a proprietary cell-penetrating therapeutic platform against these otherwise intractable targets. Significant progress has been made in the development of this platform with broad therapeutic potential for oncology and beyond. We obtained *in vitro* PoC using this platform with one of the treatment modalities and expect additional *in vitro/in vivo* PoCs with multiple treatment modalities by the end of this year.

IV. STRATEGIC RELATIONSHIPS ADVANCE COMMERCIALIZATION ACTIVITIES AND PIPELINE DEVELOPMENT

We continue to grow and deepen relationships with key global strategic partners to expand commercialization of our in-market and late-stage drugs, bolster our early-stage pipeline of potential FIC/BIC molecules, and access technologies that complement our research and development efforts.

To begin with, we made significant progress on our relationship with Pfizer this year. In May 2022, we received the second indication approval of sugemalimab as a consolidation therapy to improve progression-free survival in patients with stage III NSCLC, after concurrent or sequential platinum-based chemoradiotherapy. Moreover, for the co-development program of lorlatinib for the treatment of ROS1-positive advanced NSCLC, the first patient was enrolled in the pivotal study in May 2022 under the joint efforts of CStone and Pfizer.

With EQRx, we are advancing regulatory submission in multiple countries and jurisdictions all around the world – the U.S., the U.K., and the EU – regarding the registration of sugemalimab for NSCLC and ENKTL indications. We are collaborating with EQRx to explore the feasibility of extending indications for this drug in the global market including gastric cancer and esophageal cancer. In addition, we are working with EQRx on a global phase III study of nofazinlimab in HCC in the U.S. and major EU markets.

In addition, we further strengthened the strategic partnership with Jiangsu Hengrui Pharmaceuticals Co., Ltd. ("**Hengrui**"). Last year, CStone and Hengrui established a strategic partnership by leveraging respective R&D and commercial expertise to accelerate the development and commercialization of our anti-CTLA-4 mAb (CS1002) to fully unleash its commercial value. In the first half of 2022, Hengrui received the IND clearance from NMPA for a phase Ib/II trial of CS1002 combination therapy for the treatment of advanced solid tumors.

V. OTHER BUSINESS UPDATES

Manufacturing. We have completed construction of our state-of-the-art manufacturing facility and began running pilot operations at the end of 2021 as projected. The manufacturing facility has a capacity of 26,000 liters for biologics and 1 billion tablets/capsules for small molecule drugs. We are also in the process of technology transfer for multiple imported products which will reduce costs and improve long-term profitability of our products. Specifically, we have completed the technology transfer submission to CDE for avapritinib in July 2022.

FUTURE AND OUTLOOK

The Next Twelve Months

Commercial Developments

Our commercial team is working rapidly to expand the addressable market for our products and maximize their commercial potential with a focus on the following:

- Improving market coverage organically by maximizing deployment effectiveness and leveraging digital platform.
- Improving diagnosis rate and accuracy via collaboration with next generation sequencing companies and National Pathology Quality Control Center.
- Strengthening physician education with focus on differentiation in clinical and safety profile, and improve quality and influence on academic meetings.
- Strengthening accessibility with continued efforts in hospitals and DTPs listing.
- Improving affordability through pricing strategy optimization and commercial insurance/innovative payment plans.
- Enhancing patient management through digital platform.

Research & Development

NDA approvals expected:

- Pralsetinib: NDA approval in Taiwan, China for the treatment of patients with RET fusion-positive locally advanced or metastatic NSCLC, RET-mutant MTC and RET fusion-positive TC in the fourth quarter of 2022 or the first quarter of 2023.
- Pralsetinib: NDA approval in mainland China for the first-line treatment of RET fusion-positive locally advanced or metastatic NSCLC in 2023.
- Sugemalimab: NDA approval for R/R ENKTL in mainland China in the first half of 2023.

NDA filings expected:

- Pralsetinib: NDA filing in mainland China for the first-line treatment of RET fusion-positive locally advanced or metastatic NSCLC in the second half of 2022.
- Sugemalimab: The first filing for stage IV NSCLC outside of the U.S. in the next six months.
- Sugemalimab: BLA filing for R/R ENKTL in the U.S. in 2023.
- Sugemalimab: NDA filing in mainland China for the first-line treatment of metastatic gastric adenocarcinoma/gastro-esophageal in the first half of 2023.
- Sugemalimab: NDA filing in mainland China for the first-line treatment of metastatic esophageal squamous cell carcinoma in the first half of 2023.

Topline readouts expected:

- Sugemalimab: topline readout of the phase III trial for the first-line treatment of metastatic gastric adenocarcinoma/gastro-esophageal junction adenocarcinoma in the fourth quarter of 2022 or the first quarter of 2023.
- Sugemalimab: topline readout of the phase III trial for the first-line treatment of metastatic esophageal squamous cell carcinoma in the fourth quarter of 2022 or the first quarter of 2023.
- Sugemalimab: topline readout of the phase III trial for stage III NSCLC OS interim analysis in the first half of 2023.
- Nofazinlimab: topline readout of the global phase III trial of nofazinlimab in combination with LENVIMA® (lenvatinib) in first-line treatment of patients with advanced HCC in the first half of 2023.

Early-clinical programs:

- CS2006: Initiation of PoC expansion cohorts of CS2006 monotherapy in selected solid tumor indications and data from the dose escalation part is planned to be presented to the scientific community.

Research programs:

- Advancing one-two FIC/BIC immune-oncology (I/O) programs in our discovery projects into preclinical development.
- Obtaining *in vitro/in vivo* PoC of the proprietary cell-penetrating therapeutic platform with one or more additional treatment modalities.

Business Highlights

Manufacturing

Having launched pilot operations, in the current year we are progressing with the preparations for commercial-scale operations that will give us the ability to control the supply of our own products, whether for use in clinical trials or for commercial sales. The facility will have a production capacity of 26,000 litres for biologics and 1 billion tablets for small molecules. For the next 12 months, we will continue the technology transfer for multiple products which will reduce costs and improve long-term profitability of our products.

Looking Beyond 2022

Our commercial, clinical, research and business development capabilities provide a solid basis for CStone to maximize shareholder value as we pursue ground-breaking science with a portfolio of in-market products, some of which secure approval and commercial distribution in global markets. To begin, we are further strengthening our commercial team and presence in the healthcare community that will facilitate the launch and uptake of our drugs in mainland China. We are continuing to expand and deepen our coverage of markets where prescriptions of precision medicines are concentrated.

Our clinical team is working efficiently to expand our portfolio of commercially available drugs and their total addressable market through a combination of indication expansions and geographic coverage. As a result, we are poised to establish a competitive presence in some of the most prevalent cancers.

At the research stage, we are carving out a competitive position in emerging modalities with potential FIC/BIC candidates that will reinforce our core IO and precision medicine franchise. Our improved pre-clinical innovation and development capabilities are on track to generate a greater and more sustainable volume of discovery programs and IND candidates that reach the post-PoC stage.

Our business development efforts will seek to unlock the full value of CStone's business through strategic partnership and deal making. With its leadership and search and evaluation team situated in the U.S., they have a clear line of sight into the most promising innovations in oncology as well as more direct access to assets and partners for strategic collaboration. Our strategy will remain centered on pipeline building transactions with a focus on FIC or BIC assets with global rights. Equally significant, they will prioritize multi-dimensional collaborations and portfolio deals over single asset in-licensing, while remaining flexible for assets of high clinical and commercial value. In addition, business development will also play a critical role and maximizing asset value through global development and commercial partnerships for CStone assets.

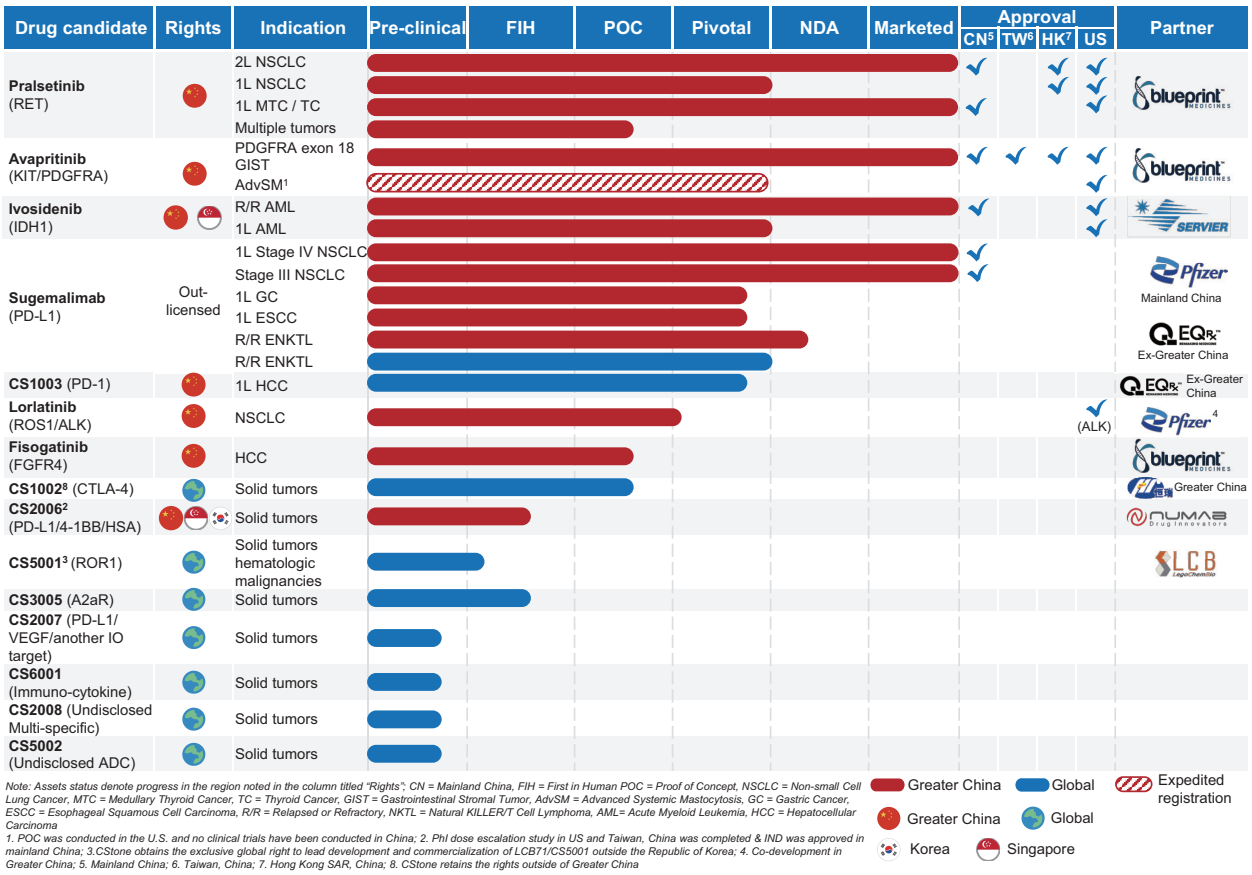
OUR VISION

Our vision is to become a world-renowned biopharmaceutical company leading the way to conquering cancer.

OVERVIEW

CStone is a biopharmaceutical company focused on researching, developing, and commercializing innovative immuno-oncology and precision medicines to address the unmet medical needs of cancer patients in China and worldwide. Established in 2015, CStone has assembled a world-class management team with extensive experience in innovative drug development, clinical research, and commercialization. The Company has built an oncology-focused pipeline of 15 drug candidates with a strategic emphasis on precision medicines and immuno-oncology combination therapies. Currently, CStone has received nine NDA approvals for four drugs. For details of any of the foregoing, please refer to the rest of this report and, where applicable, the prospectus of the Company and prior announcements published on the websites of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Company.

Product Pipeline



Note: Assets status denote progress in the region noted in the column titled "Rights"; CN = Mainland China, FIH = First in Human POC = Proof of Concept, NSCLC = Non-small Cell Lung Cancer, MTC = Medullary Thyroid Cancer, TC = Thyroid Cancer, GIST = Gastrointestinal Stromal Tumor, AdvSM = Advanced Systemic Mastocytosis, GC = Gastric Cancer, ESCC = Esophageal Squamous Cell Carcinoma, R/R = Relapsed or Refractory, NKTL = Natural KILLER/T Cell Lymphoma, AML= Acute Myeloid Leukemia, HCC = Hepatocellular Carcinoma

1. POC was conducted in the U.S. and no clinical trials have been conducted in China; 2. Phl dose escalation study in US and Taiwan, China was completed & IND was approved in mainland China; 3.CStone obtains the exclusive global right to lead development and commercialization of LCB71/CS5001 outside the Republic of Korea; 4. Co-development in Greater China; 5. Mainland China; 6. Taiwan, China; 7. Hong Kong SAR, China; 8. CStone retains the rights outside of Greater China

BUSINESS REVIEW

Commercial Operations

Marching into the second year since we launched our first product, we are committed to establishing leadership in precision medicine and benefit more patients.

Our commercial team's efforts have enhanced the accessibility and affordability of our products on the market to bolster sales. They have continued a proactive engagement program to broaden and deepen ties to the healthcare community and critical stakeholder groups as part of preparations for launching and commercialization of our drug candidates. Our commercial team has established coverage of over 700 hospitals across more than 150 cities, building coverage of hospitals that account for approximately 70-80% of the relevant market of precision medicines. They also successfully secured the inclusion of our drugs in major commercial and government-administered insurance plans as part of an effort to broaden patient access to our drugs by making them more affordable. As a result of these efforts, we achieved a steady growth of AYVAKIT® (avapritinib) and GAVRETO® (pralsetinib) and a healthy sales ramp up of TIBSOVO® (ivosidenib), generating a combined net sales of RMB161.4 million in the first half of 2022.

Our partnerships with Pfizer and EQRx are cornerstones of our near-term commercial plans as well as our global aspirations. Through our successful collaboration with Pfizer, we are demonstrating the merits of our unique clinical development capabilities, and our attractiveness to multinational players who may potentially partner with us. Our successful collaboration with EQRx will bring our drugs into the largest global healthcare markets, and ensure they are competitively positioned.

Details on our full commercial efforts are set out below:

- ***GAVRETO® (pralsetinib)***

  – GAVRETO® (pralsetinib), a FIC RET inhibitor in China, has been approved by the NMPA for the treatment of 1) adults with locally advanced or metastatic RET fusion-positive NSCLC previously treated with platinum-based chemotherapy; and 2) patients with advanced or metastatic RET-mutant MTC and RET fusion-positive TC. In addition, it has been approved by the HK DoH for the treatment of patients with RET fusion-positive locally advanced or metastatic NSCLC.

  – We ramped up our efforts to establish scientific and academic leadership for GAVRETO® (pralsetinib). During the Reporting Period, GAVRETO® (pralsetinib) was recommended by additional national guidelines, including Chinese Guideline for Integrated Diagnosis and Treatment of Cancer ("**CACA**") - NSCLC, CACA–TC and Chinese Expert Consensus on Nuclear Medicine Diagnosis and Treatment of Differentiated TC in Children and Adolescents.

  – In addition, we further strengthened the brand and share of voice for GAVRETO® (pralsetinib) by successfully holding a TC Precision Treatment Forum with approximately 16,000 HCPs joining online and the GAVRETO® (pralsetinib) annual launch celebration and RET Treatment Academic Week with approximately 20,000 HCPs joining online.

  – Moreover, we expanded the scope of MTC testing, launched aid programs for testing, and continued collaborations with top gene sequencing test companies that further improved testing awareness and accessibility. During the Reporting Period, RET testing was recommended by additional national guidelines, such as the first Consensus on RET Gene Testing of Thyroid Cancer in China and Chinese Medical Association Guidelines for Clinical Diagnosis and Treatment of Lung Cancer 2022.

- ***AYVAKIT® (avapritinib)***

  – AYVAKIT® (avapritinib), a FIC KIT/PDGFRA inhibitor, has been approved by the NMPA for the treatment of adults with unresectable or metastatic GIST harboring a PDGFRA exon 18 mutation, including PDGFRA D842V mutations. AYVAKIT® (avapritinib) has also been approved by the TFDA and HK DoH for the treatment of patients with unresectable or metastatic PDGFRA D842V mutant GIST.

  – We collaborated with the Chinese Medical Doctor Association, Chinese College of Surgeons and the CSCO Experts Committee on GIST to shape the paradigm of precision medicine and the ability to diagnose and treat GIST.

  – On June 2, 2022, we held the second GIST Summit & AYVAKIT® (avapritinib) annual launch celebration, with approximately 10,000 physicians joining online.

  – AYVAKIT® (avapritinib) received approval for National Health Insurance application in Taiwan, China, which has been effective since June 1, 2022.

- ***TIBSOVO® (ivosidenib)***

  – TIBSOVO® (ivosidenib), a FIC IDH1 inhibitor, has been approved by the NMPA for the treatment of adult patients with R/R AML who have an IDH1 mutation.

  – Our commercial team made tremendous efforts in the product's launch readiness, laying a solid foundation for a healthy sales ramp up. Specifically, we achieved 18 prescriptions in 15 hospitals in 13 cities on the first day of launch. And the drug is available in all the major target hospitals and pharmacies in over 25 cities and more than 20 provinces.

  – On July 16, 2022, we successfully held TIBSOVO® (ivosidenib) launch meeting with 24 KOL and approximately 22,000 HCPs attending, including top KOLs.

  – Ivosidenib is recommended by four authoritative guidelines, including CSCO Hematological Malignancies Guideline (2022) and CACA–AML, etc. And it has become the first choice for treatment of AML with IDH1 mutation.

- ***Sugemalimab***

  – We continued to work closely with Pfizer to support the commercialization in mainland China, and with EQRx to support the global launch (outside Greater China).

  – For the launch readiness in China, we worked together with Pfizer to sign off all commercial agreements and set up ordering process and commercial/PAP goods supply. In addition, we have opened distributor accounts and supported bidding progress to ensure patient accessibility upon the NDA approval.

  – Currently, sugemalimab is available in approximately 30 hospitals and 200 DTP pharmacies.

  – In May 2022, we received the NDA approval from the NMPA for the treatment of patients with unresectable stage III NSCLC following concurrent or sequential chemoradiotherapy.

– On July 17, 2022, the national launch ceremony for this indication was held successfully reaching over 150 KOLs and 700 HCPs.

Clinical Development

As of the date of this report, we have made significant progress with respect to our product pipeline.

Pralsetinib (CS3009, RET inhibitor)

- In March 2022, we received NDA approval from the NMPA for the treatment of patients with advanced or metastatic RET-mutant MTC and RET fusion-positive TC.

- In July 2022, we received the NDA approval from the HK DoH for the treatment of patients with RET fusion-positive locally advanced or metastatic NSCLC.

- In February 2022, we received the NDA acceptance from the TFDA for the treatment of patients with RET fusion-positive locally advanced or metastatic NSCLC, RET-mutant MTC and RET fusion-positive TC.

Trademarks

Blueprint Medicines, AYVAKIT, GAVRETO and other associated logos are trademarks of Blueprint Medicines Corporation.

Ivosidenib (CS3010, IDH1 inhibitor)

- In January 2022, we received an NDA approval from the NMPA for the treatment of adults with R/R AML with an IDH1 mutation. Ivosidenib was the first IDH1 inhibitor approved in China for the treatment of patients with R/R AML.

Sugemalimab (CS1001, PD-L1 antibody)

- Sugemalimab is an investigational monoclonal antibody directed against PD-L1 that has been approved by the NMPA in China for both stage III and stage IV NSCLC patients. As a fully-human, full-length anti-PD-L1 monoclonal antibody, sugemalimab mirrors the natural G-type IgG4 human antibody, which may potentially reduce the risk of immunogenicity and toxicity in patients, a potential unique advantage and differentiation factor compared to similar drugs. As of the date of this report, we are conducting five registrational trials for sugemalimab, including one phase II registrational study for lymphoma and four phase III registrational studies in stage IV NSCLC, stage III NSCLC, gastric cancer, and esophageal cancer, respectively.

- In May 2022, we received the NDA approval from the NMPA for the treatment of patients with unresectable stage III NSCLC whose disease has not progressed following concurrent or sequential platinum-based chemoradiotherapy. Sugemalimab became the only anti-PD-1/PD-L1 monoclonal antibody approved for both stage III and stage IV NSCLC.

- In May 2022, we announced that the final PFS analysis of the registrational GEMSTONE-301 study further demonstrates sugemalimab's robust efficacy and significant clinical benefits shown in interim analysis in stage III NSCLC patients. In August 2022, we presented the detailed results at WCLC 2022.

  – Data showed that sustained improvement in the median PFS by 10.5 months with sugemalimab over placebo among patients with unresectable stage III NSCLC who had not progressed following concurrent or sequential platinum-based chemoradiotherapy. The risk of disease progression or death was reduced by 35%, together with encouraging OS. The risk of death was lowered by 31%. Subgroup analyses demonstrated clinical benefits regardless of whether patients received concurrent or sequential chemoradiotherapy prior to sugemalimab.

- In January 2022, we announced that the pre-specified OS interim analysis showed sugemalimab in combination with chemotherapy significantly and clinical meaningfully improved the overall survival in stage IV NSCLC patients. We presented the detailed results at ASCO 2022. The positive OS data will be used for ex-China filling for sugemalimab.

  – Data showed that sugemalimab in combination with chemotherapy significantly prolonged the median OS by 8.5 months over placebo in combination with chemotherapy and lowered the risk of death by 35%. Survival benefits were observed across all subgroups regardless of tumor pathology types or PD-L1 expression levels.

- In January 2022, we announced that results of sugemalimab as the first-line treatment of stage IV NSCLC and consolidation therapy of stage III NSCLC were published in the world-leading oncology journal *The Lancet Oncology*, respectively.

- In September 2022, we received the NDA acceptance from NMPA with priority review for the treatment of patients with R/R ENKTL. In January 2022, the registrational trial of sugemalimab in patients with R/R ENKTL met the primary endpoint. We presented the detailed results in an oral abstract session at 2022 ASCO Annual Meeting.

  – Data showed that sugemalimab significantly improved the objective response rate (ORR) compared to historical controls. In 78 evaluable patients, ORR assessed by Independent Radiology Review Committee (IRRC) was 46.2% with a complete response (CR) rate of 37.2%. The investigator-assessed ORR was highly consistent with IRRC's evaluation.

- We are working closely with EQRx to advance regulatory submission for the indications of stage III NSCLC, stage IV NSCLC, and R/R ENKTL in multiple territories, including the U.S., the U.K. and the EU. For stage IV NSCLC, we expect the first filing outside of the U.S. in the next six months. Meanwhile, constructive conversations with the U.S. FDA are ongoing to gain greater clarity on the regulatory path. For R/R ENKTL, sugemalimab has received the BTD from the U.S. FDA and we expect the BLA filing in 2023.

- In January 2022, we completed the enrolment for the phase III trial of sugemalimab in combination with standard-of-care chemotherapies for first-line treatment of patients with unresectable or metastatic gastric adenocarcinoma/gastro-esophageal junction adenocarcinoma.

- In January 2022, we completed the enrolment for the phase III trial of sugemalimab in combination with standard-of-care chemotherapies for first-line treatment of patients with unresectable or metastatic esophageal squamous cell carcinoma.

CAUTIONARY STATEMENT REQUIRED BY RULE 18A.05 OF THE LISTING RULES: WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET SUGEMALIMAB, OR ANY OF OUR PIPELINE PRODUCTS, SUCCESSFULLY.

Nofazinlimab (CS1003, PD-1 antibody)

- In March 2022, we completed the enrolment for the global phase III trial of nofazinlimab in combination with LENVIMA® (lenvatinib) as first-line treatment in patients with advanced HCC.

- In June 2022, we presented the results from the phase Ib study of nofazinlimab combined with lenvatinib as first-line treatment in Chinese HCC patients at ASCO 2022.

  – Results showed that nofazinlimab in combination with lenvatinib as first-line treatment for unresectable HCC demonstrated an ORR of 45.0%, the median PFS was 10.4 months. Nofazinlimab was well tolerated with a manageable safety profile.

Lorlatinib (ROS-1 inhibitor)

- We are working with Pfizer to jointly develop lorlatinib for ROS1-positive advanced NSCLC in Greater China. In December 2021, we received the IND approval from NMPA. In May 2022, we enrolled the first patient in this pivotal study. This is the first pivotal trial of lorlatinib for the treatment of ROS1-positive NSCLC in the world.

CS5001 (LCB71, ROR1 ADC)

- After obtaining an approval of the IND application from the U.S. FDA and approval from the Australia EC, the FIH study of this potentially best-in-class ROR1 ADC has commenced with swift recruitment to the dose-escalation part ongoing in both countries. Additionally, we submitted an IND application to the NMPA in March 2022 and received the approval in May 2022. To enable biomarker-driven patient selection based on tumor ROR1 expression, we have identified candidate ROR1 antibody clones for IHC with good sensitivity and selectivity to support such precision medicine effort in the future.

CS2006 (NM21-1480, PD-L1/4-1BB/HSA tri-specific molecule)

- The FIH study is ongoing and includes sites in the U.S. and Taiwan, China. The dose-escalation part of the study has been completed and the study has proceeded to PoC stage to further explore the safety and efficacy of CS2006 in selected tumor indications. Data from the dose escalation part is planned to be presented to the scientific community in the second half of 2022. We received the IND approval from the NMPA in September 2021. We presented the preclinical data at AACR 2022.

Research

Precision medicines and immuno-oncology combinations remain our strategic focus. Antibody-drug conjugates which deliver cytotoxic agents to tumor with precision, and multi-specific biologics which can create new biology and are combinations of themselves represent two near-term modalities for early-development.

Our research team has continued to make momentous progress in advancing the early-stage innovative programs, predicated on our "Gemstones on the Ring" research strategy which capitalizes on the modular "plug-and-play" nature of biologics. Following this research framework, we have in progress a total of over ten discovery projects and expect two potentially first-in-class/best-in-class immune-oncology programs declaring PCCs this year. Additionally, we have made great strides in our proprietary cell-penetrating therapeutic platform for targeting intractable intracellular proteins by achieving PoC *in vitro* for one of the treatment modalities using this platform. We have established a sustainable innovative research engine that utilizes clinical insights and translational knowledge to drive discovery, and will continue to strengthen our model of innovation sourcing through organic research at our new global R&D Center in Suzhou, China, as well as collaboration with our business partners. These initiatives bolster our immuno-oncology and precision medicine franchises and enhance our capacity to meet our long-term target of filing one-two INDs per year.

Two FIC/BIC I/O programs are on-track for PCC declaration this year, including one tri-specific molecule against PD-L1, VEGF plus another I/O target, and one antibody-cytokine fusion molecule.

Cell-penetrating therapeutic platform. Many well-known oncology targets are intracellular proteins that are considered undruggable by current therapeutic approaches. We are developing a proprietary cell-penetrating therapeutic platform against these otherwise intractable targets. Significant progress has been made in the development of this platform with broad therapeutic potential for oncology and beyond. We obtained *in vitro* PoC using this platform with one of the treatment modalities and expect additional *in vitro/ in vivo* PoCs with multiple treatment modalities by the end of this year.

Business Development and Strategic Partnerships

Our business development team plays a vital strategic role in the growth of our business. They will pursue partnerships to expand commercialization of our in-market and late-stage drugs, bolster our early-stage pipeline of potential FIC/BIC molecules, and access technologies that complement our research and development efforts. In addition, they are supporting the development of our existing strategic partnerships including Pfizer and EQRx.

As of the date of this report, we have made significant progress with respect to our existing partnerships.

- ***Pfizer***

  – In December 2021, we received the first approval of sugemalimab for stage IV NSCLC including both squamous and non-squamous patients. CStone and Pfizer have been working closely to prepare for a successful launch and commercialization for sugemalimab by educating the healthcare community about its BIC clinical results and leveraging Pfizer's leading commercial infrastructure and deep expertise in China. In May 2022, we received the second indication approval of sugemalimab for the treatment of patients with unresectable stage III NSCLC. It is the world's first anti-PD-1/PD-L1 monoclonal antibody successfully approved as a consolidation therapy to improve progression-free survival in patients with stage III NSCLC, after concurrent or sequential platinum-based chemoradiotherapy. The national launch ceremony for this indication was held successfully on July 17, 2022.

- In June 2021, CStone and Pfizer jointly announced that they have selected the first late-stage oncology asset for co-development under the strategic collaboration agreement formed in 2020. The two companies will conduct a pivotal clinical trial of lorlatinib for ROS1-positive advanced NSCLC. This step marks another milestone for CStone and Pfizer in their growing strategic partnership, which includes joint efforts to selectively introduce oncology therapies into the Greater China region. Additionally, it bolsters CStone's growing pipeline. In May 2022, the first patient was enrolled in the pivotal study of lorlatinib for the treatment of ROS1-positive advanced NSCLC under the joint efforts of CStone and Pfizer. The clinical supply was imported and the site start-up activities were conducted as planned despite the challenges presented by the COVID-19 lockdown.

- ***EQRx***

  - CStone is working closely with EQRx to advance regulatory submission in multiple countries and jurisdictions outside of Greater China, i.e. the U.S., the U.K. and the EU, etc. The regulatory pathways for sugemalimab in multiple indications are in discussion, including but not limited to stage IV NSCLC, stage III NSCLC and R/R ENKTL.

  - For the global phase III registrational trial of nofazinlimab in combination with lenvatinib as the first-line treatment for patients with advanced HCC, we completed the enrolment in March 2022 as planned, including patients enrolled in the U.S. and major EU markets with the joint efforts of CStone and EQRx.

- ***Hengrui***

  - In November 2021, we established a strategic partnership with Hengrui by signing an exclusive licensing agreement on the Greater China right of anti-CTLA-4 mAb (CS1002). Under the terms of the agreement, CStone will be eligible for an upfront payment and potential milestone payments up to US$200 million in addition to double-digit royalties. Hengrui will obtain the exclusive rights for research, development, registration, manufacturing, and commercialization of CS1002 in Greater China. CStone will retain the rights to develop and commercialize CS1002 outside of Greater China. This strategic partnership could help us to fully unlock the commercial potential of this asset. In the first half of 2022, Hengrui received the IND clearance from NMPA for a phase Ib/II trial of CS1002 combination therapy for the treatment of advanced solid tumors.

- ***DotBio***

  - In 2022, we continue to deepen relationships with DotBio, a biotech company specializing in next generation antibody therapies. Last year, we signed a global discovery collaboration to develop up to three pre-clinical FIC/BIC next-generation antibody therapies for which CStone would lead the design of the target combination based on the intended mechanism of action and DotBio will lead the design and engineering of the molecules. As part of this collaboration, CStone will take an equity position in DotBio. This partnership bolsters CStone's Pipeline 2.0 strategy by adding a powerful new source of organic and transformative innovation to its R&D engine.

In addition to the above, we continue to engage potential partners for multiple partnership opportunities that will accelerate our value creation, including in-licensing, out-licensing and strategic partnerships.

The Impact of the Novel Coronavirus Pandemic ("COVID-19")

During the Reporting Period, the impact of COVID-19 on our business operations was immaterial. The Company followed government mandates and took various mitigation measures to ensure employees' safety and minimize disruptions to business operations.

Critical aspects of our business remain functional. Up to the date of this report, the pandemic has not hindered recruitment for our registrational trials, and we have been able to ensure continuous treatment and monitoring to mitigate the risk of patient dropout. We have been expanding hospital and physician coverage in areas adjacent to the regions impacted by COVID-19 where patients may seek treatment. We have been using digital platforms where possible, such as for virtual KOL engagement, managing long-term treatment of patients, and resolving logistics and supply issues.

However, lockdowns in some parts of Eastern and Northern China in April/May 2022 led to disruptions to physician-patient interactions and posed challenges to supply chain management. These partially impacted our business in some Tier 1 cities in China for the Reporting Period, as travel of patient from surrounding areas and inpatient services was restricted. With the aforementioned mitigation measures and the easing of COVID-19 restrictions, our business has been recovering since May 2022 and achieved healthy and steady growth momentum thereafter.

FINANCIAL REVIEW

Six months ended June 30, 2022 Compared to Six months ended June 30, 2021

	For the six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue	**261,765**	79,449
Cost of revenue	**(92,723)**	(31,215)
Gross profit	**169,042**	48,234
Other income	**5,808**	12,315
Other gains and losses	**14,314**	(31,761)
Research and development expenses	**(266,627)**	(512,753)
Selling and marketing expenses	**(146,352)**	(133,584)
Administrative expenses	**(134,818)**	(154,105)
Finance costs	**(2,936)**	(2,197)
Loss for the period	**(361,569)**	(773,851)
Other comprehensive income for the period:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**7**	299
Total comprehensive expense for the period	**(361,562)**	(773,552)
Non-IFRS measures:		
Adjusted Loss for the Period	**(257,076)**	(632,488)

Revenue. Our revenue was RMB261.8 million for the six months ended June 30, 2022, composed of RMB161.4 million in sales of pharmaceutical products, representing sales of the Company's pharmaceutical products (avapritinib, pralsetinib, newly launched ivosidenib), RMB87.3 million in license fee income, and RMB13.1 million in royalty income of sugemalimab, representing an increase of RMB182.4 million from RMB79.4 million for the six months ended June 30, 2021, primarily attributable to the increase in the total product sales of avapritinib and pralsetinib, and the revenue generated from newly launched ivosidenib and sugemalimab.

Other Income. Our other income decreased by RMB6.5 million from RMB12.3 million for the six months ended June 30, 2021 to RMB5.8 million for the six months ended June 30, 2022. This was primarily due to lower interest income.

Other Gains and Losses. Our other gains and losses increased by RMB46.1 million from losses of RMB31.8 million for the six months ended June 30, 2021 to gains of RMB14.3 million for the six months ended June 30, 2022. This increase was primarily due to foreign exchange gain for the six months ended June 30, 2022, which was offset by losses on fair value of financial assets measured at FVTPL.

Research and Development Expenses. Our research and development expenses decreased by RMB246.2 million from RMB512.8 million for the six months ended June 30, 2021 to RMB266.6 million for the six months ended June 30, 2022. This decrease was primarily attributable to (i) a decrease of RMB238.6 million in milestone fee and third party contracting cost from RMB375.9 million for the six months ended June 30, 2021 to RMB137.3 million for the six months ended June 30, 2022 for different phases of our clinical trials; and (ii) share-based payment expenses decreased by RMB20.2 million while other employee cost increased by RMB12.9 million.

	For the six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Employee cost	**127,665**	135,019
Milestone fee and third party contracting cost	**137,272**	375,853
Others	**1,690**	1,881
Total	**266,627**	512,753

Administrative Expenses. Our administrative expenses decreased by RMB19.3 million from RMB154.1 million for the six months ended June 30, 2021 to RMB134.8 million for the six months ended June 30, 2022. This was primarily due to the decrease of RMB8.4 million in employee cost from RMB103.5 million for the six months ended June 30, 2021 to RMB95.1 million for the six months ended June 30, 2022.

	For the six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Employee cost	**95,143**	103,451
Professional fees	**18,089**	20,425
Rental expenses	**576**	1,688
Depreciation and amortization	**10,573**	9,767
Others	**10,437**	18,774
Total	**134,818**	154,105

Selling and Marketing Expenses. Our selling and marketing expenses increased by RMB12.8 million from RMB133.6 million for the six months ended June 30, 2021 to RMB146.4 million for the six months ended June 30, 2022. The increase was primarily attributable to sales force coverage expansion.

	For the six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Employee cost	**87,846**	86,106
Professional fees	**20,062**	11,401
Others	**38,444**	36,077
Total	**146,352**	133,584

Finance Costs. The finance costs increased by RMB0.7 million from RMB2.2 million for the six months ended June 30, 2021 to RMB2.9 million for the six months ended June 30, 2022, primarily due to the increase in bank borrowings.

NON-IFRS MEASURES

To supplement the Group's consolidated financial statements, which are presented in accordance with the IFRS, the Company also uses adjusted loss for the period ("**Adjusted Loss for the Period**") and other adjusted figures as additional financial measures, which are not required by, or presented in accordance with, the IFRS. The Company believes that these adjusted measures provide useful information to shareholders and potential investors in understanding and evaluating the Group's consolidated results of operations in the same manner as they help the Company's management.

Adjusted Loss for the Period represents the loss for the period excluding the effect of certain non-cash items and onetime events, namely the share-based payment expenses. The term Adjusted Loss for the Period is not defined under the IFRS. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, the Group's results of operations or financial condition as reported under IFRS. The Company's presentation of such adjusted figure may not be comparable to a similarly titled measure presented by other companies. However, the Company believes that this and other non-IFRS measures are reflections of the Group's normal operating results by eliminating potential impacts of items that the management do not consider to be indicative of the Group's operating performance, and thus facilitate comparisons of operating performance from period to period and company to company to the extent applicable.

The table below sets forth a reconciliation of the loss to Adjusted Loss for the Period indicated:

	For the six months ended June 30,	
	2022	2021
	RMB'000	*RMB' 000*
	(Unaudited)	(Unaudited)
Loss for the period	**(361,562)**	(773,851)
Added:		
Share-based payment expenses	**104,486**	141,363
Adjusted Loss for the Period	**(257,076)**	(632,488)

The table below sets forth a reconciliation of the research and development expenses to adjusted research and development expenses during the periods ("**Adjusted Research and Development Expenses for the Period**") indicated:

	For the six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Research and development expenses for the period	**(266,627)**	(512,753)
Added:		
Share-based payment expenses	**47,753**	67,984
Adjusted Research and Development Expenses for the Period	**(218,874)**	(444,769)

The table below sets forth a reconciliation of the administrative and selling and marketing expenses to adjusted administrative and selling and marketing expenses during the periods ("**Adjusted Administrative and Selling and Marketing Expenses for the Period**") indicated:

	For the six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Administrative and selling and marketing expenses for the period	**(281,170)**	(287,689)
Added:		
Share-based payment expenses	**56,733**	73,379
Adjusted Administrative and Selling and Marketing Expenses for the Period	**(224,437)**	(214,310)

EMPLOYEES AND REMUNERATION POLICIES

The following table sets forth a breakdown of our employees as at June 30, 2022 by function:

Function	Number of employees	% of total number of employees
Research and Development	184	32.34
Sales, General and Administrative	385	67.66
Total	569	100.0

As of June 30, 2022, we had 251 employees in Shanghai, 58 employees in Beijing, 82 employees in Suzhou and 178 employees in other regions of the PRC and overseas. Our employees' remuneration comprises salaries, bonuses, employee provident fund and social security contributions and other welfare payments. In accordance with applicable Chinese laws, we have made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for our employees.

The Group will provide trainings for employees to enhance their knowledge in corporate values and culture and to implement them thoroughly. Meanwhile, the Group encourages staff on continued studies by giving subsidies to recognized development courses.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has always adopted a prudent treasury management policy. The Group has taken a multi-source approach to fund our operations and meet development demands for capital, including service and milestone and upfront payments from our collaboration partners, bank borrowings, investments from other third parties and proceeds from our listing on the Stock Exchange.

On February 26, 2019, 186,396,000 Shares of US$0.0001 each were issued at a price of HK$12.00 per Share in connection with the Company's IPO on the Stock Exchange. The proceeds of HK$146,294.76 representing the par value, were credited to the Company's share capital. The remaining proceeds of HK$2,236,605,705.24, (before deduction of the expenses relating to the Company's IPO) were credited to the share premium account. The translation from US$ to HK$ is made at the exchange rate set forth in the H.10 weekly statistical release of the Federal Reserve System of the United States as of February 26, 2019.

On September 30, 2020 (before trading hours), the Company entered into the share subscription agreement with Pfizer Corporation, pursuant to which Pfizer Corporation has conditionally agreed to subscribe for an aggregate of 115,928,803 subscription shares at the subscription price of approximately HK$13.37 per Share. The gross proceeds from the allotment and issue of the subscription shares were approximately US$200.0 million (equivalent to approximately RMB1,355.9 million).

As of June 30, 2022, our cash and cash equivalents and time deposits were RMB1,100.6 million, as compared to RMB1,603.4 million as of December 31, 2021. The decrease was mainly due to the payment of research and development expenses and development milestone to the partners.

Gearing Ratio

Gearing ratio is calculated using total liabilities divided by total assets and multiplied by 100%. As at June 30, 2022, our gearing ratio was 52.8% (as at December 31, 2021: 46.9%).

Charge on Assets

As of June 30, 2022, the Group did not pledge any group assets (as of June 30, 2021: Nil).

OTHER FINANCIAL INFORMATION

Significant Investments, Material Acquisitions and Disposals

As at June 30, 2022, we did not hold any significant investments and there had been no material acquisitions or disposals of subsidiaries, associates or joint ventures of the Company. As at the date of this report, we have no specific future plan for material investments or capital assets, as well as material acquisitions or disposals of subsidiaries, associates and joint ventures.

Other Investments

From July to November 2021, the Company placed orders with CMB International Securities Limited ("**CMBIS**") to subscribe in notes linked to a segregated portfolio held under a company registered in Cayman Islands (the "**Investment**"). The majority of the segregated portfolio was used to invest in the shares and options of companies listed on the PRC, Hong Kong and the US exchange, with the remainder invested in a private equity and held in cash.

The aggregate amount committed to the Investment was approximately HK$227.7 million (equivalent to approximately RMB189.2 million). Based on the Investment's underlying securities valuation, the fair value of the Investment as at June 30, 2022 was RMB95,417,000, representing approximately 4.7% of the total assets of the Group as at June 30, 2022. As such, the unrealized loss of the Investment for the six months ended June 30, 2022 amounted to RMB27,478,000.

Foreign Exchange Risk

Our financial statements are expressed in RMB, but certain of our cash and cash equivalents, restricted bank deposits, time deposits, other receivables, financial assets measured at FVTPL and trade and other payables are denominated in foreign currencies, and are exposed to foreign currency risk. We currently do not have a foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. As of June 30, 2022, the Group did not hold any financial instruments for hedging purposes; neither did it hold any foreign currency investment hedged by currency borrowings or other hedging instruments.

Bank Loans and Other Borrowings

On January 7, 2020, the Group obtained two new bank loan facilities amounting to RMB175 million and RMB25 million, respectively, for the purpose of the construction of the facilities. During the six months ended June 30, 2022, the Group has drawn down RMB13,042,000 and repaid RMB10,608,000 of principal and interest in accordance with the payment schedules. For details of the loans, please refer to note 16 to the Condensed Consolidated Financial Statements.

Contingent Liabilities

As of June 30, 2022, we did not have any material contingent liabilities (as of June 30, 2021: Nil).

Directors and Senior Management

Executive Director

Dr. Jianxin Yang (楊建新), M.D., Ph.D., aged 58, was appointed as our CEO, executive Director, chairman of the Strategy Committee and an authorised representative of the Company on August 25, 2022. Dr. Yang has been our senior vice president and chief medical officer since December 2016. In this role, he is responsible for developing and implementing the overall clinical strategy.

Dr. Yang has over 25 years of experience in biomedical research and clinical development of oncology drugs in the U.S. and China. Prior to joining us, he served as the Senior Vice President and Head of Clinical Development at BeiGene, Ltd. (NASDAQ: BGNE, HKSE: 6160, the Star Market of SHSE: 688235) from July 2014 to December 2016. He led BeiGene, Ltd.'s clinical team in clinical development of its oncology pipeline, and led the development and management of over ten clinical trials worldwide, including the first anti-PD-1 mAb originated in China, BTK inhibitors and PARP inhibitors.

Prior to joining BeiGene, Ltd., Dr. Yang served as a Medical Director at Covance Inc. from September 2011 to July 2014. He served as Senior Chief Scientist for tumor biomarkers in Pfizer Inc., and served as a Research Scientist in the cancer genomics division at Tularik Inc. (acquired by Amgen Inc. in 2004).

Throughout his career, Dr. Yang has made significant contributions to the successful development of several anticancer drugs. He is also the author of over 50 publications and the inventor of nine patents.

Dr. Yang received a bachelor's degree in medicine from Xianning Branch of Hubei Medical College (湖北醫學院咸寧分院), (currently known as Hubei Institute of Science and Technology (湖北科技學院)) in Hubei, China in July 1985 and a master's degree in pathophysiology from Nanjing Medical College (南京醫學院), (currently known as Nanjing Medical University (南京醫科大學)) in Nanjing, China in July 1989. He then received his Ph.D. training in molecular biology with Nobel Laureates Drs. Michael S. Brown and Joseph L. Goldstein at the University of Texas Southwestern Medical Center at Dallas, U.S. in June 1995. He conducted his postdoctoral training in chemical biology with Dr. Stuart L. Schreiber at Harvard University in the United States from 1995 to 1998.

Dr. Frank Ningjun Jiang (江寧軍), M.D., Ph.D., aged 61, was appointed as our CEO in July 2016, a member of the Board in November 2016 and Chairman in August 2018. Dr. Jiang ceased to act as Chairman and the chairman of the Nomination Committee on May 31, 2022, and ceased to act as our CEO, executive Director, chairman of the Strategy Committee and an authorised representative of the Company on August 25, 2022. In the following period of time, Dr. Jiang will serve as the Senior Advisor of the Company until the end of this year to ensure a smooth transition of the Company's operations.

Under Dr. Jiang's leadership, the Company has been focusing on developing and commercializing innovative immuno-oncology and precision medicine drugs for cancer patients in China and worldwide. Since inception in 2016, the Company has established a portfolio of 15 drug candidates, including five late phase assets, and initiated 30 clinical trials, of which 15 are registrational. In February 2019, the Company was successfully listed on the Stock Exchange, setting the record for shortest time between company inception and public listing in Hong Kong as of the date of the Listing.

Dr. Jiang serves as a member of the scientific advisory board of Novagenesis Therapeutix (HK) Limited starting from July 2020.

Prior to joining our Company, Dr. Jiang served as the global vice president and head of Asia Pacific research and development at Sanofi, a company listed on NASDAQ (stock code: SNY) and EPA (stock code: SAN) ("**Sanofi**"), covering China, Japan and 12 other countries. During his career at Sanofi from July 2002 to June 2016, he held a series of leadership and management positions, with responsibilities ranging from global clinical research to regional R&D strategies. He also led a 21,000 patient megatrial that resulted in the global registration of the blockbuster drug Lovenox. In the last five years with Sanofi, he oversaw 79 clinical trials and obtained 30 NDAs in the Asia Pacific region. Prior to Sanofi, Dr. Jiang was a clinical research physician at Eli Lilly and Company, a company listed on the NYSE (stock code: LLY), and led a global phase II trial for an anti-sepsis drug.

Dr. Jiang was certified as a physician in the United States by the Educational Commission for Foreign Medical Graduates in May 1995.

Dr. Jiang received his M.D. from Nanjing Medical University (南京醫科大學) (formerly known as Nanjing Medical College (南京醫學院)) in Jiangsu, China in December 1982 and a Ph.D. in immunology from University of British Columbia in Canada in November 1992. He went on to complete a postdoctoral fellowship in clinical chemistry and a clinical residency in internal medicine at Washington University School of Medicine in the United States. He subsequently served there as a faculty for the Internal Medicine and Emergency Medicine departments.

Non-executive Directors

Dr. Wei Li (李偉), Ph.D., aged 50, has been our Director since December 2015. Dr. Li was re-designated as a non-executive Director on October 29, 2018, and was re-elected as a non-executive Director on June 23, 2021. Dr. Li took up the role of Chairman and the chairman of the Nomination Committee on May 31, 2022.

Dr. Li has over 20 years of experience in the biotech industry. He serves as a partner of Creacion Ventures since April 2020 and the managing partner of 6 Dimensions Capital, L.P. since October 2017 and is a founding partner and the managing partner of WuXi Healthcare Ventures II, L.P. since July 2015. Dr. Li has been an executive director of Ocumension Therapeutics (歐康維視生物), a company listed on the Stock Exchange (stock code: 1477) since April 2018.

During his scientific research career, Dr. Li has first-authored numerous scientific publications in journals including Science, Proceedings of the National Academy of Sciences, and Journal of Biological Chemistry.

Dr. Li received a Ph.D. in chemistry from Harvard University in the United States in November 1998, and an MBA from the J. L. Kellogg School of Management at Northwestern University in the United States in June 2003. He graduated with a bachelor of science in chemical physics from the University of Science and Technology of China (中國科學技術大學) in Anhui, China in July 1993.

Mr. Kenneth Walton Hitchner III, aged 62, was appointed as our non-executive Director with effect from December 10, 2021. Mr. Hitchner will hold office from December 10, 2021 until the next following general meeting of the Company, at which he will be eligible for re-election in accordance with and subject to the Memorandum and the Articles of Association of the Company.

Mr. Hitchner has more than 30 years of experience in corporate finance. He had served as the Chairman and Chief Executive Officer of The Goldman Sachs Group, Inc. in Asia Pacific Ex-Japan before his retirement in 2019. He was also a member of Goldman Sachs' Management Committee and co-chaired its Asia Pacific Management Committee.

During the period from 2013 to 2017, Mr. Hitchner had served as President of Goldman Sachs in Asia Pacific Ex-Japan. Prior to relocating to Hong Kong, he was global head of Goldman Sachs' Healthcare Banking Group and global co-head of its Technology, Media and Telecom Group. He was named managing director in 2000 and partner in 2002. He became head of the global medical device banking practice in 1998 and head of the global pharmaceutical banking practice in 2001. He began his career with Goldman Sachs' Corporate Finance Department in 1991.

Mr. Hitchner has been serving as an independent non-executive director of WuXi Biologics (Cayman) Inc., a company listed on the Main Board of the Stock Exchange (stock code: 2269), since June 2020. Mr. Hitchner has been serving as a director of the alternative investment management firm Elements Advisors SPV since May 2020. Mr. Hitchner has also been serving as a senior advisor to a leading global life sciences investor Valiance Asset Management since November 2020. He has joined Global Advisory Board of the global early-stage venture capitalist Antler since January 2021. He has also been serving as a senior advisor of WuXi AppTec Co., Ltd.* (無錫藥明康德新藥開發股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603259) and the Main Board of the Stock Exchange (stock code: 2359) ("**WuXi AppTec**"), since February 2020. Mr. Hitchner has been serving as an independent non-executive director of Provident Acquisition Corp., a company listed on NASDAQ (stock code: PAQC), since January 7, 2021. Mr. Hitchner has also been serving as the chairman of the board of HH&L Acquisition Co., a company listed on the New York Stock Exchange (stock code: HHLA), since February 11, 2021. Mr. Hitchner obtained a bachelor's degree in arts from the University of Colorado in 1982 and a master's degree in business administration (MBA) as a merit fellow from Columbia University Business School in 1992.

Mr. Yanling Cao (曹彥凌), aged 38, was a Director from April 1, 2016 to March 27, 2017. Mr. Cao was appointed as our non-executive Director with effect from May 15, 2019.

Mr. Cao has been serving as a non-executive director of WuXi Biologics (Cayman) Inc. (a company listed on the Stock Exchange with stock code: 2269) and Ocumension Therapeutics (歐康維視生物) (a company listed on the Stock Exchange with stock code: 1477) since May 2016 and June 2019, respectively. He has also been serving as the partner of Boyu Capital Advisory Company Limited (博裕投資顧問有限公司) and has been responsible for sourcing, evaluating and managing private equity transactions, with a particular focus in the healthcare industry. Mr. Cao served as an independent non-executive director at JW (Cayman) Therapeutics Co. Ltd (藥明巨諾(開曼)有限公司) (a company listed on the Stock Exchange with stock code: 2126) from May 2020 to December 2021, and a non-executive director at Viela Bio, Inc. (a company listed on NASDAQ with stock code: VIE) and Hygeia Healthcare Holdings Co., Limited (海吉亞醫療控股有限公司) (a company listed on the Stock Exchange with stock code: 6078) and Antengene Corporation Limited (德琪醫藥有限公司) (a company listed on the Stock Exchange with stock code: 6996) from February 2018 to March 2021, from June 2019 to March 2021 and from February 2019 to December 2021, respectively. From December 2007 to January 2011, Mr. Cao served as an investment professional of General Atlantic LLC and was responsible for private equity and venture capital investment. From July 2006 to November 2007, Mr. Cao served as an investment banker of Goldman Sachs Asia LLC and was responsible for providing investment banking advisory services to clients in Asia.

Mr. Cao obtained a bachelor's degree in economics and mathematics from Middlebury College in the United States in June 2006.

Mr. Xianghong Lin (林向紅), aged 52, was appointed as our non-executive Director with effect from November 30, 2020, and was re-elected as a non-executive Director on June 23, 2021.

Mr. Lin has been the chairman of the board of directors and a member of the investment committee of Suzhou Equity Investment Fund Management Co. Ltd. (蘇州股權投資基金管理有限公司) since December 2017; the chairman of the board of directors and a member of the investment committee of Kaiyuan Guochuang Capital Management Co., Ltd. (開元國創資本管理有限公司) since March 2017; and the chief executive officer of Suzhou Private Capital Investment Holdings Co., Ltd. (蘇州民營資本投資控股有限公司) since April 2016. Mr. Lin was the president of Suzhou Oriza Holdings Corporation (蘇州元禾控股股份有限公司) from October 2015 to March 2016 and the chairman of the board of directors and the president of Suzhou Oriza Holdings Ltd. (蘇州元禾控股有限公司) from September 2007 to October 2015. Prior to that, he served as the chairman of the board of directors and the president of China-Singapore Suzhou Industrial Park Ventures Co., Ltd. (中新蘇州工業園區創業投資有限公司) from November 2001 to September 2007. From April 2000 to November 2001, he served as various positions of China-Singapore Suzhou Industrial Park Development Co., Ltd. (中新蘇州工業園區開發有限公司), including the deputy general manager of the finance department and the general manager of the investment department.

Mr. Lin served as a non-executive director of Guangzhou Hangxin Aviation Technology Co., Ltd. (廣州航新航空科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300424) from January 2019 to April 2020. Mr. Lin has been a member of the venture capital fund professional committee of Asset Management Association of China (中國證券投資基金業協會創業投資基金專業委員會) since June 2015, a member of the first session of Science and Technology Innovation Advisory Committee (科技創新諮詢委員會) of the Shanghai Stock Exchange since April 2019, a member of the investment decision committee of the China Integrated Circuit Industry Investment Fund (國家集成電路產業投資基金) since 2014, and a director of the Xi'an Jiaotong University Education Foundation (西安交通大學教育基金會) since 2011.

Mr. Lin obtained bachelor's degree in auditing from the Xi'an Jiaotong University in July 1992, a master degree in agricultural economic management from the University of Suzhou in June 1999 and a doctorate degree in management science and engineering from Xi'an Jiaotong University in June 2009.

Mr. Edward Hu (胡正國), aged 59, was appointed as our non-executive Director and a member of the strategic committee, both with effect from July 9, 2021. Mr. Hu will hold offices from July 9, 2021 until the next following general meeting of the Company, at which he will be eligible for re-election in accordance with and subject to the Memorandum and the Articles of Association of the Company.

Mr. Hu is the vice chairman, the global chief investment officer and an executive director of WuXi AppTec. Mr. Hu is primarily responsible for the overall business and management of WuXi AppTec. Mr. Hu joined WuXi AppTec in August 2007 and was appointed as an executive director in March 2017. Mr. Hu served as a co-chief executive officer of WuXi AppTec from August 2018 to May 2020. He served as the chief financial officer from March 2016 to January 2019.

- From February 2014 to June 2021, he served as a non-executive director of WuXi Biologics (Cayman) Inc., a company listed on the Main Board of the Stock Exchange (stock code: 2269) and was primarily responsible for providing guidance on the business strategy and financial management.

- From May 2018 to March 2021, he served as a director of Viela Bio Inc., a company listed on NASDAQ (stock code: VIE) in October 2019.

- From August 2007 to December 2015, he served as the chief financial officer and chief operating officer of WuXi PharmaTech (Cayman) Inc., a company previously listed on the New York Stock Exchange and was responsible for the financial and operational management.

- From October 2000 to July 2007, he served on various roles to become a senior vice president and chief operating officer of Tanox Inc., a biopharmaceutical company previously listed on NASDAQ (stock code: TNOX, acquired by Genentech Inc. in August 2007) and primarily engaged in discovering and developing antibody therapeutic drugs, and was responsible for company operations, quality control, finance and information technology.

- From April 1998 to October 2000, he served as a business planning manager of Biogen Inc., a global biotechnology company listed on NASDAQ (stock code: BIIB) and primarily engaged in developing, marketing and sales of biopharmaceuticals for neurologic and immune diseases, and was responsible for business planning and budget management of its research and development division.

- From May 1996 to December 1998, he served as a senior financial analyst of Merck, and was responsible for financial planning and analysis.

Mr. Hu obtained a bachelor's degree in physics from Hangzhou University, currently known as Zhejiang University (浙江大學) in the PRC in July 1983. He also obtained a master's degree in chemistry and a master's degree of business administration from Carnegie Mellon University in the United States in May 1993 and May 1996, respectively.

Independent Non-executive Directors

Dr. Paul Herbert Chew, M.D., aged 70, has been an INED since February 14, 2019, and was re-elected as an INED on June 23, 2021.

Dr. Chew is currently the adviser chief medical officer and he is on the board of directors for Phesi, an innovative firm that optimizes clinical trial design with novel technology. Dr. Chew is also the adviser chief medical officer for CorMedix, Inc, utilizing a taurolidine-based platform to prevent infection in high-risk patients. Dr. Chew serves on the advisory boards at the Center for Public Health, George Washington School of Public Health as well as ArisGlobal, a leading life sciences software provider that speeds drug development. He has served as a member of the board of trustees for the U.S. Pharmacopeia that sets quality standards for U.S. drugs, foods and dietary supplements, enforced by the U.S. FDA but whose standards are also followed by more than 140 countries.

From 2013 to 2016, Dr. Chew served as the global chief medical officer for Sanofi, overseeing medical affairs, regulatory affairs, drug safety, and pharmaco-economics. From 2016 to 2018, Dr. Chew has also been the chief medical officer for Omada Health, a premier Bay area company in digital therapeutics for the management of chronic disease. Dr. Chew has been on the board of external advisors for the University of North Carolina School of Public Health. He has served as a member of the Institute of Medicine Value & Science-Driven Healthcare Roundtable. He is board certified in Internal Medicine and Cardiovascular Disease. Dr. Chew was also a member of the Cardiology and Radiology faculty at the Johns Hopkins Hospital and he holds a doctor of medicine and a bachelor of arts degree from the Johns Hopkins University School of Medicine in the United States.

Mr. Ting Yuk Anthony Wu (胡定旭), GBS, JP, aged 68, has been an INED since February 14, 2019, and was re-elected as an INED on June 23, 2020.

Since March 2019, Mr. Wu has been the chairman and a non-executive director of Clarity Medical Group Holding Limited (清晰醫療集團控股有限公司), a company listed on the Stock Exchange (stock code: 1406) on February 18, 2022. Mr. Wu has been an independent non-executive director of Sing Tao News Corporation Limited (stock code: 1105) on June 3, 2021. He has been an independent non-executive director of China Resources Medical Holdings Company Limited (華潤醫療控股有限公司), a company listed on the Stock Exchange (stock code: 1515) since August 2018 and chairman of the board of directors from August 2018 to April 2021. He has been an independent non-executive director of Power Assets Holdings Limited (電能實業有限公司), a company listed on the Stock Exchange (stock code: 0006) since June 2014. He has been an independent non-executive director of China Taiping Insurance Holdings Company Limited (中國太平保險控股有限公司), a company listed on the Stock Exchange (stock code: 0966) from August 2013. He has been an independent non-executive director of Venus Medtech (Hangzhou) Inc. (杭州啟明醫療器械股份有限公司), a company listed on the Stock Exchange (stock code: 2500), since November 2018. He has been an independent non-executive director of Ocumension Therapeutics (歐康維視生物), a company listed on the Stock Exchange (stock code: 1477) since June 2020.

Between March 2015 and August 2018, Mr. Wu was the chairman and an executive director at Sincere Watch (Hong Kong) Limited, a company listed on the Stock Exchange (stock code: 0444), where he also acted as deputy chairman from October 2016 to August 2018. Between July 2011 and September 2014, he served as a director of Fidelity Funds. He served as an independent non-executive director of Agricultural Bank of China Limited (中國農業銀行股份有限公司), a company listed on the Stock Exchange (stock code: 01288), and Guangdong Investment Ltd. (粵海投資有限公司), a company listed on the Stock Exchange (stock code: 0270), from January 2009 to June 2015 and from August 2012 to June 2022, respectively. Mr. Wu joined the Hong Kong Hospital Authority (醫院管理局) in 1999 and was formerly its chairman from 2004 to 2013. Between 2010 and 2012, he was and the chairman of the Chamber Council and is now a member of the consultation committee of the Hong Kong General Chamber of Commerce. He was a partner of Ernst & Young from July 1985 to December 2005 and served as chairman of Ernst & Young Far East and China Practice from January 2000 to December 2005.

Mr. Wu was admitted as a member of the Institute of Chartered Accountants in England and Wales in November 1979 and became a fellow in October 1990. He was also admitted as a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

Mr. Wu was appointed by the Government of Hong Kong as Justice of the Peace and awarded Gold Bauhinia Star in 2004 and 2008, respectively. Mr. Wu finished a Foundation Course in Accountancy in Teesside Polytechnic in the United Kingdom in July 1975. Mr. Wu has also served in different capacities in the following organizations:

- as the honorary chairman of The Institute of Certified Management Accountants (Australia) Hong Kong Branch since January 2016
- as a member of the Chief Executive's Council of Advisers on Innovation and Strategic Development from March 2018 to June 2022
- as a member of the 12th and 13th Standing Committee of the Chinese People's Political Consultative Conference National Committee
- as an expert advisor of the 2nd Chinese Medicine Reform and Development Advisory Committee of the State Administration of Traditional Chinese Medicine (國家中醫藥管理局第二屆中醫藥改革發展專家諮詢委員會) since December 2017

Mr. Hongbin Sun (孫洪斌), aged 46, has been an INED since February 14, 2019, and was re-elected as an INED on June 23, 2021.

Mr. Sun has over 20 years of finance experience. He has been an independent non-executive director of New Century Healthcare Holding Co., Limited (新世紀醫療控股有限公司), a company listed on the Stock Exchange (stock code: 1518), since December 2016. He was appointed as an independent non-executive director of Mobvista Inc. (匯量科技有限公司), a company listed on the Stock Exchange (stock code: 1860) since July 2020. He has been an independent non-executive director of Abbisko Cayman Limited (和譽開曼有限責任公司), a company listed on the Stock Exchange (stock code: 2256), since September 2021. He has been the chief financial officer of MicroPort Scientific Corporation (微創醫療科學有限公司), a company listed on the Stock Exchange (stock code: 0853), since September 2010 and served as its executive director from July 2010 to September 2012. Mr. Sun has served as a director of Shanghai MicroPort MedBot (Group) Co., Ltd. (上海微創醫療機器人(集團)股份有限公司), a company listed on the Stock Exchange (stock code: 2252,"**MedBot**") since April 2020, and as a non-executive director from June 2021. He has also served as chairman of the board of MedBot. He was the deputy financial director of Otsuka (China) Investment Co., Ltd. (大冢(中國)投資有限公司) from January 2004 to December 2005 and then worked as its general manager from January 2006 to August 2010. From August 1998 to January 2004, he was an assistant manager in the audit department of KPMG Huazhen (畢馬威華振會計師事務所) in Shanghai.

Mr. Sun has been a member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) since December 2009 and also a chartered financial analyst in September 2009.

He received his bachelor's degree in accounting from Shanghai Jiao Tong University (上海交通大學) in China in July 1998.

SENIOR MANAGEMENT

Dr. Jianxin Yang (楊建新), M.D., Ph.D., aged 58, has been our senior vice president and chief medical officer since December 2016. He was appointed as our CEO on August 25, 2022. For further details, please refer to "Directors – Executive Director" in this section.

Dr. Frank Ningjun Jiang (江寧軍), M.D., Ph.D., aged 61, was our CEO since July 2016 and cease to act as our CEO on August 25, 2022. For further details, please refer to "Directors – Executive Director" in this section.

Dr. Ngai Chiu Archie Tse (謝毅釗), M.D., Ph.D., aged 55, is our senior vice president and chief scientific officer and joined us in December 2018. Upon joining our Group, Dr. Tse established the department of translational medicine and early development. In this role, he is responsible for the clinical development of early-stage assets up to proof of concept. He also leads the translational medicine/biomarkers, molecular diagnostics, and clinical pharmacology functions to support the progression of our pipeline, as well as the scientific advisory board to facilitate development and execution of our R&D strategy.

Dr. Tse is an accomplished medical and scientific leader with over 20 years of global oncology experience in the clinic and pharmaceutical institutions. Prior to joining us, Dr. Tse was a distinguished scientist (executive director) at Merck from September 2015 to December 2018 in which role he oversaw the early clinical development of a number of novel agents in the immune-oncology pipeline, spanning various mechanisms and action and modalities. The programs he played a key role in spanned various mechanisms of action and modalities included, but not limited to, anti-CTLA4, STING agonists, bispecific Nanobodies, novel myeloid targets, oncolytic virus and personalized cancer vaccines. From January 2010 to August 2015, he served at Daiichi Sankyo Pharma Development, a division of Daiichi-Sankyo, Inc., where his last title was senior director, clinical development. From July 2003 to December 2009, Dr. Tse served at the U.S. Memorial Sloan Kettering Cancer Center ("**MSKCC**") as clinical assistant in the medicine/gastrointestinal oncology department, and during the same period he was also a faculty member at the MSKCC affiliated Weill Cornell Medical School.

Dr. Tse obtained certification from American Board of Internal Medicine in medical oncology from November 2003 to December 2013 and in general internal medicine from August 2000 to December 2010.

Dr. Tse obtained his M.D. and a Ph.D. in biochemistry & molecular biology from the University of Southern California in the United States in May 1997 and May 2002, respectively.

Dr. Josh Zhou (周遊), MD., aged 41, is our Greater China General Manager and Head of Commercial and joined us in April 2022. In his role, he has the overall responsibilities for commercial functions including marketing, sales, post-launch medical affairs, market access, commercial and supply chain management, and business excellence. Dr. Zhou has more than 16 years of working experience in China's pharmaceutical industry at multinational corporations and global strategy consulting firms. He is a seasoned leader with extensive experience in oncology and rare diseases. Prior to joining us, Dr. Zhou worked as Chief Marketing Officer at Sanofi Pasteur (China), led a 4-pillar-consisted team to successfully deliver multiple innovative signature programs.

From 2013 to 2021, Dr. Zhou worked at Novartis Oncology (China) and served successively as Head of Rare Disease Franchise and BU Head of Oncology Established Brands. He was in charge of several hundreds of millions of US dollars in business, successfully drove the growth of rare disease brands through precision diagnostics, market education and partnerships in rare diseases eco-system, and introduced innovative business models to ensure sustained growth of mature brands.

From 2011 to 2013, Dr. Zhou worked as Director of Hospital Portfolio Management and then Senior Analyst at China Resources Company. From 2007 to 2011, he worked at McKinsey & Company as a core member of Pharma-Healthcare Practice, and the clients he served included leading pharmaceuticals, medical device manufacturers, health insurance companies, and distributors in China or Europe.

Dr. Zhou started his career as a physician at Peking Union Medical College Hospital, and he obtained his medical doctor degree from Peking Union Medical College.

Mr. Michael J. Choi, MBA, aged 48, has been our Chief Business Officer since May 2021. In this role, he is responsible for business development, alliance management and corporate strategy.

Mr. Choi is an accomplished business executive with over 25 years of experience in the life science industry. Prior to joining us Mr. Choi was VP, Head of Business Development at Sun Pharma Advanced Research Corporation (SPARC) from September 2019 to April 2021. In this role, he led business development, commercial strategy and investor relations and oversaw the strategy and operations of SPARC as a member of the Executive Leadership Team. From March 2011 to July 2019, Mr. Choi served at Pfizer, Inc. in various business development roles including most recently as Business Alliance Lead for China, Japan, Asia-Pacific, Latin-America and Canada at Pfizer Essential Health. While at Pfizer, Mr. Choi completed over 40 transactions across 6 continents. From April 2009 to March 2011, Mr. Choi served as the Strategy Leader for the Molecular and Cell Biology business unit at Life Technologies (now Thermo Fisher). Mr. Choi started his career as a Research Associate at the Columbia University College of Physicians and Surgeons before starting his business career as a strategy focused Management Consultant at various firms such as PricewaterhouseCoopers – Management Consulting Services, Envision Consulting Group (now IQVIA), and Frankel Group (now Oliver Wyman).

Mr. Choi obtained his MBA in Finance and Economics from Columbia Business School in New York City in May 2004 and Bachelor of Arts in History with a pre-medical concentration from Columbia College in New York City in May 1996.

Mr. Jun Cheng (程君), aged 42, is our vice president of finance and joined us in March 2022. In his role, he has the overall responsibilities for financial functions including finance, information technology, clinical and general procurement. Mr. Cheng has more than 20 years' experience across all finance functions with exposure to both biotech and MNCs. He is a seasoned leader with extensive cross-functional experience and an outstanding track record with the highest standard of professionalism and integrity. Prior to joining us, Mr. Cheng worked as VP Finance & Control – Innovation Platform for over 8 years at HUTCHMED (China) Limited, a company listed on the Nasdaq Global Select Market, the Stock Exchange of Hong Kong Limited and the London Stock Exchange's AIM market (Nasdaq/AIM:HCM; HKEX:13). He drove high performance in meeting financial objectives utilizing his deep understanding of business drivers and proactively addressing risks and opportunities. He also led the team to support the NASDAQ and HK IPO process and establishing IT infrastructure.

From 2009 to 2013, Mr. Cheng worked in SIMPLOT AUSTRALIA as a Divisional Finance Manager, where he participated in the acquisition of frozen meals business from NESTLE Australia as financial lead, then set up a new Chilled & Emerging business division. Jun started his career at Nestle China and worked there for 8 years across a number of finance and control functions in the Dongguan coffee factory and Beijing Head Office.

Mr. Cheng obtained a bachelor's degree from South China Agricultural University and is a member of CPA Australia.

Other than the working relationships in the Company, there was no other relationship between any of the Directors or senior management of the Company in respect of finance, business and family or in other material aspects.

CHANGE IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVE

So far as the Directors are aware and save as disclosed in this report, there has been no other change of information of Directors during the Reporting Period pursuant to Rule 13.51B(1) of the Listing Rules.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is committed to achieving high corporate governance standards. During the Reporting Period, the Company has complied with all the code provisions as set out in the CG Code contained in Appendix 14 to the Listing Rules, except for the deviation explained below.

In accordance with Code Provision C.2.1 of Part 2 of the CG Code, the roles of the chairman and chief executive should be separate and should not be performed by the same individual. The roles of Chairman and Chief Executive Officer of the Company had been performed by Dr. Frank Ningjun Jiang until he ceased to act as the Chairman on May 31, 2022. While this constituted a deviation from Code Provision C.2.1 of Part 2 of the CG Code, our Board believed that this structure did not impair the balance of power and authority between our Board and the management of our Company, given that the balance of power and authority was ensured by the operations of our Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of our Company. Moreover, the overall strategic and other key business, financial and operational policies of our Group are made collectively after thorough discussion at both our Board and senior management levels.

Subsequent to and as from the cessation of Dr. Frank Ningjun Jiang's acting as the Chairman and Dr. Wei Li's taking up the role of the Chairman on May 31, 2022, the Company has fully complied with the requirements under Code Provision C.2.1 of Part 2 of the CG Code. For further details, please refer to the announcement of the Company dated May 31, 2022.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

We have adopted our own code of conduct regarding Directors' securities transactions, namely the Securities Transactions Code, which applies to all Directors on terms not less exacting than the required standard indicated by the Model Code as set out in Appendix 10 to the Listing Rules.

Specific enquiries have been made to all the Directors and they have confirmed that they have complied with the Model Code during the Reporting Period. The Company's employees, who are likely to be in possession of our unpublished inside information, are subject to the Model Code. No incident of non-compliance of the Model Code by the employees was noted by the Company as of the date of this report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

ISSUE FOR CASH OF EQUITY SECURITIES

During the Reporting Period, the Company did not issue for cash of equity securities (including securities convertible into equity securities).

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the Reporting Period. The Directors are also not aware of any material litigation or claims that were pending or threatened against the Group during the Reporting Period.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

Dr. Frank Ningjun Jiang had ceased to serve as the CEO, the executive Director, the chairman of the Strategy Committee and an authorised representative of the Company for the purpose of Rule 3.05 of the Listing Rules ("**Authorised Representative**") since August 25, 2022. In the following period of time, Dr. Jiang will serve as the Senior Advisor of the Company until the end of this year to ensure a smooth transition of the Company's operations. Dr. Jianxin Yang, the Senior Vice President and Chief Medical Officer of the Company, has been appointed as the CEO, the executive Director, the Chairman of the Strategy Committee and an Authorised Representative of the Company on August 25, 2022. For further details, please refer to the announcement of the Company dated August 25, 2022.

Save as disclosed in this interim report and as at the date of this report, there were no material events after the Reporting Period.

USE OF NET PROCEEDS

Our Shares were listed on the Main Board of the Stock Exchange on February 26, 2019. The Group received net proceeds (after deduction of underwriting commissions and related costs and expenses) from the initial public offering in Hong Kong (the "**HK IPO**", initial public offering, "**IPO**") and the exercise of over-allotment option of approximately RMB2,090.16 million. There was no change in the intended use of net proceeds as previously disclosed in the Prospectus and as at December 31, 2021, the Company had utilised the entire net proceeds from the HK IPO. For details, please refer to the 2021 annual report of the Company.

On September 30, 2020 (before trading hours), in order to advance the Company's strategic, commercial and financial objectives as it transitions into a fully integrated biopharma company, the Company entered into the share subscription agreement with Pfizer Corporation, pursuant to which Pfizer Corporation has conditionally agreed to subscribe for an aggregate of 115,928,803 subscription shares at the subscription price of US$1.725 per Share (equivalent to approximately HK$13.37 per Share). The gross proceeds from the allotment and issue of the subscription shares were approximately US$200.0 million (equivalent to approximately HK$1.55 billion), which will be used for the funding of the development activities under the collaboration agreement in accordance with the terms and conditions set out therein, unless otherwise agreed between the parties to the collaboration agreement. All the conditions of the subscription have been fulfilled and the closing of the subscription took place on October 9, 2020. The use of these proceeds is in line with the planned use and there is no significant change or delay.

The table below sets out the planned applications of the proceeds and actual usage up to June 30, 2022:

Purpose of use	% of use of proceeds	Proceeds from the Subscription *(RMB million)*	Actual usage up to June 30, 2022 *(RMB million)*	Unutilised net proceeds as of June 30, 2022 *(RMB million)*
Fund the development activities under the collaboration agreement	100.0%	1,355.9	627.6	728.3

Note: Net proceeds of the Subscription were received in US dollars and translated to Renminbi for application planning. The unutilised net proceeds are planned to be put into use by December 31, 2023.

INTERNAL CONTROL

Reference is made to the announcements of the Company dated March 18, 2022, March 23, 2022, May 31, 2022 and June 30, 2022, respectively, in relation to the key findings of the independent investigation and the status of remedial actions. At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended from 9:00 a.m. on April 1, 2022, pending the release of the annual results due to the investigation, and trading in the shares of the Company was resumed from 9:00 am on June 1, 2022 following the release of the annual results announcement dated May 31, 2022. We have adopted the following measures to enhance our internal control:

(1) we have established an Investment Committee to assist the Board to deal with investment related matters;

(2) we have provided trainings to senior management and the accounting and finance personnel, in particular, on further strengthening internal financial and accounting policies, preparation of comprehensive accounting memo to support the accounting basis for complex or significant transactions;

(3) we have adopted and circulated a detailed guideline relating to notifiable and connected transactions under the Listing Rules and arranged trainings provided by our legal advisors to the Directors, senior management and accounting and finance personnel on regular basis, on the Listing Rules, particularly in relation to the subscription of different types of financial products aiming to strengthen their understanding to identify the circumstances which are expected to trigger the announcement requirement under the Listing Rules and potential issues at an early stage to avoid the recurrence of delay in disclosure for future subscriptions of financial products should such obligations arise;

(4) with immediate effect, prior to entering into any relevant potential transaction in the future, we will perform size test analysis by the accounting and finance personnel in consultation with the legal department and external counsel to ensure compliance with the Listing Rules; and

(5) we have strengthened the coordination and reporting arrangements for notifiable transactions and connected transactions among its subsidiaries.

Going forward, we will keep enhancing our internal control and avoid similar incidents in the future.

REVIEW BY AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in accordance with the Listing Rules. The Audit Committee currently comprises three independent non-executive Directors, namely, Mr. Hongbin Sun (Chairman), Dr. Paul Herbert Chew and Mr. Ting Yuk Anthony Wu.

The Audit Committee has jointly reviewed with the management of the Company, the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the unaudited interim results for the six months ended June 30, 2022) of the Group. The Audit Committee considered that the interim results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management of the Company.

REVIEW BY INDEPENDENT AUDITOR

The independent auditors of the Company, namely Deloitte Touche Tohmatsu, have carried out a review of the interim financial information in accordance with the International Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended June 30, 2022 (for the six months ended June 30, 2021: nil) to the Shareholders.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

Interests and Short Positions of Our Directors in the Share Capital of our Company

As of June 30, 2022, the interests and short positions of the Directors and the chief executive of our Company in the Shares, underlying Shares or debentures of our Company or any of the associated corporations of our Company (within the meaning of Part XV of the SFO), which were required (a) to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to our Company and the Stock Exchange pursuant to the Model Code, are as follows:

Long Position in the Shares

Name of Director or chief executive	Nature of interest	Number and class of securities	Approximate percentage of interest in our Company[1]
Dr. Frank Ningjun Jiang[6]	Beneficial Owner	74,388,456 Shares[2]	6.26%
	Trustor of a trust	6,760,000 Shares[3]	0.57%
Dr. Jianxin Yang, CEO and executive Director[6]	Beneficial Owner	16,288,094 Shares[4]	1.37%
Mr. Kenneth Walton Hitchner III, non-executive Director	Beneficial Owner	393,981 Shares[5]	0.03%

Notes:

(1) The calculation is based on the total number of 1,188,305,277 Shares in issue as of June 30, 2022.

(2) Includes (1) 21,198,198 Shares beneficially held by Dr. Frank Ningjun Jiang; (2) Dr. Frank Ningjun Jiang's entitlement to receive up to 8,553,336 Shares pursuant to the exercise of options granted to him under the Pre-IPO Incentivization Plan, subject to the vesting and other conditions of those options; (3) share options to subscribe for 36,432,379 Shares conditionally granted to Dr. Frank Ningjun Jiang on August 15, 2019 under the Post-IPO ESOP, subject to the vesting and other conditions of those options; and (4) Dr. Frank Ningjun Jiang's entitlement to (i) restricted share units equivalent to 3,039,460 Shares granted to him under the Pre-IPO Incentivization Plan, subject to vesting conditions and (ii) restricted share units equivalent to 5,165,083 Shares granted to him under the Post-IPO RSU Scheme, subject to vesting conditions.

(3) These Shares are held by Jiang Irrevocable Gifting Trust, of which Dr. Frank Ningjun Jiang is the trustor. Effective from August 30, 2019, Jiang Irrevocable Gifting Trust as beneficial owner appointed Yanni Xiao as its legal nominee to hold 6,760,000 ordinary shares of CStone Pharmaceuticals as legal owner. Under the SFO, Dr. Frank Ningjun Jiang is deemed to be interested in these Shares.

(4) Includes (1) 5,765,930 Shares beneficially held by Dr. Jianxin Yang; (2) Dr. Jianxin Yang's entitlement to receive up to 3,000,000 Shares pursuant to the exercise of options granted to him under the Pre-IPO Incentivization Plan, subject to the vesting and other conditions of those options; (3) share options to subscribe for 6,200,000 Shares granted to him under the Post-IPO ESOP, subject to the vesting and other conditions of those options; and (4) Dr. Jianxin Yang's entitlement to (i) restricted share units equivalent to 472,164 Shares granted to him under the Pre-IPO Incentivization Plan, subject to vesting conditions and (ii) restricted share units equivalent to 850,000 Shares granted to him under the Post-IPO RSU Scheme, subject to vesting conditions.

(5) Includes (1) 330,000 Shares beneficially held by Mr. Kenneth Walton Hitchner III; (2) Mr. Kenneth Walton Hitchner III's entitlement to restricted share units equivalent to 63,981 Shares granted to him under the Post-IPO RSU Scheme, subject to vesting conditions.

(6) Dr. Frank Ningjun Jiang ceased to act as the CEO and executive Director on August 25, 2022; Dr. Jianxin Yang was appointed as the CEO and executive Director on August 25, 2022.

Save as disclosed above and to the best knowledge of the Directors, none of the Directors or the chief executive of our Company has or is deemed to have any interests or short positions in the Shares, underlying Shares or debentures of our Company or any of its associated corporations as of June 30, 2022.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

Interests and Short Positions Discloseable under Divisions 2 and 3 of Part XV of the SFO

As of June 30, 2022, the persons, other than the Directors or the chief executive of our Company, who had interests or short positions in the Shares and underlying Shares as recorded in the register of interests required to be kept by our Company pursuant to Section 336 of Part XV of the SFO are as follows:

Long Position in the Shares of the Company

Substantial Shareholder	Capacity/Nature of Interest	Total number of Shares/ underlying Shares	Approximately percentage of interest in our Company[1]
WuXi Healthcare Ventures II, L.P.[2]	Beneficial interest	293,381,444	24.69%
WuXi Healthcare Management, LLC[2]	Interest in controlled corporation	293,381,444	24.69%
Graceful Beauty Limited[3]	Beneficial interest	142,560,448	12.00%
Boyu Capital Fund II, L.P.[3]	Interest in controlled corporation	142,560,448	12.00%
Boyu Capital General Partner II L.P.[3]	Interest in controlled corporation	142,560,448	12.00%
Boyu Capital General Partner II Ltd.[3]	Interest in controlled corporation	142,560,448	12.00%
Boyu Capital Holdings Limited[3]	Interest in controlled corporation	142,560,448	12.00%
Pfizer Corporation[4]	Beneficial interest	115,928,803	9.76%
Pfizer (輝瑞)[4]	Interest in controlled corporation	115,928,803	9.76%
Zhengze Yuanshi (正則原石)[5]	Beneficial interest	98,216,972	8.27%
Suzhou Industrial Park Zhengze Health Venture Capital Management Centre (Limited Partnership) (蘇州工業園區正則健康創業投資管理中心(有限合夥))[5]	Interest in controlled corporation	98,216,972	8.27%
Suzhou Industrial Park Oriza Yuandian Venture Capital Management Co., Ltd. (蘇州工業園區元禾原點創業投資管理有限公司)[5]	Interest in controlled corporation	98,216,972	8.27%
Suzhou Oriza Holdings Co., Ltd. (蘇州元禾控股股份有限公司)[5]	Interest in controlled corporation	98,216,972	8.27%
Suzhou Industrial Park Zhengze Jiming Equity Investment Management Co., Ltd. (蘇州工業園區正則既明股權投資管理有限公司)[5]	Interest in controlled corporation	98,216,972	8.27%
Suzhou Industrial Park Economic Development Co., Ltd. (蘇州工業園區經濟發展有限公司)[5]	Interest in controlled corporation	98,216,972	8.27%
Suzhou Industrial Park Administrative Committee (蘇州工業園區管委會)[5]	Interest in controlled corporation	98,216,972	8.27%
Fay Jianjiang (費建江)[5]	Interest in controlled corporation	98,216,972	8.27%
GIC Private Limited[6]	Interest in controlled corporation	48,392,472	4.07%
	Investment manager	22,987,000	1.93%
GIC Special Investments Private Limited[6]	Interest in controlled corporation	48,392,472	4.07%
GIC (Ventures) Pte. Ltd.[6]	Interest in controlled corporation	48,392,472	4.07%
Tetrad Ventures Pte Ltd.[6]	Beneficial interest	48,392,472	4.07%

Notes:

(1) The calculation is based on the total number of 1,188,305,277 Shares in issue as of June 30, 2022.

(2) As of June 30, 2022, WuXi Healthcare Ventures II, L.P. directly held 293,381,444 Shares. To the best knowledge of us, WuXi Healthcare Ventures II, L.P. is a limited partnership established under the laws of Cayman Islands managed by its sole general partner, WuXi Healthcare Management, LLC, a Cayman Islands exempted company in which each of its five members holds an equal share of equity interest. For the purpose of the SFO, WuXi Healthcare Management, LLC is deemed to have an interest in the Shares held by WuXi Healthcare Ventures II, L.P.

(3) As of June 30, 2022, Graceful Beauty Limited, an exempted company with limited liability incorporated under the laws of Cayman Islands, directly held 142,560,448 Shares. For the purpose of the SFO, each of Boyu Capital Fund II, L.P. (as the sole shareholder of Graceful Beauty Limited), Boyu Capital General Partner II L.P. (as the general partner of Boyu Capital Fund II, L.P.), Boyu Capital General Partner II Ltd. (as the general partner of Boyu Capital General Partner II L.P.), and Boyu Capital Holdings Ltd. (as the sole shareholder of Boyu Capital General Partner II Ltd.) is deemed to have an interest in the Shares held by Graceful Beauty Limited.

(4) As of June 30, 2022, Pfizer Corporation directly held 115,928,803 Shares. For the purpose of the SFO, Pfizer is deemed to have an interest in the Shares held by Pfizer Corporation.

(5) As of June 30, 2022, Zhengze Yuanshi directly held 98,216,972 Shares. Zhengze Yuanshi is managed by its sole general partner, Suzhou Industrial Park Zhengze Health Venture Capital Management Centre (Limited Partnership) (蘇州工業園區正則健康創業投資管理中心（有限合夥)), a limited partnership established in China, in which Suzhou Industrial Park Oriza Yuandian Venture Capital Management Co., Ltd. (蘇州工業園區元禾原點創業投資管理有限公司) has 45% equity interest. Suzhou Oriza Holdings Co., Ltd. (蘇州元禾控股股份有限公司) and Suzhou Industrial Park Zhengze Jiming Equity Investment Management Co., Ltd. (蘇州工業園區正則既明股權投資管理有限公司) hold 49% and 51% of the issued share capital of Suzhou Industrial Park Oriza Yuandian Venture Capital Management Co., Ltd., respectively. Suzhou Oriza Holdings Co., Ltd. is held 70% by Suzhou Industrial Park Economic Development Co., Ltd. (蘇州工業園區經濟發展有限公司), a state-owned enterprise directly under the Suzhou Industrial Park Administrative Committee (蘇州工業園區管委會), a PRC government related institution primarily responsible for implementing government investment functions. Suzhou Industrial Park Zhengze Jiming Equity Investment Management Co., Ltd. is 45.18% owned by Fei Jianjiang (費建江). For the purpose of the SFO, each of Suzhou Industrial Park Zhengze Health Venture Capital Management Centre (Limited Partnership), Suzhou Industrial Park Oriza Yuandian Venture Capital Management Co., Ltd., Suzhou Oriza Holdings Co., Ltd., Suzhou Industrial Park Zhengze Jiming Equity Investment Management Co., Ltd., Suzhou Industrial Park Economic Development Co., Ltd., the Suzhou Industrial Park Administrative Committee and Fay Jianjiang is deemed to have an interest in the Shares held by Zhengze Yuanshi.

(6) As of June 30, 2022, Tetrad Ventures Pte Ltd directly held 48,392,472 Shares. Tetrad Ventures Pte Ltd is wholly owned by GIC (Ventures) Pte. Ltd. and GIC (Ventures) Pte. Ltd. is wholly owned by GIC Special Investments Pte Ltd, which in turn is wholly owned by GIC Private Limited. For the purpose of the SFO, each of GIC Private Limited, GIC Special Investments Pte Ltd and GIC (Ventures) Pte. Ltd. is deemed to have an interest in the Shares held by Tetrad Ventures Pte Ltd.

Save as disclosed above and to the best knowledge of the Directors, as of June 30, 2022, we are not aware of any other person (other than the Directors or the chief executive of our Company whose interests are set out in the section headed "Directors' and Chief Executive's Interests in Shares and Underlying Shares of the Company and its Associated Corporations" above) who had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by our Company pursuant to Section 336 of the SFO.

SHARE INCENTIVIZATION SCHEMES

We have adopted three share incentivization schemes, collectively referred to as Share Incentivization Schemes.

Pre-IPO Incentivization Plan

We have adopted the Pre-IPO Incentivization Plan by the resolutions in writing by the Board passed on July 7, 2017 and as amended and restated on August 14, 2018 and as further amended and restated on January 26, 2019 and as further amended and restated on January 7, 2020. No further options will be granted under the Pre-IPO Incentivization Plan.

As of June 30, 2022, pursuant to the Pre-IPO Incentivization Plan, we had granted to Directors, executives and employees of the Group outstanding options to subscribe for 15,006,205 Shares, representing approximately 1.26% and 1.26% of the total issued share capital of our Company as of June 30, 2022 and the date of this report, respectively.

Movement of the options, which were granted under the Pre-IPO Incentivization Plan, during the Reporting Period is as follows:

			Number of options during the Reporting Period[1], [3] and [4]					
Category	**Grant date [1], [2] and [5]**	**Outstanding as of January 1, 2022**	**Granted**	**Exercised**	**Canceled**	**Lapsed**	**Outstanding as of June 30, 2022**	**Exercise price** *HK$*
1. Director								
Dr. Frank Ningjun Jiang [6]	July 1, 2016	8,553,336	0	0	0	0	8,553,336	0.20-0.40
Dr. Jianxin Yang, CEO and executive Director [6]	December 7, 2016	3,000,000	0	0	0	0	3,000,000	0.20-0.39
2. Continuous Contract Employees	July 11, 2016 to February 25, 2019	4,636,261	0	1,181,951[5]	0	1,441	3,452,869	0.20-4.65
Total:		16,189,597	0	1,181,951	0	1,441	15,006,205	

Notes:

(1) 25% of the Shares vest on the first anniversary of the vesting commencement date set out on the relevant offer letter, and the remaining shall vest monthly in equal installments over the following 36 months.

(2) The relevant offer letter sets out the option exercise period of 10 years for each corresponding grantee.

(3) During the Reporting Period, no option was granted for adjustment under the Pre-IPO Incentivization Plan.

(4) There are no participants with options granted in excess of the individual limit and no grants to suppliers of goods and services.

(5) The closing price and the weighted average closing price of the securities immediately before the dates on which the options were exercised were not applicable since the options where granted before the IPO. No options were canceled during the Reporting Period.

(6) Dr. Frank Ningjun Jiang ceased to act as the CEO and executive Director on August 25, 2022; Dr. Jianxin Yang was appointed as the CEO and executive Director on August 25, 2022.

(7) The exercise price is adjusted by the effect of capitalization issue.

As of June 30, 2022, pursuant to the Pre-IPO Incentivization Plan, we had granted to Directors, executives and employees of the Group outstanding RSUs representing 4,261,624 Shares, accounting for approximately 0.36% and 0.36% of the total issued share capital of our Company as of June 30, 2022 and the date of this report, respectively.

Details of RSUs granted under the Pre-IPO Incentivization Plan during the Reporting Period are as follows:

Category	Grant date[1]	Outstanding as of January 1, 2022	Number of Shares underlying RSUs [1], [2] during the Reporting Period				Outstanding as of June 30, 2022
			Granted	Vested	Cancelled	Lapsed	
1. Director							
Dr. Frank Ningjun Jiang[3]	July 1, 2018 to March 28, 2019	5,644,696	0	2,605,236	0	0	3,039,460
Dr. Jianxin Yang, CEO and executive Director[3]	March 28, 2019	876,858	0	404,694	0	0	472,164
2. Continuous Contract Employees	July 1, 2018 to March 28, 2019	1,500,000	0	750,000	0	0	750,000
Total:		8,021,554	0	3,759,930	0	0	4,261,624

Notes:

(1) 25% of the Shares vest on the first anniversary of the vesting commencement date set out on the relevant offer letter, and the remaining shall vest monthly in equal installments over the following 36 months.

(2) There are no participants with RSUs granted in excess of the individual limit and no grants to suppliers of goods and services.

(3) Dr. Frank Ningjun Jiang ceased to act as the CEO and executive Director on August 25, 2022; Dr. Jianxin Yang was appointed as the CEO and executive Director on August 25, 2022.

Post-IPO ESOP

We have adopted the Post-IPO ESOP by resolutions passed by our Company on January 30, 2019, with effect upon completion of the Listing.

As of June 30, 2022, pursuant to the Post-IPO ESOP, we had granted to employees of the Group outstanding options to subscribe for 73,988,467 Shares, representing approximately 6.23% and 6.23% of the total issued share capital of our Company as of June 30, 2022 and the date of this report, respectively. Among the options granted above, none of the options were granted to any of the directors, chief executive and substantial shareholder of our Company or an associate of any of them.

Movement of the options, which were granted under the Post-IPO ESOP, during the Reporting Period is as follows:

			Number of options [1] and [3] during the Reporting Period						
Category	**Grant date [1] and [2]**	**Outstanding as of January 1, 2022**	**Granted**	**Exercised**	**Canceled**	**Lapsed**	**Outstanding as of June 30, 2022**	**Exercise price** *HK$*	**Closing price immediately before the date of grant** *HK$*
1. Director									
Dr. Frank Ningjun Jiang[5]	June 23, 2020	36,432,379	NA	0	0	0	36,432,379	10.690	11.400
Dr. Jianxin Yang, CEO and executive Director[5]	April 1, 2020	1,400,000	NA	0	0	0	1,400,000	8.850	9.250
	April 1, 2021	4,800,000	NA	0	0	0	4,800,000	9.850	8.700
2. Continuous Contract Employees	April 1, 2019	688,003	NA	0	0	23,193	664,810	15.860	15.880
	June 10, 2019	1,836,827	NA	0	0	7,067	1,829,760	12.600	12.120
	October 11, 2019	552,911	NA	0	0	8,328	544,583	12.200	12.040
	December 9,2019	6,465,584	NA	0	0	3,147,580	3,318,004	10.790	10.500
	April 1, 2020	2,092,527	NA	0	0	226,512	1,866,015	8.850	8.700
	July 13, 2020	1,102,500	NA	0	0	150,000	952,500	11.048	11.100
	November 30, 2020	1,699,250	NA	0	0	236,668	1,462,582	9.960	9.990
	April 1, 2021	4,393,400	NA	0	0	100,201	4,293,199	9.850	9.250
	July 2, 2021	4,015,000	NA	0	0	37,500	3,977,500	17.308	17.100
	December 10, 2021	4,075,336	NA	0	0	82,000	3,993,336	9.588	9.750
	June 6, 2022	NA	8,493,799	0	0	40,000	8,453,799	5.274	5.100
Total:		69,553,717	8,493,799	0	0	4,059,049	73,988,467		

Notes:

(1) The vesting schedule of the options is as follows: (i) in relation to 4,823,799 options granted during the Reporting Period: 25% of the grant shall vest on the first anniversary of the grant date set out in the relevant offer letter, and the remaining 75% of the grant shall vest in 36 equal monthly installments thereafter; (ii) in relation to 3,670,000 options granted during the Reporting Period: 25% of the grant shall vest on each of the first, second, third and fourth anniversaries of the grant date set out in the relevant offer letter. All the options granted shall vest within four years since the date of grant.

(2) The relevant offer letter sets out the option exercise period of 10 years for each corresponding grantee.

(3) There are no participants with options granted in excess of the individual limit and no grants to suppliers of goods and services.

(4) No options under the Post-IPO ESOP were exercised or cancelled during the Reporting Period.

(5) Dr. Frank Ningjun Jiang ceased to act as the CEO and executive Director on August 25, 2022; Dr. Jianxin Yang was appointed as the CEO and executive Director on August 25, 2022.

Post-IPO RSU Scheme

We have adopted the Post-IPO RSU Scheme by resolutions passed by our Company on March 22, 2019 and restated and amended by our Company on December 10, 2019 and January 7, 2020, as amended from time to time.

As of June 30, 2022, pursuant to the Post-IPO RSU Scheme, we had granted to employees of the Group outstanding RSUs representing 13,814,289 Shares, accounting for approximately 1.16% and 1.16% of the total issued share capital of our Company as of June 30, 2022 and the date of this report, respectively.

Details of RSUs granted under the Post-IPO RSU Scheme, during the Reporting Period are as follows:

			Number of Shares underlying RSUs [1] and [2] during the Reporting Period				
	Category	Grant date[1]	Outstanding as of January 1, 2022	Granted	Vested	Canceled or Lapsed	Outstanding as of June 30, 2022
1.	**Director**						
	Dr. Frank Ningjun Jiang[3]	August 15, 2019 to November 30, 2020	7,568,316	0	2,403,233	0	5,165,083
	Dr. Jianxin Yang, CEO and executive Director[3]	April 1, 2021	1,200,000	0	350,000	0	850,000
	Kenneth Walton Hitchner III	December 10, 2021	63,981	0	0	0	63,981
2.	**Continuous Contract Employees**	March 22, 2019 to June 6, 2022	9,901,950	1,767,000	1,426,142	2,507,583	7,735,225
Total:			18,734,247	1,767,000	4,179,375	2,507,583	13,814,289

Notes:

(1) The vesting schedule of the RSUs is as follows: (i) in relation to 160,000 RSUs granted during the Reporting Period: 25% of the grant shall vest on the first anniversary of the grant date set out in the relevant offer letter, and the remaining 75% of the grant shall vest in 36 equal monthly installments thereafter; (ii) in relation to 1,567,000 RSUs granted during the Reporting Period: 25% of the grant shall vest on each of the first, second, third and fourth anniversaries of the grant date set out in the relevant offer letter and (iii) 40,000 RSUs granted during the Reporting Period shall vest immediately on the date of grant.

(2) There are no participants with RSUs granted in excess of the individual limit and no grants to suppliers of goods and services.

(3) Dr. Frank Ningjun Jiang ceased to act as the CEO and executive Director on August 25, 2022; Dr. Jianxin Yang was appointed as the CEO and executive Director on August 25, 2022.

For further details of the Share Incentivization Schemes, including the fair value of the options and RSUs granted under the Share Incentivization Schemes, please refer to note 18 to the Condensed Consolidated Financial Statements.

SUMMARY OF THE SHARE INCENTIVIZATION SCHEMES

The major terms and details of the Share Incentivization Schemes are set out below:

Details	Pre-IPO Incentivization Plan	Post-IPO ESOP	Post-IPO RSU Scheme
1. Purpose	To attract, motivate and/or to reward eligible employees, officers, directors, contractor, advisors and consultants of our Group	To attract and retain employees, to reward eligible employees for their past contribution to the Company, to provide incentives to the employees to further contribute to the Group and to align their interests with the best interests of the Company and the Shareholders as a whole	To: • recognise the contributions by certain selected participants with an opportunity to acquire a proprietary interest in the Company; • encourage and retain such individuals for the continual operation and development of the Group; • provide additional incentives for them to achieve performance goals; • attract suitable personnel for further development of the Group; and • motivate the selected participants to maximize the value of the Company for the benefits of both the selected participants and the Company, with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the selected participants directly to the Shareholders of the Company through ownership of Shares

Details	Pre-IPO Incentivization Plan	Post-IPO ESOP	Post-IPO RSU Scheme
2. Participants	Eligible employees include any employee, officer, director, contractor, advisor or consultant of the Group who is notified by the Board that he or she is eligible by reason of their contribution to the Group	Eligible employees include any employee, officer, director, contractor, advisor or consultant of the Group who is notified by the Board that he or she is an employee eligible by reason of his or her contribution to the Group, to the extent that an offer of an award to or a receipt of such award by him or her is permitted under the applicable laws, rules and regulations or accounting or tax rules and regulations	Eligible persons include any employee of any member of the Group and any consultant, adviser or agent of any member of the Group (including the connected persons (as defined in the Listing Rules) of the Company), who have contributed or will contribute to the growth and development of the Group
3. Maximum number of shares that can be awarded	The maximum number of Shares in respect of which awards may be granted under the plan shall not, subject to any reorganization of capital structure and other corporate events, exceed 130,831,252 Shares in the aggregate (taken into account of the capitalization issue on the Listing Date)	The maximum number of Shares in respect of which awards may be granted or delivered in satisfaction of awards under the plan shall not, subject to any reorganization of capital structure and other corporate events, exceed 98,405,153 (taken into account of the capitalization issue on the Listing Date), being 10% of the Shares in issue as of the adoption date. The limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the plan and any other schemes must not exceed 30% of the relevant class of Shares in issue from time to time	The Board may not make any further award which will result in the aggregate number of the Shares awarded by the Board under the scheme exceeding, initially, 7,650,000 Shares (being approximately 0.78% of the issued share capital of the Company as at the adoption date), which was subsequently increased to 38,010,316 Shares (being approximately 3.70% of the issued share capital of the Company as at December 31, 2019) pursuant to a board meeting dated July 15, 2019

Details	Pre-IPO Incentivization Plan	Post-IPO ESOP	Post-IPO RSU Scheme
4. Maximum entitlement of each participant	No employee shall be granted an award which, if exercised or settled in full, would result in such employee becoming entitled to subscribe for such number of shares as, when aggregated with the total number of shares already issued under all the awards previously granted to him which have been exercised, and, issuable or settled under all the awards previously granted to him which for the time being subsisting and unexercised, would exceed 10% of the aggregate number of Shares for the time being issued and issuable under the plan	Except with the approval of the Shareholders in general meeting, no option may be granted to any one person which, if exercised or settled in full, such that the total number of Shares issued and to be issued upon exercise of options and any other option over the Shares (including exercised, cancelled and outstanding options) granted and to be granted to such person in any 12-month period up to the date of the latest grant exceeds 1% of the Shares in issue from time to time	–
5. Option period	The period during which the option can be exercised as set forth in the relevant offer letters in accordance with the plan	The period during which the option can be exercised as set forth in the relevant offer letters in accordance with the plan, which, in any event, must end on or before the tenth anniversary of the date of the grant of such option There is no minimum period for which an option must be held before it can be exercised	The vesting of the awarded Shares is subject to the selected participant remaining at all times after the grant date and on the date of vesting, an eligible person, subject to the rules of the scheme Subject to the satisfaction of all vesting conditions as prescribed in scheme, the selected participants will be entitled to receive the awarded Shares
6. Acceptance of offer	Awards granted must be accepted within the period as stated in the offer of the grant, upon payment of exercise price as set out in the relevant offer letter per grant, if any		

Details	Pre-IPO Incentivization Plan	Post-IPO ESOP	Post-IPO RSU Scheme
7. Exercise price	The subscription price shall be approved by the Board and shall be set out in the offer letter The exercise prices of the options granted between the adoption date and the Listing Date include US$0.1, US$0.2, US$0.57 and US$2.37 (without taking into account the effect of the capitalization issue)	The subscription price shall be approved by the Board and shall be set out in the offer letter The subscription price per Share of each award requiring exercise must be no less than 100% of the Fair Market Value of the Shares subject to the award, determined as of the date of grant, or such higher amount as the Board may determine in connection with the grant in accordance with the applicable laws, stock market or exchange rules (including the Listing Rules) and regulations and the terms of the plan. "Fair Market Value" means the higher of (a) the closing price of a Share on the date of grant, which must be a business day, on the principal stock market or exchange on which the Shares are quoted or traded, and (b) the average closing price of a Share for the five trading days immediately preceding the date of grant, on the principal stock market or exchange on which the Shares are quoted or traded	–

Details	Pre-IPO Incentivization Plan	Post-IPO ESOP	Post-IPO RSU Scheme
8. Remaining life of the scheme	The plan shall be valid and effective for the period of ten years commencing on the adoption date until July 7, 2027 after which period no further awards will be granted, but the provisions of the plan shall in all other respects remain in full force and effect and the grantees may exercise the options in accordance with the terms upon which the options are granted	The plan shall be valid and effective for the period of ten years commencing on the adoption date until February 26, 2029 after which period no further awards will be granted, but the provisions of the plan shall in all other respects remain in full force and effect and the grantees may exercise the options in accordance with the terms upon which the options are granted	The scheme remains valid and effective from the adoption date until March 22, 2029, being the tenth anniversary of the adoption date, after which period no further awards will be granted, but the provisions of the scheme will in all other respects remain in full force and effect and awards that are granted from the adoption date until the tenth anniversary of the adoption date may continue to be exercisable in accordance with their terms of issue

Report on Review of Condensed Consolidated Financial Statements

Deloitte. 德勤

TO THE BOARD OF DIRECTORS OF CSTONE PHARMACEUTICALS
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of CStone Pharmaceuticals (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 60 to 84, which comprise the condensed consolidated statement of financial position as of June 30, 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain 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 International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion 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 International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board. A review of these condensed consolidated financial statements 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 International 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
August 25, 2022

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2022

	NOTES	For the six months ended June 30, 2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue	3	**261,765**	79,449
Cost of revenue		**(92,723)**	(31,215)
Gross profit		**169,042**	48,234
Other income	4	**5,808**	12,315
Other gains and losses	4	**14,314**	(31,761)
Research and development expenses		**(266,627)**	(512,753)
Selling and marketing expenses		**(146,352)**	(133,584)
Administrative expenses		**(134,818)**	(154,105)
Finance costs		**(2,936)**	(2,197)
Loss for the period	6	**(361,569)**	(773,851)
Other comprehensive income for the period:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**7**	299
Total comprehensive expense for the period		**(361,562)**	(773,552)
Loss per share	8		
– Basic (RMB)		**(0.31)**	(0.67)
– Diluted (RMB)		**(0.31)**	(0.67)

Condensed Consolidated Statement of Financial Position

At June 30, 2022

	NOTES	June 30, 2022 RMB'000 (Unaudited)	December 31, 2021 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	9	**162,056**	154,166
Right-of-use assets	9	**87,109**	28,631
Prepayment for acquisition of property, plant and equipment and intangible assets		**1,173**	5,126
Intangible assets	9	**173,881**	70,539
Financial assets measured at fair value through profit or loss ("FVTPL")	12	**3,356**	3,188
Other receivables	11	**10,412**	52,158
		437,987	313,808
Current assets			
Trade receivables	10	**164,027**	117,598
Deposits, prepayments and other receivables	11	**162,806**	52,345
Financial assets measured at FVTPL	12	**95,417**	122,895
Inventories		**53,900**	61,363
Time deposits with original maturity over three months	13	**369,127**	860,720
Cash and cash equivalents	13	**731,458**	742,724
		1,576,735	1,957,645
Current liabilities			
Trade and other payables and accrued expenses	14	**818,855**	881,549
Bank borrowings	16	**29,557**	30,700
Deferred income	15	**7,451**	7,451
Lease liabilities		**44,764**	13,248
		900,627	932,948
Net current assets		**676,108**	1,024,697
Total assets less current liabilities		**1,114,095**	1,338,505

Condensed Consolidated Statement of Financial Position

At June 30, 2022

	NOTES	June 30, 2022 RMB'000 (Unaudited)	December 31, 2021 RMB'000 (Audited)
Non-current liabilities			
Bank borrowings	16	**123,270**	115,811
Deferred income	15	**1,022**	1,247
Lease liabilities		**39,201**	14,439
		163,493	131,497
Net assets		**950,602**	1,207,008
Capital and reserves			
Share capital	17	**797**	796
Treasury shares held in the trusts	17	**(6)**	(11)
Reserves		**949,811**	1,206,223
Total equity		**950,602**	1,207,008

Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2022

	Share capital *RMB'000*	Treasury shares held in the trusts *RMB'000*	Share premium *RMB'000*	Other reserves *RMB'000*	Share-based payment reserve *RMB'000*	Foreign currency translation reserve *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
At January 1, 2022 (Audited)	**796**	**(11)**	**8,464,602**	**(92,728)**	**586,841**	**(2,677)**	**(7,749,815)**	**1,207,008**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**–**	**(361,569)**	**(361,569)**
Other comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**7**	**–**	**7**
Total comprehensive expense for the period	**–**	**–**	**–**	**–**	**–**	**7**	**(361,569)**	**(361,562)**
Restricted stock units exercised under trusts (note 17)	**–**	**5**	**74,798**	**(5)**	**(74,798)**	**–**	**–**	**–**
Recognition of equity-settled share-based payment (note 18)	**–**	**–**	**–**	**–**	**104,486**	**–**	**–**	**104,486**
Exercise of share options (note 18)	**1**	**–**	**6,093**	**–**	**(5,424)**	**–**	**–**	**670**
At June 30, 2022 (Unaudited)	**797**	**(6)**	**8,545,493**	**(92,733)**	**611,105**	**(2,670)**	**(8,111,384)**	**950,602**
At January 1, 2021 (Audited)	787	(19)	8,324,313	(92,717)	554,887	(3,076)	(5,829,715)	2,954,460
Loss for the period	–	–	–	–	–	–	(773,851)	(773,851)
Other comprehensive income for the period	–	–	–	–	–	299	–	299
Total comprehensive income expense for the period	–	–	–	–	–	299	(773,851)	(773,552)
Restricted stock units exercised under trusts (note 17)	–	5	134,786	(5)	(134,786)	–	–	–
Recognition of equity-settled share-based payment (note 18)	–	–	–	–	141,363	–	–	141,363
Exercise of share options (note 18)	4	–	40,065	–	(29,391)	–	–	10,678
Shares issued to trust and converted into treasury shares held in trusts (note 18)	2	(2)	–	–	–	–	–	–
At June 30, 2021 (Unaudited)	793	(16)	8,499,164	(92,722)	532,073	(2,777)	(6,603,566)	2,332,949

Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2022

	For the six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Loss for the period	**(361,569)**	(773,851)
Adjustments for non-cash items	**112,962**	179,178
Operating cash flows before movements in working capital	**(248,607)**	(594,673)
Increase in trade receivables	**(46,429)**	(50,422)
Decrease (increase) in inventories	**1,594**	(30,144)
(Increase) decrease in deposits, prepayments and other receivables	**(62,712)**	82,599
Decrease in trade and other payables and accrued expenses	**(87,268)**	(263,165)
NET CASH USED IN OPERATING ACTIVITIES	**(443,422)**	(855,805)
INVESTING ACTIVITIES		
Withdrawal of time deposits with maturity over three months	**510,056**	353,403
Interest received	**1,560**	6,999
Receipt of return from money market funds	**570**	6
Prepayment for acquisition of property, plant and equipment and intangible assets	**(1,173)**	(16,262)
Purchase of property, plant and equipment	**(217)**	(655)
Purchase of intangible assets	**(71,684)**	(58,298)
Withdrawal of restricted bank deposits	**–**	720
Payments of rental deposits	**(6,965)**	(216)
NET CASH FROM INVESTING ACTIVITIES	**432,147**	285,697
FINANCING ACTIVITIES		
Interest paid	**(6,267)**	(2,197)
New bank borrowings raised	**13,042**	17,277
Repayments of bank borrowings	**(6,726)**	(1,612)
Repayment of lease liabilities	**(18,070)**	(4,940)
Exercise of share options	**670**	10,678
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(17,351)**	19,206
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(28,626)**	(550,902)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**17,360**	(26,469)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**742,724**	3,024,548
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**731,458**	2,447,177

1. GENERAL AND BASIS OF PREPARATION

CStone Pharmaceuticals (the "Company") is a public company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since February 26, 2019.

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

The directors of the Company have, at the time of approving the condensed consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("IFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2022 are the same as those presented in the Group's annual financial statements for the year ended December 31, 2021.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatory effective for the Group's annual period beginning on January 1, 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond June 30, 2021
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020

The application of the amendments to IFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers

	For the six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Types of goods or services		
Sales of pharmaceutical products	**161,400**	79,449
License fee income	**87,268**	–
Royalty income	**13,097**	–
	261,765	79,449
Timing of revenue recognition		
A point in time	**261,765**	79,449

Royalty income

The Group recognised revenue for a sales-based royalty promised in exchange for a licence of intellectual property when the subsequent sale or usage occurs.

Segment Information

The Group has been operating in one reportable segment, being the research and development of highly complex biopharmaceutical products, sale of pharmaceutical products, provision of licensing of its intellectual property or commercialisation license to customers.

For the purpose of resource allocation and performance assessment, the Group's chief operating decision maker reviews the overall results and financial position of the Group prepared based on the same accounting policies as set out in Note 3 to the consolidated financial statements included in the Group's annual report for the year ended December 31, 2021 as a whole.

Geographical information

Substantially, all of the Group's operation and non-current assets are located in the People's Republic of China (the "PRC"). The Group's revenue from external customers are all derived in the PRC based on the geographical location of the registered office of the immediate customers during the reporting periods.

4. OTHER INCOME AND OTHER GAINS AND LOSSES

Other income

	For the six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Government grants income *(note)*	**4,058**	5,316
Bank and other interest income	**1,560**	6,999
Others	**190**	–
	5,808	12,315

Note: Government grants include subsidies from the PRC government which are specifically for (i) the capital expenditure incurred for plant and machinery and is recognised over the useful life of the respective assets; and (ii) other government grants related to income that were received as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Other gains and losses

	For the six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net (loss) gain on fair value changes of financial assets measured at FVTPL *(note 12)*	**(27,310)**	163
Net gain on fair value of money market funds	**570**	6
Net foreign exchange gain (losses)	**41,075**	(31,936)
Others	**(21)**	6
	14,314	(31,761)

5. INCOME TAX EXPENSE

No income tax expense for the six months ended June 30, 2021 and 2022 as the Group had no assessable profits derived from the operating entities of the Group.

6. LOSS FOR THE PERIOD

	For the six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after charging:		
Depreciation of:		
Property, plant and equipment	**3,295**	3,399
Right-of-use assets	**16,832**	5,322
Amortisation of intangible assets	**6,123**	2,354
Total depreciation and amortisation	**26,250**	11,075
Less: Capitalisation of depreciation of right-of-use assets in construction in progress	**(10,459)**	–
Total depreciation and amortisation charged to profit or loss	**15,791**	11,075
Directors' emoluments	**40,851**	80,680
Other staff costs:		
– Salaries and other allowances	**135,440**	131,070
– Performance related bonus	**39,460**	24,894
– Retirement benefit scheme contributions	**28,395**	23,030
– Share-based payment expenses	**66,508**	64,902
	269,803	243,896
	310,654	324,576
Cost of inventories recognised as cost of revenue	**62,396**	19,383
Write-down of inventories (included in cost of revenue)	**5,869**	–

7. DIVIDENDS

No dividend was paid, declared or proposed by the Company during the interim periods.

8. LOSS PER SHARE

The calculation of the basic and diluted loss per share for the period is as follows:

	For the six months ended June 30,	
	2022 (Unaudited)	2021 (Unaudited)
Loss (RMB'000)		
Loss for the period attributable to owner of the Company for the purpose of basic and diluted loss per share	**(361,569)**	(773,851)
Number of shares ('000)		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**1,176,329**	1,154,802

The calculation of basic and diluted loss per share for both periods has considered the restricted share units ("RSU") that have been vested but not yet registered (note 18), but excluded the treasury shares held in trust which are accounted for as treasury share of the Company.

Diluted loss per share for both periods did not assume the exercise of share options awarded under the employee stock option (note 18(i)), and the unvested RSU (note 18(ii)) as their inclusion would be anti-dilutive.

9. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS

During the current interim period, the Group had addition to property, plant and equipment of RMB11,185,000 (six months ended June 30, 2021: RMB655,000) mainly for the construction of the facilities in Suzhou for the preparation of commercialisation and upgrade its research and development capabilities.

The Group entered into a new lease agreement for a factory in Suzhou for 3 years. The Group is required to make fixed quarterly payments during the contract period. On date of lease commencement, the Group recognised right-of-use assets and lease liabilities of RMB74,348,000 (six months ended June 30, 2021: RMB3,013,000).

The Group capitalised in intangible assets for the milestone payments paid in accordance with the license in arrangement with independent third parties of RMB104,093,000 (six months ended June 30, 2021: USD9,000,000 (equivalent to RMB58,214,000)).

10. TRADE RECEIVABLES

The Group generally allows an average credit period of 60 days for its customers for both period ended.

The following is an aged analysis of trade receivables presented based on invoice dates at the end of the reporting period.

	June 30, 2022 *RMB'000* (Unaudited)	December 31, 2021 *RMB'000* (Audited)
0 – 60 days	**164,027**	117,598

11. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	June 30, 2022 *RMB'000* (Unaudited)	December 31, 2021 *RMB'000* (Audited)
Rental deposits	**10,469**	4,466
Prepayments	**13,320**	6,446
Receivables from a director of the Company and key management personnel *(note a)*	**4,695**	23,309
Value-added tax recoverable	**17,582**	47,867
Reimbursement from licensee *(note b)*	**97,620**	5,575
Others	**29,532**	16,840
	173,218	104,503
Analysed as:		
– Non-current	**10,412**	52,158
– Current	**162,806**	52,345
	173,218	104,503

Notes:

(a) At June 30, 2022, the balance mainly represented the amounts due from a director of the Company and several key management personnel of the Group in respect of withholding tax for employee's individual income tax associated with vested restricted share units. The receivables from directors of the Company and key management personnel of the Group were unsecured, interest-free and repayable on demand. The receivables due from the director of the Company at December 31, 2021 amounted to RMB20,017,000 was fully settled on January 31, 2022.

(b) The Group has entered into an exclusive license agreement with an independent third party for the intellectual property rights related to pharmaceutical products. Pursuant to the agreement, the licensee is responsible for bearing all costs for the activities associated with the development and regulatory affairs for the ongoing trials as well as all future trials.

12. FINANCIAL ASSETS MEASURED AT FVTPL

	June 30, 2022 *RMB'000* (Unaudited)	December 31, 2021 *RMB'000* (Audited)
Investment in fund linked note *(note)*	**95,417**	122,895
Convertible note	**3,356**	3,188
	98,773	126,083
Analysed for reporting purposes as:		
Current	**95,417**	122,895
Non-current	**3,356**	3,188
	98,773	126,083

Note: In July 2021, the Group invested in a fund linked note issued by a financial institution (the "Investment") for a settlement amount of HK$232,830,000 (equivalent to RMB193,838,000). After deduction of subscription fee and other expenses of HK$5,090,000 (equivalent to RMB4,238,000), the subscription amount of the Investment amounted to HK$227,740,000 (equivalent to RMB189,154,000). On November 18, 2021, the Group early rollover of the Investment with a new maturity date to October 31, 2022.

The Investment is non-cash equivalent and non-principal protected whose return is linked to the investment in the class A shares of a segregated portfolio held under a segregated portfolio company registered in the Cayman Islands (the "Fund"). The Fund invested in portfolio of (1) shares and options of companies listed on the exchange in Mainland China, Hong Kong and the United States of America, (2) a private equity and (3) cash and other current assets. The class A shares of the Fund has a higher seniority of the principal balance upon redemption over the class C shares of the Fund.

For the period ended June 30, 2022, the Group recognised fair value loss arising from the Investment amounted to RMB27,478,000 and was included in other gains and losses as disclosed in note 4.

13. TIME DEPOSITS AND CASH AND CASH EQUIVALENTS

Time deposits with original maturity over three months

As June 30, 2022, the Group held time deposits of USD55,000,000 (equivalent to RMB369,127,000) (December 31, 2021: USD135,000,000 (equivalent to RMB860,720,000)) in the PRC with original maturity over three months which carried interest at 0.5% (December 31, 2021: ranging from 0.4% – 0.5%) per annum.

Cash and cash equivalents

	June 30, 2022 ***RMB'000*** **(Unaudited)**	December 31, 2021 *RMB'000* (Audited)
Cash at banks	**720,276**	440,046
Cash on hand	**67**	190
Cash equivalents		
– Money market funds *(note)*	**11,115**	11,217
– Time deposits with original maturity less than three months	**–**	291,271
	731,458	742,724

Note: Amount represents investments in a public debt constant net assets value money market fund and low volatility net assets value money market fund.

14. TRADE AND OTHER PAYABLES AND ACCRUED EXPENSES

	June 30, 2022 *RMB'000* (Unaudited)	December 31, 2021 *RMB'000* (Audited)
Trade payables	**73,992**	33,024
Accrued purchase	**31,423**	29,924
Accrued expenses		
– Research and development *(note a)*	**432,027**	561,477
– Legal and professional fees	**7,112**	4,113
– Royalty expense	**54,735**	29,194
– Selling and marketing expenses	**20,826**	26,177
– Others	**38,627**	61,765
Staff payroll payable	**50,709**	77,951
Provision for sales returns	**23,401**	11,362
Other tax payable *(note b)*	**8,225**	24,288
Payable to a licensee *(note c)*	**55,605**	–
Other payables	**22,173**	22,274
	818,855	881,549

Notes:

(a) Amounts mainly represented accrued service fees to outsourced service providers including contract research organisations.

(b) At June 30, 2022, amounts included withholding tax payable of RMB4,721,000 (December 31, 2021: RMB23,880,000) for employee's individual income tax associated with vested RSU which were fully settled by cash in July 2022.

(c) Amounts represented the balance a licensee of the Group is entitled to in which the Group had received and/or receivable on behalf of the licensee and is yet to transfer to the licensee.

The credit period on trade payables is ranged from 0 days to 90 days. The following is an aged analysis of trade payables presented based on invoice dates at the end of the reporting period.

	June 30, 2022 *RMB'000* (Unaudited)	December 31, 2021 *RMB'000* (Audited)
Less than 60 days	**53,093**	32,514
61 – 90 days	**514**	510
Over 90 days	**20,385**	–
	73,992	33,024

15. DEFERRED INCOME

	June 30, 2022 *RMB'000* (Unaudited)	December 31, 2021 *RMB'000* (Audited)
Government subsidies received related to acquisition of property, plant and equipment *(note a)*	**1,473**	1,698
Other subsidies *(note b)*	**7,000**	7,000
	8,473	8,698
Analysed as:		
Non-current	**1,022**	1,247
Current	**7,451**	7,451
	8,473	8,698

Notes:

(a) The Group received government subsidies for capital expenditure incurred for the plant and machinery in prior year. The amounts are deferred and amortised over the estimated useful lives of the respective assets.

(b) The Group received government subsidies towards research and development projects to compensate the research and development expenses incurred by the Group in prior year. Certain conditions have to be fulfilled until these subsidies can be regarded as fully granted. At June 30, 2022 and December 31, 2021, the relevant conditions have not been fully fulfilled and therefore, the government subsidies were deferred.

16. BANK BORROWINGS

During the six months ended June 30, 2021, the Group drawn down RMB363,000, unsecured, unguaranteed and carried at variable interest rate (also being the effective interest rate) at Loan Prime Rate plus 105 basis points per annum, for the purpose of working capital.

During the current interim period, the Group drawn down RMB13,042,000 (six months ended 30 June 2021: RMB16,914,000), unguaranteed and carried interest at a fixed rate of 4.9% per annum, for the purpose of the construction of the Group's facilities in Cstone Suzhou Translational Medicine Research Center. Such bank borrowing will be secured by Cstone Suzhou Translational Medicine Research Center's facilities upon its construction completion.

17. SHARE CAPITAL/TREASURY SHARES HELD IN THE TRUSTS

	Number of shares	Share capital *US$'000*
Ordinary shares		
Ordinary shares of US$0.0001 each		
Authorised		
At January 1, 2021 (audited), June 30, 2021 (unaudited), January 1, 2022 (audited) and June 30, 2022 (unaudited)	2,000,000,000	200

	Number of shares	Amount *US$'000*	Equivalent amount of ordinary shares *RMB'000*
Issued and fully paid			
At January 1, 2021 (audited)	1,174,061,306	118	787
Exercise of share options *(note a)*	6,144,343	1	4
Issuance of shares to a trust *(note b)*	3,018,004	–	2
At June 30, 2021 (unaudited)	1,183,223,653	119	793
At January 1, 2022 (audited)	1,187,123,326	120	796
Exercise of share options *(note a)*	1,181,951	–	1
At June 30, 2022 (unaudited)	1,188,305,277	120	797

17. SHARE CAPITAL/TREASURY SHARES HELD IN THE TRUSTS (Continued)

Treasury shares held in the trusts:

	Number of treasury shares *(note b)*	Amount *US$'000*	Equivalent amount of treasury shares *RMB'000*
At January 1, 2021 (audited)	26,704,288	3	19
Issuance of shares to a trust *(note b)*	3,018,004	–*	2
Restricted stock units exercised under the trust *(note c)*	(7,051,332)	(1)	(5)
At June 30, 2021 (unaudited)	22,670,960	2	16
At January 1, 2022 (audited)	14,584,077	1	11
Restricted stock units exercised under the trust *(note c)*	(7,939,305)	(1)	(5)
At June 30, 2022 (unaudited)	6,644,772	–*	6

*: Amount being rounded to zero in USD.

On January 31, 2019, the Company and Maples Trustee Services (Cayman) Limited (the "Maples Trustee"), an independent third party, set up the 2019 CStone Share Incentivisation Trust which entered into a trust deed pursuant to which the Maples Trustee has agreed to act as the trustee to administer the Pre-IPO Incentivisation Plan (as defined in Note 18) and to hold the ordinary shares under the Pre-IPO Incentivisation Plan. On July 11, 2019, the Company and Computershare Hong Kong Trustees Limited (the "Computershare Trustee"), an independent third party, set up the 2019 CStone Share Incentivisation Trust for Non-Connected Persons which entered into a trust deed pursuant to which the Computershare Trustee has agreed to act as the trustee to administer the Pre-IPO Incentivisation Plan and the Post-IPO RSU Plan (both as defined in Note 18) and to hold the ordinary shares. At June 30, 2022, shares are held in the trusts included 3,922,492 and 2,722,280 (December 31, 2021: 7,470,071 and 7,114,006) shares for outstanding options and shares for unexercised restricted stock units, respectively, and disclosed as treasury shares since the Company has control over these trusts.

Notes:

(a) During the six months ended June 30, 2022, share option holders exercised their rights to subscribe for 1,181,951 (six months ended June 30, 2021: 6,144,343) ordinary shares of the Company at an average exercise price of HK$0.7 (six months ended June 30, 2021: HK$2.1) per share. The shares allotted and issued rank pari passu in all respects with the then existing issued shares of the Company.

(b) During the six months ended June 30, 2022, nil (six months ended June 30, 2021:3,018,004) ordinary shares were issued to the trusts to satisfy the share options and share awards granted under Pre-IPO Incentivisation Plan and the Post-IPO RSU Plan (both as defined in Note 18). The shares held in the trusts are accounted for as treasury shares of the company.

(c) During the six months ended June 30, 2022, 7,939,305 (six months ended June 30, 2021: 7,051,332) restricted stock units granted to several employees were exercised.

18. SHARE-BASED PAYMENT TRANSACTIONS

(i) Employee stock option plan ("ESOP")

The Pre-IPO ESOP

The Group granted share options under its employee stock option plan (the "Pre-IPO ESOP") which was adopted and approved on July 7, 2017 and amended on August 3, 2018 (the "Pre-IPO Incentivisation Plan") for the purpose of incentivising, retaining and rewarding certain employees and board members of the Company or its subsidiaries for their contributions to the Group's business, and to align their interests with those of the Group.

The following table discloses movements of the Pre-IPO ESOP held by grantees during the period:

	Number of Pre-IPO ESOP	
	Dr. Frank Ningjun Jiang ("Dr Jiang")	**Employees**
At January 1, 2022 (audited)	8,553,336	7,636,261
Forfeited	–	(1,441)
Exercised	–	(1,181,951)
At June 30, 2022 (unaudited)	8,553,336	6,452,869

At June 30, 2022, 1,860,921 (December 31, 2021: 2,644,131) outstanding Pre-IPO ESOP were exercisable.

The Post-IPO ESOP

Pursuant to a resolution passed on January 30, 2019, the directors of the Company further adopted an employee equity plan to grant option awards (the "Post-IPO ESOP") to any employee, officer, director, contractor, advisor or consultant of the Group by reason of his or her contribution to the Group.

The table below discloses movements of the Post-IPO ESOP held by grantees during the period:

	Number of Post-IPO ESOP	
	Dr. Jiang	**Employees**
At January 1, 2022 (audited)	36,432,379	33,121,338
Granted	–	8,493,799
Forfeited	–	(4,059,049)
At June 30, 2022 (unaudited)	36,432,379	37,556,088

At June 30, 2022, 17,064,088 (December 31, 2021: 9,515,704) outstanding Post-IPO ESOP were exercisable.

18. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(i) Employee stock option plan ("ESOP") (continued)

The Post-IPO ESOP (continued)

Fair value of share options granted

Binomial Option Pricing Model ("OPM model") was used to determine the fair value of the Post-IPO ESOP granted. Key assumptions, such as risk-free interest rate and volatility, are required to be determined by the directors of the Company with best estimate.

In the current interim period, the Post-IPO ESOP were granted on June 6, 2022.The weighted average fair value of the Post-IPO ESOP options granted was HK$2.76 per share.

The following assumptions were used to calculate the fair value of the post-IPO ESOP granted during the current interim period:

	For the six months ended June 30, 2022
Exercise price	**HK$17.31**
Expected life	**10 years**
Expected volatility	**70.10%**
Expected dividend yield	**0%**
Risk-free interest rate	**2.80%**

18. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(ii) RSU

The Pre-IPO RSU Plan

On August 3, 2018, December 6, 2018 and January 16, 2019, 8,467,541, 1,500,000 and 8,112,124 RSUs of the Company, respectively, were granted at nil consideration to the grantees by the directors of the Company in accordance with Pre-IPO Incentivisation Plan.

The table below discloses movements of the Pre-IPO RSUs held by the grantees during the period:

	Number of Pre-IPO RSUs	
	Dr. Jiang	**Employees**
At January 1, 2022 (audited)	5,644,696	2,376,858
Exercised*	(2,605,236)	(1,154,694)
At June 30, 2022 (unaudited)	3,039,460	1,222,164

* Exercised represents vested and registered

As at June 30, 2022, the outstanding number of the Pre-IPO RSU included 2,103,504 (December 31, 2021: 2,103,504) Pre-IPO RSUs have been vested but not yet registered and 2,158,120 (December 31, 2021: 5,918,050) Pre-IPO RSUs remained unvested.

18. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(ii) RSU (continued)

The Post-IPO RSU Plan

A restricted share award scheme (the "Post-IPO RSU Plan") was approved and adopted pursuant to a resolution passed on March 22, 2019. The directors of the Company may, from time to time, at its absolute discretion grant RSUs to an eligible person in accordance with the Post-IPO RSU Plan.

The table below discloses movements of the Post-IPO RSUs held by the grantees during the period:

	Number of Post-IPO RSUs	
	Dr. Jiang	**Employees**
At January 1, 2022 (audited)	7,568,316	11,165,931
Granted	–	1,767,000
Forfeited	–	(2,507,583)
Exercised*	(2,403,233)	(1,776,142)
At June 30, 2022 (unaudited)	5,165,083	8,649,206

* Exercised means vested and registered

At June 30, 2022, the outstanding number of the Group's Post-IPO RSU included 1,074,274 (December 31, 2021: 1,667,836) Post-IPO RSUs have been vested but not yet registered and 12,740,015 (December 31, 2021: 17,066,411) Post-IPO RSUs remained unvested.

The fair value of the Post-IPO RSUs granted during the period was HK$5.09 per Post-IPO RSU which was determined by the observable market price at grant date.

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value measurements and valuation processes

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages the third party qualified valuer to perform the valuation of investment in fund linked note. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categories (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key input(s)
	June 30, 2022 ***RMB'000*** **(Unaudited)**	December 31, 2021 *RMB'000* (Audited)		
Money market funds	**11,115**	11,217	Level 2	Based on the net assets values of the fund, which are determined with reference to observable and quoted prices of underlying investment portfolio and adjustments of related expenses
Convertible note	**3,356**	3,188	Level 2	Recent transaction price
Investment in fund linked note	**95,417**	122,895	Level 3	Scenario-Based Method – the key inputs are: Discounts for lack of marketability ("DLOM"): ranged from 5% to 15% Probability under different scenario (note) share price of class A shares:USD9.74

Note: A 5% increase/decrease in DLOM, while all other variables keep constant, would decrease the fair value of investment in fund linked note at June 30, 2022 by RMB459,000 (December 31, 2021: RMB1,093,000), increase the fair value of investment in fund linked note at June 30, 2022 by RMB468,000 (December 31, 2021: RMB1,071,000). A 5% increase/decrease in probability under different scenario of the private equity investment, while all other variables keep constant, would increase the fair value of investment in fund linked note at June 30, 2022 by RMB1,266,000 (December 31, 2021: RMB1,071,000), decrease the fair value of investment in fund linked note at June 30, 2022 by RMB1,251,000 (December 31, 2021: RMB1,071,000). A 5% increase/decrease in share price of class A shares, while all other variables keep constant, would increase the fair value of investment in fund linked note at June 30, 2022 by RMB1,266,000 (December 31, 2021: RMB854,000), decrease the fair value of investment in fund linked note at June 30, 2022 by RMB1,251,000 (December 31,2021: RMB877,000).

There were no transfer between Level 1 and 2 during the periods.

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Reconciliation of Level 3 fair value measurements

The following table presents the reconciliation of Level 3 measurements of financial assets at FVTPL during the current interim period:

	RMB'000
At January 1, 2022 (audited)	122,895
Fair value loss of investment in fund linked note recognised in profit or loss	(27,478)
At June 30, 2022 (unaudited)	95,417

Fair value of the Group's financial assets and liabilities that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amount of the Group's financial assets and liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

20. CAPITAL COMMITMENTS

The Group had capital commitments under non-cancellable contracts as follow:

	June 30, 2022 ***RMB'000*** **(Unaudited)**	December 31, 2021 *RMB'000* (Audited)
Capital expenditure contracted for but not provided in these condensed consolidated financial statements:		
Acquisition of property, plant and equipment and intangible assets	**51,763**	34,690

21. RELATED PARTY TRANSACTIONS

Except as disclosed elsewhere in these condensed financial statements, the Group also entered into the following transactions during the periods with certain related parties.

Compensation of key management personnel

The remuneration of directors of the Company and other members of key management of the Group were as follows:

	For the six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Short term benefits	**11,455**	14,971
Retirement benefits scheme contributions	**192**	119
Total cash compensation	**11,647**	15,090
Share-based payment expense	**84,882**	112,663
	96,529	127,753

The remuneration of key management personnel of the Group is determined by the directors of the Company having regard to the performance of individuals and market trends.

22. EVENTS AFTER THE END OF THE REPORTING PERIOD

On August 25, 2022, the Company announced that Dr. Jiang had decided to retire from and will cease to serve as the CEO, the executive Director, the chairman of the Strategy Committee and an authorized representative of the Company, with effect from August 25, 2022. Subsequent to his retirement, Dr. Jiang will serve as the senior advisor of the Company until the end of this year. On the same date, the Company announced that Dr. Yang, the senior vice president and chief medical officer of the Company, has been appointed as the CEO, the executive Director, the chairman of the Strategy Committee and an authorised representative of the Company, with effect from August 25, 2022.

Definitions

In this report, unless the context otherwise requires, the following terms have the following meanings. These terms and their definitions may not correspond to any industry standard definitions, and may not be directly comparable to similarly titled terms adopted by other companies operating in the same industries as our Company.

"Articles" or "Articles of Association"	the fourth amended and restated articles of association of the Company adopted on January 30, 2019 with effect from Listing, as amended, supplemented or otherwise modified from time to time
"Audit Committee"	the audit committee of the Board
"Blueprint"	Blueprint Medicines Corporation, a corporation incorporated on October 14, 2008 and existing under the laws of the State of Delaware, U.S., whose shares are listed on NASDAQ (ticker symbol: BPMC)
"Board", "our Board" or "Board of Directors"	the board of directors of our Company
"CAGR"	compound annual growth rate
"CDE"	Center for Drug Evaluation
"CG Code"	The Corporate Governance Code sets out in Appendix 14 to the Listing Rules
"Chairman"	the chairman of the Board
"China" or "PRC"	the People's Republic of China, for the purposes of this report only, excluding Hong Kong, Macau Special Administrative Region and Taiwan
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "CStone", "our Company", or "the Company"	CStone Pharmaceuticals, (stock code: 2616) an exempted company with limited liability incorporated under the laws of the Cayman Islands on December 2, 2015, the Shares of which are listed on the Main Board of the Stock Exchange
"Compensation Committee"	the compensation committee of our Board
"Condensed Consolidated Financial Statements"	the condensed consolidated financial statements of the Group
"CRO(s)"	contract research organization, a company that provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research services outsourced on a contract basis
"CStone Suzhou"	CStone Pharmaceuticals (Suzhou) Co., Ltd. (基石藥業(蘇州)有限公司), a company established under the laws of the PRC on April 21, 2016 and one of the Company's subsidiaries

Definitions

"CTA"	clinical trial agreement
"Director(s)"	the director(s) of our Company
"FDA"	the Food and Drug Administration
"GIST"	gastrointestinal stromal tumor, a type of tumor that occurs in the gastrointestinal tract, most commonly in the stomach or small intestine
"Global Offering"	the Hong Kong public offering and the international offering of the Shares
"Group", "our Group", "the Group", "we", "us", or "our"	the Company and its subsidiaries from time to time
"HCC"	hepatocellular carcinoma, a type of cancer arising from hepatocytes in predominantly cirrhotic liver
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"HKD" or "HK$" or "HK dollars"	Hong Kong Dollars, the lawful currency of Hong Kong
"IFRS"	International Financial Reporting Standards
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China or clinical trial notification in Australia
"Independent Auditor" or "Deloitte"	Deloitte Touche Tohmatsu
"INED(s)"	the independent non-executive Director(s)
"Investment Committee"	the investment committee of the Board
"IO"	immuno-oncology
"IPO"	the initial public offering of our Shares on the Stock Exchange
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	February 26, 2019, being the date on which the Shares were listed on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time

"Memorandum" or "Memorandum of Association"	the fourth amended and restated memorandum of association of our Company adopted on January 30, 2019 with effect from Listing, as amended, supplemented or otherwise modified from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"NDA"	new drug application
"NKTL"	Natural killer/T cell lymphoma, part of T cell and NK-cell neoplasms and an aggressive lymphoma
"NMPA"	National Medical Products Administration (國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局)
"Nomination Committee"	the nomination committee of the Board
"Pfizer"	Pfizer Inc., a company incorporated in Delaware and listed on the New York Stock Exchange (NYSE: PFE)
"Pfizer Corporation"	Pfizer Corporation Hong Kong Limited, a company incorporated in Hong Kong with limited liability, an indirectly wholly-owned subsidiary of Pfizer
"Post-IPO ESOP"	our Company's post-IPO employee share option plan
"Post-IPO RSU Scheme"	our Company's post-IPO restricted share award scheme
"Preferred Share(s)"	preferred share(s) in the share capital of the Company prior to the Listing
"Pre-IPO Incentivization Plan"	our Company's pre-IPO employee equity plan
"Prospectus"	the prospectus of our Company, dated February 14, 2019, in relation to the Global Offering
"Reporting Period"	the six-month period from January 1, 2022 to June 30, 2022
"RET"	rearranged during transfection
"RMB" or "Renminbi"	Renminbi Yuan, the lawful currency of China
"RSU(s)"	restricted share unit(s)
"Securities Transactions Code"	the code of conduct of our Company regarding Directors' securities transactions, namely the Policy on Management of Securities Transactions by Directors
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

Definitions

"Share(s)"	Ordinary share(s) of US$0.0001 each in the issued share capital of our Company
"Shareholder(s)"	holder(s) of our Shares
"Share Incentivization Schemes"	the Pre-IPO Incentivization Plan, Post-IPO ESOP and Post-IPO RSU Scheme
"Share Subscription Agreement"	the Share Subscription Agreement dated September 30, 2020 entered into between the Company and Pfizer Corporation in respect of the Subscription
"SM"	systemic mastocytosis, a form of mastocytosis, in which mast cells accumulate in internal tissues and organs such as the liver, spleen, bone marrow, and small intestines
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategy Committee"	the strategy committee of the Board
"Subscription"	the subscription of the Subscription Shares under the Share Subscription Agreement
"Subscription Price"	US$1.725 per Share (equivalent to approximately HK$13.37 per Share) as set out in the Share Subscription Agreement
"Subscription Shares"	a total of 115,928,803 new Shares to be allotted and issued by the Company to Pfizer Corporation under the Share Subscription Agreement
"TGA"	Therapeutic Goods Administration of Australia
"U.S."	United States of America
"USD" or "US$" or "US dollars"	United States Dollars, the lawful currency of the U.S.
"Zhengze Yuanshi"	Suzhou Industrial Park Zhengze Yuanshi Venture Capital L.P. (蘇州工業園區正則原石創業投資企業(有限合夥))
"%"	per cent.

In this report, unless otherwise indicated, the terms "associate", "associated corporation", "connected person", "controlling shareholder", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules.


基石药业
CSTONE
PHARMACEUTICALS