



EVEREST MEDICINES  
云 頂 新 耀

**Everest Medicines Limited**  
雲頂新耀有限公司

(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：1952

引領新藥，光耀生命  
Better **Medicines**  
Better **Life**

**2023**

INTERIM REPORT 中期報告



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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Wei Fu (傅唯) (*Chairman of the Board*)  
Mr. Yongqing Luo (羅永慶)  
Mr. Ian Ying Woo (何穎)  
Mr. Xiaofan Zhang (張曉帆)  
(resigned with effect from 31 March 2023)

### Non-Executive Directors

Mr. Yubo Gong (龔聿波)  
Ms. Lan Kang (康嵐)

### Independent Non-executive Directors

Mr. Shidong Jiang (蔣世東)  
Mr. Yifan Li (李軼梵)  
Ms. Hoi Yam Chui (徐海音)

## AUDIT COMMITTEE

Mr. Yifan Li (李軼梵) (*Chairperson*)  
Mr. Shidong Jiang (蔣世東)  
Ms. Hoi Yam Chui (徐海音)

## REMUNERATION COMMITTEE

Ms. Hoi Yam Chui (徐海音) (*Chairperson*)  
Mr. Wei Fu (傅唯)  
Mr. Shidong Jiang (蔣世東)

## NOMINATION COMMITTEE

Mr. Wei Fu (傅唯) (*Chairperson*)  
Mr. Yifan Li (李軼梵)  
Ms. Hoi Yam Chui (徐海音)

## JOINT COMPANY SECRETARIES

Ms. Leah Liu (劉栩昕)  
Ms. Yee Wa Lau (劉綺華)

## AUTHORISED REPRESENTATIVES

Mr. Ian Ying Woo (何穎)  
Ms. Yee Wa Lau (劉綺華)

## AUDITOR

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### As to Cayman Islands law

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26th Floor, Central Plaza  
18 Harbour Road, Wanchai, Hong Kong

## PRINCIPAL SHARE REGISTRAR

Maples Fund Services (Cayman) Limited  
PO Box 1093, Boundary Hall, Cricket Square  
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Cayman Islands

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## PRINCIPAL BANKER

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Hong Kong

## STOCK CODE

1952

## COMPANY WEBSITE

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

# Business Highlights

China's economy rebounded following the lifting of Covid restrictions at the end of 2022. To help stimulate the economy, and in particular, the healthcare sector, the government has implemented several measures to accelerate recovery, including health insurance system and National Reimbursement Drug List pricing structure reforms to improve affordability and accessibility, as well as policies expediting local market approvals of new drugs and encouraging ongoing drug innovation. We believe these actions will ultimately benefit both biopharmaceutical market leaders and patients. Everest Medicine's stock strengthened considerably during the first half of 2023, rising 37% and significantly outperforming the HSHKBIO and the Hang Sang index, which fell 23.41% and 4.3%, respectively, in the same period. The Company's performance in the stock market reflects investor confidence in our future outlook.

2023 is a landmark year for the Company as we transform from a clinical stage biotech company into a commercial stage biopharma. We are extremely proud to have launched our first product, Xerava<sup>®</sup>, in China this July for the treatment of complicated intra-abdominal infections ("cIAI") in adult patients. Following the commercial launch of Xerava<sup>®</sup>, we have three drug candidates in line to receive NDA approvals or file NDAs in 2023 and 2024. The first is Nefecon<sup>®</sup>, our anchor renal disease product and our first-in-disease therapy for the treatment of immunoglobulin A nephropathy ("IgAN"). We expect to receive Nefecon<sup>®</sup>'s NDA approvals in both China and Singapore later this year. In addition to Nefecon<sup>®</sup>, we expect to submit NDA filings for cefepime-taniborbactam, a second antibiotic to combat multi-drug resistant infections, and for etrasimod, the first drug with an indication for the treatment of ulcerative colitis ("UC"), in the near-term.

Our comprehensive product portfolio exemplifies our ability to identify and develop highly innovative and differentiated therapeutics. We will continue to expand our portfolio through acquisitions and self-discovery. Moreover, in the first half of 2023, we have rapidly expanded our commercial organization by recruiting top talents in infectious diseases and renal diseases, as we prepare for the upcoming product launches. The Company is now well on track to becoming a global biopharma company with comprehensive and fully integrated capabilities, including drug discovery, clinical development, manufacturing and commercialization.

## RENAL PORTFOLIO

*Nefecon<sup>®</sup>, our anchor drug candidate in the renal therapeutic area, is a patented oral, delayed release formulation of budesonide in development for the treatment of IgAN.*

- Achievements during the Reporting Period:
  - On 10 February 2023, the MFDS granted Global Innovative product on Fast Track ("GIFT") designation to Nefecon<sup>®</sup> for the treatment of primary IgAN. South Korea's GIFT program was launched in September 2022 to further accelerate review timeframes, especially for groundbreaking products. Nefecon<sup>®</sup> is the second product overall and the first non-oncology product included in MFDS's GIFT program. Inclusion in the GIFT program is expected to accelerate regulatory review time by 25% and allow for rolling review.

## Business Highlights

- On 12 March 2023, our partner Calliditas Therapeutics AB (“Calliditas”) reported positive topline results from a Phase 3 NeflgArd Trial evaluating Nefecon® in the treatment of IgAN. The trial met its primary endpoint with Nefecon® demonstrating a highly statistically significant benefit over placebo (p value <0.0001) in estimated glomerular filtration rate (“eGFR”) over the 2-year period, which included nine months of treatment period with either Nefecon® or placebo, then followed by 15 months off drug observational follow-up period. The primary endpoint, time-weighted average change from baseline in eGFR over two years period, 5.05 mL/min/1.73m<sup>2</sup> eGFR treatment benefit in favor of Nefecon® compared to placebo over two years was observed (p<0.0001). Time-weighted average change from baseline in eGFR over the 2-year period was -2.47 mL/min/1.73 m<sup>2</sup> for Nefecon® 16 mg group versus -7.52 mL/min/1.73 m<sup>2</sup> for placebo group.
- On 6 April 2023, Singapore Health Sciences Authority accepted the NDA for Nefecon® for the treatment of IgAN in adults at risk of disease progression. The Company expects to receive NDA approval in Singapore in 2023.
- In June 2023, our partner Calliditas presented more complete data from the NeflgArd Phase 3 Study at the European Renal Association — European Dialysis and Transplant Association Congress (ERA-EDTA). Most noteworthy is that data showed at 24th months, eGFR was reduced by 6.11 mL/min/1.73 m<sup>2</sup> from baseline in the Nefecon® arm compared with 12 mL/min/1.73 m<sup>2</sup> reduction in the placebo arm, demonstrating 50% less loss of kidney function. The reduction in urine protein creatinine ratio (“UPCR”) was also durable, with a 30.7% decrease in UPCR in the Nefecon® arm even after 15 months off drug compared with only 1% reduction in the placebo arm. Another analysis of the effect of durability of proteinuria reduction showed a 41% reduction in time-averaged UPCR over 12 to 24 months compared with placebo (95% CI 32-49%, p<0.0001). As for the hematuria treatment, the proportion of patients with microhematuria in the Nefecon® arm fell to 40.5% from 66.5% baseline while the placebo arm only decreased to 61.2% from 67.8% baseline. This data was published in *The Lancet* in August 2023.
- On 21 June 2023, our partner Calliditas announced that the submission of a supplemental New Drug Application (“sNDA”) to the U.S. Food and Drug Administration (“FDA”) seeking full approval of TARPEYO® (budesonide) delayed release capsules for the entire study population from the Phase 3 NeflgArd study. The sNDA submission is based on the full data set from the Phase 3 NeflgArd clinical trial, a randomized, double-blind, multicenter study which assessed the efficacy and safety of TARPEYO (developed under the project name Nefecon®) dosed at 16 mg once daily versus placebo on a background of optimized RASi therapy in adult patients with primary IgAN. The trial met its primary endpoint, with TARPEYO demonstrating a highly statistically significant benefit over placebo (p value < 0.0001) in eGFR over the two-year period of 9-months of treatment with TARPEYO or placebo and 15-months of follow-up off drug. The US FDA accepted the submission for the sNDA on 18 August 2023 and granted priority review. The Prescription Drug User Fee Act (“PDUFA”) goal date is 20 December 2023.

## Business Highlights

- Post-Reporting Period achievements and expected milestones:
  - On 1 August 2023, the Company announced the completion of patient enrollment for the China open-label extension (“cOLE”) of the Phase 3 NeflgArd study. The cOLE study offers an additional 9 months of treatment with Nefecon® to all qualifying patients who have completed the NeflgArd study and will evaluate the efficacy and safety of extended and repeated Nefecon® treatment in patients with IgAN.
  - We expect to receive NDA approval for Nefecon® in the treatment of primary IgAN in Mainland China and Singapore in 2023.
  - We expect to file NDAs for Nefecon® in the treatment of IgAN in South Korea, Hong Kong, Macau and Taiwan region in 2023.

## INFECTIOUS DISEASE PORTFOLIO

***Eravacycline (Xerava®)**, is the world’s first fluorocycline antibiotic for the treatment of infections caused by susceptible gram negative, gram positive and anaerobic pathogens including multidrug-resistant (“MDR”) isolates, current approved indication is cIAI in adult patients.*

- Achievements during the Reporting Period:
  - On 16 March 2023, the Company announced that China’s NMPA approved its NDA for Xerava® in the treatment of cIAI in adult patients, marking it the first product to be commercialized by the Company in China.
- Post-Reporting Period achievements and expected milestones:
  - On 26 July 2023, Xerava® has been successfully launched in China with its first prescriptions issued at Huashan Hospital affiliated to Fudan University. The commercialization of Xerava® in China marks the Company’s transformation into a commercial-stage innovative biopharmaceutical company.
  - We expect NDA approval for eravacycline for the treatment of cIAI in the Taiwan region in 2023.

**Taniborbactam** is a beta-lactamase inhibitor (“BLI”) that, in combination with cefepime, may offer a potential treatment option for patients with serious bacterial infections caused by difficult-to-treat resistant gram-negative bacteria, most notably carbapenem-resistant Enterobacterales (“CRE”) and carbapenem-resistant *Pseudomonas aeruginosa* (“CRPA”).

- Post-Reporting Period achievements and expected milestones:
  - On 15 August 2023, our partner Venatorx Pharmaceuticals, Inc. (“Venatorx”) announced that the US FDA has accepted NDA for cefepime-taniborbactam, an investigational beta-lactam/beta-lactamase inhibitor (BL/BLI) antibiotic for potential treatment of adult patients with complicated urinary tract infections (“cUTI”), including pyelonephritis. The FDA has granted priority review of the NDA with a PDUFA target action date of 22 February 2024.

**EVER206 (also known as SPR206)** is a potentially best-in-class, novel polymyxin derivative designed to reduce toxicity, especially nephrotoxicity, compared to levels observed clinically with polymyxin B and colistin.

- Achievements during the Reporting Period:
  - On 18 January 2023, the Company announced topline results from a China phase 1 study on healthy subjects demonstrating that EVER206 is well-tolerated with no evidence of acute kidney injury and no new safety signals on healthy subjects with dose ranges applied in the study. The pharmacokinetics of healthy subjects in China were comparable to the results of the overseas phase I study (SPR206-101) and the safety profile was also similar to the results from the overseas Phase I trial, supporting the Company’s plans to initiate next-phase clinical development in China.

## AUTOIMMUNE DISEASE PORTFOLIO

**Etrasimod** is an oral, once-a-day, selective sphingosine 1-phosphate (S1P) receptor modulator designed for optimized pharmacology and engagement of S1P receptors 1, 4, and 5. In addition to UC, it is being investigated for a range of other immunoinflammatory diseases.

- Achievements during the Reporting Period:
  - On 17 May 2023, the Company announced the completion of patient enrollment in a multi-region, multi-center Phase 3 clinical trial of etrasimod in Asia for the treatment of moderate-severe active UC.



## Business Highlights

- Post-Reporting Period achievements and expected milestones:
  - Our licensing partner, Pfizer Inc. (NYSE: PFE) (“Pfizer”) expects to receive the US FDA’s decision for etrasimod for individuals living with moderately-to-severely active UC in the second half of 2023. The US FDA accepted the NDA submission by Pfizer in December 2022.
  - We expect to readout 12-week induction of clinical remission data of etrasimod for the treatment of UC from the Asia Phase 3 clinical trial and discuss the potential regulatory filing strategy with relevant regulatory authorities in 2023.

## mRNA PLATFORM

*EVER-COVID19-M1.2, is an Omicron-targeting bivalent COVID-19 booster vaccine candidate.*

- Achievements during the Reporting Period:
  - Leveraging our clinically validated mRNA platform, the Company is developing an Omicron-containing bivalent booster candidate, EVER-COVID19-M1.2. The Company has initiated rolling data submissions for its Investigational New Drug (“IND”) application in China.

**Cautionary Statement required by Rule 18A.08(3) of the Listing Rules:** The Company cannot guarantee that it will be able to develop, or ultimately market, any of the above drug candidates successfully. Shareholders and potential investors of the Company are advised to exercise due care when dealing in the Shares.

For details of any of the foregoing, please refer to the rest of this interim report and, where applicable, the Company’s prior announcements.

# Financial Highlights

## IFRS NUMBERS

- Revenue increased by RMB7.9 million from RMB1.0 million for the six months ended 30 June 2022 to RMB8.9 million for the six months ended 30 June 2023, primarily due to the sales of Xerava<sup>®</sup> and Trodelvy<sup>®</sup> during transition period with Gilead Sciences, Inc. (“Gilead”) in Singapore.
- Research and development (“R&D”) expenses decreased by RMB57.0 million from RMB345.5 million for the six months ended 30 June 2022 to RMB288.5 million for the six months ended 30 June 2023, primarily due to (i) a number of our drug candidates have completed clinical trials and advanced to the registration phase or commercial stages; and (ii) the transfer of Trodelvy<sup>®</sup> clinical development activities to Gilead.
- General and administrative expenses decreased by RMB35.8 million from RMB118.9 million for the six months ended 30 June 2022 to RMB83.1 million for the six months ended 30 June 2023, mainly due to the optimization and rationalization of the organizational structure, and associated decrease in share-based compensation expenses.
- Distribution and selling expenses decreased by RMB84.1 million from RMB148.2 million for the six months ended 30 June 2022 to RMB64.1 million for the six months ended 30 June 2023, primarily due to the transfer of Trodelvy<sup>®</sup> related commercial activities to Gilead and related optimization and rationalization of the organizational structure since August 2022.
- Net loss for the period decreased by RMB244.4 million from RMB668.0 million for the six months ended 30 June 2022 to RMB423.6 million for the six months ended 30 June 2023, primarily attributable to (i) a number of our drug candidates have completed clinical trials and advanced to the registration phase or commercial stages; (ii) the transfer of Trodelvy<sup>®</sup> related clinical and commercial activities to Gilead; and (iii) optimization and rationalization of the organizational structure.
- Cash and cash equivalents and bank deposits amounted to RMB2,540.2 million as of 30 June 2023.

## NON-IFRS MEASURE

- Adjusted loss for the period<sup>1</sup> decreased by RMB196.8 million from RMB523.7 million for the six months ended 30 June 2022 to RMB326.9 million for the six months ended 30 June 2023, primarily attributable to narrowed IFRS loss.

<sup>1</sup> Adjusted loss for the period represents the loss for the period attributable to the equity holders of the Company excluding the effect of certain non-cash items, namely the loss on fair value changes in financial assets at fair value through profit or loss, (gain)/loss on fair value changes in financial instruments issued to investors (non-current financial liabilities measured at fair value through profit or loss), share-based compensation expenses, and impairment of an intangible asset. For the calculation and reconciliation of this non-IFRS measure, please refer to paragraph numbered 16 under the heading “Management Discussion and Analysis” below.

# Management Discussion and Analysis

## OVERVIEW

We are a biopharmaceutical company that integrates discovery, licensing, clinical development, commercialization and manufacturing of potentially first-in-class or best-in-class novel therapies and vaccines to address critical unmet medical needs in Greater China, other Asia Pacific markets and eventually around the world. Since the Company's founding in July 2017, we have built a portfolio across the Company's core therapeutic areas: renal diseases, infectious diseases and autoimmune disorders. As we enter into commercial stage, we have established professional, knowledgeable commercial teams throughout China to market our first commercially launched product, Xerava<sup>®</sup>, as well as various products that are expected to receive NDA approvals in the near-term, including Nefecon<sup>®</sup>.

We continue to augment our pipeline with our in-house research team focusing on renal diseases, as well as the research on infectious disease and oncology vaccines programs through our clinically validated mRNA platform. We will also continue to in-license products that complement our existing portfolio. The Company is positioned to consistently deliver value to Shareholders and patients in the long-term.



## PRODUCT PIPELINE

We have built a strong product pipeline that includes potentially first-in-class or best-in-class assets in therapeutics and mRNA vaccines, covering short-term, mid-term and long-term opportunities. The following table summarizes our pipeline and the development status of each drug candidate as of the Latest Practicable Date:

NDA/BLA approval	Molecule (Modality)	Partner	Commercial Rights	Indication	Everest Medicines' Clinical Status						Global Clinical Status
					Pre-clinical	Phase 1	Phase 2	Phase 3	BLA/NDA Application	Approval	
2023	Tarpeyo (Nefecon®)		Greater China, Singapore, South Korea	IgA nephropathy	NDA accepted in China and Singapore						NDA approved in US, EU
	Xerava® (eravacycline)		Greater China, South Korea, SE Asia	cIAI	NDA approved in China and Singapore						NDA approved in US, EU, UK
2024	Cefepime-taniborbactam		Greater China, South Korea, SE Asia	cUTI							NDA accepted in US
	Etrasimod		Greater China, South Korea	Ulcerative Colitis							NDA accepted in US and EU
				CD, AD, AA, EoE (2025 and beyond)							Phase 2
2025 and beyond	EVER001 (XNW1011)		Worldwide	Glomerular disease							Phase 1b/2
	EVER206 (SPR206)		Greater China, South Korea, SE Asia	Gram negative infections							Phase 1
	FGF401		Worldwide	HCC							Phase 1/2
	Monoclonal Antibody	Self-developed	Worldwide	Glomerular disease							Pre-clinical

mRNA Platform	EVER-COVID19-M1.2		Greater China, SE Asia, Pakistan	2nd generation COVID-19 booster							Pre-clinical
	Rabies mRNA Vaccine		50% Worldwide rights	Rabies							Pre-clinical
	mRNA Prophylactic Vaccine		50%/100% Worldwide rights	Multiple programs for infectious diseases							Pre-clinical
	mRNA Cancer Vaccine	Self-developed	Worldwide	Multiple programs against solid tumors							Pre-clinical

Abbreviations: IgA= immunoglobulin A; cIAI=complicated intra-abdominal infections; cUTI=complicated urinary tract infections; CD=crohn's disease; AD=atopic dermatitis; AA=alopecia areata; EoE=eosinophilic esophagitis; NDA=new drug application; SE Asia= Southeast Asia; US=United States; Greater China= PRC, Hong Kong SAR, Macau SAR and Taiwan.

# Management Discussion and Analysis

## BUSINESS REVIEW

### Commercialization

The Company is committed to making its new therapeutics available to healthcare service providers and patients as soon as possible. We have dedicated significant resources to the successful launch of Xerava® in China and facilitate our transition into a commercial-stage company. We have built a lean and efficient commercial team of highly experienced professionals covering two key therapeutic areas, infectious disease and renal diseases. As at 30 June 2023, our commercial team had approximately 138 members, including key employees across sales, marketing, market access, medical affairs, channel and business operations.

Xerava®, the first product to be marketed by the Company in China, was approved by China's NMPA in March 2023, and launched commercially on 26 July 2023. To ensure the product successfully reaches patients in urgent need, we have built a robust sales and marketing team that will focus on China's top 300 core tertiary hospitals. The Company also established multiple partnerships with China's leading pharmaceutical supply chain service providers, including SPH Keyuan Xinhai Pharmaceutical Co., Ltd., Sinopharm Group, Guangzhou Pharmaceuticals Co., Ltd., Chongqing Pharmaceutical (Group) Co., Ltd. and Shanghai Pharmaceutical Co., Ltd.. Under those partnerships, we will be able to leverage their industry-leading import and channel distribution networks to accelerate the commercialization of Xerava® in China.

Nefecon® is expected to be the second product the Company commercializes in China. In April 2023, we introduced Nefecon® in China's Hainan Boao Pilot Zone to provide Chinese patients with IgAN early access to this innovative and first-in-disease therapy. Our early access program was well-received with over 500 patients signed up, highlighting the substantial unmet clinical needs of IgAN patients in China. Given the high prevalence of IgAN in China, our team is working diligently to have Nefecon® included in insurance programs to boost its affordability and accessibility, helping to alleviate patients' financial burden. For instance, in May 2023, the imported version of Nefecon® was added to the Beijing Puhui Health Insurance Program's 2023 New Reimbursement Drug List of Specialized Medicines, as well as other local insurance programs such as Kunming City and Shanxi Province. We expect to receive the NDA decision from China's NMPA in the second half of 2023 and launch Nefecon® broadly in China in early 2024.

### Discovery

The Company's promising discovery pipeline for the treatment of renal diseases continues to flourish, with our most advanced program to enter clinical trials in 2024. Also, with our clinically validated mRNA platform, we are advancing the development of preventive vaccines for infectious diseases as well as therapeutic cancer vaccines for solid tumors.

# Management Discussion and Analysis

## Business Development

Our business development efforts focus on renal diseases and autoimmune disorders. We look to continue to bolster our leadership position in these areas by expanding our pipeline and ecosystem through a combination of internal discovery and in-licensing. We are actively engaged in finding business partnerships in these disease areas.

As we previously reported in the announcement of the Company dated 16 August 2022 and the circular of the Company dated 14 October 2022, Immunomedics, Inc. (“Immunomedics”), a wholly-owned subsidiary of Gilead, agreed to acquire the Company’s rights to Trodelvy® for total consideration of up to US\$455 million, including US\$280 million in upfront payments (the “Trodelvy® Transaction”). The Company received the upfront payments under the Trodelvy® Transaction in full in the first quarter of 2023, strengthening our balance sheet and empowering us to continue to advance the development of products in our core therapeutic areas.

## Future Development

Over the six years since our Company’s founding, we have worked steadfastly towards our goal of becoming a leading biopharmaceutical company. We have successfully leveraged our expertise and resources to obtain approval for launching Xerava® and brought it to the market. We will continue to pursue regulatory approvals for our innovative drug candidates, applying our effective dual approach of in-licensing and internal discovery to expand our existing robust pipeline. In the near term, we expect to receive NDA approvals in China for three additional products, Nefecon®, etrasimod, and cefepime-taniborbactam. Notably, we are one of the very few biotech companies expected to launch a broad lineup of products in the near term. Given the anticipated NDA approvals mentioned above, we have assembled a talented commercial team for the launch of Xerava® and Nefecon®. We will expand the team later this year as Nefecon®’s approval approaches, as well as in 2024 to establish deeper and broader hospital coverage.

With China strengthening its healthcare system as it looks to care for its vast population, we see significant opportunities and wish to contribute to this pivotal industry, serve substantial unmet medical needs of patients, and create value for our stakeholders. Moving forward, we will fortify our long-term growth and competitiveness as a global biopharma company by actively seeking assets that can complement our current pipeline while leveraging our in-house discovery capabilities in renal diseases and mRNA technology to deliver life-changing treatments to patients throughout Asia and around the world.



# Management Discussion and Analysis

## FINANCIAL REVIEW

For the Six Months Ended 30 June 2023 Compared to Six Months Ended 30 June 2022

	For the Six Months Ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
	(RMB in thousands)	
Revenue	8,895	1,044
Cost of revenue	(3,318)	(364)
<b>Gross profit</b>	<b>5,577</b>	680
General and administrative expenses	(83,133)	(118,909)
Research and development expenses	(288,488)	(345,512)
Distribution and selling expenses	(64,128)	(148,160)
Other income	2,214	1,036
Other losses — net	(50,968)	(28,785)
<b>Operating loss</b>	<b>(478,926)</b>	(639,650)
Finance income/(costs) — net	54,760	(5,613)
Fair value change in financial assets at fair value through profit or loss (“FVPL”)	—	(20,964)
Fair value change in financial instruments issued to investors	554	(1,815)
<b>Loss before income tax</b>	<b>(423,612)</b>	(668,042)
Income tax expense	—	—
<b>Loss for the period attributable to the equity holders of the Company</b>	<b>(423,612)</b>	(668,042)
<b>Other comprehensive income/(loss)</b>	<b>123,096</b>	(387,635)
<b>Total comprehensive loss for the period attributable to the equity holders of the Company</b>	<b>(300,516)</b>	(1,055,677)
<i>Non-IFRS measure:</i>		
Adjusted loss for the period	(326,894)	(523,664)

# Management Discussion and Analysis

## 1. Overview

For the six months ended 30 June 2023, the Group recorded a loss of RMB423.6 million. The general and administrative expenses were RMB83.1 million for the six months ended 30 June 2023 as compared with RMB118.9 million for the six months ended 30 June 2022. The R&D expenses of the Group were RMB288.5 million for the six months ended 30 June 2023, as compared with RMB345.5 million for the six months ended 30 June 2022. The distribution and selling expenses were RMB64.1 million for the six months ended 30 June 2023 as compared with RMB148.2 million for the six months ended 30 June 2022.

## 2. Revenue

For the six months ended 30 June 2023, the Group generated revenue of RMB8.9 million from sales of Xerava<sup>®</sup> and Trodelvy<sup>®</sup> during transition period with Gilead in Singapore.

## 3. Research and Development Expenses

The Group's R&D expenses decreased from RMB345.5 million for the six months ended 30 June 2022 to RMB288.5 million for the six months ended 30 June 2023. The decrease was primarily attributable to (i) a number of our drug candidates have completed clinical trials and advanced to the registration phase or commercial stages; and (ii) the transfer of Trodelvy<sup>®</sup> clinical development activities to Gilead.

The following table sets forth the components of our research and development expenses for the periods indicated:

	For the Six Months Ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
	(RMB in thousands)	
Employee benefit expenses	111,719	182,145
Clinical trial and research expenses	129,876	141,971
Depreciation and amortization	23,466	9,282
Professional expenses	11,506	7,798
Office and travelling expenses	8,189	2,096
Others	3,732	2,220
<b>Total</b>	<b>288,488</b>	<b>345,512</b>

# Management Discussion and Analysis

## 4. Distribution and Selling Expenses

The Group's distribution and selling expenses decreased from RMB148.2 million for the six months ended 30 June 2022 to RMB64.1 million for the six months ended 30 June 2023. The decrease was primarily attributable to the transfer of Trodelvy® related commercial activities to Gilead and related optimization and rationalization of the organizational structure since August 2022.

## 5. General and Administrative Expenses

The Group's general and administrative expenses decreased from RMB118.9 million for the six months ended 30 June 2022 to RMB83.1 million for the six months ended 30 June 2023. The decrease was primarily attributable to optimization and rationalization of the organizational structure, and associated decrease in share-based compensation expenses.

## 6. Other Income

Other income increased from RMB1.0 million for the six months ended 30 June 2022 to RMB2.2 million for the six months ended 30 June 2023. The increase was primarily attributable to government grants received.

## 7. Other Losses – Net

The Group's other losses was RMB51.0 million for the six months ended 30 June 2023, compared to other losses of RMB28.8 million for the six months ended 30 June 2022, the increase was primarily attributable to the impairment of intangible asset related to the termination of Ralinepag during the first half of 2023.

## 8. Operating Loss

The operating loss of the Group narrowed from RMB639.7 million for the six months ended 30 June 2022 to RMB478.9 million for the six months ended 30 June 2023. Such change was primarily attributable to (i) a number of our drug candidates have completed the clinical trials and advanced to the registration phase or commercial stages; (ii) the transfer of Trodelvy® related clinical and commercial activities to Gilead; and (iii) optimization and rationalization of the organizational structure.

## 9. Finance Income/(Costs) – Net

The Group's finance income for the six months ended 30 June 2023 was RMB54.8 million, compared to finance costs for the six months ended 30 June 2022 was RMB5.6 million. Such change was primarily attributable to increased interest income on bank balances.

## 10. Fair Value Change in Financial Assets at Fair Value Through Profit or Loss

The Group recorded no change from fair value change in financial assets at fair value through profit or loss for the six months ended 30 June 2023 and RMB21.0 million for the six months ended 30 June 2022. The loss from fair value change in financial assets at fair value through profit or loss for the six months ended 30 June 2022 were due to the decrease in the fair value of investment in Venatorx.



## 11. Fair Value Change in Financial Instruments Issued to Investors

The Group recorded a gain from fair value change of financial instruments issued to investors of RMB0.6 million for the six months ended 30 June 2023 and a loss of RMB1.8 million for the six months ended 30 June 2022. The gain from fair value change of financial instruments issued to investors for the six months ended 30 June 2023 were due to fair value change of preferred shares issued by our subsidiary, EverNov Medicines Limited (“EverNov”).

## 12. Income Tax Expense

For the six months ended 30 June 2023, the Company did not incur any income tax expense (For the six months ended 30 June 2022: Nil).

## 13. Loss for the Period Attributable to the Equity Holders of the Company

The loss for the six months attributable to equity holders of the Company narrowed from RMB668.0 million for the six months ended 30 June 2022 to RMB423.6 million for the six months ended 30 June 2023. Such change was primarily attributable to (i) a number of our drug candidates have completed the clinical trials and advanced to the registration phase or commercial stages; (ii) the transfer of Trodelvy® related clinical development and commercial activities to Gilead; and (iii) optimization and rationalization of the organizational structure.

## 14. Other Comprehensive Income/(Loss)

Other comprehensive income for the six months ended 30 June 2023 was RMB123.1 million, compared to other comprehensive loss of RMB387.6 million for the six months ended 30 June 2022. Such change was primarily attributable to the decrease in the fair value change of financial assets at fair value through other comprehensive loss.

## 15. Total Comprehensive Loss for the Period Attributable to the Equity Holders of the Company

As a result of the foregoing, the Group’s loss for the six months ended 30 June 2023 was RMB300.5 million, compared to a loss of RMB1,055.7 million for the six months ended 30 June 2022.

# Management Discussion and Analysis

## 16. Non-IFRS Measure

To supplement the Group's consolidated financial statements, which are presented in accordance with the IFRS, the Group also uses adjusted loss for the six months period, which is not required by, or presented in accordance with, the IFRS. The Company believes that the adjusted loss for the six months period provides useful information to Shareholders and potential investors in understanding and evaluating the Group's consolidated results of operations.

Adjusted loss for the six months represents the loss for the period attributable to the equity holders of the Company excluding the effect of certain non-cash items, namely the loss on fair value changes in financial assets at fair value through profit or loss, (gain)/loss on fair value changes in financial instruments issued to investors, share-based compensation expenses, and impairment of an intangible asset. The term adjusted loss for the six months 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 measure is a reflection 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 for the period attributable to the equity holders of the Company to adjusted loss for the period during the periods indicated:

	For the Six Months Ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	(RMB in thousands)	
Loss for the period attributable to the equity holders of the Company	(423,612)	(668,042)
Added:		
Loss on fair value changes in financial assets at fair value through profit or loss	–	20,964
(Gain)/loss on fair value changes in financial instruments issued to investors	(554)	1,815
Share-based compensation expenses	45,304	121,599
Impairment of an intangible asset	51,968	–
<b>Adjusted loss for the period</b>	<b>(326,894)</b>	<b>(523,664)</b>

## 17. Liquidity and Source of Funding

As of 30 June 2023, the Group's cash and cash equivalents plus bank deposits increased to RMB2,540.2 million from RMB1,651.4 million as of 31 December 2022. The increase primarily resulted from US\$196 million cash received in the first quarter of 2023 related to the Trodelvy® Transaction.

As of 30 June 2023, the current assets of the Group were RMB2,651.8 million, including cash and cash equivalents and bank deposits of RMB2,540.2 million and other current assets of RMB111.6 million. As of 30 June 2023, the current liabilities of the Group were RMB167.3 million, including trade and other payables of RMB151.3 million, lease liabilities of RMB15.8 million and other current liabilities of RMB0.2 million.

### *Operating Activities*

Net cash used in our operating activities for the six months ended 30 June 2023 was RMB441.4 million. Our net loss was RMB423.6 million for the same period. The difference between our loss before income tax and our net cash used in operating activities was primarily attributable to (i) changes in the working capital; and (ii) the offset by shared-based compensation to employees in the amount of RMB45.3 million.

Net cash used in our operating activities for the six months ended 30 June 2022 was RMB515.4 million. Our net loss was RMB668.0 million for the same period. The difference between our loss before income tax and our net cash used in operating activities was primarily attributable to (i) changes in the working capital; and (ii) the offset by shared-based compensation to employees in the amount of RMB121.6 million.

### *Investing Activities*

Net cash generated from investing activities for the six months ended 30 June 2023 was RMB894.4 million, primarily attributable to (i) cash received from the Trodelvy® Transaction of RMB1,580.6 million; (ii) purchase of property, plant and equipment of RMB71.5 million; (iii) milestone payment of USD8 million (equivalent to RMB55.4 million) for the new drug application for eravacycline® which was approved by regulatory authorities in Mainland China; and (iv) netted-off by purchasing of bank deposits of RMB545.6 million.

# Management Discussion and Analysis

Net cash used in investing activities for the six months ended 30 June 2022 was RMB184.4 million, primarily attributable to (i) the purchase of property, plant and equipment of RMB140.8 million; (ii) the payment of RMB16.1 million to EDDC to obtain exclusive worldwide rights to develop, manufacture and commercialize EDDC's series of viral 3CL protease inhibitors; (iii) the payment of RMB19.5 million to Calliditas for expanding our license to South Korea in addition to rights held for Greater China and Singapore; and (iv) the payment of RMB6.5 million to Tetrphase Pharmaceuticals, Inc. with respect to technology transfer.

## Financing Activities

Net cash used in financing activities for the six months ended 30 June 2023 was RMB208.3 million, primarily attributable to (i) the redemption of all equity interests held by Jiashan Shanhe Equity Investment Company ("Jiashan Shanhe") for RMB442.9 million; (ii) netted-off by a bank loan of RMB230.0 million.

Net cash used in financing activities for the six months ended 30 June 2022 was RMB14.4 million, primarily attributable to lease payments made during the period.

## 18. Treasury Policy

Our cash can only be invested in relatively liquid and low-risk instruments such as bank deposits or money market instruments. The primary objective of our investments is to generate finance income at a yield higher than the interest rate of current bank deposits, with an emphasis on preserving principal and maintaining liquidity.

## 19. Key Financial Ratios

The following table sets forth the key financial ratios for the periods indicated:

	As at 30 June	
	2023	2022
Current ratio <sup>(1)</sup>	15.85	2.37

Note:

1. Current ratio is calculated using current assets divided by current liabilities as of the same date.

Gearing ratio is calculated using interest-bearing borrowings less bank balances and cash, divided by total equity and multiplied by 100%. As at 30 June 2023, the Group was in a net cash position and thus, gearing ratio is not applicable.



## 20. Significant Investments

The Group did not make or hold any significant investments (including any investment in an investee company with a value of 5% or more of the Company's total assets as of 30 June 2023) during the six months ended 30 June 2023.

## 21. Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures during the six months ended 30 June 2023.

## 22. Future Plans for Material Investments or Capital Asset

The construction of quality control building, production building, warehouse building and other facilities of the Jiashan manufacturing site is ongoing. We will continue the construction as well as equipment installation, which is expected to be funded by the Group's internal resources.

Save as disclosed in this interim report, the Group did not have detailed future plans for material investments or capital assets as at 30 June 2023.

## 23. Pledge of Assets

As at 30 June 2023, the Group did not have any pledged assets as the pledge of the land for our Jiashan manufacturing facility had been released from Jiashan Shanhe (31 December 2022: the land for our Jiashan manufacturing facility pledged to Jiashan Shanhe).

## 24. Contingent Liabilities

The Group had no material contingent liabilities as at 30 June 2023.

## 25. Foreign Exchange Exposure

The Company's functional currency is United States Dollars and the functional currency of the Company's subsidiaries in China is Renminbi. During the six months ended 30 June 2023, the Group mainly operated in China and the majority of the transactions were settled in RMB, the same as the functional currency of the operating entities. Our financial assets and liabilities are subject to foreign currency risk as a result of certain bank balances and trade and other payables denominated in non-functional currency. Therefore, the fluctuations in the exchange rate of functional currency against non-functional currency could affect our results of operations. As of 30 June 2023, except for the bank balances denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations. We have not entered into any hedging transactions to manage the potential fluctuation in foreign currency as of 30 June 2023.

# Management Discussion and Analysis

## 26. Employees and Remuneration

As at 30 June 2023, we employed a total of 395 (as at 30 June 2022: 476) employees, with 378 based in China, 9 based in the United States, 1 based in France, 3 based in Korea, 3 based in Singapore and 1 based in Indonesia, including a total of 39 employees with a Ph.D. degree or an M.D. degree.

The following table sets forth a breakdown of our employees by function as at 30 June 2023:

	Number	% of Total
<b>Function</b>		
Business Development	6	1.52%
Clinical Development	66	16.71%
Commercialization	138	34.94%
Chemistry, Manufacturing, and Controls	96	24.30%
Discovery	31	7.85%
Operations and Administrative	58	14.68%
<b>Total</b>	<b>395</b>	<b>100.0%</b>

The total remuneration cost incurred by the Group for the six months ended 30 June 2023 was RMB248.2 million, as compared to RMB386.9 million for the six months ended 30 June 2022.

The remuneration of the employees of the Group comprises salaries, bonuses, 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.

Employees are important resources for the Group's sustainable operation and steady development. The Company has formulated policies related to employees' remuneration, rights and interests and conducted various staff training, details of which are further set out in the "Environmental, Social and Governance Report" published on the same date as the 2022 Annual Report.

## 27. Continuing disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules

The Company does not have any continuing disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules in respect of the Reporting Period.

# Corporate Governance and Other Information

## COMPLIANCE WITH THE CG CODE

The Board is committed to achieve high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of Shareholders and to enhance corporate value and accountability.

The Company has adopted the principles and code provisions of the CG Code contained in Appendix 14 to the Listing Rules as the basis of the Company's corporate governance practices. During the Reporting Period, the Company had complied with all applicable code provisions set out in the CG Code.

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.

## COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own to regulate all dealings by Directors and relevant employees in securities of the Company and other matters covered by the Model Code.

Specific enquiry has been made to all the Directors and they have confirmed that they have complied with the Model Code during the Reporting Period and up to the Latest Practicable Date. No incident of non-compliance of the Model Code by the relevant employees has been noted by the Company during the Reporting Period and up to the Latest Practicable Date.

## AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in accordance with the Listing Rules. The Audit Committee comprises three independent non-executive Directors, namely, Mr. Yifan Li, Mr. Shidong Jiang and Ms. Hoi Yam Chui. Mr. Yifan Li is the chairman of the audit committee.

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2023 and has met with the independent auditor, PricewaterhouseCoopers. The Audit Committee has also reviewed the accounting policies and practices adopted by the Company and discussed auditing, risk management, internal control and financial reporting matters with senior management members of the Company.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2023.

## Corporate Governance and Other Information

### USE OF PROCEEDS FROM GLOBAL OFFERING

The Shares were listed on the Stock Exchange on 9 October 2020 with a total of 73,079,000 offer Shares (including Shares issued as a result of the full exercise of the over-allotment option) issued and the net proceeds raised during the Global Offering were approximately HK\$3,795 million. Save as disclosed in the 2022 Annual Report, there was no change in the intended use of net proceeds as previously disclosed in the Prospectus in the upcoming 16 months. This expected timeline was based on best estimation on future market conditions and business operations made by the Company, and remains subject to changes based on current and future development of market conditions and actual business needs.

Set out below is the status of use of proceeds from the global offering as at 30 June 2023.

Purpose	% of use of proceeds	Net proceeds (HK\$ million)	Utilized	Unutilized	Utilized	Unutilized
			for the year ended 31 December 2022 (HK\$ million)	for the year ended 31 December 2022 (HK\$ million)	for the six months ended 30 June 2023 (HK\$ million)	amount as at 30 June 2023 (HK\$ million)
Funding ongoing and planned clinical trials (including any potential clinical studies for new indications if appropriate), preparation for registration filings and other steps or activities related to commercialization (including provision of scientific and clinical support by medical affairs team, key opinion leader development, strategic planning and market access analysis) of eravacycline, one of our Core Drug Candidates	15%	569	118	270	103	167
Funding ongoing and planned clinical trials (including any potential clinical studies for new indications if appropriate), preparation for registration filings and other steps or activities related to commercialization (including provision of scientific and clinical support by medical affairs team, key opinion leader development, strategic planning and market access analysis) of etrasimod, one of our Core Drug Candidates	15%	569	97	341	46	295



## Corporate Governance and Other Information

Purpose	% of use of proceeds	Net proceeds (HK\$ million)	Utilized	Unutilized	Utilized	Unutilized
			for the year ended 31 December 2022 (HK\$ million)	for the year ended 31 December 2022 (HK\$ million)	for the six months ended 30 June 2023 (HK\$ million)	for the six months ended 30 June 2023 (HK\$ million)
Funding ongoing and planned clinical trials, preparation for registration filings and potential commercialization of sacituzumab govitecan-hziy	20%	759	344	–	–	–
Funding ongoing and planned clinical trials, preparation for registration filings and potential commercialization of Nefecon®	10%	380	137	103	46	57
Funding ongoing and planned clinical trials, preparation for registration filings and potential commercialization of other drug candidates in our pipeline	15%	569	77	250	41	209
Funding our business development activities and the expansion of our drug pipeline. To further expand our portfolio, we will continue to bring in high value and differentiated innovative assets with attractive risk-return profiles for our four current core therapeutic areas	15%	569	–	–	–	–
Working capital and general and administrative purposes	10%	380	147	–	–	–
<b>Total</b>	<b>100%</b>	<b>3,795</b>	<b>920</b>	<b>964</b>	<b>236</b>	<b>728</b>

The Company expects to gradually apply the remaining unutilized proceeds in accordance with the intended purposes and fully utilize the proceeds by the second half of 2024.

## Corporate Governance and Other Information

### DIVIDENDS

The Board did not recommend the distribution of an interim dividend for the six months ended 30 June 2023 (For the six months ended 30 June 2022: Nil).

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 30 June 2023, the interests and short positions of the Directors or chief executives of the Company in any of the Shares, underlying Shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Director	Capacity/Nature of interest	Number of Shares	Approximate percentage of holding <sup>(6)</sup>	Long position/ Short position
Mr. Wei Fu <sup>(1)</sup>	Founder of a discretionary trust who can influence how the trustee exercises his discretion	133,526,552	42.24%	Long position
Mr. Yongqing Luo <sup>(2)</sup>	Beneficial owner	8,319,823	2.63%	Long position
Mr. Ian Ying Woo <sup>(3)</sup>	Beneficial owner	2,099,778	0.66%	Long position
Mr. Shidong Jiang <sup>(4)</sup>	Beneficial owner	40,000	0.01%	Long position
Mr. Yifan Li <sup>(5)</sup>	Beneficial owner	40,000	0.01%	Long position

Notes:

- (1) The sole shareholder of C-Bridge Investment Everest Limited is C-Bridge Healthcare Fund II, L.P. while its General Partner is C-Bridge Healthcare Fund GP II, L.P.. The General Partner of C-Bridge Healthcare Fund GP II, L.P. is C-Bridge Capital GP, Ltd., while TF Capital, Ltd. and TF Capital II, Ltd. ("TF Capital II") jointly have controlling interest in it. Nova Aqua Limited has a controlling interest in TF Capital II. C-Bridge IV Investment Two Limited and C-Bridge IV Investment Nine Limited is wholly owned by C-Bridge Healthcare Fund IV, L.P. ("CBH IV"). The General Partner of CBH IV is C-Bridge Healthcare Fund GP IV, L.P. which is under the management by its General Partner C-Bridge Capital GP IV, Ltd. ("CBC IV"). The controlling shareholder of CBC IV is TF Capital IV Ltd., which is wholly owned by Nova Aqua Limited. Everest Management Holding Co., Ltd. is owned as to 78.32% by C-Bridge Joint Value Creation Limited. C-Bridge Joint Value Creation Limited is wholly-owned by Nova Aqua Limited. The sole shareholder of C-Bridge IV Investment Sixteen Limited is Nova Aqua Limited. The entire interest in Nova Aqua Limited is held by Vistra Trust (Singapore) Pte. Limited as trustee for a trust established by Mr. Wei Fu (as settlor) for the benefit of Mr. Wei Fu and his family.
- (2) Mr. Yongqing Luo's entitlement to receive up to (i) 4,700,000 shares pursuant to the exercise of options with exercise price at HK\$10.084 and (ii) 1,559,349 shares pursuant to the exercise of options with exercise price at HK\$15.632 under the Post-IPO Share Option Scheme, subject to the conditions of those options. Mr. Yongqing Luo is also entitled to receive 860,474 shares pursuant to the awards granted to him and up to 1,200,000 shares pursuant to the performance target awards granted to him under the Post-IPO Share Award Scheme.

## Corporate Governance and Other Information

- (3) Mr. Ian Ying Woo's entitlement to receive up to 110,000 Shares and 1,118,078 Shares pursuant to the exercise of options under the Pre-IPO Share Schemes and the Post-IPO Share Option Scheme respectively, subject to the conditions of those options. The exercise prices of these options are USD2.26 (up to 110,000 Shares), HK\$72.49 (up to 338,403 Shares) and HK\$15.632 (up to 779,675 Shares). Mr. Woo is entitled to receive 166,325 share awards pursuant to the Post-IPO Share Award Scheme, among which 83,162 Shares awards were vested in July 2022 and April 2023, while the 83,163 Shares will be vested, in accordance with the conditions of those share awards. Mr. Woo is also entitled to receive up to (i) 1,000,000 Shares and (ii) 280,683 Shares under Post-IPO Share Award Scheme and Pre-IPO ESOP respectively, subject to the conditions of those performance target awards. As at the Latest Practicable Date, 66,667 Shares out of the 1,000,000 Shares were vested and 500,000 Shares out of the 1,000,000 Shares were cancelled.
- (4) Mr. Shidong Jiang's entitlement to receive up to 40,000 Shares pursuant to the exercise of options under the Post-IPO Share Option Scheme, subject to the conditions of those options. The exercise price of these options are HKD72.49 (up to 20,000 Shares) and HKD23.17 (up to 20,000 Shares).
- (5) Mr. Yifan Li's entitlement to receive up to 40,000 Shares pursuant to the exercise of options under the Post-IPO Share Option Scheme, subject to the conditions of those options. The exercise price of these options are HKD72.49 (up to 20,000 Shares) and HKD23.17 (up to 20,000 Shares).
- (6) The calculation is based on the total number of 316,084,572 Shares in issue as at 30 June 2023.

Save as disclosed above, as at 30 June 2023, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations.

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

As at 30 June 2023, so far as the Directors are aware, the following persons (other than the Directors or chief executives of the Company) had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/Nature of interest	Number of Shares	Approximate percentage of holding <sup>(3)</sup>	Long position/ Short position
VISTRA TRUST (SINGAPORE) PTE. LIMITED <sup>(1)</sup>	Trustee and other	133,526,552	42.24%	Long position
Nova Aqua Limited <sup>(1)</sup>	Interest in a controlled corporation	133,526,552	42.24%	Long position
C-Bridge Capital GP, Ltd. <sup>(1)</sup>	Interest in a controlled corporation	52,777,778	16.70%	Long position
C-Bridge Healthcare Fund GP II, L.P. <sup>(1)</sup>	Interest in a controlled corporation	52,777,778	16.70%	Long position
C-Bridge Healthcare Fund II, L.P. <sup>(1)</sup>	Interest in a controlled corporation	52,777,778	16.70%	Long position
TF Capital II Ltd. <sup>(1)</sup>	Interest in a controlled corporation	52,777,778	16.70%	Long position
TF Capital, Ltd. <sup>(2)</sup>	Interest in a controlled corporation	52,777,778	16.70%	Long position
Dan Yang <sup>(2)</sup>	Interest in a controlled corporation	52,777,778	16.70%	Long position
Kang Hua Investment Company Limited <sup>(2)</sup>	Interest in a controlled corporation	52,777,778	16.70%	Long position

## Corporate Governance and Other Information

Name of Shareholder	Capacity/Nature of interest	Number of Shares	Approximate percentage of holding <sup>(3)</sup>	Long position/ Short position
C-Bridge Capital GP IV, Ltd. <sup>(1)</sup>	Interest in a controlled corporation	52,522,482	16.62%	Long position
C-Bridge Healthcare Fund GP IV, L.P. <sup>(1)</sup>	Interest in a controlled corporation	52,522,482	16.62%	Long position
C-Bridge Healthcare Fund IV, L.P. <sup>(1)</sup>	Interest in a controlled corporation	52,522,482	16.62%	Long position
TF Capital IV Ltd. <sup>(1)</sup>	Interest in a controlled corporation	52,522,482	16.62%	Long position
C-Bridge Investment Everest Limited <sup>(1)</sup>	Beneficial owner	50,000,000	15.82%	Long position
C-Bridge IV Investment Two Limited <sup>(1)</sup>	Beneficial owner	37,244,704	11.78%	Long position
C-Bridge Joint Value Creation Limited <sup>(1)</sup>	Interest in a controlled corporation	23,539,292	7.45%	Long position
Everest Management Holding Co., Ltd. <sup>(1)</sup>	Beneficial owner	23,539,292	7.45%	Long position
Janchor Partners Limited	Investment manager	17,421,444	5.51%	Long position

### Notes:

- (1) The sole shareholder of C-Bridge Investment Everest Limited is C-Bridge Healthcare Fund II, L.P. while its General Partner is C-Bridge Healthcare Fund GP II, L.P.. The General Partner of C-Bridge Healthcare Fund GP II, L.P. is C-Bridge Capital GP, Ltd., while TF Capital, Ltd. and TF Capital II jointly have controlling interest in it. Nova Aqua Limited has a controlling interest in TF Capital II. C-Bridge IV Investment Two Limited and C-Bridge IV Investment Nine Limited is wholly owned by CBH IV. The General Partner of CBH IV is C-Bridge Healthcare Fund GP IV, L.P., which is under the management by its General Partner CBC IV. The controlling shareholder of CBC IV is TF Capital IV Ltd. which is wholly owned by Nova Aqua Limited. Everest Management Holding Co., Ltd. is owned as to 78.32% by C-Bridge Joint Value Creation Limited. C-Bridge Joint Value Creation Limited is wholly-owned by Nova Aqua Limited. The sole shareholder of C-Bridge IV Investment Sixteen Limited is Nova Aqua Limited. The entire interest in Nova Aqua Limited is held by Vistra Trust (Singapore) Pte. Limited as trustee for a trust established by Mr. Wei Fu (as settlor) for the benefit of Mr. Wei Fu and his family.
- (2) TF Capital, Ltd. has controlling interest in C-Bridge Capital GP, Ltd.. Kang Hua Investment Company Limited has controlling interest in TF Capital, Ltd.. Ms. Dan Yang is the sole shareholder of Kang Hua Investment Company Limited.
- (3) The calculation is based on the total number of 316,084,572 Shares in issue as at 30 June 2023.

Save as disclosed above, as at 30 June 2023, no other person (other than the Directors or chief executives of the Company) had an interest or short position in the shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register required to be kept under section 336 of the SFO.



## SHARE SCHEMES

The Company has four existing share schemes, namely the Pre-IPO MSOP, Pre-IPO ESOP, Post-IPO Share Option Scheme and the Post-IPO Share Award Scheme. From 1 January 2023, the Company will rely on the transitional arrangements provided for the existing share schemes and has complied, and will continue to comply with the new Chapter 17 of the Listing Rules accordingly (with effective from 1 January 2023). Please refer to the 2022 Annual Report and the Prospectus for a summary of the key terms of each share scheme and to the below for details of the outstanding options and awards under each share scheme during the Reporting Period.

56,940,776 new Shares, representing approximately 18.1% of the weighted average number of Shares for the Reporting Period, may be issued in respect of options and awards granted during the Reporting Period to eligible participants pursuant to all of the share schemes.

### 1. Pre-IPO MSOP

As at 30 June 2023, the Company had outstanding options under the Pre-IPO MSOP to subscribe for an aggregate of 2,654,877 Shares granted to 2 grantees (including senior management, other connected persons and employees of the Company). Details of the outstanding options under the Pre-IPO MSOP are as follows:

Name	Date of grant	Vesting period	Exercise period (per Share)	Exercise price (US\$)	Outstanding as at 1 January 2023	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 30 June 2023	Weighted average closing price of Shares immediately before the date of exercise (HK\$)
<i>Senior Management/Director</i>										
Mr. Jason Brown	23 November 2017	4 years	4 years from the Listing Date	0.18	971,951	-	-	-	971,951	N/A
Mr. Xiaofan Zhang	6 March 2020	4 years	3 years from the Listing Date	0.18	2,243,902	2,243,902	-	-	0	15.44
<i>Other grantees by category</i>										
Employee Participant	23 November 2017	4 years	3 years from the Listing Date	0.18	1,682,926	-	-	-	1,682,926	N/A
<b>Total</b>					<b>4,898,779</b>	<b>2,243,902</b>	<b>-</b>	<b>-</b>	<b>2,654,877</b>	

Notes:

- (1) Mr. Xiaofan Zhang resigned as an executive Director with effect from 31 March 2023.
- (2) No further options has been or would be granted after the Listing. Accordingly, 0 Share was available for grant under the Pre-IPO MSOP as at 1 January 2023 and 30 June 2023, respectively.

## Corporate Governance and Other Information

### 2. Pre-IPO ESOP

As at 30 June 2023, the Company had outstanding options under the Pre-IPO ESOP to subscribe for an aggregate of 3,657,511 Shares granted to 105 grantees (including Directors, senior management, other connected persons and employees of the Company) and unvested awards representing an aggregate of 4,542,316 Shares granted to 228 grantees (including Directors, senior management, other connected persons and employees of the Company). Details of the outstanding options and unvested awards under the Pre-IPO ESOP are as follows:

#### Options

Name	Date of grant	Vesting period	Exercise period	Exercise price (US\$)	Outstanding as at 1 January 2023	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 30 June 2023	Weighted average closing price of Shares immediately before the date of exercise (HK\$)
<b>Directors</b>										
Mr. Ian Ying Woo	16 July 2020	4 years <sup>(1)</sup>	7 years from the date of grant	2.26	110,000	-	-	-	110,000	N/A
Mr. Xiaofan Zhang	16 July 2020	4 years <sup>(1)</sup>	7 years from the date of grant	0.18	110,000	110,000	-	-	0	15.44
<b>Other grantees by category</b>										
Employee Participants	Between 31 December 2018 and 31 July 2020	4 years	7 years from the date of grant	0.18-3.24	5,167,495	980,110	-	639,874	3,547,511	16.83
Service Providers	Between 18 February 2020 and 31 July 2020	Fully vested at IPO or offer day	7 years from the date of grant	0.18-1.21	93,112	93,112	-	-	-	21.68
<b>Total</b>					<b>5,480,607</b>	<b>1,183,222</b>	<b>-</b>	<b>639,874</b>	<b>3,657,511</b>	

# Corporate Governance and Other Information

## Awards

Name	Date of grant	Vesting period	Purchase price	Unvested as at 1 January 2023	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Unvested as at 30 June 2023	Fair value of the awards at the date of grant <sup>(1)</sup> (HK\$)	Performance targets	Closing price of the Shares immediately before the date of grant (HK\$)	Weighted average closing price of the Shares immediately before the date of vesting (HK\$)
<b>Directors</b>													
Mr. Ian Ying Woo	3 April 2023	Immediate vesting upon achievement of performance targets	nil	-	280,683	-	-	-	280,683	2,946,610	See Note 4	15.44	N/A
<b>Other grantees by category</b>													
Employee Participants	Between 18 February 2020 and 3 April 2023	Immediate vesting upon achievement of performance targets in respect of 1,313,180 Awards and 4 years in respect of the remaining Awards	nil	2,817,377	3,480,018	1,437,567	686,996	-	4,172,832	48,384,825	See Note 5	15.44	21.37
Service Providers	3 April 2023	1 year	nil	-	116,377	20,682	6,894	-	88,801	1,633,933	None	15.44	17.25
<b>Total</b>				<b>2,817,377</b>	<b>3,877,078</b>	<b>1,458,249</b>	<b>693,890</b>	<b>-</b>	<b>4,542,316</b>				

### Notes:

- All options granted were subject to immediate vesting upon Listing.
- Mr. Xiaofan Zhang resigned as an executive Director with effect from 31 March 2023.
- The fair values of the awards are calculated in accordance with the accounting standards and policies adopted for preparing the Company's financial statements. The fair value is determined by reference to the fair value of the equity instrument as at the grant date, considering market performance conditions, excluding the impact of any service and non-market performance vesting conditions and the impact of any non-vesting conditions.
- The vesting of 280,683 performance target awards granted to Mr. Ian Ying Woo is subject to the following performance targets: (a) 70% of the performance target awards shall vest equally upon the achievement of seven operational targets during the specified periods stipulated in the offer letter. Such operational targets relate to the research and development and registration progress of drug candidates of the Group, approval and commercial launch of a product, and the achievement of certain revenue targets for a specific product after commercial launch or the achievement of certain financial targets; and (b) 30% of the performance target awards shall vest equally upon the achievement of three stock price targets, more specifically by achieving a market capitalization in the range of HK\$12.5 billion to HK\$18.0 billion (equivalent to a stock price target of approximately HK\$40.0 to HK\$57.6 per Share). The performance period for each of the performance targets above is no more than 3 years and the performance targets are expected to be achieved over the 3-year period from the date of grant (i.e. 3 April 2023). For further details of the grant of performance target awards to Mr. Ian Ying Woo, please refer to the announcement of the Company dated 3 April 2023 and the circular of the Company dated 31 May 2023.
- 1,064,058 performance target awards were granted to 37 eligible participants and 249,122 performance target awards were granted to 4 connected grantees (being Ms. Min Yu, Mr. Zixin Qiao, Ms. Heasun Park and Ms. Zhengying Zhu) under the Pre-IPO ESOP on 3 April 2023, respectively. In respect of the performance target awards granted to 37 eligible participants, such performance target awards shall become immediately vested upon the achievement of certain operational targets as set out in the relevant offer letter. In respect of the performance target awards granted to Ms. Heasun Park and Ms. Zhengying Zhu, such awards shall become immediately vested upon the achievement of certain operational targets and/or business milestones during the specified period (which will not be more than 3 years) as stipulated in the grant letter. The Company has set different operational targets and business milestones (including but not limited to references to the development of certain products). In respect of the performance target awards granted to Ms. Min Yu and Mr. Zixin Qiao, (a) 70% of the performance target awards shall vest equally upon the achievement of seven operational targets during the specified periods stipulated in the offer letter. Such operational targets relate to the research and development and registration progress of drug candidates of the Group, approval and commercial launch of a product, and the achievement of certain revenue targets for a specific product after commercial launch or the achievement of certain financial targets; and (b) 30% of the performance target awards shall vest equally upon the achievement of three stock price targets, more specifically by achieving a market capitalization in the range of HK\$12.5 billion to HK\$18.0 billion (equivalent to a stock price target of approximately HK\$40.0 to HK\$57.6 per Share). The performance period for each of the performance targets above is no more than 3 years and the performance targets are expected to be achieved over the 3-year period from the date of grant (i.e. 3 April 2023). For further details of the performance target awards and other options and awards granted under the Pre-IPO ESOP during the Reporting Period, please refer to the announcement of the Company dated 3 April 2023 and the circular of the Company dated 31 May 2023.
- No further options has been or would be granted after the Listing.
- As at 1 January 2023, 5,742,797 Shares were available for grant under the Pre-IPO ESOP. During the Reporting Period, 3,877,078 awards were granted to eligible participants pursuant to the Pre-IPO ESOP. It follows that, as at 30 June 2023, 3,199,483 Shares were available for grant under the Pre-IPO ESOP.

# Corporate Governance and Other Information

## 3. Post-IPO Share Option Scheme

As at 30 June 2023, the Company had outstanding options under the Post-IPO Share Option Scheme to subscribe for an aggregate of 16,595,618 Shares granted to 306 grantees (including Directors, senior management, other connected persons and employees of the Company). Details of the outstanding options under the Post-IPO Share Option Scheme are as follows:

Name	Date of grant	Vesting period	Exercise period	Exercise price (HK\$)	Outstanding as at 1 January 2023	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 30 June 2023	Fair value of the options at the date of grant <sup>(6)</sup> (HK\$)	Performance targets	Closing price of the Shares immediately before the date of grant (HK\$)	Weighted average closing price of Shares immediately before the date of exercise (HK\$)
<b>Directors</b>														
Mr. Yongqing Luo	19 September 2022 and 3 April 2023	4 years	7 years from the date of grant	10.084 and 15.632	-	6,259,349 <sup>(1)</sup>	-	-	-	6,259,349	10,991,258	None	15.44	N/A
Mr. Ian Ying Woo	14 July 2021 and 3 April 2023	4 years	7 years from the date of grant	72.49 and 15.632	338,403	779,675	-	-	-	1,118,078	5,495,633	None	15.44	N/A
Mr. Xiaofan Zhang	14 July 2021	4 years	7 years from the date of grant	72.49	338,403	-	-	-	338,403	0	N/A	N/A	N/A	N/A
Mr. Shidong Jiang	Between 14 July 2021 and 1 April 2022	1 years	7 years from the date of grant	Between 23.17 and 72.49	40,000	-	-	-	-	40,000	N/A	N/A	N/A	N/A
Mr. Bo Tan	Between 14 July 2021 and 1 April 2022	1 years	7 years from the date of grant	Between 23.17 and 72.49	40,000	-	-	-	40,000	0	N/A	N/A	N/A	N/A
Mr. Yifan Li	Between 14 July 2021 and 1 April 2022	1 years	7 years from the date of grant	Between 23.17 and 72.49	40,000	-	-	-	-	40,000	N/A	N/A	N/A	N/A
<b>Other grantees by category</b>														
Employee Participants	Between 6 May 2021 and 3 April 2023	4 years	7 years from the date of grant	Between 15.632 and 72.49	5,600,416	6,581,900	568,775	-	2,475,350	9,138,191	46,067,111	None	15.44	23.48
<b>Total</b>					<b>6,397,222</b>	<b>13,620,924</b>	<b>568,775</b>	<b>-</b>	<b>2,853,753</b>	<b>16,595,618</b>				

### Notes:

- Mr. Xiaofan Zhang resigned as an executive Director with effect from 31 March 2023.
- Mr. Bo Tan resigned as an independent non-executive Director with effect from 19 January 2023.
- As disclosed in the 2022 Annual Report, 4,700,000 options were conditionally granted on 19 September 2022 and were subject to independent shareholders' approval. As disclosed in the announcement of the Company dated 29 June 2023, such grant was approved by the independent Shareholders on the same date. Please refer to the announcements of the Company dated 19 September 2022 and 29 June 2023, the circular of the Company dated 31 May 2023 and the 2022 Annual Report for further details.
- The fair values of the options are calculated in accordance with the accounting standards and policies adopted for preparing the Company's financial statements. The fair value is determined by reference to the fair value of the equity instrument as at the grant date, considering market performance conditions, excluding the impact of any service and non-market performance vesting conditions and the impact of any non-vesting conditions.
- For details of the options granted under the Post-IPO Share Option Scheme during the Reporting Period, please refer to the announcements of the Company dated 3 April 2023 and 29 June 2023 and the circular of the Company dated 31 May 2023.
- As at 1 January 2023, 21,971,816 Shares were available for grant under the Post-IPO Share Option Scheme. During the Reporting Period, 8,920,924 options were granted to eligible participants pursuant to the Post-IPO Share Option Scheme and 4,700,000 options granted in 19 September 2022 were approved at the Company's annual general meeting on 29 June 2023. It follows that, as at 30 June 2023, 11,204,645 Shares were available for grant under the Post-IPO Share Option Scheme.



## 4. Post-IPO Share Award Scheme

As at 30 June 2023, the Company had unvested awards representing an aggregate of 5,676,684 Shares granted to 324 grantees (including Directors, senior management, other connected persons of the Company and other employees of the Company). Details of the unvested awards under the Post-IPO Share Award Scheme are as follows:

Name	Date of grant	Vesting period	Purchase price	Unvested as at 1 January 2023	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Unvested as at 30 June 2023	Fair value of awards at the date of grant <sup>(4)</sup> (HK\$)	Performance targets	Closing price of the Shares immediately before the grant (HK\$)	Weighted average closing price of the Shares immediately before the date of vesting (HK\$)
<b>Directors</b>													
Mr. Yongqiang Luo	19 September 2022	1-3 years	nil	-	2,060,474 <sup>(3)</sup>	-	-	-	2,060,474 <sup>(3)</sup>	N/A	N/A	N/A	N/A
Mr. Ian Ying Woo	14 July 2021-1 April 2022	3-4 years	nil	1,124,744	-	108,248	500,000	-	516,496	N/A	N/A	N/A	18.25
Dr. Kerry Levan Blanchard	14 July 2021-1 April 2022	3-4 years	nil	480,227	-	480,227	-	-	-	N/A	N/A	N/A	17.74
Mr. Xiaofan Zhang	14 July 2021-1 April 2022	3-4 years	nil	1,124,744	-	41,581	1,083,163	-	-	N/A	N/A	N/A	15.44
<b>Other grantees by category</b>													
Employee Participants	Between 6 May 2021 and 3 April 2023	4 years	nil	3,150,051	2,102,896	1,361,402	791,831	-	3,039,714	29,524,660	None	15.44	21.51
<b>Total</b>				<b>5,879,766</b>	<b>4,163,370</b>	<b>1,991,458</b>	<b>2,374,994</b>	<b>-</b>	<b>5,676,684</b>				

Notes:

- Dr. Kerry Levan Blanchard resigned as an executive Director with effect from 26 August 2022.
- Mr. Xiaofan Zhang resigned as an executive Director with effect from 31 March 2023.
- As disclosed in the 2022 Annual Report, 860,474 awards and 1,200,000 performance target awards were conditionally granted on 19 September 2022 and were subject to independent shareholders' approval. On 3 April 2023, the Board has resolved to amend the vesting schedule of the 1,200,000 performance target awards and the new vesting period and performance targets are as follows: (a) 70% of the performance target awards shall vest equally upon the achievement of seven operational targets during the specified periods stipulated in the offer letter. Such operational targets relate to the research and development and registration progress of drug candidates of the Group, approval and commercial launch of a product, and the achievement of certain revenue targets for a specific product after commercial launch; and (b) 30% of the performance target awards shall vest equally upon the achievement of three stock price targets, more specifically by achieving a market capitalization in the range of HK\$12.5 billion to HK\$18.0 billion (equivalent to a stock price target of approximately HK\$40.0 to HK\$57.6 per Share). As disclosed in the announcement of the Company dated 29 June 2023, such grants were approved by the independent Shareholders on the same date. Please refer to the announcements of the Company dated 19 September 2022 and 3 April 2023, the circular of the Company dated 31 May 2023 and the 2022 Annual Report for further details.
- The fair values of the awards are calculated in accordance with the accounting standards and policies adopted for preparing the Company's financial statements. The fair value is determined by reference to the fair value of the equity instrument as at the grant date, considering market performance conditions, excluding the impact of any service and non-market performance vesting conditions and the impact of any non-vesting conditions.
- As at 1 January 2023, 11,198,018 Shares were available for grant under the Post-IPO Share Award Scheme. During the Reporting Period, 2,102,896 awards were granted to eligible participants pursuant to the Post-IPO Share Award Scheme and 2,060,474 awards granted in 19 September 2022 were approved at the Company's annual general meeting on 29 June 2023. It follows that, as at 30 June 2023, 9,409,642 Shares were available for grant under the Post-IPO Share Award Scheme.

## Corporate Governance and Other Information

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the six months ended 30 June 2023, none of our Directors controlled a business similar to principal business of the Group that competes or is likely to compete, either directly or indirectly, with the Group's business, which would require disclosure under Rule 8.10 of the Listing Rules.

### CHANGES IN DIRECTORS' INFORMATION

Changes in Directors' information since the date of the 2022 Annual Report are set out below pursuant to Rule 13.51B(1) of the Listing Rules:

Name of Director	Details of Change
Ms. Hoi Yam Chui	Ms. Chui was redesignated from an executive director to a non-executive director of China Biotech Services Holdings Limited, a company listed on the GEM of the Stock Exchange (stock code: 8037), with effect from 30 June 2023.

Save for the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### IMPORTANT EVENTS AFTER THE REPORTING PERIOD

No important events affecting the Company occurred since the end of the Reporting Period and up to the Latest Practicable Date.

# Report on Review of Interim Financial Information

## **To the Board of Directors of Everest Medicines Limited**

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

## **INTRODUCTION**

We have reviewed the interim financial information set out on pages 36 to 96, which comprises the interim condensed consolidated statement of financial position of Everest Medicines Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2023 and the interim condensed consolidated statement of comprehensive loss, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected 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”. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information 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”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with 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 interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

## **PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 23 August 2023

# Interim Condensed Consolidated Statement of Comprehensive Loss

For the six months ended 30 June 2023

(Expressed in thousands of RMB unless otherwise stated)

	Note	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue	6	8,895	1,044
Cost of revenue	7	(3,318)	(364)
<b>Gross profit</b>		<b>5,577</b>	680
General and administrative expenses	7	(83,133)	(118,909)
Research and development expenses	7	(288,488)	(345,512)
Distribution and selling expenses	7	(64,128)	(148,160)
Other income	8	2,214	1,036
Other losses — net	9	(50,968)	(28,785)
<b>Operating loss</b>		<b>(478,926)</b>	(639,650)
Finance income/(costs) — net	11	54,760	(5,613)
Fair value change in financial assets at fair value through profit or loss (“FVPL”)	18	—	(20,964)
Fair value change in financial instruments issued to investors	25	554	(1,815)
<b>Loss before income tax</b>		<b>(423,612)</b>	(668,042)
Income tax expense	12	—	—
<b>Loss for the period attributable to the equity holders of the Company</b>		<b>(423,612)</b>	(668,042)
<b>Other comprehensive income/(loss):</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Change in foreign currency translation adjustments		144,889	230,766
Change in fair value of financial assets at fair value through other comprehensive loss (“FVOCI”)	18	(21,793)	(618,401)
<b>Other comprehensive income/(loss)</b>		<b>123,096</b>	(387,635)
<b>Total comprehensive loss for the period attributable to the equity holders of the Company</b>		<b>(300,516)</b>	(1,055,677)
<b>Basic loss per share for loss attributable to the equity holders of the Company</b>	14	<b>(1.40)</b>	(2.26)
<b>Diluted loss per share for loss attributable to the equity holders of the Company</b>	14	<b>(1.40)</b>	(2.26)

The accompanying notes are an integral part of this interim condensed consolidated financial information.

# Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2023

(Expressed in thousands of RMB unless otherwise stated)

	Note	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	571,724	537,317
Right-of-use assets	16	84,715	106,539
Intangible assets	17	2,485,049	2,378,477
Investments	18	69,864	89,242
Other non-current assets	19	30,425	89,021
		<b>3,241,777</b>	3,200,596
<b>Current assets</b>			
Inventories	20	10,988	11,637
Prepayments and other current assets	23	99,850	1,745,915
Trade receivables	21	824	5,214
Bank deposits	24	1,741,418	1,160,588
Cash and cash equivalents	24	798,749	490,788
		<b>2,651,829</b>	3,414,142
<b>Total assets</b>		<b>5,893,606</b>	6,614,738
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial instruments issued to investors	25	31,504	30,923
Lease liabilities	26	42,423	59,307
Other non-current liabilities	27	236,130	–
		<b>310,057</b>	90,230
<b>Current liabilities</b>			
Lease liabilities	26	15,802	20,327
Trade and other payables	28	151,254	425,617
Other current liabilities	27	257	424,081
		<b>167,313</b>	870,025
<b>Total liabilities</b>		<b>477,370</b>	960,255



# Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2023

(Expressed in thousands of RMB unless otherwise stated)

	Note	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
<b>Equity</b>			
<b>Equity attributable to the equity holders of the Company</b>			
Share capital	29	214	211
Reserves	31	13,879,550	13,817,284
Accumulated deficit		(8,595,630)	(8,172,018)
Accumulated other comprehensive income	32	132,102	9,006
<b>Total equity</b>		<b>5,416,236</b>	5,654,483
<b>Total equity and liabilities</b>		<b>5,893,606</b>	6,614,738

The accompanying notes are an integral part of this interim condensed consolidated financial information.

The condensed consolidated interim financial information on page 36 to 96 were approved by the board of directors on 23 August 2023 and were signed on its behalf.

**Yongqing Luo**

*Executive Director, Chief Executive Officer*

**Ian Ying Woo**

*Executive Director, President & Chief Financial Officer*

# Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023  
(Expressed in thousands of RMB unless otherwise stated)

	Share capital RMB'000 (Note 29)	Capital reserve RMB'000 (Note 31)	Treasury shares RMB'000 (Note 31)	FVOCI reserve RMB'000 (Note 32)	Exchange reserve RMB'000 (Note 32)	Accumulated deficit RMB'000	Total equity RMB'000
<b>Balance at 1 January 2023</b>	211	13,817,287	(3)	(187,042)	196,048	(8,172,018)	5,654,483
<b>Comprehensive loss</b>							
Loss for the period	-	-	-	-	-	(423,612)	(423,612)
Foreign currency translation	-	-	-	-	144,889	-	144,889
	-	-	-	-	144,889	(423,612)	(278,723)
<b>Transactions with owners in their capacity as owners</b>							
Restricted share units vested	-	(2)	2	-	-	-	-
Exercise of stock options	3	16,962	-	-	-	-	16,965
Change in fair value of financial assets at FVOCI	-	-	-	(21,793)	-	-	(21,793)
Share-based compensation	-	45,304	-	-	-	-	45,304
	3	62,264	2	(21,793)	-	-	40,476
<b>Balance at 30 June 2023 (Unaudited)</b>	214	13,879,551	(1)	(208,835)	340,937	(8,595,630)	5,416,236

# Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

(Expressed in thousands of RMB unless otherwise stated)

	Share capital RMB'000 (Note 29)	Capital reserve RMB'000 (Note 31)	Treasury shares RMB'000 (Note 31)	FVOCI reserve RMB'000 (Note 32)	Exchange reserve RMB'000 (Note 32)	Accumulated deficit RMB'000	Total equity RMB'000
<b>Balance at 1 January 2022</b>	202	13,623,367	(58,707)	581,064	(329,195)	(7,924,735)	5,891,996
<b>Comprehensive loss</b>							
Loss for the period	-	-	-	-	-	(668,042)	(668,042)
Foreign currency translation	-	-	-	-	230,766	-	230,766
	-	-	-	-	230,766	(668,042)	(437,276)
<b>Transactions with owners in their capacity as owners</b>							
Issuance of ordinary shares to							
Share Scheme Trust	2	-	(2)	-	-	-	-
Restricted share units vested	-	(1)	1	-	-	-	-
Exercise of stock options	-	1,409	-	-	-	-	1,409
Cancellation of shares	(1)	(58,706)	58,707	-	-	-	-
Change in fair value of financial assets at FVOCI	-	-	-	(618,401)	-	-	(618,401)
Share-based compensation	-	121,599	-	-	-	-	121,599
	1	64,301	58,706	(618,401)	-	-	(495,393)
<b>Balance at 30 June 2022 (Unaudited)</b>	203	13,687,668	(1)	(37,337)	(98,429)	(8,592,777)	4,959,327

The accompanying notes are an integral part of this interim condensed consolidated financial information.

# Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023  
(Expressed in thousands of RMB unless otherwise stated)

	Note	Six months ended 30 June	
		2023	2022
		RMB'000 (Unaudited)	RMB'000 (Unaudited)
<b>Cash flows from operating activities</b>			
Loss before income tax		(423,612)	(668,042)
Adjustments for:			
Depreciation of property, plant and equipment	15	20,521	5,511
Depreciation of right-of-use assets	16	9,107	14,066
Amortization of intangible assets	17	2,386	1,265
Fair value change in financial instruments issued to investors	25	(554)	1,815
Fair value change in financial assets at FVPL	18	–	20,964
Share-based compensation	30	45,304	121,599
Finance income — net	11	(50,952)	(13,947)
Unrealized foreign exchange (gains)/losses	9	(10,896)	44,102
Interest expenses on lease liabilities	11	1,757	3,013
Impairment loss of an intangible asset	9	51,968	–
Other loss on disposal of property, plant and equipment	9	1,004	–
Changes in working capital:			
– Trade receivables		4,390	(606)
– Prepayments and other current assets		105,324	(2,896)
– Trade and other payables		(211,360)	(52,219)
– Amounts due to related parties		–	(582)
– Inventories		649	(1,433)
– Other non-current assets		1,395	(1,979)
– Other non-current liabilities		6,130	–
Interest received		6,041	13,934
<b>Net cash used in operating activities</b>		<b>(441,398)</b>	<b>(515,435)</b>

## Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

(Expressed in thousands of RMB unless otherwise stated)

	Note	Six months ended 30 June	
		2023	2022
		RMB'000 (Unaudited)	RMB'000 (Unaudited)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(71,536)	(140,812)
Purchase of intangible asset		(69,072)	(37,144)
Prepayment for purchase of intangible assets	19	–	(6,484)
Disposal of an intangible asset	17	1,580,582	–
Purchase of bank deposits	24	(1,741,418)	–
Disposal of bank deposits		1,195,861	–
<b>Net cash generated from/(used in) investing activities</b>		<b>894,417</b>	<b>(184,440)</b>
<b>Cash flows from financing activities</b>			
Principal elements of lease liabilities		(10,586)	(15,842)
Proceeds from exercise of stock options	31	16,965	1,409
Proceeds from bank loans	27	230,000	–
Repayment of borrowings from Jiashan Shanhe		(442,930)	–
Interests paid for bank loans		(1,723)	–
<b>Net cash used in financing activities</b>		<b>(208,274)</b>	<b>(14,433)</b>
Effect of exchange rate changes on cash and cash equivalents		63,216	31,081
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>307,961</b>	<b>(683,227)</b>
Cash and cash equivalents at the beginning of the period		490,788	2,640,053
<b>Cash and cash equivalents at the end of the period</b>	24	<b>798,749</b>	<b>1,956,826</b>

The accompanying notes are an integral part of this interim condensed consolidated financial information.



# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(Expressed in thousands of RMB unless otherwise stated)

## 1 GENERAL INFORMATION

Everest Medicines Limited (the “Company” or “Everest”) was incorporated under the law of Cayman Islands as an exempted company with limited liability on 14 July 2017. The Company and its subsidiaries (collectively referred to as the “Group”) engages primarily in license-in, development and commercialization of innovative therapies in Greater China and other emerging Asia Pacific markets.

The address of the Company’s registered office is PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands.

The Company listed its shares on the Main Board of the Stock Exchange of Hong Kong Limited on 9 October 2020 (the “Listing”).

As at 30 June 2023, the Company has direct or indirect interests in the following subsidiaries:

Subsidiaries	Place of incorporation	Date of incorporation/ acquisition	Issued/registered capital	Interests held by the Group		Principal activities
				At 30 June 2023	At 31 December 2022	
<b>Directly held by the Company</b>						
Everest Medicines (US) Limited	The United States of America	15 September 2017	USD500	100%	100%	Business development and administrative office
Everest Medicines (Singapore) Pte. Ltd.	Singapore	22 November 2018	SGD400,000,000	100%	100%	International activities
EverNov Medicines Limited (“EverNov”)	Cayman Islands	14 June 2018	USD50,000	92.86%	92.86%	Holding company
Everest Medicines II Limited (“Everest II”) <sup>(a)</sup>	Cayman Islands	25 November 2019	USD50,000	100%	100%	Holding company

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(Expressed in thousands of RMB unless otherwise stated)

## 1 GENERAL INFORMATION (CONTINUED)

Subsidiaries	Place of incorporation	Date of incorporation/ acquisition	Issued/registered capital	Interests held by the Group		Principal activities
				At 30 June 2023	At 31 December 2022	
<b>Indirectly held by the Company</b>						
Everstar Therapeutics Limited	Hong Kong	3 January 2018	HKD1	100%	100%	Holding company
EverNov Medicines (HK) Limited	Hong Kong	13 December 2018	USD10,000,000	92.86%	92%	Holding company
Everest Medicines II (HK) Limited ("Everest II HK")	Hong Kong	25 November 2019	USD50,000,000	100%	100%	Holding company
Everest Medicines (Suzhou) Inc. <sup>(b)</sup>	People's Republic of China ("PRC")	11 October 2017	USD5,000,000	100%	70.59%	Research and development of innovative therapies
EverID Medicines (Beijing) Limited <sup>(b)</sup>	PRC	30 March 2018	USD5,000,000	100%	70.59%	Research and development of innovative therapies
Everstar Medicines (Shanghai) Limited <sup>(b)</sup>	PRC	16 April 2018	USD5,000,000	100%	70.59%	Research and development of innovative therapies
Everest Medicines (China) Co., Ltd ("Everest China"). <sup>(d)</sup>	PRC	3 April 2020	USD220,000,000	100%	70.59%	Research and development of innovative therapies, and commercialization
EverNov Medicines (Zhuhai Hengqin) Limited <sup>(c)</sup>	PRC	13 February 2019	USD15,000,000	92.86%	92.86%	Research and development of innovative therapies
Everest Medicines Korea, LLC	Korea	12 July 2021	KRW200,000,000	100%	100%	International activities

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(Expressed in thousands of RMB unless otherwise stated)

## 1 GENERAL INFORMATION (CONTINUED)

Subsidiaries	Place of incorporation	Date of incorporation/ acquisition	Issued/registered capital	Interests held by the Group		Principal activities
				At 30 June 2023	At 31 December 2022	
<b>Indirectly held by the Company (continued)</b>						
EverRNA Medicines (Jiashan) Biopharmaceutical Co., Ltd. <sup>(b)</sup>	PRC	30 May 2022	RMB400,000,000	100%	70.59%	Research and development of innovative therapies
EverRNA Medicines Limited	Cayman Islands	9 March 2022	USD50,000	100%	100%	Holding company
EverRNA Medicines (Singapore) Pte. Limited	Singapore	24 March 2022	SGD10,000	100%	100%	International activities
Everest Medicines (Shanghai) Biopharmaceutical Co., Ltd. <sup>(c)</sup>	PRC	3 March 2023	USD66,000,000	100%	–	Research and development of innovative therapies

Notes:

- (a) On 25 November 2019, pursuant to an Agreement and Plan of Merger, the Company acquired Everest II by issuing certain preferred shares which were subsequently automatically converted to ordinary shares upon the Company's consummation of the Listing. Everest II did not qualify as a business under IFRS 3, and the purpose of the acquisition of Everest II is to obtain certain licenses held by Everest II. The acquisition of Everest II is considered an acquisition of assets in accordance with IFRS 3 Definition of a business. Refer to Note 17(e) for assets acquired.
- (b) These entities are PRC limited liability companies.
- (c) These entities are limited liability companies (registered as wholly foreign owned enterprise under PRC law).
- (d) This entity is a limited liability company (Hong Kong, Macau and Taiwan invested, not sole proprietorship).

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(Expressed in thousands of RMB unless otherwise stated)

## 2 BASIS OF PREPARATION

The interim condensed consolidated financial information (“Interim Financial Information”) has been prepared in accordance with International Accounting Standard (“IAS”) 34 ‘Interim Financial Reporting’ issued by the International Accounting Standards Board (“IASB”).

The Interim Financial Information does not include all the notes of the type normally included in annual financial statements. The Interim Financial Information should be read in conjunction with the annual audited financial statements of the Group for the year ended 31 December 2022 which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) by the Group as set out in the 2022 annual report of the Company dated 30 March 2023 (the “2022 Financial Statements”).

## 3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those used in the 2022 Financial Statements, as described in annual financial statements, except for the estimation of income tax (see Note 12) and the adoption of new and amended standards as set out below.

### 3.1 New and amended standards adopted by the Group

The following new or amended standards became applicable for the current reporting period, which did not have any impact on the Group’s accounting policies and did not require retrospective adjustments.

Standards	Key requirements	Effective for accounting periods beginning on or after
IFRS 17	Insurance Contracts	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 12	International Tax Reform — Pillar Two Model Rules	1 January 2023

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(Expressed in thousands of RMB unless otherwise stated)

## 3 ACCOUNTING POLICIES (CONTINUED)

### 3.2 New standards and amendments to standards that have been issued but not effective

A number of new standards and amendments to existing standards and interpretations that are relevant to the Group have been issued but are not yet effective and have not been early adopted by the Group. These new standards and amendments are set out below:

Standards	Key requirements	Effective for accounting periods beginning on or after
Amendments to IAS 1	Classification of liabilities as current or non-current	1 January 2024
Amendments to IAS 1	Non-current liabilities with covenants	1 January 2024
Amendments to IFRS 16	Lease liability in sale and leaseback	1 January 2024
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has already commenced an assessment of the impact of these new or revised standards and amendments, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the directors, no significant impact on the financial performance and positions of the Group is expected when they become effective.

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Interim Financial Information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this Interim Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied in the 2022 Financial Statements.



# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(Expressed in thousands of RMB unless otherwise stated)

## 5 FINANCIAL RISK MANAGEMENT

### 5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and fair value interest rate risk), credit risk and liquidity risk.

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's 2022 Financial Statements.

There have been no changes in the risk management policies during the six months ended 30 June 2023.

#### (a) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and cash equivalents and the ability to raise funds through debt and equity financing. The Group historically financed its working capital requirements through issue of preferred shares and convertible notes and the Listing. After the Listing, the Group has alternative financing through new shares issuance.

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flows.

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(Expressed in thousands of RMB unless otherwise stated)

## 5 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 5.1 Financial risk factors (continued)

#### (a) Liquidity risk (continued)

The Group recognizes the financial instruments issued to investors at fair value through profit or loss. Accordingly, the financial instruments issued to investors are managed on a fair value basis rather than by maturing dates.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
<b>At 30 June 2023 (Unaudited)</b>					
Trade and other payables	151,254	–	–	–	151,254
Other current liabilities	257	–	–	–	257
Lease liabilities	16,216	18,258	29,348	–	63,822
Other non-current liabilities	–	230,000	–	–	230,000
	<b>167,727</b>	<b>248,258</b>	<b>29,348</b>	<b>–</b>	<b>445,333</b>
<b>At 31 December 2022 (Audited)</b>					
Trade and other payables	425,617	–	–	–	425,617
Other current liabilities	424,081	–	–	–	424,081
Lease liabilities	20,878	23,606	42,783	561	87,828
	<b>870,576</b>	<b>23,606</b>	<b>42,783</b>	<b>561</b>	<b>937,526</b>

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(Expressed in thousands of RMB unless otherwise stated)

## 5 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 5.2 Fair value estimation

There are judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards:

Level 1: The fair values of financial instruments traded in active markets (such as trading and available-for-sale securities) are based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets is the current bid price.

Level 2: The fair values of financial instruments that are not traded in an active market are determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The carrying amounts of the financial assets and liabilities, which are measured at amortised cost, approximated their fair value as at 30 June 2023 and 31 December 2022.

The following table presents the Group's assets and liabilities that were measured at fair value at 30 June 2023:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>(Unaudited)</b>				
<b>Assets:</b>				
Investments (Note 18)	57,099	–	12,765	69,864
<b>Liabilities:</b>				
Preferred Shares (Note 25)	–	–	31,504	31,504

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(Expressed in thousands of RMB unless otherwise stated)

## 5 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 5.2 Fair value estimation (continued)

The following table presents the Group's assets and liabilities that were measured at fair value at 31 December 2022:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>(Audited)</b>				
<b>Assets:</b>				
Investments (Note 18)	76,939	–	12,303	89,242
<b>Liabilities:</b>				
Preferred Shares (Note 25)	–	–	30,923	30,923

#### (a) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include discounted cash flow analysis and the use of transaction price of similar instruments.

There were no changes in valuation techniques used during the six months ended 30 June 2023 and 2022.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the six months ended 30 June 2023 and 2022.

The changes in level 3 instruments for the six months ended 30 June 2023 and 2022 are presented in Note 18 and Notes 25.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(Expressed in thousands of RMB unless otherwise stated)

## 6 REVENUE

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from sales of goods		
– at a point of time	8,895	1,044

## 7 EXPENSES BY NATURE

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Employee benefit expenses (Note 10)	248,243	386,880
Clinical trial and research expenses	130,983	141,971
Professional expenses	39,372	46,511
Depreciation and amortization	32,014	20,842
Office and travelling expenses	20,971	12,942
Cost of revenue	3,318	364
Others	5,158	3,435
Total cost of revenue, general and administrative expenses, research and development expenses, distribution and selling expenses and cost of other income	480,059	612,945



# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(Expressed in thousands of RMB unless otherwise stated)

## 8 OTHER INCOME – NET

	Six months ended 30 June	
	2023	2022
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Income from provision of services (a)	40,992	–
Cost of other income (a)	(40,992)	–
Government grants	2,214	1,036
	<b>2,214</b>	<b>1,036</b>

(a) The Group provided services in the field of clinical development and commercialization related to Immunomedics after the completion of disposal of IMMU 132 (Sacituzumab Govitecan) to Immunomedics. The transaction prices are determined based on the actual costs incurred. Such income is recognized over time when services are performed and is presented net of related costs in other income. Refer to Note 17(e), IMMU 132 (Sacituzumab Govitecan) for details.

## 9 OTHER LOSSES – NET

	Six months ended 30 June	
	2023	2022
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Impairment of an intangible asset (Note 17)	51,968	–
Payment of penalty for termination of a lease contract	3,490	–
Loss on disposal of property, plant and equipment	1,004	–
Net foreign exchange (gains)/losses on operating activities	(5,331)	28,788
Others	(163)	(3)
	<b>50,968</b>	<b>28,785</b>

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(Expressed in thousands of RMB unless otherwise stated)

## 10 EMPLOYEE BENEFIT EXPENSES

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries, wages and bonuses	171,298	242,068
Social security costs and housing benefits	31,641	23,213
Share-based compensation (Note 30)	45,304	121,599
	248,243	386,880

## 11 FINANCE INCOME/(COSTS) – NET

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Bank interest income	64,289	13,934
Interest income from loan to a director (Note 19(a))	14	13
Interest expenses on lease liabilities	(1,757)	(3,013)
Interest expenses on bank loans	(1,980)	–
Interest expenses on borrowings from Jiashan Shanhe (Note 15 and 27)	(11,371)	–
Net exchange gains/(losses) on foreign currency borrowings	5,565	(16,547)
	54,760	(5,613)

## 12 INCOME TAX EXPENSE

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 31 December 2023 is 0% (For 31 December 2022: 0%).

## 13 DIVIDEND

No dividend has been paid or declared by the Company or companies comprising the Group during the periods presented.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(Expressed in thousands of RMB unless otherwise stated)

## 14 LOSS PER SHARE

### Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the six months ended 30 June 2023 and 2022. In determining the weighted average number of ordinary shares in issue the unvested restricted shares are excluded:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss for the period	(423,612)	(668,042)
Weighted average number of ordinary shares in issue	302,009,748	295,729,549
Basic loss per share (in RMB)	(1.40)	(2.26)
Diluted loss per share (in RMB)	(1.40)	(2.26)

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the six months ended 30 June 2023 and 2022, the Company's potential ordinary shares include share-based awards granted to employees (Note 30). For the six months ended 30 June 2023 and 2022, the potential ordinary shares were not included in the calculation of loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the six months ended 30 June 2023 and 2022 are the same as basic loss per share.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(Expressed in thousands of RMB unless otherwise stated)

## 15 PROPERTY, PLANT AND EQUIPMENT

	Office equipment RMB'000 (Unaudited)	Furniture and fixtures RMB'000 (Unaudited)	Leasehold improvement RMB'000 (Unaudited)	Machinery RMB'000 (Unaudited)	Buildings and building improvements RMB'000 (Unaudited)	Construction in progress RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>At 1 January 2023</b>							
Cost	54,672	7,905	44,767	22,079	378,281	45,753	553,457
Accumulated depreciation	(3,368)	(1,829)	(9,500)	(230)	(1,213)	-	(16,140)
<b>Net book amount</b>	<b>51,304</b>	<b>6,076</b>	<b>35,267</b>	<b>21,849</b>	<b>377,068</b>	<b>45,753</b>	<b>537,317</b>
<b>Six months ended 30 June 2023</b>							
Opening net book amount	51,304	6,076	35,267	21,849	377,068	45,753	537,317
Additions	6,559	1,788	850	7,693	-	39,039	55,929
Disposals (Note 9)	-	-	(1,004)	-	-	-	(1,004)
CIP transfer out (Note (a))	-	-	2,910	34,201	3,553	(40,664)	-
Depreciation charge (Note 7)	(4,771)	(1,210)	(4,050)	(3,377)	(7,113)	-	(20,521)
Currency translation differences	-	-	3	-	-	-	3
<b>Closing net book amount</b>	<b>53,092</b>	<b>6,654</b>	<b>33,976</b>	<b>60,366</b>	<b>373,508</b>	<b>44,128</b>	<b>571,724</b>
<b>At 30 June 2023</b>							
Cost	61,231	9,693	46,079	63,973	381,834	44,128	606,938
Accumulated depreciation	(8,139)	(3,039)	(12,103)	(3,607)	(8,326)	-	(35,214)
<b>Net book amount</b>	<b>53,092</b>	<b>6,654</b>	<b>33,976</b>	<b>60,366</b>	<b>373,508</b>	<b>44,128</b>	<b>571,724</b>

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(Expressed in thousands of RMB unless otherwise stated)

## 15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Office equipment RMB'000 (Unaudited)	Furniture and fixtures RMB'000 (Unaudited)	Leasehold improvement RMB'000 (Unaudited)	Machinery RMB'000 (Unaudited)	Buildings and building improvements RMB'000 (Unaudited)	Construction in progress RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>At 1 January 2022</b>							
Cost	3,418	2,304	15,913	–	–	102,908	124,543
Accumulated depreciation	(1,181)	(1,191)	(9,836)	–	–	–	(12,208)
<b>Net book amount</b>	<b>2,237</b>	<b>1,113</b>	<b>6,077</b>	<b>–</b>	<b>–</b>	<b>102,908</b>	<b>112,335</b>
<b>Six months ended 30 June 2022</b>							
Opening net book amount	2,237	1,113	6,077	–	–	102,908	112,335
Additions	–	2,433	75	–	–	173,942	176,450
CIP transfer out (Note (a))	–	–	21,542	–	–	(21,542)	–
Depreciation charge (Note 7)	(570)	(601)	(4,340)	–	–	–	(5,511)
Currency translation differences	–	1	41	–	–	–	42
<b>Closing net book amount</b>	<b>1,667</b>	<b>2,946</b>	<b>23,395</b>	<b>–</b>	<b>–</b>	<b>255,308</b>	<b>283,316</b>
<b>At 30 June 2022</b>							
Cost	3,418	4,772	37,978	–	–	255,308	301,476
Accumulated depreciation	(1,751)	(1,826)	(14,583)	–	–	–	(18,160)
<b>Net book amount</b>	<b>1,667</b>	<b>2,946</b>	<b>23,395</b>	<b>–</b>	<b>–</b>	<b>255,308</b>	<b>283,316</b>



# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(Expressed in thousands of RMB unless otherwise stated)

## 15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation of property, plant and equipment has been charged to the consolidated statement of comprehensive loss as follows:

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
General and administrative expenses	4,538	1,273
Research and development expenses	15,948	2,454
Distribution and selling expense	35	1,784
	20,521	5,511

Note (a): During the period ended 30 June 2023, no interest from borrowing from Jiashan Shanhe was capitalized as the related construction of plant in Jiashan, China was completed in December 2022 (During the six months ended 30 June 2022: RMB13.8 million) (Refer to Note 27).

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(Expressed in thousands of RMB unless otherwise stated)

## 16 RIGHT-OF-USE ASSETS

	Leased equipment RMB'000 (Unaudited)	Leased properties RMB'000 (Unaudited)	Land use right (a) RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>At 1 January 2023</b>				
Cost	800	106,774	35,397	142,971
Accumulated depreciation	(271)	(34,627)	(1,534)	(36,432)
<b>Net book amount</b>	<b>529</b>	<b>72,147</b>	<b>33,863</b>	<b>106,539</b>
<b>Six months ended 30 June 2023</b>				
Opening net book amount	529	72,147	33,863	106,539
Additions	–	2,229	–	2,229
Disposals	–	(14,882)	–	(14,882)
Depreciation charge (Note 7)	(80)	(8,793)	(354)	(9,227)
Currency translation differences	–	56	–	56
<b>Closing net book amount</b>	<b>449</b>	<b>50,757</b>	<b>33,509</b>	<b>84,715</b>
<b>At 30 June 2023</b>				
Cost	800	94,522	35,397	130,719
Accumulated depreciation	(351)	(43,765)	(1,888)	(46,004)
<b>Net book amount</b>	<b>449</b>	<b>50,757</b>	<b>33,509</b>	<b>84,715</b>

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(Expressed in thousands of RMB unless otherwise stated)

## 16 RIGHT-OF-USE ASSETS (CONTINUED)

	Leased equipment RMB'000 (Unaudited)	Leased properties RMB'000 (Unaudited)	Land use right (a) RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>At 1 January 2022</b>				
Cost	183	165,748	35,397	201,328
Accumulated depreciation	(101)	(50,097)	(826)	(51,024)
<b>Net book amount</b>	<b>82</b>	<b>115,651</b>	<b>34,571</b>	<b>150,304</b>
<b>Six months ended 30 June 2022</b>				
Opening net book amount	82	115,651	34,571	150,304
Additions	596	2,095	–	2,691
Depreciation charge (Note 7)	(88)	(13,978)	(354)	(14,420)
Currency translation differences	–	108	–	108
<b>Closing net book amount</b>	<b>590</b>	<b>103,876</b>	<b>34,217</b>	<b>138,683</b>
<b>At 30 June 2022</b>				
Cost	779	150,057	35,397	186,233
Accumulated depreciation	(189)	(46,181)	(1,180)	(47,550)
<b>Net book amount</b>	<b>590</b>	<b>103,876</b>	<b>34,217</b>	<b>138,683</b>

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(Expressed in thousands of RMB unless otherwise stated)

## 16 RIGHT-OF-USE ASSETS (CONTINUED)

Depreciation of right-of-use assets has been charged to the consolidated statements of financial position and comprehensive loss as follows:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
General and administrative expenses	1,007	3,250
Research and development expenses	6,414	6,265
Distribution and selling expenses	1,686	4,551
Construction in progress	120	354
	9,227	14,420

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(Expressed in thousands of RMB unless otherwise stated)

## 17 INTANGIBLE ASSETS

	In-licenses and IPR&D RMB'000 (Unaudited)	Software RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>At 1 January 2023</b>			
Cost	2,373,703	7,687	2,381,390
Accumulated amortization and impairment	–	(2,913)	(2,913)
<b>Net book amount</b>	<b>2,373,703</b>	<b>4,774</b>	<b>2,378,477</b>
<b>Six months ended 30 June 2023</b>			
Opening net book amount	2,373,703	4,774	2,378,477
Additions	55,433	16,322	71,755
Impairment (Note 9)	(51,968)	–	(51,968)
Amortization charge (Note 7)	–	(2,386)	(2,386)
Currency translation differences	89,171	–	89,171
<b>Closing net book amount</b>	<b>2,466,339</b>	<b>18,710</b>	<b>2,485,049</b>
<b>At 30 June 2023</b>			
Cost	2,466,339	24,009	2,490,348
Accumulated amortization and impairment	–	(5,299)	(5,299)
<b>Net book amount</b>	<b>2,466,339</b>	<b>18,710</b>	<b>2,485,049</b>



# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(Expressed in thousands of RMB unless otherwise stated)

## 17 INTANGIBLE ASSETS (CONTINUED)

	In-licenses and IPR&D RMB'000 (Unaudited)	Software RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>At 1 January 2022</b>			
Cost	2,465,460	6,204	2,471,664
Accumulated amortization and impairment	–	(366)	(366)
<b>Net book amount</b>	<b>2,465,460</b>	<b>5,838</b>	<b>2,471,298</b>
<b>Six months ended 30 June 2022</b>			
Opening net book amount	2,465,460	5,838	2,471,298
Additions	202,609	1,483	204,092
Amortization charge (Note 7)	–	(1,265)	(1,265)
Currency translation differences	136,431	–	136,431
<b>Closing net book amount</b>	<b>2,804,500</b>	<b>6,056</b>	<b>2,810,556</b>
<b>At 30 June 2022</b>			
Cost	2,804,500	7,687	2,812,187
Accumulated amortization and impairment	–	(1,631)	(1,631)
<b>Net book amount</b>	<b>2,804,500</b>	<b>6,056</b>	<b>2,810,556</b>

Intangible assets included in-licenses and IPR&D which are not ready for use the Group is continuing research and development work, therefore, these intangible assets have not been amortized yet.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(Expressed in thousands of RMB unless otherwise stated)

## 17 INTANGIBLE ASSETS (CONTINUED)

### (a) Collaboration and License Agreement with Arena Pharmaceuticals, Inc. (“Arena”) and United Therapeutics

In December 2017, the Group entered into a collaboration and license agreement with Arena (subsequently acquired by Pfizer in 2022) regarding the development and commercialization of its proprietary products Ralinepag and Etrasimod in the territories of Mainland China, Taiwan, Hong Kong, Macau and South Korea. Under the terms of the agreement, the Group made an upfront payment of USD12 million (equivalent to RMB78.4 million) to Arena and capitalized such payment. In January 2019, the Group and Arena entered into two separate agreements which superseded the previous agreement, one which relates to Ralinepag and the other relates to Etrasimod.

#### Etrasimod

The Group agreed to make development and regulatory milestone payments and commercial milestone payments, as well as tiered royalties on net sales to Arena.

In the fourth quarter of 2018 and in November 2019, the Group made the milestone payment of USD1 million (equivalent to RMB6.6 million) and USD5 million (equivalent to RMB34.5 million) to Arena, respectively. Such payments were capitalised.

#### Ralinepag

In January 2019, Arena assigned all of its rights and obligations with respect to the Ralinepag program under the agreement to United Therapeutics. The Group agreed to make development and regulatory milestone payments and commercial milestone payments, as well as tiered royalties on net sales to United Therapeutics.

In the fourth quarter of 2018, the Group made the milestone payment of USD1 million (equivalent to RMB6.6 million) to Arena (before the agreement was assigned to United Therapeutics) and capitalized such payment. After assigning the agreement to United Therapeutics, the Group paid milestone payment of USD2.5 million (equivalent to RMB17.2 million) to United Therapeutics in September 2019, which was capitalized.

In March 2023, the Group issued a termination notice to United Therapeutics, pursuant to which the Group desired to terminate the above licensing agreement. The termination will be effective on 28 August 2023. As a result, the Group recognized a full impairment loss of USD7.5 million (equivalent to RMB52.0 million) for the related intangible asset given no economic benefits can be recovered.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(Expressed in thousands of RMB unless otherwise stated)

## 17 INTANGIBLE ASSETS (CONTINUED)

### (b) License Agreement with Tetrphase Pharmaceuticals Inc.

#### Eravacycline

In February 2018, the Group entered into a license agreement with Tetrphase, pursuant to which Tetrphase granted the Group an exclusive license to develop and commercialize Eravacycline in Mainland China, Taiwan, Hong Kong, Macau, South Korea and Singapore.

Under the terms of the agreement, the Group made an upfront payment of USD7 million (equivalent to RMB46.4 million) to Tetrphase capitalized such payment. The Group agreed to make development and regulatory milestone payments, commercial milestone payments, as well as tiered royalties on net sales to Tetrphase.

In June 2018 and May 2019, the Group made the milestone payment of USD2.5 million (equivalent to RMB16.6 million) and USD3 million (equivalent to RMB20.7 million) to Tetrphase, respectively, and capitalised such payments.

In July 2019, the Group and Tetrphase entered into an amendment to the license agreement to expand the geographic coverage of the license to Malaysia, Thailand, Indonesia, Vietnam and the Philippines and paid an upfront payment of USD2 million (equivalent to RMB13.8 million) which was capitalised.

In April 2021, the Group made the milestone payment of USD3 million (equivalent to RMB19.4 million) to Tetrphase, and capitalised such payment.

In May 2021, the Group and Tetrphase entered into an amendment to the license agreement, pursuant to which Tetrphase granted the Group the license to manufacture Eravacycline in the relevant territory.

In March 2023, the new drug application for Eravacycline was approved by regulatory in Mainland China and the Group made the milestone payment of USD8 million (equivalent to RMB55.4 million) which was capitalised.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(Expressed in thousands of RMB unless otherwise stated)

## 17 INTANGIBLE ASSETS (CONTINUED)

### (c) Commercial supply agreement with Tetrphase Pharmaceuticals, Inc.

#### Manufacturing know-how

In May 2021, the Group entered into a commercial supply agreement with Tetrphase, pursuant to which Tetrphase agreed to transfer the manufacturing know-how to the Group for the purpose of enabling the continued manufacturing of Eravacycline. The Group made prepayments of USD4 million in May 2021 and USD1 million in January 2022 (equivalent to RMB6.7 million) to Tetrphase, which was recorded in other non-current assets. In December 2022, these prepayments of USD5 million (equivalent to RMB33.6 million) were transferred to intangible assets as the transfer of control of manufacturing know-how has been completed. The Group is in the process of development of manufacturing know-how so the intangible assets are not available for use until the manufacturing approval is obtained.

### (d) Licensing Agreement with Novartis International Pharmaceutical Ltd. (“Novartis”)

#### FGF401

In June 2018, the Group entered into an exclusive global licensing agreement with Novartis to develop and commercialize FGF401. Under this agreement, Novartis granted EverNov an exclusive license to develop, manufacture and commercialize Novartis’ FGF4 inhibitor FGF401 and products containing FGF401 for all purposes worldwide.

Under the terms of the agreement, as discussed in Note 25, the total upfront fee was comprised of cash consideration of USD20 million (equivalent to RMB132.7 million) and 4,000,000 Series A-2 Convertible Preferred Shares issued by EverNov to Novartis Pharma AG, an affiliate entity of Novartis. The Group capitalised a total amount of USD22.4 million (equivalent to RMB148.3 million) based on cash payment and the fair value of the Series A-2 Convertible Preferred Shares. The Group also agreed to pay Novartis clinical development milestone payments, commercial milestone payments, as well as tiered royalties on worldwide net sales to Novartis.

### (e) Licenses acquired from Everest II

Upon the consummation of the Group’s acquisition of Everest II in 2019, the Group acquired four licenses held by Everest II. The amount in relation to the acquisition of those licenses were recognised as intangible assets based on its fair value upon consummation of the acquisition, with the total amount of RMB1,265,971 thousand.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(Expressed in thousands of RMB unless otherwise stated)

## 17 INTANGIBLE ASSETS (CONTINUED)

### (e) Licenses acquired from Everest II (continued)

#### Taniborbactam

In September 2018, Everest II entered into an agreement with Venatorx, pursuant to which Venatorx granted Everest II an exclusive license to exploit for all uses in humans Venatorx's proprietary BLI, taniborbactam (formerly VNRX-5133), in combination with a  $\beta$ -lactam, initially cefepime, in Mainland China, Macau, Hong Kong, Taiwan, South Korea, Singapore, Malaysia, Thailand, Indonesia, Vietnam and the Philippines.

Under the terms of this agreement, Everest II paid an upfront cash payment of USD5.0 million (equivalent to RMB33.2 million) and capitalised such payment.

Everest II also agreed to make development and regulatory milestone payments, commercial milestone payments, as well as tiered royalties on net sales to Venatorx. In January 2020, after the acquisition of Everest II, the Group made the milestone payment of USD2 million (equivalent to RMB13.8 million) to Venatorx and such payment was capitalised.

In June 2021, the Group entered into an amendment to the license agreement with Venatorx, pursuant to which Venatorx assigned relevant taniborbactam patents to the Group. The Group paid USD3 million (equivalent to RMB19.4 million) in June 2021 and USD7 million (equivalent to RMB45.1 million) in August 2021 to Venatorx and such payment was capitalised.

#### SPR206

In January 2019, Everest II entered into a license agreement with Spero Therapeutics, Inc. ("Spero") through its wholly owned subsidiaries New Pharma License Holdings Limited, or NPLH, and Spero Potentiator, Inc., or Potentiator and NPLH has since assigned its assets to Spero. Pursuant to this agreement, NPLH granted Everest II an exclusive license to develop, manufacture and commercialize SPR206 in Mainland China, Hong Kong, Macau, Taiwan, South Korea, Singapore, Malaysia, Thailand, Indonesia, Vietnam and the Philippines.

Everest II paid NPLH an upfront payment of USD2 million (equivalent to RMB13.8 million) as partial consideration for rights to SPR206 and capitalised such payment. Everest II also agreed to make development and regulatory milestone payments, commercial milestone payments, as well as tiered royalties on net sales to Spero.

In November 2020, the Group made the milestone payment of USD2 million (equivalent to RMB13.8 million) to Spero and such payment was capitalised.



# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(Expressed in thousands of RMB unless otherwise stated)

## 17 INTANGIBLE ASSETS (CONTINUED)

### (e) Licenses acquired from Everest II (continued)

#### SPR206 (continued)

In January 2021, the Group entered into an amended agreement with Spero for which Spero has assigned relevant SPR206 patents to the Group.

In June and September 2021, the Group made the milestone payment of USD0.75 million (equivalent to RMB4.9 million) and USD0.5 million (equivalent to RMB3.2 million to Spero, respectively and such payments were capitalised.

In June 2022, the Group made the milestone payment of USD0.75 million (equivalent to RMB4.9 million) and such payment was capitalised.

#### IMMU 132 (Sacituzumab Govitecan)

In April 2019, Everest II entered into a license agreement with Immunomedics under which Immunomedics granted Everest II an exclusive license to develop and commercialize sacituzumab govitecan in Mainland China, Taiwan, Hong Kong, Macau, Indonesia, Philippines, Vietnam, Thailand, South Korea, Malaysia, Singapore or Mongolia.

In consideration for entering into this agreement, Everest II made a one-time, upfront payment to Immunomedics in the amount of USD65 million (equivalent to RMB448.2 million) and capitalised such payment. Everest II also agreed to make development and regulatory milestone payments, commercial milestone payments, as well as tiered royalties on net sales to Immunomedics which is now merged by Gilead.

In June 2020, after the acquisition of Everest II, the Group made a milestone payment of USD60 million (equivalent to RMB413.9 million) to Immunomedics and such payment was capitalised.

In June 2022, the Group made the milestone payment of USD20 million (equivalent to RMB134.6 million) and USD5 million (equivalent to 33.6 million), respectively, and capitalised such payments.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(Expressed in thousands of RMB unless otherwise stated)

## 17 INTANGIBLE ASSETS (CONTINUED)

### (e) Licenses acquired from Everest II (continued)

#### IMMU 132 (Sacituzumab Govitecan) (continued)

On 15 August 2022, pursuant to a separately negotiated termination and transition services agreement (the “Agreement”), the Group and Immunomedics agreed (i) to terminate the above license agreement as well as those ancillary agreements entered in connection therewith; (ii) for the Group to assign to Immunomedics all of its intellectual property, regulatory materials and other assets related to the sacituzumab govitecan; and (iii) for the Group to perform transition services to enable Immunomedics or its affiliates to assume the development and commercialization of the sacituzumab govitecan in the relevant territories. The consideration for the termination of license agreement and the ancillary agreements was equivalent to the aggregate amount of up to approximately USD455 million, including an upfront payment of USD280 million and milestone payments up to USD175 million, consisting of (i) regulatory milestone payments of up to USD50 million in aggregate, and (ii) commercial milestone payments of up to USD125 million in aggregate. Immunomedics also agreed to waive the Group’s obligation to pay the milestone payments of USD25 million and reimburse the Group for all costs and out-of-pocket expenses actually incurred by the Group, in accordance with a mutually agreed transition plan budget, in connection with the Group’s performance of the transition services.

The termination of license agreement, the ancillary agreements and assignment of intellectual property, regulatory materials and other assets related to sacituzumab govitecan are in substance a disposal of intangible asset to Immunomedics. The Group further assessed the performance obligations in the Agreement and concluded the disposal of intangible asset and provision of transition services are separate arrangements, as these two elements are not interdependent and considerations for each element are separately negotiated.

For disposal of intangible asset, the Company completed the disposal on 31 October 2022 (the “Termination Effectiveness Date”) as all conditions related to the transfer of control over the intangible asset were met. For milestone payments up to USD175 million which are variable consideration, the Group determined the probability in achievement in these milestones was not probable due to the significant uncertainty in obtaining the regulatory approval and meeting the sales target. As a result, the total proceeds for disposal of intangible assets amounted to RMB2,267.4 million including waiver of the achieved milestone payments under the licensing agreement of USD25 million (equivalent to RMB168.2 million), upfront payment of USD280 million (equivalent to RMB1,883.3 million) and compensation of expenses of USD32.1 million (equivalent to RMB215.9 million) occurred by the Group before the Termination Effectiveness Date. The Group recognized a disposal gain of RMB1,322.3 million in the consolidated statement of comprehensive loss for the year ended 31 December 2022, which was the difference of total proceeds and the carrying value of intangible assets with the amount USD141 million (equivalent to RMB945.1 million). For upfront payment, the Group received USD84 million (equivalent to RMB565.0 million) in 2022 with the remaining USD196 million (equivalent to RMB1,358.1 million) received subsequently in January and February 2023.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(Expressed in thousands of RMB unless otherwise stated)

## 17 INTANGIBLE ASSETS (CONTINUED)

### (e) Licenses acquired from Everest II (continued)

#### IMMU 132 (Sacituzumab Govitecan) (continued)

For the transition services provided to Immunomedics before the Termination Effectiveness Date, since the intellectual property related to sacituzumab govitecan still belonged to the Group, all the expenditures occurred are considered as Group's own development cost and the reimbursement of costs by Immunomedics is a payment for intellectual property and hence is considered as proceeds for disposal of intangible assets. The Group received such reimbursement of costs of USD32.1 million (equivalent to RMB222.5 million) subsequently in January and February 2023; For transition services provided to Immunomedics after the Termination Effectiveness Date, since the control of intellectual property has been transferred to Immunomedics, it is in substance Group's provision of research and development services to Immunomedics. Compensation received for such services is recognized in other income over the time during the service period based on the actual cost incurred, with corresponding cost recognised as cost of other income (Refer to Note 8).

#### Nefecon®

On 10 June 2019, Everest II entered into a license agreement with Calliditas who granted Everest II exclusive rights to develop and commercialize Nefecon® in Mainland China, Hong Kong, Macau, Taiwan and Singapore.

Under the terms of the agreement, Everest II made an initial upfront payment of USD15 million (equivalent to RMB103.4 million) to Calliditas at signing of the agreement and capitalised such payment. Everest II also agreed to make development and regulatory milestone payments, commercial milestone payments, as well as tiered royalties on net sales to Calliditas.

After the acquisition of Everest II, the Group made the milestone payment of USD5 million (equivalent to RMB34.5 million) in January 2020 and USD3 million (equivalent to RMB18.9 million) in December 2021 to Calliditas and such payment was capitalised.

In March 2022, the Group and Calliditas entered into an amendment to the license agreement to expand the geographic coverage of the license to South Korea, and paid an upfront payment of USD3 million (equivalent to RMB20.2 million) which was capitalised.

In November 2022, the Group made a milestone payment of USD5 million (equivalent to RMB33.6 million) which was capitalised.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(Expressed in thousands of RMB unless otherwise stated)

## 17 INTANGIBLE ASSETS (CONTINUED)

### (f) License Agreement with Providence Therapeutics Holdings Inc. (“Providence”)

#### mRNA COVID-19 Vaccines

In September 2021, the Group entered into a license agreement with Providence, pursuant to which Providence granted the Group exclusive rights to develop, manufacture and commercialize mRNA vaccines against COVID-19, including PTX-COVID19-B in Mainland China, Hong Kong, Macau, and certain Asian countries.

Under the terms of the agreement, the Group made an initial upfront payment of USD50 million (equivalent to RMB322.6 million) to Providence in September 2021 and capitalised such payment. The Group also agreed to make payments for profit sharing, as well as royalties on net sales to Providence.

### (g) Collaboration and license agreement with Providence

#### Technology platform

In September 2021, the Group entered into a collaboration and license agreement with Providence, pursuant to which Providence agreed to transfer the platform technology mainly related to the manufacturing of mRNA vaccine products, and the Group made a prepayment of USD50 million, which was recorded in other non-current assets. In December 2022, the prepayment of USD50 million (equivalent to RMB336.3 million) was transferred to intangible assets as the transfer of control of technology platform has been completed. The Group is in the process of development of manufacturing technology so the intangible assets are not available for use until the manufacturing approval is obtained.

#### License for Collaboration Products

The Group and Providence also agreed to conduct collaborative research and develop two prophylactic or therapeutic products (the “Collaboration Products”), pursuant to which Providence has granted the Group a royalty-free, non-exclusive license in the Collaboration Products and each of the Group and Providence is entitled to 50% of the worldwide rights to the Collaboration Products.

On 15 December 2022, upon in vivo proof of concept of a first candidate of Collaboration Products, the Company issued 3,492,365 ordinary shares to Providence with issue price of HKD13.12 with aggregate value USD5.9 million (equivalent to RMB39.6 million) and capitalised as intangible assets.



# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(Expressed in thousands of RMB unless otherwise stated)

## 17 INTANGIBLE ASSETS (CONTINUED)

### (h) License Agreement with Sinovent Pharmaceuticals, Co., Ltd. (“Sinovent”) and SinoMab BioScience Limited. (“SinoMab”)

#### XNW-1011

In September 2021, the Group entered into a license agreement with Sinovent and SinoMab. Pursuant to which, Sinovent and SinoMab granted the Group an exclusive worldwide rights to develop, manufacture and commercialize XNW1011.

Under the terms of the agreement, the Group made an initial upfront payment of USD12 million (equivalent to RMB77.4 million) to Sinovent and SinoMab in September 2021 and capitalised such payment. The Group also agreed to make development and regulatory milestone payments, commercial milestone payments, as well as tiered royalties on net sales to Sinovent and SinoMab.

### (i) License Agreement with Singapore’s Experimental Drug Development Centre (“EDDC”)

#### EDDC-2214

In January 2022, the Group entered into a License Agreement with EDDC, pursuant to which EDDC granted the Group an exclusive worldwide rights to develop, manufacture and commercialize COVID -19 oral antiviral treatments.

Under the terms of the agreement, the Group made an upfront payment of USD2.5 million (equivalent to RMB16.5 million) to EDDC in January 2022 and capitalised such payment. The Group also agreed to pay clinical and commercial milestone payment, as well as royalties on net sales of products.

On 24 October 2022, as the Group issued a termination notice to EDDC, pursuant to which the Group desired to terminate the licensing agreement with EDDC and transfer the materials, reports and documents related to COVID-19 oral antiviral treatments to EDDC with no consideration. As a result, the Group recognized a full impairment loss of RMB16.5 million for the related intangible asset given no economic benefits can be recovered. The termination agreement was subsequently entered into between the Group and EDDC in January 2023 and the termination was effective accordingly.



# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(Expressed in thousands of RMB unless otherwise stated)

## 17 INTANGIBLE ASSETS (CONTINUED)

### (j) Impairment test

The Group did not perform quantitative impairment test for above intangible assets as at 30 June 2023, because the Group's policy is to perform impairment test annually at 31 December, or more frequently if events or changes in circumstances indicate that they might be impaired in accordance with IAS 36 Impairment of assets. Based on the assessment on the developments of each of the Group's drug candidates which were still under developing stage, including drug development progress and the expected achievement of drug development milestones, except for provision provided for intangible assets related to Ralinepag, it was concluded that there was no impairment indicator for other intangible assets as at 30 June 2023.

## 18 INVESTMENTS

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Investments in I-Mab — at FVOCI (a)	57,099	76,939
Investments in Venatorx — at FVPL (b)	12,765	12,303
	69,864	89,242

- (a) Investments in I-Mab represents the Group's investments in 6,078,571 ordinary shares issued by I-Mab upon I-Mab's initial public offering on 17 January 2020. The Group subsequently measures this investment at fair value and has elected to present fair value gains and losses on equity investment in other comprehensive loss.

As at 30 June 2023, based on quoted market share price of I-Mab, the fair value of this investment was USD7.9 million (equivalent to RMB57.1 million), which is USD3.1 million (equivalent to RMB19.8 million) lower than the carrying value of USD11.0 million (equivalent to RMB76.9 million) of 31 December 2022, and the difference of RMB19.8 million was recorded as a loss in other comprehensive loss for the six months ended 30 June 2023 (For the six months ended 30 June 2022: RMB618.4 million was recorded as a loss in other comprehensive loss).

- (b) The Group acquired the investment in Venatorx Pharmaceuticals, Inc. ("Venatorx") through the acquisition of Everest II. Everest II invested in 141,553 Series B convertible preferred stock (Series B Preferred Stock) issued by Venatorx in October 2018. The Series B Preferred Stock is a debt instrument from issuer's perspective as Venatorx cannot prevent deemed liquidation event from happening. Thus, the investment in Venatorx is classified as investment at fair value through profit or loss.

The investment in Venatorx is classified as Level 3 investment. In March 2022, the fair value of this investment was determined by reference to a recent transaction price, when Venatorx completed another round of financing. Based on the Group's assessment, the fair value of this investment in Venatorx was USD1.8 million and the Group recognized an investment loss of RMB21.7 million for the six months ended 30 June 2022.

During the six months ended 30 June 2023, the Group assessed whether fair value has changed, considering changes in circumstances such as: the current performance of Venatorx is significantly above or below the expectations at the time of the original investment; market, economic or company specific conditions have significantly improved or deteriorated since the time of the original investment. The result of such consideration provided indications whether the carrying value of the investment should be increased or decreased to represent fair value.

Based on the Group's assessment, there were no changes to the fair value of the investment in Venatorx, at the amount of USD1.8 million, as of 30 June 2023. The difference of carrying value is due to the foreign currency translation difference of RMB against USD at the date of each balance sheet.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(Expressed in thousands of RMB unless otherwise stated)

## 19 OTHER NON-CURRENT ASSETS

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Prepayment for purchase of equipments	23,309	80,524
Rental deposits	4,659	6,163
Loan to a director (a)	2,437	2,334
Others	20	–
	<b>30,425</b>	<b>89,021</b>

- (a) On 2 July 2020, the Company provided a loan to one director of the Company, at the total amount of USD325 thousand. The loan has term of three years and a simple interest rate of 5.0% per annum. The principal and accrued interest will be paid on maturity date. In 2021, pursuant to an amendment agreement with this director, the interest rate decreased from 5.0% per annum to 1.25% per annum. In July 2023, according to the contract, such loan was automatically renewed for another three years with the same interest rate of 1.25% per annum, and the principal and interests will be repaid by this director in July 2026.

## 20 INVENTORIES

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Finished goods	10,988	11,637

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(Expressed in thousands of RMB unless otherwise stated)

## 21 TRADE RECEIVABLES

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Within 3 months	824	5,214

The Group's trading term with its customers are based on the payment schedule of the contracts with normal credit term of 60 days from the day of billing. The ageing of trade receivables as at the end of the reporting period, based on the date of invoice or the date of the service rendered, is less than three months and the expected credit loss is minimal. Trade receivables are non-interest bearing. The carrying amounts of trade receivables approximate to their fair values.

## 22 FINANCIAL INSTRUMENTS BY CATEGORY

	Financial assets	
	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
<b>Assets as per statements of financial position</b>		
<i>Amortised cost:</i>		
Other non-current assets, excluding non-financial assets	7,116	8,497
Prepayments and other current assets, excluding non-financial assets	38,457	1,658,326
Trade receivables (a)	824	5,214
Bank deposits	1,741,418	1,160,588
Cash and cash equivalents	798,749	490,788
<i>Fair value through profit and loss:</i>		
Investments in Venatorx	12,765	12,303
<i>Fair value through other comprehensive income:</i>		
Investments in I-Mab	57,099	76,939
	<b>2,656,428</b>	<b>3,412,655</b>

(a) As of 30 June 2023 and 31 December 2022, the ageing of trade receivables is within one year from the invoice date.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(Expressed in thousands of RMB unless otherwise stated)

## 22 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	Financial liabilities	
	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
<b>Liabilities as per statements of financial position</b>		
<i>Amortised cost:</i>		
Trade and other payables	151,254	425,617
Lease liabilities	58,225	79,634
Other non-current liabilities, excluding non-financial liabilities	230,000	–
Other current liabilities	257	424,081
<i>Fair value through profit and loss:</i>		
Financial instruments issued to investors	31,504	30,923
	<b>471,240</b>	<b>960,255</b>

## 23 PREPAYMENTS AND OTHER CURRENT ASSETS

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
	Receivables due from a third party (a)	4,582
Prepayments to suppliers	23,006	64,290
Value-added tax recoverable	38,387	23,272
Interest receivables	33,517	9,214
Rental deposits	358	287
Others	–	27
	<b>99,850</b>	<b>1,745,915</b>

(a) Receivables due from a third party represented the unsettled proceeds from disposal of intangible asset and receivables from transition service provided (Refer to Note 17(e)).

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(Expressed in thousands of RMB unless otherwise stated)

## 23 PREPAYMENTS AND OTHER CURRENT ASSETS (CONTINUED)

None of the above assets is past due or impaired. The financial assets included in the above balances mainly related to rental deposits for which there was no history of default and the expected credit losses are considered minimal.

## 24 CASH AND CASH EQUIVALENTS AND BANK DEPOSITS

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Cash at bank	798,749	490,788
Bank deposits	1,741,418	1,160,588
	<b>2,540,167</b>	1,651,376
Cash and bank balances denominated in:		
– HKD	23,684	6,929
– KRW	2,065	4,713
– USD	2,204,210	1,465,887
– RMB	303,648	170,774
– SGD	6,560	3,073
	<b>2,540,167</b>	1,651,376

As at 30 June 2023 and 31 December 2022, cash and cash equivalents and bank deposits of the Group are mainly denominated in USD and RMB.

Bank deposits included fixed rate certificates of deposit not fall in the scope of cash equivalents and term deposits with initial term of over three months and less than one year. Bank deposits were neither past due nor impaired. The directors of the Company considered that the carrying amount of the bank deposits approximated to their fair value as of 30 June 2023. The effective interest rates of the bank deposits for the six months ended 30 June 2023 were 5.10%–5.66%.



# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(Expressed in thousands of RMB unless otherwise stated)

## 25 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
<b>Non-current</b>		
Preferred Shares issued by EverNov	31,504	30,923

On 20 June 2018, the Company's subsidiary EverNov entered into a license agreement with Novartis International Pharmaceutical Ltd. ("Novartis") and obtained the right to research, develop and commercialize one compound FGF401. The total upfront fee paid for the license included cash consideration of USD20 million (equivalent to RMB132.7 million) and 4,000,000 Series A-2 Convertible Preferred Shares issued by EverNov (See Note 17(d) for details). On the same date, EverNov issued 21,000,000 Series A-1 Convertible Preferred Shares to the Company, at the purchase price of USD1.00 per share for an aggregate purchase price of USD21 million (equivalent to RMB139 million) in cash.

Pursuant to the Memorandum of Articles of Association of EverNov, Novartis has the option to request EverNov to redeem its equity interests at USD4 million (equivalent to RMB27 million) upon certain deemed liquidation events. Therefore, the Company designated the Series A-2 Convertible Preferred Shares as financial liabilities at fair value through profit or loss. They are initially recognised at fair value.

With the assistance of an independent valuer, the fair value of the preferred shares are estimated by using discounted cash flow method first to determine the total equity value of EverNov, and then option pricing model was adopted to allocate the equity value to the preferred share. The key assumptions are summarized as follows:

	As at 30 June 2023	As at 31 December 2022
Discount rate	20.0%	18.0%
Discount of lack of marketability	30.0%	27.0%
Risk-free interest rate	4.5%	4.2%
Expected volatility	83.0%	83.0%

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(Expressed in thousands of RMB unless otherwise stated)

## 25 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS (CONTINUED)

EverNov's preferred share activities during the six months ended 30 June 2023 and 2022 are summarized below:

	EverNov Series A-2 Convertible Preferred Shares RMB'000 (Unaudited)
<b>Balance as of 1 January 2023</b>	<b>30,923</b>
Fair value change	(554)
Currency translation differences	1,135
<b>Balance as of 30 June 2023</b>	<b>31,504</b>
<b>Balance as of 1 January 2022</b>	26,778
Fair value change	1,815
Currency translation differences	1,474
<b>Balance as of 30 June 2022</b>	30,067

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(Expressed in thousands of RMB unless otherwise stated)

## 26 LEASE LIABILITIES

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Minimum lease payments due		
– Within 1 year	16,216	20,878
– Between 1 and 2 years	18,258	23,606
– Between 2 and 5 years	29,348	42,783
– Over 5 years	–	561
	63,822	87,828
Less: future finance charges	(5,597)	(8,194)
Present value of lease liabilities	58,225	79,634
Portion classified as current liabilities	15,802	20,327
Portion classified as non-current liabilities	42,423	59,307
Present value of lease liabilities due		
– Within 1 year	15,802	20,327
– Between 1 and 2 years	16,689	21,941
– Between 2 and 5 years	25,734	36,926
– Over 5 years	–	440
	58,225	79,634

The following table sets forth the discount rate of our lease liabilities as the dates indicated:

	As at 30 June 2023 %	As at 31 December 2022 %
	(Unaudited)	(Audited)
Lease liabilities	0.2%–13.71%	0.2%–13.71%

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(Expressed in thousands of RMB unless otherwise stated)

### 26 LEASE LIABILITIES (CONTINUED)

The Group leases various properties for operation and these liabilities were measured at net present value of the lease payments during the lease terms that are not yet paid.

The statement of profit or loss shows the following amounts relating to leases:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation charge of right-of-use assets	(8,873)	(14,066)
Interest expense (included in finance costs)	(1,757)	(3,013)
Expense relating to short-term leases (included in general and administrative expenses)	(667)	(564)

The total cash outflow for leases for the six months ended 30 June 2023 were RMB10,586 thousand (For the six months ended 30 June 2022: RMB15,842 thousand).

Information about right-of-use assets is set out in Note 16.

As at 30 June 2023 and 31 December 2022, the Group leases some office and equipment under irrevocable lease contracts with lease term less than one year and leases of low value assets that have been exempted from recognition of right-of-use assets as permitted under IFRS16. The future aggregate minimum lease payment under irrevocable lease contracts for these exempted contracts are as follows:

	As at 30 June	As at 31 December
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Audited)
No later than 1 year	824	189

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(Expressed in thousands of RMB unless otherwise stated)

## 27 OTHER CURRENT/NON-CURRENT LIABILITIES

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Non-current:		
Bank loans (a)	230,000	–
Government grants (b)	6,130	–
	<b>236,130</b>	–
Current:		
Bank loans — interest payables (a)	257	–
Borrowings from Jiashan Shanhe (c)	–	424,081
	<b>257</b>	424,081
	<b>236,387</b>	424,081

(a) In April 2023, the Group entered into a loan agreement with Industrial Bank Co., Ltd, pursuant to which the Company obtained a loan of RMB230 million with the loan period from April 2023 to April 2025. The interest rate was one-year's Loan Prime Rate ("LPR") plus 0.9% with interests payable at each quarterly end. There was no guarantee or pledge for the loan. This loan contain certain standard covenants including, among others, limitation on liens, liquidation and dissolution of the Company. The Company was in compliance with all of the loan covenants as of 30 June 2023.

(b) On 17 February 2023, the Group received a government grant of RMB6.2 million from local government to subsidize the Group's purchase of property, plant and equipment. The Group recorded as non-current liabilities as deferred income, which are recognized as other income in consolidated statement of comprehensive loss on a straight-line basis over the expected useful lives of the related assets.

(c) On 17 March 2020, the Company entered into an investment agreement and a supplemental agreement with Jiashan Shanhe Equity Investment Company ("Jiashan Shanhe"), pursuant to which Jiashan Shanhe subscribed 37% of equity interest in Everest China, a subsidiary established under the Company's wholly owned subsidiary Everest Medicines II (HK) Limited ("Everest II HK"), in RMB cash equivalent to USD50 million. In addition, the Company transferred all its equity interests in Everest Medicines (Suzhou) Inc., EverID Medicines (Beijing) Limited and Everstart Medicines (Shanghai) Limited to Everest China.



# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(Expressed in thousands of RMB unless otherwise stated)

## 27 OTHER CURRENT/NON-CURRENT LIABILITIES (CONTINUED)

According to the supplemental agreement, right starting in the fourth year of the date of Jiashan Shanhe's capital contribution, Jiashan Shanhe has the right to require the Company, Everest China or parties designated by the Company to redeem all of its investment in Everest China with the redemption price of original investment amount plus a return at 8% simple rate per annum. At the same time, the Company has a call option to repurchase Jiashan Shanhe's investment in Everest China at the same time with the same repurchase amount. Furthermore, Jiashan Shanhe was not entitled to the right to appoint board of directors, voting right in a shareholders' meeting and dividend right but only retained the information right and right to appoint an observer to attend board meetings. Therefore the Company classified the investment from Jiashan as borrowings in non-current liabilities, which are subsequently measured at amortised cost using the effective interest rate method.

In June 2023, it was agreed that the Company repurchased all equity interests held by Jiashan Shanhe, through a newly established subsidiary in PRC, at the cash consideration of RMB442.9 million, representing the original investment amount made by Jiashan Shanhe plus agreed interests. Upon the completion of this transaction, the Company derecognized the borrowings from Jiashan Shanhe and Everest China became a wholly owned subsidiary of the Company.

## 28 TRADE AND OTHER PAYABLES

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade payables (a)	22,099	44,495
Payables for property, plant and equipment	63,369	129,057
Salary and staff welfare payables	38,293	154,366
Accrued service fees due to Contract Research Organizations ("CROs")	5,555	27,701
Payables for service suppliers (a)	14,362	62,935
Payables for individual income tax	2,838	5,962
Payables for intangible assets	2,773	90
Others	1,965	1,011
	<b>151,254</b>	425,617

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(Expressed in thousands of RMB unless otherwise stated)

## 28 TRADE AND OTHER PAYABLES (CONTINUED)

As at 30 June 2023 and 31 December 2022, all trade and other payables of the Group were non-interest bearing, and their fair value approximated their carrying amounts due to their short maturities.

(a) As at 30 June 2023 and 31 December 2022, the ageing analysis of trade payables and payables for service suppliers based on invoice date are as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
— Within 1 year	36,461	107,430

## 29 SHARE CAPITAL

### Share capital of the Company

	Number of shares	Nominal value of shares in USD
<b>Authorized</b>		
Authorized shares upon incorporation and as at 30 June 2023 and 31 December 2022 (a)	500,000,000	50,000

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(Expressed in thousands of RMB unless otherwise stated)

## 29 SHARE CAPITAL (CONTINUED)

### Share capital of the Company (continued)

	Number of shares	Nominal value of shares in USD	Nominal value of shares in RMB
<b>Issued</b>			
<b>As at 1 January 2023</b>	<b>312,088,673</b>	<b>31,210</b>	<b>211,465</b>
Exercise of stock options	3,995,899	398	2,769
<b>As at 30 June 2023 (Unaudited)</b>	<b>316,084,572</b>	<b>31,608</b>	<b>214,234</b>
<b>As at 1 January 2022</b>	298,522,435	29,853	202,269
Issuance of ordinary shares to			
Share Scheme Trusts (b)	2,200,000	220	1,426
Cancellation of shares (c)	(1,615,500)	(162)	(1,047)
Exercise of stock options	700,670	70	453
<b>As at 30 June 2022 (Unaudited)</b>	299,807,605	29,981	203,101

(a) The authorized share capital of USD50,000 is divided into 500,000,000 ordinary shares of a par value of USD0.0001 each.

(b) The Company issued ordinary shares with respect to the restricted share units and stock options under the employees share-based compensation arrangements to be vested or exercised by certain grantees of the Company to the trusts, which were established to hold the shares for and on behalf of the grantees ("Share Scheme Trusts").

The Company has the power to direct the relevant activities of the Share Scheme Trusts and it has the ability to use its power over the Share Scheme Trusts to affect its exposure to returns. Therefore, the Company has consolidated the Share Scheme Trusts. Before the release of shares to grantees upon the vesting and exercise of their awards, the ordinary shares held by Share Scheme Trust were regarded as treasury shares and presented as a deduction in equity (Note 31).

(c) During the year ended 31 December 2021, the Company repurchased 1,615,500 shares in the market. These shares were subsequently cancelled on 10 June 2022.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(Expressed in thousands of RMB unless otherwise stated)

## 30 SHARE-BASED COMPENSATION

### (i) Restricted share units

The restricted share units issued to employees shall be released in accordance with the following schedule: (A) one-fourth (1/4) of such restricted share units shall be released on the first anniversary of the commencement date; (B) the remainder of such restricted shares shall be released in thirty-six (36) equal monthly instalments, twelve (12) equal quarterly instalment, or upon the second, third and fourth anniversaries of the commencement date.

The following table summarizes the Group's restricted shares activities:

	Numbers of shares	Weighted average grant date fair value USD
<b>Non-vested shares at 1 January 2023</b>	<b>10,727,179</b>	<b>3.99</b>
Forfeited	(4,213,884)	1.97
Vested	(3,418,151)	5.94
Granted	7,179,974	1.69
<b>Non-vested shares at 30 June 2023 (Unaudited)</b>	<b>10,275,118</b>	<b>2.56</b>
<b>Non-vested shares at 1 January 2022</b>	7,363,550	7.11
Forfeited	(423,656)	5.96
Vested	(1,824,085)	6.89
Granted	9,463,759	2.08
<b>Non-vested shares at 30 June 2022 (Unaudited)</b>	14,579,568	3.91

On 3 April 2023, as approved by the Company's board of directors, a total of 1,593,863 restricted shares were granted to certain management executives with service and performance conditions. Performance conditions included non-market or market performance conditions and the assessment period for these performance conditions ends on 3 April 2026. The Performance Target Awards shall become immediately vested upon the achievement of certain operational targets and stock price targets as set out in the relevant grant letter.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(Expressed in thousands of RMB unless otherwise stated)

## 30 SHARE-BASED COMPENSATION (CONTINUED)

### (i) Restricted share units (continued)

On 1 April 2022, as approved by the Company's board of directors, a total of 4,500,000 restricted shares were granted to certain management executives with service and performance conditions. Performance conditions included non-market or market performance conditions and the assessment period for these performance conditions ends on 1 May 2023. The non-market performance condition included specified performance targets of the Group's operations; The market condition requires that certain shares to become vested upon achievement of each milestone when the average volume based closing trading price of the Company during any of 30 consecutive trading days higher than pre-determined share prices.

For restricted share units with non-market performance condition, the Company adjusted the number of restricted share units expected to vest at each reporting period. As of 30 June 2023, for the restricted shares with performance conditions granted on 3 April 2023, the Company believed all these restricted share units are expected to vest; For restricted share units with market performance conditions, the Company used Monte Carlo Simulation model to simulate the share price trend in the future to determine the time when such market performance conditions are met, then share-based compensation expenses is recognized over the vesting terms irrespective of whether that market performance conditions are achieved subsequently. Share-based compensation expenses for these restricted share units were measured using the fair value during USD0.08 to USD0.47 at the grant date and were recognised in the consolidated statement of comprehensive loss by using graded vesting method over the vesting term.

Except for the restricted share units with market performance vesting conditions, the share-based compensation expenses for the restricted share units granted in 2023 were measured using the fair value of the Company's ordinary shares of USD2.04 at the grant date and were recognised in the consolidated statement of comprehensive loss by using graded vesting method over the vesting term.

The share-based compensation expenses for the restricted shares recognized for the six months ended 30 June 2023 were RMB32,320 thousand (For the six months ended 30 June 2022: RMB86,295 thousand), respectively.

As of 30 June 2023, there was RMB59,830 thousand (As of 31 December 2022: RMB96,888 thousand) of unrecognized share-based compensation expenses related to restricted shares, which is expected to be recognized over a weighted-average period of 1.59 years (As of 31 December 2022: 1.52 years).



# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(Expressed in thousands of RMB unless otherwise stated)

## 30 SHARE-BASED COMPENSATION (CONTINUED)

### (ii) Stock option

On 23 November 2017, the board of directors adopted a Stock Option Plan for Management Shareholders for issuance of stock options to Management Shareholders (“Stock Option Plan for Management Shareholders”). Such Plan has a contractual term of ten (10) years from the adoption date, and grants under the Plan vest over a period of three years of continuous service, with one-third (1/3) vesting upon the first anniversary of the stated vesting commencement date and the remaining vesting ratably over the following 24 months.

On 25 December 2018, and amended on 17 February 2020, the board of directors adopted a Stock Option Plan for Employees for issuance of stock options to employee, officer, director, contractor, advisor or consultant of the Group with the maximum aggregate number of 8,080,489 shares reserved (“Stock Option Plan for Employees”). According to the Stock Option Plan for Employees, a contractual term of ten (10) years from adoption date, and grants under the Plan vest over a period of four years of continuous service, with one-fourth (1/4) vesting upon the first anniversary of the stated vesting commencement date and the remaining vesting ratably over the following 12 quarters.

On 21 September 2020, the Company’s shareholders approved the Post-IPO Share Option Scheme, which was effective upon completion of the Listing. The total number of shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other share option scheme of the Company is 28,369,038, being no more than 10% of the shares in issue on the date the shares commence trading on the Stock Exchange assuming the Over-allotment Option is not exercised and no shares are issued under the share schemes.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(Expressed in thousands of RMB unless otherwise stated)

## 30 SHARE-BASED COMPENSATION (CONTINUED)

### (ii) Stock option (continued)

The following table summarizes the Group's stock option activities:

	Number of Options Outstanding	Weighted Average Exercise Price USD	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value RMB'000
<b>Outstanding at 1 January 2023</b>	<b>21,476,608</b>	<b>2.09</b>	<b>5.18</b>	<b>21,331</b>
Granted	8,920,924	1.99		
Forfeited	(3,493,627)	4.37		
Exercised	(3,995,899)	0.62		
<b>Outstanding at 30 June 2023 (Unaudited)</b>	<b>22,908,006</b>	<b>1.96</b>	<b>5.50</b>	<b>178,756</b>
<b>Outstanding at 1 January 2022</b>	23,316,096	2.44	8.54	259,469
Granted	5,460,922	2.96		
Forfeited	(885,892)	3.23		
Exercised	(700,670)	0.31		
<b>Outstanding at 30 June 2022 (Unaudited)</b>	27,190,456	2.57	8.38	67,093

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(Expressed in thousands of RMB unless otherwise stated)

## 30 SHARE-BASED COMPENSATION (CONTINUED)

### (ii) Stock option (continued)

In February and July 2020, as approved by the Company's board of directors, a total of 17,100,788 stock options were granted with vesting conditions of service and performance. The non-market performance condition requires that certain shares will immediately vest upon an IPO in accordance with the Plans and will become restricted to a three-year lock-up period post the IPO. The market condition requires that certain shares to become vested upon achievement of each milestone when the average volume based closing trading price of the Company during any of 90 consecutive trading days after the IPO and the listing is higher than pre-determined share prices. Certain milestones of the market condition have been reached in the year of 2021 and the related expense was trued up. For the six months ended 30 June 2023, no further milestone of the market condition was reached.

The weighted-average grant date fair value for options granted during the six months ended 30 June 2023 was USD1.99 (equivalent to RMB14.38), computed using Black Scholes model to determine the fair value as of the grant date, with the assumptions summarized as follows:

	Six months ended 30 June 2023
Risk-free interest rate	3.55%–3.67%
Expected dividend yield	0%
Expected volatility	60%

The weighted-average grant date fair value for options granted during the six months ended 30 June 2022 was USD2.96 (equivalent to RMB19.19), computed using Black Scholes model to determine the fair value as of the grant date, with the assumptions summarized as follows:

	Six months ended 30 June 2022
Risk-free interest rate	2.56%–2.58%
Expected dividend yield	0%
Expected volatility	60%

The share-based compensation expenses for the stock options recognized for the six months ended 30 June 2023 were RMB12,927 thousand (For the six months ended 30 June 2022: RMB35,132 thousand), respectively.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(Expressed in thousands of RMB unless otherwise stated)

## 30 SHARE-BASED COMPENSATION (CONTINUED)

### (ii) Stock option (continued)

As of 30 June 2023 there were unrecognized share-based compensation expenses of RMB47,655 thousand (As of 31 December 2022: RMB47,183 thousand) related to stock options, respectively.

### (iii) Other share-based compensation arrangements

On 6 March 2020, Everest Management Holding Co., Ltd (“Manco”), the shareholder of the Company, granted its restricted shares to the Group’s directors for their services provided to the Group. The share-based compensation expenses for such restricted shares for the six months ended 30 June 2023 were RMB57 thousand and were pushed down to the Group accordingly (For the six months ended 30 June 2022: RMB172 thousand).

## 31 RESERVES

	Capital reserve (a) RMB'000	Treasury shares (b) RMB'000	Total RMB'000
<b>(Unaudited)</b>			
<b>At 1 January 2023</b>	<b>13,817,287</b>	<b>(3)</b>	<b>13,817,284</b>
Share-based compensation	45,304	–	45,304
Restricted share units vested	(2)	2	–
Exercise of stock options	16,962	–	16,962
<b>At 30 June 2023</b>	<b>13,879,551</b>	<b>(1)</b>	<b>13,879,550</b>
<b>(Unaudited)</b>			
<b>At 1 January 2022</b>	13,623,367	(58,707)	13,564,660
Share-based compensation	121,599	–	121,599
Issuance of ordinary shares to Share Scheme Trust (Note 29(b))	–	(2)	(2)
Restricted share units vested	(1)	1	–
Exercise of stock options	1,409	–	1,409
Cancellation of shares	(58,706)	58,707	1
<b>At 30 June 2022</b>	<b>13,687,668</b>	<b>(1)</b>	<b>13,687,667</b>

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(Expressed in thousands of RMB unless otherwise stated)

## 31 RESERVES (CONTINUED)

(a) Capital reserve includes share premium arising from the issuance of shares at a price in excess of their par value.

### (b) Treasury shares

For the six months ended 30 June :

	Number of shares		RMB'000	
	2023	2022	2023	2022
<b>(Unaudited)</b>				
<b>At beginning of the period</b>	<b>6,629,657</b>	4,109,928	<b>3</b>	58,707
Cancellation of shares (i)	–	(1,615,500)	–	(58,707)
Issuance of ordinary shares to				
Share Scheme Trust (Note 29(b))	–	2,200,000	–	2
Restricted share units vested	<b>(3,418,151)</b>	(1,851,585)	<b>(2)</b>	(1)
<b>At end of the period</b>	<b>3,211,506</b>	2,842,843	<b>1</b>	1

(i) For the year ended 31 December 2021, the Company conducted shares buy-back pursuant to a general mandate granted by the shareholders to the Board during the Annual General Meeting held on 1 June 2021 and resolutions of the Board adopted on 30 August 2021. During the year ended 31 December 2021, the Company purchased 1,615,500 shares in the market. The shares were acquired, with prices ranging from HKD36.65 to HKD48.15, including buy-back transaction costs of RMB186 thousand. These shares were held by BOCI Securities Limited for the Company. A total of 1,615,500 ordinary shares were cancelled on 10 June 2022.



## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(Expressed in thousands of RMB unless otherwise stated)

### 32 ACCUMULATED OTHER COMPREHENSIVE INCOME/(LOSS)

	FVOCI reserve RMB'000	Exchange reserve RMB'000	Total RMB'000
<b>(Unaudited)</b>			
<b>At 1 January 2023</b>	<b>(187,042)</b>	<b>196,048</b>	<b>9,006</b>
Change in fair value of financial assets at FVOCI	(21,793)	–	(21,793)
Foreign currency translation	–	144,889	144,889
<b>At 30 June 2023</b>	<b>(208,835)</b>	<b>340,937</b>	<b>132,102</b>
<b>(Unaudited)</b>			
<b>At 1 January 2022</b>	581,064	(329,195)	251,869
Change in fair value of financial assets at FVOCI	(618,401)	–	(618,401)
Foreign currency translation	–	230,766	230,766
<b>At 30 June 2022</b>	<b>(37,337)</b>	<b>(98,429)</b>	<b>(135,766)</b>

### 33 NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

#### (i) Major non-cash transactions – investing activities

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Fair value change in financial assets at fair value through profit or loss	–	20,964

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(Expressed in thousands of RMB unless otherwise stated)

## 33 NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

### (ii) Major non-cash transactions – financing activities

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Cancellation of shares	–	58,707
Net (disposal)/addition of right-of-use assets	(12,653)	2,691
Fair value change in financial instruments issued to investors	(554)	1,815
	(13,207)	63,213

### (iii) Net debt reconciliation

	Other current/ non-current liabilities RMB'000	Financial instruments issued to investors RMB'000	Lease liabilities RMB'000	Total RMB'000
<b>(Unaudited)</b>				
<b>At 1 January 2023</b>	424,081	30,923	79,634	534,638
Financing cash flows in	230,000	–	–	230,000
Financing cash flows out	(444,653)	–	(10,586)	(455,239)
Interest expenses	13,351	–	1,757	15,108
Non-cash transactions	–	(554)	(12,653)	(13,207)
Foreign currency translation	7,478	1,135	73	8,686
<b>At 30 June 2023</b>	<b>230,257</b>	<b>31,504</b>	<b>58,225</b>	<b>319,986</b>
<b>(Unaudited)</b>				
<b>At 1 January 2022</b>	360,932	26,778	124,102	511,812
Financing cash flows out	–	–	(15,842)	(15,842)
Interest expenses	13,762	–	3,013	16,775
Non-cash transactions	–	1,815	2,691	4,506
Foreign currency translation	19,488	1,474	(1)	20,961
<b>At 30 June 2022</b>	<b>394,182</b>	<b>30,067</b>	<b>113,963</b>	<b>538,212</b>

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(Expressed in thousands of RMB unless otherwise stated)

## 34 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, common significant influence or joint control.

The equity holders, members of key management and their close family members of the Group are also considered as related parties. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

### (i) Transactions

#### (a) Renewal of loan to a director:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loan to a director (Note 19)	2,437	–

### (ii) Balances

#### (a) Loan receivable due from a director:

	As at 30 June	As at 31 December
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Loan receivable due from a director (Note 19)	2,437	2,334

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(Expressed in thousands of RMB unless otherwise stated)

## 34 RELATED PARTY TRANSACTIONS (CONTINUED)

### (iii) Key management compensation

Key management includes directors and senior managements. The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries, wages and bonuses	26,576	32,762
Contributions to pension plans	411	456
Housing funds, medical insurance and other social insurance	890	1,109
Share-based payments	12,029	59,458
	39,906	93,785

## 35 COMMITMENTS

Other than lease commitments for short-term leases disclosed in Note 26, the Group had the following commitments.

### Capital expenditure commitments

	As at 30 June	As at 31 December
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Property, plant and equipment	52,779	132,774

# Definitions

<b>“2022 Annual Report”</b>	the annual report for the year ended 31 December 2022 of the Company published on 20 April 2023
<b>“associate(s)”</b>	has the meaning ascribed thereto under the Listing Rules
<b>“Audit Committee”</b>	the audit committee of the Company
<b>“Board” or “Board of Directors”</b>	the board of directors of our Company
<b>“CG Code”</b>	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
<b>“China” or the “PRC”</b>	the People’s Republic of China, and for the purpose of this report only, except where the context requires otherwise, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
<b>“Companies Ordinance”</b>	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
<b>“Company”, “our Company”, “the Company” or “Everest Medicines”</b>	Everest Medicines Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands on 14 July 2017
<b>“connected person(s)”</b>	has the meaning ascribed to it under the Listing Rules
<b>“connected transactions”</b>	has the meaning ascribed to it under the Listing Rules
<b>“Controlling Shareholder(s)”</b>	has the meaning ascribed thereto under the Listing Rules
<b>“Director(s)”</b>	the director(s) of our Company
<b>“Everest HK”</b>	Everest Medicines II (HK) Limited, a company limited by shares incorporated under the laws of Hong Kong and a wholly-owned subsidiary of the Company
<b>“FGF19”</b>	fibroblast growth factor 19, a specific ligand, for the FGF receptor 4. FGF19-FGFR4 signaling is implicated in many cellular processes, including cell proliferation, migration, metabolism and differentiation



## Definitions

<b>“FGF401”</b>	a small molecule competitive inhibitor of FGFR4, that was discovered by Novartis AG. FGF401 is a potential new treatment for HCC and other solid tumors with activation of the FGF19-FGFR4 pathway. It is one of our drug candidates
<b>“FGFR4”</b>	a receptor for FGF19, which requires KLB as a co-receptor. FGFR4 serves as a target for treatment of cancer because activation of the FGF19-FGFR4 pathway occurs in liver tumors and other solid tumors. Knockdown of FGF19, FGFR4 and KLB in liver cancer cell lines inhibits proliferation, and FGF19 expressed by non-tumor cells can lead to tumor formation in the liver. Fibroblast growth factor receptors (FGFRs) play a key role in regulating cell survival and proliferation, and a growing body of evidence suggest they also play a role in cancer progression
<b>“Group”, “our Group”, “the Group”, “we”, “us” or “our”</b>	the Company and its subsidiaries from time to time
<b>“Hong Kong” or “HK”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China
<b>“Hong Kong dollars” or “HK dollars”, “HKD” or “HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“IFRS”</b>	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
<b>“IND”</b>	investigational new drug or investigational new drug application, also known as clinical trial application in China
<b>“IPO”</b>	initial public offering
<b>“KLB”</b>	Klotho beta, a co-receptor required for the activation of FGFR4 by FGF19
<b>“Latest Practicable Date”</b>	23 August 2022, being the latest practicable date for ascertaining certain information in this interim report before its publication
<b>“Listing”</b>	the listing of the Shares on the Main Board of the Stock Exchange
<b>“Listing Date”</b>	9 October 2020, the date on which the Shares were listed and on which dealings in the Shares are first permitted to take place on the Stock Exchange

<b>“Listing Rules”</b>	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
<b>“Main Board”</b>	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
<b>“MFDS”</b>	the Ministry of Food and Drug Safety in South Korea
<b>“Model Code”</b>	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
<b>“NDA”</b>	new drug application
<b>“NeflgArd”</b>	a randomized, double-blind, placebo-controlled, two-part global registrational phase 3 clinical trial in IgA nephropathy
<b>“NMPA”</b>	China National Medical Products Administration (國家藥品監督管理局), successor to the China Food and Drug Administration (國家食品藥品監督管理總局)
<b>“Nomination Committee”</b>	the nomination committee of the Company
<b>“Post-IPO Share Award Scheme”</b>	the post-IPO share award scheme adopted by the Company on 21 September 2020
<b>“Post-IPO Share Option Scheme”</b>	the post-IPO share option scheme adopted by the Company on 21 September 2020
<b>“Post-IPO Share Schemes”</b>	the Post-IPO Share Award Scheme and the Post-IPO Share Option Scheme
<b>“Pre-IPO ESOP”</b>	the employee equity plan approved and adopted by our Company on 25 December 2018 as amended and restated on 17 February 2020
<b>“Pre-IPO MSOP”</b>	the employee stock option plan approved and adopted by our Company on 23 November 2017
<b>“Pre-IPO Share Schemes”</b>	the Pre-IPO ESOP and Pre-IPO MSOP

## Definitions

“Prospectus”	the prospectus of the Company dated 25 September 2020
“Remuneration Committee”	the remuneration committee of the Company
“Reporting Period”	the six months ended 30 June 2023
“RMB” or “Renminbi”	Renminbi, the lawful currency of PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of our Company, currently with a par value of US\$0.0001 each
“Shareholder(s)”	holder(s) of the Share(s)
“SPR206”	SPR206 is a polymyxin derivative compound being clinically developed for treating serious infections caused by Gram-negative organisms. SPR206 is being developed as a treatment for high-risk patients with suspected or known Gram-negative infections, such as carbapenem-resistant Enterobacteriaceae, Carbapenem-resistant Acinetobacter baumannii and multi-drug resistant Pseudomonas aeruginosa to prevent mortality and reduce the length of stay in the hospital setting. It is one of our drug candidates
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it thereto in section 15 of the Companies Ordinance
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“United States” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US dollars”, “U.S. dollars”, “US\$” or “USD”	United States dollars, the lawful currency of the United States
“%”	per cent

