

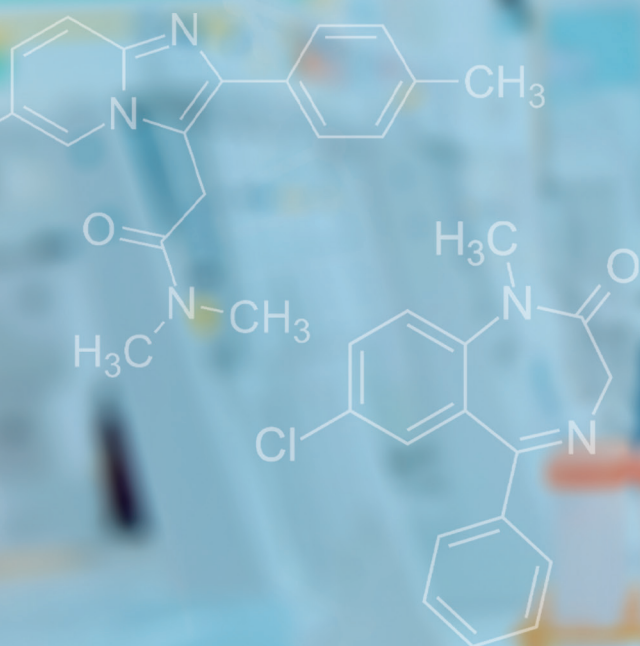
# Abbisko 和譽

**Abbisko Cayman Limited**  
**和譽開曼有限責任公司**

(Incorporated in the Cayman Islands with limited liability)

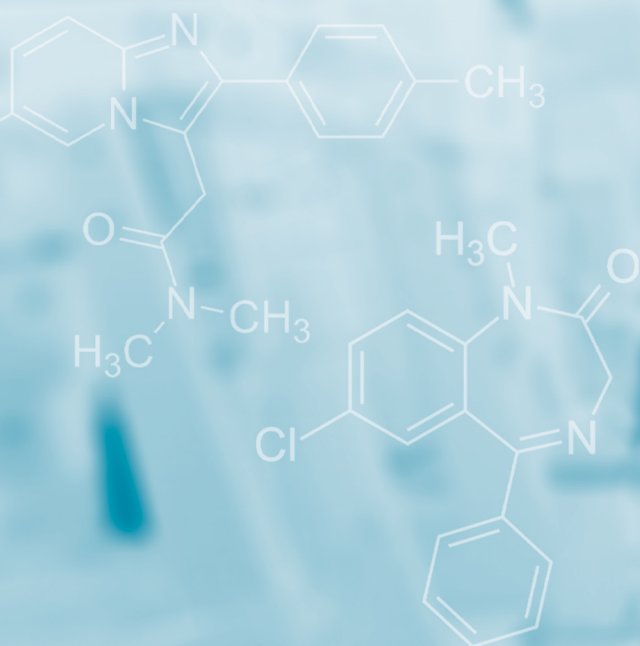
Stock Code: 2256

## 2023 INTERIM REPORT



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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Dr. Xu Yao-Chang (*Chairman*)

Dr. Yu Hongping

Dr. Chen Zhui

### Non-executive Directors

Dr. Xia Gavin Guoyao (resigned as a non-executive Director with effect on June 19, 2023)

Ms. Tang Yanmin

### Independent Non-executive Directors

Dr. Sun Piaoyang

Mr. Sun Hongbin

Mr. Wang Lei

## JOINT COMPANY SECRETARIES

Ms. Tian Huimin

Ms. Chan Yin Wah

## AUTHORIZED REPRESENTATIVES

Dr. Xu Yao-Chang

Ms. Chan Yin Wah

## AUDIT COMMITTEE

Mr. Sun Hongbin (*Chairperson*)

Dr. Sun Piaoyang

Mr. Wang Lei

## REMUNERATION COMMITTEE

Mr. Wang Lei (*Chairperson*)

Dr. Xu Yao-Chang

Mr. Sun Hongbin

## NOMINATION COMMITTEE

Dr. Xu Yao-Chang (*Chairperson*)

Dr. Sun Piaoyang

Mr. Sun Hongbin

## REGISTERED OFFICE

Abbisko Cayman Limited

P.O. Box 309

Ugland House

Grand Cayman

KY1-1104

Cayman Islands

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

Building 3, No. 898

Halei Road, Zhangjiang Hi-Tech Park

Pudong New Area

Shanghai, PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre

No. 248 Queen's Road East

Wanchai, Hong Kong

## PRINCIPAL SHARE REGISTRAR

Maples Fund Services (Cayman) Limited

PO Box 1093, Boundary Hall

Cricket Square

Grand Cayman

KY1-1102

Cayman Islands

## HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

Shops 1712-1716 17th Floor, Hopewell Centre

183 Queen's Road East

Wan Chai, Hong Kong

## HONG KONG LEGAL ADVISER

Davis Polk & Wardwell

10/F, The Hong Kong Club Building

3A Chater Road

Hong Kong

### PRINCIPAL BANK

Ping An Bank Co., Ltd.  
5047, Shennan East Road  
Shenzhen 518001  
PRC

### AUDITOR

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

### STOCK CODE

2256

### COMPANY'S WEBSITE

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



# BUSINESS HIGHLIGHTS

The board (the “**Board**”) of directors (the “**Directors**”) of Abbisko Cayman Limited (the “**Company**”) is pleased to present the interim report and the unaudited interim condensed consolidated financial information of the Company and its subsidiaries (the “**Group**”, “**we**”, “**our**” or “**us**”) for the six months ended June 30, 2023 (the “**Reporting Period**”).

We have made significant progresses in every aspect during 2023 year-to-date:

## FURTHER ADVANCED OUR CLINICAL-STAGE ASSETS

### Pimicotinib (ABSK021)

We are conducting a global Phase III clinical trial of tenosynovial giant cell tumor (“**TGCT**”) for Pimicotinib in China and the U.S. concurrently. Approximately 100 participants are scheduled to be enrolled in approximately 50 centers worldwide, including 30 centers in China. Pimicotinib has been granted the breakthrough therapy designation (“**BTD**”) from both China National Products Administration (“**NMPA**”) on July 20, 2022 and the U.S. Food and Drug Administration (“**FDA**”) on January 30, 2023 for the treatment of TGCT patients who are not amenable to surgery, and was granted the Priority Medicine designation (“**PRIME**”) by the European Medicines Agency (“**EMA**”) on June 6, 2023.

In January 2023, Pimicotinib was approved by the NMPA for a Phase II clinical study in patients with chronic graft-versus-host disease (“**cGvHD**”). Pre-clinical data indicated that Pimicotinib is a highly potent and selective small molecule inhibitor of CSF-1R that may play important roles for treating many human diseases including complications associated with transplantation.

In January 2023, Pimicotinib was granted the BTD from FDA for the treatment of TGCT patients that are not amenable to surgery. This BTD approval was based on results from the Phase Ib clinical trial of TGCT cohort for Pimicotinib.

In March 2023, Pimicotinib was approved by FDA for a randomized, double-blind, placebo-controlled, multicenter Phase III clinical study in patients with TGCT.

In April 2023, we completed the first patient dosing of a Phase III randomized, double-blind, placebo-controlled, multicenter study of Pimicotinib to assess the efficacy and safety in patients with TGCT in Beijing Jishuitan Hospital.

In May 2023, we announced and presented the updated results of Phase Ib study of CSF-1R inhibitor Pimicotinib in treating patients with advanced TGCT at the 2023 American Society of Clinical Oncology (“**ASCO**”). The data demonstrated the excellent antitumor efficacy and safety profile of Pimicotinib in the treatment of patients with advanced TGCT and was presented with the title of “EFFICACY AND SAFETY PROFILE OF Pimicotinib (ABSK021) IN TENOSYNOVIAL GIANT CELL TUMOR (TGCT): PHASE 1B UPDATE” in a poster presentation with the poster Bd# of “493”. Pimicotinib demonstrated significant antitumor activity with the objective response rate (“**ORR**”) of 77.4% in 50 mg QD cohort by Independent Review Committee (“**IRC**”) based on RECIST1.1, and a favorable safety profile with no apparent hepatotoxicity. Pimicotinib has a favorable safety profile, 89.8% of patients remained on treatment. Median treatment duration was 9.3 months, and the longest treatment duration was 12.5 months in 50mg QD cohort.

In June 2023, Pimicotinib was granted the PRIME by the EMA for the treatment of TGCT patients that are not amenable to surgery. The PRIME was granted based on clinical results from the ongoing Phase Ib clinical trial of TGCT cohort for Pimicotinib. PRIME is similar to BTD in the other countries with the goal to expedite the development and review of new medicines indicated for serious or life-threatening conditions.

In June 2023, Pimicotinib was approved by NMPA to conduct a Phase II multicenter clinical trial for the first-line treatment of advanced pancreatic cancer. This is another indication for Pimicotinib after its approval for the treatment of advanced TGCT and cGvHD, and it aims to evaluate the safety and efficacy of Pimicotinib in combination with standard chemotherapy (albumin-bound paclitaxel and gemcitabine) with or without immunotherapy (atezolizumab) for the first-line treatment of advanced pancreatic cancer.

In June 2023, the first patient was dosed in the Phase II trial evaluating Pimicotinib in patients with cGvHD.

In July 2023, the first patient was dosed in “A Phase III, Randomized, Double-blind, Placebo-Controlled, Multicenter Study of ABSK021 to Assess the Efficacy and Safety in Patients with Tenosynovial Giant Cell Tumor” in the U.S..

### Irpagratinib (ABSK011)

In July 2023, Irpagratinib’s Phase II clinical trial application was accepted. This is a combination therapy clinical trial that is being conducted based on the excellent initial results of Irpagratinib in monotherapy for second-line treatment of liver cancer.

Irpagratinib will be presented updated Phase 1b data for advanced hepatocellular carcinoma patients at the European Society for Medical Oncology (“**ESMO**”) in October 2023. The Irpagratinib Phase 1b data, since the first announcement at the end of 2022, includes further updates after enrolling more patients.

### ABSK012

In April 2023, our next-generation FGFR4 mutant inhibitor ABSK012 was granted the orphan drug designation by FDA for the treatment of Soft Tissue Sarcoma.

### ABSK121

In February 2023, we obtained clinical trial approval from NMPA for ABSK121. We are launching the Phase I clinical trial of the treatment of patients with advanced solid tumors in China.

### ABSK112

In July 2023, ABSK112 received the clinical trial approval by FDA, and we have started the first-in-human Phase I clinical trial for the treatment of non-small cell lung cancer (“**NSCLC**”).

### ABSK043

ABSK043 is a novel, orally administered small molecule PD-L1 inhibitor. We are conducting dose escalation study in Phase I smoothly. Preliminary efficacy data will be disclosed at the ESMO conference in October 2023.





## BUSINESS HIGHLIGHTS

### REACHED AN EXCLUSIVE OUT-LICENSE AGREEMENT WITH ALLIST

In March 2023, we entered into an out-license agreement with Shanghai Allist Pharmaceuticals Co., Ltd (“Allist”).

- We granted Allist the research, development, manufacture, use, and sales of ABK3376 (a next-generation EGFR-TKI) in Greater China Region (mainland China, Hong Kong, Macau, and Taiwan).
- We also granted Allist a time-limited option to expand the licensed territory to worldwide in accordance with the terms and conditions agreed upon by both parties.
- We will receive upfront, development, and sales milestone payments up to US\$187.90 million in total, plus tiered royalty payments based on the net sales. Furthermore, our upfront payment is amounted to around US\$3 million.

### CONTINUED TO MOVE FORWARD PRE-CLINICAL CANDIDATES

We have taken various measures to minimize the impact on our pre-clinical programs and expect to file INDs for the below programs in IND-enabling stage:

**ABSK051** – a small molecule CD73 inhibitor which could be applied for the treatment of various tumor types including lung cancer, pancreatic cancer and other cancers;

**ABSK012** – a next-generation small molecule FGFR4 inhibitor with strong potency against both wild-type and mutant FGFR4; and

**ABSK112** – a next-generation EGFR-exon 20 inhibitor with improved selectivity over wild-type EGFR and strong brain-penetrating ability.



# FINANCIAL HIGHLIGHTS

## INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) MEASURES:

**Cash and bank balances.** Cash and bank balances as at June 30, 2023 were RMB2,102.4 million (approximately US\$291.0 million), a decrease by RMB156.4 million from RMB2,258.8 million for the year ended December 31, 2022, primarily attributable to increase by spending on research and development activities as well as business operations, partially offset by impact from increase in income and foreign exchange volatility.

**Revenue.** Revenue increased from nil for the six months ended June 30, 2022 to RMB19.1 million for the six months ended June 30, 2023, primarily attributable to the license fee income that we received from Allist as upfront payment.

**Other income and gains.** Other income and gains increased by RMB26.0 million from RMB11.7 million for the six months ended June 30, 2022 to RMB37.7 million for the six months ended June 30, 2023, primarily attributable to the increases in bank interest income and in government grants.

**Research and development expenses.** Our research and development expenses primarily consisted of research and development expenses in connection with exploratory research, pre-clinical research and clinical research, as well as reagent costs, employee costs, share-based payments and depreciation. Research and development expenses increased by RMB45.6 million from RMB159.0 million for the six months ended June 30, 2022 to RMB204.6 million for the six months ended June 30, 2023, primarily attributable to advancement of our pipeline programs and continuous expansion of functions related to R&D.

**Administrative expenses.** Administrative expenses decreased by RMB10.1 million from RMB55.8 million for the six months ended June 30, 2022 to RMB45.7 million for the six months ended June 30, 2023, primarily attributable to the decrease of share-based payment expenses resulting in decreased employee cost charged to administrative expenses.

**Finance costs.** Finance costs decreased by RMB0.2 million from RMB1.4 million for the six months ended June 30, 2022, to RMB1.2 million for the six months ended June 30, 2023, mainly due to the decrease of interest expenses on lease liabilities.

**Other expenses.** Other expenses decreased by RMB3.3 million from RMB17.1 million for the six months ended June 30, 2022 to RMB13.8 million for the six months ended June 30, 2023, primarily attributable to the fluctuation of foreign exchange differences.

**Loss for the period.** Loss for the period decreased by RMB13.0 million from RMB221.6 million for six months ended June 30, 2022 to RMB208.6 million for the six months ended June 30, 2023, primarily attributable to the combination of impacts from increase in research and development expenses and increase in revenue.





## FINANCIAL HIGHLIGHTS

### NON-INTERNATIONAL FINANCIAL REPORTING STANDARDS (“NON-IFRS”) MEASURES:

**Research and development expenses** excluding share-based compensation cost increased by RMB64.6 million from RMB124.4 million for six months ended June 30, 2022 to RMB189.0 million for the six months ended June 30, 2023, primarily attributable to advancement of our pipeline programs, as well as the continuous expansion of functions related to research and development.

**Administrative expenses** excluding share-based compensation cost increased by RMB2.8 million from RMB32.9 million for the six months ended June 30, 2022 to RMB35.7 million for the six months ended June 30, 2023, primarily attributable to an increase in the employee benefits resulting from the expansion of workforce in non-R&D related functions.

**Loss for the period** excluding the effect of the share-based compensation cost increased by RMB18.9 million from RMB164.0 million for the six months ended June 30, 2022 to RMB182.9 million for the six months ended June 30, 2023, primarily attributable to the combination of impacts: 1) an increase in R&D expenses; 2) an increase in revenue; 3) an increase in other income and gains resulted from increase in bank interest income; and 4) a decrease in administrative expenses.

# MANAGEMENT DISCUSSION AND ANALYSIS

## I BUSINESS REVIEW

### Our vision

Our vision is to discover and develop novel, differentiated therapies in oncology and beyond to address critical unmet medical needs for patients in China and worldwide.

### Company overview

We are a clinical-stage biopharmaceutical company primarily dedicated to the discovery and development of innovative and differentiated small molecule oncology therapies. Since our inception in 2016, we have strategically designed and developed a pipeline of 15 candidates primarily focused on oncology, including eight candidates at clinical stage. Our product candidates are primarily small molecules that focus on small molecule precision oncology and small molecule immuno-oncology therapeutic areas.

### Product pipeline

We have a pipeline of 15 drug candidates ranging from pre-clinical stage to clinical stage programs. The following charts summarizes our pipeline and the development status of each candidate as of June 30, 2023.

## Our Clinical Pipeline

Programs	Targets	Indication	Mono/Combo therapy	IND	Phase I/1a	Phase Ib/II	Phase III/NDA	Commercial rights	Partner
<b>Pimicotinib</b> (ABSK021)	CSF-1R	TGCT <span style="color: red;">★</span>	Mono					Global	
		cGvHD	Mono					Global	
		Solid tumors	Mono/Combo					Global	
		ALS	Mono		Partner			Global ex-mainland China, HK & Macau	Sperogentix
<b>Irpagratinib</b> (ABSK011)	FGFR4	FGF19+HCC	Mono					Global	
			Combination	Combo with Roche anti-PD-L1 atezolizumab					
<b>Fexagratinib</b> (ABSK091)	pan-FGFR	FGFRalt UC	Mono			Partner			
		Other solid tumors	Combination	Combo with BeiGene anti-PD-1 tislelizumab				Global	AstraZeneca
<b>ABSK061</b>	FGFR2/3 selective	Solid tumors	Mono					Global	
<b>ABSK121</b>	FGFR resistant mut.	Solid tumors	Mono					Global	
<b>ABSK112</b>	EGFR Exon20	NSCLC	Mono					Global	
<b>ABSK043</b>	PD-L1 (Oral)	Multiple tumors	Mono					Global	
<b>ABSK081</b>	CXCR4	TNBC	Combination		Combo with Junshi anti-PD-1 toripalimab			Greater China	X4
		WHIM	Mono					Partner	

★ BTD/PRIME

# MANAGEMENT DISCUSSION AND ANALYSIS

## Our Preclinical Pipeline

Programs	Targets	Indication	Mono/Combo therapy	Lead optimization/PCC	IND-Enabling	IND	Commercial rights	Partner
<b>ABSK051</b>	CD73	Multiple tumors	Combination				Global	
<b>ABSK012</b>	FGFR4 mut.	RMS & Solid tumors	Mono				Global	
<b>ABK3376</b>	EGFR-C797S	EGFRm NSCLC	Mono/Combo		Partner		Global ex-China	
<b>ABSK071</b>	KRAS	Solid tumors	Mono				Global	
<b>P131</b>	MTA cooperative PRMT5	Multiple tumors	Mono				Global	
<b>P141</b>	undisclosed	Multiple tumors	Mono				Global	
<b>P151</b>	undisclosed	Non-oncology	Mono/Combo				Global	

Abbreviations: ALS = amyotrophic lateral sclerosis; cGvHD = chronic graft-versus-host disease; FGFRalt = FGFR altered; HCC = hepatocellular carcinoma; NSCLC = non-small cell lung cancer; RMS = rhabdomyosarcoma; TGCT = tenosynovial giant cell tumor; TNBC = triple-negative breast cancer; UC = urothelial cancer; WHIM = warts, hypogammaglobulinemia, infections and myelokathexis

Notes:

- (i) Represents Phase Ib/II clinical trial
- (ii) In combination with anti-PD-L1 antibody atezolizumab with F. Hoffmann-La Roche Ltd. and Roche China Holding Ltd. (“**Roche**”)
- (iii) In combination with anti-PD-1 antibody toripalimab with Shanghai Junshi Biomedial Technology Co., Ltd. (“**Junshi**”)
- (iv) In combination with anti-PD-1 antibody tislelizumab with BeiGene, Ltd. (“**BeiGene**”)
- (v) In combination with Furmonertinib mesylate with Allist

### Clinical candidates

#### Pimicotinib (ABSK021)

Pimicotinib is an orally bioavailable, selective, potent small molecule CSF-1R inhibitor being developed for the treatment of multiple types of oncology and non-oncology indications. The overexpression of CSF-1 is observed in many tumors and at sites of inflammation. CSF-1R inhibitors are indicated for the treatment of adult patients with TGCT, pancreatic cancer, colorectal cancer, cGvHD and ALS.

#### *Current status*

We are conducting a global Phase III clinical trial of TGCT for Pimicotinib in China and the U.S. concurrently. Approximately 100 participants are scheduled to be enrolled in approximately 50 centers worldwide, including 30 centers in China. Pimicotinib was granted the BTB from both NMPA and FDA and the PRIME by EMA for the treatment of TGCT patients who are not amenable to surgery.

In January 2023, Pimicotinib was approved by the NMPA for a Phase II clinical study in patients with cGvHD. Pre-clinical data indicated that Pimicotinib is a highly potent and selective small molecule inhibitor of CSF-1R that may play important roles for treating many human diseases including complications associated with transplantation.

In January 2023, Pimicotinib was granted the BTB from the FDA for the treatment of TGCT patients that are not amenable to surgery. This BTB approval was based on results from the Phase Ib clinical trial of TGCT cohort for Pimicotinib.

In March 2023, Pimicotinib was approved by FDA for a randomized, double-blind, placebo-controlled, multicenter Phase III clinical study in patients with TGCT.

In April 2023, we completed the first patient dosing of a Phase III randomized, double-blind, placebo-controlled, multicenter study of Pimicotinib to assess the efficacy and safety in patients with TGCT in Beijing Jishuitan Hospital.

In May 2023, we announced and presented the updated results of Phase Ib study of Pimicotinib in treating patients with advanced TGCT at the 2023 ASCO. The data demonstrated the excellent antitumor efficacy and safety profile of Pimicotinib in the treatment of patients with advanced TGCT and was presented with the title of “EFFICACY AND SAFETY PROFILE OF Pimicotinib (ABSK021) IN TENOSYNOVIAL GIANT CELL TUMOR (TGCT): PHASE 1B UPDATE” in a poster presentation with the poster Bd# of “493”. Pimicotinib demonstrated significant antitumor activity with the ORR of 77.4% in 50 mg QD cohort by IRC based on RECIST1.1, and a favorable safety profile with no apparent hepatotoxicity. Pimicotinib has a favorable safety profile, 89.8% of patients remained on treatment. Median treatment duration was 9.3 months, and the longest treatment duration was 12.5 months in 50mg QD cohort.



## MANAGEMENT DISCUSSION AND ANALYSIS

In June 2023, Pimicotinib was granted the PRIME by the EMA for the treatment of TGCT patients that are not amenable to surgery. The PRIME designation was granted based on clinical results from the ongoing Phase Ib clinical trial of TGCT cohort for Pimicotinib. PRIME is similar to BTD in the other countries with the goal to expedite the development and review of new medicines indicated for serious or life-threatening conditions.

In June 2023, the first patient was dosed in the Phase II trial evaluating Pimicotinib in patients with cGvHD.

### WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ABSK021 SUCCESSFULLY.

#### Irpagratinib (ABSK011)

Irpagratinib is a potent and highly selective small molecule inhibitor of FGFR4 that we are conducting clinical trials in China. Irpagratinib is being developed for the treatment of advanced HCC with hyperactivation of FGF19/FGFR4 signaling. The FGFR4 signaling pathway is a promising direction for the development of molecularly targeted therapies in HCC. The number of patients with an overexpression of FGF19/FGFR4 accounts for approximately 30% of total HCC patients worldwide, according to Frost & Sullivan. Currently, no FGFR4 inhibitor has been approved for the market yet.

#### *Current status*

We are conducting a Phase Ib trial for patients in second-line HCC with FGF19 overexpression. We have completed patient enrollment for the 180mg QD cohort. Given the superior safety and quality PK/PD profiles of Irpagratinib from the Phase Ia trial, we are further exploring higher doses and different dose regimen. We have started patient enrollment of 320mg QD and 160mg BID for dose escalation. We may continue to explore additional dose levels in order to identify the optimal dosage for dose expansion.

We are also conducting a Phase II trial of Irpagratinib in combination with the anti-PD-L1 antibody atezolizumab from Roche in late stage HCC patients with FGF19 overexpression in mainland China. The first patient was dosed in January 2022 and patient enrollment is ongoing.

We announced the preliminary Phase I efficacy and safety results of Irpagratinib, in the treatment of second-line HCC with FGF19 overexpression. The preliminary proof-of-concept data showed promising efficacy in FGF19+ HCC patients, with 22% ORR (4/18) in patients with high FGF19 expression and 33.3% ORR (2/6) in the 160mg BID FGF19 IHC+ cohort. Irpagratinib was well tolerated across all cohorts. A patient group with high expression of FGF19 was observed in 67% of the FGF19 IHC+ HCC patients. From safety perspective, no drug related adverse effects of grade 4 or above were reported.

In July 2023, Irpagratinib's Phase II clinical trial application was accepted. This is a combination therapy clinical trial that being conducted based on the excellent initial results of Irpagratinib in monotherapy for second-line treatment of liver cancer.

### WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ABSK011 SUCCESSFULLY.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Fexagratinib (ABSK091, AZD4547)

Fexagratinib, previously known as AZD4547, is a highly potent and selective inhibitor of FGFR subtypes 1, 2 and 3. According to Frost & Sullivan, the cancers most commonly affected by FGFR aberration are urothelial cancer (32%), cholangiocarcinoma (25%), breast cancer (18%), endometrial carcinoma (11%) and gastric cancer (7%). Specific FGFR aberrations have been observed in a proportion of certain cancers. For example, FGFR1 amplification in squamous cell lung cancer, FGFR2 mutations in endometrial carcinoma and FGFR3 mutations in urothelial cancer.

Fexagratinib has a chemical structure different from other FGFR inhibitors with similar anti-tumor activities. Prior to the in-licensing of Fexagratinib, AstraZeneca AB (“**AstraZeneca**”) started conducting clinical trials on Fexagratinib (AZD4547) in 2009. From 2009 to 2019, AstraZeneca sponsored and completed a total of four trials, including two Phase I trials and two Phase II trials. In November 2019, we entered into an exclusive license agreement with AstraZeneca and obtained the global rights for the development, manufacturing and commercialization of Fexagratinib.

Among the clinical trials conducted by AstraZeneca, the BISCAY trial, a study in patients with advanced urothelial cancer who had progressed on prior treatments, achieved 31.3% response rate in the Fexagratinib monotherapy arm, which is on par with the approved pan-FGFR inhibitor Erdafitinib in treatment of locally advanced or metastatic urothelial carcinoma with FGFR2/3 alteration (ORR 32.2%).

In another trial previously conducted by AstraZeneca in patients with previously treated advanced FGFR amplified cancer, 33% of the FGFR2-amplified gastro-oesophageal patients had confirmed responses to Fexagratinib. This demonstrated that Fexagratinib could potentially bring significant clinical benefits to the treatment of gastric cancer patients with FGFR alterations.

### *Current status*

We are conducting a Phase II trial in mainland China for Fexagratinib in patients with locally advanced or metastatic urothelial carcinoma with FGFR2/3 genetic alterations. We dosed the first patient in November 2021. Patient enrollment is ongoing.

In 2022, we announced the preliminary Phase II efficacy and safety results of Fexagratinib in patients with urothelial carcinoma harboring FGFR2 or FGFR3 alterations in mainland China.

The preliminary efficacy results showed an ORR confirmed by IRC of 30.7% (4/13) in mUC patients with FGFR3 alteration (including mutations and/or fusions) and an IRC confirmed ORR of 44% (4/9) in patients with FGFR3 mutations, which is consistent with results from the prior BISCAY trial of Fexagratinib in similar patient groups outside of China. The preliminary safety results showed that 80mg BID of Fexagratinib was well-tolerated in Chinese patients, and no drug related grade 4 or above adverse effects were reported.

These results support further development of Fexagratinib in the ongoing Phase II trial.

**WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ABSK091 SUCCESSFULLY.**





## MANAGEMENT DISCUSSION AND ANALYSIS

### ABSK043

ABSK043 is an orally bioavailable, highly selective small molecule PD-L1 inhibitor being developed for the treatment of various cancers and potentially non-oncology indications. While anti-PD-1/anti-PD-L1 antibodies have revolutionized cancer treatment, the antibody-based immunotherapies carry a number of disadvantages such as high cost, lack of oral bioavailability, and immunogenicity, which could likely be improved with small molecule inhibitors. Pre-clinical data have demonstrated strong inhibition of PD-1/PD-L1 interaction by ABSK043, and rescue of PD-L1-mediated inhibition of T-cell activation. ABSK043 has also demonstrated strong anti-tumor efficacy and excellent safety profile in several pre-clinical models.

#### *Current status*

We are conducting a Phase I trial in Australia to assess the safety, tolerability and PK/PD profile of ABSK043 in patients with solid tumors. Patient enrollment is ongoing.

In 2022, we received the IND approval for a Phase I trial of ABSK043 in the treatment of patients with malignant tumor in mainland China. In September 2022, we completed the dosing of the first patient in China. This trial (ABSK043-101) is the first clinical study of ABSK043 in China.

**WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ABSK043 SUCCESSFULLY.**

### ABSK061

ABSK061 is a highly selective small molecule FGFR2/3 inhibitor. Pre-clinical research has shown that ABSK061 selectively inhibits FGFR2/3 over FGFR1 across various in vitro and cellular assays, with little activity against other kinases. Its high selectivity against FGFR2/3 and reduced FGFR1 activity could lead to an improved safety profile due to less off-target side effects, and potentially improved therapeutic window and efficacy as well as better opportunities for treating non-oncology indications. We believe that ABSK061 has the potential to be a second generation FGFR inhibitor with its improved selectivity over currently marketed FGFR inhibitors based on our pre-clinical data.

#### *Current status*

We have received IND approval in both mainland China and the U.S. to conduct Phase I clinical trials for ABSK061 in patients with solid tumors. During the Reporting Period, the Phase I clinical trial of ABSK061 was being conducted simultaneously in China and the U.S..

**WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ABSK061 SUCCESSFULLY.**



## MANAGEMENT DISCUSSION AND ANALYSIS

### ABSK121

ABSK121 is a highly selective, next-generation small molecule FGFR inhibitor that targets both wild-type and mutants of FGFR1-3 including those that are resistant to the currently approved or clinical FGFR inhibitors. It could potentially bring clinical benefits to patients who relapsed or progressed after initial treatment with first-generation FGFR inhibitors. In pre-clinical studies, ABSK121 has demonstrated strong potency against wild-type and various mutations of FGFR1-3, and showed excellence in vivo efficacy in FGFR dependent and FGFR-mutant dependent models.

#### *Current status*

In February 2023, we obtained clinical trial approval from NMPA for ABSK121, and are launching the Phase I clinical trial of the treatment of patients with advanced solid tumors in China.

**WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ABSK121 SUCCESSFULLY.**

### ABSK112

ABSK112 is a next-generation EGFR-exon20 inhibitor with improved selectivity over wild-type EGFR and strong brain penetrating ability. EGFR-exon20 mutations occur in 3-5% of NSCLC patients, and are resistant to the currently available first, second and third generation EGFR inhibitors. Current clinical compounds targeting these mutations have limited therapeutic window due to limited selectivity against wild-type EGFR. Increased selectivity will likely lead to better target modulation and efficacy in clinical trials. ABSK112 demonstrated strong activity against EGFR-exon20 mutants and clear selectivity against wild-type EGFR in various cellular assays. It exhibited efficacy and PD effects in mouse xenograft models bearing EGFR Exon20 mutations.

#### *Current status*

In July 2023, ABSK112 received the clinical trial approval from FDA. We will start the first-in-human Phase I clinical trial for the treatment of NSCLC.

**WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ABSK112 SUCCESSFULLY.**

### ABSK081

ABSK081(mavorixafor), also known as X4P-001, is a novel small molecule antagonist to CXCR4 and currently the only orally bioavailable CXCR4 modulator in clinical development globally, according to Frost & Sullivan. ABSK081 is a potential treatment option for various cancers in which CXCR4 and its ligand CXCL12 contribute to the tumor microenvironment (TME) that supports immune evasion, neoangiogenesis, and tumor metastasis. In July 2019, we entered into an exclusive license agreement with X4 and obtained the rights for the development, manufacturing and commercialization of the licensed compound ABSK081 (mavorixafor) in mainland China, Taiwan, Hong Kong and Macau for any oncological indication and WHIM Syndrome in humans, excluding mozobil indications and any use for auto-HSCT treatment and allo-HSCT treatments.



## MANAGEMENT DISCUSSION AND ANALYSIS

### *Current status*

In mainland China, we are conducting a Phase Ib/II clinical trial of ABSK081 (mavorixafor) in combination with toripalimab from Junshi in TNBC patients in China. We dosed the first patient in July 2021. Patient enrollment has been completed.

**WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ABSK081 SUCCESSFULLY.**

### **IND-enabling candidates**

**ABSK051** is a small molecule CD73 inhibitor being developed for the treatment of various tumor types including lung cancer, pancreatic cancer and other cancers. It has demonstrated strong potency in inhibiting the activities of soluble and surface-expressed CD73. It has also shown strong efficacy in vivo in various animal models. We are currently conducting IND-enabling studies.

**ABSK012** is an orally bioavailable, highly selective, next-generation small molecule FGFR4 inhibitor with strong potency against both wild-type and mutant FGFR4. In pre-clinical studies, ABSK012 has demonstrated strong activities in vitro and in cells against both wild-type FGFR4 and various FGFR4 mutants that are resistant to current FGFR4 inhibitors in clinical development, and excellent in vivo efficacy in FGF19-driven and FGFR4-mutant models. We are currently conducting IND-enabling studies.

### **Business development activities**

We have established a dedicated business development team to source and evaluate potential opportunities for licensing deals opportunities as well as strategic partnerships of various forms. Through business development activities, we aim to not only maximize the commercial value of our pipeline globally, but also expand the potential of our in-house drug discovery engine.

In March 2023, we entered into an exclusive out-license agreement with Allist for the research, development, manufacture, use, and sales of ABK3376 (a next-generation EGFR-TKI) in Greater China Region (Mainland China, Hong Kong, Macau, and Taiwan). We also granted Allist a time-limited option to expand the licensed territory worldwide in accordance with the terms and conditions agreed upon by both parties. The total deal size is up to US\$187.90 million, including upfront development and sales milestones payments, plus tiered royalties on net sales.

### **Research and development**

We believe R&D is critical to our future growth and our ability to remain competitive in the Chinese biopharmaceutical market. We are dedicated to enhancing our pipeline by leveraging our leading in-house R&D capabilities, which span from early drug discovery to clinical development.

As at June 30, 2023, our R&D team consisted of approximately 199 employees and has extensive clinical development experience, with a particular focus on oncology. Among our R&D team members, over 71% have obtained at least post-graduate degrees, and approximately 23% hold Ph.D. degrees. Among our pre-clinical R&D team members, approximately 82% have obtained at least postgraduate degrees, and approximately 35% hold Ph.D. degrees.



## MANAGEMENT DISCUSSION AND ANALYSIS

### *Drug discovery and pre-clinical development*

Our drug discovery effort is led by our co-founders, Dr. Xu Yao-Chang (“**Dr. Xu**”), Dr. Yu Hongping (“**Dr. Yu**”) and Dr. Chen Zhui (“**Dr. Chen**”), who collectively have made contributions to dozens of discovery programs, a number of which led to successful commercialization, such as Ameile (almonertinib), Cymbalta (duloxetine), Balversa (erdafitinib), Reyvow (lasmiditan), Fu Laimei (PEG-loxenate), Kisqali (ribociclib), Xinfu (flumatinib) and Venclexta (venetoclax).

We use various discovery and engineering technologies to discover and select our lead compounds with suitable pharmaceutical properties and market potential. Our drug discovery team collaborates with our Chemistry, Manufacturing and Controls team at an early stage to complement each team’s needs and to ensure continued knowledge sharing, regulatory compliance and a streamlined transition from discovery to development. Our drug discovery team also includes a translational medicine function that conducts biomarker discovery and bioinformatics data processing and analysis to facilitate our clinical studies. We conduct translational research to assess the effectiveness of treatment, evaluate different ways to customize therapies, and improve personalized medicine guidelines using the new data generated. These insights help further guide us toward new directions in novel drug and biomarker discovery.

### *Clinical development*

Our clinical development team is led by Dr. Ji Jing, who received a M.D. degree from Fudan University and Shanghai Second Medical University, majoring in GI and liver disease. She has over 25 years of experience in early and late-stage clinical development in global pharmaceutical companies, serving as clinical development leader and head of therapy area. She has led and executed a wide range of functions, including medical, clinical operations, quality control, clinical research, clinical pharmacology and patient safety.

Our clinical development team manages all stages of our clinical trials, including clinical trial design, implementation, drug supply, and the collection and analysis of trial data. We have entered into agreements with hospitals and principal investigators located in China, the U.S. and other regions that can support our clinical trials of different indications at different stages. We believe our experience in executing clinical trials helps us accelerate our drug development.

With the vision to address unmet medical needs of global patients, we have always been aiming for the global markets. We believe such going-global approach will maximize the commercial value of our assets, for which we own global rights. We have received around 20 INDs or clinical trial approvals in multiple countries and regions. Trials outside mainland China include a Phase III trial ongoing in the U.S. for Pimicotinib, a Phase I trial ongoing in Australia for ABSK043, a Phase I trial ongoing in the U.S. for ABSK061, and two completed trials in Taiwan for Irpagratinib Phase Ib and Fexagratinib Phase II respectively.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Events after the Reporting Period

Subsequent to June 30, 2023, the significant events that took place are listed below:

The first patient was dosed in “A Phase III, Randomized, Double-blind, Placebo – Controlled, Multicenter Study of ABSK021 to Assess the Efficacy and Safety in Patients with TGCT” in the U.S..

Irpagratinib will be presented updated Phase 1b data for advanced hepatocellular carcinoma patients at the ESMO in October 2023. The Irpagratinib Phase 1b data, since the first announcement at the end of 2022, includes further updates after enrolling more patients.

Preliminary efficacy data of ABSK043 will be disclosed at the ESMO conference in October 2023.

### Future and Outlook

In times of adversity, the true spirit of innovations shines the brightest. We understand that the biotech landscape can be filled with challenges and uncertainties. However, it’s in these very challenges that we find the opportunity to redefine what’s possible.

The breakthroughs we have achieved have the potential to transform lives, not just in China but around the world. Our commitment to advancing science and healthcare is not only commendable but also vital for the well-being of countless individuals.

We believe that resilience is a hallmark of success in the biotech industry. Every obstacle we face is a chance to learn, adapt and grow stronger. Our dedication to improving the health and quality of life for patients is a driving force that can conquer any difficulty.

Innovation knows no boundaries. We’ll stay focused on our mission, and believe in the impact our work can have on individuals and society as a whole. The path is rarely easy, but it’s one that leads to the discovery of life-changing treatments, the alleviation of suffering and the improvement of healthcare for all.

We’ll keep pushing the boundaries of science, keep innovating and keep making a positive difference.

## MANAGEMENT DISCUSSION AND ANALYSIS

### II FINANCIAL REVIEW

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue	19,060	–
Cost of sales	–	–
Gross profit	19,060	–
Other income and gains	37,702	11,740
Research and development expenses	(204,649)	(159,007)
Administrative expenses	(45,729)	(55,348)
Other expenses	(13,816)	(17,090)
Finance costs	(1,160)	(1,400)
<b>LOSS BEFORE TAX</b>	<b>(208,592)</b>	<b>(221,605)</b>
Income tax expenses	–	–
<b>LOSS FOR THE PERIOD</b>	<b>(208,592)</b>	<b>(221,605)</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	765	1,315
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company	67,694	112,305
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX</b>	<b>68,459</b>	<b>113,620</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>(140,133)</b>	<b>(107,985)</b>
Loss attributable to:		
Owners of the parent	(140,133)	(107,985)
Total comprehensive loss attributable to:		
Owners of the parent	(140,133)	(107,985)
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>		
Basic and diluted		
For loss for the period	RMB0.32	RMB0.32



## MANAGEMENT DISCUSSION AND ANALYSIS

**Revenue.** Revenue increased from nil for the six months ended June 30, 2022 to RMB19.1 million for the six months ended June 30, 2023, primarily attributable to the license fee income that we received from Allist as upfront payment.

**Other income and gains.** Other income and gains increased by RMB26.0 million from RMB11.7 million for the six months ended June 30, 2022 to RMB37.7 million for the six months ended June 30, 2023, primarily attributable to: 1) an increase in bank interest income by RMB20.8 million, resulting from the increase in time deposits purchased and increase in interest rate; and 2) an increase in government subsidies by RMB4.3 million.

	Six months ended June 30,	
	2023 (RMB'000)	2022 (RMB'000)
Bank interest income	27,016	6,173
Government subsidies	9,914	5,567
Fair value gains on financial assets at fair value through profit or loss	772	-
	37,702	11,740

**Research and development expenses.** Research and development expenses increased by RMB45.6 million from RMB159.0 million for the six months ended June 30, 2022 to RMB204.6 million for the six months ended June 30, 2023, primarily attributable to an increase in third party contracting cost by RMB38.8 million as we advanced our clinical trials to later stage while expanding early discovery and research activities at the same time.

	Six months ended June 30,	
	2023 (RMB'000)	2022 (RMB'000)
Employee cost	81,918	80,202
Third party contracting cost	106,962	68,197
Others	15,769	10,608
	204,649	159,007

## MANAGEMENT DISCUSSION AND ANALYSIS

**Administrative expenses.** Administrative expenses decreased by RMB10.1 million from RMB55.8 million for the six months ended June 30, 2022 to RMB45.7 million for the six months ended June 30, 2023, primarily attributable to an decrease in employee cost by RMB11.0 million due to a decrease in employee cost resulted from decreased share-based payments charged to administrative expenses.

	Six months ended June 30,	
	2023 (RMB'000)	2022 (RMB'000)
Employee cost	32,112	43,096
Third party advisory service cost	9,313	9,430
Others	4,304	3,322
	45,729	55,848

**Finance costs.** Finance costs decreased by RMB0.2 million from RMB1.4 million for the six months ended June 30, 2022 to RMB1.2 million for the six months ended June 30, 2023. The nature of the finance costs is the interest expense incurred on lease liabilities. Decrease in finance costs for the six months ended June 30, 2023 is mainly due to the decrease of interest on lease liabilities.

**Other expenses.** Other expenses decreased by RMB3.3 million from RMB17.1 million for the six months ended June 30, 2022 to RMB13.8 million for the six months ended June 30, 2023, primarily due to the fluctuation of foreign exchange differences.

### NON-IFRS MEASURE

To supplement the Group's Consolidated Financial Statements, which are presented in accordance with the IFRS, the Company also uses adjusted loss for the period and other adjusted figures as additional financial measures, which are not required by, or presented in accordance with, the IFRS. The Company believes that these adjusted measures provide useful information to shareholders and potential investors in understanding and evaluating the Group's consolidated results of operations.

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

## MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets forth a reconciliation of the loss to adjusted loss during the periods indicated:

	Six months ended June 30,	
	2023 (RMB'000)	2022 (RMB'000)
<b>Loss for the period</b>	<b>(208,592)</b>	(221,605)
Added:		
Share -based compensation cost	<b>25,709</b>	57,566
<b>Adjusted loss for the period</b>	<b>(182,883)</b>	(164,039)

The table below sets forth a reconciliation of the research and development expenses to adjusted research and development expenses during the periods indicated:

	Six months ended June 30,	
	2023 (RMB'000)	2022 (RMB'000)
<b>Research and development expenses for the year</b>	<b>(204,649)</b>	(159,007)
Added:		
Share-based compensation cost	<b>15,662</b>	34,601
<b>Adjusted research and development expenses for the period</b>	<b>(188,987)</b>	(124,406)

The table below sets forth a reconciliation of the administrative expenses to adjusted administrative expenses during the periods indicated:

	Six months ended June 30,	
	2023 (RMB'000)	2022 (RMB'000)
<b>Administrative expenses for the year</b>	<b>(45,729)</b>	(55,848)
Added:		
Share-based compensation cost	<b>10,047</b>	22,965
<b>Adjusted administrative expenses for the period</b>	<b>(35,682)</b>	(32,883)

## MANAGEMENT DISCUSSION AND ANALYSIS

### Employee and Remuneration Policy

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

Functions	Numbers	Percentage of total %
<b>Research</b>	76	30.2%
Pre-clinical Development	31	12.3%
Clinical Development	88	34.9%
Scientific Strategy and Operations	12	4.8%
Others	45	17.9%
<b>Total</b>	<b>252</b>	<b>100%</b>

As at June 30, 2023, the Group had 252 employees, where their salaries and allowances were determined based on their performance, experience and the then prevailing market rates. We have also invested in continuing education and training programs, including internal and external training, for our management staff and other employees to upgrade their skills and knowledge. We also provide competitive salaries, project and share incentive plans to our employees especially key employees.

### Liquidity and Financial Resources

The Group's cash and bank balances as at June 30, 2023 were RMB2,102.4 million (approximately US\$291.0 million), representing a decrease of RMB156.4 million compared to RMB2,258.8 million as at December 31, 2022, primarily attributable to increase by spending on research and development activities as well as business operations, partially offset by impact from increase in income and foreign exchange volatility.

As at June 30, 2023, the current assets of the Group were RMB2,266.6 million, including cash and bank balances of RMB2,102.4 million and other current assets of RMB164.2 million. As at June 30, 2023, the current liabilities of the Group were RMB85.3 million, including other payables and accruals of RMB75.1 million and other current liabilities of RMB10.2 million.

### Gearing Ratio

Gearing ratio is calculated using total liabilities divided by total assets and multiplied by 100%. As at June 30, 2023, our gearing ratio was 4.93% (as at December 31, 2022: 5.75%).

### SIGNIFICANT INVESTMENTS HELD

During the Reporting Period, the Group did not hold any significant investments.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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



## MANAGEMENT DISCUSSION AND ANALYSIS

### INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended June 30, 2023 (June 30, 2022: Nil).

### REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) has considered and reviewed the unaudited interim results of the Group for the six months ended June 30, 2023 (including this interim report) and the accounting principles and practices adopted by the Group, and has discussed with management on issues in relation to internal control, risk management and financial reporting. The Audit Committee is of the opinion that the unaudited interim results of the Group for the six months ended June 30, 2023 are in compliance with the relevant accounting standards, laws and regulations.

### MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures during the Reporting Period.

### FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this interim report, we do not have any future plans for material investments or capital assets as at the date of this interim report.

### FOREIGN EXCHANGE RISK

Our financial statements are expressed in RMB, but certain of our financial assets measured at fair value through profit or loss and other payables are denominated in foreign currencies, and are exposed to foreign currency risk. We currently do not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

### BANK LOANS AND OTHER BORROWINGS

As at June 30, 2023, we did not have any bank loans or other forms of borrowings.

### CONTINGENT LIABILITIES

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

### CHARGES ON GROUP ASSETS

As of June 30, 2023, we did not have any charges on our assets.

### UPDATES ON INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”), the changes in the information required to be disclosed by Directors and chief executives pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) since publication of the Company’s annual report for the year ended December 31, 2022 are set out as follows:

Dr. Xia Gavin Guoyao resigned as a non-executive Director with effect from June 19, 2023.

Save as disclosed in this interim report, there was no change in the information of Directors and the chief executive of the Company required to be disclosed under Rule 13.51B(1) of the Listing Rules.

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintain high standards of corporate governance to safeguard the interests of the shareholders and to enhance corporate value and accountability. The Company has applied the principles and code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to Listing Rules. During the Reporting Period, the Board is of the opinion that the Company has complied with all the code provisions apart from the deviation below.

Code provision C.2.1 of the CG Code provides that the roles of the chairman of the Board (the “**Chairman**”) and chief executive officer (the “**CEO**”) should be separated and should not be performed by the same individual. As at the date of this report, the roles of the Chairman and the CEO of the Company are held by Dr. Xu.

The Board believes that, in view of Dr. Xu’s experience, personal profile and his roles in our Company as mentioned above, Dr. Xu is the Director best suited to identify strategic opportunities and focus of the Board due to his extensive understanding of our business as our CEO. The Board also believes that the combined role of Chairman and CEO can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board.

Further, the decisions to be made by the Board require approval by at least a majority of our Directors and that the Board comprises one non-executive Director, three independent non-executive Directors, and three executive Directors, which we believe provides an adequate system of checks and balances within the Board. Dr. Xu and other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that they shall act for the benefit and in the best interest of the Company and will make decisions for the Group accordingly.

The Board will continue to review and consider splitting the roles of the Chairman and the CEO at the time when it is appropriate by taking into account the circumstances of the Group as a whole. 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.



## OTHER INFORMATION

### COMPLIANCE WITH MODEL CODE

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code"). Specific enquiries have been made to all the Directors and they have confirmed that they have complied with the Model Code during the Reporting Period.

### USE OF PROCEEDS FROM THE GLOBAL OFFERING

The shares of the Company were listed on the Stock Exchange on October 13, 2021 and the Company obtained net proceeds of approximately HK\$1,674 million (after deducting the underwriting commissions and other estimated expenses in connection with the exercise of the global offering and the over-allotment option).

The net proceeds have been and will be utilized in accordance with the purposes set out in the prospectus of the Company dated September 30, 2021 under the section headed "Future Plans and Use of Proceeds". The table below sets out the planned allocations of the net proceeds and actual usage up to June 30, 2023:

Planned usage	% of use of proceeds (Approximately)	Net proceeds from the IPO (HK\$ million)	Amount of unutilized net proceeds as at January 1, 2023 (HK\$ million)	Actual usage during the Reporting Period (HK\$ million)	Unutilized net proceeds as of June 30, 2023 (HK\$ million)	Expected timeline for application of the unutilized net proceeds
Fund the ongoing and future R&D including planned clinical trials, preparation of registration filings, and future commercialization of our Core Product Candidate Irpagratinib (ABSK011)	19.7%	329.78	308.90	22.66	286.24	Expected to be fully utilized by December 31, 2024
Fund the ongoing and future R&D including planned clinical trials, preparation of registration filings and future commercialization of our Core Product candidate Fexagratinib (ABSK091, AZD4547)	32.6%	545.72	517.38	34.78	482.60	Expected to be fully utilized by December 31, 2024
Fund our other clinical stage products and product candidates in our pipeline	28.0%	468.72	402.45	109.01	293.44	Expected to be fully utilized by December 31, 2024
Fund our pre-clinical research and studies, including continued development of our R&D platform and research and development of new pre-clinical candidates	8.4%	140.62	77.60	49.32	28.28	Expected to be fully utilized by December 31, 2024
Fund the construction of manufacturing facility in Shanghai	6.3%	105.46	85.21	12.84	72.37	Expected to be fully utilized by December 31, 2024
Working capital and general corporate purposes	5.0%	83.70	62.76	43.13	19.63	Expected to be fully utilized by December 31, 2024
<b>Total</b>	<b>100%</b>	<b>1,674.00</b>	<b>1,454.30</b>	<b>271.74</b>	<b>1,182.56</b>	

Note:

Net IPO proceeds were received in Hong Kong dollars and translated to RMB for application planning.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

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

As far as the Company is aware, as at June 30, 2023, the interests and short positions of our Directors and chief executives in the shares, underlying shares or debentures of the Company or any of our associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code, were as follows:

Name of Director or chief executive officer	Nature of Interest	Total number of shares/underlying shares	Approximate Percentage of Shareholding Interest <sup>(3)</sup>
Dr. Xu Yao-Chang <sup>(1)</sup>	Founder of discretionary trust; interest in controlled corporation; interests held jointly with another person; interest of a party to an agreement regarding interest in our Company	118,116,676 (L) <sup>(2)</sup>	16.82%
Dr. Chen Zhui <sup>(1)</sup>	Founder of discretionary trust; interest in controlled corporation; interests held jointly with another person; interest of a party to an agreement regarding interest in our Company	118,116,676 (L) <sup>(2)</sup>	16.82%
Dr. Yu Hongping <sup>(1)</sup>	Interest in controlled corporation; interests held jointly with another person; interest of a party to an agreement regarding interest in our Company	118,116,676 (L) <sup>(2)</sup>	16.82%

Notes:

(1) The 118,116,676 shares and underlying shares represent the aggregate interests of Dr. Xu, Dr. Yu and Dr. Chen.

Dr. Xu, Dr. Yu and Dr. Chen entered into an acting-in-concert agreement on May 26, 2021, pursuant to which they acknowledged and confirmed that (i) since 2016, each of Dr. Xu, Dr. Yu, Dr. Chen and their controlled entities has been acting in concert at the Shareholders' meetings of Abbisko Therapeutics Co., Ltd. and the Company; (ii) they will continue to act in concert at the Shareholders' meeting of the Company; and (iii) in the event that the parties are unable to reach consensus on matters of the Company, each of the parties shall exercise their respective voting rights in accordance with the instructions of Dr. Xu. As such, each of Dr. Xu, Dr. Chen and Dr. Yu (i.e. the "Concert Parties") are deemed to be interested in the Shares each other is interested in.

Dr. Xu is the settlor of a discretionary trust, the Xu Family Trust, of which Trident Trust Company (HK) Limited acts as its trustee and the beneficiaries of which are Dr. Xu's family members. Yaochang Family Holding Limited is wholly owned by Hery International Development Limited, which is in turn wholly owned by Trident Trust Company (HK) Limited as the trustee of the Xu Family Trust. Each of Dr. Xu (as settlor of the Xu Family Trust), Trident Trust Company (HK) Limited and Hery International Development Limited are deemed to be interested in the 70,290,520 Shares in the Company held by Yaochang Family Holding Limited.; and (2) Dr. Xu directly holds 10,880,054 Shares.



## OTHER INFORMATION

Dr. Chen is the settlor of a discretionary trust, the Zabuye Trust, of which Trident Trust Company (HK) Limited acts as its trustee and the beneficiaries of which are Dr. Chen's family members. Chogir Limited is wholly owned by Zabuye Limited, which in turn is wholly owned by Trident Trust Company (HK) Limited as the trustee of the Zabuye Trust. Jamdrok Limited is wholly owned by Dr. Chen. Each of Dr. Chen (as the settlor of the Zabuye Trust), Trident Trust Company (HK) Limited and Zabuye Limited are deemed to be interested in the 4,948,690 Shares in the Company held by Chogir Limited.; (2) Dr. Chen is also deemed to be interested in the 4,948,680 Shares in the Company held by Jamdrok Limited; and (3) Dr. Chen directly holds 8,575,681 Shares.

Dr. Yu through his interest in controlled corporation, Panorama HY Investment Limited, held 9,897,370 Shares and (2) Dr. Yu directly holds 8,575,681 Shares.

According to disclosure of interest filings of Dr. Xu, Dr. Chen and Dr. Yu, during the Reporting Period, Dr. Xu ceased to be entitled to instruct Computershare Hong Kong Trustees Limited and Futu Trustee Limited to exercise their voting rights in respect of such shares held by them. As such, Dr. Xu, Dr. Chen and Dr. Yu ceased to be deemed to be interested in shares held by Computershare Hong Kong Trustees Limited and Futu Trustee Limited.

(2) "L" means holding a long position in Shares.

(3) Refers to the percentage of the number of relevant Shares involved divided by the total number of Shares in issue of the Company as at June 30, 2023, being 702,199,350 Shares.

Save as disclosed above, as at June 30, 2023, none of the Directors or chief executives of the Company had or was deemed to have any interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of the Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or which were required to be recorded in the register to be kept by the Company pursuant to Section 352 of the SFO; or which were required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at June 30, 2023, to the best of the knowledge of the Company and the Directors, the following are the persons, other than the Directors or chief executives of the Company, who had interests or short positions in the shares and 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 of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO.

Name of Shareholder	Nature of Interest	Total number of shares/underlying shares	Approximate Percentage of Shareholding Interest <sup>(2)</sup>
LAV GP III, L.P. <sup>(3)</sup>	Interest in controlled corporation	51,454,060 (L) <sup>(1)</sup>	7.33%
LAV Corporate GP, Ltd. <sup>(3)</sup>	Interest in controlled corporation	51,454,060 (L) <sup>(1)</sup>	7.33%
Yi Shi <sup>(3)</sup>	Interest in controlled corporation	75,143,790 (L) <sup>(1)</sup>	10.70%
Qiming Venture Partners VI, L.P. <sup>(4)</sup>	Beneficial owner	47,323,020 (L) <sup>(1)</sup>	6.74%
Qiming Corporate GP VI, Ltd <sup>(4)</sup>	Interest in controlled corporation	48,596,400 (L) <sup>(1)</sup>	6.92%
Elbrus Investments Pte. Ltd. <sup>(5)</sup>	Beneficial owner	46,508,460 (L) <sup>(1)</sup>	6.62%
Temasek Holdings (Private) Limited <sup>(5)</sup>	Interest in controlled corporation	52,734,460 (L) <sup>(1)</sup>	7.51%
Trident Trust Company (HK) Limited <sup>(6)</sup>	Trustee	75,239,210 (L) <sup>(1)</sup>	10.71%
Futu Trustee Limited <sup>(6)</sup>	Trustee	37,441,240 (L) <sup>(1)</sup>	5.33%
Computershare Hong Kong Trustees Limited <sup>(6)</sup>	Trustee	37,054,800 (L) <sup>(1)</sup>	5.28%
Morgan Stanley <sup>(7)</sup>	Interest in controlled corporation	52,486,000 (L) <sup>(1)</sup> 21,108,000 (S) <sup>(1)</sup>	7.47% 3.01%

Notes:

(1) "L" means holding a long position in Shares, while "S" means holding a short position in Shares.

(2) Refers to the percentage of the number of relevant Shares involved divided by the total number of Shares in issue of the Company as at June 30, 2023, being 702,199,350 Shares.

## OTHER INFORMATION

- (3) Absolute Investment Limited, Sky Infinity Investment Limited and LAV Biosciences Fund V, L.P. directly owns 34,302,700 Shares, 17,151,360 Shares and 11,235,730 Shares respectively. Absolute Investment Limited is wholly-owned by LAV Biosciences Fund III, L.P.. Sky Infinity Investment Limited is wholly-owned by Lilly Asia Ventures Fund III, L.P.. The general partner of both LAV Biosciences Fund III, L.P. and Lilly Asia Ventures Fund III, L.P. is LAV GP III, L.P., whose general partner is LAV Corporate GP, Ltd., a company owned by Yi Shi. LAV Biosciences Fund V, L.P. is a Cayman exempted limited partnership fund. The general partner of LAV Biosciences Fund V, L.P. is LAV GP V, L.P., whose general partner is LAV Corporate V GP, Ltd., a company owned by Yi Shi.

Each of LAV Star Limited, LAV Star Opportunities Limited and LAV Amber Limited directly owns 4,982,000 Shares, 4,982,000 Shares and 2,490,000 Shares. LAV Star Limited is wholly-owned by LAV Fund VI, L.P. and LAV Star Opportunities Limited is wholly-owned by LAV Fund VI Opportunities, L.P. The ultimate beneficial owner of LAV Star Limited and LAV Star Opportunities Limited is Yi Shi. LAV Amber Limited is wholly owned by LAV Biosciences Fund V, L.P..

Based on the above, under the SFO, LAV Biosciences Fund III, L.P. is deemed to be interested in the 34,302,700 Shares held by Absolute Investment Limited. Each of LAV GP III, L.P. and LAV Corporate GP, Ltd. (through its interests in controlled corporations) is interested in the 34,302,700 Shares held by Absolute Investment Limited and the 17,151,360 Shares held by Sky Infinity Investment Limited. LAV Biosciences Fund V, L.P. is deemed to be interested in the 2,490,000 Shares held by LAV Amber Limited. Yi Shi (through his interests in controlled corporations) is deemed to be interested in the 34,302,700 Shares held by Absolute Investment Limited, the 17,151,360 Shares held by Sky Infinity Investment Limited and the 11,235,730 Shares LAV Biosciences Fund V, L.P. is interested in.

- (4) Qiming Venture and Qiming Managing directly owns 47,323,020 Shares and 1,273,380 Shares respectively. Each of Qiming Venture and Qiming Managing is an exempted limited partnership managed and controlled by its ultimate general partner Qiming Corporate GP VI, Ltd.. Based on the above, under the SFO, Qiming Corporate GP VI, Ltd. is deemed to be interested in (through its interests in controlled corporations) the 47,323,020 Shares and 1,273,380 Shares held by Qiming Venture and Qiming Managing respectively.
- (5) Elbrus Investments directly owns 46,508,460 Shares. Elbrus Investments is a company incorporated in Singapore, being a wholly-owned subsidiary of Temasek Life Sciences Private Limited, which is in turn a wholly-owned subsidiary of Fullerton Management Pte Ltd, which is in turn a wholly-owned subsidiary of Temasek Holdings (Private) Limited. Under the SFO, each of Temasek Life Sciences Private Limited, Fullerton Management Pte Ltd and Temasek Holdings (Private) Limited is deemed to be interested in (through their interests in controlled corporations) the 46,508,460 Shares held by Elbrus Investments.

In addition, taking into account 6,226,000 Shares directly owned by Aranda Investments Pte. Ltd., an indirect wholly-owned subsidiary of Temasek Holdings (Private) Limited, Temasek Holdings (Private) Limited is deemed to be interested in the 6,226,000 Shares held by Aranda Investments Pte. Ltd.

- (6) Please refer to note 3 to the table under the section headed "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES" as disclosed in this report.
- (7) Morgan Stanley & Co. International plc directly holds 52,486,000 and 21,108,000 in long position and short position in Shares respectively. Morgan Stanley & Co. International plc is directly wholly owned by Morgan Stanley Investments (UK), which is in turn wholly owned by Morgan Stanley International Limited, which is in turn wholly owned by Morgan Stanley International Holdings Inc., which is in turn wholly owned by Morgan Stanley. Therefore, Morgan Stanley is deemed to be interested in the 52,486,000 long position in Shares and 21,108,000 short position in Shares held by Morgan Stanley & Co. International plc.

Save as disclosed above, as at June 30, 2023, the Directors and the chief executives of the Company were not aware of any other person (other than the Directors or chief executives of the Company) who 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 by the Company pursuant to Section 336 of the SFO.

## EQUITY INCENTIVE PLANS

### 2019 Share Incentive Plan

The 2019 Share Incentive Plan was a pre-IPO share incentive plan adopted and approved by resolutions in writing by the Board and the Shareholders on July 4, 2019 and was further amended on June 10, 2021. The purpose of the 2019 Plan is to attract and retain the best available personnel and to provide additional incentives to employees, Directors and consultants of the Company and to promote the success of the Company's business. All shares underlying the awards and options which may be granted under the 2019 Plan have been allotted and issued prior to the listing of the Company's shares on the Stock Exchange. No further shares of the Company would be or have been issued pursuant to the 2019 Plan after the listing of the Company's shares on the Stock Exchange.

#### 1. *Summary of terms*

##### (a) *Duration*

The 2019 Plan shall be valid and effective for the period of ten years commencing from the adoption date after which period no further options, share appreciation right, dividend equivalent right, restricted shares and restricted share units (the "**Award**") will be granted, unless terminated sooner. Therefore, as at June 30, 2023, the remaining life of the 2019 Plan was approximately 6 years.

##### (b) *Participants*

The participants of the 2019 Plan include employees who are in the employment of the Company and its affiliates, Directors and consultants of the Company and its affiliates.

##### (c) *Administration*

The 2019 Plan shall be subject to the administration of (i) the Board; (ii) one of the officers or Directors or a committee designated by the Board (the "**Administrator**"); and (iii) the Shareholders. The Board shall have the authority to (i) approve the 2019 Plan and the separate programs under the 2019 Plan; (ii) select the core management team and Directors to which Awards may be granted from time to time; (iii) to determine whether and to what extent the Awards are granted for the core management team and Directors; (iv) to determine the type or the number of Awards to be granted for the core management team and Directors and the number of shares to be covered by each Award granted; (v) to determine the terms and conditions of any Award granted for the core management team and Directors; (vi) amend the terms of any outstanding Award granted for the core management team and Directors under the 2019 Plan; (vii) amend, suspend or terminate the 2019 Plan at any time provided, however, that no such amendment shall be made without the approval of the Shareholders to the extent that such approval is required by the applicable laws; (viii) terminate the grant of Award during any suspension of the 2019 Plan or after termination of the 2019 Plan; and (ix) to take such other major action, not inconsistent with the terms of the 2019 Plan and the applicable laws, as the Board deems appropriate, such as the early exercise of the Awards and the loan plan and the amount of consideration to be covered by each Award granted. The Shareholders shall have the power to approve and determine the maximum aggregate number of ordinary shares which may be issued pursuant to all Awards under the 2019 Plan.





## OTHER INFORMATION

The Administrator shall have the authority to (i) propose amendments to the 2019 Plan and separate programs under the 2019 Plan and report the propose amendments of the 2019 Plan to the Board for approval; (ii) to select employees (not including the core management team and consultants) whom Awards may be granted from time to time; (iii) to determine whether and to what extent Awards are granted for the employees (not including the core management team and consultants); (iv) to determine the type or the number of Awards to be granted for the employees (not including the core management team and consultants), the number of ordinary shares to be covered by each Award; (v) to approve forms of Award agreements for use under the 2019 Plan and the separate programs and to amend the terms of the Award agreements; (vi) to determine the terms and conditions of any Award granted for the employees (not including the core management team and consultants); (vii) to amend the terms any outstanding Award granted for the employees (not including the core management team) and consultants under the 2019 Plan; (viii) to construe and interpret the terms of the 2019 Plan and Awards; and (ix) to take such other action, not inconsistent with the terms of the 2019 Plan and the applicable laws, as the Administrator deems appropriate.

*(d) Award Agreement, Exercise Period and Vesting Period*

Each Award granted under the 2019 Plan shall be evidenced by an award agreement between the Company and the eligible participant, approved by the Administrator and the Board.

The Awards to be issued under the 2019 Plan shall be subject to the vesting schedule and exercise period as specified in the award agreement. The Board shall have the right to adjust the vesting schedule of the options granted to the grantees.

*(e) Type of Award*

The 2019 Plan provides for awards of options, share appreciation right, dividend equivalent right, restricted share and restricted share units (“**RSUs**”).

- (i) **Options.** Subject to the 2019 Plan, the Administrator or the Board (as the case may be) shall be entitled to make an offer to any eligible participant to take up options in respect of such number of Shares as the Administrator may determine and at the exercise price determined by the Administrator or the Board (as the case may be) in its sole discretion and disclosed in the notices of stock option award and the award agreement. An option shall be deemed exercised when the Company receives (i) application from the eligible participant to the Company in the specified incentive management systems; and (ii) full payment for the Shares with respect to which the option is exercised. The period within which the option may be exercised by the grantee under the 2019 Plan is subject to the terms and conditions as set out in the notices of stock option award and the award agreement.

- (ii) **Share Appreciation right and dividend equivalent right.** Subject to the 2019 Plan, the Administrator or the Board (as the case may be) shall be entitled to make an offer to any eligible participant to take up share appreciation right or dividend equivalent right in respect of such number of Shares as the Administrator may determine and at the exercise or purchase price determined by the Administrator or the Board (as the case may be) in its sole discretion and disclosed in the award agreement.
- (iii) **Restricted Share.** Subject to the 2019 Plan, a restricted share may be issued to the eligible participant for such consideration, if any, and subject to such restrictions on transfer, rights of first refusal, repurchase provisions, forfeiture provisions, and other terms and conditions established by the Administrator or the Board (as the case may be).
- (iv) **Restricted Share Units.** A restricted share unit may be earned in whole or in part upon the passage of time or the attainment of performance criteria established by the Administrator or the Board (as the case may be) and may be settled for cash, Shares or other securities or a combination of cash, Shares or other securities as established by the Administrator or the Board (as the case may be).

(f) *Payment*

The consideration to be paid for the Shares to be issued upon exercise or purchase of an Award including the method of payment, shall be determined by the Board according to the specific circumstances and subject to the applicable laws. The tax withholding to be paid for the Shares shall be determined according to the provisions in the 2019 Plan and the applicable laws.

(g) *Non-transferability of Awards*

Subject to the applicable laws, the Awards shall not be transferrable unless otherwise approved by the Administrator. Upon the Administrator's approval, the eligible participant may designate one or more beneficiaries of the eligible participant's award in the event of the participant's death on a beneficiary designation form provided by the Administrator.

(h) *Maximum number of ordinary shares*

Subject to the terms of the 2019 Plan, the maximum aggregate number of ordinary shares which may be issued pursuant to all Awards was 8,360,280 Shares (which was subsequently adjusted to 83,602,800 Shares upon completion of the Share Subdivision), or any other share as approved by the Board or the Shareholders' meeting according to the Shareholders' agreement and the Articles of Association of the Company. As at January 1, 2022, (i) the aggregate number of underlying ordinary shares pursuant to the outstanding options and RSUs granted under the 2019 Plan was 68,191,790 Shares; and (ii) the aggregate number of underlying ordinary shares pursuant to the outstanding RSUs to be granted under the 2019 Plan was 16,965,070 Shares. As at January 1, 2023, (i) the aggregate number of underlying ordinary shares pursuant to the outstanding options and RSUs granted under the 2019 Plan was 33,781,395 Shares; and (ii) the aggregate number of underlying ordinary shares pursuant to the outstanding RSUs to be granted under the 2019 Plan was 20,509,891 Shares. As at June 30, 2023, (i) the aggregate number of underlying ordinary shares pursuant to the outstanding options and RSUs granted under the 2019 Plan was 34,342,405 Shares; and (ii) the aggregate number of underlying ordinary shares pursuant to the outstanding RSUs to be granted under the 2019 Plan was 19,939,881 Shares. No shares are available for issue under the 2019 Plan, as all shares underlying the awards and options which may be granted under the 2019 Plan have already been allotted and issued. No service provider sublimit has been set for the 2019 Plan.



## OTHER INFORMATION

Unless approved by the Shareholders in general meeting, the total number of the ordinary shares issued and to be issued upon the vesting or exercise of the Awards granted to each participant in any 12-month period shall not exceed 1% of the Shares in issue for the time being.

On December 16, 2019, 910,676 ordinary shares were issued to Affluent Bay Limited, which was owned and managed by The Core Trust Company Limited (匯聚信託有限公司), the trustee of Affluent Bay Trust. On September 18, 2021, 3,705,480 ordinary shares were issued to Computershare Hong Kong Trustees Limited, the trustee of Abbisko Cayman Limited Trust, and were transferred out to share award scheme participants as of December 7, 2022. On September 18, 2021, 1,909,023 ordinary shares were issued to Abbisko Galaxy Myth Limited and on September 18, 2021, 1,835,101 ordinary shares were issued to Abbisko Glorious Ode Limited, both of which were owned and managed by Futu Trustee Limited, the trustee of Abbisko Galaxy Myth Trust and Abbisko Glorious Ode Trust. The Affluent Bay Trust, Abbisko Cayman Limited Trust, Abbisko Galaxy Myth Trust and Abbisko Glorious Ode Trust are all trusts set up by the Company to facilitate the administration of the ordinary shares Incentive Plan. Above mentioned share numbers were made corresponding changes upon completion of the Company's Share Subdivision.

### *(i) Change in Control*

In the event of a Corporate Transaction, each Award can be assumed or replaced immediately prior to the specified effective date of such Corporate Transaction. For the portion of each Award that is neither assumed or substituted, such portion of the Award shall automatically become fully vested and exercisable and be released from any repurchase or forfeiture rights for all of the ordinary shares at the time represented by such portion of the Award, immediately prior to the specified effective date of such Corporate Transaction, provided that the eligible participant's continuous service has not terminated prior to such date. All outstanding Awards under the 2019 Plan shall terminate effective upon the consummation of a Corporate Transaction, provided however that all such Awards shall not terminate to the extent that they are assumed or replaced in connection with the Corporate Transaction.

For the above purpose, a “Corporate Transaction” means the following events as determined by the Board: (i) a merger, amalgamation, consolidation or other business combination of the Company with or into any person, in which the Company is not the surviving entity, as a result of which the Shareholders of the Company immediately prior to such transaction will cease to own a majority of the voting power of the surviving entity immediately after consummation of such transaction; (ii) the sale, transfer, exclusive license or other disposition of all or substantially all of the assets of the Company and its Subsidiaries and Affiliates; (iii) the complete liquidation or dissolution of the Company; (iv) any reverse merger or series of related transactions culminating in a reverse merger in which the Company is the surviving entity but the ordinary shares outstanding immediately prior to such merger are converted or exchanged by virtue of the merger into other property, whether in the form of securities, cash or otherwise, or in which securities possessing more than fifty percent (50%) of the total combined voting power of the Company’s outstanding securities are transferred to a person different from those who held such securities immediately prior to such merger or the initial transaction culminating in such merger but excluding any such transaction or series of related transactions that the Board determines shall not be a Corporate Transaction; or (v) acquisition in a single or series of related transactions by any person or related group of persons (other than the Company or by a Company-sponsored employee benefit plan) of beneficial ownership of securities possessing more than fifty percent (50%) of the total combined voting power of the Company’s outstanding securities, but excluding any such transaction or series of related transactions that the Board determines shall not be a Corporate Transaction.

## 2. *Outstanding options, share appreciation right, dividend equivalent right, restricted shares and RSUs*

As at June 30, 2023, the aggregate number of underlying ordinary shares pursuant to the outstanding options granted was 10,350,155 Shares, representing approximately 1.47% of the total issued Shares. The exercise price of all the options granted under the 2019 Plan is between RMB0.01 and RMB2.61 per share. No options under the 2019 Plan have been or could be granted after the Listing Date.

As at June 30, 2023, the aggregate number of underlying ordinary shares pursuant to the outstanding RSUs granted under the 2019 Plan is 23,992,250 Shares, representing approximately 3.42% of the total issued Shares.

As at June 30, 2023, no shares appreciation right or dividend equivalent right had been granted pursuant to the 2019 Plan.

### 3. Movements of the Awards

Details of movements of share options under the 2019 Plan Scheme during the half-year ended June 30, 2023 are as follows:

Name of Participant or Category of Participant	Date of grant	Closing price of shares immediately before the date on which the options were granted	Number of shares underlying options											
			outstanding as of the beginning of the Reporting Period	granted during the Reporting Period	lapsed during the Reporting Period	cancelled during the Reporting Period	exercised during the Reporting Period	outstanding as of the ending of the Reporting Period	Vesting period	Exercise period	Exercise price	Performance targets		
<b>Directors</b>														
Xu Yao-Chang	December 1, 2019	N/A	74,455	0	0	0	0	0	0	74,455	Note 2	Note 4	HKD2.87	Note 7
Chen Zhui	December 1, 2019	N/A	74,455	0	0	0	0	0	0	74,455	Note 2	Note 4	HKD2.87	Note 7
Yu Hongqing	December 1, 2019	N/A	74,455	0	0	0	0	0	0	74,455	Note 2	Note 4	RMB1.34	Note 7
<b>Employee participants</b>	Note 8	N/A	10,285,780	0	149,990	0	0	9,000	10,126,790		Note 3	Note 4	Note 6	Note 7
<b>Total</b>			<b>10,509,145</b>	<b>0</b>	<b>149,990</b>	<b>0</b>	<b>0</b>	<b>9,000</b>	<b>10,350,155</b>					

Notes:

- 20%, 30%, 50% respectively of the Options shall vest on each of the 1st, 2nd, 3rd anniversary of the date of grant.
- 25% of the Options shall vest on each of the 1st, 2nd, 3rd and 4th anniversary of the date of grant.
- Both Note 1 and Note 2 vesting situations exist for different batches
- The exercise period of the Options commences on any day after the date upon which the Option is accepted or deemed to be accepted and in any event shall end not later than the 10th anniversary of the relevant date of the letter by which an Option is offered, subject to the provisions for early termination or the relevant document of grant or other notification issued by the Board.
- The weighted average closing price of the Shares immediately before the dates on which the share options under the 2019 Plan were exercised was HK\$3.04.
- RMB0.01, RMB1.34, RMB1.45 for different batches.
- Subject to satisfaction of certain performance targets as determined by the Board at its absolute discretion, either on a case by-case basis or generally:
  - Group level performance: The Board will assess the performance of the Group for the relevant year, including in particular key performance indicators, such as revenue, profit and sales volume of the Group as a whole and of the applicable business.
  - Individual level performance: The Group has established a standard performance appraisal system for its employees to evaluate their performance and contribution to the Group. The Company will determine whether the Grantees meet the individual performance target based on their performance appraisal results for the relevant year.
- December 1, 2019, December 1, 2020, June 1, 2021 and September 1, 2021.
- No option under the 2019 Share Incentive Plan has been granted to any of the Directors which have not been identified in the table; no option under the 2019 Share Incentive Plan has been granted to any of the five highest paid individuals during the financial year which has not been individually identified in the table.
- Employee participants include employees of the Company and its subsidiaries.

Details of movements of RSUs under the 2019 Plan Scheme during the half-year ended June 30, 2023 are as follows:

Name of Participant or Category of Participant	Date of grant	Closing price of shares immediately before the date on which the awards were granted	Number of shares underlying awards						Fair value of awards at the date of grant			
			outstanding as of the beginning of the Reporting Period	granted during the Reporting Period	vested during the Reporting Period	lapsed during the Reporting Period	cancelled during the Reporting Period	outstanding as of the ending of the Reporting Period				
<b>Directors</b>												
Xu Yao-Chang	November 1, 2022	N/A	300,000	0	0	0	0	0	300,000	Note 1	Note 4	N/A
Xu Yao-Chang	June 1, 2021	N/A	5,618,750	0	0	0	0	0	5,618,750	Note 2	Note 4	N/A
Chen Zhui	November 1, 2022	N/A	250,000	0	0	0	0	0	250,000	Note 1	Note 4	N/A
Chen Zhui	June 1, 2021	N/A	4,500,000	0	0	0	0	0	4,500,000	Note 2	Note 4	N/A
Yu Hongping	November 1, 2022	N/A	250,000	0	0	0	0	0	250,000	Note 1	Note 4	N/A
Yu Hongping	June 1, 2021	N/A	4,500,000	0	0	0	0	0	4,500,000	Note 2	Note 4	N/A
<b>Employee participants</b>												
	March 1, 2022	N/A	450,000	0	0	0	0	0	450,000	Note 1	Note 4	N/A
	June 1, 2022	N/A	4,390,000	0	0	0	0	0	4,390,000	Note 1	Note 4	N/A
	September 1, 2022	N/A	375,000	0	0	75,000	0	0	300,000	Note 1	Note 4	N/A
	November 1, 2022	N/A	1,881,000	0	0	80,000	0	0	1,801,000	Note 1	Note 4	N/A
	March 17, 2023	HK\$3.108	0	425,000	0	0	0	0	425,000	Note 1	Note 4	Note 5
	June 1, 2023	HK\$2.774	0	600,000	0	0	0	0	600,000	Note 1	Note 4	Note 5
	Prior to FY 2022	N/A	757,500	0	0	150,000	0	0	607,500	Note 1 and Note 2 for different batches	Note 4	N/A
<b>Total</b>			<b>23,272,250</b>	<b>1,025,000</b>	<b>0</b>	<b>305,000</b>	<b>0</b>	<b>0</b>	<b>23,992,250</b>			

## OTHER INFORMATION

### Notes:

1. 25% of the Share Awards shall vest on each of the 1st, 2nd, 3rd and 4th of anniversary of the Grant Date.
2. 50%, 25%, 25% of the Share Awards shall vest on 18 months, 30 months and 42 months from the Grant Date.
3. No consideration or any form of purchase price is payable by the grantee upon acceptance or vesting of the Share Awards.
4. Subject to satisfaction of certain performance targets as determined by the Board at its absolute discretion, either on a case by-case basis or generally:
  - (i) Group level performance: The Board will assess the performance of the Group for the relevant year, including in particular key performance indicators, such as revenue, profit and sales volume of the Group as a whole and of the applicable business.
  - (ii) Individual level performance: The Group has established a standard performance appraisal system for its employees to evaluate their performance and contribution to the Group. The Company will determine whether the Grantees meet the individual performance target based on their performance appraisal results for the relevant year.
5. The fair value of the Share Awards granted during the Reporting Period was measured as at the date of grant using the fair value of the Company's ordinary shares. For the fair value of awards at the date of grant, please refer to Note 18 to the consolidated financial statements. For more details of the accounting standard and policy adopted for the fair value of the Share Awards at the date of grant, please refer to Note 2.4 to the consolidated financial statements in the 2022 annual report of the Company.
6. No RSU under the 2019 Share Incentive Plan has been granted to any of the directors which have not been identified in the table.
7. Employee participants include employees of the Company and its subsidiaries.

### Post-IPO RSU Scheme

The Company has conditionally adopted the Post-IPO RSU Scheme by Shareholders' resolutions dated September 16, 2021. The Company may appoint a trustee (the "**RSU Trustee**") to administer the Post-IPO RSU Scheme with respect to the grant of any Award RSUs, by way of which may vest in the form of Shares (the "**Award Shares**") or the actual selling price of the Award Shares in cash in accordance with the Post-IPO RSU Scheme.

#### 1. *Eligible Persons to the Post-IPO RSU Scheme*

Any individual, being an employee, Director (including Executive Directors, Non-Executive Directors and Independent Non-Executive Directors) or consultant of any member of the Group or any affiliate (an "**Eligible Person**" and, collectively "**Eligible Persons**") who the Board or its delegate(s) considers, in its sole discretion, to have contributed or will contribute to the Group is eligible to receive an award granted by the Board by way of RSUs, which may vest in the form of Award Shares or the actual selling price of the Award Shares of RSUs in cash in accordance with the Post-IPO RSU Scheme. However, no individual who is resident in a place where the grant, acceptance or vesting of an Award pursuant to the Post-IPO RSU Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or its delegate(s), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the Post-IPO RSU Scheme.

## 2. Purpose of the Post-IPO RSU Scheme

The purpose of the Post-IPO RSU Scheme is to align the interests of Eligible Persons' with those of our Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares, and to encourage and retain Eligible Persons to make contributions to the long-term growth and profits of our Group.

## 3. Awards

An Award gives a selected participant a conditional right, when the RSU vests, to obtain the Award Share or, if in the absolute discretion of the Board or its delegate(s), it is not practicable for the selected participant to receive the Award in Shares, the cash equivalent from the sale of the Award Shares. An Award includes all cash income from dividends in respect of those Shares from the date the Award is granted (the "Grant Date") to the date the Award vests (the "Vesting Date"). For the avoidance of doubt, the Board at its discretion may from time to time determine that any dividends declared and paid by our Company in relation to the Award Shares be paid to the selected participant even though the Award Shares have not yet vested.

## 4. Grant of Award

### (i) Making the Grant

The Board or the committee of the Board or person(s) to which the Board has delegated its authority may, from time to time, at their absolute discretion, grant an Award to a selected participant by way of an award letter. The award letter will specify the Grant Date, the number of Award Shares underlying the Award, the vesting criteria and conditions, the Vesting Date and such other details as the Board or its delegate(s) may consider necessary. No amount is payable by the grantee on the acceptance of an Award, and no purchase price is payable by the grantee on vesting of an Award.

Each grant of an Award to any Director, chief executive or substantial shareholder of our Company shall be subject to the prior approval of the Independent Non-Executive Directors of our Company (excluding any Independent Non-Executive Director who is a proposed recipient of an Award). Our Company will comply with the relevant requirements under Chapter 14A of the Listing Rules for any grant of Shares to connected persons of our Company.

### (ii) Restrictions on Grants and Timing of Grants

The Board and its delegate(s) may not grant any Award to any selected participant in any of the following circumstances:

- (A) where any requisite approval from any applicable regulatory authorities has not been granted;
- (B) where any member of our Group will be required under applicable securities laws, rules or regulations to issue a prospectus or other offer documents in respect of such Award or the Post – IPO RSU Scheme, unless the Board determines otherwise;





## OTHER INFORMATION

- (C) where such Award would result in a breach by any member of our Group or its directors of any applicable securities laws, rules or regulations in any jurisdiction;
- (D) where such grant of Award would result in a breach of the Post-IPO RSU Limit (as defined below) or the minimum public float requirement as required under the Listing Rules, or would otherwise cause our Company to issue Shares in excess of the permitted amount in the mandate approved by the Shareholders;
- (E) where an Award is to be satisfied by way of issue of new Shares to the RSU Trustee, in any circumstances that cause the total Shares issued or allotted to connected persons to be in excess of the amount permitted in the mandate approved by the Shareholders;
- (F) where any Director of our Company is in possession of unpublished inside information in relation to our Company or where dealings by Directors of our Company are prohibited under any code or requirement of the Listing Rules and all applicable laws, rules or regulations, from time to time;
- (G) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results, unless the circumstances are exceptional, for example, where a pressing financial commitment has to be met, in accordance with the Listing Rules;
- (H) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and the half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results, unless the circumstances are exceptional, for example, where a pressing financial commitment has to be met, in accordance with the Listing Rules; and
- (I) during any period of delay in the publication of a results announcement.

### 5. *Maximum Number of Shares to be Granted*

The aggregate number of Shares underlying all grants made pursuant to the Post-IPO RSU Scheme (excluding Award which have been forfeited in accordance with the Post-IPO RSU Scheme) will not exceed 10% of the issued share capital of the Company as of the date of approval of the Post-IPO RSU Scheme without Shareholders' approval (the "**Post-IPO RSU Scheme Limit**"), being 4,872,343 ordinary shares, which was subsequently adjusted to 48,723,430 Shares following the Share Subdivision. As at the date of this report, no grant of Awards have been made pursuant to the Post-IPO RSU Scheme. As such, the total number of shares available for issue under the Post-IPO RSU Scheme remained to be 48,723,430, which represented approximately 6.94% of the Company's total number of issued shares as at the date of this report. No service provider sublimit has been adopted for the Post-IPO RSU Scheme.

Unless approved by the Shareholders in general meeting, the total number of the ordinary shares issued and to be issued upon the vesting or exercise of the Awards granted to each participant in any 12-month period shall not exceed 1% of the Shares in issue for the time being.

#### 6. *Rights attached to the Award*

Save that the Board at its discretion may from time to time determine that any dividends declared and paid by our Company in relation to the Award Shares be paid to the selected participants even though the RSUs have not yet vested in the form of Award Shares, the selected participant only has a contingent interest in the Award Shares underlying an Award unless and until such Award Shares are actually transferred to the selected participant, nor does he/she have any rights to any related income until the RSUs vest in the form of Award Shares.

The RSU Trustee shall not exercise the voting rights in respect of any Award Shares which are held under the Trust that have not yet vested.

#### 7. *Issue of Shares and/or transfer of funds to the RSU Trustee*

Our Company shall, as soon as reasonably practicable and no later than 30 business days from the Grant Date, (i) issue and allot Shares to the RSU Trustee and/or (ii) transfer to the RSU Trustee the necessary funds and instruct the RSU Trustee to acquire Shares through on-market transactions at the prevailing market price, so as to satisfy the Awards.

Our Company shall not issue or allot Award Shares nor instruct the RSU Trustee to acquire Shares through on-market transactions at the prevailing market price, where such action (as applicable) is prohibited under the Listing Rules, the Securities and Futures Ordinance or other applicable laws from time to time. Where such a prohibition causes the prescribed timing imposed by the Post-IPO RSU Scheme Rules or the trust deed to be missed, such prescribed timing shall be treated as extended until as soon as reasonably practicable after the first Business Day on which the prohibition no longer prevents the relevant action.

#### 8. *Assignment of Awards*

Unless express written consent is obtained from the Board or the committee of the Board or person(s) to which the Board has delegated its authorities, any Award granted under the Post-IPO RSU Scheme but not yet vested are personal to the selected participants to whom they are granted and cannot be assigned or transferred. A selected participant shall not in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any other person over or in relation to any Award, or enter into any agreement to do so.

#### 9. *Vesting of Awards*

The Board or its delegate(s) may from time to time while the Post-IPO RSU Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the Award to be vested.

Within a reasonable time period as agreed between the RSU Trustee and the Board from time to time prior to any Vesting Date, the Board or its delegate(s) will send a vesting notice to the relevant selected participant and instruct the RSU Trustee the extent to which the Award Shares held in the trust shall be transferred and released from the trust to the selected participant. Subject to the receipt of the vesting notice and notification from the Board or its delegate(s), the RSU Trustee will transfer and release the relevant Award in the manner as determined by the Board or its delegate(s).



## OTHER INFORMATION

If, in the absolute discretion of the Board or its delegate(s), it is not practicable for the selected participant to receive the Award in Shares, solely due to legal or regulatory restrictions with respect to the selected participant's ability to receive the Award in Shares or the RSU Trustee's ability to give effect to any such transfer to the selected participant, the Board or its delegate(s) will direct and procure the RSU Trustee to sell, on-market at the prevailing market price, the number of RSUs so vested in the form of Award Shares in respect of the selected participant and pay the selected participant the proceeds arising from such sale based on the actual selling price of the Award Shares following vesting of such RSUs in cash as set out in the vesting notice.

If there is an event of change in control of our Company by way of a merger, a privatization of our Company by way of a scheme or by way of an offer, the Board or the committee of the Board or person(s) to which the Board has delegated its authority shall at their sole discretion determine whether the Vesting Dates of any Awards will be accelerated to an earlier date.

### *10. Consolidation, subdivision, bonus issue and other distribution*

In the event our Company undertakes a subdivision or consolidation of the Shares, corresponding changes will be made to the number of outstanding RSUs that have been granted provided that the adjustments shall be made in such manner as the Board determines to be fair and reasonable in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Post-IPO RSU Scheme for the selected participants. All fractional shares (if any) arising out of such consolidation or subdivision in respect of the Award Shares of a selected participant shall be deemed as returned shares and shall not be transferred to the relevant selected participant on the relevant Vesting Date. The RSU Trustee shall hold returned shares to be applied towards future Awards in accordance with the provisions of the Post-IPO RSU Scheme rules for the purpose of the Post-IPO RSU Scheme.

In the event of an issue of Shares by our Company credited as fully paid to the holders of the Shares by way of capitalization of profits or reserves (including share premium account), the Shares attributable to any Award Shares held by the RSU Trustee shall be deemed to be an accretion to such Award Shares and shall be held by the RSU Trustee as if they were Award Shares purchased by the RSU Trustee hereunder and all the provisions hereof in relation to the original Award Shares shall apply to such additional Shares.

In the event of any non-cash distribution or other events not referred to above by reason of which the Board considers an adjustment to an outstanding Award to be fair and reasonable, an adjustment shall be made to the number of outstanding RSUs of each selected participant as the Board shall consider as fair and reasonable, in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Post-IPO RSU Scheme for the selected participants. Our Company shall provide such funds, or such directions on application of the returned shares or returned trust funds, as may be required to enable the RSU Trustee to purchase Shares on-market at the prevailing market price to satisfy the additional Award.

In the event of other non-cash and non-scrip distributions made by our Company not otherwise referred to in the Post-IPO RSU Scheme rules in respect of the Shares held upon trust, the RSU Trustee shall sell such distribution and the net sale proceeds thereof shall be deemed as related income of the Post-IPO RSU Scheme or returned trust funds of the returned Shares held upon trust as the case may be.

### 11. Cessation of employment and other events

Except as otherwise determined by the Board or the committee of the Board or person(s) to which the Board has delegated its authority, upon termination of employment, office or service with our Company during the applicable restriction period, Awards that are at that time unvested shall be forfeited or repurchased in accordance with the terms and provisions of the grant letter and/or award agreement to be entered into by such selected participant; provided, however, that the Board or the committee of the Board or person(s) to which the Board has delegated its authority may (a) provide in any grant letter and/or award agreement that restrictions or forfeiture and repurchase conditions relating to the Awards will be waived in whole or in part in the event of terminations resulting from specified causes; and (b) in other cases waive in whole or in part restrictions or forfeiture and repurchase conditions relating to the Awards.

If a selected participant ceases to be an Eligible Person for reasons other than those stated this paragraph, any outstanding RSUs and related income not yet vested in the form of Award Shares shall be immediately forfeited, unless the Board or its delegate(s) determines otherwise at their absolute discretion.

### 12. Alteration of the Post-IPO RSU Scheme

The Post-IPO RSU Scheme may be altered in any respect (save for the Post-IPO RSU Scheme Limit) by a resolution of the Board provided that no such alteration shall operate to affect adversely any subsisting rights of any selected participant unless otherwise provided for in the rules of the Post-IPO RSU Scheme, except:

- (i) with the consent in writing of selected participants amounting to three-fourths in nominal value of all RSUs held by the RSU Trustee on that date; or
- (ii) with the sanction of a special resolution that is passed at a meeting of the selected participants amounting to three-fourths in nominal value of all RSUs held by the RSU Trustee on that date.

### 13. Termination

The Post-IPO RSU Scheme shall terminate on the earlier of:

- (i) the end of the period of ten years commencing on the Listing Date except in respect of any non-vested RSUs granted hereunder prior to the expiration of the Post-IPO RSU Scheme, for the purpose of giving effect to the vesting in the form of Award Shares of such RSUs or otherwise as may be required in accordance with the provisions of the Post-IPO RSU Scheme; and
- (ii) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any selected participant under the rules of the Post-IPO RSU Scheme, provided further that for the avoidance of doubt, the change in the subsisting rights of a selected participant in this paragraph refers solely to any change in the rights in respect of the RSUs already granted to a selected participant.

As such, the remaining life of the Post-IPO RSU Scheme is approximately 8 years.



## OTHER INFORMATION

### 14. Administration of the Post-IPO RSU Scheme

Our Company has established a committee comprising of, among others, Directors and senior management members, for the administration of the Post-IPO RSU Scheme.

### Post-IPO Share Option Scheme

A summary of the principal terms of the Post-IPO Share Option Scheme conditionally approved and adopted in compliance with Chapter 17 of the Listing Rules by resolutions of our Shareholders on September 16, 2021 is as follows. As at June 30, 2023, the aggregate number of underlying ordinary shares pursuant to the outstanding options granted was 4,505,000 Shares, representing approximately 0.64% of the total issued Shares.

#### 1. Purpose

The Post-IPO Share Option Scheme is established to reward employees, Directors or Consultants for their past contribution to the success of the Company, and to provide incentives to them to further contribute to the Company.

#### 2. Eligible persons

Any individual, being an employee, Director or Consultant of any member of our Group (“**Selected Participant**”) who the Board may in its absolute discretion select to grant an Option to subscribe for such number of Shares as the Board may determine at the Subscription Price (as defined below).

#### 3. Maximum number of Shares

The maximum number of Shares in respect of which Options may be granted under the Post-IPO Share Option Scheme shall not exceed 10% of the issued share capital of the Company as of the date of approval of the Post-IPO Share Option Scheme by the Shareholders of the Company, being 4,872,343 ordinary shares, which was subsequently adjusted to 48,723,430 Shares following the Share Subdivision. As at January 1, 2023 and June 30, 2023, the number of options available for grant under the Post-IPO Share Option Scheme is 45,088,430 Shares and 44,218,430 Shares respectively. The total number of shares available for issue under the Post-IPO Share Option Scheme, comprising the options available for grant and the number of granted outstanding options which remained unexercised, as at the date of this report is 48,723,430 Shares, representing approximately 6.94% of the total number of issued shares of the Company as at the date of this report. Options lapsed in accordance with the terms of the Post-IPO Share Option Scheme shall not be counted for the purpose of calculating the Limit of the Scheme. The total number of Shares to be issued upon exercise of all outstanding Options under the Post-IPO Share Option Scheme and all other schemes of the Company granted and yet to be exercised shall not exceed 30% of all the Shares in issue from time to time. No Option may be granted under the Post-IPO Share Option Scheme if this will result in the limit being exceeded. No service provider sublimit has been adopted for the Post-IPO Share Option Scheme.

The maximum number of Shares shall be adjusted, in such manner as the auditor of the Company shall certify in writing to the Board to be fair and reasonable, in the event of any alteration in the capital structure of the Company whether by way of capitalization of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of the Company provided that no such adjustment shall be made in the event of an issue of Shares as consideration in respect of a transaction to which the Company is a party.

#### 4. *Maximum entitlement of a grantee*

Except with the approval of Shareholders in general meeting with the prospective Grantee and his associates abstaining from voting, no Option may be granted to any one person such that the total number of Shares issued and to be issued upon exercise of Options and any other Option or Award over the Shares (including exercised, canceled and outstanding Options) granted and to be granted to such person in any 12-month period up to the date of the latest grant exceeds 1% of the Shares in issue from time to time. The Company shall send a circular to its Shareholders containing the information required under the Listing Rules. The number and terms of the Options to be granted to such prospective Grantee shall be fixed before the Shareholders' approval of the grant of such Options and the date of Board meeting for proposing such further grant should be taken as the Offer Date for the purpose of calculating the Subscription Price.

#### 5. *Performance target*

The Post-IPO Share Option Scheme does not set out any performance targets that must be achieved before the options may be exercised. However, subject to the provisions of the Listing Rules, the Board may in its absolute discretion specify such event, time limit or conditions (if any) as it thinks fit including, without limitation, conditions as to performance criteria to be satisfied and/or the Company and/or the Group which must be satisfied before an Option can be exercised, provided such terms and conditions shall not be inconsistent with any other terms and conditions of the Post-IPO Share Option Scheme.

#### 6. *Subscription price*

The amount payable for each Share to be subscribed for under an option ("**Subscription Price**") in the event of the option being exercised shall be determined by the Board at its absolute discretion, but shall be not less than the greater of:

- (i) the closing price of a Share as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant;
- (ii) the average closing price of our Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a Share on the date of grant, provided that, for the purpose of determining the Subscription Price where the Shares have been listed on the Stock Exchange for less than five business days, the issue price of the Shares in the Company's Global Offering of the Shares shall be used as the closing price of the Shares for any business day falling within the period before the listing of the Shares on the Stock Exchange.

#### 7. *Rights are personal to grantee*

An Option is personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor of any third party over or in relation to any option, except for the transmission of an option on the death of the grantee to his personal representative(s) on the terms of the Post-IPO Share Option Scheme.



## OTHER INFORMATION

### 8. *Grant offer letter and notification of grant of options*

An offer of the grant of an Option shall be made to any Grantee by letter in such form as the Board may from time to time determine specifying the number of Shares, the Subscription Price, the Option Period, the date by which the grant must be accepted being a date not more than 28 days after the Offer Date (provided such offer shall be open for acceptance after the effective period of the Post-IPO Share Option Scheme) and further requiring the employee to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the Post-IPO Share Option Scheme. The letter shall also state that the offer of an Option shall be personal to the employee concerned and shall not be transferable. The inadvertent non-compliance with the requirements of the above shall not render the grant of an Option invalid if the Board so determines and makes such remedial action, if any, as it deems appropriate in its absolute discretion.

An Option shall be deemed to have been granted and accepted and to have taken effect when the duplicate letter comprising acceptance of the offer of the grant of the Option duly signed by the Grantee together with a payment to the Company and/or any of its Subsidiaries of HK\$1 (or the equivalent of HK\$1 in the local currency of any jurisdiction where the company and/or its Subsidiaries operate, as the Board may in its absolute discretion determine) by way of consideration for the grant thereof is received by the Company within the time period specified in the offer of the grant of the Option. Such remittance shall not be refundable.

Any offer of the grant of an Option may be accepted or deemed to have been accepted in respect of any number of Shares up to the number in respect of which the Option is offered provided that it is accepted in respect of a Board Lot or an integral multiple thereof. To the extent that the offer of the grant of an Option is not accepted within 28 days after the Offer Date, it will be deemed to have been irrevocably declined and will lapse, unless the Board in its absolute discretion determines otherwise.

### 9. *Restriction of grant of options*

No Option shall be offered or granted:

- (a) to any employee after inside information has become to the Company's knowledge until (and including) the trading day after the Company has announced the information;
- (b) to any employee during the period commencing one month immediately before the earlier of:
  - (i) the date of the Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the results of the Company for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
  - (ii) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement. No Option shall be granted during any period of delay in publishing a results announcement.



- (c) to any director of the Company (except where the Subscription Price is to be determined by the Board at the time of exercise of the Option):
- (i) during the period of 60 days immediately preceding the publication of the annual results of the Company or, if shorter, the period from the end of the relevant financial year up to the publication of the results; or
  - (ii) during the period of 30 days immediately preceding the publication of the quarterly (if any) or half – yearly results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication of the results.

#### 10. Time of exercise of an Option

Subject as provided in the Post-IPO Share Option Scheme and any conditions specified by the Board, an Option may, subject to the terms and conditions upon which such option is granted, be exercised in whole or in part by the grantee giving notice in writing to our Company in such form as the Board may from time to time determine stating that the option is thereby exercised and the number of Shares in respect of which it is exercised.

#### 11. Lapse of Option

Any Option shall elapse automatically and not be exercisable on the earliest of:

- (a) the expiry of the Option Period;
- (b) subject to the date of the commencement of the winding-up of the Company;
- (c) the date on which the Grantee ceases to be an employee, Director or Consultant of the Company by reason of the summary termination of his employment, office or service on any one or more of the grounds that he has been guilty of misconduct, or has been convicted of any criminal offense involving his integrity or honesty or (if so determined by the Board in its absolute discretion) on any other ground on which the relevant company in the Group would be entitled to terminate his employment, office or service summarily at common law or pursuant to any applicable laws or under the Grantee's service contract with relevant company in the Group;
- (d) where the Grantee is an employee, Director or Consultant of a subsidiary of the Company, the date on which such subsidiary ceases to be a member of the Group;
- (e) the date on which the Option is canceled by the Board;
- (f) the date on which the Grantee commits a breach of Post-IPO Share Option Scheme rule; or
- (g) the occurrence or non-occurrence of any event, expiry of any period, or nonsatisfaction of any condition, as specified in the letter containing the offer or grant of the relevant Option.





## OTHER INFORMATION

### *12. Voting and dividend rights*

No dividends shall be payable and no voting rights shall be exercisable in relation to any options or Shares that are the subject of options that have not been exercised.

### *13. Effects of alterations in the capital structure of our Company*

In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable, whether by way of capitalization of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of the Company in accordance with applicable laws and regulatory requirements (other than an issue of Shares as consideration in respect of a transaction to which the Company is a party), such corresponding adjustments (if any) shall be made to:

- (a) the number or nominal amount of Shares, the subject matter of the Option (insofar as it is unexercised); and/or
- (b) the aggregate number of Shares subject to outstanding Options; and/or
- (c) the Subscription Price; and/or
- (d) the method of exercise of the Option, as the auditor of the Company shall certify in writing to the Board to be in their opinion fair and reasonable, provided that any adjustment shall be made on the basis that the proportion of the issued share capital of the Company to which a Grantee is entitled after such adjustment shall remain the same, or as nearly as possible the same as that to which he was entitled to subscribe had he exercised all the Options held by him immediately before such adjustment, but so that no such adjustment shall be made the effect of which would be to enable any Share to be issued at less than its nominal value, or to alter any terms of the relevant Option to the advantage of the Grantee without the approval of the shareholders of the Company.

If there has been any alteration in the capital structure of the Company as referred to in the Company shall, upon receipt of a notice from the Grantee, inform the Grantee of such alteration and shall either inform the Grantee of the adjustment to be made pursuant to the certificate of the auditor of the Company obtained by the Company for such purpose, or if no such certificate has yet been obtained, inform the Grantee of such fact and instruct the auditor of the Company to issue a certificate in that regard.

### *14. Rights on takeover and schemes of compromise or arrangement*

If a general or partial offer (whether by way of take-over offer, share repurchase offer or otherwise in like manner other than by way of a scheme of arrangement) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or in concert with the offeror) the Company shall use its best endeavors to procure that such offer is extended to all the Grantees (on the same terms mutatis mutandis, and assuming that they will become, by the exercise in full of the Options granted to them, shareholders of the Company). If such offer becomes or is declared unconditional, the Grantee (or his legal personal representative(s)) shall be entitled to exercise his outstanding Option(s) in full at any time within 14 days after the date on which such general offer becomes or is declared unconditional.

### 15. *Rights on a voluntary winding up*

In the event of an effective resolution being passed for the voluntary winding-up of the Company or an order of the court being made for the winding-up of the Company, notice thereof shall be given by the Company to Grantees with Options outstanding in full or in part at such date. If a Grantee immediately prior to such event had any outstanding Options, the Grantee (or his legal personal representative(s)) may by notice in writing to the Company within 21 days after the date of such resolution elect to be treated as if the Options had been exercised immediately before the passing of such resolution either to its full extent or to the extent specified in the notice, such notice to be accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given, whereupon the Grantee shall be duly issued and allotted with the relevant Shares (or treated as such by the Company) and entitled to receive out of the assets available in the liquidation *pari passu* with the holders of Shares such sum as would have been received in respect of the Shares that are the subject of such election.

### 16. *Ranking of Shares*

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Articles of Association of the Company for the time being in force and will rank *pari passu* with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends and other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor falls before the date of allotment.

### 17. *Duration*

The Post-IPO Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date when the Post-IPO Share Option Scheme becomes unconditional, after which period no further Options will be granted by the provisions of the Post-IPO Share Option Scheme, but the provisions of the Post-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of the Post-IPO Share Option Scheme. The remaining life of the Post-IPO Share Option Scheme is approximately 8 years.

### 18. *Alteration of the Post-IPO Share Option Scheme*

The Board may subject to the rules of the Post-IPO Share Option Scheme amend any of the provisions of the Post-IPO Share Option Scheme (including without limitation amendments in order to comply with changes in legal or regulatory requirements and amendments in order to waive any restrictions, imposed by the provisions of the Post-IPO Share Option Scheme, which are not found in Chapter 17 of the Listing Rules) at any time (but not so as to affect adversely any rights which have accrued to any grantee at that date).



## OTHER INFORMATION

Those specific provisions of the Post-IPO Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of selected participants, and no changes to the authority of the administrator of the Post-IPO Share Option Scheme in relation to any alteration of the terms of the Post-IPO Share Option Scheme shall be made, without the prior approval of Shareholders in general meeting. Any alterations to the terms of the Post-IPO Share Option Scheme which are of a material nature, or any change to the terms and conditions of options granted (including those granted to a substantial shareholder or an independent non-executive Director of the Company, or any of their respective associates), must also, to be effective, be approved by our Shareholders in general meeting and the Stock Exchange, except where the alterations take effect automatically under the existing terms of the Post-IPO Share Option Scheme. The options and the Post-IPO Share Option Scheme so altered must comply with Chapter 17 of the Listing Rules. Any change to the authority of the Directors or Post-IPO Share Option Scheme administrators in relation to any alteration to the terms of the Post-IPO Share Option Scheme must be approved by Shareholders in general meeting.

Notwithstanding any provisions to the contrary in the Post-IPO Share Option Scheme, if on the relevant date of exercise there are restrictions or conditions imposed by the relevant laws and regulations to which the grantee is subject and the grantee has not obtained approval, exemption or waiver from the relevant regulatory authorities for the subscription of and dealing in our Shares, the grantee may sell the options to such transferee, subject to the approval by the Board, which shall not unreasonably withhold or delay such approval. In the event that the options are transferred to a connected person of our Company, no Shares shall be allotted and issued upon the exercise of the options by a connected person of our Company unless the Board is satisfied that the allotment and issue of Shares will not trigger any breach of the Listing Rules, the Articles of Association, the Companies Act or the Takeovers Code.

### *19. Termination*

The Company by an ordinary resolution in general meeting or the Board may at any time terminate the operation of the Post-IPO Share Option Scheme and in such event no further Options will be offered but the provisions of the Post-IPO Share Option Scheme shall remain in full force in all other respects. All Options granted but unexercised prior to such termination shall continue to be valid and exercisable in accordance with their terms of issue after the termination of the Post-IPO Share Option Scheme.

### *20. Administration of the Post-IPO Share Option Scheme*

Our Company has established a committee comprising of, among others, Directors and senior management members, for the administration of the Post-IPO Share Option Scheme.

## 21. General

Details of movements of share options under the Post-IPO Share Option Scheme during the half-year ended June 30, 2023 are as follows:

Name of Participant or Category of Participant	Date of grant	Closing price of shares immediately before the date on which the options were granted	Number of shares underlying options						Exercise price	Performance targets	Fair value of options at the date of grant			
			outstanding as of the beginning of the Reporting Period	granted during the Reporting Period	lapsed during the Reporting Period	cancelled during the Reporting Period	exercised during the Reporting Period	outstanding as of the ending of the Reporting Period				Vesting period	Exercise period	
<b>Employee participants</b>														
	June 1, 2022	HK\$4	1,700,000	0	0	0	0	0	1,700,000	Note 1	Note 2	HKD4.00	Note 3	N/A
	November 1, 2022	HK\$2.85	1,935,000	0	155,000	0	0	0	1,780,000	Note 1	Note 2	HKD2.85	Note 3	N/A
	March 17, 2023	HK\$3.108	-	425,000	0	0	0	0	425,000	Note 1	Note 2	HKD3.108	Note 3	HKD 1.5090
	June 1, 2023	HK\$2.774	-	600,000	0	0	0	0	600,000	Note 1	Note 2	HKD2.774	Note 3	HKD 1.4781
<b>Total</b>			<b>3,635,000</b>	<b>1,025,000</b>	<b>155,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,505,000</b>					

## OTHER INFORMATION

## OTHER INFORMATION

### Notes:

- 25% of the Options shall vest on each of the 1st, 2nd, 3rd and 4th anniversary of the Grant Date.
- The exercise period of the Options commences on any day after the date upon which the Option is accepted or deemed to be accepted and in any event shall end not later than the 10th anniversary of the relevant date of the letter by which an Option is offered, subject to the provisions for early termination or the relevant document of grant or other notification issued by the Board.
- Subject to satisfaction of certain performance targets as determined by the Board at its absolute discretion, either on a case-by-case basis or generally:
  - Group level performance: The Board will assess the performance of the Group for the relevant year, including in particular key performance indicators, such as revenue, profit and sales volume of the Group as a whole and of the applicable business.
  - Individual level performance: The Group has established a standard performance appraisal system for its employees to evaluate their performance and contribution to the Group. The Company will determine whether the Grantees meet the individual performance target based on their performance appraisal results for the relevant year.
- The fair value of the equity-settled Options granted under the Post-IPO Share Option Scheme during the Reporting period was estimated as at the dates of grant using a binomial model, taking into account the terms and conditions upon which the Options were granted. The following table lists the inputs to the model used:

Dividend yield (%)	0
Expected volatility (%)	57.43-57.53
Risk-free interest rate (%)	2.97-3.36
Exercise multiple	2.20
Weighted average share price (HKD per share)	2.68-2.85

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other feature of the Options granted was incorporated into the measurement of fair value. For more details of the accounting standard and policy adopted for the fair value of the Options at the date of grant, please refer to Note 2.4 to the consolidated financial statements in the 2022 annual report of the Company.
- No option has been granted to any of the directors, chief executive or substantial shareholders of the Company, or their respective associates under the Post-IPO Share Option Scheme; no participant has been granted with options under the Post-IPO Share Option Scheme in excess of the 1% individual limit; no related entity participant or service provider has been granted with options under the Post-IPO Share Option Scheme.
- Employee participants include employees of the Company and its subsidiaries.

The number of shares that may be issued in respect of options and awards granted under all schemes of the Company during the Reporting Period divided by the weighted average number of shares of the relevant class in issue for the Reporting Period was 0.09%.

## MATERIAL EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this interim report, no event after the Reporting Period needs to be brought to the attention of the shareholders of the Company.

By order of the Board  
**Abbisko Cayman Limited**  
**Dr. XU Yao-Chang**  
*Chairman*

Shanghai, August 15, 2023

# AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



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## Independent review report

### To the shareholders of Abbisko Cayman Limited

(Incorporated in the Cayman Islands with limited liability)

## INTRODUCTION

We have reviewed the interim financial information set out on pages 54 to 76, which comprises the condensed consolidated statement of financial position of Abbisko Cayman Limited (the “**Company**”) and its subsidiaries (the “**Group**”) as at 30 June 2023 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and 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 International Accounting Standard (“**IAS**”) 34 *Interim Financial Reporting*. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

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

## CONCLUSION

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

### Ernst & Young

*Certified Public Accountants*

Hong Kong

15 August 2023

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Notes	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Revenue	4	19,060	–
Cost of sales		–	–
Gross profit		19,060	–
Other income and gains	5	37,702	11,740
Research and development expenses		(204,649)	(159,007)
Administrative expenses		(45,729)	(55,848)
Other expenses	7	(13,816)	(17,090)
Finance costs	6	(1,160)	(1,400)
LOSS BEFORE TAX	8	(208,592)	(221,605)
Income tax expenses	9	–	–
LOSS FOR THE PERIOD		(208,592)	(221,605)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		765	1,315
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of the Company		67,694	112,305
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		68,459	113,620
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(140,133)	(107,985)
Loss attributable to:			
Owners of the parent		(140,133)	(107,985)
Total comprehensive loss attributable to:			
Owners of the parent		(140,133)	(107,985)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
For loss for the period		RMB (0.32)	RMB (0.32)

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

	Notes	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	34,191	32,364
Right-of-use assets		40,086	44,936
Intangible assets		4,536	4,505
Other non-current assets		2,453	27
<b>Total non-current assets</b>		<b>81,266</b>	81,832
<b>CURRENT ASSETS</b>			
Prepayments and other receivables	14	66,036	55,094
Financial assets at fair value through profit or loss	13	98,114	93,796
Cash and bank balances	15	2,102,413	2,258,827
<b>Total current assets</b>		<b>2,266,563</b>	2,407,717
<b>CURRENT LIABILITIES</b>			
Other payables and accruals	16	75,088	97,585
Lease liabilities		10,231	9,968
<b>Total current liabilities</b>		<b>85,319</b>	107,553
<b>NET CURRENT ASSETS</b>		<b>2,181,244</b>	2,300,164
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,262,510</b>	2,381,996
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		30,545	35,607
<b>Total non-current liabilities</b>		<b>30,545</b>	35,607
<b>Net assets</b>		<b>2,231,965</b>	2,346,389
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Share capital	17	46	46
Treasury shares		(3)	(3)
Other reserves		2,231,922	2,346,346
<b>Total equity</b>		<b>2,231,965</b>	2,346,389



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to owners of the parent						
	Share capital	Treasury shares	Share option reserve*	Share premium*	Exchange fluctuation reserve*	Accumulated losses*	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023 (audited)	46	(3)	75,719	5,498,389	247,723	(3,475,485)	2,346,389
Loss for the period	-	-	-	-	-	(208,592)	(208,592)
Other comprehensive loss for the period:							
Exchange differences on translation of foreign operations and the Company	-	-	-	-	68,459	-	68,459
Total comprehensive loss for the period	-	-	-	-	68,459	(208,592)	(140,133)
Shares repurchased	-	-	-	-	-	-	-
Vesting of equity-settled share options and restricted share units	-	-	(91)	91	-	-	-
Equity-settled share-based payment expense	-	-	25,709	-	-	-	25,709
At 30 June 2023 (unaudited)	46	(3)	101,337	5,498,480	316,182	(3,684,077)	2,231,965

\* These reserve accounts comprise the consolidated other reserves of RMB2,231,922,000 (2022: RMB2,346,346,000) in the consolidated statement of financial position.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the parent						
	Share capital RMB'000	Treasury shares RMB'000	Share option reserve RMB'000	Share premium RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2022 (audited)	46	(5)	98,847	5,369,594	47,456	(2,979,879)	2,536,059
Loss for the period	-	-	-	-	-	(221,605)	(221,605)
Other comprehensive loss for the period:							
Exchange differences on translation of foreign operations and the Company	-	-	-	-	113,620	-	113,620
Total comprehensive loss for the period	-	-	-	-	113,620	(221,605)	(107,985)
Shares repurchased	-	-	-	(4,055)	-	-	(4,055)
Equity-settled share-based payment expense	-	-	57,566	-	-	-	57,566
At 30 June 2022 (unaudited)	46	(5)	156,413	5,365,539	161,076	(3,201,484)	2,481,585

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Notes	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>			
Loss before tax		<b>(208,592)</b>	(221,605)
Adjustments for:			
Finance costs		<b>1,160</b>	1,400
Bank interest income		<b>(27,016)</b>	(6,173)
Depreciation of property, plant and equipment		<b>2,880</b>	2,348
Depreciation of right-of-use assets		<b>4,850</b>	4,754
Amortisation of intangible assets		<b>1,313</b>	708
Equity-settled share option expense	17	<b>25,709</b>	57,566
Fair value gains on financial assets at fair value through profit or loss		<b>(772)</b>	–
Foreign exchange differences, net		<b>13,771</b>	17,047
(Decrease)/increase in prepayments and other receivables		<b>(19,188)</b>	5,074
(Decrease)/increase in other payables and accruals		<b>(21,944)</b>	11,235
Net cash flows used in operating activities		<b>(227,829)</b>	(127,646)
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>			
Interest received from bank		<b>30,599</b>	12,037
Purchases of items of property, plant and equipment	12	<b>(7,756)</b>	(7,196)
Purchases of intangible assets		<b>(1,348)</b>	(637)
Purchases of time deposits with original maturity of more than three months		<b>(867,032)</b>	(2,503,454)
Redemption of time deposits with original maturity of more than three months		<b>1,224,398</b>	1,956,081
Net cash flows from/(used in) investing activities		<b>378,861</b>	(543,169)

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Notes	<b>2023</b> <b>(Unaudited)</b> <b>RMB'000</b>	2022 (Unaudited) RMB'000
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>			
Principal portion of lease payments		<b>(4,812)</b>	(2,072)
Interest portion of lease payments		<b>(1,160)</b>	(1,400)
Exercise of share options		<b>8,245</b>	–
Repurchase of shares		–	(4,055)
Share issue expenses		–	(9,179)
Net cash flows from/(used in) financing activities		<b>2,273</b>	(16,706)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of period		<b>641,837</b>	1,063,857
Effect of foreign exchange rate changes, net		<b>25,089</b>	96,573
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>820,231</b>	472,909

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

## 1. GENERAL INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 28 March 2018. The registered address of the Company is P.O. Box 309, Uglund House, Grand Cayman KY1-1104, Cayman Islands.

The Company is an investment holding company. During the period, the Company's subsidiaries were involved in the research and development of pharmaceutical products.

The shares of the Company have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") effective from 13 October 2021.

In the opinion of the Company's directors (the "**Directors**"), the holding company and the ultimate holding company of the Company is Yao Chang Family Holding Limited, which was incorporated in the Cayman Islands on 20 April 2021. Yao Chang Family Holding Limited is ultimately controlled by Dr. XU, the chairman and the chief executive officer of the Company.

## 2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

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

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised International Financial Reporting Standards ("**IFRS**") for the first time for the current period's financial information.

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

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

The nature and impact of the new and revised IFRSs that are applicable to the Group are described below:

- (a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments had no impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.
- (b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments had no impact on the financial position or performance of the Group.
- (c) Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The adoption of amendments to IAS 12 did not have any impact on the basic and diluted earnings per share attributable to ordinary equity holders of the parent, other comprehensive income and the interim condensed consolidated statements of cash flows for the six months ended 30 June 2023 and 2022.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

The nature and impact of the new and revised IFRSs that are applicable to the Group are described below: (continued)

- (d) Amendments to IAS 12 International Tax Reform – Pillar Two Model Rules introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments had no impact to the Group.

## 3. OPERATING SEGMENT INFORMATION

### Operating segment information

For management purposes, the Group has only one reportable operating segment, which is the development of innovative medicines. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

### Geographical information

Since nearly all of the Group's non-current assets were located in Mainland China, no geographical information in accordance with IFRS 8 *Operating Segments* is presented.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

## 4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	19,060	–

### Disaggregated revenue information

#### For the six months ended 30 June 2023

	License fee income RMB'000
<b>Type of goods or services</b>	
License fee income	19,060
<b>Geographical market</b>	
Mainland China	19,060
<b>Timing of revenue recognition</b>	
License fee income at a point in time	19,060

During the six months ended 30 June 2023, the Group recorded one-time license fee income of RMB19,060,000, which was generated from an exclusive licensing agreement with Shanghai Allist Pharmaceuticals Co., Ltd.



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

## 5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Other income</b>		
Bank interest income	27,016	6,173
<b>Other gains</b>		
Government grants*	9,914	5,567
Fair value gains on financial assets at fair value through profit or loss	772	–
	10,686	5,567
	37,702	11,740

\* The government grants mainly represent subsidies received from the local governments for the purpose of supporting on research and clinical trial activities.

## 6. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Interest on lease liabilities	1,160	1,400

## 7. OTHER EXPENSES

An analysis of other expenses is as follows:

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Other expenses		
Foreign exchange loss, net	13,771	17,047
Others	45	43
	13,816	17,090

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

## 8. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Depreciation of items of property, plant and equipment	2,880	2,348
Depreciation of right-of-use assets	4,850	4,754
Amortisation of intangible assets	1,313	708
Research and development expenses excluding depreciation and amortisation	198,023	152,769
Lease payments not included in the measurement of lease liabilities	318	123
Auditor's remuneration	500	500
Foreign exchange differences, net	13,771	17,047
Fair value gains on financial assets at fair value through profit or loss	(772)	–
Employee benefit expense:		
Wages and salaries	76,452	58,163
Pension scheme contributions (defined contribution scheme)	11,869	8,200
Equity-settled share option expense	25,709	57,566
	<b>114,030</b>	123,929

## 9. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

### Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax is imposed.

### Hong Kong

The subsidiary incorporated in Hong Kong are subject to income tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the period.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

## 9. INCOME TAX (continued)

### Mainland China

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the “**CIT Law**”), the subsidiaries which operate in Mainland China are subject to CIT at a rate of 25% on the taxable income. A subsidiary was accredited as a “High and New Technology Enterprise” (“**HNTE**”) in October 2022 and therefore it was entitled to a preferential CIT rate of 15% from 1 January 2022 to 31 December 2024. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

### Australia

No provision for Australia income tax has been made as the Group had no assessable profits derived from or earned in Australia during the period. The subsidiary incorporated in Australia is subject to income tax at the rate of 25% on the estimated assessable profits arising in Australia during the period.

Deferred taxation had not been recognized on the unused tax losses and deductible temporary differences since it is not probable that the taxable profits will be available against which the tax losses and deductible temporary differences can be utilized in the foreseeable future.

## 10. DIVIDENDS

No dividend was paid or declared by the Company during the six months ended 30 June 2023 (30 June 2022: Nil).

## 11. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 647,438,532 (30 June 2022: 701,974,626) in issue during the period, as adjusted to reflect the rights issue during the period.

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2023 and 2022 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

## 11. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (continued)

The calculations of basic and diluted loss per share are based on:

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Loss</b>		
Loss attributable to ordinary equity holders of the parent, used in the basic and diluted loss per share calculation	<b>(208,592)</b>	(221,605)
	Numbers of shares	
	2023 (Unaudited)	2022 (Unaudited)
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation	<b>647,438,532</b>	701,974,626

## 12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired assets at a cost of RMB4,861,000 (30 June 2022: RMB5,016,000).

The Group did not dispose of any asset during the six months ended 30 June 2023 (30 June 2022: Nil).

No impairment losses were recognised during the six months ended 30 June 2023 and 2022.

As at 30 June 2023, there were no pledged property, plant and equipment (31 December 2022: Nil).

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

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

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
Wealth management products	<b>98,114</b>	93,796

The above wealth management product was issued by a financial institution in Hong Kong. It was mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

## 14. PREPAYMENTS AND OTHER RECEIVABLES

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
Prepayments to suppliers	<b>20,878</b>	11,249
Amounts due from related parties	–	7,741
Loans to employees*	<b>9,554</b>	10,058
Deposits and other receivables	<b>35,604</b>	26,046
	<b>66,036</b>	55,094

\* The loans to employees were given by the Company for the purpose of enabling the employees to exercise share options of the Company.

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 30 June 2023 and 31 December 2022, the loss allowance was assessed to be minimal.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

## 15. CASH AND BANK BALANCES

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
Cash and bank balances	<b>2,102,413</b>	2,258,827
Less:		
Bank deposits with original maturity of more than three months when acquired	<b>1,282,182</b>	1,616,990
Cash and cash equivalents	<b>820,231</b>	641,837

Cash and bank balances comprise of cash at banks and bank deposits with an original maturity of more than three months. Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and deposits are deposited with creditworthy banks with no recent history of default.

## 16. OTHER PAYABLES AND ACCRUALS

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
Payroll payable	<b>17,746</b>	23,196
Payables of construction and purchase of equipment	<b>724</b>	1,346
Other tax payables	<b>3,830</b>	24,051
Share issue expenses payables	<b>127</b>	127
Amounts due to related parties	<b>389</b>	–
Other payables	<b>52,272</b>	48,865
	<b>75,088</b>	97,585

Other payables and accruals are unsecured, non-interest-bearing and repayable on demand. The carrying amounts of financial liabilities included in other payables and accruals as at the end of each of the reporting periods approximated to their fair values due to their short-term maturities.

## 17. SHARE CAPITAL

The share capital of the Company did not change during the period for the six months ended 30 June 2023.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

## 18. SHARE-BASED PAYMENTS

### 2019 Share Incentive Plan

In July 2019, the Company adopted the Share Incentive Plan for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group. Eligible participants of the Share Incentive Plan may include any employees and directors of the Company and its subsidiaries. The maximum aggregate number of shares that may be issued under this plan is 83,602,800 Ordinary Shares (taking into account the effect of Share Subdivision). Unless otherwise cancelled or amended, the Share Incentive Plan will remain in force for 10 years from that date.

The Board shall have the authority to approve the 2019 Plan and the separate programs under the 2019 Share Incentive Plan and the shareholders shall have the power to approve and determine the maximum aggregate number of ordinary shares which may be issued pursuant to all awards under the 2019 Share Incentive Plan.

#### (a) Share options

The exercise period of the share options granted is determinable by the directors, and commences after a vesting period of one to four years and ends on a date which is not later than ten years from the date of offer of the share options.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the Share Incentive Plan during the six months ended 30 June 2023:

	<b>Weighted average exercise price RMB per share</b>	<b>Number of options</b>
At 1 January 2023	<b>1.39</b>	<b>10,509,145</b>
Forfeited during the period	<b>1.45</b>	<b>(149,990)</b>
Exercised during the period	<b>0.21</b>	<b>(9,000)</b>
At 30 June 2023	<b>1.39</b>	<b>10,350,155</b>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

## 18. SHARE-BASED PAYMENTS (continued)

### (a) Share options (continued)

The exercise prices and exercise periods of the share options outstanding under the Share Incentive Plan as at June 30, 2023 are as follows:

Number of options	Exercise price* RMB per share	Exercise period
474,620	0.01-0.20	1-12-19 to 1-12-29
892,785	1.34-2.61	1-12-21 to 1-12-29
237,500	1.45	1-12-21 to 1-12-30
7,460,250	1.45	1-6-22 to 1-6-31
1,285,000	1.45	1-9-22 to 1-9-31
<b>10,350,155</b>		

\* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

### (b) Restricted share units

The purpose of granting the restricted share units ("RSUs") under the Share Incentive Plan is to incentivise the Directors and experts for their contribution to the Group and to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group, by providing them with the opportunity to own equity interests in the Company.

Unless otherwise cancelled or amended, the exercise period of the RSUs shall commence after a vesting period of one to four years and ends on a date which is not later than ten years from the date of offer of the RSUs.

The following RSUs were outstanding under the Share Incentive Plan during the period:

	Number of RSUs
At 1 January 2023	23,272,250
Granted during the period	1,025,000
Forfeited during the period	(305,000)
At 30 June 2023	23,992,250

No RSUs were exercised during the period.



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

## 18. SHARE-BASED PAYMENTS (continued)

### (b) Restricted share units (continued)

The exercise periods of the RSUs outstanding under the Share Incentive Plan as at the end of the reporting period are as follows:

Number of RSUs	Exercise period
14,718,750	1-12-22 to 1-6-31
470,000	1-12-22 to 1-9-31
37,500	1-12-22 to 1-12-31
450,000	1-3-23 to 1-3-32
4,390,000	1-6-23 to 1-6-32
300,000	1-9-23 to 1-9-32
2,601,000	1-11-23 to 1-11-32
425,000	17-3-24 to 17-3-33
600,000	1-6-24 to 1-6-33
<b>23,992,250</b>	

The fair value of the RSUs granted during the period was RMB2,516,713 (30 June 2022: RMB13,282,068).

The fair value of the RSUs granted during the period was measured as at the date of grant using the fair value of the Company's ordinary shares.

### Post-IPO Share Option Scheme

In September 2021, the Company adopted the Post-IPO Share Option Scheme for the purpose of rewarding employees, Directors or Consultants for their past contribution to the success of the Company and providing incentives to them to further contribute to the Company. The maximum aggregate number of shares that may be issued under this plan is 48,723,430 Ordinary Shares (taking into account the effect of Share Subdivision). Unless otherwise cancelled or amended, the Share Incentive Plan will remain in force for 10 years from that date.

The Board shall have the authority to approve the Post-IPO Share Option Scheme and the shareholders shall have the power to approve and determine the maximum aggregate number of ordinary shares which may be issued pursuant to all awards under the Post-IPO Share Option Scheme.

The Post-IPO Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date when the Post-IPO Share Option Scheme becomes unconditional, after which period no further Options will be granted by the provisions of the Post-IPO Share Option Scheme, but the provisions of the Post-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of the Post-IPO Share Option Scheme.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

## 18. SHARE-BASED PAYMENTS (continued)

### Post-IPO Share Option Scheme (continued)

The following share options were outstanding under the Post-IPO Share Option Scheme during the six months ended 30 June 2023:

	Weighted average exercise price RMB per share	Number of options
At 1 January 2023	3.09	3,635,000
Granted during the period	2.60	1,025,000
Forfeited during the period	2.63	(155,000)
At 30 June 2023	3.00	4,505,000

The exercise prices and exercise periods of the share options outstanding under the Post-IPO Share Option Scheme as at 30 June 2023 are as follows:

Number of options	Exercise price RMB per share*	Exercise period
1,700,000	3.62	1-6-23 to 1-6-32
1,780,000	2.63	1-11-23 to 1-11-32
425,000	2.72	17-3-24 to 17-3-33
600,000	2.51	1-6-24 to 1-6-33
4,505,000		

\* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

The fair value of the equity-settled share options granted under the Post-IPO Share Option Scheme during the period was estimated as at the dates of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2023
Dividend yield (%)	0
Expected volatility (%)	57.43-57.53
Risk-free interest rate (%)	2.97-3.36
Exercise multiple	2.20
Closing price (HKD per share)	2.68-2.85

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other feature of the options granted was incorporated into the measurement of fair value.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

## 18. SHARE-BASED PAYMENTS (continued)

### Post-IPO Share Option Scheme (continued)

The fair value of the share options granted under the Post-IPO Share Option Scheme during the reporting period was RMB1,365,000 (30 June 2022: RMB2,658,000).

The Group recognised a share-based payment expense of RMB25,709,000 during the reporting period (30 June 2022: RMB57,566,000).

## 19. COMMITMENTS

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

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
Contracted, but not provided for Plant and machinery	<b>633</b>	1,084

## 20. RELATED PARTY TRANSACTIONS

### (a) Outstanding balances with related parties:

	Notes	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
Due to related parties:	16		
Dr. XU Yao-Chang		<b>195</b>	–
Dr. CHEN Zhui		<b>194</b>	–
		<b>389</b>	–
Due from related parties:	14		
Dr. XU Yao-Chang		–	4,549
Dr. CHEN Zhui		–	3,192
		–	7,741

The Group had outstanding balances due to certain directors of RMB389,000 (2022: Nil) as at the end of the reporting period. Outstanding balances of 30 June 2023 were advanced payments from certain directors for exercising the share options under the 2019 Share Incentive Plan on 1 December 2023.

The Group had no outstanding balances due from certain directors (2022: RMB7,741,000) as at the end of the reporting period.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

## 20. RELATED PARTY TRANSACTIONS (continued)

(b) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries, bonuses, allowances, and benefits in kind	8,727	8,186
Pension scheme contributions	341	328
Equity-settled share option expenses	19,356	46,672
Total compensation paid to key management personnel	28,424	55,186

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

The carrying amount and fair value of the Group's financial instrument, other than that with carrying amount that reasonably approximate to fair value, are as follows:

	Carrying amounts		Fair values	
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
<b>Financial assets</b>				
Financial assets at fair value through profit or loss	98,114	93,796	98,114	93,796

Management has assessed that the fair values of cash and cash-equivalents, financial assets included in deposits and other receivables, financial liabilities included in other payables and accruals and other non-current liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The Directors review the results of the fair value measurement of financial instruments periodically for financial reporting.

The Group invests in a wealth management product issued by a bank in Hong Kong. The Group has estimated the fair value of the wealth management product based on fair values provided by financial institutions.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

## 21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

### Fair value hierarchy

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

### Assets measured at fair value:

#### As at 30 June 2023 (unaudited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss	–	98,114	–	98,114

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets (six months ended 30 June 2022: Nil).

## 22. EVENTS AFTER THE REPORTING PERIOD

No audited financial information has been prepared by the Group or any of its subsidiaries in respect of any period subsequent to 30 June 2023.