RemeGen
荣昌生物

榮昌生物製藥(煙台)股份有限公司
RemeGen Co., Ltd.*

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 9995

*For identification purpose only

CONTENTS

Corporate Information

EXECUTIVE DIRECTORS

Mr. Wang Weidong (王威東) *(Chairman)*
Dr. Fang Jianmin (房健民)
Dr. He Ruyi (何如意)
Mr. Lin Jian (林健)

NON-EXECUTIVE DIRECTORS

Dr. Wang Liqiang (王荔强)
Dr. Su Xiaodi (蘇曉迪)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Hao Xianjing (郝先經)
Dr. Ma Lan (馬蘭)
Mr. Chen Yunjin (陳雲金)

SUPERVISORS

Mr. Ren Guangke (任廣科) *(Chairperson)*
Mr. Li Yupeng (李宇鵬)
Mr. Li Zhuanglin (李壯林)

AUDIT COMMITTEE

Mr. Hao Xianjing (郝先經) *(Chairman)*
Dr. Wang Liqiang (王荔强)
Mr. Chen Yunjin (陳雲金)

REMUNERATION AND APPRAISAL COMMITTEE

Mr. Chen Yunjin (陳雲金) *(Chairman)*
Mr. Hao Xianjing (郝先經)
Mr. Lin Jian (林健)

NOMINATION COMMITTEE

Dr. Ma Lan (馬蘭) *(Chairman)*
Mr. Wang Weidong (王威東)
Mr. Hao Xianjing (郝先經)

STRATEGY COMMITTEE

Dr. Fang Jianmin (房健民) *(Chairman)*
Mr. Wang Weidong (王威東)
Dr. He Ruyi (何如意)
Dr. Wang Liqiang (王荔强)
Dr. Su Xiaodi (蘇曉迪)
Dr. Ma Lan (馬蘭)

JOINT COMPANY SECRETARIES

Mr. Li Jia (李嘉)
(resignation effective from September 4, 2023)
Ms. Tam Pak Yu, Vivien (譚栢如)

AUTHORIZED REPRESENTATIVES

Dr. Fang Jianmin (房健民)
Ms. Tam Pak Yu, Vivien (譚栢如)

AUDITOR

Ernst & Young
Registered Public Interest Entity Auditor
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LEGAL ADVISERS

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31st Floor, AIA Central
1 Connaught Road Central
Hong Kong

As to PRC law:
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18th Floor, East Tower
World Financial Center
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Chaoyang District
Beijing 100020

Corporate Information

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

58 Middle Beijing Road
Yantai Development Zone
Yantai Area of Shandong Pilot Free Trade Zone
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

China Construction Bank Yantai Development branch
77 Changjiang Road
Yantai Economic and Technological Development Area
Yantai, Shandong Province
PRC

Yantai Bank Development Zone branch
161 Changjiang Road
Yantai Economic and Technological Development Area
Yantai, Shandong Province
PRC

Qingdao Bank Yantai Development Zone Technological branch
108 Hengda • Haixin Garden
Yantai Economic and Technological Development Area
Yantai, Shandong Province
PRC

H SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
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Wanchai, Hong Kong

STOCK CODES

Stock code of H Shares: 9995
Stock code of A Shares: 688331

COMPANY WEBSITE

www.remegen.com

Financial Summary

	As at June 30, 2023 (Unaudited) RMB'000	As at December 31, 2022 (Audited) RMB'000
Total assets	**5,831,113**	6,021,191
Total liabilities	**1,535,961**	1,040,891
Total equity	**4,295,152**	4,980,300

	Six months ended June 30, 2023 (Unaudited) RMB'000	Six months ended June 30, 2022 (Unaudited) RMB'000
REVENUE	**419,073**	348,779
Cost of sales	**(102,655)**	(167,505)
Gross profit	**316,418**	181,274
Other income and gains	**55,013**	53,676
Selling and distribution expenses	**(350,168)**	(149,961)
Administrative expenses	**(168,609)**	(106,919)
Research and development costs	**(540,453)**	(449,672)
Impairment losses on financial assets, net	**(4,108)**	(5,595)
Other expenses	**(5,458)**	(9,754)
Finance costs	**(5,997)**	(2,175)
LOSS BEFORE TAX	**(703,362)**	(489,126)

Management Discussion and Analysis

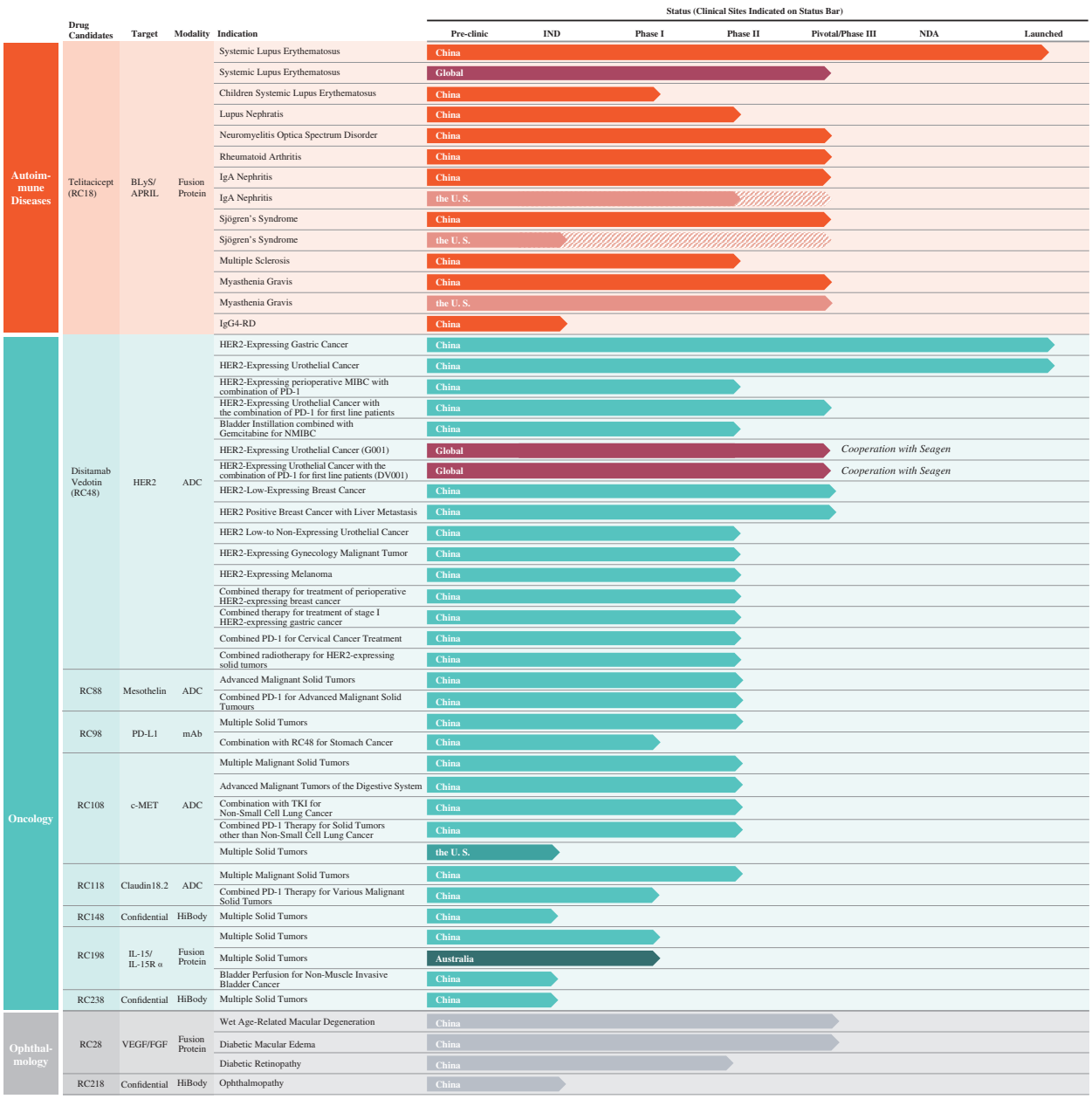
OVERVIEW

We are a fully-integrated biopharmaceutical company committed to the discovery, development and commercialization of innovative and differentiated biologics for the treatment of autoimmune, oncology and ophthalmic diseases with unmet medical needs in China and globally. Our vision is to become a leading player in the global biopharmaceutical industry. We are one of the few Chinese biotechnology enterprises that have commercialised two products. Since our inception in 2008, we have been dedicated to the research and development of biologics with novel targets, innovative design and breakthrough potential to address global unmet clinical needs. Through more than ten years of efforts, we have built fully-integrated, end-to-end therapeutics development capabilities encompassing all the key biologic drug development functionalities, including discovery, preclinical pharmacology, process and quality development, clinical development, and manufacturing in compliance with global good manufacturing practice (GMP). Leveraging our strong research and development platforms, we have discovered and developed a robust pipeline of more than ten drug candidates. Among our drug candidates, seven are in clinical development stage targeting over 20 indications. Our two commercialization-stage drugs, telitacicept (RC18, brand name: 泰爱®) and disitamab vedotin (RC48, brand name: 爱地希®), are in clinical trials targeting 18 indications in China and the United States.

Management Discussion and Analysis

RICH PRODUCT PIPELINE

The following chart illustrates our pipeline and summarises the development status of our clinical-stage drug candidates and selected IND-enabling stage candidates as of June 30, 2023:



BUSINESS REVIEW

During the Reporting Period and up to the date of this report, the Group has made the following significant progress:

Telitacicept (RC18, brand name: 泰爱®)

— Telitacicept is our proprietary novel fusion protein for treating autoimmune diseases. It is constructed with the extracellular domain of the human transmembrane activator and calcium modulator and cyclophilin ligand interactor (TACI) receptor and the fragment crystallizable (Fc) domain of human immunoglobulin G (IgG). Telitacicept targets two cell-signaling molecules critical for B-lymphocyte development: B-cell lymphocyte stimulator (BLyS) and a proliferation inducing ligand (APRIL), which allows it to effectively reduce B-cell mediated autoimmune responses that are implicated in several autoimmune diseases.

— We are currently evaluating telitacicept in late-stage clinical trials in order to explore its potential to address eight autoimmune diseases, in an attempt to address the significant unmet or underserved medical needs in this therapeutic area.

o **Systemic Lupus Erythematosus (SLE)**

- *China:* We have initiated a Phase III confirmatory clinical trial in China in July 2019. We completed the trial in the third quarter of 2022 and obtained positive results. The clinical findings were presented at the American College of Rheumatology (ACR) 2022 Annual Meeting. The supplemental information of new drug application submitted by the Company was accepted by the CDE earlier this Listing year.

- *China:* The IND application for telitacicept for the treatment of childhood systemic lupus erythematosus (cSLE) obtained the implied approval for a clinical trial from the CDE in April 2022. As of June 30, 2023, the first patient has been enrolled.

- *Global:* The FDA approved the IND application for Phase II trial on telitacicept in August 2019. We held an end-of-Phase II meeting with the FDA in January 2020 at which the FDA reviewed our drug candidate's data from the trials in China and discussed about the design of Phase III clinical trial. We initiated the international, multi-centre Phase III clinical study in the United States in the first half of 2022 and received approvals from the European Union and CDE in September 2022 respectively, with smooth progress currently.

Management Discussion and Analysis

- **Lupus Nephritis (LN)**

  - *China:* The IND application for a Phase II trial on telitacicept for the treatment of active lupus nephritis obtained the implied approval from the CDE in September 2022. The Company has commenced this clinical study in China in the first half of 2023 and as of June 30, 2023, the first patient has been enrolled.

- **Rheumatoid Arthritis (RA)**

  We are conducting a multi-centre, double-blind, placebo-controlled Phase III clinical trial in China. We finished patient enrollment at the end of 2021 and completed the follow-up of the final subject at the end of 2022. We received positive results from this trial in the second quarter of 2023.

- **Immunoglobulin A Nephropathy (IgAN)**

  - *China:* We completed a randomized, double-blind and placebo-controlled Phase II clinical trial to evaluate the efficacy and safety of telitacicept in IgAN patients, with positive results achieved. In September 2022, we reached a consensus with CDE on the protocol for a Phase III clinical trial on telitacicept for the treatment of IgAN. We further initiated this Phase III clinical study domestically in the first half of 2023, and as of June 30, 2023, the first patient has been enrolled.

  - *United States:* Telitacicept was approved by the FDA to conduct a Phase II clinical trial for the treatment of IgAN indication in the United States in December 2020. The planned total enrollment was approximately 30 patients. We communicated with the FDA regarding the use of telitacicept for the treatment of patients with IgAN in November 2022, and the FDA gave us permission to conduct an international, multi-centre Phase III clinical trial in the United States.

- **Primary Sjögren's Syndrome (pSS)**

  - *China:* We communicated with the CDE regarding the protocol for a Phase III clinical trial on telitacicept for the treatment of pSS in June 2022 and reached consensus with it in August 2022. In the first half of 2023, we initiated this Phase III clinical study domestically and as of June 30, 2023, the first patient has been enrolled.

Previously, the Company completed a Phase II clinical trial in China for treatment of pSS, the results of which were published online in July 2023 in RHEUMATOLOGY, a leading international journal. This clinical trial was a randomized, double-blind and placebo-controlled Phase II clinical trial designed to evaluate the efficacy and safety of telitacicept for the treatment of adult patients with pSS. A total of 42 subjects were enrolled in the study and randomly assigned in a 1:1:1 ratio to receive placebo, 160mg of telitacicept, and 240mg of telitacicept subcutaneously once a week for 24 weeks. At week 24, the mean of the change from baseline in ESSDAI scores of each of the placebo, 160mg, and 240mg groups was 0.6±4.55 [mean (S.D.)], –3.3±2.73, –1.3±4.14, respectively. By Mixed Model for Repeated Measures (MMRM), the change in ESSDAI scores was significantly lower in the treatment group compared to the placebo group. According to placebo-adjusted least squares, the change from baseline in the ESSDAI scores at week 24 for the 160mg group was –4.3, with a p-value of 0.002. There were no deaths or serious adverse events (SAEs) in the telitacicept-treatment group throughout the treatment period.

The conclusion of the study suggests that telitacicept demonstrates a favorable clinical benefit in the treatment of patients with pSS. Compared with placebo, the telitacicept treatment group significantly improved ESSDAI scores and Multidimensional Fatigue Inventory (MFI-20) scores and reduced immunoglobulin levels in patients with pSS at weeks 12 and 24, was safely tolerated without SAEs, and there were no deaths in any of the groups during the trial period.

- *United States:* We communicated with the FDA regarding the use of telitacicept for the treatment of pSS patients in November 2022, and the FDA gave us permission to conduct an international, multi-centre Phase III clinical trial in the United States.

o **Myasthenia Gravis (MG)**

- *China:* We completed a randomized, open-label Phase II clinical trial in China in the first quarter of 2022 and obtained positive results. We received breakthrough therapy designation from the CDE for the treatment of generalized myasthenia gravis (gMG) in November 2022. We initiated the Phase III clinical study domestically in the first half of 2023, and as of June 30, 2023, the first patient has been enrolled.

- *United States:* The FDA granted orphan drug designation to telitacicept for the treatment of gMG in October 2022. In the first quarter of 2023, the FDA approved a Phase III clinical trial study of telitacicept for the treatment of patients with generalized myasthenia gravis (gMG). The clinical trial is currently being initiated.

o **Other Indications**

In addition to the above indications, we will continue to explore and evaluate the potential of telitacicept for new therapeutic areas such as IgG4-related diseases, antiphospholipid syndrome and membranous nephritis.

Management Discussion and Analysis

— Leveraging our experience in developing telitacicept for SLE globally, we will continue to explore the global path of approval and commercialization for the treatment of other autoimmune diseases.

— **Warning under Rule 18A.08(3) of the Listing Rules:** There is no assurance that telitacicept (RC18, brand name: 泰爱®) (for the treatment of other indications) will ultimately be successfully developed and marketed by the Company. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares of the Company.

Disitamab vedotin (RC48, brand name: 爱地希®)

— Disitamab vedotin is our leading antibody-drug conjugate (ADC) product candidate and is the first ADC in China to have received IND approval for clinical trials. Disitamab vedotin is a novel ADC independently developed by us to treat human epidermal growth factor receptor 2 (HER2)-expressing (including low-expressing) solid tumours. Disitamab vedotin is currently being studied in multiple late-stage clinical trials in China across a variety of solid tumour types. In clinical trials in China, disitamab vedotin has demonstrated promising efficacy in patients with HER2-expressing advanced or metastatic gastric cancer (GC) and urothelial cancer (UC), and has also proved its potential as treatment for HER2-expressing (including low-expressing) breast cancer (BC).

— We have been developing disitamab vedotin for a variety of HER2-expressing cancer types. Currently, we strategically focus on clinical studies on disitamab vedotin for the treatment of indications of GC, UC and BC in China, which suggest particularly significant unmet medical needs. We are also exploring the efficacy of disitamab vedotin in other prevalent cancer types with HER2 expression, such as gynecologic malignancies and advanced melanoma.

o UC

- We completed a Phase II clinical trial on disitamab vedotin in patients with HER2-overexpressing (IHC 2+ or IHC 3+) UC in China. Based on the positive clinical results of this Phase II clinical trial and after communicating with the NMPA, we initiated a multi-centre, single-arm, open-label Phase II registrational clinical trial. In December 2020, we received the breakthrough therapy designation from the NMPA for the treatment of UC. In September 2021, we were granted fast track designation by the NMPA for the treatment of UC. In December 2021, we received marketing approval for this indication. The drug was included in the updated NRDL in January 2023.

- On June 3, 2023, the Company announced the latest results of its research on the combination with PD-1 for the treatment of locally advanced or metastatic uroepithelial cancer (la/mUC) in a poster presentation at the American Society of Clinical Oncology (ASCO) Annual Meeting. This research is an open-label Phase Ib/II study to evaluate the safety and efficacy of disitamab vedotin in combination with toripalimab in la/mUC. This clinical study enrolled 41 patients with la/mUC, of whom 24% had liver metastases, 92.7% had HER2 expression of IHC1+ and above, and 32% were PD-L1 positive. Disitamab vedotin in combination with toripalimab demonstrated a manageable safety profile. The recommended dosage is disitamab vedotin of 2mg/kg + toripalimab of 3mg/kg every two weeks. As of November 18, 2022, the confirmed objective response rate (cORR) was 73.2% (95% confidence interval (CI): 57.1, 85.8), complete remission (CR) was 9.8%, ORR was 76.0% in primary patients, and median duration of response (DOR) was 8.2 months. In the HER2 IHC 3+/2+ and IHC 1+ subgroups, the ORR was 83.3% and 64.3%, respectively. Results showed a disease control rate (DCR) of 90.2% (95% CI: 76.9–97.3) and an overall median progress free survival (PFS) of 9.2 months (95% CI: 5.7–10.3), and the 2-year overall survival (OS) rate was 63.2%, demonstrating favorable efficacy and safety.

- We are now exploring the clinical potential of disitamab vedotin in combination with anti-PD-1 antibody for the treatment of HER2-expressing UC. The IND application for a Phase II clinical trial on disitamab vedotin in combination with toripalimab injection (brand name: 拓益®) for the treatment of perioperative muscle invasive bladder cancer (MIBC) was accepted by the NMPA in February 2022. At present, we are carrying out this clinical trial in China.

- We are conducting a multi-centre, randomized and controlled Phase III clinical trial in China to compare and evaluate the efficacy of disitamab vedotin in combination with toripalimab injection (brand name: 拓益®) and gemcitabine in combination with cisplatin/carboplatin for the treatment of patients with HER2-expressing locally advanced or metastatic UC without prior systemic chemotherapy. We planned to enroll 452 patients in this trial.

o **GC**

- The clinical study application of combining disitamab vedotin with PD-1 and chemotherapy or with PD-1 and Herceptin as first-line therapy for HER2-expressing locally advanced or metastatic gastric cancer (including gastroesophageal junction carcinoma) was approved by the CDE in April 2023.

o **BC**

— The Clinical Study application for the Phase II clinical study on disitamab vedotin in combination with toripalimab (brand name: 拓益®) or letrozole as a neoadjuvant therapy for patients with HR-positive, HER2 low-expressing breast cancer was approved by the CDE in April 2023. Patient enrollment has been kicked off.

— The investigational new application for the Phase II clinical study on disitamab vedotin and pertuzumab (brand name: Perjeta®) in combination with or without Toripalimab Injection (brand name: 拓益®) as a neoadjuvant therapy for patients with HER2-positive breast cancer was approved by the CDE in April 2023. Patient enrollment has been kicked off.

Management Discussion and Analysis

— The investigational new drug application for the Phase II clinical study on disitamab vedotin or in combination with toripalimab (brand name: 拓益®) or sequential chemotherapy as a neoadjuvant therapy for patients with HR-negative, HER2 low-expressing breast cancer was approved by the CDE in April 2023. Currently, the first patient has been enrolled.

— In August 2021, we entered into an exclusive worldwide license agreement with Seagen Inc. ("Seagen") to develop and commercialize disitamab vedotin. Pursuant to the license agreement, Seagen has been granted an exclusive license to develop and commercialize disitamab vedotin in global regions excluding Asia (Japan and Singapore excluded). We received an upfront payment of USD200 million in October 2021. Under the agreement, we will receive additional milestone payments of up to USD2.4 billion thereafter and the royalties amounting to a high single-digit to mid-teens of future cumulative net sales as Seagen subsequently continues global development and commercialization of disitamab vedotin.

o **UC**

Seagen conducted an international, multi-centre, open-label Phase II pivotal trial in the United States in the first half of 2022 to evaluate the efficacy of disitamab vedotin in patients with HER2-expressing UC after the failure of first-line chemo-therapy.

— **Warning under Rule 18A.08(3) of the Listing Rules:** There is no assurance that disitamab vedotin (RC48, brand name: 爱地希®) (for the treatment of other indications) will ultimately be successfully developed and marketed by the Company. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares of the Company.

RC28

— RC28 is an innovative fusion protein targeting both vascular endothelial growth factor (VEGF) and fibroblast growth factor (FGF). We are evaluating, and plan to evaluate, RC28 in clinical studies for several ophthalmic diseases, including wet age-related macular degeneration (wAMD), diabetic macular edema (DME) and diabetic retinopathy (DR). In the Phase I clinical trial, no safety concerns were detected for up to 2.0mg injection of RC28 in wAMD patients.

o **wAMD**

Currently, we are conducting an open-label, single-arm Phase Ib dose-expansion trial to evaluate the efficacy and safety of RC28 in the patients with wAMD. As of December 31, 2021, we completed patient enrollment with 37 patients in this trial. The recent research results on the indication were presented at the 38th World Ophthalmology Congress (WOC 2022) in September 2022. We initiated the Phase III clinical study domestically in the first half of 2023.

o **DME**

We are currently conducting a multi-centre, randomized, active-controlled Phase II clinical trial in China. As of December 31, 2022, we completed patient enrollment. We are now in the stage of follow-up and accumulation of clinical data. In the first half of this year, we further initiated the Phase III clinical trial.

- **DR**

  We are currently conducting a multi-centre, randomized, positive-controlled Phase II clinical trial in China.

— **Warning under Rule 18A.08(3) of the Listing Rules:** There is no assurance that the RC28 will ultimately be successfully developed and marketed by the Company. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

Other Clinical-stage Drug Candidates

— RC88 is a novel mesothelin-targeting ADC that we developed for the treatment of solid tumors. Phase I clinical trials are currently underway in patients with a variety of advanced solid tumors. It is currently in the expansion phase. The investigational new drug application for the Phase I/II clinical study on RC88 in combination with sintilimab (brand name: 達伯舒®) for the treatment of patients with advanced malignant solid tumours was approved by the CDE in March 2023. Currently, the first patient has been enrolled.

— RC108 is our third ADC product developed in-house that has entered clinical studies. It targets c-Met-positive advanced solid tumours. c-Met is a receptor tyrosine kinase that, after binding a ligand, hepatocyte growth factor, activates a wide range of different cellular signaling pathways, including those involved in proliferation, motility, migration and invasion. It is a well-characterised oncogene that is associated with poor prognosis in many solid tumour types. We obtained clinical trial approval from the NMPA in November 2020 and have now started a Phase I clinical trial on c-Met positive advanced solid tumours in China. In addition, the FDA granted clinical trial approval in December 2022 to RC108 for the treatment of patients with c-Met-positive solid tumours. It is expanding for different indications currently.

— RC118 is our fourth ADC drug that has entered into clinical study, and it targets Claudin 18.2-positive locally advanced unresectable or metastatic malignant solid tumours. It is made by conjugating the recombinant humanised anti-Claudin18.2 monoclonal antibody and the small molecule microtubule inhibitor Monomethyl Auristatin E (MMAE) (a potent microtubule binding agent with its half-maximal inhibitory concentration (IC_{50}) in the subnanomolar range, as toxin payloads) with each other via cathepsin-cleavable linkers, and it has optimised drug-to-antibody ratio.

  - *China:* In September 2021, the Phase I clinical trial license for RC118 was obtained from the NMPA. We are conducting a Phase I clinical trial in patients with Claudin18.2-positive locally advanced unresectable or metastatic malignant solid tumours in China. It is currently in the high-dose escalation stage.

  - *United States:* In December 2022, the FDA granted two orphan drug designations for RC118 for the treatment of patients with gastric cancer (including gastroesophageal junction carcinoma) and pancreatic cancer.

Management Discussion and Analysis

— RC148: In July 2023, the Company's Phase I clinical trial study for its self-developed novel bispecific antibody RC148, as monotherapy for the treatment of advanced malignant solid tumors was formally approved by the CDE. This is a multi-center, open Phase I clinical study designed to evaluate the safety, tolerability, maximum tolerated dose/maximum administered dose, pharmacokinetics (PK), immunogenicity, Phase II recommended dose, and preliminary antitumor efficacy of RC148. Enrollment is primarily targeted at patients disease progression after standard therapy, or intolerance to standard therapy, or with locally advanced unresectable or metastatic malignant solid tumors where standard therapy is not available. RC148 is the Company's first clinically approved bispecific antibodies product.

— RC198: RC198 is an Fc fusion protein of interleukin-15 (IL-15) and IL-15 receptor alpha (IL-15Rα). As a member of the interleukin common gamma chain receptor cytokine family, IL-15 is a potent initiator of lymphocytes and enhances the activation, proliferation, survival, cytolysis, and migration of NK cells, CD8+ effector T cells, natural killer T cells (NKT), and other lymphocytes, which has a broad-spectrum antitumor potential, and is expected to provide a new therapeutic option for cancer patients.

  - *Australia*: RC198 has received permission from Australia's Human Research Ethics Committee in April 2023 to initiate a clinical study in Australia in patients with locally advanced unresectable or metastatic solid tumors.

  - *China*: In July 2023, the Phase I clinical trial application for RC198 injection as monotherapy for the treatment of advanced malignant solid tumors was formally approved by the CDE.

— **Warning under Rule 18A.08(3) of the Listing Rules:** There is no assurance that the RC88, RC98, RC108, RC118, RC148, RC198, RC218 or RC228 will ultimately be successfully developed and marketed by the Company. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

Commercial-stage Product Portfolio

We have established our sales and marketing department dedicated to the commercialization of our pipeline products. According to the indications of our products, we have established two independent sales teams in the areas of autoimmune diseases and oncology respectively.

As the world's first innovative dual-target biological agent for the treatment of SLE, telitacicept was approved for conditional marketing by the NMPA in March 2021 and has entered into sales. This product for the treatment of SLE was included in the updated NRDL in December 2021. As of June 30, 2023, the commercialization team for autoimmune diseases had been admitted to over 600 hospitals.

Disitamab vedotin was approved for conditional marketing in June 2021, and has entered into sales in July 2021. This product for the treatment of HER2-expressing locally advanced or metastatic gastric cancer (GC) was included in the updated NRDL in December 2021. This product for the treatment of HER2-expressing locally advanced or metastatic urothelial carcinoma (UC) was included in the updated NRDL in January 2023. As of June 30, 2023, the commercialization team for autoimmune diseases had been admitted to over 600 hospitals.

Leveraging the expertise and industry connections of our teams, and the greatly improved accessibility of the two Core Products following their inclusion into the NRDL, we market the products primarily through a physician-targeted marketing strategy, focusing on direct and interactive communication with key opinion leaders and physicians in the respective therapeutic areas and further market penetration to promote the differentiated positioning and publicity of our products. In addition, we will utilise the existing clinical data to expand the promotion in the departments with approved indications and carry out extensive promotion work in departments with other indications.

KEY EVENTS AFTER THE REPORTING PERIOD

— In July 2023, the NMPA approved an application for a Phase II clinical study of the Company's product disitamab vedotin (RC48, brand name: 爱地希®) in combination with zimberelimab (brand name: 譽妥®) for the treatment of PD-1/PD-L1-treated patients with recurrent or metastatic cervical cancer expressing HER2 who have failed at least one line of standard platinum-containing therapy.

— In July 2023, the Phase I clinical study application for the Company's first bispecific antibody product, RC148, as monotherapy for the treatment of patients with advanced solid tumors was formally approved by the NMPA.

— In July 2023, the Phase I clinical study application for the Company's product, RC198, as monotherapy for the treatment of patients with advanced solid tumors was formally approved by the NMPA.

— In August 2023, the first patient was enrolled in a domestic Phase III clinical trial of our product RC28 for the treatment of patients with diabetic macular edema (DME).

FUTURE DEVELOPMENT

The Company is committed to becoming China's leading and world-class biopharmaceutical company to discover, develop, manufacture and commercialise first-in-class and best-in-class biopharmaceuticals in the major therapeutic areas of autoimmune diseases, oncology and ophthalmology, so as to create clinical value, maximise shareholder benefits and provide patients with high-quality drugs to address unmet significant clinical needs worldwide.

Looking ahead to the second half of 2023, we will endeavour to commercialise telitacicept and disitamab vedotin and actively expand the market in China. At the same time, we will continuously accelerate the application and clinical trials for the expansion of the indications for products in the pipeline.

On the international front, we will further step up our efforts for expansion in the international market, and quickly advance and initiate clinical studies of our Core Products in the international market. We are conducting an international multi-centre Phase III clinical trial on telitacicept for the treatment of SLE indications and a phase II clinical trial for the treatment of IgAN in the United States. With regard to disitamab vedotin, we will continuously work with Seagen to support its global clinical trials.

Management Discussion and Analysis

FINANCIAL REVIEW

REVENUE

The Group's revenue increased from RMB348.8 million for the six months ended June 30, 2022 to RMB419.1 million for the six months ended June 30, 2023. The increase was mainly attributable to robust year-on-year growth in sales revenue as a result of higher sales volume of telitacicept, a commercial-stage product of the Company for the treatment of autoimmune diseases, and disitamab vedotin, a commercial-stage product of the Company for the treatment of tumours.

Other Income and Gains

The Group's other income and gains primarily consist of interest income, government grants, exchange income and wealth management income.

Our other income and gains increased from RMB53.7 million for the six months ended June 30, 2022 to RMB55.0 million for the six months ended June 30, 2023.

Selling and Distribution Expenses

The Group's selling and distribution expenses mainly consist of employee benefits expenses and market development expenses.

Our selling and distribution expenses increased from RMB150.0 million for the six months ended June 30, 2022 to RMB350.2 million for the six months ended June 30, 2023, primarily due to there still being a need for continuous investment in team building costs, market development expenses, and academic promotion expenses, as a result of the expansion of the Company's sales scale and the corresponding increase in sales expenses, coupled with the fact that the commercialization capability of the Company is still in the early stage of development.

Administrative Expenses

The Group's administrative expenses mainly consist of employee benefits expenses, consulting service expenses, general office expenses, depreciation and amortisation expenses, and other administrative expenses.

Our administrative expenses increased from RMB106.9 million for the six months ended June 30, 2022 to RMB168.6 million for the six months ended June 30, 2023, primarily due to an increase in employee expenses and depreciation of new plants after being transferred to fixed asset.

Research and Development Expenses

The Group's research and development expenses consist of employee benefits expenses, expenses for procuring raw materials used in the research and development, clinical trial expenses for our drug candidates, testing expenses for preclinical programs, depreciation and amortization expenses, utilities used for research and development activities, and other research and development expenses. Our research and development expenses increased from RMB449.7 million for the six months ended June 30, 2022 to RMB540.5 million for the six months ended June 30, 2023. The following table sets forth the components of our research and development expenses for the periods indicated.

	Six months ended June 30,			
	2023		2022	
	RMB'000	**%**	*RMB'000*	%
	(Unaudited)		(Unaudited)	
Employee benefits expenses	**206,661.6**	**38.2**	153,040.5	34.0
Raw material expenses	**73,286.7**	**13.6**	63,470.1	14.1
Clinical trial expenses	**124,038.3**	**23.0**	96,753.7	21.5
Testing expenses	**38,050.2**	**7.0**	44,158.6	9.8
Depreciation and amortisation expenses	**54,116.3**	**10.0**	47,524.1	10.6
Utilities	**10,314.8**	**1.9**	9,167.0	2.0
Others	**33,985.0**	**6.3**	35,557.8	8.0
Total	**540,452.9**	**100.0**	449,671.8	100.0

(i) Employee benefits expenses increased by RMB53.6 million, mainly due to an increase in the number of research and development employees and an increase in staff salary levels;

(ii) Raw material expenses increased by RMB9.8 million, mainly due to the continuous development of drug candidates;

(iii) Clinical trial expenses increased by RMB27.3 million, mainly due to the continuous clinical development of drug candidates;

(iv) Testing expenses decreased by RMB6.1 million, mainly due to the differences in drug candidates development stages and the progress of research and development;

(v) Depreciation and amortisation expenses increased by RMB6.6 million, mainly due to an increase in depreciation expenses as a result of new purchases of research and development equipments due to the continuous development of drug candidates;

(vi) Other expenses decreased by RMB1.6 million.

Management Discussion and Analysis

Impairment Losses on Financial Assets, Net

The Group's net impairment losses on financial assets mainly consist of the impairment losses in relation to other receivables and receivables. We recorded the net impairment loss on financial assets of RMB5.6 million for the six months ended June 30, 2022 and the net impairment loss on financial assets of RMB4.1 million for the six months ended June 30, 2023, mainly due to the timely collection of trade receivables from product sales at the end of last year in the current period and the decrease in the additional impairment loss for the period.

Other Expenses

The Group's other expenses primarily consist of (i) rental related expenses relating to the leases of our facilities to related parties; (ii) expenses incurred for sales of materials; (iii) losses from changes in foreign currency exchange rates; and (iv) other expenses, including our donation to charity organisations and the donation expenditure of telitacicept and disitamab vedotin. Our other expenses decreased from RMB9.8 million for the six months ended June 30, 2022 to RMB5.5 million for the six months ended June 30, 2023, mainly due to a decline in donation expenditure of telitacicept and disitamab vedotin of RMB4.6 million but an increase in others of RMB0.3 million in total.

Finance Costs

The Group's finance costs mainly comprise interest on lease liabilities, interest on discounted bankers' acceptances and interest on bank borrowings. Our finance costs increased from RMB2.2 million for the six months ended June 30, 2022 to RMB6.0 million for the six months ended June 30, 2023, mainly due to, during the Reporting Period, (i) an increase in interest on new lease; and (ii) an increase in interest on discounted bankers' acceptances.

Income Tax Expenses

For the six months ended June 30, 2022 and 2023, the Group's income tax expenses were nil.

Loss for the Period

Based on the factors described above, the Group's loss for the period increased from RMB489.1 million for the six months ended June 30, 2022 to RMB703.4 million for the six months ended June 30, 2023.

Liquidity and Financial Resources

Our primary use of cash is to fund research and development expenses. For the six months ended June 30, 2023, our net cash used in operating activities was RMB724.1 million. Our cash and cash equivalents decreased from RMB2,069.2 million as at December 31, 2022 to RMB1,119.7 million as at June 30, 2023, mainly due to the increase of daily operation and investment expenses.

Loans and Gearing Ratio

As of June 30, 2023, the Group's interest-bearing bank and other borrowings were RMB542.8 million, among which, RMB530.9 million of long-term borrowing was a special loan for conducting the biological new drug industrialization project, the principal of which was RMB530.4 million and would be expired on March 21, 2030, secured by the pledge of land use right of Block B-41 in Yantai Development Zone and the construction in progress at 58 Middle Beijing Road, Yantai Development Zone, and the remaining of RMB11.9 million was incurred by the reversal of discounted bills receivable which can not be derecognised and was due within 12 months. All of borrowings above were denominated in RMB.

The gearing ratio is calculated using the Group's total liabilities divided by its total assets. As of June 30, 2023, the Group's gearing ratio was 26.3% (December 31, 2022: 17.3%).

Significant Investments, Material Acquisitions and Disposal

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

Capital Commitments

As of December 31, 2022 and June 30, 2023, the Group had capital commitments contracted for but not yet provided of RMB467.0 million and RMB233.3 million, respectively, primarily in connection with (i) contracts entered with contractors for the construction of our new manufacturing facilities; and (ii) contracts entered with suppliers for the purchase of equipment.

Contingent Liabilities

As of June 30, 2023, the Group did not have any contingent liabilities.

Foreign Exchange Exposure

Our financial statements are expressed in RMB, but our assets such as certain of our cash and cash equivalents and time deposits are denominated in foreign currencies, and are exposed to foreign currency risk and fluctuations in exchange rates. 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.

Employees and Remuneration

As of June 30, 2023, the Group had a total of 3,591 employees. The total remuneration cost for the six months ended June 30, 2023 was approximately RMB571.7 million, as compared to RMB335.3 million for the six months ended June 30, 2022, primarily due to an increase in the number of employees, and an increase in their salaries and an increase in share-based compensation.

To maintain the quality, knowledge and skill levels of our workforce, the Group provides continuing education and training programs, including internal and external training, for our employees to improve their technical, professional or management skills. The Group also provides training programs to our employees from time to time to ensure their awareness and compliance with our policies and procedures in various aspects.

We provide various incentives and benefits to our employees. We offer competitive salaries, bonuses and share-based compensation to our employees, especially key employees. We have made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing provident funds for our employees in accordance with applicable PRC laws.

Management Discussion and Analysis

USE OF PROCEEDS FROM LISTING OF H SHARES AND A SHARE OFFERING

LISTING OF H SHARES

The Company's H Shares were listed on the Stock Exchange on November 9, 2020 with a total of 88,017,500 offer shares (including the H Shares issued as a result of the full exercise of the over-allotment option) issued and the net proceeds raised from the Listing of H Shares (including the exercise of the over-allotment option) were approximately HK$4,444.2 million (equivalent to approximately RMB3,784.5 million). Save as disclosed in this report, there was no change in the intended use of net proceeds as previously disclosed in the Prospectus, and the Company will gradually utilise the residual amount of the net proceeds in accordance with such intended purposes based on actual business needs.

As at June 30, 2023, approximately RMB3,715.5 million of the net proceeds of the Listing of H Shares had been utilized as follows:

	Allocation of net proceeds from Listing of H Shares (RMB million)	Adjusted allocation of net proceeds from Listing of H Shares (RMB million)[1]	Utilized amount as at December 31, 2022 (RMB million)	Utilized amount during the Reporting Period (RMB million)	Utilized amount as at June 30, 2023 (RMB million)	Unutilized amount as at June 30, 2023 (RMB million)[2]
Clinical trials of telitacicept (RC18)	567.68	567.68	354.60	213.08	567.68	–
Clinical trials of disitamab vedotin (RC48)	567.68	567.68	330.99	236.69	567.68	–
Clinical trials of RC28	189.22	189.22	136.52	52.70	189.22	–
Development of RC88 and RC98, as well as early-stage drug discovery and development	567.68	567.68	541.55	26.13	567.68	–
Construction of new manufacturing facility to expand commercial manufacturing capacity	946.13	946.13	844.01	33.05	877.06	69.07
Repayment of the borrowings from RC Pharma	567.68	485.85	485.85	–	485.85	–
General corporate and working capital purposes	378.45	460.28	455.28	5.00	460.28	–
Total	3,784.52	3,784.52	3,148.80	566.65	3,715.45	69.07

Notes:

(1) As the Company had used RMB485.85 million to fully repay the borrowings from RC Pharma, in order to enhance the efficiency and effectiveness of the use of capital and to take into account the market conditions and the Company's business needs, the Company intends to use the remaining RMB81.83 million of the proceeds from the Listing of H Shares originally used to repay the borrowings from RC Pharma for general corporate and working capital.

(2) All remaining unutilized net proceeds is expected to be fully utilized by December 31, 2023. The expected timeline for utilizing the remaining proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of market conditions.

A SHARE OFFERING

As approved by the China Securities Regulatory Commission, the Company issued 54,426,301 new A Shares at the issue price of RMB48.00 per A Share and all of the then existing domestic shares and unlisted foreign shares were converted into A Shares. The A Shares were listed on the Sci-Tech Board on March 31, 2022. The gross proceeds amounted to approximately RMB2,612.4 million. After deducting issuance expenses of RMB106.5 million in accordance with the related requirements, the net proceeds amounted to approximately RMB2,505.9 million. The net proceeds raised from the A Share Offering have been used and will be used in accordance with the uses disclosed in the Company's A Share prospectus dated March 28, 2022.

As at June 30, 2023, approximately RMB1,952.8 million of the net proceeds of the A Share Offering had been utilized as follows:

	Allocation of net proceeds from A Share Offering (RMB million)	**Utilized amount as at December 31, 2022 (RMB million)**	**Utilized amount during the Reporting Period (RMB million)**	**Utilized amount as at June 30, 2023 (RMB million)**	**Unutilized amount as at June 30, 2023 (RMB million)**
Industrialization of Biologics	977.76	580.27	344.54	924.81	52.95
Research and Development of Anticancer Antibodies	430.00	127.55	63.02	190.57	239.43
Research and Development of Antibodies Targeting Autoimmune and Ophthalmic Diseases	220.00	64.15	76.31	140.46	79.54
Working Capital	878.18	596.92	100.00	696.92	181.26
Total	2,505.94	1,368.89	583.87	1,952.76	553.18

Note:

All remaining unutilized net proceeds from A Share Offering is expected to be fully utilized by December 31, 2024. The expected timeline for utilizing the remaining proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of market conditions.

Other Information

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at June 30, 2023, the interests and short positions of the Directors, Supervisors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were otherwise required, to be notified to the Company and the Stock Exchange pursuant to the Model Code, are set out below:

INTERESTS IN SHARES OF THE COMPANY

Name of Director	Class of Shares	Nature of Interest	Number of Shares or underlying Shares[1]	Approximate percentage in relevant class of Shares[2]	Approximate percentage of shareholding[2]
Mr. Wang Weidong[3][4]	A Shares	Interests of controlled corporations	152,984,812 (L)	43.13%	28.11%
	A Shares	Interests held jointly with another person	39,818,320 (L)	11.23%	7.32%
	A Shares	Other	350,000 (L)	0.10%	0.06%
	H Shares	Interests of controlled corporation	3,747,041 (L)	1.98%	0.69%
	H Shares	Interests held jointly with another person	24,245,000 (L)	12.79%	4.45%
	H Shares	Beneficiary of a trust (other than a discretionary trust)	850,000 (L)	0.45%	0.16%
Dr. Fang Jianmin[3][4]	A Shares	Beneficial owner	26,218,320 (L)	7.39%	4.82%
	A Shares	Interests of controlled corporation	13,600,000 (L)	3.83%	2.50%
	A Shares	Interests held jointly with another person	152,984,812 (L)	43.13%	28.11%
	H Shares	Interests of controlled corporation	23,245,000 (L)	12.26%	4.27%
	H Shares	Interests held jointly with another person	3,747,041 (L)	1.98%	0.69%
	H Shares	Beneficial owner	1,000,000 (L)	0.53%	0.18%
	H Shares	Beneficiary of a trust (other than a discretionary trust)	500,000 (L)	0.26%	0.09%
Dr. Wang Liqiang[3][4]	A Shares	Interests held jointly with another person	192,803,132 (L)	54.36%	35.42%
	A Shares	Interest of spouse	18,150 (L)	0.01%	0.00%
	H Shares	Interests held jointly with another person	27,992,041 (L)	14.77%	5.14%

Name of Director	Class of Shares	Nature of Interest	Number of Shares or underlying Shares[1]	Approximate percentage in relevant class of Shares[2]	Approximate percentage of shareholding[2]
Mr. Lin Jian[3][4]	A Shares	Interests held jointly with another person	192,803,132 (L)	54.36%	35.42%
	A Shares	Other	14,850 (L)	0.00%	0.00%
	H Shares	Interests held jointly with another person	27,992,041 (L)	14.77%	5.14%
Dr. He Ruyi[4]	A Shares	Other	24,200 (L)	0.01%	0.00%
	H Shares	Beneficial owner	400,000 (L)	0.21%	0.07%
	H Shares	Beneficiary of a trust (other than a discretionary trust)	1,200,000 (L)	0.63%	0.22%

Notes:

(1) The letter "L" stands for long position.

(2) The calculation is based on percentage of shareholding in a total of 544,263,003 Shares, which consists of 189,581,239 H Shares and 354,681,764 A Shares as at June 30, 2023.

(3) As at June 30, 2023, each of Yantai Rongda Venture Capital Center (Limited Partnership) (煙台榮達創業投資中心(有限合夥)) ("Rongda"), Yantai Rongqian Enterprise Management Center (Limited Partnership) (煙台榮謙企業管理中心(有限合夥)) ("Rongqian"), Yantai Rongshi Enterprise Management Center (Limited Partnership) (煙台榮實企業管理中心(有限合夥)) ("Rongshi"), Yantai Rongyi Enterprise Management Center (Limited Partnership) (煙台榮益企業管理中心(有限合夥)) ("Rongyi"), Yantai Rongjian Enterprise Management Center (Limited Partnership) (煙台榮建企業管理中心(有限合夥)) ("Rongjian") was a limited partnership established in the PRC. Each of Rongda, Rongqian, Rongshi, Rongyi and Rongjian is an employee incentive platform and held 102,381,891, 18,507,388, 9,190,203, 16,630,337 and 2,163,655 A Shares in our Company, respectively. Mr. Wang Weidong is the executive partner of each of Rongda, Rongqian, Rongshi, Rongyi and Rongjian. As such, under the SFO, Mr. Wang Weidong is deemed to be interested in the equity interests held by Rongda, Rongqian, Rongshi, Rongyi and Rongjian.

Further, as at June 30, 2023, RongChang Holding Group LTD. was a company incorporated in the British Virgin Islands. Mr. Wang Weidong was the sole director of RongChang Holding Group LTD. and RongChang Holding Group LTD. is accustomed to act in accordance with Mr. Wang Weidong's instructions. As such, under the SFO, Mr. Wang Weidong is deemed to be interested in the equity interests held by RongChang Holding Group LTD.

As at June 30, 2023, I-NOVA Limited was a company incorporated in the British Virgin Islands and was wholly-owned by Dr. Fang Jianmin. As such, under the SFO, Dr. Fang Jianmin is deemed to be interested in the equity interests held by I-NOVA Limited.

On April 16, 2020, Mr. Wang Weidong, Dr. Fang Jianmin, Mr. Lin Jian, Dr. Wang Liqiang, Mr. Wang Xudong, Mr. Deng Yong, Mr. Xiong Xiaobin, Mr. Wen Qingkai, Ms. Yang Minhua, Mr. Wei Jianliang, Rongda, RongChang Holding LTD. and I-NOVA Limited entered into a concert party agreement to confirm that they have acted in concert in the management, decision-making and all major decisions of our Group. As such, each of the Concert Parties are deemed to be interested in the Shares each other is interested in.

(4) As of June 30, 2023, each of Mr. Wang Weidong, spouse of Dr. Wang Liqiang, Mr. Lin Jian and Dr. He Ruyi was granted Restricted Shares under the 2022 Restricted A Share Incentive Scheme with attribution conditions attached thereto, and each of Mr. Wang Weidong, Dr. Fang Jianmin and Dr. He Ruyi was granted Award Shares pursuant to the First H Share Award and Trust Scheme with vesting criteria and conditions attached thereto. As such, under the SFO, each of Mr. Wang Weidong, Dr. Fang Jianmin, Dr. Wang Liqiang, Mr. Lin Jian and Dr. He Ruyi is deemed to be interested in the equity interests underlying the aforesaid Award Shares or/and Restricted Shares.

Other Information

Save as disclosed above, as at June 30, 2023, none of the Directors, Supervisors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations, recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Company, as at June 30, 2023, as recorded in the register required to be kept by the Company under section 336 of the SFO, the following persons, other than a Director, Supervisor or chief executive of the Company, had an interest of 5% or more in the Shares or underlying Shares:

Name of Substantial Shareholder	Class of Shares	Nature of Interest	Number of Shares or underlying Shares[1]	Approximate percentage in relevant class of Shares[2]	Approximate percentage of shareholding[2]
Yantai Rongda Venture Capital Center (Limited Partnership) (煙台榮達創業投資中心(有限合夥))[3]	A Shares	Beneficial owner	102,381,891 (L)	28.87%	18.81%
	A Shares	Interests held jointly with another person	90,421,241 (L)	25.49%	16.61%
	H Shares	Interests held jointly with another person	27,992,041 (L)	14.77%	5.14%
Yantai Rongqian Enterprise Management Center Limited Partnership) (煙台榮謙企業管理中心(有限合夥))[3]	A Shares	Beneficial owner	18,507,388 (L)	5.22%	3.40%
RongChang Holding Group LTD.[3]	A Shares	Beneficial owner	4,111,338 (L)	1.16%	0.76%
	A Shares	Interests held jointly with another person	188,691,794 (L)	53.20%	34.67%
	H Shares	Interests held jointly with another person	24,245,000 (L)	12.79%	4.27%
	H Shares	Beneficial owner	3,747,041 (L)	1.98%	0.69%
I-NOVA Limited[3]	A Shares	Beneficial owner	13,600,000 (L)	3.83%	2.50%
	A Shares	Interests held jointly with another person	179,203,132 (L)	50.53%	32.93%
	H Shares	Interests held jointly with another person	4,747,041 (L)	2.50%	0.87%
	H Shares	Beneficial owner	23,245,000 (L)	12.26%	4.27%
Mr. Wang Xudong[3]	A Shares	Interests held jointly with another person	192,803,132 (L)	54.36%	35.42%
	H Shares	Interests held jointly with another person	27,992,041 (L)	14.77%	5.14%

Other Information

Name of Substantial Shareholder	Class of Shares	Nature of Interest	Number of Shares or underlying Shares[1]	Approximate percentage in relevant class of Shares[2]	Approximate percentage of shareholding[2]
Mr. Deng Yong[3]	A Shares	Interests held jointly with another person	192,803,132 (L)	54.36%	35.42%
	H Shares	Interests held jointly with another person	27,992,041 (L)	14.77%	5.14%
Mr. Xiong Xiaobin[3]	A Shares	Interests held jointly with another person	192,803,132 (L)	54.36%	35.42%
	H Shares	Interests held jointly with another person	27,992,041 (L)	14.77%	5.14%
Mr. Wen Qingkai[3]	A Shares	Interests held jointly with another person	192,803,132 (L)	54.36%	35.42%
	A Shares	Other	18,150 (L)	0.01%	0.00%
	H Shares	Interests held jointly with another person	27,992,041 (L)	14.77%	5.14%
Ms. Yang Minhua[3]	A Shares	Interests held jointly with another person	192,803,132 (L)	54.36%	35.42%
	A Shares	Other	14,850 (L)	0.00%	0.00%
	H Shares	Interests held jointly with another person	27,992,041 (L)	14.77%	5.14%
Mr. Wei Jianliang[3]	A Shares	Interests held jointly with another person	192,803,132 (L)	54.36%	35.42%
	A Shares	Other	14,850 (L)	0.00%	0.00%
	H Shares	Interests held jointly with another person	27,992,041 (L)	14.77%	5.14%
Fund for the transformation of National Science and Technology Major Project (國投(上海)科技成果轉化創業投資基金企業(有限合夥)) ("SDIC Venture")[4]	A Shares	Beneficial Owner	19,961,622 (L)	5.63%	3.67%
SDIC (Shanghai) Venture Capital Management Co., Ltd. (國投(上海)創業投資管理有限公司)[4]	A Shares	Interests of controlled corporation	19,961,622 (L)	5.63%	3.67%
SDIC Venture Capital Management Co., Ltd. (國投創業投資管理有限公司)[4]	A Shares	Interests of controlled corporation	19,961,622 (L)	5.63%	3.67%
China SDIC Gaoxin Industrial Investment Corp., Ltd. (中國國投高新產業投資有限公司)[4][5]	A Shares	Interests of controlled corporation	25,238,279 (L)	7.12%	4.64%

Other Information

Name of Substantial Shareholder	Class of Shares	Nature of Interest	Number of Shares or underlying Shares[1]	Approximate percentage in relevant class of Shares[2]	Approximate percentage of shareholding[2]
State Development & Investment Corporation (國家開發投資集團有限公司)[4][5]	A Shares	Interests of controlled corporation	25,238,279 (L)	7.12%	4.64%
E Fund Management Co., Ltd. (易方達基金管理有限公司)	H Shares	Investment Manager	17,068,948 (L)	9.00%	3.14%

Notes:

(1) The letter "L" stands for long position.

(2) The calculation is based on percentage of shareholding in a total of 544,263,003 Shares, which consists of 189,581,239 H Shares and 354,681,764 A Shares as at June 30, 2023.

(3) Please refer to note (3) under the heading "DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS" above.

(4) SDIC Venture beneficially owns 19,961,622 A Shares and is a limited partnership incorporated in the PRC, whose executive partner is SDIC (Shanghai) Venture Capital Management Co., Ltd. (國投(上海)創業投資管理有限公司), a wholly-owned subsidiary of SDIC Venture Capital Management Co., Ltd. (國投創業投資管理有限公司), which is owned as to 40% by China SDIC Gaoxin Industrial Investment Corp., Ltd. (中國國投高新產業投資有限公司).

China SDIC Gaoxin Industrial Investment Corp., Ltd. is a wholly-owned subsidiary of State Development & Investment Corporation (國家開發投資集團有限公司), a state-owned entity incorporated in the PRC.

As such, under the SFO, each of SDIC (Shanghai) Venture Capital Management Co., Ltd., SDIC Venture Capital Management Co., Ltd., China SDIC Gaoxin Industrial Investment Corp., Ltd. and State Development & Investment Corporation is deemed to be interested in the equity interests held by SDIC Venture.

(5) SDIC Chuanghe National Leading Fund of Emerging Industries VC (Limited Partnership) (國投創合國家新興產業創業投資引導基金(有限合夥)) ("SDIC Chuanghe") beneficially owns 3,769,042 A Shares and is a limited partnership incorporated in the PRC, whose executive partner is SDIC Unity Capital Co., Ltd. (國投創合基金管理有限公司).

Hangzhou Chuanghe Select Venture Capital (Limited Partnership) (杭州創合精選創業投資合夥企業(有限合夥)) ("Hangzhou Chuanghe") beneficially owns 1,507,615 A Shares and is a limited partnership incorporated in the PRC, whose executive partner is SDIC Unity (Hangzhou) Start-up Investment Management Co., Ltd. (國投創合(杭州)創業投資管理有限公司), a wholly-owned subsidiary of SDIC Unity Capital Co., Ltd.

SDIC Unity Capital Co., Ltd. is owned as to 40% by State Development and Hi-tech Investment Corp. (國投高科技投資有限公司), a wholly-owned subsidiary of China SDIC Gaoxin Industrial Investment Corp., Ltd. (中國國投高新產業投資有限公司). Please refer to note (4) for shareholding information of China SDIC Gaoxin Industrial Investment Corp., Ltd.

As such, under the SFO, each of SDIC Unity Capital Co., Ltd., State Development and Hi-tech Investment Corp. and China SDIC Gaoxin Industrial Investment Corp., Ltd. is deemed to be interested in the equity interests held by SDIC Chuanghe, and each of SDIC Unity (Hangzhou) Start-up Investment Management Co., Ltd., SDIC Unity Capital Co., Ltd., State Development and Hi-tech Investment Corp. (國投高科技投資有限公司) and China SDIC Gaoxin Industrial Investment Corp., Ltd. is deemed to be interested in the equity interests held by Hangzhou Chuanghe.

Save as disclosed above, as at June 30, 2023, the Company had not been notified of any persons (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares that were recorded in the register required to be kept under section 336 of the SFO.

SHARE SCHEMES

H Share Schemes

The Company has adopted the First H Share Scheme at the extraordinary general meeting of the Company on March 23, 2021 and the Second H Share Scheme at the extraordinary general meeting of the Company on July 14, 2023, respectively. The H Share Schemes are share schemes of the Company that are funded by the existing shares and does not involve issuance of new shares of the Company.

First H Share Scheme

A summary of the principal terms of the First H Share Scheme is set out below:

(a) Purpose of the First H Share Scheme

The purposes of the First H Share Scheme are:

i. 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;

ii. to deepen the reform on the Company's remuneration system and to develop and constantly improve the interests balance mechanism among the Shareholders, the operational and executive management; and

iii. to (a) recognize the contributions of the leadership of the Company including the Directors; (b) encourage, motivate and retain the leadership of the Company whose contributions are beneficial to the continual operation, development and long-term growth of the Group; and (c) provide additional incentive for the leadership of the Company and long standing employee by aligning the interests of the leadership of the Company to those of the Shareholders and the Group as a whole.

(b) Participants of the First H Share Scheme

Participants eligible to participate in the First H Share Scheme include any full-time PRC or non-PRC employee of any members of the Group, who is a Director, senior management member, key operating team member, employee, or a consultant of the Group (the "Eligible Participant(s)").

(c) Maximum Entitlement of Each Participant

The total number of non-vested Award Shares granted to Selected Participants under the First H Share Scheme shall not exceed one per cent of the total number of Shares issued by the Company from time to time.

Other Information

(d) Total Number of Shares Available for Issue and First H Share Scheme Limit

The First H Share Scheme is not a share scheme that involves issuance of new shares under Chapter 17 of the Listing Rules. Subject to the terms of the First H Share Scheme, the maximum size of the H Share Scheme (the "H Share Scheme Limit") shall be the maximum number of H Shares that will be acquired by the trustee appointed by the Company (the "Trustee") through on-market transactions from time to time at the prevailing market price, and in any case being 7,347,550 H Shares, which accounts for approximately 3.88% of the Company's total number of issued H Shares of 189,581,239 Shares and approximately 1.35% of the Company's total share capital of 544,263,003 Shares as at the date of this interim report. The ultimate number of H Shares underlying the First H Share Scheme is uncertain as it depends on the actual implementation of the acquisition of H Shares by the Trustee. The Company shall not make any further grant of Award which will result in the aggregate number of H Shares underlying all grants made pursuant to the First H Share Scheme (excluding Award Shares that have been forfeited in accordance with the First H Share Scheme) to exceed the First H Share Scheme Limit without Shareholders' approval. The First H Share Scheme Limit shall not be subject to any refreshment.

(e) Vesting Period

The Board or the management committee of the First H Share Scheme (the "Delegatee") may determine the vesting criteria and conditions or periods for the Awards to be vested. Unless otherwise specified in the Award Letter approved by the Board or the Delegatee, and subject to the vesting conditions set out in the terms of the First H Share Scheme, all Awards under the First H Share Scheme shall be vested in four equal tranches (i.e., 25%, 25%, 25% and 25%) (each a "Vesting Period(s)"). The specific commencement and duration of each Vesting Period and the actual vesting amount of the Award granted to a Participant for the respective Vesting Periods shall be specified in the award letter issued by the Company to the Participant. The Vesting Periods of the Awards granted under the First H Share Scheme shall be determined by the Board or the Delegatee in its sole and absolute discretion, and shall in any event not extend beyond the then remaining term of the Award Period (as defined below) at the time of grant.

(f) Purchase price and Basis of Determination

The source of the Award Shares under the First H Share Scheme shall be H Shares to be acquired by the Trustee through on-market transactions at the prevailing market price in accordance with the instructions of the Company and the relevant provisions of the First H Share Scheme Rules. The Board may specify in the instructions given to the Trustee with respect to the acquisition of H Shares any conditions or terms, including without limitation, the specified price or range of prices for the acquisition, the maximum amount of funds to be used for the acquisition, and/or the maximum number of H Shares to be acquired. The Company shall as soon as reasonably practicable, for the purposes of satisfying the grant of Awards, transfer to the Trust the necessary funds and instruct the Trustee to acquire H Shares through on-market transactions at the prevailing market price. The Trustee shall as soon as reasonably practicable thereafter proceed to acquire such number of H Shares as instructed by the Company on-market at the prevailing market price.

(g) Remaining life of the First H Share Scheme

Subject to any early termination of the H Share Scheme, it shall be valid and effective for ten years commencing from March 23, 2021 (the "Award Period"), and thereafter for so long as there are non-vested Award Shares granted under the First H Share Scheme prior to the expiration of the First H Share Scheme, in order to give effect to the vesting of such Award Shares.

The below set out particulars of the Awards granted pursuant to the First H Share Scheme:

Name of grantee	Category of grantee	Date of grant	Vesting period	Exercise period	As at January 1, 2023	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	As at June 30, 2023	Purchase price (HKD)	Closing price of the Shares immediately before the date when the awards were granted (HKD)	Weighted average closing price of the Shares immediately before the date when the awards were vested (HKD)
Directors													
Wang Weidong	Executive Director	March 31, 2023	December 31, 2023 to December 31, 2026	8 years	Nil	850,000	Nil	Nil	Nil	850,000	27.06	41.85	N/A
Fang Jianmin	Executive Director and chief executive officer	September 1, 2022	September 1, 2022 to December 31, 2023	8 years	1,500,000	Nil	1,000,000	Nil	Nil	500,000	27.06	45.30	57.90
He Ruyi	Executive Director	September 1, 2022	September 1, 2022 to December 31, 2025	8 years	1,600,000	Nil	400,000	Nil	Nil	1,200,000	16.91	45.30	57.90
	Sub-total	–	–	–	**3,100,000**	**850,000**	**1,400,000**	**Nil**	**Nil**	**2,550,000**	–	–	–
Five highest paid individuals during the Reporting Period[1]													
—	Five highest paid individuals	June 30, 2022	June 30, 2022 to December 31, 2025	8 years	37,500	Nil	37,500	Nil	Nil	Nil	27.06	43.95	57.90
		January 1, 2023	March 31, 2023 to March 31, 2026	8 years	Nil	6,412	Nil	6,412	Nil	Nil	Nil	59.85	N/A
		December 31, 2022	December 31, 2022 to December 31, 2026	8 years	400,000	Nil	Nil	Nil	Nil	400,000	39.26	57.90	57.90
		December 31, 2022	December 31, 2022 to December 31, 2026	8 years	53,848	Nil	Nil	Nil	Nil	53,848	Nil	57.90	57.90
		January 1, 2023	January 1, 2023 to March 31, 2026	8 years	Nil	12,624	3,156	Nil	Nil	9,468	Nil	59.85	44.30
		March 31, 2023	March 31, 2024 to March 31, 2027	8 years	Nil	15,408	Nil	Nil	Nil	15,408	Nil	41.85	N/A
	Sub-total	–	–	–	**491,348**	**34,444**	**40,656**	**6,412**	**Nil**	**478,724**	–	–	–
Others													
Other grantees	Employees	March 22, 2022	March 22, 2022 to March 31, 2025	8 years	67,500	Nil	22,500	20,000	Nil	25,000	50.50	50.50	50.55
		March 22, 2022	March 22, 2022 to June 30, 2025	8 years	63,750	Nil	Nil	15,000	Nil	48,750	50.50	50.50	41.50
		March 22, 2022	March 22, 2022 to September 30, 2025	8 years	30,000	Nil	Nil	Nil	Nil	30,000	50.50	50.50	38.10
		March 22, 2022	March 22, 2022 to December 31, 2025	8 years	20,000	Nil	5,000	15,000	Nil	Nil	50.50	50.50	57.90
		March 22, 2022	March 22, 2022 to June 30, 2025	8 years	112,500	Nil	Nil	Nil	Nil	112,500	52.10	50.50	41.50
		March 22, 2022	March 22, 2022 to September 30, 2024	8 years	60,000	Nil	Nil	Nil	Nil	60,000	26.37	50.50	51.70
		March 22, 2022	March 22, 2022 to December 31, 2024	8 years	3,750	Nil	1,250	Nil	Nil	2,500	27.00	50.50	51.70
		March 22, 2022	March 22, 2022 to December 31, 2024	8 years	11,250	Nil	3,750	Nil	Nil	7,500	27.06	50.50	51.70
		March 31, 2022	March 31, 2022 to March 31, 2026	8 years	370,000	Nil	92,500	48,750	Nil	228,750	48.37	46.50	50.55
		June 30, 2022	June 30, 2022 to December 31, 2025	8 years	84,000	Nil	21,000	Nil	Nil	63,000	27.06	43.95	57.90
		September 1, 2022	September 1, 2022 to December 31, 2025	8 years	68,000	Nil	17,000	Nil	Nil	51,000	27.06	45.30	57.90
		September 30, 2022	September 30, 2022 to September 30, 2026	8 years	7,156	Nil	Nil	6,132	Nil	1,024	Nil	38.05	38.10

Other Information

Name of grantee	Category of grantee	Date of grant	Vesting period	Exercise period	As at January 1, 2023	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	As at June 30, 2023	Purchase price (HKD)	Closing price of the Shares immediately before the date when the awards were granted (HKD)	Weighted average closing price of the Shares immediately before the date when the awards were vested (HKD)
		March 31, 2022	December 31, 2022 to December 31, 2026	8 years	112,500	Nil	37,500	75,000	Nil	Nil	27.32	50.50	50.50
		December 31, 2022	December 31, 2022 to December 31, 2026	8 years	10,376	Nil	Nil	Nil	Nil	10,376	Nil	57.90	57.90
		January 1, 2023	January 1, 2023 to March 31, 2026	8 years	Nil	44,744	10,414	10,465	Nil	23,865	Nil	59.85	44.30
		January 1, 2023	January 1, 2023 to June 30, 2026	8 years	Nil	110,000	Nil	50,000	Nil	60,000	28.75	59.85	33.20
		January 1, 2023	January 1, 2023 to March 31, 2026	8 years	Nil	5,052	1,263	Nil	Nil	3,789	Nil	59.85	44.30
		March 31, 2023	March 31, 2023 to March 31, 2026	8 years	Nil	7,336	1,834	2,292	Nil	3,210	Nil	51.40	44.30
		March 31, 2023	March 31, 2023 to September 30, 2026	8 years	Nil	3,516	Nil	Nil	Nil	3,516	Nil	51.40	N/A
		March 31, 2023	March 31, 2024 to March 31, 2027	8 years	Nil	260,000	Nil	Nil	Nil	260,000	45.36	41.85	N/A
		March 31, 2023	March 31, 2024 to March 31, 2027	8 years	Nil	7,316	Nil	Nil	Nil	7,316	Nil	41.85	N/A
		March 31, 2023	March 31, 2024 to March 31, 2027	8 years	Nil	105,068	Nil	13,042	Nil	92,026	Nil	41.85	N/A
		March 31, 2023	March 31, 2023 to December 31, 2026	8 years	Nil	100,000	Nil	Nil	Nil	100,000	45.36	41.85	N/A
		June 30, 2023	June 30, 2023 to June 30, 2027	8 years	Nil	46,224	Nil	Nil	Nil	46,224	Nil	34.25	N/A
	Sub-total	–	–	–	**1,020,782**	**689,256**	**214,011**	**255,681**	**Nil**	**1,240,346**	–	–	–

Note:

(1) The five highest paid individuals exclude two executive Directors as disclosed above.

Second H Share Scheme

The Company adopted the Second H Share Scheme after the Reporting Period. As at the date of this report, no award share was granted under the Second H Share Scheme. For details of the scheme terms of the Second H Share Scheme, please refer to the announcement of the Company dated June 15, 2023 and the circular of the Company dated June 28, 2023.

A Share Scheme

The Company has adopted the A Share Scheme at the extraordinary general meeting of the Company on December 28, 2022. The A Share Scheme is a share scheme that involves issuance of new shares under Chapter 17 of the Listing Rules. The following is a summary of the principal terms of the A Share Scheme.

(a) Purpose of the A Share Scheme

The purpose of the A Share Scheme is to improve the Company's long-term incentive mechanism, attract and retain outstanding personnel, fully mobilise the enthusiasm of the Company's employees, effectively bond the interests of the Shareholders, the Company and the core teams together, and enable all parties to jointly pay attention to the long-term development of the Company.

(b) Participants of the A Share Scheme

Participants eligible to participate in the A Share Scheme include certain Directors, senior management, core technical personnel and other employees (excluding independent non-executive Directors and Supervisors) who the Board considers necessary to be incentivised (the "Participant(s)").

(c) Total Number of Restricted Shares Available for Issue under the A Share Scheme

The total number of Restricted Shares to be issued and granted to the Participants under the A Share Scheme is 3,580,000 shares, representing approximately 0.6578% of the total shares of the Company of 544,263,003 Shares. As at the date of this interim report, the total number of Restricted Shares available for issue under the A Share Scheme is 3,580,000 Shares.

(d) Maximum Entitlement of Each Participant under the A Share Scheme

The number of Shares to be granted to any Participant under all share schemes of the Company does not exceed 1% of the total shares of the Company as at the date of announcement of the A Share Scheme.

(e) Vesting Period of Awards Granted under the A Share Scheme

The Restricted Shares of Class A interest shall be vested in five tranches after 12 months from the Grant Date, and the Restricted Shares of Class B interest shall be vested in four tranches after 24 months from the Grant Date.

(f) Grant Price and Basis of Determination

The Grant Price of the Restricted Shares shall be RMB36.36 per Share. If there is any conversion of capital reserve into share capital, bonus issue, share subdivision or share consolidation, rights issue or any other event in the Company in the period from the date of announcement of the A Share Scheme (i.e. October 16, 2022) to the completion of the vesting of Restricted Shares to the Participants, the Grant Price or the number of Restricted Shares to be granted/vested shall be adjusted in accordance with the relevant rules of the A Share Scheme accordingly. The Grant Price was determined to be RMB36.36 per Share, which represents:

(1) approximately 63.16% of the average trading price of the A Shares on the trading day preceding the date of announcement of the A Share Scheme being RMB57.57 per Share;

(2) approximately 70.45% of the average trading price of the A Shares for the 20 trading days preceding the date of announcement of the A Share Scheme being RMB51.61 per Share;

(3) approximately 68.18% of the average trading price of the A Shares for the 60 trading days preceding the date of announcement of the A Share Scheme being RMB53.33 per Share;

(4) approximately 80.00% of the average trading price of the A Shares for the 120 trading days preceding the date of announcement of the A Share Scheme being RMB45.45 per Share.

(g) Remaining Life of the A Share Scheme

The A Share Scheme shall become effective upon the date of the first grant of the Restricted Shares (i.e. December 28, 2022) and shall be valid until the date on which all Restricted Shares granted to the Participants have been vested or lapsed. Such period shall not exceed 84 months.

Other Information

Set out below are particulars of the Awards granted pursuant to the A Share Scheme:

Name of grantee	Category of grantee	Date of grant	Vesting period	Exercise period	As at January 1, 2023	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	As at June 30, 2023	Grant price (RMB)	Closing price of the Shares immediately before the date when the awards were granted (RMB)	Weighted average closing price Shares immediately before the date when the awards were vested
Directors, chief executive, substantial shareholders and their respective associates													
Wang Weidong	Executive Director	December 28, 2022	December 28, 2022 to December 27, 2028	N/A	350,000	Nil	Nil	Nil	Nil	350,000	36.36	75.05	N/A
He Ruyi	Executive Director	December 28, 2022	December 28, 2022 to December 27, 2028	N/A	24,200	Nil	Nil	Nil	Nil	24,200	36.36	75.05	N/A
Lin Jian	Executive Director	December 28, 2022	December 28, 2022 to December 27, 2028	N/A	14,850	Nil	Nil	Nil	Nil	14,850	36.36	75.05	N/A
Wen Qingkai	Substantial shareholder, Board secretary	December 28, 2022	December 28, 2022 to December 27, 2028	N/A	18,150	Nil	Nil	Nil	Nil	18,150	36.36	75.05	N/A
Yang Minhua	Substantial shareholder	December 28, 2022	December 28, 2022 to December 27, 2028	N/A	14,850	Nil	Nil	Nil	Nil	14,850	36.36	75.05	N/A
Wei Jianliang	Substantial shareholder	December 28, 2022	December 28, 2022 to December 27, 2028	N/A	14,850	Nil	Nil	Nil	Nil	14,850	36.36	75.05	N/A
Jiang Jing	Spouse of Wang Liqiang	December 28, 2022	December 28, 2022 to December 27, 2028	N/A	18,150	Nil	Nil	Nil	Nil	18,150	36.36	75.05	N/A
Wang Yuxiao	Son of Wang Weidong	December 28, 2022	December 28, 2022 to December 27, 2028	N/A	11,000	Nil	Nil	Nil	Nil	11,000	36.36	75.05	N/A
Wang Yinxiao	Son of Wang Xudong	December 28, 2022	December 28, 2022 to December 27, 2028	N/A	10,000	Nil	Nil	Nil	Nil	10,000	36.36	75.05	N/A
Yao Xuejing	Spouse of Li Zhuanglin, a Supervisor	December 28, 2022	December 28, 2022 to December 27, 2028	N/A	33,000	Nil	Nil	Nil	Nil	33,000	36.36	75.05	N/A
Others													
Other grantees	Employees	December 28, 2022	December 28, 2022 to December 27, 2028	N/A	2,345,550	Nil	Nil	99,900	Nil	2,245,650	36.36	75.05	N/A

As at January 1, 2023 and at June 30, 2023, the total number of awards available for grant under the scheme mandate is 710,550 (being the Reserved Grant) and 710,550, respectively. The number of shares that may be issued in respect of awards granted under all schemes of the Company during the Reporting Period divided by the weighted average number of ordinary shares in issue for the Reporting Period is approximately 0.66%.

The accounting standard and policy to estimate the fair value of the awards of the H Share Schemes and the A Share Scheme is the same as that of financial year ended December 31, 2022. Please refer to the 2022 annual report of the Company for details.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the six months ended June 30, 2023 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate; and none of the Directors, or any of their spouse or children under the age of 18, had any right to subscribe for equity or debt securities of the Company or any other body corporate, or had exercised any such right.

Other Information

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

CHANGE IN INFORMATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

There is no changes in information of Directors, Supervisors and Chief Executive to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

COMPLIANCE WITH THE CG CODE

The Company has adopted the principles and code provisions as set out in the CG Code, and has complied with all applicable code provisions during the six months ended June 30, 2023.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by the Directors and Supervisors. Having made specific enquiries with all Directors and Supervisors, each of them has confirmed that he/she has complied with the Model Code during the six months ended June 30, 2023. No incident of non-compliance of the Model Code by the employees who are likely to be in possession of inside information of the Company was noted by the Company.

REVIEW OF INTERIM REPORT

The independent auditor of the Company, namely, Ernst & Young, has carried out a review of the interim financial information in accordance with the 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. The Audit Committee has jointly reviewed with the management and the independent auditor of the Company the accounting principles and policies adopted by the Group and the Group's financial reporting matters (including the review of the unaudited condensed consolidated interim results for the six months ended June 30, 2023). The Audit Committee considered that the interim results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

INTERIM DIVIDEND

The Board does not recommend any payment of an interim dividend for the Reporting Period (2022: nil).

By order of the Board of
RemeGen Co., Ltd.
Mr. Wang Weidong
Chairman and Executive Director

Yantai, the PRC
August 21, 2023

Independent Review Report

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To the board of directors of RemeGen Co., Ltd.

(Incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 35 to 63, which comprises the condensed consolidated statement of financial position of RemeGen Co., Ltd. (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 the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of 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 HKICPA. 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
21 August 2023

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2023

	Notes	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
REVENUE	5	**419,073**	348,779
Cost of sales		**(102,655)**	(167,505)
Gross profit		**316,418**	181,274
Other income and gains		**55,013**	53,676
Selling and distribution expenses		**(350,168)**	(149,961)
Administrative expenses		**(168,609)**	(106,919)
Research and development costs		**(540,453)**	(449,672)
Impairment losses on financial assets, net		**(4,108)**	(5,595)
Other expenses		**(5,458)**	(9,754)
Finance costs		**(5,997)**	(2,175)
LOSS BEFORE TAX	6	**(703,362)**	(489,126)
Income tax expense	7	**–**	–
LOSS FOR THE PERIOD		**(703,362)**	(489,126)
Attributable to:			
Owners of the parent		**(703,362)**	(489,126)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic/diluted			
— For loss for the period (RMB)		**(1.30)**	(0.96)

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2023

	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
LOSS FOR THE PERIOD	**(703,362)**	(489,126)
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**1,469**	2,496
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:	**(7,131)**	–
Changes in fair value	**(8,389)**	–
Income tax effect	**1,258**	–
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	**(5,662)**	2,496
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(709,024)**	(486,630)
Attributable to:		
Owners of the parent	**(709,024)**	(486,630)

Interim Condensed Consolidated Statement of Financial Position

30 June 2023

	Notes	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	**2,588,379**	2,406,750
Right-of-use assets		**198,206**	204,778
Other intangible assets	11	**22,190**	17,461
Investment in an associate		**2,706**	1,500
Equity investments designated at fair value through other comprehensive income		**81,304**	79,693
Deferred tax assets		**1,218**	–
Pledged deposits	12	**639**	616
Other non-current assets	13	**175,586**	98,255
Total non-current assets		**3,070,228**	2,809,053
CURRENT ASSETS			
Inventories	14	**708,468**	522,673
Trade and bills receivables	15	**234,294**	281,187
Prepayments, other receivables and other assets	16	**293,233**	220,952
Financial assets at fair value through profit or loss		**261,111**	–
Pledged deposits	12	**144,118**	118,146
Cash and cash equivalents	12	**1,119,661**	2,069,180
Total current assets		**2,760,885**	3,212,138
CURRENT LIABILITIES			
Trade and bills payables	17	**262,042**	221,692
Other payables and accruals		**511,512**	585,840
Interest-bearing bank and other borrowings		**11,849**	–
Lease liabilities		**61,867**	60,154
Deferred income		**16,313**	15,348
Other current liabilities		**7,687**	9,267
Total current liabilities		**871,270**	892,301

Interim Condensed Consolidated Statement of Financial Position

30 June 2023

	Note	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
NET CURRENT ASSETS		**1,889,615**	2,319,837
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,959,843**	5,128,890
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**530,929**	–
Lease liabilities		**96,925**	104,881
Deferred tax liabilities		**–**	40
Deferred income		**36,837**	43,669
Total non-current liabilities		**664,691**	148,590
Net assets		**4,295,152**	4,980,300
EQUITY			
Equity attributable to owners of the parent			
Share capital	*18*	**544,263**	544,263
Treasury shares		**(396,758)**	(463,028)
Reserves		**4,147,647**	4,899,065
Total equity		**4,295,152**	4,980,300

Interim Condensed Consolidated Statement of Changes In Equity

For the six months ended 30 June 2023

	Attributable to owners of the parent							
	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	Other reserve RMB'000	Fair value reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
At 1 January 2023 (Audited)	544,263	(463,028)	6,160,859	72,611	(1,220)	9,095	(1,342,280)	4,980,300
Loss for the period	–	–	–	–	–	–	(703,362)	(703,362)
Other comprehensive (loss)/income for the period:								
Change in fair value of equity investments designated at fair value through other comprehensive income	–	–	–	–	(7,131)	–	–	(7,131)
Exchange differences on translation of foreign operations	–	–	–	–	–	1,469	–	1,469
Total comprehensive (loss)/income for the period	–	–	–	–	(7,131)	1,469	(703,362)	(709,024)
Repurchase of H shares under First H Share Award and Trust Scheme	–	(56,918)	–	–	–	–	–	(56,918)
Vesting of awards under First H Share Award and Trust Scheme	–	123,188	–	–	–	–	–	123,188
Share-based payments	–	–	–	(42,394)	–	–	–	(42,394)
At 30 June 2023 (Unaudited)	544,263	(396,758)	6,160,859	30,217	(8,351)	10,564	(2,045,642)	4,295,152
At 1 January 2022 (Audited)	489,837	(449,170)	3,709,340	33,980	309	5,576	(343,450)	3,446,422
Loss for the period	–	–	–	–	–	–	(489,126)	(489,126)
Other comprehensive income for the period:								
Exchange differences on translation of foreign operations	–	–	–	–	–	2,496	–	2,496
Total comprehensive income/(loss) for the period	–	–	–	–	–	2,496	(489,126)	(486,630)
Issue of A shares in initial public offering ("IPO")	54,426	–	2,451,519	–	–	–	–	2,505,945
Repurchase of H shares under First H Share Award and Trust Scheme	–	(40,923)	–	–	–	–	–	(40,923)
Vesting of awards under First H Share Award and Trust Scheme	–	23,833	(13,669)	–	–	–	–	10,164
Share-based payments	–	–	–	11,626	–	–	–	11,626
At 30 June 2022 (Unaudited)	544,263	(466,260)	6,147,190	45,606	309	8,072	(832,576)	5,446,604

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Notes	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(703,362)**	(489,126)
Adjustments for:			
Finance costs		**5,997**	2,175
Bank interest income		**(15,127)**	(31,340)
Gain on disposal of financial assets at fair value through profit or loss		**(4,951)**	–
Depreciation of property, plant and equipment	*6,10*	**79,583**	56,594
Depreciation of right-of-use assets	*6*	**30,916**	30,883
Amortisation of other intangible assets	*6,11*	**1,981**	1,421
Amortisation of long-term prepayments	*6*	**248**	347
Impairment of financial assets, net	*6*	**4,108**	5,595
Impairment of inventories	*6*	**8,672**	–
Share-based payment expenses	*6*	**43,630**	11,626
Loss on disposal of items of property, plant and equipment		**256**	472
Foreign exchange differences, net		**(19,665)**	(10,061)
		(567,714)	(421,414)
Increase in inventories		**(194,421)**	(82,105)
Decrease/(increase) in trade and bills receivables		**25,452**	(205,516)
Increase in prepayments, other receivables and other assets		**(45,893)**	(111,610)
(Increase)/decrease in other non-current assets		**(861)**	54,282
Increase in trade and bills payables		**40,350**	37,801
Increase/(decrease) in other payables and accruals		**8,740**	(5,858)
Decrease in pledged deposits		**52**	5,703
Decrease in deferred income in respect of government grants related to income		**(5,866)**	(5,462)
Cash used in operations		**(740,161)**	(734,179)
Interest received		**16,037**	30,491
Net cash flows used in operating activities		**(724,124)**	(703,688)

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	**(431,607)**	(381,110)
Purchase of items of other intangible assets	**(80)**	(1,818)
Receipts of government grants for property, plant and equipment	**–**	4,800
Purchases of financial assets at fair value through profit or loss	**(848,000)**	(735,500)
Proceeds from disposal of financial assets at fair value through profit or loss	**591,884**	186,212
Capital increase in investment in an associate	**(1,250)**	–
Purchases of equity investments at fair value through other comprehensive income	**(10,000)**	–
(Increase)/decrease in pledged deposits	**(26,957)**	4,024
Net cash flows used in investing activities	**(726,010)**	(923,392)
CASH FLOWS FROM FINANCING ACTIVITIES		
New borrowings from other loans	**542,219**	–
Proceeds from issue of A shares and over-allotment through IPO	**–**	2,612,462
Payment of issuance costs in relation to A share IPO	**–**	(92,553)
Repurchase of H shares under First H Share Award and Trust Scheme	**(56,918)**	(40,923)
Interest portion of lease payment	**(5,997)**	(2,175)
Proceeds from exercise of share awards	**31,703**	–
Principal portion of lease payments	**(29,266)**	(25,806)
Net cash flows from financing activities	**481,741**	2,451,005
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(968,393)**	823,925
Cash and cash equivalents at beginning of period	**2,069,180**	1,756,821
Effect of foreign exchange rate changes, net	**18,874**	9,216
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,119,661**	2,589,962
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**1,264,418**	2,660,325
Less: pledged deposits	**(144,757)**	(70,363)
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows	**1,119,661**	2,589,962

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

1. CORPORATE AND GROUP INFORMATION

RemeGen Co., Ltd. (the "Company") was incorporated in the People's Republic of China (the "PRC") on 4 July 2008 as a limited liability company. On 12 May 2020, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The registered office of the Company is located at 58 Middle Beijing Road, Yantai Development Zone, Yantai Area of Shandong Pilot Free Trade Zone, PRC.

During the current period, the Company and its subsidiaries (the "Group") were principally engaged in biopharmaceutical research, biopharmaceutical services, and biopharmaceutical production and sale.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place and date of registration/ incorporation and place of operations	Nominal value of issued ordinary/ registered paid-in capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
RemeGen Biosciences, Inc. (previously known as "RC Biotechnologies, Inc.")	Delaware, United States of America ("USA") 18 April 2011	1,500 ordinary shares	100%	–	Research and development, registration and business development
Ruimeijing (Beijing) Pharmaceutical Technology Co., Ltd. (瑞美京(北京)醫藥科技有限公司)*	Beijing, PRC 14 August 2019	RMB1,000,000	100%	–	Research and development
RemeGen Hong Kong Limited	Hong Kong 26 September 2019	USD14,000,000	100%	–	Research and development
RemeGen Medical Research (Shanghai) Co., Ltd. (榮昌生物醫藥研究(上海)有限公司)*#	Shanghai, PRC 20 May 2020	RMB8,000,000	100%	–	Research and development
RemeGen Australia Pty Ltd.	South Australia 3 March 2021	100 ordinary shares	–	100%	Research and development and business development
Shanghai Rongchang Biotechnology Co., Ltd. (上海榮昌生物科技有限公司)*	Shanghai, PRC 7 May 2022	RMB500,000,000	100%	–	Research and development

* The English names of these subsidiaries represent the best efforts made by the management of the Company to translate the Chinese names as they do not have official English names registered in the PRC. These subsidiaries were registered as domestic limited liability companies under PRC law.

\# RemeGen Medical Research (Shanghai) Co., Ltd. was deregistered on 7 April 2023.

2. 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.

3. 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 ("IFRSs") for the first time for the current period's financial information.

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

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 did not have any 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.

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(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 did not have any 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 Group has applied the amendments on temporary differences related to leases as at 1 January 2022, with any cumulative effect recognised as an adjustment to the balance of retained profits or other component of equity as appropriate at that date. In addition, the Group has applied the amendments prospectively to transactions other than leases that occurred on or after 1 January 2022, if any.

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.

(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 did not have any impact to the Group.

4. OPERATING SEGMENT INFORMATION

The Group is engaged in biopharmaceutical research, biopharmaceutical services, biopharmaceutical production and sale, which are regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's senior management for purposes of resource allocation and performance assessment. Therefore, no analysis by operating segment is presented.

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Mainland China	**416,118**	328,668
USA	**2,955**	20,111
	419,073	348,779

(b) Non-current assets

	30 June	31 December
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Mainland China	**2,924,883**	2,660,910
USA	**63,402**	64,865
	2,988,285	2,725,775

The non-current asset information of continuing operations above is based on the locations of the assets and excludes equity investments designated at fair value through other comprehensive income and deferred tax assets.

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

5. 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		
Sales of goods	**416,118**	328,668
Service income	**2,955**	20,111
	419,073	348,779

Disaggregated revenue information for revenue from contracts with customers

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Geographical markets		
Mainland China	**416,118**	328,668
USA	**2,955**	20,111
	419,073	348,779
Timing of revenue recognition		
Transferred at a point in time	**416,118**	348,779
Transferred over a period of time	**2,955**	–
	419,073	348,779

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

6. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	**102,655**	167,505
Cost of services provided	**387**	–
Research and development costs	**547,095**	449,672
Including: Employee benefit expenses	**154,769**	153,043
Depreciation of property, plant and equipment	**79,583**	56,594
Depreciation of right-of-use assets	**30,916**	30,883
Amortisation of other intangible assets	**1,981**	1,421
Amortisation of long-term prepayments	**248**	347
Listing expenses	**–**	1,002
Auditor's remuneration	**780**	780
Government grants	**(28,255)**	(11,636)
Expenses relating to short-term leases and leases of low-value assets	**388**	1,422
Employee benefit expenses	**571,696**	335,309
Foreign exchange differences	**(3,267)**	(6,995)
Impairment of financial assets:		
Impairment of trade receivables	**298**	5,070
Impairment of financial assets included in prepayments, other receivables and other assets	**3,810**	525
Impairment of inventories	**8,672**	–
Bank interest income	**(15,127)**	(31,340)
Loss on disposal of items of property, plant and equipment	**256**	472
Share-based payment expenses	**43,630**	11,626

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

7. INCOME TAX EXPENSE

The provision for corporate income tax in Mainland China is based on the statutory rate of 25% of the assessable profits as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008.

The Company has been recognised as a High New Tech Enterprise in 2022 and entitled to a reduced corporate income tax rate of 15% according to the tax incentives of the CIT Law for High New Tech Enterprises.

The subsidiaries incorporated in Mainland China were subject to preferential tax at a rate of 20%, because they were regarded as "small-scaled minimal profit enterprises" during the corresponding period.

The subsidiary incorporated in the USA is subject to America federal and California state income taxes. America federal income tax was provided at the rate of 21% and California income tax was provided at the rate of 8.84% during the six months ended 30 June 2023 on the estimated assessable profits arising in the USA.

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 16.5% on any estimated assessable profits arising in Hong Kong during the six months ended 30 June 2023. No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the six months ended 30 June 2023.

The subsidiary incorporated in South Australia is subject to South Australia profits tax at the rate of 25% when the aggregated turnover is under the threshold of AUD50 million, or at the rate of 30% when the aggregated turnover is over AUD50 million. No provision for South Australia profits tax has been made as the Group had no assessable profits derived from or earned in South Australia during the six months ended 30 June 2023.

No current income tax and deferred income tax were charged for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

8. DIVIDENDS

No dividend has been declared and paid by the Company during the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

9. 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 reporting period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the reporting period.

The calculation of the diluted loss per share amount is based on the loss for the period attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the convertible bonds, where applicable (see below). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

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

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	**(703,362)**	(489,126)
Dilutive potential conversion expenses	**–**	–
Loss attributable to ordinary equity holders of the parent Attributable to continuing operations	**(703,362)**	(489,126)

	Number of shares For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	**539,347,672**	511,374,317
Effect of dilution — weighted average number of ordinary shares:		
Share awards	**256,603**	–
	539,604,275	511,374,317

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

10. PROPERTY, PLANT AND EQUIPMENT

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Carrying amount at beginning of period	**2,406,750**	1,577,687
Additions	**271,504**	329,115
Transfers to intangible assets	**(6,703)**	–
Adjustment	**(4,263)**	(48,388)
Depreciation	**(79,583)**	(56,594)
Disposals	**(256)**	(472)
Exchange realignment	**930**	1,188
Carrying amount at end of period	**2,588,379**	1,802,536

11. OTHER INTANGIBLE ASSETS

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Carrying amount at beginning of period	**17,461**	13,143
Additions	**6,703**	3,012
Amortisation	**(1,981)**	(1,421)
Exchange realignment	**7**	–
Carrying amount at end of period	**22,190**	14,734

12. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Cash and bank balances	1,209,985	1,555,786
Time deposits	54,433	632,156
	1,264,418	2,187,942
Less: Pledged for bills payable *(note (a))*	(139,698)	(112,820)
Pledged for wages of migrant workers *(note (b))*	(3,411)	(3,406)
Interest receivable recorded in pledged deposits *(note (c))*	(1,009)	(1,920)
Pledged for an office lease *(note (d))*	(639)	(616)
Cash and cash equivalents	1,119,661	2,069,180

Notes:

(a) As at 30 June 2023, the amounts of bank balances totalling RMB139,698,000 (31 December 2022: RMB112,820,000) were pledged for bills payable.

(b) As at 30 June 2023, the amounts of bank balances totalling RMB3,411,000 (31 December 2022: RMB3,406,000) were pledged for wages of migrant workers.

(c) As at 30 June 2023, the amounts of bank balances totalling RMB956,000 (31 December 2022: RMB1,245,000) and the amounts of time deposits totalling RMB53,000 (31 December 2022: RMB675,000) were interest receivable.

(d) As at 30 June 2023, the amounts of bank balances totalling RMB639,000 (31 December 2022: RMB616,000) were pledged for an office lease.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods 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 pledged deposits are deposited with creditworthy banks with no recent history of default.

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

12. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS (Continued)

The Group's cash and cash equivalents as at the end of the reporting period are denominated in the following currencies:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Denominated in RMB	**1,045,262**	1,999,863
Denominated in HKD	**22,127**	25,770
Denominated in USD	**52,071**	42,916
Denominated in AUD	**201**	631
	1,119,661	2,069,180

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

13. OTHER NON-CURRENT ASSETS

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Prepayments for property, plant and equipment	**170,671**	93,952
Value-added tax recoverable	**–**	16
Others	**4,915**	4,287
	175,586	98,255

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

14. INVENTORIES

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Raw materials	**382,830**	282,082
Work in progress	**274,386**	213,050
Finished goods	**58,059**	24,217
Low-value consumption materials	**1,865**	895
Goods in transits	**–**	2,429
	717,140	522,673
Less: Impairment of inventories	**(8,672)**	–
	708,468	522,673

15. TRADE AND BILLS RECEIVABLES

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Trade receivables	**161,013**	212,664
Impairment	**(8,051)**	(10,633)
Trade receivables, net	**152,962**	202,031
Bills receivable	**81,332**	79,156
	234,294	281,187

Trade receivables mainly consist of receivables of sales of goods.

For receivables of sales of goods, the Group's trading terms with its customers are mainly on credit. The credit period offered by the Group is generally one month and major customers can extend up to 3 months.

The Group does not hold any collateral or other credit enhancements over these balances. Trade receivables are non-interest-bearing.

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

15. TRADE AND BILLS RECEIVABLES (Continued)

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Within 1 year	**152,962**	202,031

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

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
At 1 January	**10,633**	121
Impairment losses, net *(note 6)*	**298**	5,070
Amount written off as uncollectible	**(2,880)**	–
At 30 June	**8,051**	5,191

The expected loss rate for the trade receivables generated from the sales of goods not past due is assessed to be 5% based on the time of past due. The directors are of the opinion that the expected credit loss ("ECL") in respect of these balances is sufficient.

16. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Value-added tax recoverable	9,177	4,311
Prepayments	259,632	198,700
Due from related parties *(note 20)*	–	1,576
Deposits and other receivables	29,206	17,337
	298,015	221,924
Impairment allowance	(4,782)	(972)
	293,233	220,952

Financial assets included in prepayments, other receivables and other assets mainly represent deposits with suppliers and other parties. The Group has applied the general approach to provide for expected credit losses for non-trade other receivables under IFRS 9. Other receivables had no historical default and the financial assets included in the above balances were categorised in stage 1 at the end of the period. In calculating the expected credit loss rate, the Group considers the flow rate and adjusts for forward-looking macroeconomic data.

The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be normal because they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk.

The Group applies an "ECL model" to evaluate the credit losses for other receivables. The movements in provision for impairment of other receivables are as follows:

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
At 1 January	972	356
Impairment losses, net *(note 6)*	3,810	525
At 30 June	4,782	881

Notes to Interim Condensed Consolidated Financial Information

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17. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Within 3 months	**192,348**	152,195
3 to 6 months	**64,354**	57,255
6 months to 1 year	**3,019**	12,242
Over 1 year	**2,321**	–
	262,042	221,692

18. SHARE CAPITAL

Shares

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Issued and fully paid:		
544,263,003 (2022: 544,263,003) ordinary shares	**544,263**	544,263

Share capital

	Number of shares in issue	Share capital RMB'000
At 1 January 2022, 31 December 2022, 1 January 2023, 30 June 2023	**544,263,003**	544,263

19. COMMITMENTS

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

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Contracted, but not provided for:		
Purchases of items of property, plant and equipment	**233,337**	466,999

20. RELATED PARTY TRANSACTIONS

The Directors are of the view that the following companies are related parties that have material transactions or balances with the Group during the six months ended 30 June 2023.

(a) Name and relationships of the related parties

	Relationships with the Group
Yantai CelluPro Biotechnology Co., Ltd. (煙台賽普生物技術有限公司) ("CelluPro Biotechnology")	(i)
Yantai Yeda International Biomedical Innovation Incubation Center Co., Ltd. (煙台業達國際生物醫藥創新孵化中心有限公司) ("Yeda International")	(i)
Shanghai Kangkang Medical Technology Center (上海康康醫藥科技中心) ("Kangkang Medical")	(i)
Shanghai Kangkang Medical Technology Co., Ltd. (上海康康醫療科技有限公司) ("Kangkang")	(i)
Rongchang Pharmaceuticals (Zibo)., Ltd. (榮昌製藥(淄博)有限公司) ("Rongchang Pharma (Zibo)")	(i)
Yantai Rongchang Pharmaceutical Co., Ltd. (煙台榮昌製藥股份有限公司) ("Rongchang Pharmaceuticals")	(ii)
Yantai MabPlex International Biomedical Co., Ltd. (煙台邁百瑞國際生物醫藥股份有限公司) ("MabPlex International")	(iii)

Notes:

The English names of the companies registered in the PRC represent the best efforts made by the management of the Company in directly translating the Chinese names of these companies as no English names have been registered.

(i) These entities were subsidiaries of Rongchang Pharmaceuticals which was majority-owned during the period by the Concert Parties as defined below.

(ii) Rongchang Pharmaceuticals held a 100% equity interest in the Company before December 2019.

Before the reorganisation of the Group in December 2019, all of the Group's paid-in capital was injected by Rongchang Pharmaceuticals. Pursuant to the Group reorganisation, the paid-in capital of the Group held by Rongchang Pharmaceuticals has been transferred to various shareholders in proportion to their respective shareholdings in Rongchang Pharmaceuticals.

Pursuant to a concert party agreement dated 16 April 2020 entered into amongst Dr. Fang Jianmin, Mr. Wang Weidong, Mr. Lin Jian, Mr. Xiong Xiaobin, Dr. Wang Liqiang, Mr. Wang Xudong, Mr. Deng Yong, Ms. Yang Minhua, Mr. Wen Qingkai and Mr. Wei Jianliang, Yantai Rongda Venture Capital Center (Limited Partnership), RongChang Holding Group Ltd., and I-NOVA Limited (together, the "Concert Parties"), the Concert Parties confirmed that they have acted in concert in the management, decision-making and all major decisions of the Group since 1 January 2017, and they have agreed to continue to act in concert and reach consensus on any proposal presented to the general meeting of the shareholders of the Company for voting. In the event they fail to reach such consensus, each of the Concert Parties shall exercise their respective indirect voting rights in accordance with majority vote amongst the Concert Parties. The Concert Parties collectively held 40.06% of equity interests in the Company.

In the opinion of the directors, the Company was controlled by the Concert Parties during the period and up to the date of this interim condensed consolidated financial information.

(iii) The entity was controlled by the Concert Parties as defined above.

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

20. RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties

In addition to the transactions detailed elsewhere in this interim condensed consolidated financial information, the Group had the following transactions with related parties during the period:

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Rental income		
MabPlex International	**720**	779
Rongchang Pharmaceuticals	**606**	–
	1,326	779
Purchases of materials		
CelluPro Biotechnology	**15,196**	13,942
Purchases of services		
Rongchang Pharmaceuticals	**25,317**	18,907
Kangkang	**10,705**	9,388
MabPlex International	**4,508**	4,324
Yeda International	**338**	632
Rongchang Pharma (Zibo)	**48**	–
	40,916	33,251
Rental expenses		
Yeda International	**38**	38
Repayment of lease liabilities		
Yeda International	**22,094**	17,927
MabPlex International	**1,678**	877
Rongchang Pharmaceuticals	**206**	–
Rongchang Pharma (Zibo)	**18**	–
	23,996	18,804
Interest expenses on lease liabilities		
Yeda International	**2,265**	573
MabPlex International	**237**	65
Rongchang Pharmaceuticals	**27**	–
Rongchang Pharma (Zibo)	**1**	–
	2,530	638

Note:

During the six months ended 30 June 2023, the transactions were carried out in accordance with mutually agreed terms and conditions during the ordinary course of business.

Notes to Interim Condensed Consolidated Financial Information

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20. RELATED PARTY TRANSACTIONS (Continued)

(c) Outstanding balances with related parties

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Trade and bills payables		
MabPlex International	**662**	–
Rongchang Pharma (Zibo)	**–**	35
	662	35
Prepayments, other receivables and other assets		
MabPlex International	**–**	1,436
Kangkang Medical	**–**	76
Yeda International	**–**	64
	–	1,576
Other payables and accruals		
Rongchang Pharmaceuticals	**1,804**	8,346
Yeda International	**43**	566
MabPlex International	**–**	21
	1,847	8,933
Lease liabilities		
Yeda International	**83,594**	94,412
MabPlex International	**8,862**	10,556
Rongchang Pharmaceuticals	**969**	1,149
Rongchang Pharma (Zibo)	**35**	59
	93,460	106,176

Note:

The Group's balances due from and due to the related companies are trade in nature, unsecured, interest-free and have no fixed terms of repayment as at the end of each period.

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

20. RELATED PARTY TRANSACTIONS (Continued)

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

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fees	**1,173**	873
Salaries, allowances and benefits in kind	**11,916**	10,315
Performance-related bonuses	**2,506**	2,449
Pension scheme contributions	**101**	138
Share-based payment expenses	**18,363**	4,975
Total compensation paid to key management personnel	**34,059**	18,750

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of pledged deposits, cash and cash equivalents, trade and bills payables, financial assets included in prepayments, other receivables and other assets, and financial liabilities included in other payables and accruals approximate to their fair values because these financial instruments are mostly short-term in nature.

The carrying amounts of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2023	31 December 2022	**30 June 2023**	31 December 2022
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Financial assets				
Debt investments at fair value through other comprehensive income	**81,332**	79,156	**81,332**	79,156
Financial assets at fair value through profit or loss	**261,111**	–	**261,111**	–
Equity investments designated at fair value through other comprehensive income	**81,304**	79,693	**81,304**	79,693
	423,747	158,849	**423,747**	158,849

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The Group's finance department headed by the financial controller is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The financial controller reports directly to the chief financial officer and the audit committee. At the end of each reporting period, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the directors periodically for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of unlisted equity investments designated at fair value through other comprehensive income have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms.

The fair values of bills receivable and financial products issued by the banks designated at fair value through profit or loss have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

Set out below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at the end of reporting period:

	Valuation technique	**Significant unobservable input**	**Range**	**Sensitivity of fair value to the input**
Unlisted equity investment	Discounted cash flow method	Discount rate	30 June 2023: 14.82%	Increase/(decrease) in 1% would result in a (decrease)/increase in fair value by (RMB457,000)/ RMB471,000
			31 December 2022: 14.82%	Increase/(decrease) in 1% would result in a (decrease)/increase in fair value by (RMB457,000)/ RMB471,000
		Discount for lack of marketability	30 June 2023: 30.09%	Increase/(decrease) in 5% would result in a (decrease)/increase in fair value by (RMB240,000)/ RMB240,000
			31 December 2022: 30.09%	Increase/(decrease) in 5% would result in a (decrease)/increase in fair value by (RMB240,000)/ RMB240,000

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

Notes to Interim Condensed Consolidated Financial Information

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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:

As at 30 June 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Debt investments at fair value through other comprehensive income	–	81,332	–	81,332
Financial assets at fair value through profit or loss	–	261,111	–	261,111
Equity investments designated at fair value through other comprehensive income	60,176	–	21,128	81,304
	60,176	342,443	21,128	423,747

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	Total RMB'000 (Audited)
Debt investments at fair value through other comprehensive income	–	79,156	–	79,156
Equity investments designated at fair value through other comprehensive income	–	68,565	11,128	79,693
	–	147,721	11,128	158,849

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

The movements in fair value measurement within Level 3 during the period are as follows:

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Equity investments designated at fair value through other comprehensive income		
At 1 January	**11,128**	12,067
Purchases	**10,000**	–
At 30 June	**21,128**	12,067

During the reporting period, there was transfer of fair value measurements between Level 1 and Level 2, but no transfers into or out of Level 3 for financial assets.

22. EVENTS AFTER THE REPORTING PERIOD

There are no material subsequent events undertaken by the Company or by the Group after 30 June 2023.

23. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors of the Company on 21 August 2023.

Definitions and Glossary

"A Share(s)"	domestic Renminbi-denominated ordinary share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, listed on the Sci-Tech Board
"A Share Offering"	the initial public offering of A shares of the Company on March 31, 2022
"A Share Scheme"	the 2022 A Share Incentive Scheme in its present or any amended form as adopted by the Company December 28, 2022
"Audit Committee"	the audit committee of the Board
"Board of Directors" or "Board"	the board of Directors of the Company
"CDE"	the Center for Drug Evaluation of China's National Medical Products Administration
"CG Code"	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
"China" or "the PRC"	the People's Republic of China excluding, for the purpose of this report, Hong Kong, Macau Special Administrative Region and Taiwan
"Company" or "RemeGen"	RemeGen Co., Ltd.* (榮昌生物製藥(煙台)股份有限公司), a company incorporated in the PRC with limited liability, the H shares and A shares of which are listed on the Main Board of the Stock Exchange (stock code: 9995) and the Sci-Tech Board (stock code: 688331), respectively
"Controlling Shareholder(s)" or "Concert Party(ies)"	has the meaning ascribed under the Listing Rules and unless the context otherwise requires, refers to Mr. Wang Weidong (王威東), Dr. Fang Jianmin (房健民), Mr. Lin Jian (林健), Dr. Wang Liqiang (王荔強), Mr. Wang Xudong (王旭東), Mr. Deng Yong (鄧勇), Mr. Xiong Xiaobin (熊曉濱), Mr. Wen Qingkai (溫慶凱), Ms. Yang Minhua (楊敏華), Mr. Wei Jianliang (魏建良), Yantai Rongda Venture Capital Center (Limited Partnership) (煙台榮達創業投資中心(有限合夥)), RongChang Holding Group LTD. and I-NOVA Limited, and each of them, a "Controlling Shareholder" or "Concert Party"
"Core Product(s)"	has the meaning ascribed to it in Chapter 18A of the Listing Rules; for purposes of this report, our core products include telitacicept (RC18, brand name: 泰爱®), disitamab vedotin (RC48, brand name: 爱地希®) and RC28
"Director(s)"	the director(s) of the Company
"ESSDAI score"	EULAR Sjögren's syndrome (SS) disease activity index, a systemic disease activity index that was designed to measure disease activity in patients with primary SS
"FDA"	U.S. Food and Drug Administration

Definitions and Glossary

"First H Share Scheme"	the First H Share Award and Trust Scheme in its present or any amended form as adopted by the Company on March 23, 2021
"Global Offering"	the offer of H Shares for subscription as described in the Prospectus
"Group", "we", "us" or "our"	the Company and its subsidiaries
"H Share(s)"	share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Stock Exchange
"H Share Schemes"	the First H Share Scheme and the Second H Share Scheme
"HER2"	human epidermal growth factor receptor 2
"HK$" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IHC"	immunohistochemistry, a test that uses a chemical dye to stain and measure specific proteins. IHC staining for HER2 status is the most widely used initial approach for evaluating HER2 as a predictor of response to anti-HER2 therapy. The HER2 IHC test gives a score of 0 to 3+ that measures the amount of HER2 proteins on the surface of cells in a tissue sample
"Listing" or "Listing of H Shares"	the listing of the H Shares of the Company on the Main Board of the Stock Exchange on November 9, 2020
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"NMPA"	the National Medical Products Administration of the PRC (國家藥品監督管理局), successor to the China Food and Drug Administration or CFDA (國家食品藥品監督管理總局)
"PD-1"	programmed cell death protein 1, an immune checkpoint receptor expressed on T cells, B cells and macrophages
"PD-L1"	PD-1 ligand 1, which is a protein on the surface of a normal cell or a cancer cell that binds to its receptor, PD-1, on the surface of the T cell that causes the T cell to turn off its ability to kill the cancer cell

Definitions and Glossary

"Prospectus"	the prospectus issued by the Company dated October 28, 2020
"Reporting Period"	the six months ended June 30, 2023
"Restricted Share(s)"	the A Share(s) to be obtained in tranches and registered by the participants who meet the conditions for grant under the A Share Scheme after meeting the corresponding attribution conditions
"RMB"	Renminbi, the lawful currency of China
"Sci-Tech Board"	the Science and Technology Innovation Board of the Shanghai Stock Exchange
"Second H Share Scheme"	the Second H Share Award and Trust Scheme in its present or any amended form as adopted by the Company on July 14, 2023
"Shareholder(s)"	holder(s) of the Shares
"Share(s)"	ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, comprising the A Shares and H Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	supervisor(s) of the Company
"U. S." or "United States"	the United States of America
"USD"	United States dollars, the lawful currency of the United States
"%"	percent