



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



2024
Interim Report

* For identification purpose only

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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 (王荔強)
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)
Dr. Li Zhuanglin (李壯林)

AUDIT COMMITTEE

Mr. Hao Xianjing (郝先經) (*Chairman*)
Dr. Wang Liqiang (王荔強)
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 (王荔強)
Dr. Su Xiaodi (蘇曉迪)
Dr. Ma Lan (馬蘭)

JOINT COMPANY SECRETARIES

Mr. Tong Shaojing (童少靖)
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

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LEGAL ADVISERS

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As to PRC law:

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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

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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, 2024 (Unaudited) RMB'000 | As at December 31, 2023 (Audited) RMB'000 |
|--|---|--|
| Total assets | 5,754,537 | 5,528,243 |
| Total liabilities | 3,089,927 | 2,090,974 |
| Total equity | 2,664,610 | 3,437,269 |
| | Six months ended June 30, 2024 (Unaudited) RMB'000 | Six months ended June 30, 2023 (Unaudited) RMB'000 |
| REVENUE | 739,656 | 419,073 |
| Cost of sales | (169,271) | (102,655) |
| Gross profit | 570,385 | 316,418 |
| Other income and gains | 54,417 | 55,013 |
| Selling and distribution expenses | (389,665) | (350,168) |
| Administrative expenses | (155,220) | (168,609) |
| Research and development costs | (806,233) | (540,453) |
| Impairment losses on financial assets, net | (3,808) | (4,108) |
| Other expenses | (18,469) | (5,458) |
| Finance costs | (31,867) | (5,997) |
| LOSS BEFORE TAX | (780,460) | (703,362) |

MANAGEMENT DISCUSSION AND ANALYSIS

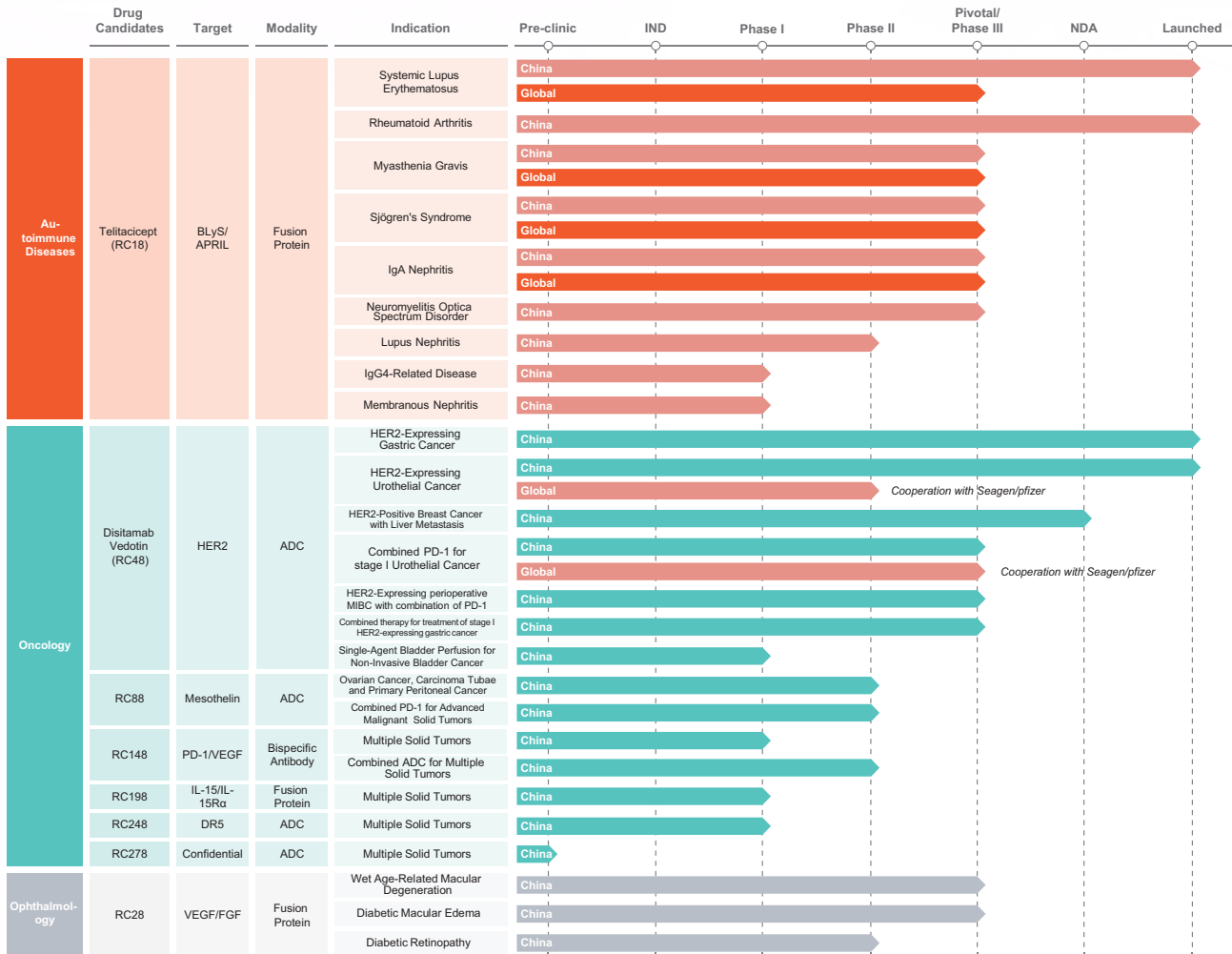
OVERVIEW

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 commercial-stage drugs, telitaccept (RC18, brand name: 泰爱®) and disitamab vedotin (RC48, brand name: 爱地希®), are in clinical trials targeting over 20 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 drug candidates as of June 30, 2024:



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

Telitacept (RC18, brand name: 泰爱®)

- Telitacept 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). Telitacept targets and acts on 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 telitacept in late-stage clinical trials, in an attempt to address the significant unmet or underserved medical needs.
 - o Systemic Lupus Erythematosus (SLE)
 - *China:* We have received full marketing approval from the NMPA in November 2023 and have successfully renewed telitacept in the National Reimbursement Drug List (NRDL) at the end of 2023.
 - *Global:* The international, multi-center Phase III clinical study is ongoing.
 - o Lupus Nephritis (LN)
 - *China:* The IND application for a Phase II clinical trial on telitacept for the treatment of active lupus nephritis obtained the approval from the CDE in September 2022. The Company has commenced this clinical study in China in the first half of 2023, with smooth progress currently.

MANAGEMENT DISCUSSION AND ANALYSIS

- o Rheumatoid Arthritis (RA)

We have completed a multi-center, double-blind, placebo-controlled Phase III clinical trial in China. We received positive results from this trial in the second quarter of 2023 and submitted BLA to the NMPA in August 2023 and presented the data at the American College of Rheumatology (ACR) Annual Meeting in November 2023. In July 2024, the NMPA approved the marketing of telitacept for the treatment of this indication in China.

- o Immunoglobulin A Nephropathy (IgAN)

- *China:* In the first half of 2023, we initiated a Phase III clinical study of telitacept for the treatment of IgAN in China, and in May 2024, patient enrollment for the Phase III study has been completed.

- *United States:* We communicated with the FDA regarding the use of telitacept for the treatment of patients with IgAN in November 2022, and obtained the FDA's permission to conduct a Phase III clinical trial.

- o Primary Sjögren's Syndrome (pSS)

- *China:* We communicated with the CDE regarding the protocol of a Phase III clinical trial of telitacept for the treatment of patients with pSS in June 2022 and reached consensus with the CDE in August 2022. In the first half of 2023, we initiated this Phase III clinical study in China, and in May 2024, patient enrollment has been completed.

- *United States:* In December 2023, the FDA approved the IND application for the global, multi-center Phase III trial of telitacept for the treatment of adult patients with pSS. In March 2024, telitacept received a FTD from the FDA for the treatment of adult patients with pSS.

MANAGEMENT DISCUSSION AND ANALYSIS

o Myasthenia Gravis (MG)

- *China:* In the first half of 2023, we initiated Phase III clinical trial of telitacicept for the treatment of generalized myasthenia gravis (gMG) in China, which is a multi-center, randomized, double-blind, placebo-controlled study. In August 2024, the clinical trial reached its primary study endpoints. Previously, we received breakthrough therapy designation from the CDE for the treatment of generalized myasthenia gravis (gMG) in November 2022.
- *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 global multi-center Phase III clinical trial of telitacicept for the treatment of patients with generalized myasthenia gravis (gMG) and granted it a FTD. In August 2024, the clinical trial enrolled the first patient in the U.S..

o IgG4-Related Disease

In June 2024, the clinical trial of telitacicept for the treatment of IgG4-related disease (IgG4-RD) with risk of relapse obtained approval granted by the CDE to conduct clinical study in China.

o Membranous nephritis

In July 2024, the clinical study of telitacicept for the treatment of adult patients with primary membranous nephropathy was granted approval for clinical trials by the CDE.

o Other Indications

In addition to the above indications, we will continue to explore and evaluate the potential of telitacicept in treating other autoimmune diseases (including but not limited to antiphospholipid syndrome and thrombocytopenia).

– 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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

- Disitamab vedotin is our leading antibody-drug conjugate (ADC) product candidate and is the first domestically developed ADC approved in China. Disitamab vedotin is a novel ADC independently developed by the Company for treating human epidermal growth factor receptor 2 (HER2)-expressing (including low-expressing) solid tumors. Disitamab vedotin is currently being studied in multiple late-stage clinical trials in China across a variety of solid tumor 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) and other malignant tumors like gynecological cancers.

- 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.
 - o Urothelial Cancer (UC)
 - We completed a Phase II clinical trial of 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-center, 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. In November 2023, the clinical results were published online in the Journal of Clinical Oncology (JCO), a top international oncology journal. The drug was included in the updated NRDL in January 2023 and was successfully renewed by the end of 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

- 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 investigational new drug (IND) application for a Phase II trial of 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. Such trial is progressing smoothly.

In June 2024, the Company announced the preliminary results from a Phase II study of neoadjuvant therapy in combination with PD-1 for the treatment of HER2-expressing muscle invasive bladder cancer (MIBC) in a poster presentation at the American Society of Clinical Oncology (ASCO) Annual Meeting. Among the 47 subjects enrolled, 31 patients underwent radical surgery. The results showed that the pathological complete response rate (pCR) was 61.3% (19/31), the pathological partial response rate (pPR) was 74.2% (23/31), and the safety profile was good.

- We are conducting a multi-center, randomized and parallel-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. In August 2024, patient enrollment was completed for such clinical trial.

- o Gastric Cancer (GC)

- The IND application for a Phase II/III clinical trial of disitamab vedotin in combination with toripalimab and chemotherapy or disitamab vedotin for injection in combination with toripalimab and trastuzumab for first-line treatment of HER2-expressing or non-expressing locally advanced or metastatic gastric cancer (including gastroesophageal junction carcinoma) was approved by the NMPA in April 2023. This study is progressing smoothly.

MANAGEMENT DISCUSSION AND ANALYSIS

- In June 2024, a multi-center, single-arm Phase II clinical study of disitamab vedotin in combination with tislelizumab and S-1 for the first-line treatment of HER2-overexpressing advanced gastric or gastroesophageal junction adenocarcinoma, led by Professor Liu Lian of Qilu Hospital of Shandong University, was presented at the 2024 ASCO Annual Meeting in the form of an oral communication of clinical science seminars. Among the 53 patients who could be evaluated for efficacy, the results showed that the first-line objective response rate (ORR) was 94.3%, and the disease control rate (DCR) was 98.1%. The 1-year progression-free survival (PFS) rate was 71.8%, and the 1-year overall survival (OS) rate was 97.6%, with benign safety profile.

- o Breast Cancer (BC)

The Phase III clinical trial of disitamab vedotin for the treatment of HER2-positive advanced breast cancer patients with liver metastasis achieved positive results and reached the primary study endpoints.

- o Gynecologic Cancers

- The IND application for a Phase II trial of disitamab vedotin in combination with zimberelimab injection (brand name: 譽妥®) for the treatment of patients with recurrent or metastatic cervical cancer expressing HER2 who have failed at least one line of platinum-containing chemotherapy was approved by the NMPA in October 2023. In March 2024, the Phase II clinical data for disitamab vedotin for the treatment of HER2-expressing cervical cancer patients were disclosed in the form of an oral report at the 2024 European Society of Gynaecological Oncology (ESGO) Congress. In May 2024, disitamab vedotin was included in the Guidelines for the Clinical Application of Antibody-Drug Conjugates for Gynecological Malignancies (2024 Edition) and was recommended for the treatment of patients with HER2-expressing recurrent metastatic cervical cancer, recurrent ovarian epithelial cancer, fallopian tube cancer or primary peritoneal cancer and recurrent metastatic uterine tumors (grade 2B recommendation).

MANAGEMENT DISCUSSION AND ANALYSIS

- 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 percentage of future cumulative net sales as Seagen subsequently continues global development and commercialization of disitamab vedotin. Pfizer Inc. (“**Pfizer**”)/ Seagen are conducting various clinical trials of disitamab vedotin for different indications. Please refer to Pfizer’s/Seagen’s public information for more details.
 - o UC

Seagen conducted an international, multi-center, 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 chemotherapy.
- **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-E

- RC28-E 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-E 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-E in wAMD patients.

MANAGEMENT DISCUSSION AND ANALYSIS

- o Wet Age-Related Macular Degeneration (wAMD)

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

On July 20, 2024, a Phase Ib clinical study of RC28-E for the treatment of Wet Age-Related Macular Degeneration (wAMD) was published in *Ophthalmology and Therapy*, an internationally renowned ophthalmology journal. The results showed that RC28-E (0.5mg~2.0mg) demonstrated good safety and tolerability in patients with wAMD. Most of the adverse events (AEs) that occurred in the trial were mild or moderate, with the most common being mild injection-related subconjunctival hemorrhage (16.2%). At week 48, the best corrected visual acuity (BCVA) and central subfield thickness (CST) for the RC28-E injection at 0.5mg, 1.0mg and 2.0mg were significantly improved after 1 year of treatment. In addition, 46% of patients with polypoid choroidal vasculopathy (PCV) were enrolled in the study, 73% of whom were retreated (having received other anti-VEGF therapies before enrollment), and the results of the study indicated that RC28-E was effective in these relatively refractory patients.

- o Diabetic Macular Edema (DME)

In the first half of 2023, we further initiated the Phase III clinical trial, and as of June 30, 2024, patient enrollment has been completed.

- o Diabetic Retinopathy (DR)

We are currently conducting a multi-center, 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-E 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Other Clinical-stage Drug Candidates

- **RC88** is a novel mesothelin-targeting ADC drug that we developed for the treatment of solid tumors. The IND application for the Phase I/II trial of RC88 in combination with sintilimab (brand name: 達伯舒®) for the treatment of patients with advanced malignant solid tumors was approved by the NMPA in March 2023. Currently, the first patient has been enrolled. The Phase II clinical trial application for RC88 for the treatment of patients with platinum-resistant and recurrent epithelial ovarian cancer, carcinoma tubae and primary peritoneal cancer (PROC) was approved by the CDE in December 2023, with smooth progress currently.
- **RC148**: In July 2023, the Company's Phase I clinical trial study for its self-developed novel bispecific antibody RC148 (PD-1/VEGF), as monotherapy for the treatment of advanced malignant solid tumors was formally approved by the CDE. This is a multi-center, open-label 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. In September 2023, the first patient was enrolled, with smooth progress currently.
- **RC198**: RC198 is a Fc fusion protein of interleukin-15 (IL-15) and IL-15 receptor alpha (IL-15R α). As a member of the immuno-modulatory 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. 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, with smooth progress currently.
- **RC248**: RC248 is a novel DR5-targeting ADC drug for the treatment of various tumors. It is under Phase I dosage escalation stage. As of June 30, 2024, the first patient was enrolled.
- **RC278**: RC278 is a novel ADC drug for the treatment of various tumors. It is under pre-clinical study stage, with the target under confidentiality currently.
- **Warning under Rule 18A.08(3) of the Listing Rules**: There is no assurance that the RC88, RC148, RC198, RC248 or RC278 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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, telitacept was approved for marketing by the NMPA in March 2021 and has commenced sales. This product for the treatment of SLE was included in the NRDL in December 2021 and was successfully renewed by the end of 2023. As of June 30, 2024, telitacept has been listed in over 900 hospitals.

Disitamab vedotin was approved for marketing by the NMPA in June 2021, and has commenced sales in July 2021. This product for the treatment of HER2-expressing advanced gastric cancer (GC) indication was included in the updated NRDL at the end of 2021. This product for the treatment of HER2-expressing urothelial carcinoma (UC) indication was included in the updated NRDL in January 2023. As of June 30, 2024, disitamab vedotin has been listed in over 700 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 (KOL) and physicians in the respective therapeutic areas to further expand the market penetration and establish the differentiated positioning of our products.

KEY EVENTS AFTER THE REPORTING PERIOD

- In July 2024, telitacept has been granted full approval by the NMPA to be marketed in China for the treatment in combination with methotrexate of adult patients with moderate to severe active rheumatoid arthritis (RA) who have not responded well to methotrexate.
- In July 2024, the clinical study of telitacept for the treatment of adult patients with primary membranous nephropathy was granted approval for clinical trials by the CDE.
- In July 2024, a Phase Ib clinical study of RC28-E for the treatment of Wet Age-Related Macular Degeneration (wAMD) was published in *Ophthalmology and Therapy*, an internationally renowned ophthalmology journal.

MANAGEMENT DISCUSSION AND ANALYSIS

- In August 2024, a global multi-center Phase III clinical trial of telitacicept for the treatment of generalized myasthenia gravis (gMG) enrolled the first patient in the U.S..
- In August 2024, a Phase III clinical trial of telitacicept for the treatment of generalized myasthenia gravis (gMG) in China reached its primary study endpoints.
- In August 2024, patient enrollment was completed in a Phase III clinical trial of disitamab vedotin in combination with PD-1 for the treatment of advanced stage I urothelial cancer in China.

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 Shareholders' benefits and provide patients with high-quality drugs to address unmet clinical needs worldwide.

Looking ahead to the second half of 2024, 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 to quickly advance and initiate clinical studies of our Core Products in the international market. We are conducting an international multi-center Phase III clinical trial of telitacicept for the treatment of SLE indication and initiating Phase III clinical trials for other indications in the United States. With regard to disitamab vedotin, we will continue to work with Pfizer/Seagen to support its global clinical trials/regulatory filings.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's revenue increased from RMB419.1 million for the six months ended June 30, 2023 to RMB739.7 million for the six months ended June 30, 2024. 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 tumors.

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 decreased from RMB55.0 million for the six months ended June 30, 2023 to RMB54.4 million for the six months ended June 30, 2024.

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 RMB350.2 million for the six months ended June 30, 2023 to RMB389.7 million for the six months ended June 30, 2024, primarily due to an increase in team building costs and promotion expenses.

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 decreased from RMB168.6 million for the six months ended June 30, 2023 to RMB155.2 million for the six months ended June 30, 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

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 RMB540.5 million for the six months ended June 30, 2023 to RMB806.2 million for the six months ended June 30, 2024. The following table sets forth the components of our research and development expenses for the periods indicated.

| | Six months ended June 30, | | | |
|--|---------------------------|--------------|------------------|--------------|
| | 2024 | | 2023 | |
| | RMB'000 | % | RMB'000 | % |
| Employee benefits expenses | 240,140.4 | 29.8 | 206,661.6 | 38.2 |
| Raw material expenses | 135,473.8 | 16.8 | 73,286.7 | 13.6 |
| Clinical trial expenses | 244,265.7 | 30.3 | 124,038.3 | 23.0 |
| Testing expenses | 51,691.0 | 6.4 | 38,050.2 | 7.0 |
| Depreciation and amortisation expenses | 64,735.4 | 8.0 | 54,116.3 | 10.0 |
| Utilities | 17,152.0 | 2.1 | 10,314.8 | 1.9 |
| Others | 52,774.4 | 6.6 | 33,985.0 | 6.3 |
| Total | 806,232.7 | 100.0 | 540,452.9 | 100.0 |

- (i) Employee benefits expenses increased by RMB33.5 million, mainly due to an increase in share-based compensation;
- (ii) Raw material expenses increased by RMB62.2 million, mainly due to the continuous development of drug candidates;
- (iii) Clinical trial expenses increased by RMB120.2 million, mainly due to the continuous clinical development of drug candidates, especially overseas clinical trials;
- (iv) Testing expenses increased by RMB13.6 million, mainly due to the continuous development of drug candidates;
- (v) Depreciation and amortisation expenses increased by RMB10.6 million, mainly due to an increase in depreciation after new plants being transferred to fixed asset and addition of new equipment;
- (vi) Utilities increased by RMB6.8 million, mainly due to an increase in water, electricity and gas consumption;
- (vii) Other expenses increased by RMB18.8 million, mainly due to an increase of RMB7.0 million in external purchases of non-patented technologies and increases in other expenses such as repairs and maintenance of equipment to various extent.

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 RMB4.1 million for the six months ended June 30, 2023 and the net impairment loss on financial assets of RMB3.8 million for the six months ended June 30, 2024, mainly due to a decrease in impairment losses on other receivables for the current 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 increased from RMB5.5 million for the six months ended June 30, 2023 to RMB18.5 million for the six months ended June 30, 2024, mainly due to (i) an increase in donation expenditure of telitacicept and disitamab vedotin of RMB6.5 million; and (ii) an increase in losses from changes in foreign currency exchange rates of RMB6.5 million.

Finance Costs

The Group's finance costs mainly comprise interest on bank borrowings, interest on discounted bankers' acceptances and interest on lease liabilities. Our finance costs increased from RMB6.0 million for the six months ended June 30, 2023 to RMB31.9 million for the six months ended June 30, 2024, mainly due to, during the Reporting Period, (i) an increase in interest on bank borrowings; and (ii) an increase in interest on discounted bankers' acceptances.

Income Tax Expenses

For the six months ended June 30, 2023 and 2024, 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 RMB703.4 million for the six months ended June 30, 2023 to RMB780.5 million for the six months ended June 30, 2024.

Liquidity and Financial Resources

Our primary use of cash is to fund research and development expenses. For the six months ended June 30, 2024, our net cash used in operating activities was RMB826.3 million. Our cash and cash equivalents decreased from RMB726.6 million as of December 31, 2023 to RMB673.3 million as of June 30, 2024, mainly due to the use of funds for daily operation.

Loans and Gearing Ratio

As of June 30, 2024, the Group's interest-bearing bank and other borrowings were RMB2,274.5 million.

The gearing ratio is calculated using the Group's total liabilities divided by its total assets. As of June 30, 2024, the Group's gearing ratio was 53.7% (December 31, 2023: 37.8%).

MANAGEMENT DISCUSSION AND ANALYSIS

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, 2024.

Capital Commitments

As of December 31, 2023 and June 30, 2024, the Group had capital commitments contracted for but not yet provided of RMB201.9 million and RMB101.4 million, respectively, primarily in connection with (i) contracts entered with contractors for the construction of our manufacturing facilities; and (ii) contracts entered with suppliers for the purchase of equipment.

Contingent Liabilities

As of June 30, 2024, 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. 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, 2024, the Group had a total of 3,497 employees. The total remuneration cost for the six months ended June 30, 2024 was RMB592.3 million, as compared to RMB571.7 million for the six months ended June 30, 2023, primarily due to 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 of 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, 2024, all of the 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 ⁽¹⁾ (RMB million) | Utilized amount as at December 31, 2023 (RMB million) | Utilized amount during the Reporting Period (RMB million) | Utilized amount as at June 30, 2024 (RMB million) | Unutilized amount as at June 30, 2024 (RMB million) |
|---|---|--|--|--|--|--|
| Clinical trials of telitacept (RC18) | 567.68 | 567.68 | 567.68 | – | 567.68 | – |
| Clinical trials of disitamab vedotin (RC48) | 567.68 | 567.68 | 567.68 | – | 567.68 | – |
| Clinical trials of RC28 | 189.22 | 189.22 | 189.22 | – | 189.22 | – |
| Development of RC88 and RC98, as well as early-stage drug discovery and development | 567.68 | 567.68 | 567.68 | – | 567.68 | – |
| Construction of new manufacturing facility to expand commercial manufacturing capacity | 946.13 | 946.13 | 902.91 | 43.22 | 946.13 | – |
| 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 | 460.28 | – | 460.28 | – |
| Total | 3,784.52 | 3,784.52 | 3,741.30 | 43.22 | 3,784.52 | – |

Note:

- (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 used 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 intended uses disclosed in the Company's A Share prospectus dated March 28, 2022.

As at June 30, 2024, approximately RMB2,405.66 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, 2023 (RMB million) | Utilized amount during the Reporting Period ⁽¹⁾ (RMB million) | Utilized amount as at June 30, 2024 (RMB million) | Unutilized amount as at June 30, 2024 (RMB million) |
|---|--|---|--|---|---|
| Committed Investment Projects | | | | | |
| Industrialization of Biologics | 977.76 | 987.34 | 0.67 | 988.01 | (10.25) |
| Research and Development of Anticancer Antibodies | 430.00 | 269.07 | 18.06 | 287.13 | 142.87 |
| Research and Development of Antibodies Targeting Autoimmune and Ophthalmic Diseases | 220.00 | 218.76 | 7.59 | 226.35 | (6.35) |
| Working Capital | 878.18 | 892.99 | - | 892.99 | (14.81) |
| Sub-total | 2,505.94 | 2,368.16 | 26.32 | 2,394.48 | 111.46 |
| Investment of Surplus Funds | | | | | |
| Permanent Replenishment of Working Capital ⁽²⁾ | | | 11.18 | 11.18 | (11.18) |
| Sub-total | | | 11.18 | 11.18 | (11.18) |
| Total | 2,505.94 | 2,368.16 | 37.50 | 2,405.66 | 100.28 |

Notes:

- Utilized amount during the Reporting Period and utilized amount as at June 30, 2024 included the net amount of interest income from the proceeds after deducting handling fees and the cumulative income from cash management products of the proceeds.
- In view of the fact that the committed investment amount of the proceeds after raising for the industrialization of biologics has been fully invested, in order to meet the needs of the Company's business development, use the proceeds more rationally, and improve the efficiency of use of proceeds, on April 26, 2024, the Board and the supervisory committee of the Company considered and approved the relevant resolution regarding the closing of the industrialization of biologics by the Company and the use of the surplus proceeds (mainly the investment income obtained by the Company using part of the idle proceeds for cash management and the interest income on deposits generated during the period when the proceeds were deposited, the actual amount of which was subject to the balance in the special account on the date on which the funds were transferred out) to replenish the Company's working capital permanently.
- 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, 2024, 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 | 153,184,263 (L) | 43.18% | 28.14% |
| | A Shares | Interests held jointly with another person | 39,818,320 (L) | 11.22% | 7.32% |
| | A Shares | Other | 350,000 (L) | 0.10% | 0.06% |
| | H Shares | Interests of controlled corporation | 3,484,041 (L) | 1.84% | 0.64% |
| | H Shares | Interests held jointly with another person | 21,745,000 (L) | 11.47% | 3.99% |
| | 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 | 153,184,263 (L) | 43.18% | 28.14% |
| | H Shares | Interests of controlled corporation | 20,745,000 (L) | 10.94% | 3.81% |
| | H Shares | Interests held jointly with another person | 3,484,041 (L) | 1.84% | 0.64% |
| | 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 | 193,002,583 (L) | 54.41% | 35.46% |
| | A Shares | Interest of spouse | 18,150 (L) | 0.01% | 0.00% |
| | H Shares | Interests held jointly with another person | 25,229,041 (L) | 13.31% | 4.63% |
| Mr. Lin Jian ⁽³⁾⁽⁴⁾ | A Shares | Interests held jointly with another person | 193,002,583 (L) | 54.41% | 35.46% |
| | A Shares | Other | 14,850 (L) | 0.00% | 0.00% |
| | H Shares | Interests held jointly with another person | 25,229,041 (L) | 13.31% | 4.63% |
| Dr. He Ruyi ⁽⁴⁾ | A Shares | Other | 19,360 (L) | 0.01% | 0.00% |
| | A Shares | Beneficial owner | 4,840 (L) | 0.00% | 0.00% |
| | H Shares | Beneficiary of a trust (other than a discretionary trust) | 1,200,000 (L) | 0.63% | 0.22% |
| Dr. Li Zhuanglin ⁽⁴⁾⁽⁵⁾ | A Shares | Interest of spouse | 33,000 (L) | 0.01% | 0.01% |

OTHER INFORMATION

Notes:

- (1) The letter “L” stands for long position.
- (2) The calculation is based on percentage of shareholding in a total of 544,332,083 Shares, which consists of 189,581,239 H Shares and 354,750,844 A Shares as at June 30, 2024.
- (3) As at June 30, 2024, 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. In addition, as at June 30, 2024, Yantai Rongchang Holding Group Co., Ltd. (煙台榮昌控股集團有限公司) (“**Rongchang**”) held 199,451 A Shares in our Company. It is a company incorporated in the PRC and owned as to 31.80% by Dr. Fang Jianmin and 68.20% by Yantai Rongchang Enterprise Management Center (Limited Partnership) (煙台榮昌企業管理中心(有限合夥)) (“**Rongchang Enterprise**”). Mr. Wang Weidong is the executive partner of each of Rongda, Rongqian, Rongshi, Rongyi, Rongjian and Rongchang Enterprise. As such, under the SFO, Mr. Wang Weidong is deemed to be interested in the equity interests held by Rongda, Rongqian, Rongshi, Rongyi, Rongjian and Rongchang.

Further, as at June 30, 2024, 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, 2024, 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, 2024, each of Mr. Wang Weidong, spouse of Dr. Wang Liqiang, Mr. Lin Jian, Dr. He Ruyi and spouse of Dr. Li Zhuanglin 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, Dr. He Ruyi and Dr. Li Zhuanglin is deemed to be interested in the equity interests underlying the aforesaid Award Shares or/and Restricted Shares.
- (5) As of June 30, 2024, spouse of Dr. Li Zhuanglin held 6,600 A Shares. As such, under the SFO, Dr. Li Zhuanglin is deemed to be interested in the equity interest held by his spouse.

Save as disclosed above, as at June 30, 2024, 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.

OTHER INFORMATION

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, 2024, 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) | 28.86% | 18.81% |
| | A Shares | Interests held jointly with another person | 90,620,692 (L) | 25.54% | 16.65% |
| | H Shares | Interests held jointly with another person | 25,229,041 (L) | 13.31% | 4.63% |
| 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 | 188,891,245 (L) | 53.25% | 34.70% |
| | H Shares | Interests held jointly with another person | 21,745,000 (L) | 11.47% | 3.99% |
| I-NOVA Limited ⁽³⁾ | H Shares | Beneficial owner | 3,484,041 (L) | 1.84% | 0.64% |
| | A Shares | Beneficial owner | 13,600,000 (L) | 3.83% | 2.50% |
| | A Shares | Interests held jointly with another person | 179,402,583 (L) | 50.57% | 32.96% |
| Mr. Wang Xudong ⁽³⁾ | H Shares | Interests held jointly with another person | 4,484,041 (L) | 2.37% | 0.82% |
| | H Shares | Beneficial owner | 20,745,000 (L) | 10.94% | 3.81% |
| | A Shares | Interests held jointly with another person | 193,002,583 (L) | 54.41% | 35.46% |
| Mr. Deng Yong ⁽³⁾ | H Shares | Interests held jointly with another person | 25,229,041 (L) | 13.31% | 4.63% |
| | H Shares | Interests held jointly with another person | 25,229,041 (L) | 13.31% | 4.63% |
| | A Shares | Interests held jointly with another person | 193,002,583 (L) | 54.41% | 35.46% |

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. Xiong Xiaobin ⁽³⁾ | A Shares | Interests held jointly with another person | 193,002,583 (L) | 54.41% | 35.46% |
| | H Shares | Interests held jointly with another person | 25,229,041 (L) | 13.31% | 4.63% |
| Mr. Wen Qingkai ⁽³⁾ | A Shares | Interests held jointly with another person | 193,002,583 (L) | 54.41% | 35.46% |
| | A Shares | Other | 118,150 (L) | 0.03% | 0.02% |
| | H Shares | Interests held jointly with another person | 25,229,041 (L) | 13.31% | 4.63% |
| Ms. Yang Minhua ⁽³⁾ | A Shares | Interests held jointly with another person | 193,002,583 (L) | 54.41% | 35.46% |
| | A Shares | Other | 14,850 (L) | 0.00% | 0.00% |
| | H Shares | Interests held jointly with another person | 25,229,041 (L) | 13.31% | 4.63% |
| Mr. Wei Jianliang ⁽³⁾ | A Shares | Interests held jointly with another person | 193,002,583 (L) | 54.41% | 35.46% |
| | A Shares | Other | 14,850 (L) | 0.00% | 0.00% |
| | H Shares | Interests held jointly with another person | 25,229,041 (L) | 13.31% | 4.63% |
| Norges Bank | H Shares | Beneficial Owner | 9,576,932 (L) | 5.05% | 1.76% |

OTHER INFORMATION

Notes:

- (1) The letter "L" stands for long position.
- (2) The calculation is based on percentage of shareholding in a total of 544,332,083 Shares, which consists of 189,581,239 H Shares and 354,750,844 A Shares as at June 30, 2024.
- (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.

Save as disclosed above, as at June 30, 2024, the Company had not been notified of any persons (other than a Director, Supervisor 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.

OTHER INFORMATION

SHARE SCHEMES

First H Share Scheme

The Company has adopted the First H Share Scheme at the extraordinary general meeting of the Company on March 23, 2021. The First H Share Scheme is a share scheme of the Company that is funded by the existing shares and does not involve issuance of new shares of the Company. 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.

OTHER INFORMATION

(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.

(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.

(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 First H Share Scheme (the "**First 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 544,332,083 Shares as at the date of this 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.

OTHER INFORMATION

(e) *Vesting Period*

The Board or the management committee of the First H Share Scheme (the “**First Scheme 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 First Scheme 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 “**First Scheme Vesting Period(s)**”). The specific commencement and duration of each First Scheme Vesting Period and the actual vesting amount of the award granted to a participant for the respective First Scheme Vesting Periods shall be specified in the award letter issued by the Company to the participant. The First Scheme Vesting Periods of the awards granted under the First H Share Scheme shall be determined by the Board or the First Scheme Delegatee in its sole and absolute discretion, and shall in any event not extend beyond the then remaining term of the First Scheme 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. 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 First H Share Scheme, it shall be valid and effective for ten years commencing from March 23, 2021 (the “**First Scheme 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.

OTHER INFORMATION

Set out below are 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, 2024 | Granted during the Reporting Period | Vested during the Reporting Period | Lapsed during the Reporting Period | Cancelled during the Reporting Period | As at June 30, 2024 | Purchase price (HKD) | Closing price of the Shares immediately before the date when the awards were granted (HKD) | Weighted average price of the Shares immediately before the date when the awards were vested (HKD) | Fair value of the awards at the date of grant (RMB) ⁽¹⁾ |
|---|--|-------------------|--|-----------------|-----------------------|-------------------------------------|------------------------------------|------------------------------------|---------------------------------------|---------------------|----------------------|--|--|--|
| | | | | | | | | | | | | | | |
| Directors, chief executive, substantial shareholders and their respective associates | | | | | | | | | | | | | | |
| Wang Weidong | Executive Director | March 31, 2023 | March 31, 2023 to December 31, 2026 | 7 years | 850,000 | Nil | Nil | Nil | Nil | 850,000 | 27.06 | 44.30 | N/A | 39.71 |
| Fang Jianmin | Executive Director and chief executive officer | September 1, 2022 | September 1, 2022 to December 31, 2023 | 7 years | 500,000 | Nil | Nil | Nil | Nil | 500,000 | 27.06 | 44.90 | N/A | 40.27 |
| He Ruiji | Executive Director | September 1, 2022 | September 1, 2022 to December 31, 2025 | 7 years | 1,200,000 | Nil | Nil | Nil | Nil | 1,200,000 | 16.91 | 44.90 | N/A | 40.54 |
| Fang Michelle Yi | Daughter of Dr. Fang Jianmin | September 1, 2022 | September 1, 2022 to December 31, 2025 | 7 years | 51,000 | Nil | 17,000 | Nil | Nil | 34,000 | 27.06 | 44.90 | 37.45 | 42.00 |
| | | January 1, 2023 | January 1, 2023 to March 31, 2026 | 7 years | 3,789 | Nil | 1,263 | Nil | Nil | 2,526 | Nil | 57.90 | 27.15 | 53.26 |
| | | March 31, 2023 | March 31, 2023 to March 31, 2027 | 7 years | 7,316 | Nil | 1,829 | Nil | Nil | 5,487 | Nil | 44.30 | 27.15 | 36.64 |
| | | April 2, 2024 | April 2, 2024 to March 31, 2028 | 7 years | Nil | 5,712 | Nil | Nil | Nil | 5,712 | Nil | 27.15 | N/A | 25.07 |
| | Sub-total | | | | 2,612,105 | 5,712 | 20,092 | Nil | Nil | 2,597,725 | | | | |
| Others | | | | | | | | | | | | | | |
| Other grantees | Employees | March 22, 2022 | March 22, 2022 to March 31, 2025 | 7 years | 25,000 | Nil | Nil | Nil | Nil | 25,000 | 50.50 | 51.70 | N/A | 49.00 |
| | | March 22, 2022 | March 22, 2022 to June 30, 2025 | 7 years | 20,000 | Nil | Nil | Nil | Nil | 20,000 | 50.50 | 51.70 | N/A | 50.18 |
| | | March 22, 2022 | March 22, 2022 to September 30, 2025 | 7 years | 20,000 | Nil | Nil | 20,000 | Nil | Nil | 50.50 | 51.70 | N/A | 50.91 |
| | | March 22, 2022 | March 22, 2022 to June 30, 2025 | 7 years | 75,000 | Nil | Nil | Nil | Nil | 75,000 | 52.10 | 51.70 | N/A | 50.97 |
| | | March 22, 2022 | March 22, 2022 to September 30, 2024 | 7 years | 30,000 | Nil | Nil | Nil | Nil | 30,000 | 26.37 | 51.70 | N/A | 42.14 |
| | | March 22, 2022 | March 22, 2022 to December 31, 2024 | 7 years | 2,500 | Nil | 1,250 | 1,250 | Nil | Nil | 27.00 | 51.70 | 37.45 | 42.41 |
| | | March 22, 2022 | March 22, 2022 to December 31, 2024 | 7 years | 7,500 | Nil | 3,750 | Nil | Nil | 3,750 | 27.06 | 51.70 | 37.45 | 42.46 |
| | | March 31, 2022 | March 31, 2022 to March 31, 2026 | 7 years | 217,500 | Nil | Nil | Nil | Nil | Nil | 217,500 | 48.37 | 50.55 | N/A |

OTHER INFORMATION

| Name of grantee | Category of grantee | Date of grant | Vesting period | Exercise period | As at January 1, 2024 | Granted during the Reporting Period | Vested during the Reporting Period | Lapsed during the Reporting Period | Cancelled during the Reporting Period | As at June 30, 2024 | 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) | Fair value of the awards at the date of grant (RMB) ⁽²⁾ |
|-----------------|---------------------|--------------------|--|-----------------|-----------------------|-------------------------------------|------------------------------------|------------------------------------|---------------------------------------|---------------------|----------------------|--|--|--|
| | | | | | | | | | | | | | | |
| | | June 30, 2022 | June 30, 2022 to December 31, 2025 | 7 years | 21,000 | Nil | 21,000 | Nil | Nil | Nil | 27.06 | 41.50 | 37.45 | 40.34 |
| | | September 30, 2022 | September 30, 2022 to September 30, 2026 | 7 years | 768 | Nil | Nil | 768 | Nil | Nil | Nil | 38.10 | N/A | 34.41 |
| | | December 31, 2022 | December 31, 2022 to December 31, 2026 | 7 years | 400,000 | Nil | 100,000 | Nil | Nil | 300,000 | 39.26 | 57.90 | 37.45 | 57.43 |
| | | December 31, 2022 | December 31, 2022 to December 31, 2026 | 7 years | 53,848 | Nil | 13,462 | Nil | Nil | 40,386 | Nil | 57.90 | 37.45 | 51.72 |
| | | December 31, 2022 | December 31, 2022 to December 31, 2026 | 7 years | 10,376 | Nil | 2,594 | 4,752 | Nil | 3,030 | Nil | 57.90 | 37.45 | 51.72 |
| | | January 1, 2023 | January 1, 2023 to March 31, 2026 | 7 years | 30,579 | Nil | 10,193 | 1,664 | Nil | 18,722 | Nil | 57.90 | 27.15 | 53.26 |
| | | January 1, 2023 | January 1, 2023 to June 30, 2026 | 7 years | 45,000 | Nil | Nil | 15,000 | Nil | 30,000 | 28.75 | 57.90 | N/A | 55.35 |
| | | March 31, 2023 | March 31, 2023 to March 31, 2026 | 7 years | 3,210 | Nil | 1,070 | 612 | Nil | 1,528 | Nil | 44.30 | 27.15 | 45.54 |
| | | March 31, 2023 | March 31, 2023 to March 31, 2027 | 7 years | 92,736 | Nil | 23,184 | 7,317 | Nil | 62,235 | Nil | 44.30 | 27.15 | 36.64 |
| | | March 31, 2023 | March 31, 2023 to March 31, 2027 | 7 years | 260,000 | Nil | Nil | Nil | Nil | 260,000 | 45.36 | 44.30 | N/A | 48.18 |
| | | March 31, 2023 | March 31, 2023 to December 31, 2026 | 7 years | 100,000 | Nil | Nil | Nil | Nil | 100,000 | 45.36 | 44.30 | N/A | 47.48 |
| | | June 30, 2023 | June 30, 2023 to June 30, 2027 | 7 years | 46,224 | Nil | Nil | 19,909 | Nil | 26,315 | Nil | 33.20 | N/A | 31.58 |
| | | September 30, 2023 | September 30, 2023 to September 30, 2027 | 7 years | 37,312 | Nil | Nil | 5,444 | Nil | 31,868 | Nil | 40.30 | N/A | 36.98 |
| | | September 30, 2023 | September 30, 2023 to September 30, 2027 | 7 years | 3,660 | Nil | Nil | 2,745 | Nil | 915 | Nil | 40.30 | N/A | 36.98 |
| | | September 30, 2023 | September 30, 2023 to September 30, 2027 | 7 years | 100,000 | Nil | Nil | Nil | Nil | 100,000 | 31.33 | 40.30 | N/A | 33.94 |
| | | December 31, 2023 | December 31, 2023 to December 31, 2027 | 7 years | 1,048 | Nil | Nil | Nil | Nil | 1,048 | Nil | 37.45 | N/A | 41.82 |
| | | April 2, 2024 | April 2, 2024 to March 31, 2028 | 7 years | Nil | 120,000 | Nil | Nil | Nil | 120,000 | 19.35 | 27.15 | N/A | 29.31 |

OTHER INFORMATION

| Name of grantee | Category of grantee | Date of grant | Vesting period | Exercise period | As at January 1, 2024 | Granted during the Reporting Period | Vested during the Reporting Period | Lapsed during the Reporting Period | Cancelled during the Reporting Period | As at June 30, 2024 | 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) | Fair value of the awards at the date of grant (RMB) ⁽³⁾ |
|-----------------|---------------------|------------------|-------------------------------------|-----------------|-----------------------|-------------------------------------|------------------------------------|------------------------------------|---------------------------------------|---------------------|----------------------|--|--|--|
| | | | | | | | | | | | | | | |
| | | April 2, 2024 | April 2, 2024 to September 30, 2027 | 7 years | Nil | 300,000 | Nil | Nil | Nil | 300,000 | 31.43 | 27.15 | N/A | 37.02 |
| | | April 2, 2024 | April 2, 2024 to June 30, 2027 | 7 years | Nil | 100,000 | Nil | Nil | Nil | 100,000 | 31.43 | 27.15 | N/A | 35.40 |
| | | April 2, 2024 | April 2, 2024 to June 30, 2027 | 7 years | Nil | 60,000 | Nil | Nil | Nil | 60,000 | Nil | 27.15 | N/A | 25.07 |
| | | April 2, 2024 | April 2, 2024 to June 30, 2028 | 7 years | Nil | 200,000 | Nil | Nil | Nil | 200,000 | Nil | 27.15 | N/A | 25.07 |
| | | April 2, 2024 | March 31, 2025 to March 31, 2028 | 7 years | Nil | 181,400 | Nil | 11,916 | Nil | 169,484 | Nil | 27.15 | N/A | 25.07 |
| | | June 28, 2024 | June 28, 2024 to June 30, 2028 | 7 years | Nil | 46,216 | Nil | Nil | Nil | 46,216 | Nil | 25.70 | N/A | 22.36 |
| | | Sub-total | | | 1,603,261 | 1,007,616 | 176,503 | 91,377 | Nil | 2,342,997 | | | | |

Notes:

- (1) No other five highest paid individuals during the Reporting Period were granted with award pursuant to the First H Share Scheme except three executive Directors and chief executive as disclosed above.
- (2) This represents the weighted average fair value of the awards at the date of grant, which is subject to the different vesting schedules and the different vesting criteria and conditions of the awards granted to the grantees.
- (3) None of the above awards granted pursuant to the First H Share Scheme was subject to any performance target.

OTHER INFORMATION

Second H Share Scheme

The Company has adopted the Second H Share Scheme at the extraordinary general meeting of the Company on July 14, 2023. The Second H Share Scheme is a share scheme of the Company that is funded by the existing shares and does not involve issuance of new shares of the Company. A summary of the principal terms of the Second H Share Scheme is set out below:

(a) *Purpose of the Second H Share Scheme*

The purposes of the Second 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 Second H Share Scheme*

Participants eligible to participate in the Second 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.

(c) *Maximum Entitlement of Each Participant*

The total number of non-vested Award Shares granted to selected participants under the Second H Share Scheme shall not exceed 1% of the total number of Shares issued by the Company from time to time.

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

The Second 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 Second H Share Scheme, the maximum size of the Second H Share Scheme (the "**Second H Share Scheme Limit**") shall be the maximum number of H Shares that will be acquired by the Trustee through on-market transactions from time to time at the prevailing market price, and in any case being 27,213,150 H Shares, which accounts for approximately 14.35% of the Company's total number of issued H Shares of 189,581,239 Shares and approximately 5.00% of the Company's total share capital of 544,332,083 Shares as at the date of this report. The ultimate number of H Shares underlying the Second 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 Second H Share Scheme (excluding Award Shares that have been forfeited in accordance with the Second H Share Scheme) to exceed the Second H Share Scheme Limit without Shareholders' approval. The Second H Share Scheme Limit shall not be subject to any refreshment.

OTHER INFORMATION

(e) *Vesting Period*

The Board or the management committee of the Second H Share Scheme (the "**Second Scheme 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 Second Scheme Delegatee, and subject to the vesting conditions set out in the terms of the Second H Share Scheme, all awards under the Second H Share Scheme shall be vested in four equal tranches (i.e., 25%, 25%, 25% and 25%) (each a "**Second Scheme Vesting Period(s)**"). The specific commencement and duration of each Second Scheme Vesting Period and the actual vesting amount of the award granted to a participant for the respective Second Scheme Vesting Periods shall be specified in the award letter issued by the Company to the participant. The Second Scheme Vesting Periods of the awards granted under the Second H Share Scheme shall be determined by the Board or the Second Scheme Delegatee in its sole and absolute discretion, and shall in any event not extend beyond the then remaining term of the Second Scheme 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 Second 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 Second H Share Scheme. 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 Second H Share Scheme*

Subject to any early termination of the Second H Share Scheme, it shall be valid and effective for ten years commencing from July 14, 2023 (the "**Second Scheme Award Period**"), and thereafter for so long as there are non-vested Award Shares granted under the Second H Share Scheme prior to the expiration of the Second H Share Scheme, in order to give effect to the vesting of such Award Shares.

OTHER INFORMATION

Set out below are particulars of the awards granted pursuant to the Second H Share Scheme:

| Name of grantee | Category of grantee | Date of grant | Vesting period | Exercise period | As at January 1, 2024 | Granted during the Reporting Period | Vested during the Reporting Period | Lapsed during the Reporting Period | Cancelled during the Reporting Period | As at June 30, 2024 | Purchase price (HKD) | Weighted average closing price of the Shares immediately before the date when the awards were granted | | Fair value of the awards at the date of grant (RMB) ⁽¹⁾ |
|--|-------------------------------|---------------|-------------------------------------|-----------------|-----------------------|-------------------------------------|------------------------------------|------------------------------------|---------------------------------------|---------------------|----------------------|---|---|--|
| | | | | | | | | | | | | 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 granted (HKD) | |
| Five highest paid individuals during the Reporting Period | | | | | | | | | | | | | | |
| - | Five highest paid individuals | June 30, 2024 | June 30, 2024 to September 30, 2028 | 9 years | Nil | 750,000 | Nil | Nil | Nil | 750,000 | Nil | 24.50 | N/A | 22.36 |
| | Sub-total | | | | Nil | 750,000 | Nil | Nil | Nil | 750,000 | | | | |
| Others | | | | | | | | | | | | | | |
| Other grantees | Employees | June 30, 2024 | June 30, 2024 to December 31, 2027 | 9 years | Nil | 200,000 | Nil | Nil | Nil | 200,000 | Nil | 24.50 | N/A | 22.36 |
| | | June 30, 2024 | June 30, 2024 to December 31, 2027 | 9 years | Nil | 400,000 | Nil | Nil | Nil | 400,000 | 32.67 | 24.50 | N/A | 35.02 |
| | | June 30, 2024 | June 30, 2024 to March 31, 2028 | 9 years | Nil | 50,000 | Nil | Nil | Nil | 50,000 | Nil | 24.50 | N/A | 22.36 |
| | | June 30, 2024 | June 30, 2024 to March 31, 2028 | 9 years | Nil | 150,000 | Nil | Nil | Nil | 150,000 | 19.35 | 24.50 | N/A | 26.60 |
| | Sub-total | | | | Nil | 800,000 | Nil | Nil | Nil | 800,000 | | | | |

Notes:

- (1) This represents the weighted average fair value of the awards at the date of grant, which is subject to the different vesting schedules and the different vesting criteria and conditions of the awards granted to the grantees.
- (2) None of the above awards granted pursuant to the Second H Share Scheme was subject to any performance target.

OTHER INFORMATION

2022 A Share Scheme

The Company has adopted the 2022 A Share Scheme at the extraordinary general meeting of the Company on December 28, 2022. The 2022 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 2022 A Share Scheme.

(a) *Purpose of the 2022 A Share Scheme*

The purpose of the 2022 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 2022 A Share Scheme*

Participants eligible to participate in the 2022 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.

(c) *Total Number of Restricted Shares Available for Issue under the 2022 A Share Scheme*

The total number of Restricted Shares to be issued and granted to the participants under the 2022 A Share Scheme is 3,580,000 shares, representing approximately 0.66% of the total shares of the Company of 544,332,083 Shares as at the date of this report. As at the date of this report, the total number of Restricted Shares available for issue under the 2022 A Share Scheme is 3,132,880 Shares, representing approximately 0.58% of the total shares of the Company of 544,332,083 Shares.

(d) *Maximum Entitlement of Each Participant under the 2022 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 2022 A Share Scheme.

OTHER INFORMATION

(e) *Vesting Period of Awards Granted under the 2022 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 2022 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 2022 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 2022 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 2022 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 2022 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 2022 A Share Scheme being RMB45.45 per Share.

(g) *Remaining Life of the 2022 A Share Scheme*

The 2022 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 2022 A Share Scheme:

| Name of grantee | Category of grantee | Date of grant | Vesting period | Exercise period | As at January 1, 2024 | Granted during the Reporting Period | Vested during the Reporting Period | Lapsed during the Reporting Period | Cancelled during the Reporting Period | As at June 30, 2024 | Grant price (RMB) | Closing price of the Shares immediately before the date when the awards were granted (RMB) | Weighted average closing price of the Shares immediately before the date when the awards were vested (RMB) | Fair value of the awards at the date of grant (RMB) ⁽¹⁾ | Performance target for the awards granted |
|---|--|-------------------|--|-----------------|-----------------------|-------------------------------------|------------------------------------|------------------------------------|---------------------------------------|---------------------|-------------------|--|--|--|---|
| 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 | 80.00 | See note 2 |
| He Ruiyi | Executive Director | December 28, 2022 | December 28, 2022 to December 27, 2028 | N/A | 24,200 | Nil | 4,840 | Nil | Nil | 19,360 | 36.36 | 75.05 | 59.37 | 80.00 | See note 2 |
| 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 | 80.00 | See note 2 |
| 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 | 80.00 | See note 2 |
| | | November 3, 2023 | November 3, 2023 to November 2, 2029 | N/A | 20,550 | Nil | Nil | Nil | Nil | 20,550 | 36.36 | 64.08 | N/A | 69.97 | See note 3 |
| 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 | 80.00 | See note 2 |
| 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 | 80.00 | See note 2 |
| Jiang Jing | Spouse of Dr. 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 | 80.00 | See note 2 |
| Wang Yuxiao | Son of Mr. 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 | 80.00 | See note 2 |
| Wang Yinxiao | Son of Mr. 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 | 80.83 | See note 2 |
| Yao Xuejing | Spouse of Supervisor Dr. Li Zhuangjin | December 28, 2022 | December 28, 2022 to December 27, 2028 | N/A | 33,000 | Nil | 6,600 | Nil | Nil | 26,400 | 36.36 | 75.05 | 59.37 | 80.00 | See note 2 |
| Others | | | | | | | | | | | | | | | |
| Other grantees | Employees | December 28, 2022 | December 28, 2022 to December 27, 2028 | N/A | 2,145,400 | Nil | 57,640 | 143,040 | Nil | 1,944,720 | 36.36 | 75.05 | 59.37 | 80.71 | See note 2 |
| | | November 3, 2023 | November 3, 2023 to November 2, 2029 | N/A | 680,000 | Nil | Nil | 10,000 | Nil | 670,000 | 36.36 | 64.08 | N/A | 69.97 | See note 3 |

Notes:

- (1) This represents the weighted average fair value of the awards at the date of grant, which is subject to the different vesting schedules and the different vesting criteria and conditions of the awards granted to the grantees.
- (2) Each vesting of the restricted shares granted to grantees are subject to (i) the satisfaction of the performance assessment targets at the Company level in relation to the total revenue of the Group (excluding the overseas licencing income of telitacicept) and the total number of new clinical trials launched, which shall be assessed once in each assessment year (where the assessment years shall either be the five accounting years from 2022 to 2026 or the four accounting years from 2023 to 2026) and (ii) the assessment results of the performance assessment at the participant's individual level, as stipulated in the 2022 A Share Incentive Scheme. For further details, please refer to the announcement of the Company dated December 29, 2022.
- (3) Each vesting of the restricted shares granted to grantees are subject to (i) the satisfaction of the performance assessment targets at the Company level in relation to the total revenue of the Group (excluding the overseas licencing income of telitacicept) and the total number of new clinical trials launched, which shall be assessed once in each assessment year (where the assessment years shall either be the five accounting years from 2023 to 2027 or the four accounting years from 2024 to 2027) and (ii) the assessment results of the performance assessment at the participant's individual level, as stipulated in the 2022 A Share Incentive Scheme. For further details, please refer to the announcement of the Company dated November 3, 2023.

OTHER INFORMATION

As at January 1, 2024 and at June 30, 2024, the total number of awards available for grant under the 2022 A Share Scheme is nil and nil, respectively.

2023 A Share Incentive Scheme

The Company has adopted the 2023 A Share Scheme at the extraordinary general meeting of the Company on December 28, 2023. The 2023 A Share Scheme is a share scheme involves issuance of new shares under Chapter 17 of the Listing Rules. The following is a summary of the principal terms of the 2023 A Share Scheme.

(a) *Purpose of the 2023 A Share Scheme*

The purpose of the 2023 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 2023 A Share Scheme*

Participants eligible to participate in the 2023 A Share Scheme include certain Directors, senior management and other employees (excluding independent non-executive Directors and Supervisors) who the Board considers necessary to be incentivised.

(c) *Total Number of Restricted Shares Available for Issue under the 2023 A Share Scheme*

The total number of Restricted Shares to be issued and granted to the participants under the 2023 A Share Scheme is 1,783,062 shares, representing approximately 0.33% of the total shares of the Company of 544,332,083 Shares as at the date of this report. As at the date of this report, the total number of Restricted Shares available for issue under the 2023 A Share Scheme is 1,773,062 Shares, representing approximately 0.33% of the total shares of the Company of 544,332,083 Shares.

(d) *Maximum Entitlement of Each Participant under the 2023 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 2023 A Share Scheme.

(e) *Vesting Period of Awards Granted under the 2023 A Share Scheme*

The Restricted Shares shall be vested in four tranches after 24 months from the grant date.

OTHER INFORMATION

(f) *Grant Price and Basis of Determination*

The grant price of the Restricted Shares shall be RMB49.77 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 2023 A Share Scheme (i.e. November 17, 2023) 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 2023 A Share Scheme accordingly. The grant price was determined to be RMB49.77 per Share, which represents:

- a. approximately 78% of the average trading price of the A Shares on the trading day preceding the date of announcement of the 2023 A Share Scheme being RMB63.67 per Share;
- b. approximately 77% of the average trading price of the A Shares for the 20 trading days preceding the date of announcement of the 2023 A Share Scheme being RMB64.65 per Share;
- c. approximately 80% of the average trading price of the A Shares for the 60 trading days preceding the date of announcement of the 2023 A Share Scheme being RMB62.20 per Share;
- d. approximately 79% of the average trading price of the A Shares for the 120 trading days preceding the date of announcement of the 2023 A Share Scheme being RMB62.79 per Share.

(g) *Remaining Life of the 2023 A Share Scheme*

The 2023 A Share Scheme shall become effective upon the date of the first grant of the Restricted Shares (i.e. December 28, 2023) 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 2023 A Share Scheme:

| Name of grantee | Category of grantee | Date of grant | Vesting period | Exercise period | As at January 1, 2024 | Granted during the Reporting Period | Vested during the Reporting Period | Lapsed during the Reporting Period | Cancelled during the Reporting Period | As at June 30, 2024 | Grant price (RMB) | Closing price of the Shares immediately before the date when the awards were granted (RMB) | Weighted average | Fair value of the awards at the date of grant (RMB) ⁽¹⁾ | Performance target for the awards granted |
|---|--|-------------------|--|-----------------|-----------------------|-------------------------------------|------------------------------------|------------------------------------|---------------------------------------|---------------------|-------------------|--|---|--|---|
| | | | | | | | | | | | | | closing price of the Shares immediately before the date when the awards were vested (RMB) | | |
| Directors, chief executive, substantial shareholders and their respective associates | | | | | | | | | | | | | | | |
| Wen Qingkai | Substantial shareholder, Board secretary | December 28, 2023 | December 28, 2023 to December 27, 2029 | N/A | 79,450 | Nil | Nil | Nil | Nil | 79,450 | 49.77 | 60.74 | N/A | 72.73 | See note 2 |
| Wang Yuxiao | Son of Mr. Wang Weidong | December 28, 2023 | December 28, 2023 to December 27, 2029 | N/A | 100,000 | Nil | Nil | Nil | Nil | 100,000 | 49.77 | 60.74 | N/A | 72.73 | See note 2 |
| Others | | | | | | | | | | | | | | | |
| Other grantees | Employees | December 28, 2023 | December 28, 2023 to December 27, 2029 | N/A | 1,253,000 | Nil | Nil | 10,000 | Nil | 1,243,000 | 49.77 | 60.74 | N/A | 72.73 | See note 2 |

Notes:

- (1) This represents the weighted average fair value of the awards at the date of grant, which is subject to the different vesting schedules and the different vesting criteria and conditions of the awards granted to the grantees.
- (2) Each vesting of the restricted shares granted to grantees are subject to (i) the satisfaction of the performance assessment targets at the Company level in relation to the total revenue of the Group (excluding the overseas licencing income of telitacipt) and the total number of new clinical trials initiated, which shall be assessed once in each assessment year (where the assessment years shall be the four accounting years from 2024 to 2027) and (ii) the assessment results of the performance assessment at the participant's individual level, as stipulated in the 2023 A Share Incentive Scheme. For further details, please refer to the announcement of the Company dated December 29, 2023.

As at January 1, 2024 and at June 30, 2024, the total number of awards available for grant under the 2023 A Share Scheme is 350,612 and 350,612, respectively.

The number of shares that may be issued in respect of awards granted under all schemes of the Company that involve issuance of new shares during the Reporting Period divided by the weighted average number of the Company's ordinary shares in issue for the Reporting Period is approximately 0.85%.

The accounting standard and policy to estimate the fair value of the awards of the H Share Schemes and the A Share Schemes is the same as that of financial year ended December 31, 2023. Please refer to the 2023 annual report of the Company for details.

OTHER INFORMATION

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the six months ended June 30, 2024 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.

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 (including sale of treasury shares, if any) during the six months ended June 30, 2024.

CHANGE IN INFORMATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

There is no changes in information of Directors, Supervisors and chief executive of the Company that is required 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, 2024.

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, 2024. 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.

OTHER INFORMATION

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, 2024). 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 (2023: nil).

By order of the Board of

RemeGen Co., Ltd.

Mr. Wang Weidong

Chairman and Executive Director

Yantai, the PRC

August 16, 2024

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 47 to 80, which comprises the condensed consolidated statement of financial position of RemeGen Co., Ltd. (the "Company") and its subsidiaries (the "Group") as at 30 June 2024 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
16 August 2024

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

| | <i>Notes</i> | 2024 (Unaudited) RMB'000 | 2023 (Unaudited) RMB'000 |
|---|--------------|---|--------------------------------|
| REVENUE | <i>5</i> | 739,656 | 419,073 |
| Cost of sales | | (169,271) | (102,655) |
| Gross profit | | 570,385 | 316,418 |
| Other income and gains | | 54,417 | 55,013 |
| Selling and distribution expenses | | (389,665) | (350,168) |
| Administrative expenses | | (155,220) | (168,609) |
| Research and development costs | | (806,233) | (540,453) |
| Impairment losses on financial assets, net | | (3,808) | (4,108) |
| Other expenses | | (18,469) | (5,458) |
| Finance costs | | (31,867) | (5,997) |
| LOSS BEFORE TAX | <i>6</i> | (780,460) | (703,362) |
| Income tax expense | <i>7</i> | – | – |
| LOSS FOR THE PERIOD | | (780,460) | (703,362) |
| Attributable to: | | | |
| Owners of the parent | | (780,460) | (703,362) |
| LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT | <i>9</i> | | |
| Basic/diluted | | | |
| – For loss for the period | | RMB(1.45) | RMB(1.30) |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

| | 2024 (Unaudited) RMB'000 | 2023 (Unaudited) RMB'000 |
|---|---|--------------------------------|
| LOSS FOR THE PERIOD | (780,460) | (703,362) |
| OTHER COMPREHENSIVE LOSS | | |
| Other comprehensive income that may be reclassified to profit or loss in subsequent periods: | | |
| Exchange differences on translation of foreign operations | 2,535 | 1,469 |
| Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods: | | |
| Equity investments designated at fair value through other comprehensive income: | | |
| Changes in fair value | (30,039) | (8,389) |
| Income tax effect | 1,511 | 1,258 |
| OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX | (28,528) (25,993) | (7,131) (5,662) |
| TOTAL COMPREHENSIVE LOSS FOR THE PERIOD | (806,453) | (709,024) |
| Attributable to: | | |
| Owners of the parent | (806,453) | (709,024) |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

| | <i>Notes</i> | 30 June 2024 (Unaudited) RMB'000 | 31 December 2023 (Audited) RMB'000 |
|--|--------------|---|---|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 10 | 2,784,189 | 2,833,055 |
| Right-of-use assets | | 243,054 | 251,736 |
| Other intangible assets | 11 | 25,825 | 24,294 |
| Investment in an associate | | 8,850 | 2,705 |
| Equity investments designated at fair value through other comprehensive income | | 63,482 | 93,522 |
| Financial assets at fair value through profit or loss | | 2,857 | 2,000 |
| Pledged deposits | 12 | 654 | 638 |
| Other non-current assets | 13 | 131,747 | 91,360 |
| Total non-current assets | | 3,260,658 | 3,299,310 |
| CURRENT ASSETS | | | |
| Inventories | 14 | 740,650 | 741,560 |
| Trade and bills receivables | 15 | 540,624 | 420,419 |
| Prepayments, other receivables and other assets | 16 | 336,242 | 323,561 |
| Financial assets at fair value through profit or loss | | 200,238 | – |
| Pledged deposits | 12 | 2,803 | 16,841 |
| Cash and cash equivalents | 12 | 673,322 | 726,552 |
| Total current assets | | 2,493,879 | 2,228,933 |
| CURRENT LIABILITIES | | | |
| Trade and bills payables | 17 | 133,158 | 139,331 |
| Other payables and accruals | | 497,584 | 632,196 |
| Interest-bearing bank and other borrowings | | 932,890 | 286,349 |
| Lease liabilities | | 62,989 | 58,371 |
| Deferred income | | 9,710 | 9,417 |
| Other current liabilities | | 12,097 | 11,877 |
| Total current liabilities | | 1,648,428 | 1,137,541 |

continued/...

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

30 June 2024

| | <i>Note</i> | 30 June 2024 (Unaudited) RMB'000 | 31 December 2023 (Audited) RMB'000 |
|--|-------------|---|---|
| NET CURRENT ASSETS | | 845,451 | 1,091,392 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 4,106,109 | 4,390,702 |
| NON-CURRENT LIABILITIES | | | |
| Interest-bearing bank and other borrowings | | 1,341,638 | 840,588 |
| Lease liabilities | | 60,575 | 74,675 |
| Deferred tax liabilities | | – | 1,511 |
| Deferred income | | 39,286 | 36,659 |
| Total non-current liabilities | | 1,441,499 | 953,433 |
| Net assets | | 2,664,610 | 3,437,269 |
| EQUITY | | | |
| Equity attributable to owners of the parent | | | |
| Share capital | <i>18</i> | 544,332 | 544,263 |
| Treasury shares | | (438,160) | (440,310) |
| Reserves | | 2,558,438 | 3,333,316 |
| Total equity | | 2,664,610 | 3,437,269 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

| | 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 2024 (Audited) | 544,263 | (440,310) | 6,160,859 | 77,009 | (57,908) | 6,865 | (2,853,509) | 3,437,269 |
| Loss for the period | - | - | - | - | - | - | (780,460) | (780,460) |
| Other comprehensive income for the period: | | | | | | | | |
| Change in fair value of equity investments designated at fair value through other comprehensive income | - | - | - | - | (28,528) | - | - | (28,528) |
| Exchange differences on translation of foreign operations | - | - | - | - | - | 2,535 | - | 2,535 |
| Total comprehensive income for the period | - | - | - | - | (28,528) | 2,535 | (780,460) | (806,453) |
| Exercise of A Share Awards | 69 | - | 2,443 | - | - | - | - | 2,512 |
| Repurchase of H shares under First H Share Award and Trust Scheme | - | (10,961) | - | - | - | - | - | (10,961) |
| Vesting of awards under First H Share Award and Trust Scheme | - | 13,111 | - | (8,605) | - | - | - | 4,506 |
| Share-based payments | - | - | - | 37,737 | - | - | - | 37,737 |
| At 30 June 2024 (Unaudited) | 544,332 | (438,160) | 6,163,302 | 106,141 | (86,436) | 9,400 | (3,633,969) | 2,664,610 |

continued/...

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the six months ended 30 June 2024

| | 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 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 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 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

| | <i>Notes</i> | 2024 (Unaudited) RMB'000 | 2023 (Unaudited) RMB'000 |
|--|--------------|---|--------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Loss before tax | | (780,460) | (703,362) |
| Adjustments for: | | | |
| Finance costs | | 31,867 | 5,997 |
| Bank interest income | 6 | (6,453) | (15,127) |
| Gain on disposal of financial assets at fair value through profit or loss | | – | (4,951) |
| Changes in fair value of financial assets at fair value through profit or loss | | (595) | – |
| Share of loss of an associate | | 105 | – |
| Depreciation of property, plant and equipment | 6, 10 | 110,127 | 79,583 |
| Depreciation of right-of-use assets | 6 | 31,655 | 30,916 |
| Amortisation of other intangible assets | 6, 11 | 2,431 | 1,981 |
| Amortisation of long-term prepayments | 6 | 228 | 248 |
| Impairment of financial assets, net | 6 | 3,809 | 4,108 |
| Impairment of inventories | 6 | 9,549 | 8,672 |
| Share-based payment expenses | 6 | 37,058 | 43,630 |
| Loss on disposal of items of property, plant and equipment | 6 | 98 | 256 |
| Foreign exchange differences, net | | 572 | (19,665) |
| | | (560,009) | (567,714) |
| Increase in inventories | | (9,319) | (194,421) |
| (Increase)/decrease in trade and bills receivables | | (190,096) | 25,452 |
| Increase in prepayments, other receivables and other assets | | (10,175) | (45,893) |
| Increase in other non-current assets | | (510) | (861) |
| (Decrease)/increase in trade and bills payables | | (6,173) | 40,350 |
| (Decrease)/increase in other payables and accruals | | (53,340) | 8,740 |
| Decrease in pledged deposits | | 47 | 52 |
| Decrease in deferred income in respect of government grants related to income | | (3,372) | (5,866) |
| Cash used in operations | | (832,947) | (740,161) |
| Interest received | | 6,667 | 16,037 |
| Net cash flows used in operating activities | | (826,280) | (724,124) |

continued/...

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the six months ended 30 June 2024

| | 2024 (Unaudited) RMB'000 | 2023 (Unaudited) RMB'000 |
|---|--------------------------------|--------------------------------|
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of items of property, plant and equipment | (141,246) | (431,607) |
| Purchase of items of other intangible assets | (555) | (80) |
| Proceeds from disposal of items of property, plant and equipment | 2 | – |
| Receipts of government grants for property, plant and equipment | 6,292 | – |
| Purchases of financial assets at fair value through profit or loss | (200,000) | (848,000) |
| Proceeds from disposal of financial assets at fair value through profit or loss | – | 591,884 |
| Capital increase in investment in an associate | (6,250) | (1,250) |
| Payment for financial assets at fair value through profit or loss | (500) | – |
| Purchases of equity investments at fair value through other comprehensive income | – | (10,000) |
| Decrease/(increase) in pledged deposits | 13,975 | (26,957) |
| Net cash flows used in investing activities | (328,282) | (726,010) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| New bank loans | 1,175,612 | 542,219 |
| Proceeds from exercise of share awards | 1,033 | 31,703 |
| Repayment of bank loans | (633) | – |
| Repurchase of H shares under First H Share Award and Trust Scheme | (10,961) | (56,918) |
| Share issue expenses | (945) | – |
| Interest paid for bank borrowings | (29,781) | – |
| Interest portion of lease payments | (3,086) | (5,997) |
| Principal portion of lease payments | (31,742) | (29,266) |
| Net cash flows from financing activities | 1,099,497 | 481,741 |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | | |
| Cash and cash equivalents at beginning of period | 726,552 | 2,069,180 |
| Effect of foreign exchange rate changes, net | 1,835 | 18,874 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 673,322 | 1,119,661 |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | |
| Cash and bank balances | 676,779 | 1,264,418 |
| Less: pledged deposits | (3,457) | (144,757) |
| Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows | 673,322 | 1,119,661 |

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

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 | RMB 1,000,000 | 100% | – | Research and development |
| RemeGen Hong Kong Limited | Hong Kong 26 September 2019 | United States dollars ("USD") 32,000,000 | 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. (上海榮昌生物科技股份有限公司)* | Shanghai, PRC 7 May 2022 | RMB 500,000,000 | 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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 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 2023.

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 2023, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

| | |
|--------------------------------|--|
| Amendments to IFRS 16 | <i>Lease Liability in a Sale and Leaseback</i> |
| Amendments to IAS 1 | <i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")</i> |
| Amendments to IAS 1 | <i>Non-current Liabilities with Covenants (the "2022 Amendments")</i> |
| Amendments to IAS 7 and IFRS 7 | <i>Supplier Finance Arrangements</i> |

The nature and impact of the revised IFRSs are described below:

- (a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

The nature and impact of the revised IFRSs are described below: (continued)

- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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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 | |
|-----------------------|----------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Chinese Mainland | 729,474 | 416,118 |
| USA | 10,182 | 2,955 |
| Total segment revenue | 739,656 | 419,073 |

(b) Non-current assets

| | 30 June 2024 | | 31 December 2023 |
|------------------|------------------------|----------------------|------------------|
| | RMB'000 (Unaudited) | RMB'000 (Audited) | |
| Chinese Mainland | 3,118,325 | 3,129,739 | |
| USA | 50,488 | 57,329 | |
| Total | 3,168,813 | 3,187,068 | |

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 financial assets at fair value through profit or loss.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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5. REVENUE

An analysis of revenue is as follows:

| | For the six months ended 30 June | |
|--|----------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| <i>Revenue from contracts with customers</i> | | |
| Sales of goods | 729,474 | 416,118 |
| Service income | 10,182 | 2,955 |
| Total | 739,656 | 419,073 |

Disaggregated revenue information for revenue from contracts with customers

| | For the six months ended 30 June | |
|-----------------------------|----------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| <i>Geographical markets</i> | | |
| Chinese Mainland | 729,474 | 416,118 |
| USA | 10,182 | 2,955 |
| Total | 739,656 | 419,073 |

| | For the six months ended 30 June | |
|--------------------------------------|----------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| <i>Timing of revenue recognition</i> | | |
| Transferred at a point in time | 729,474 | 416,118 |
| Transferred over time | 10,182 | 2,955 |
| Total | 739,656 | 419,073 |

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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6. LOSS BEFORE TAX

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

| | For the six months ended 30 June | |
|---|----------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Cost of inventories sold | 165,399 | 102,655 |
| Cost of services provided | 3,872 | 387 |
| Research and development costs | 806,233 | 547,095 |
| Including: Employee benefit expenses | 240,140 | 154,769 |
| Depreciation of property, plant and equipment | 110,127 | 79,583 |
| Depreciation of right-of-use assets | 31,655 | 30,916 |
| Amortisation of other intangible assets | 2,431 | 1,981 |
| Amortisation of long-term prepayments | 228 | 248 |
| Auditor's remuneration | 780 | 780 |
| Government grants | (43,824) | (28,255) |
| Employee benefit expenses | 592,304 | 571,696 |
| Foreign exchange differences | 6,539 | (3,267) |
| Impairment of financial assets: | | |
| Impairment of trade receivables | 538 | 298 |
| Impairment of financial assets included in prepayments, other receivables and other assets | 3,271 | 3,810 |
| Impairment of inventories | 9,549 | 8,672 |
| Bank interest income | (6,453) | (15,127) |
| Loss on disposal of items of property, plant and equipment | 98 | 256 |
| Share-based payment expenses | 37,058 | 43,630 |

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

7. INCOME TAX EXPENSE

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

The Company has been recognised as a High New Tech Enterprise since 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.

Ruimeijing (Beijing) Pharmaceutical Technology Co., Ltd was subject to preferential tax at a rate of 20%, because it was regarded as a "small-scaled minimal profit enterprise" 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 2024 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 2024. 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 2024.

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 2024.

No current income tax and deferred income tax were charged for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

8. DIVIDENDS

No dividend has been declared and paid by the Company during the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

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 period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the 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 earnings 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 | |
|--|--|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Loss | | |
| Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation | (780,460) | (703,362) |
| Dilutive potential conversion expenses | – | – |
| Loss attributable to ordinary equity holders of the parent | (780,460) | (703,362) |
| Attributable to continuing operations | (780,460) | (703,362) |
| | | |
| | Number of shares For the six months ended 30 June | |
| | 2024 (Unaudited) | 2023 (Unaudited) |
| Shares | | |
| Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation | 537,631,657 | 539,347,672 |
| Effect of dilution – weighted average number of ordinary shares: | | |
| Share awards | 582,810 | 256,603 |
| Total | 538,214,467 | 539,604,275 |

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

10. PROPERTY, PLANT AND EQUIPMENT

| | 30 June 2024 RMB'000 (Unaudited) | 31 December 2023 RMB'000 (Audited) |
|--|---|---|
| Carrying amount at beginning of period | 2,833,055 | 2,406,750 |
| Additions | 65,051 | 614,154 |
| Transfers to intangible assets (note 11) | (3,405) | (9,655) |
| Adjustment | (380) | (4,161) |
| Depreciation | (110,127) | (173,563) |
| Disposals | (135) | (856) |
| Exchange realignment | 130 | 386 |
| Carrying amount at end of period | 2,784,189 | 2,833,055 |

11. OTHER INTANGIBLE ASSETS

| | 30 June 2024 RMB'000 (Unaudited) | 31 December 2023 RMB'000 (Audited) |
|--|---|---|
| Carrying amount at beginning of period | 24,294 | 17,461 |
| Additions | 555 | 1,275 |
| Transfers from property, plant and equipment (note 10) | 3,405 | 9,655 |
| Amortisation | (2,431) | (4,098) |
| Exchange realignment | 2 | 1 |
| Carrying amount at end of period | 25,825 | 24,294 |

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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12. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

| | 30 June 2024 RMB'000 (Unaudited) | 31 December 2023 RMB'000 (Audited) |
|---|---|---|
| Cash and bank balances | 676,779 | 744,031 |
| Less: Pledged for bills payable (note (a)) | – | (13,994) |
| Pledged for wages of migrant workers (note (b)) | (2,803) | (2,800) |
| Interest receivable recorded in pledged deposits (note (c)) | – | (47) |
| Pledged for an office lease (note (d)) | (654) | (638) |
| Cash and cash equivalents | 673,322 | 726,552 |

Notes:

- (a) As at 30 June 2024, no bank balances were pledged for bills payable (31 December 2023: RMB13,994,000).
- (b) As at 30 June 2024, the amounts of bank balances totalling RMB2,803,000 (31 December 2023: RMB2,800,000) were pledged for wages of migrant workers.
- (c) As at 30 June 2024, no interest receivables were recorded in pledged deposits (31 December 2023: RMB47,000).
- (d) As at 30 June 2024, the amounts of bank balances totalling RMB654,000 (31 December 2023: RMB638,000) 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 2024

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 2024 RMB'000 (Unaudited) | 31 December 2023 RMB'000 (Audited) |
|--------------------|---|---|
| Denominated in RMB | 580,874 | 634,825 |
| Denominated in HKD | 9,394 | 3,602 |
| Denominated in USD | 82,674 | 87,628 |
| Denominated in AUD | 380 | 497 |
| | 673,322 | 726,552 |

The RMB is not freely convertible into other currencies, however, under Chinese Mainland'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 2024 RMB'000 (Unaudited) | 31 December 2023 RMB'000 (Audited) |
|---|---|---|
| Prepayments for property, plant and equipment | 117,517 | 77,181 |
| Long-term Deposits | 13,146 | 13,376 |
| Deferred expenses | 1,084 | 803 |
| | 131,747 | 91,360 |

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

14. INVENTORIES

| | 30 June 2024 RMB'000 (Unaudited) | 31 December 2023 RMB'000 (Audited) |
|---------------------------------|---|---|
| Raw materials | 281,111 | 332,227 |
| Work in progress | 454,148 | 366,791 |
| Finished goods | 14,242 | 45,690 |
| Goods in transits | 18 | – |
| Low-value consumption materials | 685 | 1,056 |
| Less: Impairment | (9,554) | (4,204) |
| | 740,650 | 741,560 |

The movements in provision for impairment of inventories are as follows:

| | For the six months ended 30 June | |
|--------------------------------|---|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| At the beginning of the period | 4,204 | – |
| Impairment losses (note 6) | 9,549 | 8,672 |
| Less: Amounts written off | (4,199) | – |
| At the end of the period | 9,554 | 8,672 |

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

15. TRADE AND BILLS RECEIVABLES

| | 30 June 2024 RMB'000 (Unaudited) | 31 December 2023 RMB'000 (Audited) |
|------------------------|---|---|
| Trade receivables | 324,129 | 313,345 |
| Impairment | (16,205) | (15,667) |
| Trade receivables, net | 307,924 | 297,678 |
| Bills receivable | 232,700 | 122,741 |
| Total | 540,624 | 420,419 |

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 for major customers can extend up to three months.

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

At 30 June 2024, the Group has pledged bills receivable of approximately RMB58,900,000 (31 December 2023: RMB28,437,000) to secure a bank loan granted to a major supplier.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

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 2024 RMB'000 (Unaudited) | 31 December 2023 RMB'000 (Audited) |
|---------------|---|---|
| Within 1 year | 307,924 | 297,678 |

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

| | For the six months ended 30 June | |
|-------------------------------------|---|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| At 1 January | 15,667 | 10,633 |
| Impairment losses, net (note 6) | 538 | 298 |
| Amount written off as uncollectible | – | (2,880) |
| At 30 June | 16,205 | 8,051 |

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 days past due. The directors are of the opinion that the expected credit loss ("ECL") in respect of these balances is sufficient.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

16. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

| | 30 June 2024 RMB'000 (Unaudited) | 31 December 2023 RMB'000 (Audited) |
|------------------------------------|---|---|
| Value-added tax recoverable | 4,095 | 24,038 |
| Prepayments | 299,471 | 270,295 |
| Due from related parties (note 20) | 759 | – |
| Deposits and other receivables | 39,522 | 33,562 |
| | 343,847 | 327,895 |
| Impairment allowance | (7,605) | (4,334) |
| | 336,242 | 323,561 |

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 the 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 | |
|---------------------------------|---|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| At 1 January | 4,334 | 972 |
| Impairment losses, net (note 6) | 3,271 | 3,810 |
| At 30 June | 7,605 | 4,782 |

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

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 2024 RMB'000 (Unaudited) | 31 December 2023 RMB'000 (Audited) |
|--------------------|---|---|
| Within 3 months | 98,673 | 92,711 |
| 3 to 6 months | 23,832 | 39,945 |
| 6 months to 1 year | 5,292 | 5,425 |
| Over 1 year | 5,361 | 1,250 |
| Total | 133,158 | 139,331 |

18. SHARE CAPITAL

Shares

| | 30 June 2024 RMB'000 (Unaudited) | 31 December 2023 RMB'000 (Audited) |
|---|---|---|
| Issued and fully paid: 544,332,083 (2023: 544,263,003) ordinary shares | 544,332 | 544,263 |

Share capital

| | Number of shares in issue | Share capital RMB'000 |
|--|--------------------------------------|--------------------------------------|
| At 1 January 2023, 31 December 2023 and 1 January 2024 (Audited) | 544,263,003 | 544,263 |
| Share awards exercised (Unaudited) | 69,080 | 69 |
| Subtotal | 69,080 | 69 |
| At 30 June 2024 (Unaudited) | 544,332,083 | 544,332 |

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

19. COMMITMENTS

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

| | 30 June 2024 RMB'000 (Unaudited) | 31 December 2023 RMB'000 (Audited) |
|---|---|---|
| Contracted, but not provided for: | | |
| Purchases of items of property, plant and equipment | 101,403 | 201,920 |

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 2024.

(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 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 TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

20. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Name and relationships of the related parties (continued)

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) This entity was controlled by the Concert Parties as defined above.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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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 | |
|---------------------------|----------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Rental income | | |
| MabPlex International | 760 | 720 |
| Rongchang Pharmaceuticals | 606 | 606 |
| Total | 1,366 | 1,326 |
| Purchases of materials | | |
| CelluPro Biotechnology | 28,596 | 15,196 |
| Purchases of services | | |
| Rongchang Pharmaceuticals | 29,579 | 25,317 |
| MabPlex International | 25,456 | 4,508 |
| Kangkang | 12,708 | 10,705 |
| Yeda International | 352 | 338 |
| Rongchang Pharma (Zibo) | 48 | 48 |
| Total | 68,143 | 40,916 |

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

20. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties (continued)

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: (continued)

| | For the six months ended 30 June | |
|--|----------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Rental expenses | | |
| Yeda International | 38 | 38 |
| Repayment of lease liabilities | | |
| Yeda International | 22,743 | 22,094 |
| MabPlex International | 1,810 | 1,678 |
| Rongchang Pharmaceuticals | 206 | 206 |
| Rongchang Pharma (Zibo) | 18 | 18 |
| Total | 24,777 | 23,996 |
| Interest expenses on lease liabilities | | |
| Yeda International | 1,548 | 2,265 |
| MabPlex International | 153 | 237 |
| Rongchang Pharmaceuticals | 18 | 27 |
| Rongchang Pharma (Zibo) | 1 | 1 |
| Total | 1,720 | 2,530 |

Note:

During the six months ended 30 June 2024, the transactions were carried out in accordance with mutually agreed terms and conditions during the ordinary course of business.

(c) Other transactions with related parties

Rongchang Pharmaceuticals has guaranteed interest-bearing bank borrowings to the Group amounting to RMB372,484,000 (31 December 2023: Nil) as at the end of the reporting period.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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20. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Outstanding balances with related parties

| | 30 June 2024 RMB'000 (Unaudited) | 31 December 2023 RMB'000 (Audited) |
|---|---|---|
| Trade and bills payables | | |
| CelluPro Biotechnology | 402 | – |
| MabPlex International | 153 | 1,906 |
| Total | 555 | 1,906 |
| Prepayments, other receivables and other assets | | |
| MabPlex International | 759 | – |
| Other payables and accruals | | |
| Rongchang Pharmaceuticals | 2,170 | 2,576 |
| Yeda International | 306 | 603 |
| Total | 2,476 | 3,179 |
| Lease liabilities | | |
| Yeda International | 53,014 | 68,052 |
| MabPlex International | 5,344 | 7,210 |
| Rongchang Pharmaceuticals | 596 | 785 |
| Rongchang Pharma (Zibo) | 18 | 36 |
| Total | 58,972 | 76,083 |

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 2024

20. RELATED PARTY TRANSACTIONS (CONTINUED)

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

| | For the six months ended 30 June | |
|---|----------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Fees | 1,162 | 1,173 |
| Salaries, allowances and benefits in kind | 11,106 | 11,916 |
| Performance-related bonuses | 2,084 | 2,506 |
| Pension scheme contributions | 102 | 101 |
| Share-based payment expenses | 8,764 | 18,363 |
| Total compensation paid to key management personnel | 23,218 | 34,059 |

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 2024 RMB'000 (Unaudited) | 31 December 2023 RMB'000 (Audited) | 30 June 2024 RMB'000 (Unaudited) | 31 December 2023 RMB'000 (Audited) |
| Financial assets | | | | |
| Financial assets at fair value through profit or loss | 203,095 | 2,000 | 203,095 | 2,000 |
| Debt investments at fair value through other comprehensive income | 103,053 | 44,045 | 103,053 | 44,045 |
| Equity investments designated at fair value through other comprehensive income | 63,482 | 93,522 | 63,482 | 93,522 |
| Total | 369,630 | 139,567 | 369,630 | 139,567 |

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

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 equity investment at fair value through profit or loss has been recognised from December 2023, and there have been no significant changes in the operating environment, operating conditions, and financial condition. Therefore, the Group measures the equity investment's fair value reasonably based on investment costs.

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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

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

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 the 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 2024: | Increase/(decrease) in 1% would result in a (decrease)/increase in fair value by (RMB309,000)/RMB354,000 |
| | | | 14.64% | |
| | | 31 December 2023: | Increase/(decrease) in 1% would result in a (decrease)/increase in fair value by (RMB309,000)/RMB354,000 | |
| | | 14.64% | | |
| Discount for lack of marketability | 30 June 2024: | Increase/(decrease) in 5% would result in a (decrease)/increase in fair value by (RMB200,000)/RMB200,000 | | |
| | 28.88% | | | |
| 31 December 2023: | Increase/(decrease) in 5% would result in a (decrease)/increase in fair value by (RMB200,000)/RMB200,000 | | | |
| 28.88% | | | | |

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 2024

| | Fair value measurement using | | | Total RMB'000 (Unaudited) |
|---|--|--|--|---------------------------------|
| | 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) | |
| Financial assets at fair value through profit or loss | – | 200,238 | 2,857 | 203,095 |
| Equity investment designated at fair value through other comprehensive income | 60,637 | – | 2,845 | 63,482 |
| Debt investments at fair value through other comprehensive income | – | 103,053 | – | 103,053 |
| Total | 60,637 | 303,291 | 5,702 | 369,630 |

As at 31 December 2023

| | Fair value measurement using | | | Total RMB'000 (Audited) |
|---|--|--|--|-------------------------------|
| | 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) | |
| Financial assets at fair value through profit or loss | – | – | 2,000 | 2,000 |
| Equity investment designated at fair value through other comprehensive income | 61,331 | 29,346 | 2,845 | 93,522 |
| Debt investments at fair value through other comprehensive income | – | 44,045 | – | 44,045 |
| Total | 61,331 | 73,391 | 4,845 | 139,567 |

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

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 | |
|--|----------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Equity investments designated at fair value through other comprehensive income | | |
| At 1 January | 2,845 | 11,128 |
| Purchases | – | 10,000 |
| At 30 June | 2,845 | 21,128 |

During the reporting period, there were transfers 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 is no significant event after the reporting period.

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 16 August 2024.

DEFINITIONS AND GLOSSARY

| | |
|------------------------|---|
| “2022 A Share Scheme” | the 2022 Restricted A Share Incentive Scheme of the Company in its present or any amended form as adopted by the Company on December 28, 2022 |
| “2023 A Share Scheme” | the 2023 Restricted A Share Incentive Scheme of the Company in its present or any amended form as adopted by the Company on December 28, 2023 |
| “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 Schemes” | the 2022 A Share Scheme and the 2023 A Share Scheme |
| “ADC” | antibody-drug conjugates, a class of biopharmaceutical drug composed of monoclonal antibodies targeted against specific tumor cell surface antigens linked, via chemical linkers, to highly potent anti-tumor small molecule agents |
| “AUD” | Australian dollars, the lawful currency of Australia |
| “Audit Committee” | the audit committee of the Board |
| “Award Share(s)” | the H Shares granted or to be granted to a selected participant in an award in accordance with the terms of the H Share Schemes |
| “BLA” | biologics license application |
| “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 C1 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 |

DEFINITIONS AND GLOSSARY

| | |
|--|--|
| “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: 泰愛 [®]), disitamab vedotin (RC48, brand name: 愛地希 [®]) and RC28-E |
| “Director(s)” | the director(s) of the Company |
| “DME” | diabetic macular edema |
| “DR” | diabetic retinopathy |
| “ESGO” | European Society of Gynaecological Oncology |
| “FDA” | U.S. Food and Drug Administration |
| “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 |
| “FTD” | fast track designation |
| “GC” | gastric cancer |
| “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 “HKD” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |

DEFINITIONS AND GLOSSARY

| | |
|---------------------------------------|--|
| “IgAN” | an autoimmune kidney disease that occurs when immunoglobulin A (IgA) deposits build up in the kidneys, causing localised inflammation that, over time, can hamper your kidneys’ ability to filter waste from your blood |
| “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 |
| “IND” | investigational new drug application |
| “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 |
| “LN” | lupus nephritis |
| “MG” | myasthenia gravis |
| “Model Code” | the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 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 |
| “Prospectus” | the prospectus issued by the Company dated October 28, 2020 |
| “pSS” | primary Sjögren’s Syndrome |
| “RA” | rheumatoid arthritis |
| “RC Pharma” | Yantai Rongchang Pharmaceutical Co., Ltd. (煙台榮昌製藥股份有限公司), a joint stock company incorporated in the PRC on March 18, 1993, a company controlled by our Controlling Shareholders |
| “Reporting Period” | the six months ended June 30, 2024 |

DEFINITIONS AND GLOSSARY

| | |
|---------------------------|---|
| “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 Schemes 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 share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, comprising the A Shares and H Shares |
| “SLE” | systemic lupus erythematosus, a systemic autoimmune disease in which the body’s immune system attacks normal, healthy tissue and can result in symptoms such as inflammation and swelling |
| “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 |
| “wAMD” | wet age-related macular degeneration |
| “%” | percent |