



康方生物科技(開曼)有限公司  
**Akeso, Inc.**

(Incorporated in the Cayman Islands with limited liability)  
(於開曼群島註冊成立的有限公司)  
Stock Code 股份代號 : 9926

# 2024

## INTERIM REPORT

# 中期報告



# CONTENTS

	Page
Company Profile	2
Definitions	3
Corporate Information	6
Highlights	8
Management Discussion and Analysis	9
Supplementary Information	23
Independent Review Report	64
Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	65
Interim Condensed Consolidated Statement of Financial Position	67
Interim Condensed Consolidated Statement of Changes in Equity	69
Interim Condensed Consolidated Statement of Cash Flows	70
Notes to the Interim Condensed Consolidated Financial Information	72



## COMPANY PROFILE

Akeso, Inc. is a biopharmaceutical company dedicated to the research, development, manufacturing and commercialization of innovative antibody drugs that are affordable to patients worldwide. Since the Company's inception, the Company has established an end-to-end comprehensive drug development platform (ACE Platform), encompassing fully integrated drug discovery and development functions, including target validation, antibody drug discovery and development, CMC production process development, and GMP compliant production. The Company has also successfully developed a bi-specific antibody drug development technology (Tetrabody technology), which helps the Company overcome three CMC challenges in the development and manufacture of bi-specific antibodies, including low expression levels, process development hurdles, and antibody stability and druggability.

The Company currently has a pipeline of over 50 innovative programs covering the therapeutic areas of oncology, autoimmune and metabolic diseases, among which 10 products are at the commercial or Phase III registrational trial stage, including 4<sup>1</sup> approved products independently developed by the Company and 2 products under NDA review by NMPA, and 12 assets are at the Phase I/II clinical trial stage. 7 of the products are potential global first-in-class (FIC) or best-in-class (BIC) bi-specific antibodies. The Company's vision is to become a leading global biopharmaceutical company through the construction of an innovative platform for R&D, FIC/BIC antibody production, and a highly effective commercial network.

<sup>1</sup> 開坦尼® (cadonilimab, PD-1/CTLA-4), 依達方® (ivonescimab, PD-1/VEGF), ANNIKO® (penpulimab, PD-1) and 普佑恒™ (pucotenlimab, PD-1) which was licensed out to Lepu Biopharma Co., Ltd. (stock code: 2157.HK)

In this report, unless the context otherwise requires, the following expressions shall have the following meanings.

"2021 RSU Scheme"	the restricted share unit scheme adopted by the Company on December 6, 2021 and amended on June 30, 2024
"ASCO"	American Society of Clinical Oncology Annual Meeting
"Audit Committee"	audit committee of the Board
"Board"	board of Directors
"BVI"	British Virgin Islands
"CDE"	the Center for Drug Evaluation of NMPA (中華人民共和國國家藥品監督管理局藥品評審中心)
"China" or "PRC"	the People's Republic of China, which, for the purpose of this report and for geographical reference only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
"CMC"	chemistry, manufacturing and controls processes, including manufacturing techniques, impurities studies, quality controls and stability studies
"Company"	Akeso, Inc. (康方生物科技(開曼)有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands on January 30, 2019
"Corporate Governance Code"	Corporate Governance Code set out in Appendix C1 to the Listing Rules
"CRO"	contract research organization
"CSCO"	Chinese Society of Clinical Oncology Annual Meeting
"Director(s)"	director(s) of the Company
"EGFR-TKI"	epidermal growth factor receptor tyrosine kinase inhibitors
"EMA"	European Medicines Agency
"ESOP Trust"	a trust established by the Company by entering into a trust deed with Zedra Trust Company (Cayman) Limited as trustee of the trust. Dr. XIA Yu as the enforcer of the trust is able to exercise voting rights attached to the Shares held by the ESOP Trust
"FDA"	Food and Drug Administration of the United States
"GMP"	good manufacturing practice
"Group", "we", "us" or "our"	the Company and all of its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it

## Definitions

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“IND”	investigational new drug or investigational new drug application, also known as clinical trial application in China
“Independent Third Party”	a person or entity who is not a connected person of the Company under the Listing Rules
“LI LLC”	Kampfire LLC, a limited liability company incorporated in the State of Nevada of the US on June 4, 2019, with 100% of its voting shares held by Dr. LI Baiyong
“LI Trust”	the Sunny Beach Living Trust, a trust created under the laws of California of the US on June 19, 2019, with its trustee being Dr. LI Baiyong and its beneficiaries being certain of Dr. LI Baiyong’s family members
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
“NDA”	new drug application
“NMPA”	the National Medical Products Administration of the PRC (中華人民共和國國家藥品監督管理局)
“NSCLC”	non-small cell lung cancer, any carcinoma (as an adenocarcinoma or squamous cell carcinoma) of the lungs that is not a small-cell lung carcinoma
“OS”	overall survival
“PFS”	progression-free survival
“Pre-IPO RSU Scheme”	the restricted share unit scheme adopted by the Company on August 29, 2019 and terminated on June 30, 2024
“Prospectus”	the prospectus of the Company dated April 14, 2020
“R&D”	research and development
“Reporting Period”	the six months ended June 30, 2024
“RMB”	Renminbi, the lawful currency of the PRC
“RSU(s)”	restricted share unit(s)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

“Share(s)”	ordinary share(s) with a nominal value of US\$0.00001 each in the share capital of the Company
“Share Option Scheme”	the share option scheme adopted by the Company on June 28, 2022 and amended on June 30, 2024
“Shareholder(s)”	holder(s) of the Share(s)
“sNDA”	supplemental new drug application
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SUMMIT”	Summit Therapeutics Inc., a company incorporated under the law of the State of Delaware of the US, and whose shares are listed on Nasdaq (NASDAQ: SMMT)
“Tetrabody”	a portmanteau of the phrase “tetravalent antibody”, which refers to our proprietary technology for the design and production of innovative tetravalent bi-specific antibodies (with four antigen-binding sites in each antibody molecule)
“United States” or “US”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$”	United States dollars, the lawful currency of the United States
“WANG LLC”	Blazing Rosewood LLC, a limited liability company incorporated in the State of Nevada of the US on June 4, 2019, with 100% of its voting shares held by Dr. WANG Zhongmin Maxwell
“WANG Trust”	the Mahogany Living Trust, a trust created under the laws of California of the US on June 19, 2019, with its trustee being Dr. WANG Zhongmin Maxwell and its beneficiaries being certain of Dr. WANG Zhongmin Maxwell’s family members
“XIA LLC”	Golden Oaks LLC, a limited liability company incorporated in the State of Nevada of the US on June 4, 2019, with 100% of its voting shares held by Dr. XIA Yu
“XIA Trust”	the Gemstone Living Trust, a trust created under the laws of California of the US on June 11, 2019, with its trustee being Dr. XIA Yu and its beneficiaries being certain of Dr. XIA Yu’s family members
“%”	per cent

\* For identification purpose only

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Dr. XIA Yu  
*(Chairwoman, president and chief executive officer)*

Dr. LI Baiyong

Dr. WANG Zhongmin Maxwell

Mr. XIA Yu (Ph.D.)  
*(resigned with effect from June 30, 2024)*

Dr. ZHANG Peng  
*(appointed with effect from June 30, 2024)*

### Non-executive Directors

Dr. ZHOU Yi  
*(resigned with effect from June 30, 2024)*

Mr. XIE Ronggang

### Independent Non-executive Directors

Dr. ZENG Junwen

Dr. XU Yan

Mr. TAN Bo

## AUDIT COMMITTEE

Mr. TAN Bo *(Chairman)*

Dr. ZENG Junwen

Dr. XU Yan

## REMUNERATION COMMITTEE

Dr. ZENG Junwen *(Chairman)*

Dr. XIA Yu

Dr. XU Yan

## NOMINATION COMMITTEE

Dr. XIA Yu *(Chairwoman)*

Dr. ZENG Junwen

Dr. XU Yan

## COMPANY SECRETARY

Ms. LEUNG Wai Yan

## AUTHORIZED REPRESENTATIVES

Dr. XIA Yu

Ms. LEUNG Wai Yan

## AUDITOR

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

## LEGAL ADVISER

*As to Hong Kong and United States laws:*  
Cooley HK

*As to Cayman Islands law:*  
Campbells

## PRINCIPAL BANKS

*In Hong Kong:*  
CMB Wing Lung Bank Limited  
Hongkong and Shanghai Banking Corporation Limited

*In the PRC:*  
Industrial and Commercial Bank of  
China Limited, Zhongshan Branch  
China Merchants Bank, Zhongshan Branch  
China Merchants Bank, Guangzhou Branch  
Shanghai Pudong Development Bank Corporation  
Limited, Guangzhou Branch

## REGISTERED OFFICE

Floor 4, Willow House  
Cricket Square  
Grand Cayman KY1-9010  
Cayman Islands

## CORPORATE HEADQUARTERS

No. 6, Shennong Road  
Torch Development Zone  
Zhongshan City  
Guangdong Province 528437  
PRC

## **PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

Room 1901, 19/F, Lee Garden One  
33 Hysan Avenue  
Causeway Bay  
Hong Kong

## **CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE**

Campbells Corporate Services Limited  
Floor 4, Willow House  
Cricket Square  
Grand Cayman KY1-9010  
Cayman Islands

## **HONG KONG BRANCH SHARE REGISTRAR**

Computershare Hong Kong Investor Services Limited  
Shops 1712–1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wan Chai  
Hong Kong

## **STOCK CODE**

9926

## **COMPANY'S WEBSITE**

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

## **LISTING DATE**

April 24, 2020



# HIGHLIGHTS

## FINANCIAL HIGHLIGHTS

### 1. Revenue

The Group's revenue was RMB1,024.7 million for the six months ended June 30, 2024, as compared to RMB3,676.9 million for the six months ended June 30, 2023. The Group's revenue for the six months ended June 30, 2024 was mainly attributable to product sales and license income. Our net product sales increased by 23.96% from RMB757.9 million for the six months ended June 30, 2023 to RMB939.4 million for the six months ended June 30, 2024. Revenue of license income was RMB85.3 million for the six months ended June 30, 2024, as compared to RMB2,919.0 million for the six months ended June 30, 2023.

### 2. Gross Profit

The Group's gross profit was RMB943.2 million for the six months ended June 30, 2024, as compared to RMB3,599.7 million for the six months ended June 30, 2023. This was mainly attributable to the change of license income during this period. Gross profit of product sales increased by 26.03% from RMB680.7 million for the six months ended June 30, 2023 to RMB857.9 million for the six months ended June 30, 2024.

### 3. Profit/Loss for the Period

The Group's loss for the period was RMB249.3 million for the six months ended June 30, 2024, as compared to profit of RMB2,489.5 million for the six months ended June 30, 2023.

# MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Company recorded net product sales of RMB939.4 million, representing an increase of 23.96% as compared to RMB757.9 million for the same period last year. The increase was mainly attributable to the increase in the sales volume of 開坦尼® (cadonilimab, PD-1/CTLA-4), and the contribution of sales revenue from the commercialization of the second core bi-specific antibody, 依達方® (ivonescimab, PD-1/VEGF), since its official marketing approval at the end of May 2024.

On June 3, 2024, the Company entered into an amendment to the license agreement with SUMMIT to expand the license territory of ivonescimab. Pursuant to this amendment to the license agreement, we recognized license income of approximately RMB80.0 million during the Reporting Period.

## 開坦尼® (cadonilimab, PD-1/CTLA-4)

### *Continued strong performance of sales*

During the Reporting Period, the product sales of 開坦尼® remained strong and recorded approximately RMB705.7 million, representing an increase of 16.50% as compared to RMB605.8 million for the same period last year. The sales increase was attributable to the superior clinical benefit of and the broad market demand for 開坦尼®.

### *Expansion of first-line new indications*

- In January 2024, the sNDA of cadonilimab in combination with chemotherapy as the first-line treatment of unresectable, locally advanced, recurrent or metastatic gastric or gastroesophageal junction (G/GEJ) adenocarcinoma was accepted by NMPA. In April 2024, the results of its Phase III clinical trial were presented as an oral presentation at the 2024 American Association for Cancer Research (AACR) Annual Meeting. During the Reporting Period, cadonilimab as the first-line treatment has been included in the 2024 edition of the CSCO Guidelines for the Diagnosis and Treatment of Gastric Cancer, the 2024 edition of the Guidelines of CSCO for Immune Checkpoint Inhibitor Clinical Practice, and the Expert Consensus on Gastric Cancer Immunotherapy Based on PD-L1 Protein Expression Levels. Cadonilimab is expected to bring safer and more effective immunotherapy regimens to all comers of gastric cancer patients, regardless of PD-L1 expression level/status.
- In April 2024, the sNDA of cadonilimab in combination with chemotherapy with or without bevacizumab as the first-line treatment of persistent, recurrent or metastatic cervical cancer was accepted by NMPA. In July 2024, the Phase III clinical trial reached the primary endpoint of OS in the interim analysis and achieved statistically significant and clinically meaningful superiority. The study results will be presented at an upcoming academic conference.

Cadonilimab will continue to show its outstanding clinical value in a wider patient pool by bringing a new first-line immunotherapy to patients with gastric cancer and cervical cancer.

## Management Discussion and Analysis

### ***Broaden indications and effectively advance clinical trials***

We also rapidly advanced the Phase III clinical trials of cadonilimab and continued to expand its therapeutic potential.

- We continued the patient enrollment of the Phase III clinical trial of cadonilimab in combination with chemotherapy versus tislelizumab in combination with chemotherapy as first-line treatment of locally advanced or metastatic NSCLC patients with PD-L1 negative expression.
- We continued the patient enrollment of the Phase III clinical trial of cadonilimab monotherapy as an adjuvant treatment for postoperative hepatocellular carcinoma.
- The first patient was dosed in the Phase III clinical trial of cadonilimab in combination with pulocimab (AK109, VEGFR-2) and chemotherapy for the treatment of advanced G/GEJ patients who failed first-line treatment with PD-(L)1 inhibitor and chemotherapy. In June 2024, the Phase II results were presented as an oral presentation at the 2024 ASCO.
- The first patient was dosed in the Phase III clinical trial of cadonilimab in combination with lenvatinib and transcatheter arterial chemoembolization (TACE) for intermediate to advanced unresectable hepatocellular carcinoma (uHCC). In January 2024, the Phase II results were published at the 2024 American Society of Clinical Oncology Gastrointestinal Cancers Symposium (ASCO GI).

Cadonilimab currently covers 16 indications through combination therapies, and the Company has initiated more than 20 clinical trials for major tumor types, including lung cancer, liver cancer, gastric cancer, cervical cancer, kidney cancer, esophageal squamous cell cancer, and colorectal cancer. Clinical data for various indications have been published in international academic conferences and journals, and have been included in authoritative clinical guidelines. The Company will leverage combination therapies in its clinical development strategy, differentiate the product and update the standard of care to expand the commercial potential of the product in the future.

### 依達方® (ivonescimab, PD-1/VEGF)

#### **Reshaping a new pattern of treatment after EGFR-TKI resistance**

On May 24, 2024, 依達方® in combination with chemotherapy for the treatment of EGFR mutated locally advanced or metastatic non-squamous NSCLC progressed after EGFR-TKI treatment was granted marketing approval by NMPA. 依達方® is the second core bi-specific antibody independently developed by the Company that has entered the commercialization stage. In June 2024, the results of the Phase III clinical trial (AK112-301/HARMONi-A) of the approved indication were presented at the 2024 ASCO and published in the leading international medical journal, the *Journal of the American Medical Association (JAMA)*. These results were well received by the academic community. The therapy has been included in the *2024 CSCO Guidelines for the Diagnosis and Treatment of Non-Small Cell Lung Cancer and the Chinese Treatment Guidelines for Stage IV Primary Lung Cancer (2024)*.

Within a week of the approval by NMPA, the Company delivered the first shipment of 依達方® to patients and achieved extensive prescriptions across major provinces, cities, and key medical end points in China. During the Reporting Period, the net product sales of 依達方® were approximately RMB103 million.

#### **Statistically significant and clinically meaningful benefit versus pembrolizumab**

At the end of May 2024, the Phase III clinical trial (AK112-303/HARMONi-2) of ivonescimab monotherapy versus pembrolizumab monotherapy as the first-line treatment of NSCLC with PD-L1 positive expression reached primary endpoint of PFS and demonstrated statistically significant and clinically meaningful superiority. Ivonescimab is the world's first and only drug to show superior efficacy compared with pembrolizumab as monotherapy in a Phase III head-to-head setting. In July 2024, the Company has submitted the sNDA of ivonescimab for this indication to CDE. Ivonescimab is expected to become the new standard of care in first-line treatment of NSCLC as a chemo-free therapy, bringing safer and more effective therapy to patients.

The Company continued to strategically advance the clinical development of ivonescimab. We continued the patient enrollment of the Phase III clinical trial of ivonescimab in combination with chemotherapy versus tislelizumab in combination with chemotherapy as the first-line treatment of locally advanced or metastatic squamous NSCLC (AK112-306).

Recently, the Company has initiated the Phase III clinical trial of ivonescimab in combination with chemotherapy versus durvalumab in combination with chemotherapy as first-line treatment of biliary tract cancer, and the Phase III clinical trial of ivonescimab in combination with ligufalimab (AK117, CD47) as first-line treatment of head and neck squamous cell carcinoma with PD-L1 positive expression. The Company is planning the Phase III clinical trial of ivonescimab in combination with chemotherapy as first-line treatment of pancreatic cancer. The Company is conducting more than 20 clinical trials of ivonescimab, covering 17 indications including gastrointestinal tumors, hepatocellular carcinoma, colorectal cancer, etc. The superior efficacy and safety demonstrated by ivonescimab has solidified its potential as a backbone immuno-oncology (IO) therapeutic agent, and helps further unlock its clinical value and commercial market through combination with other therapies.

#### **Unleashing the global value of backbone drug**

In overseas market, our partner SUMMIT is actively promoting the patient enrollment of the global multi-center Phase III clinical trial (HARMONi) of ivonescimab in combination with chemotherapy in patients with EGFR mutated locally advanced or metastatic non-squamous NSCLC who progressed after third-generation EGFR-TKI treatment, and the global multi-center Phase III clinical trial (HARMONi-3) of ivonescimab in combination with chemotherapy versus pembrolizumab monotherapy as the first-line treatment of squamous NSCLC. On June 3, 2024, we entered into an amendment to the license agreement with SUMMIT, pursuant to which SUMMIT's license territory for ivonescimab was expanded to include Central America, South America, the Middle East and Africa. The Company strengthened its partnership with SUMMIT to facilitate the clinical development and regulatory approval processes of ivonescimab in various regions around the world, with the intent to bring ivonescimab to patients around the world.

## Management Discussion and Analysis

### **ANNIKO® (penpulimab, PD-1)**

On April 30, 2024, NMPA approved ANNIKO® for the treatment of recurrent/metastatic nasopharyngeal carcinoma (NPC) patients who failed second-line or above systemic therapies. The sNDA of ANNIKO® in combination with chemotherapy as first-line treatment of recurrent/metastatic NPC is under review of NMPA.

### **Other products in oncology**

The Company continued to advance the clinical development of multiple innovative therapeutic candidates in oncology in both China and the rest of the world.

#### ***First patient dosed in the Phase III clinical trial of pulocimab (AK109, VEGFR-2) in China***

- The first patient was dosed in the Phase III clinical trial of pulocimab in combination with cadonilimab and chemotherapy for the treatment of advanced G/GEJ patients who failed first-line treatment with PD-(L)1 inhibitor and chemotherapy. In June 2024, the Phase II results were presented as an oral presentation at the 2024 ASCO.

#### ***Clinical development of ligufalimab (AK117, CD47) in overseas and domestic trials progressed smoothly***

- Hematological tumors: We continued the patient enrollment of the global multi-center Phase II clinical trial of AK117 in combination with azacitidine as the first-line treatment of myelodysplastic syndrome (MDS). The Phase I clinical trial of AK117 in combination with AK129 (PD-1/LAG-3) for the treatment of classical Hodgkin's Lymphoma received IND approval from CDE.
- Solid tumors: We have seen early efficacy signals in trials of AK117 in combination with cadonilimab, ivonescimab in multiple indications, including gastric cancer, colorectal cancer, and head and neck squamous cell carcinoma. These study results will be presented at an upcoming academic conference. The Phase III clinical trial of ligufalimab in combination with ivonescimab as first-line treatment of head and neck squamous cell carcinoma with PD-L1 positive expression has been initiated.

### **Metabolic and Autoimmune Therapeutic Areas**

#### ***NDA's of two products under regulatory review***

In the non-oncology field, we also strategically established our metabolic and autoimmune portfolio with candidates that have broad commercial potential.

- The NDAs of our independently developed drug candidates, ebronucimab (AK102, PCSK9) for the treatment of primary hypercholesterolemia and mixed hyperlipidemia, and heterozygous familial hypercholesterolemia (HeFH), and ebdarokimab (AK101, IL-12/IL-23) for the treatment of psoriasis, are under regulatory review.

We are preparing for the commercialization of these candidates, and will develop a business plan that takes into account patient affordability, market accessibility and the competitive landscape. Our objective is to ensure the successful commercial operation of these two candidates and fully unleash their commercial value.

### **Two products in pivotal Phase III clinical trials**

- Two Phase III clinical trials of gumokimab (AK111, IL-17) for the treatment of psoriasis and ankylosing spondylitis are ongoing.
- The Company initiated the Phase III clinical trial of manfidokimab (AK120, IL-4R $\alpha$ ) for the treatment of moderate to severe atopic dermatitis.

In the pre-clinical stage, the Company has therapeutic candidates covering various therapeutic fields with broad potential, including oncology, immune diseases, metabolic diseases, and neurodegenerative diseases. The Company has also been actively building a number of in-house developed technology platforms, such as ADC, cell therapy, and mRNA, to efficiently bringing additional drug candidates to clinical studies.

### **Submission of IND applications for pre-clinical products**

- We submitted the IND application of our 7th in-house developed bi-specific antibody, AK137 (CD73/LAG-3), to CDE for the treatment of advanced malignant tumors.
- We submitted the IND application of the first independently developed product of our ADC platform, AK138D1 (HER3 ADC), to CDE for the treatment of advanced malignant tumors.
- We submitted the IND application of AK135 (IL-1RAP) to CDE for the treatment of chemotherapy-induced peripheral neuroviruses.

The Company is actively and efficiently advancing the R&D of its pipeline products in various therapeutic fields.

### **Clinical development plan of products pipeline**

As at June 30, 2024, the Company had a pipeline of over 50 innovative programs covering the areas of oncology, autoimmune and metabolic diseases. 22 of those programs are at clinical and commercial stage, including 7 potential global first-in-class or best-in-class bi-specific antibodies.

Immuno-oncology is one of the Company's focused therapeutic areas. Our products and candidates undergoing clinical trials include 開坦尼<sup>®</sup> (cadonilimab, PD-1/CTLA-4), 依達方<sup>®</sup> (ivonescimab, PD-1/VEGF) and ANNIKO<sup>®</sup> (penpulimab, PD-1) which have entered the commercialization stage, and ligufalimab (AK117, CD47), drebuxelimab (AK119, CD73), pulocimab (AK109, VEGFR-2), AK127 (TIGIT), AK115 (NGF), AK129 (PD-1/LAG-3), AK130 (TIGIT/TGF- $\beta$ ), AK131 (PD-1/CD73), and AK132 (Claudin18.2/CD47). These also include AK135 (IL-1RAP), AK137 (CD73/LAG-3) and AK138D1 (HER3 ADC) which have entered clinical stage in 2024. These products and candidates cover multiple indications, including solid tumors and hematological tumors. With cadonilimab and ivonescimab as our two backbone drugs, we expect to cover a broad number of indications with large market potential through combination therapies with both independently developed products as well as products from other biopharmaceutical companies.

The NDA of ebronucimab (AK102, PCSK9), our innovative product targeting metabolic diseases, was accepted in June 2023 and is under regulatory review. In the field of autoimmune diseases, we also have a strong and broad pipeline. In particular, the NDA of ebdarokimab (AK101, IL-12/IL-23) was accepted in August 2023 and is under regulatory review. Meanwhile, we are also accelerating the clinical development of other products, including gumokimab (AK111, IL-17) and manfidokimab (AK120, IL-4R).

# Management Discussion and Analysis

The following chart highlighted the clinical development plan of the Company's main product portfolio as at the date of this report:

Oncology – Core products				Current Status				
Product (Target)	Areas	Mono/Combo Therapy	Indication	Phase Ia	Phase Ib/II	Pivotal/Phase III	NDA Submitted/Approved	
Cadonilimab AK104 (PD-1/CTLA-4)	Cervical cancer	Mono	2L/3L cervical cancer	🌐			Approved on 2022.6.29	
		+Chemo±Bevacizumab	1L cervical cancer			sNDA submitted in 2024.4		
	Gastric cancer	Mono	Neoadjuvant cervical cancer					
		+XELOX	1L G/GEJ adenocarcinoma				sNDA submitted in 2024.1	
		+AK109+chemo	G/GEJ adenocarcinoma progressed after PD-(L)1 treatment				Enrollment in process	
		+AK117+chemo	1L G/GEJ adenocarcinoma					
		±AK117+chemo	Neoadjuvant/adjuvant G/GEJ adenocarcinoma					
	Hepatocellular carcinoma	Mono	HCC adjuvant therapy				Enrollment in process	
		+Lenvatinib+TACE	HCC, intermediate				Enrollment in process	
		+Lenvatinib	1L HCC					
	Lung cancer	+AK109	HCC progressed after PD-(L)1 treatment					
		+AK112	1L HCC					
		+chemo	1L PD-L1(-) NSCLC				Enrollment in process	
		Mono	Concurrent/sequent NSCLC				Initiated	
		+Chiauranib	≥2L SCLC					
		+Docetaxel	NSCLC progressed after platinum-based chemo and PD-(L)1 treatment					
		+AK109±Docetaxel	NSCLC progressed after PD-(L)1 treatment					
	Esophageal cancer	+AK112±chemo	1L NSCLC or Advanced NSCLC progressed after PD-(L)1 treatment					
		+chemo	1L NSCLC					
	Pancreatic cancer	±AK117+chemo	1L ESCC					
Others	+chemo	1L PDAC						
	+AK117 (CD47)	Adv. solid tumors	🌐					
	+AK119 (CD73)	Adv. solid tumors	🌐					
Ivonescimab AK112 (PD-1/VEGF)	Lung cancer	+AK127 (TIGIT)	Adv. solid tumors	🌐				
		+Chemo	EGFRm NSCLC progressed after EGFR-TKI treatment	🌐★			HARMONI China part	
		Mono	1L PD-L1(+) NSCLC	★			sNDA submitted in 2024.7	
		+chemo	1L locally adv./metastatic sqNSCLC (vs tislelizumab + chemo)				Enrollment in process	
		+chemo	1L metastatic sqNSCLC (vs pembrolizumab + chemo)	🌐			HARMONI-3 China part	
		±chemo	Neoadjuvant/adjuvant NSCLC					
		+Chemo	1L NSCLC with driver gene negative					
	Digestive tract	+Docetaxel	IO-R NSCLC	★				
		+AK119±chemo	EGFRm NSCLC progressed after EGFR-TKI treatment					
		+AK104±chemo	Advanced NSCLC					
	Head and neck cancer	+chemo±AK117	1L G/GEJ adenocarcinoma					
		+chemo	1L BTC (vs durvalumab+chemo)				Initiated	
	Breast cancer	+chemo	1L pancreatic cancer				Planning	
		+AK117	1L PD-L1(+) HNSCC				Initiated	
	Hepatocellular carcinoma	+chemo±AK117	1L TNBC					
Mono		Unresectable HCC						
+AK104		1L HCC						
+AK127		1L HCC						
+AK130		1L HCC						
±AK117+chemo		1L CRC						
Colorectal cancer		+AK119±chemo	pMMR/MSS advanced CRC					
	Mono	Platinum resistant OC						
Others	Mono	Adv. solid tumors	🌐					
	+AK119	Adv. solid tumors						
	+AK127	Adv. solid tumors						
Ligufalimab AK117 (CD47)	Hematological tumor	+azacitidine	1L MDS	🌐				
		+azacitidine	1L MDS					
		+azacitidine	1L AML					
		+azacitidine +venetoclax	1L AML					
		+AK129	cHL					
	Solid tumor	+AK112	1L PD-L1(+) HNSCC				Initiated	
		+AK112+chemo	1L G/GEJ adenocarcinoma					
		+AK112+chemo	1L BTC					
		+AK112+chemo	1L pancreatic cancer					
		+AK112+chemo	1L CRC					
		+Chemo±AK112	1L TNBC					
		+AK104+chemo	1L G/GEJ adenocarcinoma					
	Others	+AK104+chemo	Neoadjuvant/adjuvant G/GEJ adenocarcinoma					
+AK104+chemo		1L ESCC						
Mono		Adv solid tumors/lymphoma	🌐					
	+AK104	Adv solid tumors	🌐					

🌐 Global    📄 NMPA approval    📄 Registrational Trials    ★ Breakthrough Therapy

Oncology — Other Products			Current Status			
Product (Target)	Mono/Combo Therapy	Indication	Phase Ia	Phase Ib/II	Pivotal/Phase III	NDA Submitted/Approved
Penpulimab AK105 (PD-1)	Mono	3L R/R cHL				Approved in 2021.8
	+Chemo	1L sq NSCLC				Approved in 2023.1
	Mono	≥3L NPC				Approved in 2024.4
	+Chemo	1L NPC				sNDA submitted in 2023.12
	+Anlotinib	1L HCC				
	+Anlotinib	dMMR				
	+Anlotinib	NSCLC, SCLC, HNC, thyroid cancer, mesothelioma and thymic cancer				
	+Anlotinib	ESCC, UC, GC/GEJ, cholangiocarcinoma, neuroendocrine tumor (NET)				
AK109 (VEGFR-2)	±AK104+chemo	G/GEJ adenocarcinoma progressed after PD-(L)1 treatment			Enrollment in process	
	+AK104	HCC progressed after PD-(L)1 treatment				
	+AK104±Docetaxel	NSCLC progressed after PD-(L)1 treatment				
AK119 (CD73)	Mono	Adv. solid tumors				
	+AK112±chemo	EGFR-TKI failed EGFRm NSCLC				
	+AK112±chemo	Adv. solid tumors				
	+AK104	Adv. solid tumors				
	+AK112	Adv. solid tumors				
AK127 (TIGIT)	Mono	Adv. solid tumors				
	+AK104	Adv. solid tumors				
	+AK112	1L HCC				
	+AK104	Adv. solid tumors				
	±AK104	Adv. solid tumors				
AK130 (TIGIT/TGF-β)	+AK112	1L HCC				
	Mono	Adv. solid tumors				
AK129 (PD-1/LAG-3)	Mono	Adv. solid tumors				
AK131 (PD-1/CD73)	Mono	Adv. solid tumors				
AK132 (CLDN18.2/CD47)	Mono	Adv. solid tumors				
AK135 (IL-1RAP)	Mono	Chemotherapy-induced Peripheral Neuropathy				
AK137 (CD73/LAG-3)	Mono	Adv. malignant tumor				
AK138D1 (HER3 ADC)	Mono	Adv. malignant tumor				

Global
 NMPA approval
 Registrational Trials

Auto-immunity/Metabolism			Current Status			
Product (Target)	Mono/Combo Therapy	Indication	Phase Ia	Phase Ib/II	Pivotal/Phase III	NDA Submitted
AK102 (PCSK9)	+Statin/Ezetimibe	Primary hypercholesterolemia and mixed hyperlipidemia				NDA submitted in 2023.6
	+Statin/Ezetimibe	HeFH				NDA submitted in 2023.6
AK101 (IL-12/IL-23)	Mono	Moderate-to-severe plaque psoriasis				NDA submitted in 2023.3
	Mono	Moderate-to-severe ulcerative colitis				
AK111 (IL-17)	Mono	Moderate-to-severe psoriasis				Enrollment completed
	Mono	Ankylosing spondylitis				Enrollment in process
AK120 (IL-4R α)	Mono	Moderate-to-severe atopic dermatitis				Enrollment in process

Registrational Trials



## Management Discussion and Analysis

**Warning under Rule 18A.08(3) of the Listing Rules:** There is no assurance that the successful commercialization of 開坦尼® 依達方® and ANNIKO® will continue. There is also no assurance that ligufalimab (AK117, CD47), pulocimab (AK109, VEGFR2), drebuxelimab (AK119, CD73), AK127 (TIGIT), AK115 (NGF), AK129 (PD-1/LAG-3), AK130 (TIGIT/TGF-β), AK131 (PD-1/CD73), AK132 (Claudin18.2/CD47), AK135 (IL-1RAP), AK137 (CD73/LAG-3), AK138D1 (HER3 ADC), ebronucimab (AK102, PCSK9), ebdarokimab (AK101, IL-12/IL-23), gumokimab (AK111, IL-17) and manfidokimab (AK120, IL-4Rα) will ultimately be successfully developed, marketed and/or commercialized by the Company. As at the date of this report, no material adverse changes had occurred with respect to the regulatory approvals we had received in relation to our drug candidates.

### HUMAN RESOURCES MANAGEMENT

As at June 30, 2024, we had a total of 2,815 employees. With the goal to enhance our integrated platform of R&D, manufacturing and commercialization, the Company continues to recruit more talents, upgrade the employee training system and development mechanism, and committed to creating a diverse, fair, open and inclusive platform for employees. The following table sets forth the Company's employees by function:

Function	Number of employees as at June 30, 2024	Number of employees as at June 30, 2023
R&D (pre-clinical)	300	269
Clinical	661	642
Manufacturing, quality assurance and quality control	686	575
Selling and marketing	844	753
Sourcing, general and administrative	324	281
Total	2,815	2,520

### MANUFACTURING FACILITIES

As at June 30, 2024, the Company had a total production capacity of 54,000L in operation which could ensure large-scale capacity supply. We have a continuous and steady capacity expansion plan to cope with our future clinical development and commercialization requirements. Our GMP compliant manufacturing facilities are designed and validated according to the FDA, the EMA, and the NMPA regulations, to support the entire drug development process from drug discovery to process development, GMP-compliant and commercial manufacturing, which will effectively support the Company's clinical and commercialization development.

- Greater Bay Area Technology Park (Zhongshan): The park integrated biopharmaceutical research, development, production and sales, with a total planned capacity of over 100,000L. It was equipped with a series of the most advanced biopharmaceutical facilities and equipment around the world, including 40,000L of stainless steel reactors and the advanced filling linkage system. The park will go into operation in phases.
- Knowledge City Biopharmaceutical Base (Guangzhou): The production capacity in operation was 36,000L.
- National Health Technology Park (Zhongshan): The production capacity in operation was 3,500L.

### FUTURE DEVELOPMENT

As the commercialized product portfolio of the Company further expands, we will continue to accelerate the global clinical development, production, and commercialization of new drug products developed by diverse technologies and platforms, and advance a series of world-leading drug candidates into the clinical stage.

In the field of oncology, focusing on the two core bi-specific antibodies cadonilimab and ivonescimab, we will continuously consolidate the first-mover advantage and broad-spectrum effect of immuno-oncology (IO) bi-specific antibodies as our backbone products. Through multi modal combination therapies with the Company's in-house developed drugs or industry-leading ADC drugs and other innovative therapies, we aim to broaden the coverage of cadonilimab and ivonescimab in different indications to fully unleash their clinical and commercial value.

Cadonilimab (PD-1/CTLA-4) has shown excellent efficacy and clinically meaningful superiority as first-line treatment for all comers of gastric cancer and cervical cancer patients. We will comprehensively advance more than 20 clinical trials of cadonilimab in 16 indications, including gastric cancer, liver cancer, lung cancer, esophageal cancer, colorectal cancer, etc., and differentiate the product and update the standard of care to expand its commercial potential.

Ivonescimab (PD-1/VEGF) has already shown excellent efficacy and safety in 2 Phase III clinical trials in lung cancer, and is expected to upgrade the existing standard of care for lung cancer, demonstrating its great potential as a backbone IO drug. We will continue to expand ivonescimab's clinical development coverage in lung cancer, and broaden its clinical and commercial space through more than 20 clinical trials covering 17 indications, such as gastrointestinal tumors, breast cancer, head and neck squamous cell carcinoma, and hepatocellular carcinoma. In overseas markets, we will assist and support our partner SUMMIT to efficiently advance the initiated clinical trials, and accelerate the clinical development, regulatory registration and commercialization of ivonescimab in various regions around the world in the future, so as to bring more valuable next-generation innovative therapies to patients globally.

We will also accelerate the development of 5 independently developed bi-specific antibody products in the clinical stage, including AK129 (PD-1/LAG-3), AK130 (TIGIT/TGF- $\beta$ ), AK131 (PD-1/CD73), AK132 (Claudin18.2/CD47), and AK137 (CD73/LAG-3), and explore the clinical development of major indications through combination therapies.

In the fields of metabolic and autoimmune diseases, we are actively preparing for the production and commercialization of 2 products, namely ebronucimab (AK102, PCSK9) and ebdarokimab (AK101, IL-12/IL-23). We will also accelerate and advance the Phase III clinical trials, manufacturing, and commercialization of AK111 (IL-17) and AK120 (IL-4R $\alpha$ ).

We are accelerating the transformation of the results of the ADC platform. We have submitted the IND application of AK138D1 (HER3 ADC) for the treatment of advanced malignant tumors. We will also continue to advance various ADC candidates to the clinical stage, and expand to more solid tumors through combination therapies with core bi-specific antibody products of the Company. In addition, we will also continue to develop technology platforms such as forward-looking cell therapy and mRNA to create more differentiated products with international innovation capabilities.

The Company will steadily expand its commercialization team and strive to establish a more professional, efficient and collaborative commercialization team to further accelerate the access to hospital and commercial insurance, as well as channel coverage. We will conduct more clinical exploration through independently developed IO bi-specific antibody backbone drugs and combination therapies, and vigorously expand the future efficacy potential and broad market space of our products. We will also strengthen cooperation to deeply explore the clinical and social value of innovative drugs globally, upgrade the existing treatment landscape, and promote China's local innovative drugs to the world to benefit patients around the world.

## FINANCIAL REVIEW

### 1. Net Product Sales

The Group's total net product sales increased by 23.96% from RMB757.9 million for the six months ended June 30, 2023 to RMB939.4 million for the six months ended June 30, 2024. Such net product sales were mainly attributable to 開坦尼® (cadonilimab, PD-1/CTLA-4), 依達方® (ivonescimab, PD-1/VEGF) which was approved in May 2024 and other approved products.

Million (RMB)	For the six months ended June 30		
	Net Product Sales		
	2024	2023	% Change
開坦尼® (cadonilimab, PD-1/CTLA-4)	705.7	605.8	16.50%
Other products	233.7	152.1	53.66%
Total	939.4	757.9	23.96%

### 2. Cost of Sales

Cost of sales was RMB81.6 million for the six months ended June 30, 2024, as compared to RMB77.2 million for the six months ended June 30, 2023. This was mainly attributable to the increase of the sales volume of 開坦尼® (cadonilimab, PD-1/CTLA-4), and to the launch of new product 依達方® (ivonescimab, PD-1/VEGF). Cost of sales of the Group mainly represented cost of raw materials, direct labor, depreciation and other manufacturing overhead.

### 3. Gross Profit

Gross profit was RMB943.2 million for the six months ended June 30, 2024, as compared to RMB3,599.7 million for the six months ended June 30, 2023. This was mainly attributable to the change of license income during this period. Gross profit of product sales increased by 26.03% from RMB680.7 million for the six months ended June 30, 2023 to RMB857.9 million for the six months ended June 30, 2024.

### 4. Other Income and Gains, Net

Other income and gains, net was RMB211.8 million for the six months ended June 30, 2024, as compared to RMB380.1 million for the six months ended June 30, 2023. The Group's other income and gains primarily consisted of currency exchange gains, subsidies from local government, bank interest income and investment income from financial products.

## 5. Research and Development Expenses

Research and development expenses were RMB594.4 million for the six months ended June 30, 2024, as compared to RMB574.7 million for the six months ended June 30, 2023. The change of research and development expenses was mainly due to the Group's increased investment in R&D and in internal clinical development capabilities. The investment in internal clinical development capabilities allows the Group to reduce its reliance on CRO vendors. The clinical studies of key pipeline assets are progressing on schedule, which include: the first patient dosed in the Phase III clinical trial of pulocimab (AK109, VEGFR-2) in China, the continued progression of clinical development of ligufalimab (AK117, CD47) both inside and outside of China, the submission of NDAs for two different products for regulatory review, and the entering of several products into pivotal Phase III clinical trials.

The Group's research and development expenses primarily consisted of: (i) the costs of clinical trials for our drug candidates, which include third-party CRO contracting costs, clinical trial sites and other services in connection with running clinical trials; (ii) employee salaries and related benefit costs in connection with our research and development activities; (iii) third-party contracting costs related to testing expenses for pre-clinical programs; and (iv) costs associated with purchasing raw materials for the research and development of our drug candidates.

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

	<b>Six months ended June 30,</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
Clinical trial related expenditure	<b>315,513</b>	351,125
Pre-clinical trial related expenditure	<b>15,845</b>	3,345
Others*	<b>263,035</b>	220,201
	<b>594,393</b>	574,671

\* "others" include employee compensation, depreciation and amortization and other R&D related office expenses.

## 6. Selling and Marketing Expenses

Selling and marketing expenses were RMB516.0 million for the six months ended June 30, 2024, as compared to RMB442.2 million for the six months ended June 30, 2023. The Group's selling and marketing expenses primarily consisted of: (i) employee salaries and related benefit costs in connection with selling and marketing activities; (ii) conference and marketing expenses related to commercial activities; and (iii) administrative and travel expenses.

## 7. Administrative Expenses

Administrative expenses were RMB99.7 million for the six months ended June 30, 2024, as compared to RMB100.4 million for the six months ended June 30, 2023. The Group's administrative expenses primarily consisted of employee salaries and benefits, depreciation, professional fees, taxes and other administrative expenses.

## 8. Finance Costs

Finance costs were RMB46.2 million for the six months ended June 30, 2024, as compared to RMB38.4 million for the six months ended June 30, 2023. The increase in finance costs was mainly due to the increase in interest expenses on bank borrowings, and finance costs on lease liabilities.

## Management Discussion and Analysis

### 9. Profit/Loss for the Period

The Group's loss was RMB249.3 million for the six months ended June 30, 2024, as compared to profit of RMB2,489.5 million for the six months ended June 30, 2023.

### 10. Liquidity and Source of Funding and Borrowing

The Group placed new Shares in the first half of 2024. The Group continues to improve business operations and cash management. Together, these efforts further enhance our balance sheet to support the Company's innovative pipeline, clinical execution, and commercial growth.

As at June 30, 2024, the current assets of the Group were RMB6,746.5 million. Cash and cash equivalent, time deposits and financial products were RMB5,693.6 million. Other current assets were RMB1,052.9 million.

The aggregate balance of cash and cash equivalent, time deposits and financial products of the Group increased by RMB799.2 million to RMB5,693.6 million as at June 30, 2024, from RMB4,894.4 million as at December 31, 2023.

As at June 30, 2024, the current liabilities of the Group were RMB1,409.7 million, including trade payables of RMB399.0 million, other payables and accruals of RMB724.1 million and interest-bearing bank and other borrowings of RMB272.6 million.

As at June 30, 2024, the Group had interest-bearing bank and other borrowings of RMB3,302.3 million. The interest rate of commercial bank borrowings ranged from 2.80% to 4.35% based on annual interest rate over or below Loan Prime Rate.

The Group follows a set of funding and treasury policies to manage its capital resources and mitigate potential risks.

### 11. Pledge of Assets

As at June 30, 2024, the Group had a total pledge of RMB1,301.2 million of buildings and land use rights pledged to secure its loans and banking facilities.

### 12. Key Financial Ratios

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

	As at June 30, 2024	As at June 30, 2023
Quick ratio <sup>(1)</sup>	4.43	6.12
Gearing ratio <sup>(2)</sup>	Not meaningful <sup>(2)</sup>	Not meaningful <sup>(2)</sup>

Notes:

(1) Quick ratio is calculated by dividing current assets less inventories as at a given date by current liabilities as at such date.

(2) Gearing ratio is calculated using interest-bearing bank and other borrowings less cash and cash equivalents divided by total equity and multiplied by 100%. Gearing ratio is not meaningful as our interest-bearing bank and other borrowings less cash and cash equivalents were negative.

### 13. Significant Investments

As at June 30, 2024, the Group did not hold any significant investments. Save as disclosed in this report, the Group did not have other plans for significant investments or capital assets as at the date of this report.

### 14. Material Acquisitions and Disposals

On February 8, 2024, the Company, Akeso Biopharma Co., Ltd.\* (中山康方生物醫藥有限公司) (an indirect wholly-owned subsidiary of the Company) (the “**Purchaser**”), Dawnrays Biotechnology Capital (Asia) Limited (東瑞生物投資發展(亞洲)有限公司) (the “**Vendor**”), Dawnrays Pharmaceutical and AD Pharmaceuticals Co., Ltd.\* (康融東方(廣東)醫藥有限公司) (“**AD Pharmaceuticals**”) entered into an equity transfer agreement, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, 35% of the equity interest in AD Pharmaceuticals at a consideration of RMB267.4 million (the “**Acquisition**”). As at the date of this report, the Acquisition has been completed and AD Pharmaceuticals has become an indirect wholly-owned subsidiary of the Company. For details of the acquisition, please refer to the announcements of the Company dated February 9, 2024 and March 4, 2024.

Save as disclosed above, the Group did not have material acquisitions or disposals of subsidiaries, associates and joint ventures for the six months ended June 30, 2024.

### 15. Contingent Liabilities

The Group did not have any material contingent liabilities as at June 30, 2024.

### 16. Capital Commitments

The capital commitments of the Group as at June 30, 2024 was RMB778.5 million, as compared to RMB770.0 million as at December 31, 2023. This was primarily attributable to the development of world-class manufacturing facilities in Greater Bay Area Technology Park (Zhongshan) and in Knowledge City Biopharmaceutical Base (Guangzhou). The projects are both currently progressing on schedule and parts of both sites are already in operation. In addition, the Group’s Shanghai R&D center and Guangzhou R&D center also currently under construction.

### 17. Foreign Exchange Risk Exposure

For the six months ended June 30, 2024, the Group mainly operated in China and a majority of its transactions were settled in RMB, the functional currency of the Company’s primary subsidiaries.

As at June 30, 2024, a portion of the Group’s cash and cash equivalents were dominated in Hong Kong dollars and US dollars. Except for certain cash and cash equivalents, other receivables, payables, other payables and accrued expenses denominated in foreign currencies, the Group did not have significant foreign exchange risk exposure from its operations during the Reporting Period.

Our Group currently does not have a foreign currency hedging policy. However, we manage our foreign exchange risk by performing regular reviews of our net foreign exchange exposure, and may potentially use forward contracts to eliminate the foreign exchange risk exposures if such needs arise.

### 18. Employees and Remuneration

As at June 30, 2024, the Group had a total of 2,815 employees.

The total remuneration cost incurred by the Group was RMB539.2 million for the six months ended June 30, 2024, and RMB408.0 million for the six months ended June 30, 2023. The increase in remuneration cost was primarily attributable to the increase in the number of employees, which led to an increase in employees' salaries and benefits.

The remuneration of the employees of the Group comprises salaries, bonuses, employees' provident fund and social security contributions, other welfare payments and equity-settled share award expenses. In accordance with applicable PRC laws, the Group has made contributions to social security insurance funds (including pension plans, medical insurance, work related injury insurance, unemployment insurance and maternity insurance) and housing funds for the Group's employees. We provide training programs to employees, including new hire orientation and continuous on-the-job training in order to accelerate the learning progress and improve the knowledge and skill levels of our employees.

The Company adopted the Pre-IPO RSU Scheme on August 29, 2019. For details, please refer to the section headed "D. Share Incentive Schemes — 1. Restricted Share Unit Scheme" in Appendix IV to the Prospectus. The Pre-IPO RSU Scheme was terminated in accordance with the rules of the Pre-IPO RSU Scheme on June 30, 2024. For details, please refer to the announcement of the Company dated June 5, 2024 and the circular of the Company dated June 6, 2024, respectively. After the termination of the Pre-IPO RSU Scheme, no further awards might be granted thereunder, while the awards already granted before the termination shall remain valid and continue to vest in accordance with the rules of the Pre-IPO RSU Scheme.

The Company also adopted the 2021 RSU Scheme on December 6, 2021. For details, please refer to the announcement of the Company dated December 7, 2021. The 2021 RSU Scheme was amended on June 30, 2024. For details, please refer to the announcement of the Company dated June 5, 2024 and the circular of the Company dated June 6, 2024, respectively.

The Company also adopted the Share Option Scheme on June 28, 2022. For details, please refer to the circular of the Company dated June 1, 2022. The Share Option Scheme was amended on June 30, 2024. For details, please refer to the announcement of the Company dated June 5, 2024 and the circular of the Company dated June 6, 2024, respectively.

### INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend to the Shareholders for the Reporting Period (six months ended June 30, 2023: Nil).

### CORPORATE GOVERNANCE PRACTICES

The Directors recognize the importance of good corporate governance in management and internal procedures to achieve effective accountability. The Company has adopted the code provisions set out in the Corporate Governance Code as its own code to govern its corporate governance practices.

The Company has adopted and complied with all applicable code provisions contained in Part 2 of the Corporate Governance Code throughout the Reporting Period with the exception of code provision C.2.1.

Under code provision C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Under the current organizational structure of the Company, Dr. XIA Yu is the chairwoman and chief executive officer of the Company. With her extensive experience in the industry, the Board believes that vesting the roles of both chairwoman and chief executive officer in the same person provides the Company with strong and consistent leadership, allows for effective and efficient planning and implementation of business decisions and strategies, and is beneficial to the business prospects and management of the Group. Although Dr. XIA Yu performs both the roles of chairwoman and chief executive officer, the division of responsibilities between the chairwoman and chief executive officer is clearly established. In general, the chairwoman is responsible for supervising the functions and performance of the Board, while the chief executive officer is responsible for the management of the business of the Group. The two roles are performed by Dr. XIA Yu distinctly. We also consider that the current structure does not impair the balance of power and authority between the Board and the management of the Company given the appropriate delegation of the power of the Board and the effective functions of the independent non-executive Directors. However, it is the long-term objective of the Company to have these two roles performed by separate individuals when suitable candidates are identified.

The Board will continue to review and monitor the practices of the Company with an aim of maintaining a high standard of corporate governance.

### MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding dealings in the securities of the Company by the Directors and senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company or its securities.

Upon specific enquiry, all Directors confirmed that they had complied with the Model Code throughout the Reporting Period. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group throughout the Reporting Period.



## USE OF NET PROCEEDS

### 1. Use of Net Proceeds from the 2022 Placing

On July 15, 2022, an aggregate of 24,000,000 new Shares were issued at a price of HK\$24.27 per Share to not less than six professional, institutional or other investors who are Independent Third Parties pursuant to the placing agreement (the “**2022 Placing Agreement**”) dated July 8, 2022 (the “**2022 Placing**”), representing approximately 2.85% of the enlarged issued share capital of the Company immediately upon completion of the 2022 Placing.

The placing price of HK\$24.27 per Share represented (i) a discount of approximately 7.0% to the closing price of HK\$26.10 per Share as quoted on the Stock Exchange on the last full trading day prior to the date of the 2022 Placing Agreement, and (ii) a discount of approximately 5.5% to the average closing price of approximately HK\$25.67 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to and including the last full trading day prior to the date of the 2022 Placing Agreement.

The net placing price (after deducting related costs and expenses borne by the Company) was approximately HK\$24.03 per Share. The net proceeds raised from the 2022 Placing were approximately HK\$576.65 million. The following table sets out the status of use of net proceeds from the 2022 Placing as at June 30, 2024:

Item	Percentage	Amount of net proceeds allocated (HK\$ million)	Net proceeds unutilized as at January 1, 2024 (HK\$ million)	Net proceeds utilized during the six months ended June 30, 2024 (HK\$ million)	Net proceeds unutilized as at June 30, 2024 (HK\$ million)
Marketing and commercialization of 開坦尼® (cadonilimab, PD-1/CTLA-4)	40%	230.6	–	–	–
Expediting the Phase III clinical trials of ivonescimab (PD-1/VEGF), including head-to-head trial with pembrolizumab for 1L PD-L1(+) NSCLC, and for EGFR TKI failed NSCLC	20%	115.3	–	–	–
Expediting several Phase III clinical trials of cadonilimab (PD-1/CTLA-4) including for 1L gastric cancer, 1L cervical cancer, etc., to substantiate marketing activities for cadonilimab	20%	115.3	–	–	–
Expediting the Phase III trials and NDA application for ebronucimab (AK102, PCSK9) and ebdarokimab (AK101, IL-12/IL-23)	10%	57.7	16.7	16.7	–
Other general corporate purposes where appropriate	10%	57.7	–	–	–
<b>Total</b>	100%	576.6	16.7	16.7	–

Further details of the 2022 Placing are set out in the announcements of the Company dated July 8, 2022 and July 15, 2022, respectively. During the six months ended June 30, 2024, the net proceeds from the 2022 Placing were used according to the intentions and in the same manner and proportions as previously disclosed by the Company in the announcement dated July 8, 2022. As at June 30, 2024, the net proceeds from the 2022 Placing had been fully utilized.

## 2. Use of Net Proceeds from the 2024 Placing

On March 28, 2024, an aggregate of 24,800,000 new Shares with an aggregate nominal value of US\$248 were issued at a price of HK\$47.65 per Share to not less than six professional, institutional or other investors who are Independent Third Parties pursuant to the placing agreement (the “**2024 Placing Agreement**”) dated March 21, 2024 (the “**2024 Placing**”), representing approximately 2.86% of the enlarged issued share capital of the Company immediately upon completion of the 2024 Placing. The 2024 Placing was intended to fund the purposes set out in the table below.

The placing price of HK\$47.65 per Share represented (i) a discount of approximately 6.02% to the closing price of HK\$50.70 per Share as quoted on the Stock Exchange on the last full trading day prior to the date of the 2024 Placing Agreement, and (ii) a discount of approximately 6.81% to the average closing price of approximately HK\$51.13 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to and including the last full trading day prior to the date of the 2024 Placing Agreement. The new Shares placed under the 2024 Placing had a market value of HK\$1,180.48 million based on the closing price of HK\$47.60 per Share as quoted on the Stock Exchange on the date of the 2024 Placing Agreement.

The net placing price (after deducting related costs and expenses borne by the Company) was approximately HK\$47.18 per Share. The net proceeds raised from the 2024 Placing were approximately HK\$1,170.18 million. The following table sets out the status of use of net proceeds from the 2024 Placing as at June 30, 2024:

Item	Percentage	Amount of net proceeds allocated (HK\$ million)	Net proceeds utilized during the six months ended June 30, 2024 (HK\$ million)	Net proceeds unutilized as at June 30, 2024 (HK\$ million)
R&D in terms of: (a) various pre-clinical programs advancing to IND stage; (b) development of technology platforms (i.e., ADC platform); and (c) expediting the global clinical trial of cadonilimab (PD-1/CTLA-4), ligufalimab (AK117, CD47), etc.	65%	760.6	28.7	731.9
Commercialization of cadonilimab and ivonescimab	25%	292.6	99.9	192.7
Other general corporate purposes where appropriate	10%	117.0	52.5	64.5
<b>Total</b>	100%	1,170.2	181.1	989.1

Further details of the 2024 Placing are set out in the announcements of the Company dated March 21, 2024 and March 28, 2024, respectively. During the six months ended June 30, 2024, the net proceeds from the 2024 Placing were used according to the intentions and in the same manner and proportions as previously disclosed by the Company in the announcement dated March 21, 2024.

The balance of unutilized net proceeds of approximately HK\$989.1 million has been deposited into the Company’s bank account. The Company expects that such net proceeds shall be utilized by December 31, 2025. This expected timeline is based on the best estimation of future market conditions and business operations made by the Company, and remains subject to change based on current and future development of market conditions and actual business needs.

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

On March 28, 2024, the Company completed the 2024 Placing. Further details of the 2024 Placing are set out in the section headed "Use of Net Proceeds" above and the announcements of the Company dated March 21, 2024 and March 28, 2024, respectively.

Save as disclosed above, 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) during the Reporting Period. As at June 30, 2024, the Company did not hold any treasury shares.

### **REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE**

The Audit Committee, comprising Mr. TAN Bo, Dr. XU Yan and Dr. ZENG Junwen, has jointly reviewed with the management the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the unaudited interim condensed consolidated financial information of the Group for the Reporting Period). The Audit Committee considered that the unaudited interim condensed consolidated financial results for the Reporting Period are in compliance with the relevant accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof. The interim condensed consolidated financial information of the Group for the Reporting Period has not been audited. The Company's independent auditor, Ernst & Young, has performed an independent review of the Group's interim financial information for the Reporting Period in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants.

### **CHANGES IN THE BOARD AND THE DIRECTORS' INFORMATION**

With effect from June 30, 2024, Mr. XIA Yu (Ph.D.) has resigned as an executive Director, Dr. ZHOU Yi has resigned as a non-executive Director, and Dr. ZHANG Peng has been appointed as an executive Director.

Dr. ZHANG Peng is a co-founder of the Group. He has been a vice president of the Group since April 2012, and is currently the senior vice president of the Company. Dr. ZHANG is mainly responsible for corporate operations and government affairs of the Group. Dr. ZHANG has served as a vice president of Akeso Biopharma Co., Ltd.\* (中山康方生物醫藥有限公司) since early 2012. He has been a director of AD Pharmaceuticals since February 2017, and a director of Akeso Pharma Co., Ltd.\* (康方藥業有限公司) since November 2018. Dr. ZHANG has approximately 20 years of experience in the therapeutic biologics industry. For the biographical details of Dr. ZHANG Peng, please refer to the announcement of the Company dated July 1, 2024.

Save as disclosed above, there was no other change in the Board and the information of Directors that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the publication of the 2023 annual report of the Company.

### **CONTINUING DISCLOSURE OBLIGATION PURSUANT TO THE LISTING RULES**

Save as disclosed in this report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

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

As at June 30, 2024, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were (a) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (b) required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

### Interests in Shares and underlying Shares

Name of Director/ Chief executive	Capacity/Nature of interest	Number of Shares <sup>(1)</sup>	Approximate percentage of Shares in issue <sup>(2)</sup>
Dr. XIA Yu	Interest in controlled corporation <sup>(3)</sup>	21,000,000 (L)	2.43%
	Trustee and settlor of a discretionary trust <sup>(4)</sup>	57,771,042 (L)	6.67%
	Enforcer <sup>(5)</sup>	25,683,829 (L)	2.97%
	Interest held through voting powers entrusted by other persons <sup>(6)</sup>	132,030,582 (L)	15.25%
Dr. LI Baiyong	Interest in controlled corporation <sup>(7)</sup>	10,934,640 (L)	1.26%
	Trustee and settlor of a discretionary trust <sup>(8)</sup>	42,738,554 (L)	4.94%
Dr. WANG Zhongmin Maxwell	Interest in controlled corporation <sup>(9)</sup>	31,492,881 (L)	3.64%
	Trustee and settlor of a discretionary trust <sup>(10)</sup>	13,706,442 (L)	1.58%
Dr. ZHANG Peng	Settlor of a discretionary trust <sup>(11)</sup>	33,258,065 (L)	3.84%

## Supplementary Information

### Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) Based on a total of 865,857,176 Shares in issue of the Company as at June 30, 2024.
- (3) XIA LLC is a company incorporated in the United States, with all of its voting shares held by Dr. XIA Yu. Dr. XIA Yu is therefore deemed to be interested in the Shares held by XIA LLC under the SFO.
- (4) Dr. XIA Yu is the settlor and trustee of XIA Trust, with certain of her family members as beneficiaries. Dr. XIA Yu is therefore deemed to be interested in the Shares held by XIA Trust under the SFO.
- (5) Aquae Hyperion Limited holds the Shares underlying the awards under the Pre-IPO RSU Scheme for the ESOP Trust. Dr. XIA Yu acts as the settlor and enforcer of the ESOP Trust and is therefore deemed to be interested in the Shares held by Aquae Hyperion Limited under the SFO. Zedra Trust Company (Cayman) Limited is the trustee of the ESOP Trust, which indirectly holds Shares as trust property through Aquae Hyperion Limited, and is therefore deemed to be interested in the Shares held by Aquae Hyperion Limited under the SFO.
- (6) Dr. LI Baiyong, Dr. WANG Zhongmin Maxwell, Dr. ZHANG Peng and their controlled corporations entered into agreement with Dr. XIA Yu to entrust her with their voting rights in the Shares they held.
- (7) LI LLC is a holding company incorporated in the United States, with all of its voting shares held by Dr. LI Baiyong. Dr. LI Baiyong is therefore deemed to be interested in the Shares held by LI LLC under the SFO.
- (8) Dr. LI Baiyong is the settlor and trustee of LI Trust, with certain of his family members as beneficiaries. Dr. LI Baiyong is therefore deemed to be interested in the Shares held by LI Trust under the SFO.
- (9) WANG LLC is a holding company incorporated in the United States, with all of its voting shares held by Dr. WANG Zhongmin Maxwell. Dr. WANG Zhongmin Maxwell is therefore deemed to be interested in the Shares held by WANG LLC under the SFO.
- (10) Dr. WANG Zhongmin Maxwell is the settlor and trustee of WANG Trust, with certain of his family members as beneficiaries. Dr. WANG Zhongmin Maxwell is therefore deemed to be interested in the Shares held by WANG Trust under the SFO.
- (11) Waterband Limited is a holding company incorporated in the British Virgin Islands and is wholly owned by Woodband Limited. Woodband Limited is beneficially owned by Woodband Trust. Dr. ZHANG Peng is the settlor of Woodband Trust, with certain of his family members as beneficiaries. Dr. ZHANG Peng is therefore deemed to be interested in the Shares held by Waterband Limited under the SFO.

Save as disclosed above and to the best knowledge of the Directors, as at June 30, 2024, none of the Directors or the chief executive of the Company had any interests and/or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were (a) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (b) required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

So far as is known to the Directors, as at June 30, 2024, the following corporations/persons (other than the Directors or the chief executive of the Company) had interests of 5% or more in the issued Shares of the Company according to the register of interests required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Capacity/Nature of Interest	Number of Shares <sup>(1)</sup>	Approximate percentage of Shares in issue <sup>(2)</sup>
Cantrust (Far East) Limited	Trustee of a discretionary trust and interest in controlled corporation <sup>(3)</sup>	47,664,282 (L)	5.50%
YAO Yulin	Interest in controlled corporation <sup>(4)</sup>	43,453,668 (L)	5.02%
Green Court Capital Holdings Limited	Interest in controlled corporation <sup>(4)</sup>	43,453,668 (L)	5.02%
Green Court Management Holdings LLC	Interest in controlled corporation <sup>(4)</sup>	43,453,668 (L)	5.02%
Green Court Capital Management Limited	Investment manager	43,453,668 (L)	5.02%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) Based on a total of 865,857,176 Shares in issue of the Company as at June 30, 2024.
- (3) Waterband Limited, which holds 33,258,065 Shares, is wholly owned by Woodband Limited. Woodband Limited is beneficially owned by Woodband Trust. Woodband Trust was established by Dr. ZHANG Peng as settlor with Cantrust (Far East) Limited as trustee. NineSuns Holding Limited, which holds 14,406,217 Shares, is wholly owned by Fourxi Limited. Fourxi Limited is beneficially owned by Fourxi Trust. Fourxi Trust was established by Mr. LUO Wenfeng as settlor with Cantrust (Far East) Limited as trustee. Cantrust (Far East) Limited is therefore deemed to be interested in the Shares held by Waterband Limited and NineSuns Holding Limited under the SFO.
- (4) Based on the information set out in the relevant disclosures made by the relevant substantial Shareholders, Green Court Capital Management Limited is wholly owned by Green Court Management Holdings LLC. Green Court Management Holdings LLC is wholly owned by Green Court Capital Holdings Limited. Green Court Capital Holdings Limited is wholly owned by YAO Yulin. Each of Green Court Management Holdings LLC, Green Court Capital Holdings Limited and YAO Yulin is therefore deemed to be interested in the Shares held by Green Court Capital Management Limited under the SFO.

Save as disclosed above and to the best knowledge of the Directors, as at June 30, 2024, no person (other than the Directors or chief executive of the Company) had registered an interest or a short position in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

### RSU SCHEMES AND SHARE OPTION SCHEME

#### 1. Pre-IPO RSU Scheme

The Company adopted the Pre-IPO RSU Scheme on August 29, 2019, the principal terms of which were disclosed in the section headed “D. Share Incentive Schemes — 1. Restricted Share Unit Scheme” in Appendix IV to the Prospectus.

The Pre-IPO RSU Scheme was terminated in accordance with the rules of the Pre-IPO RSU Scheme on June 30, 2024. For details, please refer to the announcement of the Company dated June 5, 2024 and the circular of the Company dated June 6, 2024. After the termination of the Pre-IPO RSU Scheme, no further awards might be granted thereunder, while the awards already granted before the termination shall remain valid and continue to vest in accordance with the rules of the Pre-IPO RSU Scheme.

##### (a) Purpose and principal terms

The purpose of the Pre-IPO RSU Scheme is to recognize and motivate the contributions by the grantees under the Pre-IPO RSU Scheme (the “**Grantee(s)**”), provide incentives for them to remain with the Company, and attract suitable personnel for further development of the Company. The principal terms of the Pre-IPO RSU Scheme are as follows:

- (i) **Award:** An award of RSU under the Pre-IPO RSU Scheme (“**Award(s)**”) gives a Participant a conditional right upon the vesting of the Award to obtain either Shares or an equivalent value in cash with reference to the market value of the Shares on or about the date of vesting, as determined by the ESOP administration department of the Company (the “**ESOP Department**”) in its absolute discretion, less any tax, fees, levies, stamp duty and other applicable charges. An Award may include, if so specified by the ESOP Department in its entire discretion, cash and non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares from the date that the Award is granted to the date that it vests.
- (ii) **Award price:** Each Participant shall pay RMB1.00 as the Award price to accept the Awards granted to such Participant at the time of acceptance. No other purchase price is payable by the Participant for the Shares awarded under the RSUs.
- (iii) **Scheme limit:** The number of Shares that may be delivered under the Pre-IPO RSU Scheme are 45,270,499 Shares that are held by Aquae Hyperion Limited for the Pre-IPO RSU Scheme.
- (iv) **Participants:** Participants of the Pre-IPO RSU Scheme (the “**Participants**”) include the following:
  - a. the employees or officers (including executive, non-executive and independent non-executive directors of the Group);
  - b. any person or entity (including but not limited to consultants engaged by the Company to provide services to the Group) that provides research, development, consultancy and other technical or operational or administrative support to the Group; and
  - c. any other persons including former employees who, in the sole opinion of the ESOP Department, have contributed or will contribute to the Company or any of its subsidiaries.

There is no maximum limit of RSUs which may be granted to the Participants subject to the compliance of the Listing Rules.

- (v) **Term:** The Pre-IPO RSU Scheme was terminated in accordance with the rules of the Pre-IPO RSU Scheme on June 30, 2024. After the termination of the Pre-IPO RSU Scheme, no further awards might be granted thereunder, while the awards already granted before the termination shall remain valid and continue to vest in accordance with the rules of the Pre-IPO RSU Scheme.
- (vi) **Administration:** The Pre-IPO RSU Scheme shall be subject to the administration of the ESOP Department set up and authorized by the Board. The ESOP Department has the right to (i) interpret and construe the provisions of the Pre-IPO RSU Scheme, (ii) determine the persons who will be granted Awards, the terms on which Awards are granted and the time when the RSU(s) so awarded may vest, (iii) make such appropriate and equitable adjustments to the terms of the Awards granted as it deems necessary, (iv) appoint independent third-party professionals and contractors to assist in the administration of the Pre-IPO RSU Scheme, delegate such powers and/or functions, and make any other decisions or determination relating to the administration of the Pre-IPO RSU Scheme as the ESOP Department deems appropriate. All decisions made by the ESOP Department is final and binding on all parties.
- (vii) **Trustee:** the ESOP Department may appoint independent trustee to assist in the administration and vesting of the Awards and has appointed Zedra Trust Company (Cayman) Limited, trustee service provider and an Independent Third Party, to administer the granting and vesting of the RSU(s).

**(b) Restrictions on Grant**

No grant shall be made to, nor shall any grant be capable of acceptance by, any Participant at a time when the Participant would or might be prohibited from dealing in the Shares by the Listing Rules (where applicable) or by any other applicable rules, regulations or law.

A grant must not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced in accordance with the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of:

- (i) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement,

no Award may be granted. Such period will cover any period of delay in the publication of a results announcement.

The ESOP Department may not grant any Awards to any Participants in any of the following circumstances:

- (i) the requisite approvals for that grant from any applicable regulatory authorities have not been obtained;
- (ii) the securities laws or regulations require that a prospectus or other offering documents be issued in respect of the grant of the Awards or in respect the Pre-IPO RSU Scheme, unless the ESOP Department determines otherwise;
- (iii) the grant would result in a breach by the Company, its subsidiaries or any of the directors of any applicable securities laws, rules or regulations; or
- (iv) where such grant would result in a breach of the limits of the Pre-IPO RSU Scheme.



## Supplementary Information

### **(c) Grant to director**

Where any Award is proposed to be granted to a director of any members of the Group, it shall not be granted on any day on which the financial results of the Company are published and during the period of:

- (i) 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (ii) 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

### **(d) Grant to connected person**

Any grant to any director, chief executive or substantial shareholder of any member of the Group, or any of their respective associates, shall be subject to the prior approval of the independent non-executive directors (excluding the independent non-executive director who is the proposed Grantee of the Awards in question) and shall otherwise be subject to compliance with the requirements of the Listing Rules. Notwithstanding the foregoing, any grant of an Award to a director pursuant to Rule 14A.73(6) of the Listing Rules will be exempted from reporting, announcement and independent Shareholders' approval requirements if the Award forms part of the relevant director's remuneration under his/her service contract.

### **(e) Grant to PRC resident**

If the Grantee is a PRC resident, he or she shall not be entitled to exercise any Award until:

- (i) to the extent applicable, any restriction or condition imposed by the relevant PRC laws, regulations and notices in relation to the subscription of or dealing in shares of overseas listed companies by PRC residents or any law, regulation or notice with similar effects have been abolished or removed or ceased to be applicable to the Participant or the Participant has obtained approval, exemption or waiver from the relevant PRC regulatory authorities for the subscription of and dealing in the Shares; and
- (ii) he or she has given a representation to the Company to the effect that he or she has satisfied all the relevant laws, regulations and notices in exercising the Award.

### **(f) Rights attached to Awards**

The RSU(s) do not carry any right of a Shareholder unless and until such Shares underlying the Award are actually transferred to the Grantee upon the vesting of the RSU(s). Unless otherwise specified by the ESOP Department in its entire discretion in the notice of grant, Grantees do not have any rights to any cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-script distributions from any Shares underlying an Award.

### **(g) Awards to be personal to the Grantee**

Unless otherwise approved by the Company in writing (to the extent permitted by law), an unvested RSU shall be personal to the Grantee and shall not be assignable or transferable by the Grantee provided that following the Grantee's death, unvested RSU(s) may be transferred by will or by the laws of testacy and distribution. The terms of the Scheme and the notice of grant shall be binding upon the executors, administrators, heirs, successors and assigns of the Grantee.

### **(h) Vesting**

Subject to the terms of the Pre-IPO RSU Scheme and the specific terms and conditions applicable to each Award, the RSU(s) granted in an Award shall be subject to a vesting period (if any) and/or the satisfaction of performance and/or other conditions (if any) to be determined by the ESOP Department in its absolute discretion. If such conditions are not satisfied, the vesting date of the RSU(s) shall be postponed for one year. If the vesting terms and conditions of the postponed RSU(s) are not satisfied at the postponed vesting date, the RSU(s) shall automatically lapse.

Upon fulfillment or waiver of the vesting period and vesting criteria (if any) applicable to a Grantee, a vesting notice shall be sent to the Grantee by the ESOP Department, or by any other means the ESOP Department so determines in its sole discretion from time to time, confirming (a) the extent to which the vesting period and conditions have been fulfilled or waived, and (b) the number of Shares (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of these Shares) or the amount of cash the Grantee will receive.

The Grantee is required to execute, after receiving the vesting notice, certain documents set out in the vesting notice that the ESOP Department considers necessary (which may include, without limitation, a certification to the Group that he or she has complied with all the terms and conditions set out in the Pre-IPO RSU Scheme and the Notice of Grant).

For the purposes of vesting of the RSU(s), the ESOP Department may release the RSU(s) to the selected Participants by transferring the number of underlying Shares in respect of the RSU(s) to the selected Participants in such manner as determined by it from time to time. The ESOP Department shall inform the trustee the number of underlying Shares in respect of the RSU(s) being transferred and released to the selected Participant in the manner as determined by the ESOP Department.

If the vesting conditions are not satisfied and no waiver of such condition is granted, the RSU(s) shall be cancelled according to conditions as determined by the ESOP Department in its absolute discretion.

In the event that the Grantee fails to execute the required documents within three months after receiving the vesting notice, the vested RSU(s) will lapse.

Notwithstanding the foregoing, if any relevant parties of the Pre-IPO RSU Scheme would or might be prohibited from dealing in the Shares by the Listing Rules or by any other applicable laws, regulations or rules within the period specified above, the date on which the relevant Shares shall be transferred (as the case may be) to the Grantee shall occur as soon as possible after the date when such dealing is permitted by the Listing Rules or by any other applicable laws, regulations or rules.

The ESOP Department shall, in the event of, among others, a takeover, general offer by way of scheme of arrangement, voluntary winding up, determine in its absolute discretion whether such RSU(s) shall vest and the period within which such RSU(s) shall vest.

**(i) Rights on a takeover**

In the event a general offer by way of voluntary offer, takeover or otherwise (other than by way of scheme of arrangement) is made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the vesting date of any RSU(s), the ESOP Department shall, prior to the offer becoming or being declared unconditional, determine in its absolute discretion whether such RSU shall vest and the period within which such RSU shall vest. If the ESOP Department determines that such RSU(s) shall vest, it shall notify the Grantee that the RSU(s) shall vest and the period within which such RSU(s) shall vest.

**(j) Rights on a scheme of arrangement**

In the event a general offer for Shares by way of scheme of arrangement is made to all the Shareholders and has been approved by the necessary number of shareholders at the requisite meetings prior to the vesting of any RSU(s), the ESOP Department shall, prior to such meetings, determine in its absolute discretion whether such RSU(s) shall vest and the period within which such RSU(s) shall vest. If the ESOP Department determines that such RSU(s) shall vest, it shall notify the Grantee that the RSU(s) shall vest and the period within which such RSU(s) shall vest.

**(k) Rights on a voluntary winding-up**

In the event a notice is given by the Company to its Shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up the Company prior to the vesting date of any RSU(s), the ESOP Department shall determine in its discretion whether such RSU(s) shall vest, and the period when such RSU(s) shall vest and in the latter case, the unvested RSU(s) must be vested and effected by no later than two Business Days before the day of the proposed shareholders' meeting. If the ESOP Department determines that such RSU(s) shall vest, it shall notify the Grantee that the RSU(s) shall vest and the period within which such RSU(s) shall vest.

**(l) Rights on a compromise or arrangement**

In the event of a compromise or arrangement, other than a scheme of arrangement contemplated above, between the Company and its members and/or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of the Company, the ESOP Department shall determine in its discretion whether such RSU(s) shall vest, and the period when such RSU(s) shall vest. If the ESOP Department determines that such RSU(s) shall vest, it shall notify the Grantee that the RSU(s) shall vest and the period within which such RSU(s) shall vest.

**(m) Lapse and cancellation of RSU**

An unvested RSU shall be lapsed and cancelled automatically upon the earliest of:

- (i) the date of the termination of the Grantee's employment or service by the Company or any of its subsidiaries for cause;
- (ii) the date of the termination of the Grantee's employment or service with the Company or the subsidiaries is terminated for any reason other than for cause (including by reason of resignation, retirement, death, disability or non-renewal of the employment or service agreement upon its expiration for any reason other than for cause);
- (iii) the date on which the offer (or, as the case may be, revised offer) made in connection with a general or voluntary offer closes;
- (iv) the record date for determining entitlements under the scheme of arrangement referred above closes;
- (v) the date of the commencement of the winding-up of the Company;
- (vi) the date on which the Grantee commits a breach of paragraph (g) above; or
- (vii) the date on which it is no longer possible to satisfy any outstanding conditions to vesting.

Unless the ESOP Department determines otherwise in its absolute discretion, the Grantee or his/her legal personal representative is entitled to exercise vested RSU(s) by serving the application for exercising unvested RSU(s) within one month following the occurrence of the termination of Grantee's employment or service with the Company or the subsidiaries which is terminated for any reason other than for cause (including by reason of resignation, retirement, death, disability or non-renewal of the employment or service agreement upon its expiration for any reason other than for cause).

Subject to the applicable laws, the vested RSU(s) prior to being exercised and the underlying shares or proceeds obtained by the Grantee from exercising the vested RSU(s) less the exercise price of the Grantee's RSU(s) shall be returned by the Grantee to the Company per the ESOP Department's request following the occurrence of one of more of the following events:

- (i) the Grantee's employment is terminated by the Company or any of its subsidiaries for cause;
- (ii) or the Grantee either: (a) becomes an officer, director, employee, consultant, adviser, partner of or stockholder or other proprietor owning more than 5% interest in any competitor; or (b) knowingly performs any act that may confer a competitive benefit or advantage upon any competitor, at any time before or within 12 months after the Grantee's employment is terminated by the Company or any of its subsidiaries for any reason.

### **(n) Further restrictions on RSU**

The Grantee shall not be entitled to sell, transfer or deal with the Shares underlying the RSU(s) granted pursuant to the Pre-IPO RSU Scheme upon the occurrence of one or more of the following events:

- (i) the Grantee's employment is terminated by the Company or any of its subsidiaries for cause; or
- (ii) the Grantee either: (a) becomes an officer, director, employee, consultant, adviser, partner of or stockholder or other proprietor owning more than 5% interest in any competitor; or (b) knowingly performs any act that may confer a competitive benefit or advantage upon any competitor,

at any time before or within 12 months after the Grantee's employment is terminated by the Company or any of its subsidiaries for any reason.

If the Grantee sells, transfers or deals with the Shares in breach of the above, the Grantee shall pay the Company the proceeds or consideration obtained (less the exercise price of the Grantee's RSU(s)) as a result of such breach upon demand by the Company.

The ESOP Department may at any time cancel any unvested RSU granted to a Grantee subject to consent by the Grantee. Where the Company cancels unvested RSU(s) and makes a grant of new RSU(s) to the same Grantee, such grant may only be made with available RSU(s) to the extent not yet granted (excluding the cancelled RSU(s)).

Notwithstanding the aforesaid in this paragraph, in each case, the ESOP Department may in its absolute discretion decide that any RSU(s) shall not be cancelled or determine subject to such conditions or limitations as the ESOP Department may decide.

### **(o) Reorganization of capital structure**

In the event of an alteration in the capital structure of the Company, by way of capitalization of profits or reserves, bonus issue, rights issue, open offer, subdivision or consolidation of shares, reduction of the share capital, amongst others, of the Company, whilst any RSU(s) has not vested, such corresponding alterations (if any) shall be made to the number or nominal amount of Shares subject to the RSU(s) so far as unvested as the auditors or an approved independent financial adviser shall certify in writing, either generally or as regard any particular Grantee, to have in their opinion, fairly and reasonably satisfied the requirement that such adjustments give a Participant the same proportion (or rights in respect of the same proportion) of the share capital of the Company as that to which that Grantee was previously entitled, but that no such adjustments be made to the extent that a Share would be issued at less than its nominal value.

However, in the case of any capitalization issue or share sub-division to be implemented by the Company as required for the purpose of the Global Offering, no such certification by the auditors or a financial advisor shall be required.

### **(p) Amendment of the Pre-IPO RSU Scheme**

Save for any material amendments to the Pre-IPO RSU Scheme, the Pre-IPO RSU Scheme may be altered in any respect by a resolution of the ESOP Department. The ESOP Department's determination as to whether any proposed alteration to the terms and conditions of the Pre-IPO RSU Scheme is material shall be conclusive, provided in each case that such decision is made in accordance with the articles of association of the Company and any applicable laws.

**(q) Termination of the Pre-IPO RSU Scheme**

The Board or the ESOP Department may at any time terminate the operation of the Pre-IPO RSU Scheme and in such event no further RSU(s) will be offered but in all other respects the provisions of the Pre-IPO RSU Scheme shall remain in full force and effect in respect of RSU(s) which are granted during the life of the Pre-IPO RSU Scheme and which remain unvested immediately prior to the termination of the operation of the Pre-IPO RSU Scheme.

**(r) General**

As at January 1, 2024, there were 2,142,138 RSUs outstanding under the Pre-IPO RSU Scheme. No grant was made under the Pre-IPO RSU Scheme during the Reporting Period. As at June 30, 2024, no outstanding RSU was granted to (i) the Directors, chief executive or substantial Shareholders of the Company, or their respective associates, or the five highest paid individuals during the Reporting Period; (ii) Participant with options and awards granted and to be granted in excess of the 1% individual limit; or (iii) related entity Participant or service provider with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the issued Shares. During the Reporting Period, the movements in the RSUs granted under the Pre-IPO RSU Scheme were as follows:

Name or category of Participant	Date of grant	Number of Shares underlying RSUs					Outstanding as at June 30, 2024	Vesting period	Purchase price per RSU granted
		Outstanding as at January 1, 2024 <sup>(Note 1)</sup>	Granted during the Reporting Period <sup>(Note 2)</sup>	Vested during the Reporting Period <sup>(Note 3)</sup>	Lapsed during the Reporting Period	Cancelled during the Reporting Period			
<b>Other employee Participants</b>									
	December 18, 2020	1,797,538	–	117,650	–	–	1,679,888	1 to 4 years	HK\$0.001 or HK\$1
	January 4, 2021	46,000	–	–	–	–	46,000	1 to 5 years	HK\$1
	April 1, 2021	3,500	–	1,500	4,000	–	-2,000	1 to 5 years	HK\$1
	June 30, 2021	1,600	–	600	–	–	1,000	1 to 5 years	HK\$1
	July 2, 2021	1,000	–	–	–	–	1,000	1 to 5 years	HK\$1
	August 9, 2021	210,000	–	–	–	–	210,000	1 to 5 years	HK\$1
	November 12, 2021	3,500	–	–	3,500	–	–	1 to 5 years	HK\$1
	January 4, 2022	25,000	–	4,000	–	–	21,000	1 to 4 years	HK\$1
	February 16, 2022	36,000	–	8,000	–	–	28,000	1 to 4 years	HK\$1
<b>Other service providers</b>									
	December 18, 2020	8,000	–	8,000	–	–	–	2 to 4 years	HK\$1
	July 1, 2022	10,000	–	–	–	–	10,000	1 to 3 years	HK\$1
<b>Total</b>		2,142,138	–	139,750	7,500	–	1,994,888		

Notes:

- (1) Include RSUs which were outstanding as at January 1, 2024 based on the date of the relevant RSU vesting documents. The outstanding RSUs granted have no exercise period.
- (2) As no RSU was granted under the Pre-IPO RSU Scheme during the Reporting Period, the disclosure requirements under Rule 17.07(1)(c) of the Listing Rules are not applicable.
- (3) The vesting of the RSUs granted are not subject to any performance target. The purchase price of the 139,750 RSUs vested during the Reporting Period is HK\$1 per Share. The weighted average closing price of the Shares underlying the RSUs immediately before the date on which the RSUs were vested was HK\$51.00 per Share.

The number of RSUs available for grant under the scheme limit of the Pre-IPO RSU Scheme as at January 1, 2024 was 22,436,691. The Pre-IPO RSU Scheme was terminated in accordance with the rules of the Pre-IPO RSU Scheme on June 30, 2024. After the termination of the Pre-IPO RSU Scheme, no further awards might be granted thereunder. As at the date of this report, nil Shares underlying the RSUs granted under the Pre-IPO RSU Scheme were available for issue.

The Pre-IPO RSU Scheme has no service provider sublimit under Chapter 17 of the Listing Rules.

## 2. 2021 RSU Scheme

The Company adopted the 2021 RSU Scheme on December 6, 2021. The 2021 RSU Scheme was amended on June 30, 2024. For details, please refer to the announcement of the Company dated June 5, 2024 and the circular of the Company dated June 6, 2024, respectively.

### (a) Purpose

The purpose of the 2021 RSU Scheme is to recognize the contributions by certain participants and to provide them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

### (b) Administration

The 2021 RSU Scheme shall be subject to the administration of the Board and the trustee in accordance with the 2021 RSU Scheme Rules and the trust deed. The Board may by resolution delegate any or all of its powers in the administration of the 2021 RSU Scheme to any person(s) as from time to time authorized by the Board for such purpose. The decision of the Board with respect to any matter arising under the 2021 RSU Scheme (including the interpretation of any provision) shall be final and binding.

### (c) Duration

Subject to any early termination as may be determined by the Board, the 2021 RSU Scheme shall be valid and effective for a term of (10) years commencing on December 6, 2021, after which period no further awards ("**Award(s)**") will be granted, but the provisions of the 2021 RSU Scheme will in all other respects remain in full force and effect and Awards that are granted from December 6, 2021 until the tenth (10th) anniversary of December 6, 2021 may continue to be exercisable in accordance with their terms of issue.

**(d) Selected participants**

The selected participants (“**Selected Participant(s)**”) include any Employee Participant or any Service Provider selected by the Board for participation in the 2021 RSU Scheme. In determining the eligibility of and the number of Awards to be granted to any Selected Participant who is an Employee Participant, the Board will assess their potential and/or actual contribution to the Group. For the basis of determining the eligibility of Director as Selected Participant, the Board will consider period of employment, responsibilities, time commitment, knowledge in the industry and prevailing market practice. For the basis of determining the eligibility of senior management and other employee as Selected Participant, the Board will consider individual performance, time commitment, responsibilities, work experience, professional qualifications and knowledge in the industry.

In determining the eligibility of and the number of Awards to be granted to any Selected Participant who is a Service Provider, the Board shall take into consideration matters including, but without limitation to:

- (i) the scale of their business dealings with the Group, the length of business relationships between them and the Group, the positive impacts (in terms of, including without limitation, proactively promoting/catalyzing the continuing development and growth of the Group, and bringing innovation, new talents and expertise to the Group), potential and/or actual contribution on the Group’s business development, the future plans in relation to further business collaboration and generally the significance to the Group of building long-term business relationships with them;
- (ii) whether such Service Provider has a proven track record of timely delivery of services, the quality of services delivered, the scale of their business dealings with the Group, the ease of replacing such Service Provider(s) with another Service Provider which could offer similar quality and consistency in the provision of services;
- (iii) the potential and/or actual degree of involvement in and/or cooperation with the Group with regard to the number, scale and nature of projects, and the period of engagement/cooperation/business relationship with the Group;
- (iv) whether the Service Provider is regarded as a valuable human resource of the Group based on the person’s work experience, professional qualifications, knowledge in the industry or other relevant factors (including without limitation technical knowhow, market competitiveness, synergy between him/her and the Group, external business connections, strategic value, and repute and credibility); and/or
- (v) the usual fees chargeable by other Service Provider in the market and the contribution of the advisors and consultants in considering whether to grant Awards to them.



### (e) **Scheme limit**

The total number of Shares which may be issued in respect of all options and awards involving issue of new Shares that may be granted under the 2021 RSU Scheme and any other share scheme(s) adopted by the Company must not exceed 10% (excluding treasury shares) of the issued share capital of the Company as at June 30, 2024, being 86,585,717 Shares, unless otherwise permitted by the Listing Rules or the Company obtains the approval of its Shareholders. Awards lapsed in accordance with the terms of the 2021 RSU Scheme shall not be counted for the purpose of calculating the scheme limit. No Award may be granted under the 2021 RSU Scheme if this will result in the limit being exceeded.

Within the scheme limit, the total number of Shares which may be issued in respect of all options and awards involving issue of new Shares that may be granted under the 2021 RSU Scheme and any other share scheme(s) of the Company to the Service Providers must not in aggregate exceed 8,658,571 Shares, representing 1% (excluding treasury shares) of the total number of Shares in issue as at June 30, 2024.

The Company may seek the approval of its Shareholders in general meeting to refresh the scheme limit or the Service Provider submit subject to compliance with the requirements of Listing Rules.

### (f) **Restrictions**

No Award shall be made by the Board and no instructions to acquire any Shares shall be given to the trustee under the 2021 RSU Scheme where dealings in the Shares are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time. Without limiting the generality of the foregoing, no such instruction is to be given and no such grant is to be made:

- (i) after an event involving inside information in relation to affairs or securities of the Company has occurred or a matter involving inside information in relation to the securities of the Company has been the subject of a decision, until such inside information has been publicly announced in accordance with the applicable laws and the Listing Rules;
- (ii) to any Selected Participant during the period commencing 30 days immediately before the earlier of (a) the date of the Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the results of the Company for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (b) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement. The period during which no Award may be granted will cover any period of delay in the publication of results announcement;
- (iii) to any Director (a) during the period of 60 days immediately preceding the publication date of the annual results for any financial period of the Company or, if shorter, the period from the end of the relevant financial period up to the publication date of the results; and (b) during the period of 30 days immediately preceding the publication date of the interim results for any financial period of the Company or, if shorter, the period from the end of the relevant half-year period of the financial period up to the publication date of the results; or
- (iv) in any circumstance which is prohibited under the Listing Rules, the SFO or any other law or regulation or where any requisite approval from any governmental or regulatory authority has not been granted.

**(g) Operation**

According to the 2021 RSU Scheme, any Award Shares shall either be (i) existing Shares transferred, gifted, assigned, or conveyed to the trust or as may be purchased by the trustee on the Stock Exchange or off the market; or (ii) new Shares to be allotted and issued to the trustee by the Company under the scheme limit; or (iii) treasury shares transferred, gifted, assigned, or conveyed to the trust subject to the Listing Rules.

The Board may from time to time cause to be paid a contributed amount to the trust by way of settlement or otherwise which shall constitute part of the trust fund, for the purchase or subscription (as the case may be) of Shares and other purposes set out in the 2021 RSU Scheme Rules and the trust deed, which shall be funded by internal resources of the Company other than the proceeds from the listing of the Shares on the Stock Exchange. Subject to prior written direction and/or consent of the Board, the trustee may accept Shares transferred, gifted, assigned, or conveyed to the trust from the Company or any party designated by the Company from time to time in such number as such party designated by the Company may at their sole discretion determine, which shall constitute part of the trust fund.

Subject to the 2021 RSU Scheme Rules, in the event that the Award Shares are to be allotted and issued as new Shares for the purpose of the trust, the Board shall cause an amount equal to the total subscription price of such new Shares to be allotted and issued be transferred from the Company's resources to the trustee according to the 2021 RSU Scheme Rules and cause to issue and allot to the trustee such number of new Shares corresponding to the aforesaid total subscription price at such issue price per Share as shall be determined by the Board, which shall be held upon trust for the relevant Selected Participant subject to the terms and conditions set out in the 2021 RSU Scheme Rules and the trust deed. The Company shall issue and allot such new Shares at not less than nominal value to the trustee. The Company shall comply with the relevant Listing Rules and the articles of association of the Company when allotting and issuing any new Shares and application shall be made to the Stock Exchange for the granting of the listing of, and permission to deal in, the new Shares to be issued to the trustee. Subject to the 2021 RSU Scheme Rules, the Board may from time to time instruct the trustee in writing to purchase the Shares on the Stock Exchange and to hold them in trust for the benefit of the Selected Participants under the trust on and subject to the terms and conditions of the 2021 RSU Scheme Rules and the trust deed.

**(h) Grant**

Subject to the provisions of the 2021 RSU Scheme, the Board may, from time to time, at its absolute discretion select any participant for participation in the 2021 RSU Scheme as a Selected Participant, and grant such number of RSUs to any Selected Participant at such consideration and in such number and on and subject to such terms and conditions as it may in its absolute discretion determine. In the event that a Selected Participant or his/her/its associate(s) is a member of the Board, such person will abstain from voting on any approval by the Board of the Award to such Selected Participant. The amount of grant consideration, if any, shall be determined by the Board in its absolute discretion, based on considerations such as the prevailing closing price of the Shares, the purpose of the Awards and the contribution of the Selected Participant. Except for such grant consideration which shall be paid in such manner and on or before such deadline(s) as prescribed in the relevant grant notice, no other purchase price shall be paid for the Awards, and thus there is no period within which payments or calls must or may be made or loans for such purposes must be repaid.

Where any grant of Award is proposed to be made to any Selected Participant who is a Director (including an independent non-executive Director), chief executive, or substantial Shareholder of the Company or any of their respective associates, such grant must first be approved by the independent non-executive Directors of the Company (excluding any independent non-executive director of the Company who is intended to be the Selected Participant). Where any grant of Award to a director (other than an independent non-executive Director) or chief executive of the Company, or any of their associates would result in the Shares issued and to be issued in respect of all awards granted (excluding any awards lapsed in accordance with the terms of the relevant scheme) to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the Shares in issue (excluding treasury shares), such further grant of awards must be approved by the Shareholders in general meeting in accordance with Chapter 17 of the Listing Rules.

Where any grant of Awards to an independent non-executive Director or a substantial Shareholder of the Company, or any of their respective associates, would result in the Shares issued and to be issued in respect of all options and awards granted (excluding any options and awards lapsed in accordance with the terms of the relevant scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue (excluding treasury shares), such further grant of Awards must be approved by the Shareholders in general meeting in the manner set out in Rule 17.04(4) of the Listing Rules.

Where any grant of Awards and any other awards to a participant would result in the Shares issued and to be issued in respect of all options and awards granted to such person (excluding any options and awards lapsed in accordance with the terms of the relevant scheme) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the Shares in issue (excluding treasury shares), such grant must be separately approved by the Shareholders in general meeting with such participant and his/her close associates (or associates if the participant is a connected person) abstaining from voting.

Prior to the vesting date, any Award made under the 2021 RSU Scheme Rules shall be personal to the Selected Participant to whom it is made and shall not be assignable or transferrable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any other person over or in relation to the RSUs referable to him pursuant to such Award, except for when a waiver is obtained from the Stock Exchange for the transfer to a vehicle (such as a trust or a private company) for the benefit of the Selected Participant and any family members of such participant that would continue to meet the purpose of the 2021 RSU Scheme and comply with other requirements of Chapter 17 of the Listing Rules and express written consent is obtained from the Board or its delegates, subject to the compliance with the Listing Rules. The Award Shares will be subject to all the provisions of the articles of association of the Company and will rank *pari passu* with the fully paid Shares then in issue.

### **(i) Vesting and lapse**

The Board is entitled to impose any conditions (including a period of continued service within the Group after the Award), as it deems appropriate in its absolute discretion with respect to the vesting of the RSUs on the Selected Participant. Such conditions may include, among others, performance targets (if any as determined by the Board in its absolute discretion), which may comprise a mixture of key performance indicators components (such as the business performance of the Group, which may relate to the Group's strategic objectives, operational targets and plans for future development, and financial performance of the Group, which may include financial targets of the Group on a targeted or comparative basis, and individual annual performance assessment results). The Board will conduct assessment from time to time by comparing the performance with the pre-set targets to determine whether such targets and the extents to which have been met. If, after the assessment, the Board determines that any prescribed performance targets have not been met, the Award(s) shall lapse automatically. Subject to applicable laws and regulations, the Board shall be at liberty to waive any vesting conditions. Shares underlying any RSUs granted under the 2021 RSU Scheme that lapse for any reason without having been vested and Shares underlying the unvested portion of any RSUs in case of partial vesting will, to the extent not prohibited by applicable laws and regulations, be available for subsequent Award grants under the 2021 RSU Scheme.

Subject to the terms and condition of the 2021 RSU Scheme and the fulfillment of all vesting conditions to the vesting of the RSUs on such Selected Participant and all requirements applicable to such Selected Participant as specified in the 2021 RSU Scheme and the relevant grant notice (unless waived by the Board), the respective RSUs granted to the Selected Participant pursuant to the provision of the 2021 RSU Scheme Rules shall vest in such Selected Participant in accordance with the vesting schedule as set out in the grant notice, and the trustee shall cause the Award Shares to be transferred to such Selected Participant on the vesting date. For the avoidance of doubt, (i) any long leave of absence, as the Board may determine, shall be deducted from period of service for the purpose of counting vesting period, and (ii) the minimum vesting period must be 12 months commencing from the date upon which the Award is accepted or deemed to be accepted in accordance with the 2021 RSU Scheme, save and except that with respect to a Selected Participant who is an Employee Participant, a shorter vesting period may be permitted in circumstances set out below:

- (i) grants of “make-whole” share awards to new joiners to replace the share awards they forfeited when leaving the previous employers;
- (ii) grants to a participant whose employment is terminated due to death or disability or occurrence of any out-of-control event;
- (iii) grants of Awards with performance-based vesting conditions in lieu of time-based vesting criteria;
- (iv) grants that are made in batches during a year for administrative and compliance reasons, such as Awards that should have been granted earlier but had to wait for a subsequent batch. In such cases, the vesting periods may be shorter to reflect the time from which an award would have been granted;
- (v) grants of Awards with a mixed or accelerated vesting schedule such as where the Awards may vest evenly over a period of 12 months; and
- (vi) grants of Awards with a total vesting period of more than 12 months, such as where the Awards may vest by several batches with the first batch to vest within 12 months of the date of grant and the last batch to vest 12 months after.

In respect of a Selected Participant who died or retired by agreement with a member of the Group at any time prior to or on the vesting date, all the RSUs of the relevant Selected Participant shall be deemed to be vested on the day immediately prior to his death or the day immediately prior to his retirement with the relevant member of the Group.

Unless otherwise specified by the Board in its entire discretion, the Selected Participants do not have any rights to any cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions from any Award Shares (including those arising on a liquidation of the Company) before such Shares are transferred to such Selected Participants. If the Board in its discretion so determines that any cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in relation to the Award Shares be paid to the Selected Participants even though the RSUs have not yet vested, the Board may at its discretion, subject to the 2021 RSU Scheme and Listing Rules, with or without further conditions, transfer additional Shares (which should be existing Shares as may be purchased by the trustee on the Stock Exchange or off the market) or cash award out of the trust fund representing all or part of the income or distributions (including but not limited to cash income or dividends, cash income or net proceeds of sale of non-cash and non-scrip distribution, bonus Shares and scrip dividends) declared by the Company or derived from such Award Shares during the period from the date of Award to the vesting date to a Selected Participant upon the vesting of any RSUs. In the event that an Award of RSUs becomes lapsed, the Award Shares underlying the RSUs and/or the relevant income or distributions shall remain as part of the trust fund.

### **(j) Cancellation and clawback**

The Board may at any time cancel any unvested Awards previously granted to a Selected Participant. Where the Company cancels Awards and offers Awards to the same Selected Participant, the offer of such new Awards may only be made with available Awards to the extent not yet granted (excluding the cancelled Awards) within the limit as mentioned in paragraph (e) above pursuant to Rule 17.03B or Rule 17.03C of the Listing Rules. The Awards cancelled will be regarded as utilized for the purpose of calculating the limit as mentioned therein. Upon the occurrence of any of the following in relation to a Selected Participant, the Company shall propose that no further Awards shall be granted to him and shall claw back the Awards granted to such Selected Participant and such Awards shall lapse automatically: (a) the results of the economic responsibility audit and other reports proved that the Selected Participant has failed to perform duties effectively or is involved in serious misconduct or malfeasance; (b) the Selected Participant has contravened the relevant laws and regulations of PRC and/or Hong Kong or the provisions of the articles of association of the Company; (c) the Selected Participant has, during his tenure of office, been involved in acceptance or solicitation of bribery, corruption, theft, leakage of trade and technical secrets, conducted connected transactions and other unlawful acts and misconducts, which prejudiced the interest and reputation of and caused significant negative impact to the image of the Company; (d) the Selected Participant has failed to discharge, or failed to discharge properly, his duties and thereby resulting in serious loss in assets to the Company and other serious and adverse consequences; (e) the Selected Participant is dismissed due to the breach of the relevant laws and regulations of PRC and/or Hong Kong or the provisions of the articles of association of the Company; or (f) the Selected Participant joins a competitor or forming a competing business after leaving the Company.

### **(k) Disqualification of Selected Participant**

In the event that prior to or on the vesting date, a Selected Participant is found to be an excluded participant or is deemed to cease to be a Selected Participant, including but not limited to the following circumstances:

- (i) where such person has committed any act of fraud or dishonesty or serious misconduct, whether or not in connection with his employment or engagement by any member of the Group and whether or not it has resulted in his employment or engagement being terminated by the relevant member of the Group;
- (ii) where such person has been declared or adjudged to be bankrupt by a competent court or governmental body or has failed to pay his debts as they fall due (after the expiry of any applicable grace period) or has entered into any arrangement or composition with his creditors generally or an administrator has taken possession of any of his assets;
- (iii) where such person has been convicted of any criminal offence; or
- (iv) where such person has been convicted of or is being held liable for any offence under or any breach of the SFO or other securities laws or regulations in Hong Kong or any other applicable laws or regulations in force from time to time,

unless agreed specifically between the Selected Participant and the Company to the extent permitted under the laws or regulations of such place or where in the view of the Board or the trustee (as the case may be), compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such Selected Participant, the relevant Award made to such Selected Participant shall automatically lapse forthwith and the relevant Award Shares shall not vest on the relevant vesting date but shall remain part of the trust fund and such returned RSUs shall be applied by the trustee towards future Awards in accordance with the 2021 RSU Scheme Rules.

**(l) Voting rights**

The RSUs, whether vested or not, do not carry any right to vote at general meetings of the Company. Notwithstanding that the trustee is the legal registered holder of the Shares held upon trust pursuant to the trust deed, the trustee shall not exercise the voting rights attached to such Shares. For the avoidance of doubt, the trustee holding unvested Shares of the 2021 RSU Scheme, whether directly or indirectly, shall abstain from voting on matters that require Shareholders' approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given. Unless otherwise specified by the Board in its entire discretion, the Selected Participants do not have any rights to any cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions from any Award Shares (including those arising on a liquidation of the Company) before such Shares are transferred to such Selected Participants.

**(m) Reorganization of capital structure**

In the event of any alteration in the capital structure of the Company whilst any Award remains exercisable, whether by way of capitalization of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of the Company in accordance with applicable laws and regulatory requirements, such corresponding adjustments (if any) shall be made to the number of Shares subject to the 2021 RSU Scheme or any Awards granted (insofar as it is/ they are unvested); and/or the grant consideration (if any), which should give a Selected Participant the same proportion of the equity capital, rounded to the nearest whole share, as that to which that Selected Participant was previously entitled, and an independent financial adviser or the auditors shall certify in writing to the Board that the adjustments satisfy the requirements set out under the note to Rule 17.03(13) of the Listing Rules, provided that no such adjustment shall be made the effect of which would be to enable any Share to be issued at less than its nominal value. The issue of Shares or other securities of the Group as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment. Any such adjustment shall be in compliance with the Listing Rules and such applicable rules, codes, guidance notes and/or interpretation of the Listing Rules from time to time promulgated by the Stock Exchange.

The method of adjustment of number of Award Shares so far as unvested is set out as below:

**(i) Conversion of capital reserve into new Shares, issue of bonus Shares or Share subdivision**

$$Q = Q_0 \times (1 + n)$$

Where: "Q<sub>0</sub>" represents the number of Award Shares before the adjustment; "n" represents the ratio per Share of the conversion of capital reserve into new Shares, issue of bonus Shares or Share subdivision; "Q" represents the number of Award Shares after the adjustment.

**(ii) Share consolidation and reduction of share capital**

$$Q = Q_0 \times n$$

Where: "Q<sub>0</sub>" represents the number of Award Shares before the adjustment; "n" represents the ratio of consolidation or ratio of share capital reduction; "Q" represents the number of Award Shares after the adjustment.

## Supplementary Information

(iii) *rights issue*

$$Q = Q_0 \times P1 \times (1 + n) \div (P1 + P2 \times n)$$

Where: "Q<sub>0</sub>" represents the number of Award Shares before the adjustment; "P1" represents the closing price as at the record date; "P2" represents the subscription price of the rights issue; "n" represents the ratio of allotment; "Q" represents the number of Award Shares after the adjustment.

The method of adjustment of the grant consideration (if any) is set out as below:

(i) *Conversion of capital reserve into new Shares, issue of bonus Shares or Share subdivision*

$$P = P_0 \div (1 + n)$$

Where: "P<sub>0</sub>" represents the grant consideration of Awards before the adjustment; "n" represents the ratio per Share of the conversion of capital reserve into new Shares, issue of bonus Shares or Share subdivision; "P" represents the grant consideration of Awards after the adjustment.

(ii) *Share consolidation and reduction of share capital*

$$P = P_0 \div n$$

Where: "P<sub>0</sub>" represents the grant consideration of Awards before the adjustment; "n" represents the ratio of consolidation or ratio of share capital reduction; "P" represents the grant consideration of Awards after the adjustment.

(iii) *Rights issue*

$$P = P_0 \times (P1 + P2 \times n) \div (P1 \times (1 + n))$$

Where: "P<sub>0</sub>" represents the grant consideration of Awards before the adjustment; "P1" represents the closing price as at the record date; "P2" represents the subscription price of the rights issue; "n" represents the ratio of allotment; "P" represents the grant consideration of Awards after the adjustment.

(n) **Duration**

Unless terminated earlier by the Board pursuant to the 2021 RSU Scheme Rules, the 2021 RSU Scheme shall be valid and effective for ten years commencing from December 6, 2021, after which period no further Awards will be granted.

**(o) Termination**

The 2021 RSU Scheme shall terminate on the earlier of (i) the tenth anniversary date from December 6, 2021; and (ii) such date of early termination as determined by the Board by a resolution of the Board, provided that such termination shall not affect any subsisting rights of any Selected Participant.

Upon termination, (i) no further grant of RSUs may be made under the 2021 RSU Scheme; (ii) all the RSUs referable to the date of expiry of the trust which are not vested shall be vested in the relevant Selected Participants and all the Award Shares shall continue to be held by the trustee and be transferred to the Selected Participants according to the 2021 RSU Scheme Rules; (iii) all Shares remaining in the trust fund shall be sold (or as otherwise determined by the Board) by the trustee within 28 business days (on which the trading of the Shares has not been suspended); and (iv) net proceeds of sale (if so sold) and such other funds and properties remaining in the trust fund managed by the trustee (after making appropriate deductions) shall be remitted to the Company forthwith (except as otherwise determined by the Board).

**(p) Alteration**

The 2021 RSU Scheme may be altered in any respect by an ordinary resolution of the Board except that (a) any alterations to the provisions of the 2021 RSU Scheme as to (i) the terms and conditions of the 2021 RSU Scheme which are of a material nature; (ii) the provisions relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of the Selected Participants; and (b) any change to the authority to alter the terms of the 2021 RSU Scheme of the Board, the administration committee or any other committee or subcommittee or any person(s) as from time to time authorized by the Board for the purpose of administering the 2021 RSU Scheme or the trustee, must be approved by Shareholders in general meeting.

Any change to the terms of Awards granted to a participant must be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the options or awards was approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be). This requirement does not apply where the alterations take effect automatically under the existing terms of the 2021 RSU Scheme.

The amended terms of the 2021 RSU Scheme or the Awards must still comply with the relevant requirements of the Chapter 17 of the Listing Rules.



## Supplementary Information

### (q) General

As at January 1, 2024, there were 610,000 RSUs outstanding under the 2021 RSU Scheme. The outstanding RSUs will be satisfied with existing Shares and no new Shares will be issued. No grant was made under the 2021 RSU Scheme during the Reporting Period. As at June 30, 2024, no outstanding RSU was granted to (i) the Directors, chief executive or substantial Shareholders of the Company, or their respective associates, or the five highest paid individuals during the Reporting Period; (ii) participant with options and awards granted and to be granted in excess of the 1% individual limit; or (iii) related entity participant or Service Provider with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the issued Shares. During the Reporting Period, the movements in the RSUs granted under the 2021 RSU Scheme were as follows:

Name or category of participant	Date of grant	Number of Shares underlying RSUs					Outstanding as at June 30, 2024	Vesting period	Purchase price per RSU granted
		Outstanding as at January 1, 2024 <sup>(Note 1)</sup>	Granted during the Reporting Period <sup>(Note 2)</sup>	Vested during the Reporting Period <sup>(Note 3)</sup>	Lapsed/ forfeited during the Reporting Period	Cancelled during the Reporting Period			
<b>Directors or chief executive and their associates</b>									
Mr. XIA Yu (Ph.D.) <sup>(Note 4)</sup>	September 6, 2023	500,000	–	500,000	–	–	–	Within 1 year	HK\$0.001
<b>Other employee participants</b>									
	September 6, 2023	110,000	–	–	–	–	110,000	1 to 4 years	HK\$1
<b>Total</b>		<b>610,000</b>	<b>–</b>	<b>500,000</b>	<b>–</b>	<b>–</b>	<b>110,000</b>		

Notes:

- (1) The outstanding RSUs granted have no exercise period.
- (2) As no RSU was granted under the 2021 RSU Scheme during the Reporting Period, the disclosure requirements under Rule 17.07(1)(c) of the Listing Rules are not applicable.
- (3) The vesting of the RSUs granted are not subject to any performance target. The purchase price of the RSUs vested is HK\$0.001 per Share. The weighted average closing price of the Shares underlying the RSUs immediately before the date on which the RSUs were vested was HK\$47.10 per Share.
- (4) Mr. XIA Yu (Ph.D.) resigned as an executive Director with effect from June 30, 2024.

The number of RSUs available for grant under the scheme limit of the 2021 RSU Scheme as at January 1, 2024 was 80,490,717. The number of RSUs (to be satisfied by issue of new Shares) available for grant under the scheme limit of the 2021 RSU Scheme as at June 30, 2024 was 86,149,717. The number of RSUs (to be satisfied by issue of new Shares) available for grant under the Service Provider sublimit of the 2021 RSU Scheme as at June 30, 2024 (which was also the date of adoption of the Service Provider sublimit) was 8,658,571.

### 3. Share Option Scheme

The Company adopted the Share Option Scheme on June 28, 2022. The Share Option Scheme was amended on June 30, 2024. For details, please refer to the announcement of the Company dated June 5, 2024 and the circular of the Company dated June 6, 2024, respectively.

#### (a) Purpose

The purpose of the Share Option Scheme is to reward eligible participants ("**Eligible Participant(s)**") for their contribution to the success of the Company, and to provide incentives to them to further contribute to the Company.

#### (b) Conditions

The adoption of the Share Option Scheme is conditional upon the passing of a resolution by the Shareholders to approve the adoption and amendment of the Share Option Scheme, and to authorize the Board to grant options and to allot, issue and otherwise deal with the Shares which may be issued pursuant to the exercise of any options to be granted under the Share Option Scheme.

Upon the passing of such resolution by the Shareholders, the Company shall apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal any Shares to be issued and allotted pursuant to the exercise of options under the Share Option Scheme.

#### (c) Duration and administration

Subject to paragraph (p) below, the Share Option Scheme shall be valid and effective for a period of 10 years commencing on June 28, 2022, after which period no further share options ("**Share Option(s)**") may be granted by the provisions of the Share Option Scheme, but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Share Options granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

The Share Option Scheme shall be subject to the administration of the Board who may delegate all or part of such administration to any other authorized agent(s) as deemed appropriate at the sole discretion of the Board. Save as otherwise provided in the Share Option Scheme, for any matters concerning the interpretation or application of the Share Option Scheme, the decision of the Board or persons to whom the Board has delegated relevant powers shall be final and binding on all parties.

#### (d) Eligibility and grant of Share Options

On and subject to the terms of the Share Option Scheme, the Board has the power but not the obligation to offer to grant to any Eligible Participant as the Board may in its absolute discretion select a Share Option to subscribe for such number of Shares as the Board may determine at the subscription price. Subject to the provisions of the Listing Rules, the Board may in its absolute discretion specify such event, time limit or conditions (if any) as it thinks fit when making such offer to the Eligible Participant, including, without limitation, conditions as to performance criteria to be satisfied by the Eligible Participant and/or the Company and/or the Group which must be satisfied before a Share Option can be exercised, provided that such terms and conditions shall not be inconsistent with any other terms and conditions of the Share Option Scheme.

The basis of eligibility of any Eligible Participant shall be determined by the Board from time to time on the basis of the Eligible Participants' contribution to the development and growth of the Group. In order for a person to satisfy the Board that he/she is qualified to be (or where applicable, continues to be qualified to be) an Eligible Participant, such person shall provide all such information as the Board may request for the purpose of assessing his/her eligibility (or continuing eligibility).

## Supplementary Information

In determining the criteria for the Eligible Participant who is an employee, the Board will assess their potential and/or actual contribution to the Group. For the basis of determining the eligibility of Directors as the Eligible Participant, the Board will consider period of employment, responsibilities, time commitment, knowledge in the industry and prevailing market practice. For the basis of determining the eligibility of senior management and other employee as the Eligible Participant, the Board will consider individual performance, time commitment, responsibilities, work experience, professional qualifications and knowledge in the industry.

In determining the criteria for the Eligible Participant who is a Service Provider, the Board will take into account the following factors:

- (i) the scale of their business dealings with the Group, the length of business relationships between them and the Group, the positive impacts (in terms of, including without limitation, proactively promoting/catalyzing the continuing development and growth of the Group, and bringing innovation, new talents and expertise to the Group), potential and/or actual contribution on the Group's business development, the future plans in relation to further business collaboration and generally the significance to the Group of building long-term business relationships with them;
- (ii) whether such Service Provider has a proven track record of timely delivery of services, the quality of services delivered, the scale of their business dealings with the Group, the ease of replacing such Service Provider(s) with another Service Provider which could offer similar quality and consistency in the provision of services;
- (iii) the potential and/or actual degree of involvement in and/or cooperation with the Group with regard to the number, scale and nature of projects, and the period of engagement/cooperation/business relationship with the Group;
- (iv) whether the Service Provider is regarded as a valuable human resource of the Group based on the person's work experience, professional qualifications, knowledge in the industry or other relevant factors (including without limitation technical knowhow, market competitiveness, synergy between him/her and the Group, external business connections, strategic value, and repute and credibility); and/or
- (v) the usual fees chargeable by other Service Provider in the market and the contribution of the advisors and consultants in considering whether to grant Share Options to them.

No Share Option shall be offered or granted:

- (i) to any Eligible Participant after inside information has become to the Company's knowledge until (and including) the trading day after the Company has announced the information;
- (ii) to any Eligible Participant during the period commencing 30 days immediately before the earlier of:
  - a. the date of the Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the results of the Company for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
  - b. the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement. No Share Option shall be granted during any period of delay in publishing a results announcement.

- (iii) to any Director of the Company (except where the subscription price is to be determined by the Board at the time of exercise of the Share Option):
  - a. during the period of 60 days immediately preceding the publication of the annual results of the Company or, if shorter, the period from the end of the relevant financial year up to the publication of the results; or
  - b. during the period of 30 days immediately preceding the publication of the quarterly (if any) or half-yearly results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication of the results.

An offer of the grant of a Share Option shall be made to any grantee by letter in such form as the Board may from time to time determine specifying the number of Shares, the subscription price, the period a grantee may exercise the Share Options granted, the date by which the grant must be accepted after the offer date as specified in the offer letter (provided such offer shall be open for acceptance after the effective period of the Share Option Scheme) and further requiring the Eligible Participant to hold the Share Option on the terms on which it is to be granted and to be bound by the provisions of the Share Option Scheme.

A Share Option shall be deemed to have been granted and accepted and to have taken effect when the duplicate letter comprising acceptance of the offer of the grant of the Share Option duly signed by the grantee together with a payment to the Company and/or any of its subsidiaries of HK\$1 per grant (or the equivalent of HK\$1 in the local currency of any jurisdiction where the Company and/or its subsidiaries operate, as the Board may in its absolute discretion determine) by way of consideration for the grant thereof is received by the Company and/or any of its subsidiaries within the time period specified in the offer of the grant of the Share Option. The Board may in its absolute discretion determine the period within which payments or calls must or may be made or loans for such purposes must be repaid.

Upon the occurrence of any of the following in relation to a grantee, the Company shall propose that no further Share Options shall be granted to him and shall claw back the Share Options granted to such grantee which shall lapse automatically:

- (i) the results of the economic responsibility audit and other reports proved that the grantee has failed to perform duties effectively or is involved in serious misconduct or malfeasance;
- (ii) the grantee has contravened the relevant laws and regulations of PRC and/or Hong Kong or the provisions of the articles of association of the Company;
- (iii) the grantee has, during his tenure of office, been involved in acceptance or solicitation of bribery, corruption, theft, leakage of trade and technical secrets, conducted connected transactions and other unlawful acts and misconducts, which prejudiced the interest and reputation of and caused significant negative impact to the image of the Company;
- (iv) the grantee has failed to discharge, or failed to discharge properly, his duties and thereby resulting in serious loss in assets to the Company and other serious and adverse consequences;
- (v) the grantee is dismissed due to the breach of the relevant laws and regulations of PRC and/or Hong Kong or the provisions of the articles of association of the Company; or
- (vi) the grantee joins a competitor or forming a competing business after leaving the Company.

### (e) **Subscription price**

The subscription price in respect of any Share Option shall be a price determined by the Board at its absolute discretion and notified to any grantee (subject to any adjustments made pursuant to Share Option Scheme) which shall be not less than the highest of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the offer date, which must be a business day; and
- (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date.

### (f) **Vesting of Share Options**

#### (i) *Vesting generally*

Subject to the Share Option Scheme, the Listing Rules and any applicable law and regulations, any Share Options will become vested and exercisable and no longer be subject to forfeiture or repurchase right of the Company, according to the terms of the Share Option Scheme and under such conditions as determined by the Board and set forth in the letter containing the offer or grant of the relevant Share Option. The minimum vesting period must be 12 months commencing from the commencement date, save and except that with respect to an Eligible Participant who is an Employee Participant, a shorter vesting period may be permitted in circumstances set out below (the "**Minimum Vesting Period**"):

- a. grants of "make-whole" share awards to new joiners to replace the share awards they forfeited when leaving the previous employers;
- b. grants to a participant whose employment is terminated due to death or disability or occurrence of any out-of-control event;
- c. grants of Share Options with performance-based vesting conditions in lieu of time-based vesting criteria;
- d. grants that are made in batches during a year for administrative and compliance reasons, such as Share Options that should have been granted earlier but had to wait for a subsequent batch. In such cases, the vesting periods may be shorter to reflect the time from which an award would have been granted;
- e. grants of Share Options with a mixed or accelerated vesting schedule such as where the Share Options may vest evenly over a period of 12 months; and
- f. grants of Share Options with a total vesting period of more than 12 months, such as where the Share Options may vest by several batches with the first batch to vest within 12 months of the grant date and the last batch to vest 12 months after.

#### (ii) *Change of control*

If there is an event of change of control of the Company by way of a merger, a privatization of the Company by way of a scheme or by way of an offer, subject to the Minimum Vesting Period, all Share Options will become vested and exercisable immediately and no longer be subject to forfeiture or repurchase right of the Company, according to the terms of the Share Option Scheme and under such conditions as determined by the Board and set forth in the letter containing the offer or grant of the relevant Share Options unless the Board determines otherwise.

(iii) *Change of position*

In the event the position of a grantee is changed as a part of the Company or its subsidiaries' normal course of business, the Share Options granted to him or her, whether vested or not, will remain valid in accordance with the terms and conditions herein and set forth in the letter containing the offer or grant of the relevant Share Options.

(iv) *Resignation and retirement*

In the event a grantee ceases to be an Eligible Participant by reason of the termination of his/her employment, office or service other than a summary termination, or retirement of the grantee, unless otherwise provided in the grant letter or otherwise determined by the Board, (i) the unvested portion of the Share Options shall be immediately forfeited; and (ii) the vested and unexercised portion of the Share Options will remain exercisable in accordance with the terms and conditions herein and set forth in the letter containing the offer or grant of the relevant Share Options.

(v) *Dismissal*

In the event a grantee ceases to be an Eligible Participant by reason of the summary termination of his/her employment, office or service, (i) all Share Options, whether vested or not, shall be immediately forfeited; and (ii) as the Board may determine and to the extent it is practicable and permissible under the Listing Rules and any other applicable laws and regulations, all issued Shares (if any) shall be repurchased by the Company at the price equal to the amount actually paid by the grantee and all other cash and benefits received by the grantee under the granting of Share Options shall be repaid/returned to the Company or its subsidiaries as determined by the Board.

(vi) *Death or loss of ability to work*

In the event a grantee dies or loses the ability to work due to an injury as a result of the performance of his or her duty for the Company or its subsidiaries, subject to the Minimum Vesting Period, all Share Options will become vested and exercisable immediately and no longer be subject to forfeiture or repurchase right of the Company, according to the terms of the Share Option Scheme and under such conditions as determined by the Board and set forth in the letter containing the offer or grant of the relevant Share Option. In the event a grantee dies or loses the ability to work for any reason other than the performance of his or her duty for the Company, (i) the unvested portion of the Share Option shall be immediately forfeited; and (ii) the vested and unexercised portion of the Share Option shall be handled by the grantee (or his or her estate or by a person who acquires the right to exercise the Share Option by will or laws of succession).

**(g) Non-transferability**

A Share Option shall be personal to the grantee and shall not be assignable or transferrable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (whether legal or beneficial) in favor of any third party over or in relation to any Share Option, except for when a waiver is obtained from the Stock Exchange for the transfer to a vehicle (such as a trust or a private company) for the benefit of the Selected Participant and any family members of such participant that would continue to meet the purpose of the Share Option Scheme and comply with other requirements of Chapter 17 of the Listing Rules and express written consent is obtained from the Board or its delegates, subject to the compliance with the Listing Rules. Any breach of the foregoing by the grantee shall entitle the Company to cancel any outstanding entitlement of such grantee. This does not prejudice the operation of any general provision of law regarding the appointment and capacity of a nominee, attorney, trustee or other personal representative subject to the Listing Rules.

### (h) *Exercise of Share Options*

A grantee (or his legal personal representative(s)) may exercise his entitlement in whole or in part in the manner as determined by the Board by giving notice in writing to the Company stating that the Share Option is thereby exercised and specifying the number of Shares to be subscribed. Unless otherwise determined by the Board and stated in the notice to a grantee, a grantee is not required to hold the Share Option for any minimum period nor achieve any performance targets before the exercise of a Share Option granted to him. The performance targets (if any as determined by the Board in its absolute discretion) may comprise a mixture of key performance indicators components (such as the business performance of the Group, which may relate to the Group's strategic objectives, operational targets and plans for future development, and financial performance of the Group, which may include financial targets of the Group on a targeted or comparative basis, and individual annual performance assessment results) which may vary among the grantees. The Board will conduct assessment from time to time by comparing the performance with the pre-set targets to determine whether such targets and the extents to which have been met. If, after the assessment, the Board determines that any prescribed performance targets have not been met, the Share Option(s) shall lapse automatically.

Subject as provided in the Share Option Scheme and any conditions specified by the Board (including the attainment of any performance targets stated therein (if any)), the grantee (or his legal personal representative(s)) may exercise his entitlement at any time or times during the period a grantee may exercise the Share Options granted (being not more than 10 years from the date of grant of the Share Option), provided that:

- (i) in the event of the grantee ceasing to be an Eligible Participant for any reason other than his death, loss of ability to work, or the summary termination of his employment, office or service, before exercising the Share Options in full, the Share Options (to the extent not already exercised) shall lapse on the date of cessation or termination and not be exercisable unless the Board otherwise determine in which event the grantee may exercise the Share Option (to the extent not already exercised) in whole or in part in accordance with the provisions of the Share Option Scheme within such period as the Board may determine following the date of such termination or, if any of the events referred to in sub-paragraphs (iii), (iv) or (v) occur during such period, exercise the Share Option pursuant to sub-paragraphs (iii), (iv) or (v) respectively;
- (ii) in the event of the grantee ceasing to be an Eligible Participant by reason of death or loss of ability to work, and none of the events which would be a ground for summary termination of his employment, office or service has occurred, the grantee or legal personal representative(s) of the grantee (as the case may be) shall be entitled within a period of 12 months from the date of such cessation (or such other period as the Board may determine) to exercise the entitlement in full as at the date of such cessation (to the extent vested but not already exercised) (provided that such exercise is during the relevant period a grantee may exercise the Share Options granted);
- (iii) if a general or partial offer (whether by way of take-over offer, share repurchase offer or otherwise in like manner other than by way of a scheme of arrangement) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or in concert with the offeror) the Company shall use its best endeavors to procure that such offer is extended to all the grantees (on the same terms mutatis mutandis, and assuming that they will become, by the exercise in full of the Share Options granted to them, Shareholders). If such offer becomes or is declared unconditional, the grantee (or his legal personal representative(s)) shall be entitled to exercise his outstanding entitlement in full at any time within a reasonable period of time as the Board may determine after the date on which such general offer becomes or is declared unconditional;

- (iv) in the event of an effective resolution being passed for the voluntary winding-up of the Company or an order of the court being made for the winding-up of the Company, notice thereof shall be given by the Company to grantees with Share Options outstanding in full or in part at such date. If a grantee immediately prior to such event had any outstanding entitlement, the grantee (or his legal personal representative(s)) may by notice in writing to the Company within 21 days after the date of such resolution elect to be treated as if the entitlement had been exercised immediately before the passing of such resolution either to its full extent or to the extent specified in the notice;
- (v) if a compromise or arrangement of any nature between the Company and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies (a "**scheme**"), the Company shall give notice thereof to all grantees on the same date as it dispatches to each member or creditor of the Company a notice summoning the meeting to consider such scheme, and thereupon each grantee (or his legal personal representative(s)) shall be entitled to exercise all or any of his Share Options in whole or in part within the time or period stipulated by the Board for this purpose.

The Shares to be allotted (or transferred in the case of treasury shares) upon the exercise of a Share Option will be subject to all the provisions of the articles of association of the Company and will rank *pari passu* with the fully paid Shares in issue on the date of allotment (or transfer in the case of treasury shares) and accordingly will entitle the holders to participate in all dividends and other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor falls before the date of allotment.

The Share Options, whether vested or not, do not carry any right to vote at general meetings of the Company or any dividend or other rights (including those advising on the liquidation of the Company). A Share issued upon the exercise of a Share Option shall not carry voting rights until the registration of the grantee as the holder thereof. If under the terms of a resolution passed or an announcement made by the Company a dividend is to be or is proposed to be paid to holders of Shares on the register on a date prior to the date when a Share Option is effectively exercised under the terms of the Share Option Scheme, the Shares to be issued upon such exercise will not rank for such dividend. For the avoidance of doubt, a trustee holding unvested Shares of the Share Option Scheme, whether directly or indirectly, shall abstain from voting on matters that require Shareholders' approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given.

The Board may at any time cancel Share Options previously granted to, but not yet exercised, by a grantee. Where the Company cancels Share Options and offers Share Options to the same grantee, the offer of such new Share Options may only be made with available Share Options to the extent not yet granted (excluding the cancelled Share Options) within the limit approved by the Shareholders pursuant to Rule 17.03B or Rule 17.03C of the Listing Rules. The Share Options cancelled will be regarded as utilized for the purpose of calculating the limit as mentioned in paragraphs (j)(i) and (j)(ii) below.



### (i) **Lapse of Share Option**

Subject to the Share Option Scheme, any Share Option or entitlement shall lapse automatically and not be exercisable on the earliest of:

- (i) the expiry of the period a grantee may exercise the Share Options granted;
- (ii) the expiry of any of the periods referred to in sub-paragraphs (i) to (v) under paragraph (h) above;
- (iii) subject to sub-paragraph (iv) under paragraph (h) above, the date of the commencement of the winding-up of the Company;
- (iv) the date on which the grantee ceases to be an Eligible Participant of the Company by reason of the summary termination of his employment, office or service on any one or more of the grounds that he has been guilty of misconduct, or providing services to or working at any competitor of the Company, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board in its absolute discretion) on any other ground on which the relevant company in the Group would be entitled to terminate his employment, office or service summarily at common law or pursuant to any applicable laws or under the grantee's service contract with relevant company in the Group;
- (v) in respect of a grantee other than an employee, the date on which the Board shall at their absolute discretion determine that (1) (aa) the grantee or his/her/its associate has committed any breach of any contract entered into between the grantee or his/her/its associate on the one part and any member of the Group on the other part; or (bb) the grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally or (cc) the grantee could no longer make any contribution to the growth and development of any member of the Group by reason of the cessation of its relations with the Group or by any other reason whatsoever; and (2) the Share Option shall lapse as a result of any event specified in sub-paragraph (aa), (bb) or (cc) above;
- (vi) where the grantee is an Eligible Participant of a subsidiary, the date on which such subsidiary ceases to be a member of the Group;
- (vii) the date on which the grantee commits a breach of paragraph (g) above; or
- (viii) the occurrence or non-occurrence of any event, expiry of any period, or non-satisfaction of any condition, as specified in the letter containing the offer or grant of the relevant Share Option.

**(j) Maximum number of Shares available for subscription**

- (i) The total number of Shares which may be issued in respect of all options and awards involving issue of new Shares that may be granted under the Share Option Scheme and any other share scheme(s) adopted by the Company must not in aggregate exceed 10% (excluding treasury shares) of the issued share capital of the Company as at June 30, 2024, being 86,585,717 Shares, unless otherwise permitted by the Listing Rules or the Company obtains the approval of its Shareholders in accordance with sub-paragraph (iii) below. Share Options lapsed in accordance with the terms of the Share Option Scheme or any other scheme shall not be counted for the purpose of calculating the scheme limit. No Share Option may be granted under the Share Option Scheme if this will result in the limit being exceeded.
- (ii) Subject to sub-paragraph (i) above, within the scheme limit, the total number of Shares which may be issued in respect of all options and awards involving issue of new Shares that may be granted under the Share Option Scheme and any other share scheme(s) of the Company to the Service Providers must not in aggregate exceed 8,658,571 Shares, representing 1% (excluding treasury shares) of the total number of Shares in issue as at June 30, 2024.
- (iii) The Company may seek the approval of its Shareholders in general meeting to refresh the scheme limit or the Service Provider sublimit in sub-paragraphs (i) and (ii), subject to compliance with the requirements of the Listing Rules. The requirements under sub-paragraphs (i) and (ii) above do not apply if the refreshment is made immediately after an issue of securities by the Company to its Shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the scheme limit or the Service Provider sublimit (as a percentage of the Shares in issue) upon refreshment is the same as the unused part of the scheme limit or the Service Provider sublimit immediately before the issue of securities, rounded to the nearest whole Share.
- (iv) Except with the approval of Shareholders in a general meeting with the prospective grantee and his/her close associates (or associates if the grantee is a connected person) abstaining from voting, no Share Option may be granted to each participant such that the total number of Shares issued and to be issued upon exercise of all Share Options and any other awards granted (excluding any options and awards lapsed in accordance with the terms of the relevant scheme) and to be granted to such person in any 12-month period up to and including the date of the latest grant in aggregate exceeds 1% (excluding treasury shares) of the Shares in issue from time to time. The Company shall send a circular to its Shareholders containing the information required under the Listing Rules. The number and terms of the Share Options to be granted to such prospective grantee shall be fixed before the Shareholders' approval of the grant of such Share Options and the date of Board meeting for proposing such further grant should be taken as the offer date for the purpose of calculating the subscription price.

**(k) Grant of Share Options to connected persons**

The approval of independent non-executive Directors of the Company (excluding any independent non-executive Director of the Company who is intended to be a grantee of the Share Option) as required under the Listing Rules will be required for each grant of Share Options to a Director, chief executive or substantial Shareholder of the Company or any of their respective associates. The Company will comply with the requirements under the Listing Rules for any grant of Share Options to any connected person.

If a grant of Share Option(s) to a substantial Shareholder or an independent non-executive Director of the Company or their respective associates will result in the total number of Shares issued and to be issued upon exercise of all the Share Options and vesting of all awards already granted and to be granted pursuant to the Share Option Scheme and any other share schemes adopted by the Company (excluding any Share Options lapsed in accordance with the terms of the relevant scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% (excluding treasury shares) of the Shares in issue from time to time, such further grant of Share Option(s) or awards must be approved by the Shareholders by way of poll in general meeting. In this case, the Board shall procure that all the requirements of the Listing Rules relating to sending a circular to Shareholders are complied with. The grantee, his/her associates and all core connected persons of the Company must abstain from voting in favor at such a general meeting.

**(l) Adjustment**

In the event of any alteration in the capital structure of the Company whilst any Share Option remains exercisable, whether by way of capitalization issue, rights issue, consolidation, subdivision or reduction of the share capital of the Company in accordance with applicable laws and regulatory requirements, such corresponding adjustments (if any) shall be made to:

- (i) the number of Shares subject to the Share Option Scheme or any Share Option granted (insofar as it is/they are unexercised); and/or
- (ii) the subscription price,

which should give a grantee the same proportion of the equity capital, rounded to the nearest whole share, as that to which that grantee was previously entitled, and an independent financial adviser or the auditors shall certify in writing to the Board that the adjustments satisfy the requirements set out under the note to Rule 17.03(13) of the Listing Rules, provided that:

- (i) any adjustment shall be made on the basis that the proportion of the issued share capital of the Company to which a grantee is entitled after such adjustment shall remain the same, or as nearly as possible the same as that to which he was entitled to subscribe had he exercised all the Share Options held by him immediately before such adjustment, but so that no such adjustment shall be made the effect of which would be to enable any Share to be issued at less than its nominal value, or to alter any terms of the relevant Share Option to the advantage of the grantee without the approval of the Shareholders;
- (ii) notwithstanding (i) above, any adjustments as a result of an issue of securities with a price dilutive element, such as a rights issue, open offer or capitalization issue, should be based on a scrip factor similar to the one used in accounting standards in adjusting the earnings per share figures and any such adjustment shall comply with the supplementary guidance on Rule 17.03(13) of the Listing Rules;
- (iii) the issue of Shares or other securities of the Group as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and
- (iv) any such adjustment shall be in compliance with the Listing Rules and such applicable rules, codes, guidance notes and/or interpretation of the Listing Rules from time to time promulgated by the Stock Exchange.

Subject to other provisions in this paragraph (l), if there is any conversion of capital reserve into new Shares, issue of bonus Shares, Share subdivision, Share consolidation and reduction of share capital or rights issue prior to the exercise of the Share Options, an adjustment to the number of Share Options shall be made accordingly. The methods of adjustment are set out as below:

(i) *Conversion of capital reserve into new Shares, issue of bonus Shares or Share subdivision*

$$Q = Q_0 \times (1 + n)$$

Where: "Q<sub>0</sub>" represents the number of Share Options before the adjustment; "n" represents the ratio per Share of the conversion of capital reserve into new Shares, issue of bonus Shares or Share subdivision; "Q" represents the number of Share Options after the adjustment.

(ii) *Share consolidation and reduction of share capital*

$$Q = Q_0 \times n$$

Where: "Q<sub>0</sub>" represents the number of Share Options before the adjustment; "n" represents the ratio of consolidation or ratio of share capital reduction; "Q" represents the number of Share Options after the adjustment.

(iii) *rights issue*

$$Q = Q_0 \times P_1 \times (1 + n) \div (P_1 + P_2 \times n)$$

Where: "Q<sub>0</sub>" represents the number of Share Options before the adjustment; "P<sub>1</sub>" represents the closing price as at the record date; "P<sub>2</sub>" represents the subscription price of the rights issue; "n" represents the ratio of allotment; "Q" represents the number of Share Options after the adjustment.

Subject to other provisions in this paragraph (l), if there is any conversion of capital reserve into new Shares, issue of bonus Shares, Share subdivision, Share consolidation and reduction of share capital or rights issue prior to the exercise of the Share Options, an adjustment to the subscription price shall be made accordingly. The method of adjustment is set out as below:

(i) *Conversion of capital reserve into new Shares, issue of bonus Shares or Share subdivision*

$$P = P_0 \div (1 + n)$$

Where: "P<sub>0</sub>" represents the subscription price before the adjustment; "n" represents the ratio per Share of the conversion of capital reserve into new Shares, issue of bonus Shares or Share subdivision; "P" represents the Subscription Price after the adjustment.

(ii) *Share consolidation and reduction of share capital*

$$P = P_0 \div n$$

Where: "P<sub>0</sub>" represents the subscription price before the adjustment; "n" represents the ratio of consolidation or ratio of share capital reduction; "P" represents the subscription price after the adjustment.

(iii) *Rights issue*

$$P = P_0 \times (P_1 + P_2 \times n) \div (P_1 \times (1 + n))$$

Where: "P<sub>0</sub>" represents the subscription price before the adjustment; "P<sub>1</sub>" represents the closing price as at the record date; "P<sub>2</sub>" represents the subscription price of the rights issue; "n" represents the ratio of allotment; "P" represents the subscription price after the adjustment.

(m) *Share capital*

The exercise of any Share Option shall be subject to the members of the Company in general meeting approving any necessary increase in the authorized share capital of the Company. Subject thereto, the Board shall make available sufficient authorized but unissued share capital of the Company to meet subsisting requirements on the exercise of Share Options.

(n) *Disputes*

The decision of the Board (or persons to whom the Board has delegated relevant powers) shall be final and binding on all parties regarding the interpretation or application of the Share Option Scheme. The Board may, in its sole discretion, refer any dispute arising in connection with the Share Option Scheme (whether as to the number of Shares the subject of a Share Option, the amount of the subscription price or otherwise).

(o) *Alteration*

The Share Option Scheme may be altered in any respect by an ordinary resolution of the Board except that the provisions of the Share Option Scheme as to the specific provisions of the Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules shall not be altered to the advantage of grantees or prospective grantees except with the prior sanction of a resolution of the Company in general meeting.

Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature, and any change to the terms of any Share Options granted must be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Share Options was approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) except where the alterations take effect automatically under the existing terms of the Share Option Scheme. The terms of the Share Option Scheme or the Share Options so altered must comply with Chapter 17 of the Listing Rules.

(p) *Termination*

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

(q) **General**

As at January 1, 2024, there were 450,000 Share Options outstanding under the Share Option Scheme granted to six Eligible Participants. No grant was made under the Share Option Scheme during the Reporting Period. To the best knowledge of the Directors, none of the grantees is (i) a Director, chief executive or substantial Shareholder of the Company, or an associate of any of them; (ii) a participant with options and awards granted and to be granted in excess of the 1% individual limit; or (iii) a related entity participant or Service Provider with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the issued Shares. During the Reporting Period, the movements in the Share Options granted under the Share Option Scheme were as follows:

Category of grantee	Date of grant	Number of Share Options							Outstanding as at June 30, 2024	Exercise period	Exercise price	Vesting period	Performance target
		Outstanding as at January 1, 2024	Granted during the Reporting Period <sup>(Note 1)</sup>	Vested during the Reporting Period <sup>(Note 2)</sup>	Exercised during the Reporting Period <sup>(Note 2)</sup>	Cancelled during the Reporting Period	Lapsed/ forfeited during the Reporting Period	Expired during the Reporting Period					
Six employees in aggregate	September 6, 2023	450,000	-	22,000	-	-	14,000	-	436,000	10 years from the date of grant	HK\$35.08 per Share	Note 3	Note 4
<b>Total</b>		450,000	-	22,000	-	-	14,000	-	436,000				

Notes:

- (1) As no Share Option was granted under the Share Option Scheme during the Reporting Period, the disclosure requirements under Rule 17.07(1)(c) of the Listing Rules are not applicable.
- (2) The weighted average closing price of the Shares immediately before the dates on which the Share Options were vested was HK\$41.13 per Share. The weighted average closing price of the Shares immediately before the dates on which the Share Options were exercised is not applicable as no Share Options were exercised during the Reporting Period.
- (3) The Share Options granted have a mixed vesting schedule with a total vesting period (i.e. the period between the date of grant and the last vesting date) ranging from approximately 24 months to 48 months, with certain Share Options to be vested within 12 months starting from September 2023.
- (4) The vesting of the Share Options granted will be subject to the individual annual performance targets as stipulated in the respective grant letters entered into by the Company and each of the grantees. These performance targets are set against certain benchmark of the functions in which the individual grantee serves, including, among others, research and development, CMC, sales and marketing, business development and general and administration, etc.

The number of Share Options available for grant under the scheme limit of the Share Option Scheme as at January 1, 2024 and June 30, 2024 was 81,255,717 and 86,149,717, respectively. The number of Share Options available for grant under the Service Provider sublimit of the Share Option Scheme as at June 30, 2024 (which was also the date of adoption of the Service Provider sublimit) was 8,658,571.

**4. Disclosure under Rule 17.07(3) of the Listing Rules**

Given that during the Reporting Period, the Company (i) did not grant any Share Options under the Share Option Scheme, (ii) did not grant any RSUs under the Pre-IPO RSU Scheme, (iii) did not grant any RSUs under the 2021 RSU Scheme, and (iv) all the Shares underlying the RSUs granted under the Pre-IPO RSU Scheme have been allotted and issued and are held by the ESOP Trust, no Share may be issued in respect of any Share Options and RSUs granted under all share schemes of the Company (including the Pre-IPO RSU Scheme, the 2021 RSU Scheme and the Share Option Scheme) during the Reporting Period. As such, the disclosure requirement under Rule 17.07(3) is not applicable.

## SUPPLEMENTAL INFORMATION IN RELATION TO THE 2023 ANNUAL REPORT

Reference is made to the annual report for the year ended December 31, 2023 (the “2023 Annual Report”) of the Company. Unless otherwise defined, capitalized terms used in this sub-section have the same meaning as given to them in the 2023 Annual Report.

In addition to the disclosures under the section headed “Share Schemes Adopted by the Company” in the Report of Directors set out in the 2023 Annual Report, the Company would like to supplement additional information in relation to the Pre-IPO RSU Scheme and the 2021 RSU Scheme pursuant to the disclosure requirements of Chapter 17 of the Listing Rules as follows.

The details of the RSUs granted under the Pre-IPO RSU Scheme as at December 31, 2023 are set out below:

Name or category of Participant	Date of grant	Outstanding as at January 1, 2023 <sup>(Note 1)</sup>	Number of Shares underlying RSUs				Cancelled during the Reporting Period	Outstanding as at December 31, 2023	Vesting period	Purchase price per RSU granted
			Granted during the Reporting Period <sup>(Note 2)</sup>	Vested during the Reporting Period <sup>(Note 3)</sup>	Lapsed during the Reporting Period					
<b>Other employee Participants</b>										
	December 18, 2020	2,045,488	-	239,950	8,000	-	1,797,538	1 to 4 years	HK\$0.001 or HK\$1	
	January 4, 2021	253,000	-	32,000	175,000	-	46,000	1 to 5 years	HK\$1	
	April 1, 2021	4,500	-	1,000	-	-	3,500	1 to 5 years	HK\$1	
	June 30, 2021	2,200	-	600	-	-	1,600	1 to 5 years	HK\$1	
	July 2, 2021	10,000	-	-	9,000	-	1,000	1 to 5 years	HK\$1	
	August 9, 2021	216,000	-	6,000	-	-	210,000	1 to 5 years	HK\$1	
	November 12, 2021	5,000	-	1,500	-	-	3,500	1 to 5 years	HK\$1	
	January 4, 2022	30,000	-	5,000	-	-	25,000	1 to 4 years	HK\$1	
	February 16, 2022	40,000	-	4,000	-	-	36,000	1 to 4 years	HK\$1	
	November 25, 2022	20,000	-	-	20,000	-	-	1 to 4 years	HK\$1	
<b>Other service providers</b>										
	December 18, 2020	14,000	-	6,000	-	-	8,000	2 to 4 years	HK\$1	
	July 1, 2022	10,000	-	-	-	-	10,000	1 to 3 years	HK\$1	
<b>Total</b>		<b>2,650,188</b>	<b>-</b>	<b>296,050</b>	<b>212,000</b>	<b>-</b>	<b>2,142,138</b>			

Notes:

- (1) Include RSUs which are outstanding as at January 1, 2023 based on the date of the relevant RSU vesting documents.
- (2) As no RSU was granted during the Reporting Period, the disclosure requirements under Rule 17.07(1)(c) of the Listing Rules are not applicable.
- (3) The vesting of the RSUs granted are not subject to any performance targets. Among the RSUs vested during the Reporting Period, the purchase price of 150,000 RSUs vested is HK\$0.001 per Share and the purchase price of 146,050 RSUs vested is HK\$1 per Share. The weighted average closing price of the Shares underlying the RSUs immediately before the date on which the RSUs were vested was HK\$43.90 per Share.
- (4) The outstanding RSUs granted had no exercise period.

Save for Mr. XIA Yu (Ph.D.), no RSU was granted to the five highest paid individuals of the Company during 2023 under the 2021 RSU Scheme.

Save as disclosed above, all other information in the 2023 Annual Report remains unchanged.

## EVENTS AFTER THE REPORTING PERIOD

On July 30, 2024, NMPA accepted the sNDA of 依達方® (ivonescimab, PD-1/VEGF) monotherapy as the first-line treatment for locally advanced or metastatic NSCLC patients with positive PD-L1 expression (PD-L1 TPS $\geq$ 1%).

Save as disclosed above, as at the date of this report, the Group had no significant events after the Reporting Period.

On behalf of the Board

**Dr. XIA Yu**

*Chairwoman*

Hong Kong, August 28, 2024



# INDEPENDENT REVIEW REPORT



Ernst & Young  
27/F, One Taikoo Place  
979 King's Road  
Quarry Bay, Hong Kong

安永會計師事務所  
香港鰂魚涌英皇道979號  
太古坊一座27樓

Tel 電話: +852 2846 9888  
Fax 傳真: +852 2868 4432  
ey.com

**To the board of directors of Akeso, Inc. 康方生物科技(開曼)有限公司**  
(Incorporated in the Cayman Islands with limited liability)

## INTRODUCTION

We have reviewed the interim financial information of Akeso, Inc. 康方生物科技(開曼)有限公司 (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 65 to 94, which comprises the condensed consolidated statement of financial position as at 30 June 2024 and the related condensed consolidated statements of profit or loss and other comprehensive income, the 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 (the “**Listing Rules**”) 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 Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

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

### Ernst & Young

*Certified Public Accountants*

Hong Kong

28 August 2024

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

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Product sales		970,676	794,650
Less: distribution cost		(31,250)	(36,779)
Net product sales		939,426	757,871
License income		85,318	2,918,988
REVENUE	3	1,024,744	3,676,859
Cost of sales		(81,572)	(77,180)
Gross profit		943,172	3,599,679
Other income and gains, net	4	211,811	380,123
Selling and marketing expenses		(515,981)	(442,159)
Administrative expenses		(99,653)	(100,429)
Research and development expenses		(594,393)	(574,671)
Share of loss of a long-term equity investment		(32,617)	(173,121)
Other expenses, net		(115,523)	(161,468)
Finance costs	6	(46,164)	(38,410)
(LOSS)/PROFIT BEFORE TAX	5	(249,348)	2,489,544
Income tax expense	7	–	–
(LOSS)/PROFIT FOR THE PERIOD		(249,348)	2,489,544
OTHER COMPREHENSIVE (LOSS)/INCOME			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(39,784)	(192,897)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Translation from functional currency to presentation currency		39,083	201,508
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX		(701)	8,611
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		(250,049)	2,498,155

## Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

	Note	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
(Loss)/profit attributable to:			
Owners of the parent		<b>(238,590)</b>	2,525,045
Non-controlling interests		<b>(10,758)</b>	(35,501)
		<b>(249,348)</b>	2,489,544
Total comprehensive (loss)/income attributable to:			
Owners of the parent		<b>(239,291)</b>	2,533,656
Non-controlling interests		<b>(10,758)</b>	(35,501)
		<b>(250,049)</b>	2,498,155
(LOSS)/EARNING PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic			
— For (loss)/profit for the period		<b>RMB(0.28) yuan</b>	RMB3.01 yuan
Diluted			
— For (loss)/profit for the period		<b>RMB(0.28) yuan</b>	RMB3.01 yuan

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	2,991,761	2,823,982
Right-of-use assets	11(a)	328,666	338,042
Intangible assets		8,743	6,417
Financial assets at fair value through profit or loss	15	15,039	12,039
Long-term equity investment	12	333,553	293,441
Other non-current assets		35,017	30,403
Total non-current assets		3,712,779	3,504,324
<b>CURRENT ASSETS</b>			
Inventories		500,366	391,868
Trade receivables	13	463,377	295,563
Prepayments, other receivables and other assets	14	89,222	94,918
Financial assets at fair value through profit or loss	15	486,924	852,431
Restricted deposits and time deposits with original maturity of more than three months	16	2,719,298	2,499,673
Cash and cash equivalents	16	2,487,349	1,542,313
Total current assets		6,746,536	5,676,766
<b>CURRENT LIABILITIES</b>			
Trade payables	17	398,971	354,828
Other payables and accruals	18	724,069	443,575
Interest-bearing bank and other borrowings	19	272,616	390,513
Lease liabilities	11(b)	12,902	14,514
Tax payable		1,159	1,152
Total current liabilities		1,409,717	1,204,582
<b>NET CURRENT ASSETS</b>		<b>5,336,819</b>	4,472,184
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>9,049,598</b>	7,976,508

## Interim Condensed Consolidated Statement of Financial Position

30 June 2024

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	19	3,029,673	2,577,270
Contract liabilities		631,026	631,651
Lease liabilities	11(b)	2,907	8,605
Deferred income	20	244,314	240,031
Deferred tax liabilities		174	174
Total non-current liabilities		3,908,094	3,457,731
Net assets		5,141,504	4,518,777
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	21	61	59
Shares held for restricted share unit schemes		(48,633)	(63,567)
Reserves	22	5,274,735	4,755,847
		5,226,163	4,692,339
Non-controlling interests		(84,659)	(173,562)
Total equity		5,141,504	4,518,777

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2024

	Attributable to owners of the parent										
	Share capital RMB'000 Note 21	Shares held for restricted share unit schemes RMB'000 Note 21	Share premium* RMB'000 Note 21	Capital reserve* RMB'000 Note 22	Share award reserve* RMB'000 Note 23	Share option reserve* RMB'000 Note 23	Exchange fluctuation reserve* RMB'000 Note 22	Accumulated losses* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2024 (audited)	59	(63,567)	4,585,374	2,112,912	109,370	2,032	(162,777)	(1,891,064)	4,692,339	(173,562)	4,518,777
Loss for the period	-	-	-	-	-	-	-	(238,590)	(238,590)	(10,758)	(249,348)
Other comprehensive (loss)/income for the period:											
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(39,784)	-	(39,784)	-	(39,784)
Translation from functional currency to presentation currency	-	-	-	-	-	-	39,083	-	39,083	-	39,083
Total comprehensive loss for the period	-	-	-	-	-	-	(701)	(238,590)	(239,291)	(10,758)	(250,049)
Acquisition of non-controlling interests	-	-	-	(367,048)	-	-	-	-	(367,048)	99,661	(267,387)
Issue of shares	2	-	1,071,377	-	-	-	-	-	1,071,379	-	1,071,379
Share issue expenses	-	-	(10,463)	-	-	-	-	-	(10,463)	-	(10,463)
Equity-settled share award arrangements	-	-	-	-	9,539	-	-	-	9,539	-	9,539
Exercise of restricted share units	-	14,934	-	-	(16,263)	-	-	1,329	-	-	-
Share of other capital reserve of an associate	-	-	-	69,708	-	-	-	-	69,708	-	69,708
At 30 June 2024 (unaudited)	61	(48,633)	5,646,288	1,815,572	102,646	2,032	(163,478)	(2,128,325)	5,226,163	(84,659)	5,141,504

	Attributable to owners of the parent									
	Share capital RMB'000	Shares held for restricted share unit schemes RMB'000	Share premium* RMB'000	Capital reserve* RMB'000	Share award reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Accumulated losses* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023 (audited)	59	(84,452)	4,585,374	2,112,912	96,289	(156,891)	(3,917,664)	2,635,627	(87,613)	2,548,014
Profit for the period	-	-	-	-	-	-	2,525,045	2,525,045	(35,501)	2,489,544
Other comprehensive income/(loss) for the period:										
Exchange differences on translation of foreign operations	-	-	-	-	-	(192,897)	-	(192,897)	-	(192,897)
Translation from functional currency to presentation currency	-	-	-	-	-	201,508	-	201,508	-	201,508
Total comprehensive income/(loss) for the period	-	-	-	-	-	8,611	2,525,045	2,533,656	(35,501)	2,498,155
Equity-settled share award	-	-	-	-	4,242	-	-	4,242	-	4,242
At 30 June 2023 (unaudited)	59	(84,452)	4,585,374	2,112,912	100,531	(148,280)	(1,392,619)	5,173,525	(123,114)	5,050,411

\* These reserve accounts comprise the consolidated reserves of RMB5,274,735,000 and RMB5,257,918,000 in the interim condensed consolidated statement of financial position as at 30 June 2024 and 2023, respectively.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss)/Profit before tax		<b>(249,348)</b>	2,489,544
Adjustments for:			
Bank interest income	4	<b>(92,092)</b>	(40,698)
Investment income from financial products	4	<b>(10,151)</b>	(38,162)
Loss on disposal of items of property, plant and equipment	5	<b>26</b>	–
Depreciation of property, plant and equipment	5	<b>77,918</b>	59,478
Depreciation of right-of-use assets	5	<b>9,644</b>	6,894
Amortisation of intangible assets	5	<b>1,270</b>	1,055
Write-down of inventories to net realisable value	5	<b>5,577</b>	1,433
Net changes in fair value of financial assets	4	<b>(7,869)</b>	(11,302)
Government grant released	4	<b>(34,563)</b>	(6,054)
Share of loss of a long-term equity investment	12	<b>32,617</b>	173,121
Foreign exchange differences, net	4	<b>(27,130)</b>	(195,664)
Equity-settled share award expenses	23	<b>9,539</b>	4,242
Finance costs	6	<b>46,164</b>	38,410
Impairment of trade receivables, net	5	<b>1,073</b>	648
		<b>(237,325)</b>	2,482,945
(Increase)/decrease in inventories		<b>(114,075)</b>	52,690
(Increase)/decrease in trade receivables		<b>(168,887)</b>	22,030
Decrease in prepayments, other receivables and other assets		<b>2,811</b>	173,124
Increase/(decrease) in trade payables		<b>44,143</b>	(38,636)
Increase/(decrease) in other payables and accruals		<b>63,154</b>	(153,348)
(Decrease)/increase in contract liabilities		<b>(625)</b>	293,463
Increase/(decrease) in deferred income in respect of government grants related to income		<b>26,246</b>	(1,725)
Cash generated (used in)/from operations		<b>(384,558)</b>	2,830,543
Bank interest received		<b>38,055</b>	40,698
Net cash flows (used in)/from operating activities		<b>(346,503)</b>	2,871,241

## Interim Condensed Consolidated Statement of Cash Flows

Six months ended 30 June 2024

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Net cash flows (used in)/from operating activities	<b>(346,503)</b>	2,871,241
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of items of property, plant and equipment	<b>(244,791)</b>	(348,457)
Purchases of intangible assets	<b>(3,596)</b>	(110)
Purchases of items of land use rights	–	(30,712)
Purchases of a long-term equity investment	–	(156,507)
Proceeds from disposal of items of property, plant and equipment	<b>13</b>	–
Receipt of government grants related to assets	<b>12,600</b>	11,199
Purchases of financial assets at fair value through profit or loss	<b>(402,978)</b>	(6,809,929)
Proceeds from disposal of financial assets at fair value through profit or loss	<b>778,710</b>	6,506,208
Interest income from financial assets at fair value through profit or loss	<b>10,151</b>	38,162
Decrease/(increase) in time deposits	<b>77,119</b>	(587,325)
Increase in restricted deposits	<b>(8,709)</b>	–
Net cash flows from/(used in) investing activities	<b>218,519</b>	(1,377,471)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
New bank and other borrowings	<b>679,417</b>	824,760
Repayment of bank and other borrowings	<b>(356,794)</b>	(186,661)
Proceeds from issue of shares	<b>1,071,379</b>	–
Share issue expenses	<b>(10,463)</b>	–
Acquisition of non-controlling interests	<b>(33,387)</b>	–
Increase in restricted deposits for acquisition of non-controlling interests	<b>(234,000)</b>	–
Principal portion of lease payments	<b>(7,902)</b>	(6,606)
Interest paid	<b>(53,864)</b>	(40,747)
Net cash flows from financing activities	<b>1,054,386</b>	590,746
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>926,402</b>	2,084,516
Cash and cash equivalents at beginning of period	<b>1,542,313</b>	2,092,388
Effect of foreign exchange rate changes, net	<b>18,634</b>	108,237
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>2,487,349</b>	4,285,141



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Six months ended 30 June 2024

## 1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 30 January 2019. The address of the registered office of the Company is Floor 4, Willow House, Cricket Square, Grand Cayman KY1-9010, Cayman Islands.

The Company is an investment holding company. The Company's subsidiaries were involved in research and development, production and sale of biopharmaceutical products.

The shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 24 April 2020.

## 2.1 BASIS OF PREPARATION

The unaudited interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. The unaudited 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. The unaudited interim condensed consolidated financial information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 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 "<b>2020 Amendments</b>")</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants (the "<b>2022 Amendments</b>")</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.

**2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES** (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.

**3. REVENUE AND OPERATING SEGMENT INFORMATION****Revenue**

An analysis of revenue is as follows:

**Revenue from contracts with customers**

- (a) *Disaggregated revenue information*

	<b>Six months ended 30 June</b>	
	<b>2024</b> <b>RMB'000</b> <b>(Unaudited)</b>	2023 RMB'000 (Unaudited)
<b>Types of goods or services</b>		
Product sales	<b>970,676</b>	794,650
Less: distribution cost	<b>(31,250)</b>	(36,779)
Net product sales	<b>939,426</b>	757,871
License income	<b>85,318</b>	2,918,988
Revenue	<b>1,024,744</b>	3,676,859
<b>Timing of revenue recognition</b>		
Transferred at a point in time	<b>1,024,744</b>	3,676,859

# Notes to the Interim Condensed Consolidated Financial Information

Six months ended 30 June 2024

## 3. REVENUE AND OPERATING SEGMENT INFORMATION (Continued)

### Revenue (Continued)

#### Revenue from contracts with customers (Continued)

##### (a) Disaggregated revenue information (Continued)

Distribution cost is relevant to the product sales, and it represents the distribution fee paid or payable by the Group to customers.

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Product sales	4,427	5,959

##### (b) Performance obligations

Information about the Group's performance obligations is summarised below:

#### Revenue from license income

The performance obligation is satisfied at a point in time when the customer obtains the rights to the underlying technology. For arrangements that include sales-based royalties, including milestone payments based on the level of sales, and the license is deemed to be the predominant item to which the royalties relate, the Company recognises revenue at a point in time when the related sales occur.

#### Sale of products

The performance obligation is satisfied upon delivery of the products and payment is generally due within 6 months from delivery. Some contracts provide customers with sales rebates which give rise to variable consideration subject to constraint.

### Other segment information

The Group is engaged in research, development, production and sale of biopharmaceutical products, which is 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.

## Notes to the Interim Condensed Consolidated Financial Information

Six months ended 30 June 2024

### 3. REVENUE AND OPERATING SEGMENT INFORMATION (Continued)

#### Geographical information

##### (a) Revenue from external customers

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Chinese Mainland	938,131	756,189
United States of America (the "USA")	85,117	2,920,093
Other regions	1,496	577
Total	1,024,744	3,676,859

The revenue information above is based on the location of the customers.

##### (b) Non-current assets

	As at	
	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Chinese Mainland	3,364,144	3,198,771
USA	333,575	293,475
Other regions	21	39
Total	3,697,740	3,492,285

The non-current asset information above is based on the locations of the assets and excludes financial instruments.

#### Information about a major customer

Revenue from the customer contributing over 10% of revenue of the Group is as follows:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Customer A	*	2,920,093

\* The corresponding revenue of the customer is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue for the six months ended 30 June 2024.

## Notes to the Interim Condensed Consolidated Financial Information

Six months ended 30 June 2024

### 4. OTHER INCOME AND GAINS, NET

#### Other income and gains, net

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Bank interest income	92,092	40,698
Investment income from financial products	10,151	38,162
Service fee income	39,978	–
Net changes in fair value of financial assets	7,869	11,302
Government grant released*	34,563	92,558
Value-added tax credits	–	1,725
Foreign exchange differences, net	27,130	195,664
Others	28	14
<b>Total</b>	<b>211,811</b>	<b>380,123</b>

\* The government grants mainly represent subsidies received from the local governments for the purpose of compensation for expenses arising from research activities and clinical trials, award for new drug development and capital expenditure incurred on certain projects.

### 5. (LOSS)/PROFIT BEFORE TAX

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

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cost of inventories sold		81,572	77,180
Depreciation of property, plant and equipment	10	77,918	59,478
Depreciation of right-of-use assets	11(a)	9,644	6,894
Amortisation of intangible assets*		1,270	1,055
Lease payments not included in the measurement of lease liabilities	11(c)	697	1,166
Impairment of trade receivables, net**		1,073	648
Write-down of inventories to net realisable value**		5,577	1,433
Loss on disposal of property, plant and equipment**		26	–

\* Included in "Administrative expenses" in the interim condensed consolidated statement of profit or loss and other comprehensive income

\*\* Included in "Other expenses, net" in the interim condensed consolidated statement of profit or loss and other comprehensive income

Six months ended 30 June 2024

## 6. FINANCE COSTS

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Finance cost on lease liabilities ( <i>note 11(c)</i> )	324	285
Interest on bank and other borrowings	65,747	55,840
Total interest expense on financial liabilities not at fair value through profit of loss	66,071	56,125
Less: Interest capitalised	(19,907)	(17,715)
Total	46,164	38,410

## 7. INCOME TAX

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

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands or the BVI.

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 16.5% (six months ended 30 June 2023: 16.5%) on any estimated assessable profits arising in Hong Kong. No provision for Hong Kong profits tax has been made as the Group has no assessable profits derived from or earned in Hong Kong during the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

The provision for corporate income tax in Chinese Mainland is based on the statutory rate of 25% of the assessable profits determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008 except for certain subsidiaries which were qualified as a High and New Technology Enterprise and were subject to a preferential income tax rate of 15% for the six months ended 30 June 2024 and 2023.

The subsidiary incorporated in the USA is subject to American federal and California income tax. American federal income tax was provided at the rate of 21% and California income tax was provided at the rate of 8.84% for the six months ended 30 June 2024 and 2023 on the estimated assessable profits arising in the USA.

The subsidiary incorporated in the Australia is subject to Australian income tax. Australian corporate income tax has been provided at the rate of 30% on the estimated assessable profits arising in Australia.

## Notes to the Interim Condensed Consolidated Financial Information

Six months ended 30 June 2024

### 7. INCOME TAX (Continued)

The income tax expense of the Group for the periods presented is analysed as follows:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Current		
Charge for the period	-	-
Deferred	-	-
Total tax charge for the period	-	-

### 8. DIVIDEND

No dividend has been paid or declared by the Company during the six months ended 30 June 2024 and subsequent to the end of the reporting period (six months ended 30 June 2023: Nil).

### 9. (LOSS)/EARNING PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic (loss)/earning per share amounts is based on the (loss)/profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 844,772,614 (six months ended 30 June 2023: 837,551,176) in issue during the period.

For the six months ended 30 June 2024, as the Group incurred losses, no adjustment has been made to the basic loss per share amounts in respect of a dilution as the impact of the restricted share units and share options had an anti-dilutive effect on the basic loss per share amounts. For the six months ended 30 June 2023, the Group had no potentially dilutive ordinary shares in issue.

The calculations of basic and diluted (loss)/earning per share are based on:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>(Loss)/Earnings</b>		
(Loss)/Profit attributable to ordinary equity holders of the parent, used in the basic and diluted (loss)/earning per share calculation	<b>(238,590)</b>	2,525,045

Six months ended 30 June 2024

## 9. (LOSS)/EARNING PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (Continued)

	Number of shares	
	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted (loss)/earning per share calculation	<b>844,772,614</b>	837,551,176

## 10. PROPERTY, PLANT AND EQUIPMENT

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
At beginning of period/year:		
Cost	<b>3,109,905</b>	2,161,422
Accumulated depreciation	<b>(285,923)</b>	(161,806)
Net carrying amount	<b>2,823,982</b>	1,999,616
At beginning of period/year, net of accumulated depreciation	<b>2,823,982</b>	1,999,616
Additions	<b>225,829</b>	910,691
Interest capitalised	<b>19,907</b>	39,008
Disposals	<b>(39)</b>	(2)
Depreciation provided during the period/year	<b>(77,918)</b>	(125,323)
Exchange realignment	<b>–</b>	(8)
At end of period/year, net of accumulated depreciation	<b>2,991,761</b>	2,823,982
At end of period/year:		
Cost	<b>3,354,728</b>	3,109,905
Accumulated depreciation	<b>(362,967)</b>	(285,923)
Net carrying amount	<b>2,991,761</b>	2,823,982

At 30 June 2024, the Group's property, plant and equipment with net carrying amounts of approximately RMB988,972,000 (31 December 2023: RMB643,933,000) were pledged to secure bank loans (note 19).



## Notes to the Interim Condensed Consolidated Financial Information

Six months ended 30 June 2024

### 11. LEASES

#### The Group as a lessee

The Group has lease contracts for various items of plant and buildings, machinery and land use rights with lease terms of 2 to 50 years used in its operations. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

#### (a) Right-of-use assets

	Plant and buildings RMB'000	Machinery RMB'000	Land use rights RMB'000	Total RMB'000
At 1 January 2023 (audited)	10,834	342	151,898	163,074
Additions	22,636	–	167,532	190,168
Depreciation charged	(10,934)	(339)	(3,933)	(15,206)
Exchange realignment	6	–	–	6
At 31 December 2023 and 1 January 2024 (audited)	<b>22,542</b>	<b>3</b>	<b>315,497</b>	<b>338,042</b>
Additions	<b>268</b>	–	–	<b>268</b>
Depreciation charged	<b>(6,338)</b>	<b>(3)</b>	<b>(3,303)</b>	<b>(9,644)</b>
At 30 June 2024 (unaudited)	<b>16,472</b>	–	<b>312,194</b>	<b>328,666</b>

At 30 June 2024, the Group's land used rights with a net carrying amount of RMB312,195,000 (31 December 2023: RMB149,337,000) were pledged to secure bank borrowings (note 19).

#### (b) Lease liabilities

The carrying amount of lease liabilities and the movements during the period/year are as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Carrying amount at 1 January	<b>23,119</b>	11,852
New leases	<b>268</b>	22,636
Accretion of interest recognised during the period/year	<b>324</b>	696
Payments	<b>(7,902)</b>	(12,080)
Exchange realignment	–	15
Carrying amount at 30 June/31 December	<b>15,809</b>	23,119

Six months ended 30 June 2024

**11. LEASES** (Continued)**The Group as a lessee** (Continued)**(b) Lease liabilities** (Continued)

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Analysed into:		
Lease liabilities:		
Current portion	<b>12,902</b>	14,514
Non-current portion	<b>2,907</b>	8,605
Total	<b>15,809</b>	23,119

**(c)** The amounts recognised in profit or loss in relation to leases are as follows:

	<b>Six months ended 30 June</b>	
	<b>2024 RMB'000 (Unaudited)</b>	2023 RMB'000 (Unaudited)
Interest on lease liabilities ( <i>note 6</i> )	<b>324</b>	285
Depreciation charge of right-of-use assets ( <i>note 5</i> )	<b>9,644</b>	6,894
Expenses relating to short-term leases ( <i>note 5</i> )	<b>697</b>	1,166
Total	<b>10,665</b>	8,345

**12. LONG-TERM EQUITY INVESTMENT**

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Long-term equity investment	<b>333,553</b>	293,441

As at 30 June 2024, the Company held 31,523,530 shares of Summit Therapeutics, Inc. (Nasdaq symbol: SMMT, "**Summit**"), representing 4.35% of the total issued shares of Summit (31 December 2023: 4.52%). The shareholding in Summit was diluted due to Summit's private placing during the period. Dr. Xia was appointed as a director of Summit. The Group's investment in Summit is accounted for under the equity method of accounting because the Group has significant influence over Summit by way of representation on Summit's board of directors.

## Notes to the Interim Condensed Consolidated Financial Information

Six months ended 30 June 2024

### 12. LONG-TERM EQUITY INVESTMENT (Continued)

The Group's shareholding in the associate comprises equity shares held by the Company.

The following table illustrates the financial information of the Group's associate:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Share of loss of a long-term equity investment	(32,617)	(173,121)
Share of other changes in the equity of a long-term equity investment	69,708	–

### 13. TRADE RECEIVABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
	Trade receivables	465,783
Impairment	(2,406)	(1,333)
Total	463,377	295,563

Included in the Group's trade receivables is an amount due from a non-controlling shareholder of a subsidiary of the Group of RMB36,382,000 (31 December 2023: RMB33,093,000).

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 3 months	458,806
3 to 6 months	4,372	70
6 to 9 months	70	129
Over 1 year	129	–
Total	463,377	295,563

Six months ended 30 June 2024

**14. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS**

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Value-added tax recoverable	<b>53,757</b>	52,340
Prepayments	<b>24,677</b>	25,672
Deposits	<b>3,536</b>	2,868
Other receivables	<b>7,252</b>	14,038
Total	<b>89,222</b>	94,918

The balances are interest-free and are not secured with collateral.

The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Long ageing balances are reviewed regularly by senior management. In view of the fact that the Group's deposits and other receivables relate to a large number of diversified counterparties, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its deposits and other receivable balances.

Other receivables and deposits had no historical default, the financial assets included in the above balances were categorised in stage 1 at the end of each period. In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking macroeconomic data. During the six months ended 30 June 2024 and the year ended 31 December 2023, the Group estimated that the expected loss rate for other receivables and deposits is minimal.

**15. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
<b>Current</b>		
Investments in financial products, at fair value	<b>486,924</b>	852,431
<b>Non-current</b>		
Unlisted investment, at fair value (note (a))	<b>15,039</b>	12,039
Total	<b>501,963</b>	864,470

**(a) Unlisted investment, at fair value**

The unlisted investment was classified as a financial asset at fair value through profit or loss as the Group has not elected to recognise the fair value gain of loss through other comprehensive income.

## Notes to the Interim Condensed Consolidated Financial Information

Six months ended 30 June 2024

### 16. CASH AND CASH EQUIVALENTS AND RESTRICTED DEPOSITS

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Cash and bank balances	<b>1,796,901</b>	1,118,163
Time deposits	<b>3,409,746</b>	2,923,823
	<b>5,206,647</b>	4,041,986
Less:		
Restricted cash*	<b>(254,450)</b>	(11,743)
Time deposits with original maturity of more than three months	<b>(2,464,848)</b>	(2,487,930)
Cash and cash equivalents	<b>2,487,349</b>	1,542,313
Denominated in:		
RMB	<b>1,100,055</b>	1,134,411
United States dollars ("USD")	<b>1,372,362</b>	393,718
Hong Kong dollars ("HKD")	<b>2,594</b>	2,384
Australian dollars	<b>12,338</b>	11,800
Cash and cash equivalents	<b>2,487,349</b>	1,542,313

\* The restricted cash represents a guarantee deposit for a construction project, a deposit of credit card and a deposit for acquisition of non-controlling interests.

The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, 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.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

**17. TRADE PAYABLES**

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

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Within 3 months	<b>176,676</b>	296,890
3 to 6 months	<b>24,820</b>	2,428
6 months to 1 year	<b>140,758</b>	23,972
Over 1 year	<b>56,717</b>	31,538
Total	<b>398,971</b>	354,828

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 90 days except for the balances due to a non-controlling shareholder of a subsidiary of the Group of RMB206,952,000 (31 December 2023: RMB166,277,000), which are repayable on demand.

**18. OTHER PAYABLES AND ACCRUALS**

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Payroll payables	<b>239,361</b>	151,069
Other tax payables	<b>17,007</b>	41,919
Contract liabilities	<b>7,146</b>	4,427
Payable for acquisition of non-controlling interests	<b>234,000</b>	–
Other payables	<b>226,555</b>	246,160
Total	<b>724,069</b>	443,575

Other payables are unsecured, non-interest-bearing and normally repayable on demand, except for the balance due to a non-controlling shareholder of the Group of RMB29,676,000 on 30 June 2024 (31 December 2023: RMB237,000), which is repayable within 60 days. The carrying amounts of financial liabilities included in other payables and accruals as at the end of each reporting period approximated to their fair values due to their short-term maturities.

## Notes to the Interim Condensed Consolidated Financial Information

Six months ended 30 June 2024

### 19. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2024 (Unaudited)			31 December 2023 (Audited)		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
<b>Current</b>						
Bank loans — unsecured	3.20~3.30	2024	75,626	1.60~3.95	2024	288,255
Current portion of long-term bank loans — secured	3.01~4.35	2024~2025	73,541	3.90~4.45	2024	31,812
Current portion of long-term bank loans — unsecured	2.80~3.50	2024~2025	123,449	3.20~3.80	2024	70,446
			<b>272,616</b>			<b>390,513</b>
<b>Non-current</b>						
Bank loans — secured	3.01~4.35	2025~2035	2,173,430	3.90~4.45	2025~2035	1,853,803
Bank loans — unsecured	2.80~3.50	2025~2027	364,291	3.20~3.80	2025~2026	123,919
Convertible loans — secured	<i>note(c)</i>	<i>note(c)</i>	491,952	<i>note(c)</i>	<i>note(c)</i>	477,367
Loans from a non-controlling shareholder — unsecured	—	—	—	3.50	2026~2028	122,181
			<b>3,029,673</b>			<b>2,577,270</b>
Total			<b>3,302,289</b>			<b>2,967,783</b>

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Analysed into:		
Bank loans and overdrafts repayable:		
Within one year or on demand	272,616	390,513
In the second year	216,298	113,605
In the third to fifth years, inclusive	925,065	528,271
Beyond five years	1,396,358	1,335,846
	<b>2,810,337</b>	<b>2,368,235</b>
Other borrowings repayable:		
In the third to fifth years, inclusive	491,952	599,548
Total	<b>3,302,289</b>	<b>2,967,783</b>

Six months ended 30 June 2024

**19. INTEREST-BEARING BANK AND OTHER BORROWINGS** (Continued)

Notes:

- (a) The Group's banking facilities amounted to RMB6,139,000,000 (31 December 2023: RMB3,730,000,000) in aggregate, among which RMB4,130,000,000 (31 December 2023: RMB3,580,000,000) are secured by the property, plant and equipment and land use rights of the Group with net carrying values of approximately RMB988,972,000 and RMB312,195,000, respectively (31 December 2023: RMB643,933,000 and RMB149,337,000, respectively) at the end of the reporting period. Such banking facilities of approximately RMB3,783,329,000 (31 December 2023: RMB2,160,138,000) have been utilised as at the end of the reporting period.
- (b) Among the Group's banking facilities mentioned in note (a), RMB1,714,000,000 (31 December 2023: RMB1,480,000,000) are also secured by the equity interest of certain subsidiaries held by the Group. Such banking facilities of approximately RMB1,692,254,000 (31 December 2023: RMB1,348,253,000) have been utilised as at the end of the reporting period.
- (c) A subsidiary of the Group has entered into convertible loan agreements with its non-controlling shareholder and borrowed convertible loans from its non-controlling shareholder since 2019. The subsidiary borrowed convertible loans of aggregate amounts of RMB75,000,000 in 2019, RMB75,000,000 in 2020 and RMB450,000,000 in 2023, respectively. According to the loan agreements, the convertible loans bear interest at 6.5% per annum and are secured by the equity interest in the subsidiary held by the Group. The convertible loans of RMB150,000,000 has been repaid during 2023. The convertible loans outstanding as at 30 June 2024 was RMB450,000,000, which will be due on 31 December 2027. Under the loan agreements, an option (the "**Convertible Right**") to convert the unpaid principal and the related interest into ordinary shares of the subsidiary will be granted to its non-controlling shareholder under certain conditions.

The fair value of the Convertible Right was assessed to be minimal as at 30 June 2024 and 31 December 2023.

- (d) All borrowings were denominated in RMB as at 30 June 2024 and 31 December 2023.

**20. DEFERRED INCOME**

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Government grant	<b>244,314</b>	240,031

The movements in deferred income for the reporting periods are as follows:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
At beginning of period/year	<b>240,031</b>	159,566
Grants received during the period/year	<b>38,846</b>	198,785
Amount released	<b>(34,563)</b>	(118,320)
At end of period/year	<b>244,314</b>	240,031

The grants are related to the subsidies received from the government for the purpose of compensation for expenses arising from research activities and clinical trials, award for the new drugs development and capital expenditure incurred on certain projects.



## Notes to the Interim Condensed Consolidated Financial Information

Six months ended 30 June 2024

### 21. SHARE CAPITAL

#### Ordinary shares and preferred shares

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Issued and fully paid: 865,857,176 (31 December 2023: 841,057,176) ordinary shares of USD0.00001 each	<b>USD8,659</b>	USD8,411
Equivalent to	<b>RMB61,000</b>	RMB59,000

A summary of movements in the Company's share capital is as follows:

	Number of ordinary shares	Share capital amount RMB'000	Shares held for restricted share unit schemes RMB'000	Share premium RMB'000	Total RMB'000
At 1 January 2023	841,057,176	59	(84,452)	4,585,374	4,500,981
Exercise of RSUs ( <i>note a</i> )	–	–	20,885	–	20,885
At 31 December 2023 and 1 January 2024	<b>841,057,176</b>	<b>59</b>	<b>(63,567)</b>	<b>4,585,374</b>	<b>4,521,866</b>
Issue of shares ( <i>note b</i> )	<b>24,800,000</b>	<b>2</b>	–	<b>1,071,377</b>	<b>1,071,379</b>
Share issue expenses ( <i>note b</i> )	–	–	–	<b>(10,463)</b>	<b>(10,463)</b>
Exercise of RSUs ( <i>note c</i> )	–	–	<b>14,934</b>	–	<b>14,934</b>
At 30 June 2024	<b>865,857,176</b>	<b>61</b>	<b>(48,633)</b>	<b>5,646,288</b>	<b>5,597,716</b>

Notes:

- (a) During the year ended 31 December 2023, 901,050 RSUs were exercised.
- (b) On 28 March 2024, 24,800,000 new shares were placed at a price of HK\$47.65 per share to not less than six independent third parties for an aggregate cash consideration, before expenses, of HK\$1,181,720,000 (equivalent to RMB1,071,379,000). The related transaction costs amounting to HK\$11,540,000 (equivalent to RMB10,463,000) were netted off against the cash proceeds. The net proceeds were intended to be used for the business development of the Group. Details have been set out in the announcements of the Company dated 21 March and 28 March 2024, respectively.
- (c) During the six months ended 30 June 2024, 639,750 RSUs were exercised.

## 22. RESERVES

The amounts of the Group's reserves and the movements therein for the periods are presented in the interim condensed consolidated statement of changes in equity of the Group.

### Capital reserve

The Group's capital reserve mainly includes the share premium of the ordinary shares issued and share issue expenses, the share premium of the ordinary shares transferred from preferred shares, equity-settled share award and equity-settled share option, share of other capital reserve of an associate and the accumulated effects of the other equity transactions (i.e. the changes in non-controlling interests without losing control of a subsidiary).

### Exchange fluctuation reserve

The exchange fluctuation reserve is used to record exchange differences arising from the translation of the financial statements of entities of which the functional currency is not RMB.

## 23. SHARE-BASED PAYMENTS

### Restricted Share Unit Scheme

The Company adopted a restricted share unit scheme on 29 August 2019 (the "**RSU Scheme**"). The purpose of the RSU Scheme is to recognise and motivate the contributions of the grantees under the RSU Scheme, provide incentives for them to remain with the Group, and attract suitable personnel for the further development. Eligible participants of the RSU Scheme include employees or officers (including executive, non-executive and independent non-executive directors of the Group) as well as other core technical personnel, key personnel or other natural persons or entities that were or will be important to the development of the Group. The Company terminated the RSU Scheme on 30 June 2024. After the termination of the RSU Scheme, no further awards may be granted thereunder, while the awards already granted before the termination shall remain valid and continue to vest in accordance with the rules of the RSU Scheme.

During the six months ended 30 June 2024, no RSUs of the Company were granted to employees.

The vesting periods of these RSUs ranged from 1 month to 5 years. There is no other performance target required except the eligible participant remains as employees of the Group during the vesting period. 132,300 RSUs have been vested under the RSU Scheme during the six months ended 30 June 2024 (year ended 31 December 2023: 282,400). As at 30 June 2024, the total number of RSUs which remain outstanding under the RSU Scheme was 22,444,191 (31 December 2023: 22,224,691). 139,750 RSUs have been exercised during the six months ended 30 June 2024 (year ended 31 December 2023: 296,050). 7,500 RSUs have been forfeited under the RSU Scheme during the six months ended 30 June 2024 (year ended 31 December 2023: 212,000).

During the six months ended 30 June 2024, the Group amortised the difference between the fair value of the share awards and the consideration that employees have to pay to the Company over the vesting period and recognised share award expenses of approximately RMB1,393,000 (six months ended 30 June 2023: RMB4,225,000).

## Notes to the Interim Condensed Consolidated Financial Information

Six months ended 30 June 2024

### 23. SHARE-BASED PAYMENTS (Continued)

#### 2021 Restricted Share Unit Scheme

The Company adopted a new restricted share unit scheme on 6 December 2021 (the “**2021 RSU Scheme**”). The purpose of the 2021 RSU Scheme is to recognise the contributions of the grantees under the 2021 RSU Scheme, and to provide them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group. Eligible participants of the 2021 RSU Scheme include employees, advisors or consultants of any member of the Group.

No restricted share units have been granted under the 2021 RSU Scheme during the six months ended 30 June 2024 (year ended 31 December 2023: 1,215,000). The fair value of the share awards is measured at the grant date at the market value of the shares. The market values of the RSUs granted were determined by reference to the closing prices of listed shares as at the grant dates.

The vesting periods of these RSUs ranged from 1 month to 4 years. There is no other performance target required except the eligible participant remains as employees of the Group during the vesting period. 511,000 RSUs have been vested under the 2021 RSU Scheme during the six months ended 30 June 2024 (year ended 31 December 2023: 605,000). As at 30 June 2024, the total number of RSUs which remained outstanding under the 2021 RSU Scheme was 2,291,000 (31 December 2023: 2,291,000). 500,000 RSUs have been exercised during the six months ended 30 June 2024 (year ended 31 December 2023: 605,000).

During the six months ended 30 June 2024, the Group amortised the difference between the fair value of the share awards and the consideration that employees have to pay to the Company over the vesting period and recognised share award expenses of approximately RMB6,144,000 (six months ended 30 June 2023: Nil).

#### Share Option Scheme

The Company adopted a share option scheme on 28 June 2022 (the “**Share Option Scheme**”). The purpose of the Share Option Scheme is to reward certain eligible participants for their contribution to the success of the Company, and to provide incentives to them to further contribute to the Company.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the Scheme as an equity-settled plan.

The following share options were outstanding under the Scheme during the six months ended 30 June 2024:

	Weighted average exercise Price HK\$ per share	Number of options '000
At 1 January	35.08	450
Forfeited during the period	–	14
At 30 June	35.08	436

**23. SHARE-BASED PAYMENTS** (Continued)**Share Option Scheme** (Continued)

The share options granted to the grantees have a mixed vesting schedule with a total vesting period ranges from approximately 24 months to 48 months, with certain Share Options to be vested within 12 months of the Grant Date.

The weighted average remaining contractual life of the share options outstanding as at 30 June 2024 was 9 years.

No restricted share units have been granted during the six months ended 30 June 2024. The Group recognised a share option expense of RMB2,002,000 during the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

The directors of the Company used the binomial option pricing model to determine the fair value of the share options as at the respective grant dates, which is to be expensed over the relevant vesting period. The following table lists the inputs to the model used:

	For the six months ended 30 June	
	2024	2023
Dividend yield (%)	–	N/A
Expected volatility (%)	<b>71.39</b>	N/A
Historical volatility (%)	<b>71.39</b>	N/A
Risk-free interest rate (%)	<b>3.80</b>	N/A
Expected life of options (year)	<b>10</b>	N/A
Weighted average share price (HK\$ per share)	<b>34.65</b>	N/A

At the date of approval of these financial statements, the Company had 86,131,717 share options outstanding under the Scheme, which represented approximately 9.95% of the Company's shares in issue as at that date.

**24. PLEDGE OF ASSETS**

Details of the Group's assets pledged for the Group's bank and other borrowings and overdrafts and contract execution are included in notes 10, 11(a), 16 and 19 respectively, to the interim condensed consolidated financial information.

**25. COMMITMENTS**

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Contracted, but not provided for: Plant and machinery	<b>778,465</b>	769,990

## Notes to the Interim Condensed Consolidated Financial Information

Six months ended 30 June 2024

### 26. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with a non-controlling shareholder and its subsidiaries during the six months ended 30 June 2024: (i) revenue of net product sales amounted to RMB74,431,000 (six months ended 30 June 2023: RMB77,332,000); (ii) selling and marketing expenses of RMB13,693,000 (six months ended 30 June 2023: RMB6,362,000); (iii) costs of RMB37,662,000 related to purchase of clinical services and medical materials (six months ended 30 June 2023: RMB30,944,000).

The Group had the following transactions with Summit during the six months ended 30 June 2024: (i) license income amounted to RMB79,055,000 (six months ended 30 June 2023: RMB2,915,199,000); (ii) sales of products and materials amounted to RMB6,062,000 (six months ended 30 June 2023: RMB4,957,000); (iii) service fee income amounted to RMB39,978,000 (six months ended 30 June 2023: Nil).

The above transactions are determined by reference to the market price and mutually agreed between the parties. The related party transactions with a non-controlling shareholder and its subsidiaries above also constitute continued connected transactions as defined in Chapter 14A of the Listing Rules.

- (b) During the period, the Group acquired the remaining 35% equity interest in AD Pharmaceuticals Co., Ltd. ("**AD Pharmaceuticals**"), a subsidiary of the Group, from Dawnrays Biotechnology Capital (Asia) Limited, a non-controlling shareholder of AD Pharmaceuticals, at a cash of RMB267,387,000 (the "**Acquisition**"). Upon completion of the Acquisition, AD Pharmaceuticals became a wholly-owned subsidiary of the Group. Details have been set out in the announcements of the Company dated 9 February 2024 and 4 March 2024.
- (c) Compensation of key management personnel of the Group:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Short-term employee benefits	29,777	8,239
Pension scheme contributions	25	9
Equity-settled share award expenses	5,339	–
Total compensation paid to key management personnel	35,141	8,248

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

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

	Carrying amounts		Fair value	
	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
<b>Financial assets</b>				
Financial assets at fair value through profit or loss:				
Investments in financial products	<b>486,924</b>	852,431	<b>486,924</b>	852,431
Unlisted investment	<b>15,039</b>	12,039	<b>15,039</b>	12,039
<b>Total</b>	<b>501,963</b>	864,470	<b>501,963</b>	864,470

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

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

The fair values of the non-current portion of interest-bearing bank and other borrowings and the non-current portion of lease liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 30 June 2024 and 31 December 2023 were assessed to be insignificant.

The fair values of the financial products issued by the banks have been estimated by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair value of the unlisted investment designated at fair value through profit or loss has been estimated using a market based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such price to earnings ("P/E") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted investment to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

## Notes to the Interim Condensed Consolidated Financial Information

Six months ended 30 June 2024

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

(Continued)

#### Fair value hierarchy

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

#### Assets measured at fair value:

##### As at 30 June 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:				
Investments in financial products	–	486,924	–	486,924
Unlisted investment	–	–	15,039	15,039
Total	–	486,924	15,039	501,963

##### 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:				
Investments in financial products	–	852,431	–	852,431
Unlisted investment	–	–	12,039	12,039
Total	–	852,431	12,039	864,470

#### Liabilities measured at fair value:

The Group did not have any financial liabilities measured at fair value as at 30 June 2024 and 31 December 2023.

### 28. 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 on 28 August 2024.

