基石药业
CSTONE
PHARMACEUTICALS

CStone Pharmaceuticals
基石藥業

(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 : **2616**

2021
Interim Report
中期報告

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Director

Dr. Frank Ningjun Jiang
(Chairman and Chief Executive Officer)

Non-executive Directors

Dr. Wei Li
Mr. Qun Zhao
Mr. Yanling Cao
Mr. Xianghong Lin
Mr. Edward Hu[(1)]

Independent Non-executive Directors

Dr. Paul Herbert Chew
Mr. Ting Yuk Anthony Wu
Mr. Hongbin Sun

AUDIT COMMITTEE

Mr. Hongbin Sun *(Chairman)*
Dr. Paul Herbert Chew
Mr. Ting Yuk Anthony Wu

COMPENSATION COMMITTEE

Mr. Ting Yuk Anthony Wu *(Chairman)*
Dr. Wei Li
Dr. Paul Herbert Chew

NOMINATION COMMITTEE

Dr. Frank Ningjun Jiang *(Chairman)*
Mr. Yanling Cao
Dr. Paul Herbert Chew
Mr. Ting Yuk Anthony Wu
Mr. Hongbin Sun

STRATEGY COMMITTEE

Dr. Frank Ningjun Jiang *(Chairman)*
Mr. Edward Hu
Dr. Paul Herbert Chew

AUTHORIZED REPRESENTATIVES

Dr. Frank Ningjun Jiang
Ms. Lau Jeanie

COMPANY SECRETARIES

Mr. Ning He[(2)]
Ms. Lau Jeanie[(3)]

COMPANY WEBSITE:

www.cstonepharma.com

REGISTERED OFFICE

The offices of Vistra (Cayman) Limited
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802 West Bay Road
Grand Cayman KY1-1205
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

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West Haiyang Road
New Bund Times Square
Pudong New Area, Shanghai
PRC

Notes:

(1) Mr. Edward Hu was appointed as a non-executive Director and a member of the strategy committee of the Board with effect from July 9, 2021.

(2) Mr. He Ning has been appointed as the joint company secretary of the Company with effect from January 25, 2021.

(3) Ms. Lau Jeanie was appointed as the joint company secretary, the process agent and the authorized representative of the Company with effect from June 3, 2021.

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR

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HONG KONG SHARE REGISTRAR

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183 Queen's Road East
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Hong Kong

HONG KONG LEGAL ADVISER

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COMPLIANCE ADVISOR

Rainbow Capital (HK) Limited
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Sheung Wan
Hong Kong

PRINCIPAL BANKERS

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Santa Clara, CA 95054

China Construction Bank
Industrial Park of Suzhou Branch
No. 1133 Dong Huan Road
Suzhou
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STOCK CODE:

2616

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35/F One Pacific Place 88 Queensway
Admiralty Hong Kong

Financial Highlights

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") MEASURES:

- **Revenue** increased from zero for the six months ended June 30, 2020 to RMB79.4 million for the six months ended June 30, 2021, primarily attributable to sales of the Company's pharmaceutical products (avapritinib and pralsetinib). The revenue of avapritinib and pralsetinib reached RMB33.6 million and RMB45.8 million during the Reporting Period, respectively.

- **Research and development expenses** decreased by RMB31.4 million from RMB544.2 million for the six months ended June 30, 2020 to RMB512.8 million for the six months ended June 30, 2021, primarily due to prioritization of clinical studies, and offset by continued investment in key clinical trials and pre-clinical studies during the Reporting Period.

- **Administrative expenses** decreased by RMB11.1 million from RMB165.2 million for the six months ended June 30, 2020 to RMB154.1 million for the six months ended June 30, 2021, primarily attributable to reduction in professional fees.

- **Selling and marketing expenses** increased by RMB109.5 million from RMB24.1 million for the six months ended June 30, 2020 to RMB133.6 million for the six months ended June 30, 2021, primarily attributable to sales force build-up and marketing activities for product launch.

- **Loss for the period** increased by RMB102.7 million from RMB671.2 million for the six months ended June 30, 2020 to RMB773.9 million for the six months ended June 30, 2021, primarily attributable to the increasing selling and marketing expenses for commercial launch, and offset by the sales income of avapritinib and pralsetinib.

NON-INTERNATIONAL FINANCIAL REPORTING STANDARDS ("NON-IFRS") MEASURES:

- **Research and development expenses** excluding the share-based payment expenses decreased by RMB25.6 million from RMB470.4 million for the six months ended June 30, 2020 to RMB444.8 million for the six months ended June 30, 2021, primarily due to prioritization of clinical studies, and offset by continued investment in key clinical trials and preclinical studies during the Reporting Period.

- **Administrative and selling and marketing expenses** excluding the share-based payment expenses increased by RMB114.0 million from RMB100.3 million for the six months ended June 30, 2020 to RMB214.3 million for the six months ended June 30, 2021, primarily attributable to sales force build-up and marketing activities for product launch.

- **Loss for the period** excluding the share-based payment expenses increased by RMB124.0 million from RMB508.5 million for the six months ended June 30, 2020 to RMB632.5 million for the six months ended June 30, 2021, primarily attributable to the increasing selling and marketing expenses for commercial launch, and offset by the sales income of avapritinib and pralsetinib.

In the first half of 2021, CStone continued the tremendous momentum of the prior year, extending a track record of performance as a full-fledged biopharmaceutical company. We delivered six-months of solid execution, maintaining – and where possible, expediting – an ambitious agenda across the business. We further demonstrated our superior clinical development capabilities, with several programs reaching exciting milestones, including three approvals that led to our first product launches. Our commercial team executed a flawless go-to-market strategy for our approved drugs, which achieved an exceptional sales ramp-up. Additionally, we advanced our pre-clinical efforts with progress on multiple first-in-class ("**FIC**")/best-in-class ("**BIC**")/first-wave ("**FW**") candidates in emerging therapeutic modalities and for which we hold global commercial rights. Our efforts have further distinguished our pipeline, which stands out for the distinctiveness of our molecules, balance across stages of development, growing indication coverage, and expanding mix of global and Greater China commercial rights. Altogether, CStone's performance during the Reporting Period underscores our ability to fully harness the fundamental drivers of our business and brings into clearer view the full commercial and clinical value of our evolving portfolio.

For the six months ended June 30, 2021 and as of the date of this report, significant progress has been made with respect to our product pipeline and business operations:

I. COMMERCIAL EFFORTS LEAD TO SUCCESSFUL PRODUCT LAUNCHES

The first half of 2021 was the most commercially active period in our history. Through wide and deep engagement with stakeholders in the healthcare community, our growing commercial team set the stage for our first commercial launches, those of GAVRETO® (pralsetinib) and AYVAKIT® (avapritinib). They engaged healthcare providers, regulators, hospitals, pharmacies and payors, among other groups in the healthcare community, to provide education on our products and expand the number of patients who can access them. As a result, we brought two precision medicines to market with exceptional speed and achieved a rapid sales ramp-up.

Additionally, the commercial team continued their efforts to expand the accessibility of assets on the market to bolster sales while also supporting the broader pipeline of late-stage assets which are on track for commercialization and indication expansions.

Highlights and details on our first-half commercial activity follow below.

- **Healthcare community engagement supports successful product launches**

  - Active engagement with healthcare community stakeholders expanded our coverage of the market to include over 400 hospitals across more than 130 cities, and deepened our ties to healthcare providers, pharmacies, patient groups and insurers. Our sales team is well on track to establish comprehensive coverage of the market in China for our drugs. They now cover hospitals that account for approximately 70-80% of relevant market of precision medicines. Additionally, they secured inclusion of our precision medicines in 25 of the major commercial and government insurance programs. Through this effort, we established a robust network to support our first two product launches and prepare the pathway for future launches.

  - We launched two precision medicines, reaching a broad swath of patients from the very first day. We successfully launched AYVAKIT® (avapritinib) in mainland China and Taiwan, China in May 2021 and June 2021 respectively, achieving net sales of RMB33.6 million in the first half of 2021. In June 2021, we successfully launched GAVRETO® (pralsetinib) in mainland China, achieving net sales of RMB45.8 million in the first half of 2021.

Business Highlights

- **Strategic collaboration agreements support product distribution**

  – We established a strategic collaboration agreement with Sinopharm Group Co., Ltd ("**Sinopharm**"). This enabled us to broaden hospital and pharmacy distribution coverage across mainland China for both GAVRETO® (pralsetinib) and AYVAKIT® (avapritinib). Through the collaboration with China (Shanghai) Pilot Free Trade Zone Lin Gang Special Area ("**Lin Gang**"), we were also able to expedite the process for market entry by clearing customs and completing the port inspection processes within four days, which is significantly earlier than expected.

  – We formed strategic collaboration agreements with three of the largest integrated healthcare service platforms in mainland China – Shanghai Meditrust Health Co., Ltd., Beijing Yuanxin Technology Group Co., Ltd., and Medbanks – to leverage each party's competitive advantages and utilize innovative healthcare payment programs to improve distribution and patient affordability of GAVRETO® (pralsetinib) and AYVAKIT® (avapritinib). These relationships will help to maximize distribution of these drugs and improve patient affordability.

- **Commercial efforts expand market potential and launch readiness of late-stage assets**

  – We are closely collaborating with our partners Pfizer and EQRx to plan the commercialization of sugemalimab in mainland China, and the global launch (outside Greater China) of sugemalimab. Our work with Pfizer has put us on track to receive NDA approval for sugemalimab in mainland China this year, specifically for stage IV non-small cell lung cancer ("**NSCLC**"). This progress brings us materially closer to full-scale commercial launch of this drug. With EQRx, we are setting the stage for broad distribution of sugemalimab in markets that are forecast to generate approximately US$30 billion in PD-(L)1 sales in 2026 for the treatment of NSCLC, gastric and esophageal cancers: the U.S., the U.K. and the European Union ("**EU**"), etc.

  – We took several steps to prepare for the indication expansion of GAVRETO® (pralsetinib) and AYVAKIT® (avapritinib), which will provide greater long-term sales growth potential. For GAVRETO® (pralsetinib), we have submitted NDAs in mainland China for RET-mutant medullary thyroid cancer ("**MTC**") and RET fusion-positive thyroid cancer and have been granted priority review. We also expect to submit an NDA in mainland China for the first-line treatment of RET fusion-positive NSCLC in the second half of 2021. In addition, we expect to submit NDAs in Hong Kong and Taiwan, China in the second half of 2021 for the second-line treatment of RET fusion-positive NSCLC. For AYVAKIT® (avapritinib), we have submitted an NDA in Hong Kong for PDGFRA D842V mutant GIST. Also, we are exploring possible routes to expedite registration in mainland China on the back of U.S. FDA approval for the treatment of adult patients with advanced systemic mastocytosis ("**SM**").

  – We advanced the launch readiness of ivosidenib (IDH1 inhibitor) and expect to receive an NDA approval in the fourth quarter of 2021 or the first quarter of 2022 for patients with relapsed or refractory acute myeloid leukemia ("**R/R AML**").

II. NUMEROUS CLINICAL SUCCESSES SUPPORT A MATURE PIPELINE

We made substantial progress during the first half of 2021 to establish a mature pipeline of late-stage FIC assets across various oncology therapeutic areas and indications, expanding our total potential addressable market. We secured three NDA approvals to support our pralsetinib and avapritinib launches. We submitted four NDA filings covering a third asset, ivosidenib, as well as indication and geographic expansions for pralsetinib, avapritinib and sugemalimab. We also significantly stepped up the volume of planned readouts and presentations relative to prior years.

Of particular significance, we announced several positive developments with sugemalimab that demonstrate its broad applicability and safety as a treatment for both stage III and IV NSCLC, including in an "all-comers" setting, which can give it a unique and potentially enduring market niche.

Details follow below.

- **Sugemalimab** (CS1001, PD-L1 antibody)
  - In May 2021, the phase III trial of sugemalimab in patients with stage III NSCLC as monotherapy in the maintenance setting following concurrent or sequential chemoradiotherapy met its primary endpoint. This innovative trial design reflects real-world clinical practices and demonstrates sugemalimab's distinct ability to cover a much broader patient population among PD-(L)1 treatments. An NDA for this indication was accepted by the NMPA in September 2021.
  - The final PFS analysis of the phase III trial for stage IV squamous and non-squamous NSCLC showed that sugemalimab combined with chemotherapy as first-line treatment contributed to prolonged PFS and encouraging overall survival. Our NDA for this indication was accepted by the NMPA in November 2020 and we expect to receive the NDA approval by the end of 2021. In addition, we are working closely with EQRx on regulatory discussions for new drug applications for the two indications of stage III and stage IV NSCLC in multiple countries, including the U.S.
- **Pralsetinib** (CS3009, RET inhibitor)
  - On March 24, 2021, we received an NDA approval from the NMPA for the treatment of patients with RET fusion-positive NSCLC previously treated with platinum-based chemotherapy.
  - In April 2021, the NMPA accepted the NDA with Priority Review Designation for the treatment of patients with advanced or metastatic RET-mutant MTC and RET fusion-positive thyroid cancer.

- **Avapritinib** (CS3007, KIT/PDGFRA inhibitor)

  – On March 31, 2021, we received an NDA approval from the NMPA for the treatment of adults with unresectable or metastatic GIST harboring a PDGFRA exon 18 mutation, including PDGFRA D842V mutations.

  – On April 29, 2021, we received the NDA approval license from Taiwan Food and Drug Administration ("**TFDA**") through an accelerated approval pathway for adults with unresectable or metastatic GIST harboring a PDGFRA D842V mutations.

  – In May 2021, we received the acceptance of the NDA from Hong Kong Department of Health ("**HK DoH**") for adults with unresectable or metastatic GIST harboring a PDGFRA D842V mutations. We expect a decision on the NDA in the second half of 2022.

- **Ivosidenib** (CS3010, IDH1 inhibitor)

  – The registrational trial of ivosidenib in patients with relapsed or refractory acute myeloid leukemia ("**R/R AML**") with an isocitrate dehydrogenase 1 ("**IDH1**") mutation met the pre-specified endpoints. Ivosidenib is the first IDH1 inhibitor in China that has demonstrated efficacy and sustained remission in patients with R/R AML.

  – In August 2021, the NMPA accepted the NDA for the treatment of adults with R/R AML with a susceptible IDH1 mutation and granted priority review. We expect to receive the NDA approval around the end of 2021 or the first quarter of 2022.

  – In August 2021, our partner, Servier, released positive topline data from the global phase III study of ivosidenib in combination with azacitidine in patients with previously untreated IDH1 mutant acute myeloid leukemia. The study recently halted further enrollment due to compelling efficacy data. We expect to file an NDA for this indication with the NMPA in 2022.

III. STRATEGIC RELATIONSHIPS ADVANCE OUTLOOK FOR LATE-STAGE ASSETS AND BOLSTER DEVELOPMENT PIPELINE

We continue to grow and deepen our relationships with key global strategic partners, Pfizer and EQRx.

With Pfizer, we are preparing sugemalimab for full-scale commercial launch for stage IV NSCLC in mainland China. We are partnering with them in discussions with regulators and working together closely to establish connections with and educate other important healthcare community stakeholders. These efforts are intended to set the stage for broad and rapid market adoption and sales ramp-up of sugemalimab upon commercial launch.

In addition, we broadened our relationship with Pfizer in the first half of the year with the agreement to co-develop Pfizer's late-stage oncology asset lorlatinib in second line c-ros oncogene 1 ("**ROS1**") positive NSCLC in Greater China. This type of collaboration was envisioned in the original partnership that we announced last year. It is a significant development both clinically and in terms of our relationship with Pfizer. The plan for lorlatinib is to assess if this agent can provide benefits to the relapsed ROS1-positive advanced NSCLC after crizotinib, which if positive would add a new therapeutic approach to our lung cancer line-up. This program also bolsters the foundation of our relationship with a global biopharmaceutical leader and sets us up for future collaboration with them.

With EQRx, we have initiated discussions with stakeholders in key global markets – the U.S., the U.K., and the EU – around the registration of sugemalimab for NSCLC indications. Relevant discussions are ongoing. We are collaborating with EQRx to explore the feasibility of extending the range of covered indications for this drug, including gastric cancer and esophageal cancer. In addition, we are working with EQRx to expand a phase III study of CS1003 in HCC in the U.S. and major EU markets.

IV. PIPELINE 2.0 EFFORTS HARNESS FULL POTENTIAL OF NEXT-GEN CANDIDATES

We have begun to realize the benefits of the revamp of our research capabilities in order to advance our development of BIC and FIC assets with global commercial rights. We expect this effort to enhance our internal sources of innovation, generate a sustained supply of one to two IND application(s) per year, and support development of a globally distinctive and differentiated pipeline.

We are maintaining our near-term Pipeline 2.0 focus on two emerging therapeutic modalities: antibody-drug conjugates ("**ADC**") and multi-specific biologics. In the first half of 2021, we made substantial progress advancing two such assets into the clinical stage this year:

- **CS2006** (NM21-1480, PD-L1×4-1BB×HSA tri-specific molecule): The dose escalation is ongoing and includes sites in the U.S. and Taiwan, China. We have completed dose level 4 enrollment in the U.S. and dose level 5 enrollment is ongoing. We submitted an IND application to the NMPA and received the IND approval in September 2021.

- **CS5001** (LCB71, ROR1 ADC): The IND-enabling activities are ongoing and are expected to be completed with an IND/CTA submitted in the U.S./Australia thereafter by the end of 2021.

In addition to CS2006 and CS5001, we are further developing additional FIC/BIC/FW assets for which we hold global commercial rights, including two multi-specific biologics and one ADC.

V. EXPANDING CAPITAL MARKETS ACCESS

Due to the strong performance in our shares during the 12 months as of June 2021, our stock has been included in the Hang Seng Composite Index and the Hong Kong Stock Connect. This development is significant in that it can foster greater trading in our shares, more efficient price discovery and additional liquidity for investors.

Management Discussion and Analysis

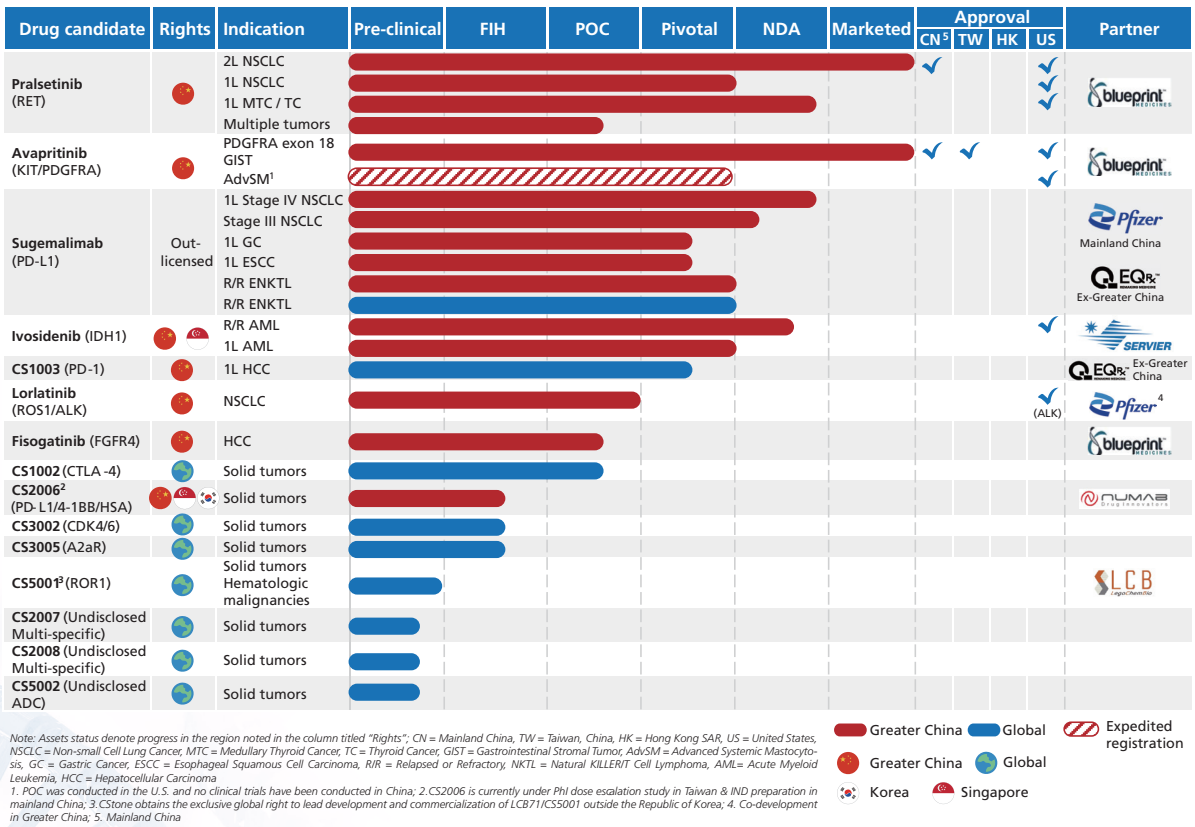
OUR VISION

Our vision is to become a world-renowned biopharmaceutical company leading the way to conquering cancer.

OVERVIEW

CStone is a biopharmaceutical company focused on researching, developing, and commercializing innovative immuno-oncology and precision medicines to address the unmet medical needs of cancer patients in China and worldwide. Established in 2015, CStone has assembled a world-class management team with extensive experience in innovative drug development, clinical research, and commercialization. The company has built an oncology-focused pipeline of 15 drug candidates with a strategic emphasis on immuno-oncology combination therapies. Currently, CStone has received three drug approvals in Greater China, including two in mainland China and one in Taiwan, China. For details of any of the foregoing, please refer to the rest of this report and, where applicable, the prospectus of the Company and prior announcements published on the websites of the Stock Exchange and the Company.

Product Pipeline



Note: Assets status denote progress in the region noted in the column titled "Rights"; CN = Mainland China, TW = Taiwan, China, HK = Hong Kong SAR, US = United States, NSCLC = Non-small Cell Lung Cancer, MTC = Medullary Thyroid Cancer, TC = Thyroid Cancer, GIST = Gastrointestinal Stromal Tumor, AdvSM = Advanced Systemic Mastocytosis, GC = Gastric Cancer, ESCC = Esophageal Squamous Cell Carcinoma, R/R = Relapsed or Refractory, NKTL = Natural KILLER/T Cell Lymphoma, AML= Acute Myeloid Leukemia, HCC = Hepatocellular Carcinoma

1. POC was conducted in the U.S. and no clinical trials have been conducted in China; 2.CS2006 is currently under PhI dose escalation study in Taiwan & IND preparation in mainland China; 3.CStone obtains the exclusive global right to lead development and commercialization of LCB71/CS5001 outside the Republic of Korea; 4. Co-development in Greater China; 5. Mainland China

BUSINESS REVIEW

Commercial Operations

During the first half of 2021, we expanded our commercial team, which includes approximately 300 people, and successfully launched two FIC precision medicines: GAVRETO® (pralsetinib) and AYVAKIT® (avapritinib). These drugs were initially made available to patients in 2020 via an early-access pilot program in Bo'ao, enabling Chinese patients to access innovative drugs upon US FDA approval. In the first half of this year, we obtained the regulatory approvals for them and proceeded with their commercial launches in mainland China and Taiwan, China.

In addition, the commercial team continued an aggressive program to broaden and deepen ties to the healthcare community and critical stakeholder groups as part of preparations of launching our drug candidates. Our commercial team has established coverage of over 400 hospitals across more than 130 cities, establishing coverage of hospitals that account for approximately 70-80% of relevant market of precision medicines. They also successfully secured inclusion of our drugs in major commercial and government administered insurance plans as part of an effort to broaden patient access to our drugs by making them more affordable. Details on our full commercial efforts are set out below.

- ***GAVRETO® (pralsetinib)***

  – GAVRETO® (pralsetinib), a FIC RET inhibitor in China, has been approved for the treatment of adults with RET fusion-positive NSCLC previously treated with platinum-based chemotherapy by the NMPA. GAVRETO® (pralsetinib) is the first drug using the Bo'ao Le Cheng pilot program to allow the use of real-world data as support to accelerate the NMPA approval of 6.5 months. The commercialization of GAVRETO® (pralsetinib) reflects our determination to address patients' unmet clinical needs and demonstrates our ability to quickly bring innovative drugs to the market. In the first half of 2021, GAVRETO® (pralsetinib) achieved net sales of RMB45.8 million.

  – On July 3, 2021, we held the national launch meeting of GAVRETO® (pralsetinib) with over 500 oncologists attending in person and more than 13,000 physicians joining online.

  – GAVRETO® (pralsetinib) is recommended by 2021 Chinese Medical Association Guidelines for RET fusion-positive stage IV non-squamous NSCLC as the only therapy for second line and later line treatment.

  – Testing for RET alterations is recommended by 2021 Guidelines on Clinical Practice of Molecular Tests in NSCLC in China with level I recommendation.

  – GAVRETO® (pralsetinib) has been listed in 9 commercial health insurance plans and 16 supplemental insurance plans sponsored by provincial or municipal governments.

- ***AYVAKIT® (avapritinib)***

  – AYVAKIT® (avapritinib), a FIC KIT/PDGFRA inhibitor, has been approved for the treatment of adults with unresectable or metastatic GIST harboring a PDGFRA exon 18 mutation, including PDGFRA D842V mutations by the NMPA. AYVAKIT® (avapritinib) has also been approved for the treatment of patients with PDGFRA D842V mutant GIST by the TFDA. AYVAKIT® (avapritinib) took only 4 days to reach distribution partners from the time of arrival in China. In the first half of 2021, AYVAKIT® (avapritinib) achieved net sales of RMB33.6 million.

  – On May 22, 2021, we held the national launch meeting of AYVAKIT® (avapritinib) with over 400 oncologists attending in person and more than 9,600 physicians joining online.

  – AYVAKIT® (avapritinib) has been listed in 9 commercial health insurance plans and 8 supplemental insurance plans sponsored by provincial or municipal governments.

- ***Other Late-stage Assets***

  – Our Commercial platform is also well prepared for pre-launch activities for ivosidenib.

  – In addition, we are working with Pfizer to support the commercialization of sugemalimab in mainland China, and with EQRx to support the global launch (outside Greater China) of sugemalimab.

Clinical Development

As of the date of this report, we have made significant progress with respect to our product pipeline.

Pralsetinib (CS3009, RET inhibitor)

- On March 24, 2021, the NMPA approved GAVRETO® (pralsetinib) for the treatment of adults with locally advanced or metastatic RET fusion-positive NSCLC after platinum-based chemotherapy. GAVRETO® was the first approved selective RET inhibitor in China and first approved precision therapy for CStone.

- In April 2021, the NMPA accepted the NDA with Priority Review Designation for the treatment of patients with advanced or metastatic RET-mutant MTC and RET fusion-positive thyroid cancer. In June 2021, we announced China registration-enabling cohort data from the phase I/II ARROW trial of patients with RET-mutant MTC who have not been previously treated with systemic therapy, which was generally consistent with previously announced global clinical data.

  – Primary efficacy data showed deep and durable anti-tumor activity of pralsetinib in Chinese patients with advanced or metastatic RET-mutant MTC, consistent with previously reported results in the global ARROW study. The safety data observed in Chinese patients was similar with results shown in global patients. The detailed data has been accepted for presentation at the 2021 Annual Meeting of the American Thyroid Association.

- In June 2021, China registration-enabling cohort from the phase I/II ARROW trial of patients with RET fusion-positive NSCLC who have not been previously treated with systemic therapy showed consistency with global clinical data. We expect to submit an NDA to the NMPA for this indication in the second half of 2021.

  – Primary efficacy data showed deep and durable anti-tumor activity of pralsetinib for first-line treatment in patients with RET fusion-positive NSCLC, which was consistent with the global population. The overall safety was manageable, with no new safety signal detected.

  – This positive clinical data was presented at the International Association for the Study of Lung Cancer ("**IASLC**") 2021 World Conference on Lung Cancer ("**WCLC**") in September 2021.

- We expect to submit an NDA to the TFDA in the second half of 2021 for RET fusion-positive NSCLC patients.

- We expect to submit an NDA to HK DoH in the second half of 2021 for RET fusion-positive NSCLC patients.

Avapritinib (CS3007, KIT/PDGFRA inhibitor)

- On March 31, 2021, we received an NDA approval from the NMPA for the treatment of adults with unresectable or metastatic GIST harboring a PDGFRA exon 18 mutation, including PDGFRA D842V mutations.

- On April 29, 2021, we received the NDA approval license from the TFDA through an accelerated approval pathway for avapritinib for adults with unresectable or metastatic GIST harboring a PDGFRA D842V mutations.

- In May 2021, we received the acceptance of the NDA from HK DoH for adults with unresectable or metastatic GIST harboring a PDGFRA D842V mutations. We expect a decision on the NDA in the second half of 2022.

- The phase I/II bridging study data presented at the 2021 European Society for Medical Oncology (ESMO) World Congress on Gastrointestinal Cancer annual meeting showed avapritinib was generally well-tolerated and had promising anti-tumor activity in Chinese GIST patients with the PDGFRA D842V mutation, and has also shown potential for the treatment of fourth-line and later Chinese GIST patients.

- In June 2021, our partner, Blueprint announced that the U.S. FDA has approved AYVAKIT™ (avapritinib) for the treatment of adult patients with advanced systemic mastocytosis ("**Advanced SM**"). We plan to communicate with the NMPA about the registrational pathway for this indication in China.

Ivosidenib (CS3010, IDH1 inhibitor)

- In July 2021, the China registrational trial of ivosidenib in patients with R/R AML with an IDH1 mutation met the pre-specified endpoints.
  - The results demonstrated efficacy and manageable safety of ivosidenib, which were consistent with results shown in global patients. This positive clinical data was presented at the ESMO Virtual Congress 2021 in September 2021.
  - Ivosidenib was the first IDH1 inhibitor in China that has demonstrated efficacy and sustained remission in patients with R/R AML.
- In August 2021, the NMPA accepted the NDA of ivosidenib for the treatment of adults with R/R AML with a susceptible IDH1 mutation and granted priority review. We expect to receive the NDA approval around the end of 2021 or the first quarter of 2022.
- In August 2021, our partner, Servier, released positive topline data from the global phase III study of ivosidenib in combination with azacitidine in patients with previously untreated IDH1 mutant acute myeloid leukemia. The study recently halted further enrollment due to compelling efficacy data. We expect to file an NDA for this indication with the NMPA in 2022.

Sugemalimab (PD-L1 antibody)

- Sugemalimab is an investigational monoclonal antibody directed against PD-L1 that is currently under NDA review by the NMPA in China. As a fully-human, full-length anti-PD-L1 monoclonal antibody, sugemalimab mirrors the natural G-type IgG4 human antibody, which may potentially reduce the risk of immunogenicity and toxicity in patients, a potential unique advantage and differentiation factor compared to similar drugs. As of June 30, 2021, we have dosed more than 1,500 patients with sugemalimab in clinical trials.
- As of the date of this report, we are currently conducting five registrational trials for sugemalimab, three of which were initiated in 2018, including stage III NSCLC, stage IV NSCLC and ENKTL, and the other two were initiated in 2019, including advanced gastric cancer and esophageal cancer.
  - In May 2021, the phase III trial of sugemalimab in patients with stage III NSCLC as monotherapy in the maintenance setting following chemoradiotherapy met its primary endpoint. An NDA for this indication was accepted by the NMPA in September 2021.
  - It was the first anti-PD-1/PD-L1 monoclonal antibody worldwide to successfully improve PFS in patients with stage III NSCLC without disease progression after concurrent or sequential chemoradiotherapy. Subgroup analyses demonstrated that sugemalimab was associated with clinical benefit regardless of whether patients received concurrent or sequential chemoradiotherapy prior to sugemalimab. Subgroup analyses showed a clinical benefit across histology subtypes and PD-L1 expression levels. The highly positive clinical data was presented at the ESMO Virtual Congress 2021.

- In July 2021, final PFS analysis of the phase III trial of sugemalimab as a first-line treatment for stage IV squamous and non-squamous NSCLC showed that sugemalimab plus chemotherapy demonstrated further improvement in PFS. In addition, data in longer follow-up further demonstrated that sugemalimab plus chemotherapy brought patients encouraging overall survival. This favorable final PFS data was presented at the IASLC 2021 WCLC. An NDA for this indication was accepted by the NMPA in November 2020. We expect to receive the NDA approval by end of 2021.

- Sugemalimab was the world's first anti-PD-1/PD-L1 monoclonal antibody covering both locally advanced/unresectable (stage III) and metastatic (stage IV) NSCLC patients. We are working closely with EQRx on regulatory discussions for new drug applications for the two indications of stage III and stage IV NSCLC in multiple countries including the U.S.

- We completed the enrollment for the phase II registrational trial of sugemalimab as monotherapy for the treatment of ENKTL in May 2021. We received the Breakthrough Therapy Designation ("**BTD**") from the NMPA in February 2021 for treating patients with R/R ENKTL. We expect to submit an NDA/a biologics license application ("**BLA**") to the NMPA/U.S. FDA for this indication in the first half of 2022.

- A phase III trial of sugemalimab in combination with standard-of-care chemotherapies for first-line treatment in patients with unresectable or metastatic gastric cancer. We expect to submit an NDA for this indication in the second half of 2022.

- A phase III trial of sugemalimab in combination with standard-of-care chemotherapies for first-line treatment in patients with unresectable or metastatic esophageal squamous cell cancer. We expect to submit an NDA for this indication in the second half of 2022.

• To capitalize on the significant market opportunity in China, we are strategically developing multiple combination therapies of sugemalimab with candidates from our internal pipeline and external partners.

- Sugemalimab with fisogatinib (CS3008, FGFR4 inhibitor) in HCC: Phase Ib part was completed with the recommended phase II dose ("**RP2D**") declared in June 2020. The first patient was dosed in dose-expansion of the phase II part in July 2020. As of the date of this report, the trial is ongoing.

- Sugemalimab with donafenib: We have received an IND approval from the Center for Drug Evaluation of the NMPA in April 2020. The phase I/II trial has initiated with first patient dosed in dose-escalation in October 2020. As of the date of this report, the trial is ongoing.

CAUTIONARY STATEMENT REQUIRED BY RULE 18A.08 OF THE LISTING RULES: WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET SUGEMALIMAB SUCCESSFULLY.

CS1003 (PD-1 antibody)

- We are conducting a global phase III trial of CS1003 in combination with LENVIMA® (lenvatinib), a standard-of-care TKI in patients with advanced HCC. The enrollment is expected to be completed in the first half of 2022. As of the date of this report, the trial is ongoing.

Lorlatinib (ROS-1 inhibitor)

- We will work with Pfizer to jointly develop lorlatinib for ROS1-positive advanced NSCLC in Greater China. The upcoming pivotal clinical study in ROS1-positive lung cancer in China will be the world's first pivotal study of lorlatinib in ROS1-positive NSCLC.

Fisogatinib (CS3008, FGFR4 inhibitor)

- The phase Ib study for the combination therapy of fisogatinib plus sugemalimab in HCC was completed with the RP2D declared in June 2020. The first patient was dosed in dose-expansion of the phase II part in July 2020. As of the date of this report, the trial is ongoing.

CS2006 (NM21-1480, PD-L1×4-1BB×HSA tri-specific molecule)

- In the second quarter of 2020, our partner, Numab, received a "may proceed" letter from the U.S. FDA for the IND application for NM21-1480. We received an IND approval for CS2006 from the TFDA in the third quarter of 2020. The dose escalation is ongoing and includes sites in the U.S. and Taiwan, China. We have completed dose level 4 enrollment in the U.S. and dose level 5 enrollment is ongoing.

- We submitted the IND application to the NMPA and received the IND approval in September 2021.

CS1002 (CTLA-4 antibody)

- The first patient for the study of a combination therapy of CS1002 plus CS1003 was dosed for dose-escalation in the first quarter of 2020 and for dose-expansion in the second quarter of 2020 in Australia. As of the date of this report, the trial is ongoing.

- We submitted an IND application for the combination therapy of CS1002 plus CS1003 in China in the fourth quarter of 2020. As of the date of this report, the trial is ongoing.

- In September 2021, the preliminary data of CS1002 in combination with CS1003 was presented at ESMO 2021.

CS3005 (A2aR antagonist)

- In the first quarter of 2020, the first patient was dosed in Australia in a phase I trial of CS3005 as a single agent for the treatment of patients with solid tumors in Australia and China. In the second quarter of 2020, we received an IND approval from the NMPA for the treatment of patients with solid tumors. As of the date of this report, the trial is ongoing.

Trademarks

Blueprint Medicines, AYVAKIT, GAVRETO and associated logos are trademarks of Blueprint.

Research

Research is at the heart of our mission to pioneer breakthroughs in science and translate them into safe and effective therapies. It is where our passion for science intersects with our desire to have a meaningful impact on the lives of suffering patients. It is also a crucial point of distinction from other biotech firms.

Starting last year and continuing into 2021, we took several steps to improve our pre-clinical pipeline and internal sources of innovation. We consolidated leadership of discovery and early development functions under our Chief Scientific Officer, who has over 20 years of experience in translational oncology research spanning cytotoxics, targeted agents and immunotherapies. In addition, we bolstered our team with new research professionals. We formed a dedicated cross-functional innovation sourcing and strategy team to drive the design and selection of candidates. And we have continued to cultivate a strong network of external partners – academic labs, CROs and other commercial partners – that can provide specific resources to advance and operationalize ideas and innovation.

The reinvigoration of our research team has accelerated our Pipeline 2.0 strategy, and is evident in the portfolio of pre-clinical drug candidates we have assembled as well as our progress in developing them. CS5001, which we in-licensed from LegoChem Biosciences in 2020, embodies our Pipeline 2.0 strategy. CS5001 is an ADC composed of a human monoclonal antibody targeting receptor tyrosine kinase-like orphan receptor 1 ("**ROR1**"). The oncofetal gene ROR1 has prevalent expression in a variety of cancers including leukemia, non-Hodgkin lymphoma, breast, lung, and ovarian cancers, and is also as a promising target for the treatment of both hematological and solid malignancies.

The IND-enabling activities for CS5001 are ongoing and expected to be completed with an IND/CTA submitted in the U.S. and Australia by the end of 2021. Also, the pre-clinical data has been accepted as a Late-Breaking Abstract and will be presented as a virtual poster at the AACR-NCI-EORTC Virtual International Conference on Molecular Targets and Cancer Therapeutics to be held in October 2021.

In addition to CS2006 and CS5001, we are continuing the development of multiple potential FIC or BIC programs in our Pipeline 2.0, including two multi-specific biologics and an additional ADC.

Business Development and Strategic Partnerships

Our business development team will continue to play a vital strategic role in the growth of our business. They will pursue flexible deal structures for in-licensing and other partnership opportunities to support pipeline development, as well as commercialization efforts in our home market and abroad. In addition, they are supporting the development of our existing strategic partnerships with Pfizer and EQRx.

Our partnerships with Pfizer and EQRx are cornerstones of our near-term commercial plans as well as our global aspirations. Through our successful collaboration with Pfizer, we are demonstrating the merits of our unique approach to clinical development, and our attractiveness to multinational players who may potentially partner with us. Our successful collaboration with EQRx will bring our drugs into the largest global healthcare markets, and ensure they are competitively positioned.

As of the date of this report, we have made significant progress with respect to our key partnerships.

- ***Pfizer***

  – In November 2020, the NMPA accepted the first NDA submission of sugemalimab for stage IV NSCLC including both squamous and non-squamous patients, with an expected NMPA decision at the end of 2021. CStone and Pfizer have been working closely to prepare for a successful launch for sugemalimab by educating the healthcare community about its BIC clinical results and leveraging Pfizer's leading commercial infrastructure and deep expertise in China.

  – In June 2021, CStone and Pfizer jointly announced that they have selected the first late-stage oncology asset for co-development under the strategic collaboration agreement formed in 2020. The two companies will conduct a pivotal clinical trial of lorlatinib for ROS1-positive advanced NSCLC. This step marks another milestone for CStone and Pfizer in their growing strategic partnership, which includes joint efforts to selectively introduce oncology therapies into the Greater China region. Additionally, it bolsters CStone's growing pipeline.

- ***EQRx***

  – CStone and EQRx are engaging regulatory authorities in multiple countries and jurisdictions outside of Greater China to discuss regulatory pathways for sugemalimab in multiple indications.

  – For the recruitment of CS1003 in HCC, CStone and EQRx are expanding the phase III studies in the U.S. and major EU markets.

- ***LegoChem Biosciences***

  – CStone is leading the global development of CS5001, and plans to submit an IND/CTA in the U.S. and Australia by the end of 2021.

In addition to above, we continue to engage potential partners for multiple partnership opportunities that will accelerate our value creation, including in-licensing, out-licensing and strategic partnerships.

The Impact of the Novel Coronavirus ("COVID-19")

During the Reporting Period, the impact of COVID-19 on our business operations was immaterial. The Company has followed government mandates and taken various mitigation measures to ensure employees' safety and undisrupted business operations.

Although the development of vaccines offers the possibility mitigating the scale and impact of COVID-19, the effectiveness of vaccine development, approval, production, distribution and management are still uncertain and unpredictable. The extent of the future impact of COVID-19 on our operating performance, financial condition and cash flows will therefore depend on the development the disease, which is uncertain and may bring potential operational challenges to our businesses. However, the management of the Company currently does not foresee any significant impact of COVID-19 on our business operations in the future.

FUTURE AND OUTLOOK

Active Near-term Agenda

We are working to bring a number of significant clinical and commercial developments to fruition that will be catalysts for our growth in the remainder of the year as well as into 2022.

To begin, we have a clear roadmap for our late-stage assets. We are working to further expand the covered indications for pralsetinib and avapritinib and continue to increase patient accessibility and affordability. As a result of these efforts and rapid adoption of these drugs to date, we expect their strong sales momentum to continue for the remainder of 2021 and beyond. Also, we expect to receive the NDA approval in mainland China for ivosidenib for R/R AML in the fourth quarter of 2021 or the first quarter of 2022. Our commercial team is already mapping out the launch plans to set the stage for rapid ramp-up in sales of these drugs.

Moreover, we are working with our partners Pfizer and EQRx to support the commercialization of sugemalimab in mainland China and other large global markets. We expect to receive the NDA approval in mainland China for sugemalimab for stage IV NSCLC at the end of 2021. We are working with EQRx to engage regulatory authorities in multiple countries and jurisdictions to discuss regulatory pathways for sugemalimab in multiple indications, and expect the first ex-China BLA filing in 2022.

In addition, we have an extensive array of data readouts and presentations planned for our core late-stage drugs, significantly more than in previous years.

In terms of our Pipeline 2.0, we are working to harness the full potential of current suite of molecules and are on track to meet the 1-2 IND filings we are targeting. We expect to submit an IND application for CS5001 in mainland China and achieve first-patient-in in 2022. Additionally, we expect to initiate a phase I bridging study followed by an expansion study for CS2006 in mainland China by 2022. Moreover, our research team is planning IND filings for another one to two highly-differentiated new molecule(s) with FIC/BIC/FW potential and global commercial rights in 2022.

Our commercial team is working rapidly to expand the addressable market for our products and support future launches. They are focusing on various efforts to increase patient accessibility to our drugs, expand the geographic areas in which they will be sold, and promote awareness of them through key opinion leader engagement and inclusion in treatment and diagnosis guidelines.

Finally, the construction of our manufacturing facility in Suzhou remains on track. We expect to reach the ability for pilot operations by the end of this year, as planned, with preparations for full-scale manufacturing continuing into the year ahead.

Looking Beyond 2022 to a Global CStone

Our burgeoning clinical, commercial and research achievements are noteworthy in their own right as well as for what they signify about the future of our business. We can discern from those achievements the elements for maximizing shareholder value as we pursue ground-breaking science.

First, we are continuing to develop high-potential assets in emerging modalities with FIC/BIC potential as part of our Pipeline 2.0 strategy. Our redoubled efforts to improve pre-clinical innovation and development are already bearing fruit as is evident from our current portfolio. We have made substantial progress in fleshing out the clinical development plans for several of these assets. Equally important, as part of this strategy, we are increasing the number of pre-clinical assets to which we have global commercial rights. And we are confident in our ability to generate more sustained volume of INDs that will reach the post proof-of-concept stage.

Second, through a combination of indication expansions for several of our drugs and our growing commercial coverage, we are making steady gains in growing the addressable market for late-stage pipeline. As a result of these efforts, we are poised for successful future launches across a range of indications, including some of the most prevalent cancers.

The third element of our future success is to accelerate the development of the global dimensions of our business. This process is unfolding along several pathways, and overlaps with our Pipeline 2.0 strategy: expanding the number of drugs for which we hold global commercial rights; distributing our drugs in global markets; and forging partnerships with global firms to source new assets to round out our pipeline.

Our business development team will naturally play a central role in supporting our global ambitions. To that end, we are situating the leadership and core of this team in the U.S. There, they will have a clear line of sight into the most promising innovations in oncology as well as more direct access to assets and partners for strategic and multi-dimensional collaboration and in-licensing deals.

We believe that focusing on these aspects of our business will give us significant and powerful levers for unlocking the full potential of our portfolio and realizing sustainable, long-term value creation. We are moving closer to producing a steady volume of commercially viable and clinically differentiated candidate molecules that can generate diverse and recurring revenue streams. As a result, we are actively shortening the pathway to achieving our ultimate vision of clinical success – to provide breakthrough therapies for cancer patients to help them live longer and healthier lives – while realizing the full commercial value of our innovative capacity and distinctive operating model.

FINANCIAL REVIEW

Six Months Ended June 30, 2021 Compared to Six Months Ended June 30, 2020

	For the six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue	**79,449**	–
Cost of sales	**(31,215)**	–
Gross profit	**48,234**	–
Other income	**12,315**	28,466
Other gains and losses	**(31,761)**	33,967
Research and development expenses	**(512,753)**	(544,154)
Selling and marketing expenses	**(133,584)**	(24,055)
Administrative expenses	**(154,105)**	(165,229)
Finance costs	**(2,197)**	(238)
Loss for the period	**(773,851)**	(671,243)
Other comprehensive income (expense) for the period:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**299**	518
Fair value gain on investments in debt instruments at fair value through other comprehensive income ("**FVTOCI**")	**–**	31
Reclassified to profit or loss upon redemption of debt instruments at FVTOCI	**–**	(31)
Other comprehensive income for the period	**299**	518
Total comprehensive expense for the period	**(773,552)**	(670,725)
Non-IFRS measures:		
Adjusted loss for the period	**(632,488)**	(508,471)

Other Income. Our other income decreased by RMB16.2 million from RMB28.5 million for the six months ended June 30, 2020 to RMB12.3 million for the six months ended June 30, 2021. This was primarily attributable to reduced government grants received and interest income.

Other Gains and Losses. Our other gains and losses decreased by RMB65.8 million from gains of RMB34.0 million for the six months ended June 30, 2020 to losses of RMB31.8 million for the six months ended June 30, 2021. This decrease was primarily attributable to foreign exchange losses as of June 30, 2021.

Research and Development Expenses. Our research and development expenses decreased by RMB31.4 million from RMB544.2 million for the six months ended June 30, 2020 to RMB512.8 million for the six months ended June 30, 2021. This decrease was primarily attributable to (i) a decrease of RMB5.7 million third party contracting cost from RMB381.6 million for the six months ended June 30, 2020 to RMB375.9 million for the six months ended June 30, 2021 for different phases of our clinical trials; and (ii) Share-based payment expenses decreased by RMB5.8 million and other employee cost decreased by RMB13.0 million.

	For the six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Employee cost	**135,019**	153,785
Milestone fee and third party contracting cost	**375,853**	381,574
Others	**1,881**	8,795
Total	**512,753**	544,154

Administrative Expenses. Our administrative expenses decreased by RMB11.1 million from RMB165.2 million for the six months ended June 30, 2020 to RMB154.1 million for the six months ended June 30, 2021. This was primarily attributable to the decrease of RMB9.6 million in professional fee from RMB30.0 million for the six months ended June 30, 2020 to RMB20.4 million for six months ended June 30, 2021.

	For the six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Employee cost	**103,451**	119,957
Professional fees	**20,425**	30,041
Rental expenses	**1,688**	1,317
Depreciation and amortization	**9,767**	6,694
Others	**18,774**	7,220
Total	**154,105**	165,229

Selling and marketing Expenses. Our selling expenses increased by RMB109.5 million from RMB24.1 million for the six months ended June 30, 2020 to RMB133.6 million for the six months ended June 30, 2021. The increase was primarily attributable to sales force build-up and marketing activities for product launch.

	For the six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Employee cost	**86,106**	18,982
Professional fees	**11,401**	3,572
Others	**36,077**	1,501
Total	**133,584**	24,055

Finance Costs. The finance costs increased by RMB2.0 million from RMB0.2 million for the six months ended June 30, 2020 to RMB2.2 million for the six months ended June 30, 2021.

Other Comprehensive Income. Our other comprehensive income decreased by RMB0.2 million from RMB0.5 million for the six months ended June 30, 2020 to RMB0.3 million for the six months ended June 30, 2021.

NON-IFRS MEASURE

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

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

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

	For the six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss for the period	**(773,851)**	(671,243)
Added:		
Share-based payment expenses	**141,363**	162,772
Adjusted loss for the period	**(632,488)**	(508,471)

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

	For the six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Research and development expenses for the period	**(512,753)**	(544,154)
Added:		
Share-based payment expenses	**67,984**	73,796
Adjusted research and development expenses for the period	**(444,769)**	(470,358)

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

	For the six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Administrative and selling expenses for the period	**(287,689)**	(189,284)
Added:		
Share-based payment expenses	**73,379**	88,976
Adjusted administrative and selling expenses for the period	**(214,310)**	(100,308)

EMPLOYEES AND REMUNERATION POLICIES

The following table sets forth a breakdown of our employees as at June 30, 2021 by function:

Function	Number of employees	% of total number of employees
Research and Development	166	28.97
Sales, General and Administrative	407	71.03
Total	573	100.0

As of June 30, 2021, we had 264 employees in Shanghai, 69 employees in Beijing, 51 employees in Suzhou and 189 employees in other regions of the PRC and overseas. Our employees' remuneration comprises salaries, bonuses, employee provident fund and social security contributions and other welfare payments. In accordance with applicable Chinese laws, we have made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for our employees.

LIQUIDITY AND FINANCIAL RESOURCES

On February 26, 2019, 186,396,000 Shares of US$0.0001 each were issued at a price of HK$12.00 per Share in connection with the Company's IPO on the Stock Exchange. The proceeds of HK$146,294.76 representing the par value, were credited to the Company's share capital. The remaining proceeds of HK$2,236,605,705.24 (before deduction of the expenses relating to the Company's IPO) were credited to the share premium account. The translation from US$ to HK$ is made at the exchange rate set forth in the H.10 weekly statistical release of the Federal Reserve System of the United States as of February 26, 2019.

As of June 30, 2021, our time deposits and cash and cash equivalents were RMB2,447.2 million, as compared to RMB3,383.4 million as of December 31, 2020. The decrease was mainly due to the research and development expenses, as well as the administrative and selling expenses.

Gearing Ratio

Gearing ratio is calculated using total liabilities divided by total assets and multiplied by 100%. As at June 30, 2021, our gearing ratio was 19.3% (as at December 31, 2020: 21.5%).

Charge on Assets

As of June 30, 2021, the Group did not pledge any group assets.

OTHER FINANCIAL INFORMATION

Significant Investments, Material Acquisitions and Disposals

As at June 30, 2021, we did not hold any significant investments. For the six months ended June 30, 2021, we did not have material acquisitions or disposals of subsidiaries, associates and joint ventures.

Foreign Exchange Risk

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

Bank Loans and Other Borrowings

On January 7, 2020, the Group obtained two new bank loan facilities amounting to RMB175 million and RMB25 million, respectively, for the purpose of the construction of the facilities. During the six months ended June 30, 2021, the Group has drawn down RMB17,277,000 and repaid RMB3,052,000 of principal and interest in accordance with the payment schedules.

Contingent Liabilities

As of June 30, 2021, we did not have any material contingent liabilities.

Executive Director

Dr. Frank Ningjun Jiang (江寧軍), M.D., Ph.D., aged 60, was appointed as CEO in July 2016, a member of the Board in November 2016 and Chairman of the Board in August 2018.

Under Dr. Jiang's leadership, the Company has been focusing on developing and commercializing innovative immuno-oncology and precision medicine drugs for cancer patients in China and worldwide. Since inception in 2016, the Company has established a portfolio of 15 drug candidates, including five late phase assets, and initiated 30 clinical trials, of which 15 are registrational. In February 2019, the Company was successfully listed on the Stock Exchange, setting the record for shortest time between company inception and public listing in Hong Kong as of the date of the Listing.

Dr. Jiang serves as a member of the scientific advisory board of Novagenesis Therapeutix (HK) Limited starting from July 2020.

Prior to joining our Company, Dr. Jiang served as the global vice president and head of Asia Pacific research and development at Sanofi, a company listed on NASDAQ (stock code: SNY) and EPA (stock code: SAN) ("**Sanofi**"), covering China, Japan and 12 other countries. During his career at Sanofi from July 2002 to June 2016, he held a series of leadership and management positions, with responsibilities ranging from global clinical research to regional R&D strategies. He also led a 21,000 patient megatrial that resulted in the global registration of the blockbuster drug Lovenox. In the last five years with Sanofi, he oversaw 79 clinical trials and obtained 30 NDAs in the Asia Pacific region. Prior to Sanofi, Dr. Jiang was a clinical research physician at Eli Lilly and Company, a company listed on the NYSE (stock code: LLY) ("**Eli Lilly**"), and led a global phase II trial for an anti-sepsis drug.

Dr. Jiang was certified as a physician in the United States by the Educational Commission for Foreign Medical Graduates in May 1995.

Dr. Jiang received his M.D. from Nanjing Medical University (南京醫科大學) (formerly known as Nanjing Medical College (南京醫學院)) in Jiangsu, China in December 1982 and a Ph.D. in immunology from University of British Columbia in Canada in November 1992. He went on to complete a postdoctoral fellowship in clinical chemistry and a clinical residency in internal medicine at Washington University School of Medicine in the United States. He subsequently served there as a faculty for the Internal Medicine and Emergency Medicine departments.

Non-executive Directors

Dr. Wei Li (李偉), Ph.D., aged 49, has been our Director since December 2015. Dr. Li was re-designated as a non-executive Director on October 29, 2018, and was re-elected as a non-executive Director on June 23, 2021.

Dr. Li has over 20 years of experience in the biotech industry. He serves as a partner of Creacion Ventures since April 2020 and the managing partner of 6 Dimensions Capital, L.P. since October 2017 and is a founding partner and the managing partner of WuXi Healthcare Ventures II, L.P. since July 2015. Dr. Li has been an executive director of Ocumension Therapeutics (歐康維視生物), a company listed on the Stock Exchange (stock code: 1477) since April 2018.

During his scientific research career, Dr. Li has first-authored numerous scientific publications in journals including Science, Proceedings of the National Academy of Sciences, and Journal of Biological Chemistry.

Dr. Li received a Ph.D. in chemistry from Harvard University in the United States in November 1998, and an MBA from the J. L. Kellogg School of Management at Northwestern University in the United States in June 2003. He graduated with a bachelor of science in chemical physics from the University of Science and Technology of China (中國科學技術大學) in Anhui, China in July 1993.

Mr. Qun Zhao (趙群), aged 46, has been our Director since April 2016. Mr. Zhao was re-designated as a non-executive Director on October 29, 2018.

Mr. Zhao has been a partner of Suzhou Industrial Park Oriza Yuandian Venture Capital Management Co., Ltd. (蘇州工業園區元禾原點創業投資管理有限公司), which is a limited partner of Suzhou Industrial Park Zhengze Health Venture Capital Management Centre (Limited Partnership) (蘇州工業園區正則健康創業投資管理中心(有限合夥)), the sole general partner of Zhengze Yuanshi, our Substantial Shareholder since December 2013.

Mr. Zhao has 14 years of experience in pharmaceutical enterprise management. Mr. Zhao has been serving as a non-executive director of Ascentage Pharma Group International (亞盛醫藥集團), a company listed on the Stock Exchange (stock code: 6855) since July 2018. He worked in Tasly Pharmaceutical Group Co., Ltd. (天士力醫藥集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600535), from January 1998 to October 2006 where his last position was quality assurance manager. Subsequently, he served in his last position as vice general manager at Tasly Biopharmaceuticals Co., Ltd. (天士力生物醫藥股份有限公司) (previously known as Shanghai Tasly Pharmaceutical Co., Ltd. (上海天士力藥業有限公司)) from October 2006 to February 2012.

Mr. Zhao received an MBA from Nankai University (南開大學) in Tianjin, China in June 2006 and graduated with a bachelor's degree in pharmaceutical analysis from China Pharmaceutical University (中國藥科大學) in Nanjing, China in July 1998.

Mr. Yanling Cao (曹彥凌), aged 37, was a Director from April 1, 2016 to March 27, 2017. Mr. Cao was appointed as our non-executive Director with effect from May 15, 2019.

Mr. Cao has been serving as a non-executive director of WuXi Biologics (Cayman) Inc. (a company listed on the Stock Exchange with stock code: 2269), Viela Bio, Inc. (a company listed on NASDAQ with stock code: VIE), Hygeia Healthcare Holdings Co., Limited (海吉亞醫療控股有限公司) (a company listed on the Stock Exchange with stock code: 6078) and Ocumension Therapeutics (歐康維視生物) (a company listed on the Stock Exchange with stock code: 1477) since May 2016, February 2018, June 2019 and June 2019, respectively. He has also been serving as the partner of Boyu Capital Advisory Company Limited (博裕投資顧問有限公司) and has been responsible for sourcing, evaluating and managing private equity transactions, with a particular focus in the healthcare industry. From December 2007 to January 2011, Mr. Cao served as an investment professional of General Atlantic LLC and was responsible for private equity and venture capital investment. From July 2006 to November 2007, Mr. Cao served as an investment banker of Goldman Sachs Asia LLC and was responsible for providing investment banking advisory services to clients in Asia.

Mr. Cao obtained a bachelor's degree in economics and mathematics from Middlebury College in the United States in June 2006.

Mr. Xianghong Lin (林向紅), aged 51, was appointed as our non-executive Director with effect from November 30, 2020, and was re-elected as a non-executive Director on June 23, 2021.

Mr. Lin has been the chairman of the board of directors and a member of the investment committee of Suzhou Equity Investment Fund Management Co. Ltd. (蘇州股權投資基金管理有限公司) since December 2017; the chairman of the board of directors and a member of the investment committee of Kaiyuan Guochuang Capital Management Co., Ltd. (開元國創資本管理有限公司) since March 2017; and the chief executive officer of Suzhou Private Capital Investment Holdings Co., Ltd. (蘇州民營資本投資控股有限公司) since April 2016. Mr. Lin was the president of Suzhou Oriza Holdings Corporation (蘇州元禾控股股份有限公司) from October 2015 to March 2016 and the chairman of the board of directors and the president of Suzhou Oriza Holdings Ltd. (蘇州元禾控股有限公司) from September 2007 to October 2015. Prior to that, he served as the chairman of the board of directors and the president of China-Singapore Suzhou Industrial Park Ventures Co., Ltd. (中新蘇州工業園區創業投資有限公司) from November 2001 to September 2007. From April 2000 to November 2001, he served as various positions of China-Singapore Suzhou Industrial Park Development Co., Ltd. (中新蘇州工業園區開發有限公司), including the deputy general manager of the finance department and the general manager of the investment department.

Mr. Lin served as a non-executive director of Guangzhou Hangxin Aviation Technology Co., Ltd. (廣州航新航空科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300424) from January 2019 to April 2020. Mr. Lin has been a member of the venture capital fund professional committee of Asset Management Association of China (中國證券投資基金業協會創業投資基金專業委員會) since June 2015, a member of the first session of Science and Technology Innovation Advisory Committee (科技創新諮詢委員會) of the Shanghai Stock Exchange since April 2019, a member of the investment decision committee of the China Integrated Circuit Industry Investment Fund (國家集成電路產業投資基金) since 2014, and a director of the Xi'an Jiaotong University Education Foundation (西安交通大學教育基金會) since 2011.

Mr. Lin obtained bachelor's degree in auditing from the Xi'an Jiaotong University in July 1992, a master degree in agricultural economic management from the University of Suzhou in June 1999 and a doctorate degree in management science and engineering from Xi'an Jiaotong University in June 2009.

Mr. Edward Hu (胡正國), aged 58, was appointed as our non-executive Director and a member of the strategic committee, both with effect from July 9, 2021. Mr. Hu will hold offices from July 9, 2021 until the next following general meeting of the Company, at which he will be eligible for re-election in accordance with and subject to the Memorandum and the Articles of Association of the Company.

Mr. Hu is the vice chairman, the global chief investment officer and an executive director of WuXi AppTec Co., Ltd.* (無錫藥明康德新藥開發股份有限公司) ("**WuXi AppTec**"), a company listed on Shanghai Stock Exchange (stock code: 603259) and the Main Board of the Stock Exchange (stock code: 2359). Mr. Hu is primarily responsible for the overall business and management of WuXi AppTec. Mr. Hu joined WuXi AppTec in August 2007 and was appointed as an executive director in March 2017. Mr. Hu served as a co-chief executive officer of WuXi AppTec from August 2018 to May 2020. He served as the chief financial officer from March 2016 to January 2019.

- From February 2014 to June 2021, he served as a non-executive director of WuXi Biologics (Cayman) Inc., a company listed on the Main Board of the Stock Exchange (stock code: 2269) and was primarily responsible for providing guidance on the business strategy and financial management.

- From May 2018 to March 2021, he served as a director of Viela Bio Inc., a company listed on NASDAQ (stock code: VIE) since October 2019.

- From August 2007 to December 2015, he served as the chief financial officer and chief operating officer of WuXi PharmaTech (Cayman) Inc., a company previously listed on the New York Stock Exchange and was responsible for the financial and operational management.

- From October 2000 to July 2007, he served on various roles to become a senior vice president and chief operating officer of Tanox Inc., a biopharmaceutical company previously listed on NASDAQ (stock code: TNOX, acquired by Genentech Inc. in August 2007) and primarily engaged in discovering and developing antibody therapeutic drugs, and was responsible for company operations, quality control, finance and information technology.

- From April 1998 to October 2000, he served as a business planning manager of Biogen Inc., a global biotechnology company listed on NASDAQ (stock code: BIIB) and primarily engaged in developing, marketing and sales of biopharmaceuticals for neurologic and immune diseases, and was responsible for business planning and budget management of its research and development division.

- From May 1996 to December 1998, he served as a senior financial analyst of Merck, and was responsible for financial planning and analysis.

Mr. Hu obtained a bachelor's degree in physics from Hangzhou University, currently known as Zhejiang University (浙江大學) in the PRC in July 1983. He also obtained a master's degree in chemistry and a master's degree of business administration from Carnegie Mellon University in the United States in May 1993 and May 1996, respectively.

* *For identification purpose only*

Independent Non-executive Directors

Dr. Paul Herbert Chew, M.D., aged 69, has been an INED since February 14, 2019, and was re-elected as an INED on June 23, 2021.

Dr. Chew is currently the adviser chief medical officer and he is on the board of directors for Phesi, an innovative firm that optimizes clinical trial design with novel technology. Dr. Chew is also the adviser chief medical officer for CorMedix, Inc, utilizing a taurolidine-based platform to prevent infection in high-risk patients. Dr. Chew serves on the advisory boards at the Center for Public Health, George Washington School of Public Health as well as ArisGlobal, a leading life sciences software provider that speeds drug development. He has served as a member of the board of trustees for the U.S. Pharmacopeia that sets quality standards for U.S. drugs, foods and dietary supplements, enforced by the U.S. FDA but whose standards are also followed by more than 140 countries.

From 2013 to 2016, Dr. Chew served as the global chief medical officer for Sanofi, overseeing medical affairs, regulatory affairs, drug safety, and pharmaco-economics. From 2016 to 2018, Dr. Chew has also been the chief medical officer for Omada Health, a premier Bay area company in digital therapeutics for the management of chronic disease. Dr. Chew has been on the board of external advisors for the University of North Carolina School of Public Health. He has served as a member of the Institute of Medicine Value & Science-Driven Healthcare Roundtable. He is board certified in Internal Medicine and Cardiovascular Disease. Dr. Chew was also a member of the Cardiology and Radiology faculty at the Johns Hopkins Hospital and he holds a doctor of medicine and a bachelor of arts degree from the Johns Hopkins University School of Medicine in the United States.

Mr. Ting Yuk Anthony Wu (胡定旭), GBS, JP, aged 67, has been an INED since February 14, 2019, and was re-elected as an INED on June 23, 2020.

Mr. Wu has been an independent non-executive director of Sing Tao News Corporation Limited (stock code: 1105) on June 3, 2021. He has been an independent non-executive director and chairman of the board of directors of China Resources Medical Holdings Company Limited (華潤醫療控股有限公司), a company listed on the Stock Exchange (stock code: 1515) since August 2018. He has been an independent non-executive director of Power Assets Holdings Limited (電能實業有限公司), a company listed on the Stock Exchange (stock code: 0006) since June 2014. He has been an independent non-executive director of China Taiping Insurance Holdings Company Limited (中國太平保險控股有限公司), a company listed on the Stock Exchange (stock code: 0966) from August 2013. He has been an independent non-executive director of Guangdong Investment Ltd. (粵海投資有限公司), a company listed on the Stock Exchange (stock code: 0270) since August 2012. He has been an independent non-executive director of Venus Medtech (Hangzhou) Inc. (杭州啟明醫療器械股份有限公司), a company listed on the Stock Exchange (stock code: 2500), since November 2018. He has been an independent non-executive director and the chairman of the board of Ocumension Therapeutics (歐康維視生物), a company listed on the Stock Exchange (stock code: 1477) since June 2020.

Between March 2015 and August 2018, Mr. Wu was the chairman and an executive director at Sincere Watch (Hong Kong) Limited, a company listed on the Stock Exchange (stock code: 0444), where he also acted as deputy chairman from October 2016 to August 2018. Between July 2011 and September 2014, he served as a director of Fidelity Funds. He served as an independent non-executive director of Agricultural Bank of China Limited (中國農業銀行股份有限公司), a company listed on the Stock Exchange (stock code: 01288), from January 2009 to June 2015. Mr. Wu joined the Hong Kong Hospital Authority (醫院管理局) in 1999 and was formerly its chairman from 2004 to 2013. Between 2010 and 2012, he was and the chairman of the Chamber Council and is now a member of the consultation committee of the Hong Kong General Chamber of Commerce. He was a partner of Ernst & Young from July 1985 to December 2005 and served as chairman of Ernst & Young Far East and China Practice from January 2000 to December 2005.

Mr. Wu was admitted as a member of the Institute of Chartered Accountants in England and Wales in November 1979 and became a fellow in October 1990. He was also admitted as a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

Mr. Wu was appointed by the Government of Hong Kong as Justice of the Peace and awarded Gold Bauhinia Star in 2004 and 2008, respectively. Mr. Wu finished a Foundation Course in Accountancy in Teesside Polytechnic in the United Kingdom in July 1975. Mr. Wu has also served in different capacities in the following organizations:

- as the honorary chairman of The Institute of Certified Management Accountants (Australia) Hong Kong Branch since January 2016
- as a member of the Chief Executive's Council of Advisers on Innovation and Strategic Development from March 2018 to June 2022
- as a member of the 12th and 13th Standing Committee of the Chinese People's Political Consultative Conference National Committee
- as an expert advisor of the 2nd Chinese Medicine Reform and Development Advisory Committee of the State Administration of Traditional Chinese Medicine (國家中醫藥管理局第二屆中醫藥改革發展專家諮詢委員會) since December 2017

Mr. Hongbin Sun (孫洪斌), aged 45 has been an INED since February 14, 2019, and was re-elected as an INED on June 23, 2021.

Mr. Sun has over 20 years of finance experience. He has been an independent non-executive director of New Century Healthcare Holding Co., Limited (新世紀醫療控股有限公司), a company listed on the Stock Exchange (stock code: 1518), since December 2016. He was appointed as an independent non-executive director of Mobvista Inc. (匯量科技有限公司), a company listed on the Stock Exchange (stock code: 1860) since July 2020. He has been the chief financial officer of MicroPort Scientific Corporation (微創醫療科學有限公司), a company listed on the Stock Exchange (stock code: 0853), since September 2010 and served as its executive director from July 2010 to September 2012. He was the deputy financial director of Otsuka (China) Investment Co., Ltd. (大冢(中國)投資有限公司) from January 2004 to December 2005 and then worked as its general manager from January 2006 to August 2010. From August 1998 to January 2004, he was an assistant manager in the audit department of KPMG Huazhen (畢馬威華振會計師事務所) in Shanghai.

Mr. Sun has been a member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) since December 2009 and also a chartered financial analyst in September 2009.

He received his bachelor's degree in accounting from Shanghai Jiao Tong University (上海交通大學) in China in July 1998.

SENIOR MANAGEMENT

Dr. Frank Ningjun Jiang (江寧軍), M.D., Ph.D., aged 60, has been our CEO since July 2016. For further details, please refer to "Directors – Executive Director" in this section.

Ms. Shirley Zhao (趙萍), M.D., MBA, aged 52, has been our general manager for Greater China and head of commercial operations since December 2019. In this role, she is responsible for our commercial operations.

Prior to joining us, Ms. Zhao served multiple multinational biopharmaceutical companies with over 26 years of experience with Chinese pharmaceutical market. From 2018 to 2019, she served as the general manager and president of mainland China and Hong Kong for Bristol-Myers Squibb, a company listed on the NYSE (stock code: BMY). From 2012 to 2018, she served as the corporate vice president and country president of China at Allergan plc, a company listed on the NYSE (stock code: AGN). From 2009 to 2012, she served as the country general manager and managing director of China at Genzyme (A Sanofi company). From 2008 to 2009, she served as the commercial director of bioscience of Japan, China and North Asia at Baxter International Inc, a company listed on the NYSE (stock code: BAX). From 1993 to 2008, she mainly focused on oncology and successively served Eli Lilly for ten years as a vice president and the head of oncology BU in China and served Bristol-Myers Squibb as the head of marketing, oncology. From 1991 to 1993, she served as an obstetric and gynaecological doctor of Shanghai No. 10 People's Hospital.

Ms. Zhao obtained her bachelor's degree in medicine from Tongji University (同濟大學) in Shanghai, China in 1991. She also obtained an MBA degree from University of Leicester in 2001.

Dr. Jianxin Yang (楊建新), M.D., Ph.D., aged 57, has been our senior vice president and chief medical officer since December 2016. In this role, he is responsible for developing and implementing the overall clinical strategy.

Dr. Yang has over 22 years of experience in biomedical research and clinical development of oncology drugs in the U.S. and China. Prior to joining us, he served as the senior vice president and head of clinical development at BeiGene, Ltd. (NASDAQ: BGNE, HKSE: 6160) from July 2014 to December 2016. He led BeiGene, Ltd.'s clinical team in clinical development of its oncology pipeline, and developed the first anti-PD-1 mAb originated in China.

Prior to joining BeiGene Ltd., Dr. Yang served as a medical director at Covance Inc. from September 2011 to July 2014. He further worked in Pfizer Inc. for global research and development, and served as a research scientist in cancer genomics division at Tularik Inc. (acquired by Amgen Inc. in 2004).

Throughout his career, Dr. Yang has made significant contributions to the successful development of several anticancer drugs. He is also the author of over 30 publications and the inventor of 9 patents. In 2015, he was enrolled as a "Distinguished Expert" in the "1000 Talents Program" run by the Organization Department of the Communist Party of China (中國共產黨中央委員會組織部) and the Ministry of Human Resources and Social Security (人力資源和社會保障部) of the PRC. In July 2015, Dr. Yang was honored as a "High-Caliber Talent from Overseas" by the Organization Department of the CPC Beijing Central Municipal Committee (中共北京市委組織部) and the Beijing Municipal Bureau of Human Resources and Social Security (北京市人力資源和社會保障局).

Dr. Yang received a bachelor's degree in medicine from Hubei Medical College (湖北醫學院) in Hubei, China in July 1985 and a master's degree in pathophysiology from Nanjing Medical College (南京醫學院), (currently known as Nanjing Medical University (南京醫科大學)) in Nanjing, China in July 1988. He then received his Ph.D. training in biochemistry and molecular biology with Nobel Laureates Drs. Michael S. Brown and Joseph L. Goldstein at the University of Texas Southwestern Medical Center at Dallas, U.S. in June 1995. He conducted his postdoctoral training in chemical biology with Dr. Stuart L. Schreiber at Harvard University in the U.S. in 1997.

Dr. Ngai Chiu Archie Tse (謝毅釗), M.D., Ph.D., aged 54, is our senior vice president and chief scientific officer and joined us in December 2018. Upon joining our Group, Dr. Tse established the department of translational medicine and early development. In this role, he is responsible for the clinical development of early-stage assets up to proof of concept. He also leads the translational medicine/biomarkers, molecular diagnostics, and clinical pharmacology functions to support the progression of our pipeline, as well as the scientific advisory board to facilitate development and execution of our R&D strategy.

Dr. Tse is an accomplished medical and scientific leader with over 20 years of global oncology experience in the clinic and pharmaceutical institutions. Prior to joining us, Dr. Tse was a distinguished scientist (executive director) at Merck from September 2015 to December 2018 in which role he oversaw the early clinical development of a number of novel agents in the immune-oncology pipeline, spanning various mechanisms and action and modalities. The programs he played a key role in spanned various mechanisms of action and modalities included, but not limited to, anti-CTLA4, STING agonists, bispecific Nanobodies, novel myeloid targets, oncolytic virus and personalized cancer vaccines. From January 2010 to August 2015, he served at Daiichi Sankyo Pharma Development, a division of Daiichi-Sankyo, Inc., where his last title was senior director, clinical development. From July 2003 to December 2009, Dr. Tse served at the U.S. Memorial Sloan Kettering Cancer Center ("**MSKCC**") as clinical assistant in the medicine/gastrointestinal oncology department, and during the same period he was also a faculty member at the MSKCC affiliated Weill Cornell Medical School.

Dr. Tse obtained certification from American Board of Internal Medicine in medical oncology from November 2003 to December 2013 and in general internal medicine from August 2000 to December 2010.

Dr. Tse obtained his M.D. and a Ph.D. in biochemistry & molecular biology from the University of Southern California in the United States in May 1997 and May 2002, respectively.

Dr. Jingrong Li, Ph.D. (李景榮), aged 61, is our senior vice president and chief technology officer and joined us in December 2016. In this role, he is responsible for all chemistry, manufacturing and control related affairs to ensure processes mature appropriately and meet requirements for all development stages, including bio/process development, scale-up, and analytical development.

Dr. Li worked as an executive director at Simcere Pharmaceutical (先聲藥業) from September 2011 and then as the general manager of BioSciKin Bio (百家匯生物), a subsidiary of Simcere, overseeing its operation and management from May 2016 to December 2016. He also served as a manager principal scientist at Roche Molecular Systems Inc. Between January 2000 and November 2003, Dr. Li was a full-time senior scientist at BioSpecifics Technologies Corp.

Dr. Li served as a NMPA-appointed expert for the institute of executive development training organized by the NMPA.

Dr. Li obtained a Ph.D. in medicinal chemistry from China Pharmaceutical University (中國藥科大學) in Nanjing, China in July 1990. After that, in the department of pharmacology at the Mount Sinai School of Medicine in New York, U.S., he worked as a post-doctorate with Dr. Sherwin Wilk from 1992 to 1996 and then as an instructor from 1996 to 2000.

Mr. Sanhu Wang (王三虎), aged 51, is our senior vice president of government and regulatory affairs and joined us in June 2019. In this role, he is responsible for planning, setting and executing government and regulatory affairs strategy and leading the government and regulatory affairs department.

Before joining us, Mr. Wang worked at Eleme, a subsidiary of Alibaba Group Holding Ltd. (a company listed on The New York Stock Exchange, stock code: BABA, and the Stock Exchange, stock code: 9988), as the chief food safety officer for three years and was responsible for government affairs and food safety supervision. Prior to his time at Eleme, Mr. Wang worked for Shenzhen Mindray Bio-Medical Electronics Co., Ltd. (a company listed on Shenzhen Stock Exchange, stock code: 300760) as the vice general manager of public affairs. Before working in the private sector, Mr. Wang worked at China Food and Drug Administration (CFDA, later changed its name to NMPA) for 11 years and served as the director of division of development and planning, associate director of department of general administration, assistant director of department of emergency management and deputy inspector of department of food safety supervision. Before joining CFDA, Mr. Wang was the associate director of the health bureau of Fengtai District, Beijing and had more than 10 years of experience in the field of public health.

Mr. Wang was selected by the Bureau of Foreign Expert Affairs for an education program at Duke University for public policy from June 2005 to December 2005 and he was also selected by the U.S. Government for the humphrey scholars program in public health at Emory University from August 2013 to August 2014.

Mr. Wang obtained his bachelor's degree in preventive medicine from Capital Medical University in July 1994 and master's degree in public health from Hebei Medical University in July 2000.

Mr. Xiaolu Weng (翁曉路), aged 45, is our vice president of finance and joined us in September 2020. In his role, he has the overall responsibilities for financial functions including finance, information technology, clinical and general procurement.

Mr. Weng has over 23 years solid experience in all finance functions with exposures in both biotech and MNCs, and he is a seasoned leader with sound cross-functional experience and outstanding track record with highest standard of professionalism. Prior to joining us, he served as the vice president and head of finance at Everest Medicines, a company listed on the HKEX (stock code: 01952). He led the overall IPO workstream, partnered with bulge-bracket investment banks and global accounting firms for IPO preparation and achieved success of HK IPO.

From 2013 to 2019, Mr. Weng served as the CFO of China at Amgen, Inc., a company listed on the NASDAQ (stock code: AMGN). He was responsible for overall financial operations in China related to commercial operation, research & development activities and strategic collaborations. Before Amgen, Mr. Weng spent nearly 15 years serving as the senior and executive finance professional with the growing responsibilities at multinational companies like GE, Honeywell in China and overseas.

Mr. Weng received a master's degree from University of Sydney in Finance and Accounting in Australia in 2005. He is an Australia CPA and a member of ACCA (the Association of Chartered Certified Accountant).

Other than the working relationships in the Company, there was no other relationship between any of the Directors or senior management of the Company in respect of finance, business and family or in other material aspects.

Other Information

CHANGE IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVE

So far as the Directors are aware and save as disclosed below and in this report, there has been no other change of information of Directors or chief executive pursuant to Rule 13.51B of the Listing Rules up to the publication date of this report:

– Dr. Lian Yong Chen (陳連勇) resigned as a non-executive Director and a member of the strategy committee of the Board with effect from July 9, 2021.

– Mr. Edward Hu (胡正國) was appointed as a non-executive Director and a member of the strategy committee of the Board with effect from July 9, 2021.

For details of the changes, please refer to the announcement on published by the Company on July 9, 2021.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is committed to achieving high corporate governance standards. During the Reporting Period, the Company has complied with all the code provisions as set out in the CG Code contained in Appendix 14 to the Listing Rules, except for the deviation explained below.

In accordance with Code Provision A.2.1 of the CG Code, the roles of the chairman and chief executive should be separate and should not be performed by the same individual. We do not have a separate chairman and chief executive officer and Dr. Frank Ningjun Jiang currently performs these two roles. While this constitutes a deviation from Code Provision A.2.1 of the CG Code, our Board believes that this structure will not impair the balance of power and authority between our Board and the management of our Company, given that: (i) decision to be made by our Board requires approval by at least a majority of our Directors and that our Board comprises three independent non-executive Directors out of nine Directors, and we believe there is sufficient check and balance in our Board; (ii) Dr. Frank Ningjun Jiang and other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that they act for the benefit and in the best interests of our Company and will make decisions for our Group accordingly; and (iii) the balance of power and authority is ensured by the operations of our Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of our Company. Moreover, the overall strategic and other key business, financial and operational policies of our Group are made collectively after thorough discussion at both our Board and senior management levels. Finally, our Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning for and communication within our Group. Our Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether separation of the roles of chairman and chief executive officer is necessary.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

We have adopted our own code of conduct regarding Directors' securities transactions, namely the Securities Transactions Code, on terms not less exacting than the required standard indicated by the Model Code as set out in Appendix 10 to the Listing Rules.

Specific enquiries have been made to all the Directors and they have confirmed that they have complied with the Model Code during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

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

USE OF NET PROCEEDS

Our Shares were listed on the Main Board of the Stock Exchange on February 26, 2019. The Group received net proceeds (after deduction of underwriting commissions and related costs and expenses) from the initial public offering in Hong Kong (the "**HK IPO**", initial public offering, "**IPO**") and the exercise of over-allotment option of approximately RMB2,090.16 million. There was no change in the intended use of net proceeds as previously disclosed in the Prospectus as follows and the Company will gradually utilize the residual amount of the net proceeds in accordance with such intended purposes depending on actual business needs.

The net proceeds from the Listing (adjusted on a pro rata basis based on the actual net proceeds) have been and will be utilized in accordance with the purposes set out in the Prospectus. The table below sets out the planned applications of the net proceeds and actual usage up to June 30, 2021:

	% of use of proceeds (Approximately)	**Net proceeds from the HK IPO** *(RMB million)*	**Actual usage up to June 30, 2021** *(RMB million)*	**Unutilized net proceeds as of June 30, 2021** *(RMB million)*
Fund ongoing and planned clinical trials, preparation for registration filings and commercial launches of CS1001	30.0	627.04	566.24	60.80
Fund ongoing and planned clinical trials, preparation for registration filings and commercial launches eight of our other clinical and IND stage candidates in our pipeline	40.0	836.06	836.06	–
Fund the R&D of five of the remaining drug candidates in our pipeline and the R&D and in-licensing of new drug candidates	20.0	418.04	418.04	–
For working capital and general corporate purposes	10.0	209.02	209.02	–
Total	**100.0**	**2,090.16**	**2,029.36**	**60.80**

Notes:

(1) Net IPO proceeds were received in Hong Kong dollars and translated to Renminbi for application planning.

(2) The unutilized net proceeds of RMB60.80 million as of June 30, 2021 is expected to be completely used by December 31, 2021.

On September 30, 2020 (before trading hours), in order to advance the Company's strategic, commercial and financial objectives as it transitions into a fully integrated biopharma company, the Company entered into the share subscription agreement with Pfizer Corporation Hong Kong Limited, pursuant to which Pfizer Corporation Hong Kong Limited has conditionally agreed to subscribe for an aggregate of 115,928,803 subscription shares at the subscription price of US$1.725 per Share (equivalent to approximately HK$13.37 per Share). The gross proceeds from the allotment and issue of the subscription shares were approximately US$200.0 million (equivalent to approximately HK$1.55 billion), which will be used for the funding of the development activities under the collaboration agreement in accordance with the terms and conditions set out therein, unless otherwise agreed between the parties to the collaboration agreement. All the conditions of the subscription have been fulfilled and the closing of the subscription took place on October 9, 2020. The use of these proceeds is in line with the planned use and there is no significant change or delay.

The table below sets out the planned applications of the proceeds and actual usage up to June 30, 2021:

Purpose of use	**% of use of proceeds (Approximately)**	**Proceeds from the subscription** *(RMB million)*	**Actual usage up to June 30, 2021** *(RMB million)*	**Unutilized net proceeds as of June 30, 2021** *(RMB million)*
Fund the development activities under the collaboration agreement	100.0%	1,355.9	218.4	1,137.5

Note: The unutilized net proceeds are planned to be put into use by December 31, 2023.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in accordance with the Listing Rules. The Audit Committee currently comprises three independent non-executive Directors, namely, Mr. Hongbin Sun (Chairman), Dr. Paul Herbert Chew and Mr. Ting Yuk Anthony Wu.

REVIEW OF INTERIM RESULTS

The independent auditors of the Company, namely Deloitte Touche Tohmatsu, have carried out a review of the interim financial information in accordance with the Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The Audit Committee has jointly reviewed with the management of the Company, the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the unaudited interim results for the six months ended June 30, 2021) of the Group. The Audit Committee considered that the interim results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management of the Company.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended June 30, 2021 (for the six months ended June 30, 2020: nil) to the shareholders of the Company.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

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

As of June 30, 2021, the interests and short positions of the Directors and the chief executive of our Company in the Shares, underlying Shares or debentures of our Company or any of the associated corporations of our Company (within the meaning of Part XV of the SFO), which were required (a) to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to our Company and the Stock Exchange pursuant to the Model Code, are as follows:

Long Position in the Shares

Name of Director or chief executive	Nature of interest	Number and class of securities	Approximate percentage of interest in our Company[1]
Dr. Ningjun Jiang, CEO and Chairman of our Board	Beneficial Owner	81,366,941 Shares[2]	7.63%
	Trustor of a trust	6,760,000 Shares[3]	0.57%

Notes:

(1) The calculation is based on the total number of 1,183,223,653 Shares in issue as of June 30, 2021.

(2) Includes (1) 17,245,720 Shares beneficially held by Dr. Jiang; (2) Dr. Jiang's entitlement to receive up to 8,593,336 Shares pursuant to the exercise of options granted to him under the Pre-IPO Incentivization Plan, subject to the vesting and other conditions of those options; (3) share options to subscribe for 36,432,379 Shares conditionally granted to Dr. Jiang on August 15, 2019 under the Post-IPO ESOP, subject to the vesting and other conditions of those options; and (4) Dr. Jiang's entitlement to (i) restricted share units equivalent to 10,855,168 Shares granted to him under the Pre-IPO Incentivization Plan, subject to vesting conditions and (ii) restricted share units equivalent to 8,240,338 Shares granted to him under the Post-IPO RSU Scheme, subject to vesting conditions.

(3) These Shares are held by JIANG IRREVOCABLE GIFTING TRUST FBO: YANNI XIAO, Dated November 21, 2018, of which Dr. Frank Ningjun Jiang is the trustor. Effective from August 30, 2019, Jiang Irrevocable Gifting Trust FBO: Yanni Xiao. Dated November 21, 2018 as beneficial owner appointed Yanni Xiao as its legal nominee to hold 6,760,000 ordinary shares of CStone Pharmaceuticals as legal owner. Under the SFO, Dr. Frank Ningjun Jiang is deemed to be interested in these Shares.

Save as disclosed above and to the best knowledge of the Directors, none of the Directors or the chief executive of our Company has or is deemed to have any interests or short positions in the Shares, underlying Shares or debentures of our Company or any of its associated corporations as of June 30, 2021.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

Interests and Short Positions Discloseable under Divisions 2 and 3 of Part XV of the SFO

As of June 30, 2021, the persons, other than the Directors or the chief executive of our Company, who had interests or short positions in the Shares and underlying Shares as recorded in the register of interests required to be kept by our Company pursuant to Section 336 of Part XV of the SFO are as follows:

Long Position in the Shares of the Company

Substantial Shareholder	Capacity/Nature of Interest	Total number of Shares/ underlying Shares	Approximately percentage of interest in our Company as of June 30, 2021[1]
WuXi Healthcare Ventures II, L.P.[2]	Beneficial interest	293,381,444	24.80%
WuXi Healthcare Management, LLC [2]	Interest in controlled corporation	293,381,444	24.80%
Graceful Beauty Limited [3]	Beneficial interest	146,950,948	12.42%
Boyu Capital Fund II, L.P. [3]	Interest in controlled corporation	146,950,948	12.42%
Boyu Capital General Partner II L.P. [3]	Interest in controlled corporation	146,950,948	12.42%
Boyu Capital General Partner II Ltd. [3]	Interest in controlled corporation	146,950,948	12.42%
Boyu Capital Holdings Limited [3]	Interest in controlled corporation	146,950,948	12.42%
Pfizer Corporation Hong Kong Limited [4]	Beneficial interest	115,928,803	9.80%
Pfizer Inc. [4]	Interest in controlled corporation	115,928,803	9.80%
Zhengze Yuanshi [5]	Beneficial interest	98,216,972	8.30%
Suzhou Industrial Park Zhengze Health Venture Capital Management Centre (Limited Partnership) (蘇州工業園區正則健康創業投資管理中心(有限合夥))[5]	Interest in controlled corporation	98,216,972	8.30%
Suzhou Industrial Park Oriza Yuandian Venture Capital Management Co., Ltd. (蘇州工業園區元禾原點創業投資管理有限公司)[5]	Interest in controlled corporation	98,216,972	8.30%
Suzhou Oriza Holdings Co., Ltd. (蘇州元禾控股股份有限公司)[5]	Interest in controlled corporation	98,216,972	8.30%
Suzhou Industrial Park Zhengze Jiming Equity Investment Management Co., Ltd. (蘇州工業園區正則既明股權投資管理有限公司)[5]	Interest in controlled corporation	98,216,972	8.30%
Suzhou Industrial Park Economic Development Co., Ltd. (蘇州工業園區經濟發展有限公司)[5]	Interest in controlled corporation	98,216,972	8.30%
Suzhou Industrial Park Administrative Committee (蘇州工業園區管委會)[5]	Interest in controlled corporation	98,216,972	8.30%
Fay Jianjiang (費建江)[5]	Interest in controlled corporation	98,216,972	8.30%
GIC Private Limited [6]	Interest in controlled corporation	48,392,472	4.09%
	Investment manager	22,850,000	1.93%
GIC Special Investments Private Limited [6]	Interest in controlled corporation	48,392,472	4.09%
GIC (Ventures) Pte. Ltd. [6]	Interest in controlled corporation	48,392,472	4.09%
Tetrad Ventures Pte Ltd. [6]	Beneficial interest	48,392,472	4.09%

Notes:

(1) The calculation is based on the total number of 1,183,223,653 Shares in issue as of June 30, 2021.

(2) As of June 30, 2021, WuXi Healthcare Ventures II, L.P. directly held 293,381,444 Shares. To the best knowledge of us, WuXi Healthcare Ventures II, L.P. is a limited partnership established under the laws of Cayman Islands managed by its sole general partner, WuXi Healthcare Management, LLC, a Cayman Islands exempted company in which each of its five members holds an equal share of equity interest. For the purpose of the SFO, WuXi Healthcare Management, LLC is deemed to have an interest in the Shares held by WuXi Healthcare Ventures II, L.P.

(3) As of June 30, 2021, Graceful Beauty Limited, an exempted company with limited liability incorporated under the laws of Cayman Islands, directly held 146,950,948 Shares. For the purpose of the SFO, each of Boyu Capital Fund II, L.P. (as the sole shareholder of Graceful Beauty Limited), Boyu Capital General Partner II L.P. (as the general partner of Boyu Capital Fund II, L.P.), Boyu Capital General Partner II Ltd. (as the general partner of Boyu Capital General Partner II L.P.), and Boyu Capital Holdings Ltd. (as the sole shareholder of Boyu Capital General Partner II Ltd.) is deemed to have an interest in the Shares held by Graceful Beauty Limited.

(4) As of June 30, 2021, Pfizer Corporation Hong Kong Limited, a company incorporated in Hong Kong with limited liability, directly held 115,928,803 Shares. For the purpose of the SFO, Pfizer Inc., a Delaware-incorporated company listed on the New York Stock Exchange and indirectly holding 100% of the shares in Pfizer Corporation Hong Kong Limited is deemed to have an interest in the Shares held by Pfizer Corporation Hong Kong Limited.

(5) As of June 30, 2021, Zhengze Yuanshi directly held 98,216,972 Shares. Zhengze Yuanshi is managed by its sole general partner, Suzhou Industrial Park Zhengze Health Venture Capital Management Centre (Limited Partnership) (蘇州工業園區正則健康創業投資管理中心(有限合夥)), a limited partnership established in China, in which Suzhou Industrial Park Oriza Yuandian Venture Capital Management Co., Ltd. (蘇州工業園區元禾原點創業投資管理有限公司) has 45% equity interest. Suzhou Oriza Holdings Co., Ltd. (蘇州元禾控股股份有限公司) and Suzhou Industrial Park Zhengze Jiming Equity Investment Management Co., Ltd. (蘇州工業園區正則既明股權投資管理有限公司) hold 49% and 51% of the issued share capital of Suzhou Industrial Park Oriza Yuandian Venture Capital Management Co., Ltd., respectively. Suzhou Oriza Holdings Co., Ltd. is held 60% by Suzhou Industrial Park Economic Development Co., Ltd. (蘇州工業園區經濟發展有限公司), a state-owned enterprise directly under the Suzhou Industrial Park Administrative Committee (蘇州工業園區管委會), a PRC government related institution primarily responsible for implementing government investment functions. Suzhou Industrial Park Zhengze Jiming Equity Investment Management Co., Ltd. is 45.18% owned by Fei Jianjiang (費建江). For the purpose of the SFO, each of Suzhou Industrial Park Zhengze Health Venture Capital Management Centre (Limited Partnership), Suzhou Industrial Park Oriza Yuandian Venture Capital Management Co., Ltd., Suzhou Oriza Holdings Co., Ltd., Suzhou Industrial Park Zhengze Jiming Equity Investment Management Co., Ltd., Suzhou Industrial Park Economic Development Co., Ltd., the Suzhou Industrial Park Administrative Committee and Fay Jianjiang is deemed to have an interest in the Shares held by Zhengze Yuanshi.

(6) As of June 30, 2021, Tetrad Ventures Pte Ltd directly held 48,392,472 Shares. Tetrad Ventures Pte Ltd is wholly owned by GIC (Ventures) Pte. Ltd. and GIC (Ventures) Pte. Ltd. is wholly owned by GIC Special Investments Pte Ltd, which in turn is wholly owned by GIC Private Limited. For the purpose of the SFO, each of GIC Private Limited, GIC Special Investments Pte Ltd and GIC (Ventures) Pte. Ltd. is deemed to have an interest in the Shares held by Tetrad Ventures Pte Ltd.

Save as disclosed above and to the best knowledge of the Directors, as of June 30, 2021, we are not aware of any other person (other than the Directors or the chief executive of our Company whose interests are set out in the section headed "Directors' and Chief Executive's Interests in Shares and Underlying Shares of the Company and its Associated Corporations" above) who had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by our Company pursuant to Section 336 of the SFO.

SHARE INCENTIVIZATION SCHEMES

We have adopted three share incentivization schemes, collectively referred to as Share Incentivization Schemes.

Pre-IPO Incentivization Plan

We have adopted the Pre-IPO Incentivization Plan by the resolutions in writing by the Board passed on July 7, 2017 and as amended and restated on August 14, 2018 and as further amended and restated on January 26, 2019 and as further amended and restated on January 7, 2020. No further options will be granted under the Pre-IPO Incentivization Plan.

As of June 30, 2021, pursuant to the Pre-IPO Incentivization Plan, we had granted to Directors, executives and employees of the Group outstanding options to subscribe for 19,051,526 Shares, representing approximately 1.61% of the total issued share capital of our Company as of June 30, 2021.

Movement of the options, which were granted under the Pre-IPO Incentivization Plan, during the Reporting Period is as follows:

			Number of options[1], [3] and [4] during the Reporting Period					
Category	**Grant date [1], [2] and [5]**	**Outstanding as of 01/01/2021**	**Granted**	**Exercised**	**Canceled**	**Lapsed**	**Outstanding as of 31/06/2021**	**Exercise price** *US$*
1. Director								
Frank Ningjun Jiang (also CEO and Chairman of our Board)	July 1, 2016	8,633,336	0	40,000[5]	0	0	8,593,336	0.0250-0.0500
2. Continuous Contract Employees	July 11, 2016 to February 25, 2019	15,958,989	0	5,102,719[6]	0	398,080	10,458,190	0.0250-0.5925
Total:		24,592,325	0	5,142,719	0	398,080	19,051,526	

Notes:

(1) 25% of the Shares vest on the first anniversary of the vesting commencement date set out on the relevant offer letter, and the remaining shall vest monthly in equal installments over the following 36 months.

(2) The relevant offer letter sets out the option exercise period of 10 years for each corresponding grantee.

(3) During the Reporting Period, no option was granted for adjustment under the Pre-IPO Incentivization Plan.

(4) There are no participants with options granted in excess of the individual limit and no grants to suppliers of goods and services.

(5) For the options exercised by Directors during the Reporting Period, the weighted average closing price of the securities immediately before the dates on which the options exercised was HK$17.940.

(6) For the options exercised by continuous contract employees during the Reporting Period, the weighted average closing price of the securities immediately before the dates on which the options exercised was HK$10.280.

(7) The exercise price is adjusted by the effect of capitalization issue.

As of June 30, 2021, pursuant to the Pre-IPO Incentivization Plan, we had granted to Directors, executives and employees of the Group outstanding RSUs representing 14,707,113 Shares, accounting for approximately 1.24% of the total issued share capital of our Company as of June 30, 2021.

Details of RSUs granted under the Pre-IPO Incentivization Plan during the Reporting Period are as follows:

Category	Grant date [1]	Outstanding as of 01/01/2021	Number of Shares underlying RSUs [1], [2] during the Reporting Period				Outstanding as of 30/06/2021
			Granted	Exercised	Canceled	Lapsed	
1. Director							
Frank Ningjun Jiang (also CEO and Chairman of our Board)	July 1, 2018	10,855,168	0	0	0	0	10,855,168
2. Continuous Contract Employees	July 1, 2018 to March 28, 2019	15,943,053	0	4,970,619	7,120,489	0	3,851,945
Total:		26,798,221	0	4,970,619	7,120,489	0	14,707,113

Notes:

(1) 25% of the Shares vest on the first anniversary of the vesting commencement date set out on the relevant offer letter, and the remaining shall vest monthly in equal installments over the following 36 months.

(2) There are no participants with RSUs granted in excess of the individual limit and no grants to suppliers of goods and services.

Post-IPO ESOP

We have adopted the Post-IPO ESOP by resolutions passed by our Company on January 30, 2019, with effect upon completion of the Listing.

As of June 30, 2021, pursuant to the Post-IPO ESOP, we had granted to employees of the Group outstanding options to subscribe for 65,561,052 Shares, representing approximately 5.54% of the total issued share capital of our Company as of June 30, 2021. Among the options granted above, none of the options were granted to any of the directors, chief executive and substantial shareholder of our Company or an associate of any of them.

Movement of the options, which were granted under the Post-IPO ESOP, during the Reporting Period is as follows:

			Number of options [1] and [3] during the Reporting Period						
Category	Grant date [1] and [2]	Outstanding as of 01/01/2021	Granted	Exercised	Canceled	Lapsed	Outstanding as of 30/06/2021	Exercise price *HK$*	Closing price immediately before the date of grant *HK$*
1. Director									
Frank Ningjun Jiang (also CEO and Chairman of our Board)	June 23, 2020	36,432,379	0	0	0	0	36,432,379	10.690	11.400
2. Continuous Contract Employees	April 1, 2019	857,684	NA	16,250	0	118,436	722,998	15.860	15.880[4]
	June 10, 2019	1,861,332	NA	8,336	0	11,664	1,841,332	12.600	12.120[4]
	October 11, 2019	998,500	NA	224,506	0	186,247	587,747	12.200	12.040[4]
	December 9,2019	6,894,396	NA	82,831	0	195,000	6,616,565	10.790	10.500[4]
	April 1, 2020	8,078,500	NA	667,201	0	2,984,168	4,427,131	8.850	8.700[4]
	July 13, 2020	2,129,000	NA	2,500	0	849,000	1,277,500	11.048	11.100[4]
	November 30, 2020	2,443,000	NA	0	0	295,000	2,148,000	9.960	9.990
	April 1, 2021	NA	11,653,800	0	0	146,400	11,507,400	9.850	9.250
Total:		59,694,791	11,653,800	1,001,624	0	4,785,915	65,561,052		

Notes:

(1) The vesting schedule of the options is as follows: (i) in relation to 10,508,800 options granted during the Reporting Period: 25% of the grant shall vest on the first anniversary of the grant date set out in the relevant offer letter, and the remaining 75% of the grant shall vest in 36 equal monthly installments thereafter; (ii) in relation to 1,145,000 options granted during the Reporting Period: 25% of the grant shall vest on each of the first, second, third and fourth anniversaries of the grant date set out in the relevant offer letter.

(2) The relevant offer letter sets out the option exercise period of 10 years for each corresponding grantee.

(3) There are no participants with options granted in excess of the individual limit and no grants to suppliers of goods and services.

(4) For the options exercised by continuous contract employees during the Reporting Period, the weighted average closing price of the securities immediately before the dates on which the options exercised was HK$14.249.

Post-IPO RSU Scheme

We have adopted the Post-IPO RSU Scheme by resolutions passed by our Company on March 22, 2019 and restated and amended by our Company on December 10, 2019 and January 7, 2020, as amended from time to time.

As of June 30, 2021, pursuant to the Post-IPO RSU Scheme, we had granted to employees of the Group outstanding RSUs representing 20,637,024 Shares, accounting for approximately 1.74% of the total issued share capital of our Company as of June 30, 2021.

Details of RSUs granted under the Post-IPO RSU Scheme, during the Reporting Period are as follows:

Category	Grant date [1]	Outstanding as of 01/01/2021	Number of Shares underlying RSUs [1] and [2] during the Reporting Period: Granted	Exercised	Canceled or Lapsed	Outstanding as of 30/06/2021
1. Director						
Frank Ningjun Jiang (also CEO and Chairman of our Board)	August 15, 2019	8,912,360	0	672,022	0	8,240,338
2. Continuous Contract Employees	March 22, 2019 to June 23, 2020	13,168,354	3,841,200	1,408,691	3,204,177	12,396,686
Total:		22,080,714	3,841,200	2,080,713	3,204,177	20,637,024

Notes:

(1) The vesting schedule of the RSUs is as follows: (i) in relation to 20,000 RSUs granted during the Reporting Period: 25% of the grant shall vest on the first anniversary of the grant date set out in the relevant offer letter, and the remaining 75% of the grant shall vest in 36 equal monthly installments thereafter; (ii) in relation to 538,000 RSUs granted during the Reporting Period: 25% of the grant shall vest on each of the first, second, third and fourth anniversaries of the grant date set out in the relevant offer letter.

(2) There are no participants with RSUs granted in excess of the individual limit and no grants to suppliers of goods and services.

For further details of the Share Incentivization Schemes, please refer to note 18 to the Condensed Consolidated Financial Statements.

SUMMARY OF THE SHARE INCENTIVIZATION SCHEMES

The major terms and details of the Share Incentivization Schemes are set out below:

Details	Pre-IPO Incentivization Plan	Post-IPO ESOP	Post-IPO RSU Scheme
1. Purpose	To attract, motivate and/or to reward eligible employees, officers, directors, contractor, advisors and consultants of our Group	To attract and retain employees, to reward eligible employees for their past contribution to the Company, to provide incentives to the employees to further contribute to the Group and to align their interests with the best interests of the Company and the Shareholders as a whole	To: • recognise the contributions by certain selected participants with an opportunity to acquire a proprietary interest in the Company; • encourage and retain such individuals for the continual operation and development of the Group; • provide additional incentives for them to achieve performance goals; • attract suitable personnel for further development of the Group; and • motivate the selected participants to maximize the value of the Company for the benefits of both the selected participants and the Company, with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the selected participants directly to the Shareholders of the Company through ownership of Shares

Details	Pre-IPO Incentivization Plan	Post-IPO ESOP	Post-IPO RSU Scheme
2. Participants	Eligible employees include any employee, officer, director, contractor, advisor or consultant of the Group who is notified by the Board that he or she is eligible by reason of their contribution to the Group	Eligible employees include any employee, officer, director, contractor, advisor or consultant of the Group who is notified by the Board that he or she is an employee eligible by reason of his or her contribution to the Group, to the extent that an offer of an award to or a receipt of such award by him or her is permitted under the applicable laws, rules and regulations or accounting or tax rules and regulations	Eligible persons include any employee of any member of the Group and any consultant, adviser or agent of any member of the Group (including the connected persons (as defined in the Listing Rules) of the Company), who have contributed or will contribute to the growth and development of the Group
3. Maximum number of shares that can be award	The maximum number of Shares in respect of which awards may be granted under the plan shall not, subject to any reorganization of capital structure and other corporate events, exceed 130,831,252 Shares in the aggregate (taken into account of the capitalization issue on the Listing Date)	The maximum number of Shares in respect of which awards may be granted or delivered in satisfaction of awards under the plan shall not, subject to any reorganization of capital structure and other corporate events, exceed 98,405,153 (taken into account of the capitalization issue on the Listing Date), being 10% of the Shares in issue as of the adoption date. The limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the plan and any other schemes must not exceed 30% of the relevant class of Shares in issue from time to time	The Board may not make any further award which will result in the aggregate number of the Shares awarded by the Board under the scheme exceeding, initially, 7,650,000 Shares (being approximately 0.78% of the issued share capital of the Company as at the adoption date), which was subsequently increased to 38,010,316 Shares (being approximately 3.70% of the issued share capital of the Company as at December 31, 2019) pursuant to a board meeting dated July 15, 2019

Details	Pre-IPO Incentivization Plan	Post-IPO ESOP	Post-IPO RSU Scheme
4. Maximum entitlement of each participant	No employee shall be granted an award which, if exercised or settled in full, would result in such employee becoming entitled to subscribe for such number of shares as, when aggregated with the total number of shares already issued under all the awards previously granted to him which have been exercised, and, issuable or settled under all the awards previously granted to him which for the time being subsisting and unexercised, would exceed 10% of the aggregate number of Shares for the time being issued and issuable under the plan	Except with the approval of the Shareholders in general meeting, no option may be granted to any one person which, if exercised or settled in full, such that the total number of Shares issued and to be issued upon exercise of options and any other option over the Shares (including exercised, cancelled and outstanding options) granted and to be granted to such person in any 12-month period up to the date of the latest grant exceeds 1% of the Shares in issue from time to time	–
5. Option period	The period during which the option can be exercised as set forth in the relevant offer letters in accordance with the plan	The period during which the option can be exercised as set forth in the relevant offer letters in accordance with the plan, which, in any event, must end on or before the tenth anniversary of the date of the grant of such option There is no minimum period for which an option must be held before it can be exercised	The vesting of the awarded Shares is subject to the selected participant remaining at all times after the grant date and on the date of vesting, an eligible person, subject to the rules of the scheme Subject to the satisfaction of all vesting conditions as prescribed in scheme, the selected participants will be entitled to receive the awarded Shares

Details	Pre-IPO Incentivization Plan	Post-IPO ESOP	Post-IPO RSU Scheme
6. Acceptance of offer	Awards granted must be accepted within the period as stated in the offer of the grant, upon payment of exercise price as set out in the relevant offer letter per grant, if any		
7. Exercise price	The subscription price shall be approved by the Board and shall be set out in the offer letter. The exercise prices of the options granted between the adoption date and June 30, 2021 include US$0.1, US$0.2, US$0.57 and US$2.37 (without taking into account the effect of the capitalization issue)	The subscription price shall be approved by the Board and shall be set out in the offer letter. The subscription price per Share of each award requiring exercise must be no less than 100% of the Fair Market Value of the Shares subject to the award, determined as of the date of grant, or such higher amount as the Board may determine in connection with the grant in accordance with the applicable laws, stock market or exchange rules (including the Listing Rules) and regulations and the terms of the plan. "Fair Market Value" means the higher of (a) the closing price of a Share on the date of grant, which must be a business day, on the principal stock market or exchange on which the Shares are quoted or traded, and (b) the average closing price of a Share for the five trading days immediately preceding the date of grant, on the principal stock market or exchange on which the Shares are quoted or traded	–

Details	Pre-IPO Incentivization Plan	Post-IPO ESOP	Post-IPO RSU Scheme
8. Remaining life of the scheme	The plan shall be valid and effective for the period of ten years commencing on the adoption date until July 7, 2027 after which period no further awards will be granted, but the provisions of the plan shall in all other respects remain in full force and effect and the grantees may exercise the options in accordance with the terms upon which the options are granted	The plan shall be valid and effective for the period of ten years commencing on the adoption date until February 26, 2029 after which period no further awards will be granted, but the provisions of the plan shall in all other respects remain in full force and effect and the grantees may exercise the options in accordance with the terms upon which the options are granted	The scheme remains valid and effective from the adoption date until March 22, 2029, being the tenth anniversary of the adoption date, after which period no further awards will be granted, but the provisions of the scheme will in all other respects remain in full force and effect and awards that are granted from the adoption date until the tenth anniversary of the adoption date may continue to be exercisable in accordance with their terms of issue

Report on Review of Condensed Consolidated Financial Statements

Deloitte. 德勤

TO THE BOARD OF DIRECTORS OF CSTONE PHARMACEUTICALS
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of CStone Pharmaceuticals (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 52 to 77, which comprise the condensed consolidated statement of financial position as of June 30, 2021 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with 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 these condensed consolidated financial statements 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
August 26, 2021

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2021

	NOTES	For the six months ended June 30, 2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue	3	**79,449**	–
Cost of sales		**(31,215)**	–
Gross profit		**48,234**	–
Other income	4	**12,315**	28,466
Other gains and losses	4	**(31,761)**	33,967
Research and development expenses		**(512,753)**	(544,154)
Selling and marketing expenses		**(133,584)**	(24,055)
Administrative expenses		**(154,105)**	(165,229)
Finance costs		**(2,197)**	(238)
Loss for the period	6	**(773,851)**	(671,243)
Other comprehensive income (expense) for the period:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**299**	518
Fair value gain on investments in debt instruments measured at fair value through other comprehensive income ("FVTOCI")		**–**	31
Reclassified to profit or loss upon redemption of debt instruments measured at FVTOCI		**–**	(31)
Other comprehensive income for the period		**299**	518
Total comprehensive expense for the period		**(773,552)**	(670,725)
Loss per share			
– Basic and diluted (RMB Yuan)	8	**(0.67)**	(0.66)

Condensed Consolidated Statement of Financial Position

At June 30, 2021

	NOTES	June 30, 2021 RMB'000 (Unaudited)	December 31, 2020 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	9	**36,623**	39,367
Right-of-use assets	9	**24,866**	27,175
Deposits for acquisition of property, plant and equipment and intangible assets		**51,673**	35,411
Other intangible assets		**62,453**	6,509
Other receivables	11	**57,826**	81,987
		233,441	190,449
Current assets			
Inventories		**30,144**	–
Trade receivables	10	**50,422**	–
Deposits, prepayments and other receivables	11	**119,818**	178,040
Other investments classified as financial assets measured at fair value through profit or loss ("FVTPL")	12	**10,288**	10,125
Restricted bank deposits		**–**	720
Time deposits	13	**–**	358,870
Cash and cash equivalents	13	**2,447,177**	3,024,548
		2,657,849	3,572,303
Current liabilities			
Trade and other payables and accrued expenses	14	**445,061**	708,525
Borrowings	16	**5,052**	2,662
Lease liabilities		**9,747**	8,652
Deferred income	15	**7,210**	7,210
		467,070	727,049
Net current assets		**2,190,779**	2,845,254
Total assets less current liabilities		**2,424,220**	3,035,703

Condensed Consolidated Statement of Financial Position

At June 30, 2021

	NOTES	June 30, 2021 RMB'000 (Unaudited)	December 31, 2020 RMB'000 (Audited)
Non-current liabilities			
Borrowings	16	**67,615**	54,340
Lease liabilities		**15,183**	18,205
Deferred income	15	**8,473**	8,698
		91,271	81,243
Net assets		**2,332,949**	2,954,460
Capital and reserves			
Share capital	17	**793**	787
Treasury shares held in the trusts	17	**(16)**	(19)
Reserves		**2,332,172**	2,953,692
Total equity		**2,332,949**	2,954,460

Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2021

	Share capital *RMB'000*	Treasury shares *RMB'000*	Share premium *RMB'000*	Other reserve *RMB'000*	Treasury shares held in the trusts *RMB'000*	Share-based payment reserve *RMB'000*	Foreign currency translation reserve *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
At January 1, 2021 (Audited)	787	–	8,324,313	(92,717)	(19)	554,887	(3,076)	(5,829,715)	2,954,460
Loss for the period	–	–	–	–	–	–	–	(773,851)	(773,851)
Other comprehensive income for the period	–	–	–	–	–	–	299	–	299
Total comprehensive expense for the period	–	–	–	–	–	–	299	(773,851)	(773,552)
Exercise of share options (note 18)	4	–	40,065	–	–	(29,391)	–	–	10,678
Recognition of equity-settled share-based payment (note 18)	–	–	–	–	–	141,363	–	–	141,363
Shares issued to trust and converted to the treasury shares (note 18)	2	–	–	–	(2)	–	–	–	–
Restricted stock units exercised under the trust (note 17)	–	–	134,786	(5)	5	(134,786)	–	–	–
At June 30, 2021 (Unaudited)	793	–	8,499,164	(92,722)	(16)	532,073	(2,777)	(6,603,566)	2,332,949
At January 1, 2020 (Audited)	687	–	6,651,201	(92,688)	(30)	532,930	(1,802)	(4,608,716)	2,481,582
Loss for the period	–	–	–	–	–	–	–	(671,243)	(671,243)
Other comprehensive income for the period	–	–	–	–	–	–	518	–	518
Total comprehensive expense for the period	–	–	–	–	–	–	518	(671,243)	(670,725)
Repurchase of ordinary shares	–	(21,829)	–	–	–	–	–	–	(21,829)
Cancellation of ordinary shares	(2)	16,718	(16,716)	–	–	–	–	–	–
Exercise of share options (note 18)	2	–	20,159	–	–	(17,434)	–	–	2,727
Recognition of equity-settled share-based payment (note 18)	–	–	–	–	–	162,772	–	–	162,772
Restricted stock units exercised under the trust (note 17)	–	–	51,280	–	14	(51,294)	–	–	–
At June 30, 2020 (Unaudited)	687	(5,111)	6,705,924	(92,688)	(16)	626,974	(1,284)	(5,279,959)	1,954,527

Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2021

	For the six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Loss for the period	**(773,851)**	(671,243)
Adjustments for:		
Depreciation of property, plant and equipment	**3,399**	3,122
Depreciation of right-of-use assets	**5,322**	2,883
Amortization of intangible assets	**2,354**	1,322
Net foreign exchange losses (gains)	**31,936**	(31,789)
Share-based payment expenses	**141,363**	162,772
Interest income	**(6,999)**	(20,440)
Changes in fair value of money market funds	**(6)**	(1,982)
Gain on fair value changes of other investments classified as financial assets measured at FVTPL	**(163)**	(200)
Gain on redemption of debt instruments at FVTOCI	**–**	(31)
Finance cost	**2,197**	238
Government grants income related to property, plant and equipment	**(225)**	(226)
Others	**–**	35
Operating cash flows before movements in working capital	**(594,673)**	(555,539)
Increase in trade receivables	**(50,422)**	–
Increase in inventories	**(30,144)**	–
Decrease in deposits, prepayments and other receivables	**82,599**	24,751
Decrease in trade and other payables and accrued expenses	**(263,165)**	(113,723)
Increase in deferred income	**–**	2,967
NET CASH USED IN OPERATING ACTIVITIES	**(855,805)**	(641,544)
INVESTING ACTIVITIES		
Interest received	**6,999**	20,440
Receipt of return from money market funds	**6**	1,982
Deposit paid for property, plant and equipment and intangible assets	**(16,262)**	(6,817)
Purchase of property, plant and equipment	**(655)**	(11,168)
Purchase of intangible assets	**(58,298)**	(3,136)
Withdrawal (placement) of restricted bank deposits	**720**	(100)
Payments of rental deposits	**(216)**	–
Proceeds on redemption of debt instruments at FVTOCI	**–**	4,982
Placement of time deposits with maturity date over three months	**–**	(390,016)
Withdrawal of time deposits with maturity date over three months	**353,403**	1,583,439
NET CASH FROM INVESTING ACTIVITIES	**285,697**	1,199,606

Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2021

	For the six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
FINANCING ACTIVITIES		
Interest paid	**(2,197)**	(123)
New bank borrowing raised	**17,277**	24,068
Repayments of bank borrowings	**(1,612)**	(240)
Repayment of lease liabilities	**(4,940)**	(2,999)
Exercise of share options	**10,678**	2,727
Payments on repurchase of ordinary shares	**–**	(21,829)
NET CASH FROM FINANCING ACTIVITIES	**19,206**	1,604
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(550,902)**	559,666
CASH AND CASH EQUIVALENTS AT JANUARY 1,	**3,024,548**	1,126,436
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(26,469)**	48,284
CASH AND CASH EQUIVALENTS AT JUNE 30,	**2,447,177**	1,734,386

1. GENERAL AND BASIS OF PREPARATION

CStone Pharmaceuticals (the "Company") is a public limited company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since February 26, 2019.

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange. The condensed consolidated financial statements do not include all the information required for a complete set of financial statements and should be read in conjunction with the annual consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended December 31, 2020.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from application of and amendments to International Financial Reporting Standards ("IFRSs") and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2021 are the same as those presented in the Group's annual financial statements for the year ended December 31, 2020.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatory effective for the annual periods beginning on or after January 1, 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendment to IFRS 16	Covid-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39 IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2

The application of the amendments to IFRSs in the current interim period has had no material impact on the Group's financial position and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Sales of pharmaceutical products

For the sale of pharmaceutical products, revenue is recognized when control of the goods has been transferred, being when the goods have been delivered to the specific location designated by the customers. Following delivery, the customers have the primary responsibility when selling the goods and bear the risks of obsolescence and loss in relation to the goods. Trade receivable is recognized by the Group when the goods are delivered to customers as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. The normal credit term is 60 days upon delivery.

Disaggregation of revenue from contracts with customers

	For the six months ended June 30, 2021 *RMB'000* (Unaudited)
Sales of pharmaceutical products	**79,449**
Geographical markets	
Mainland China	**79,449**
Timing of revenue recognition	
A point in time	**79,449**

Segment Information

For the purpose of resource allocation and performance assessment, the Group's chief operating decision maker reviews the overall results and financial position of the Group as a whole which are prepared based on the same accounting policies as set out in Note 3 to the consolidated financial statements included in the Group's annual report for the year ended December 31, 2020.

Geographical information

Substantially, all of the Group's non-current assets and capital expenditure are located or utilized in the People's Republic of China (the "PRC").

3. REVENUE AND SEGMENT INFORMATION (continued)

Information about major customers

Revenue from the following customer contributed over 10% of the total sales of the Group:

	For the six months ended June 30, 2021 *RMB'000* (Unaudited)
Customer A	**73,797**

4. OTHER INCOME AND OTHER GAINS AND LOSSES

Other income

	For the six months ended June 30,	
	2021 *RMB'000* (Unaudited)	2020 *RMB'000* (Unaudited)
Bank and other interest income	**6,999**	20,440
Government grants income *(note)*	**5,316**	8,026
	12,315	28,466

Note: Government grants include subsidies from the PRC and Australia governments which are specifically for (i) the capital expenditure incurred for plant and machinery and is recognized over the useful life of the related assets; and (ii) other government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

Other gains and losses

	For the six months ended June 30,	
	2021 *RMB'000* (Unaudited)	2020 *RMB'000* (Unaudited)
Gain on fair value changes of other investments classified as financial assets measured at FVTPL *(note 12)*	**163**	200
Gain on redemption of debt instruments at FVTOCI	**–**	31
Changes in fair value of money market funds	**6**	1,982
Net foreign exchange (losses) gains	**(31,936)**	31,789
Others	**6**	(35)
	(31,761)	33,967

5. INCOME TAX EXPENSE

The Company is tax exempted under the laws of the Cayman Islands.

Under the two-tiered profits tax rates regime in Hong Kong, the first HK$2 million of profits sourced in Hong Kong of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. No Hong Kong profit tax was provided as the Group has no profit that was subject to Hong Kong profit tax during the reporting period.

Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and implementation regulations of the EIT Law, the tax rate of the Company's PRC subsidiaries is 25% for both periods.

Under the Treasury Law Amendment (Enterprise Tax Plan Base Rate Entities) Bill 2017 of Australia, corporate entities who qualify a small business entity are eligible for the lower corporate tax rate at 27.5%. CStone Pharmaceuticals Australia Pty, Ltd. ("CStone Australia") is qualified as small business entity and is subject to a corporate tax rate of 27.5% for both periods.

No provision for taxation for the six months ended June 30, 2021 and 2020 as the Group has no assessable profits derived from the operating entities of the Group.

6. LOSS FOR THE PERIOD

	For the six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after charging the following items:		
Directors' emoluments (including share-based payment expenses)	**80,680**	70,292
Staff costs:		
– Salaries and other allowances	**131,070**	90,825
– Performance-related bonus	**24,894**	29,198
– Retirement benefit scheme contributions	**23,030**	6,901
– Share-based payment expenses	**64,902**	95,507
	324,576	292,723
Amortization for other intangible assets	**2,354**	1,322
Depreciation for property, plant and equipment	**3,399**	3,122
Depreciation of right-of-use assets	**5,322**	2,883
Auditor's remuneration	**800**	990
Lease payments in respect of short-term and low value leases	**1,523**	1,826

7. DIVIDENDS

No dividend was paid or declared by the Company during the reporting periods, nor has any dividend been proposed since the end of the reporting periods.

8. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	For the six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss for the period for the purpose of basic and diluted loss per share	**(773,851)**	(671,243)

	For the six months ended June 30,	
	2021	2020
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**1,154,802,083**	1,012,383,724

The calculation of basic and diluted loss per share for the six months ended June 30, 2021 and 2020 has considered the restricted share units that have been vested but not yet registered (note 18), and excluded the ordinary shares repurchased but not cancelled yet and the ordinary shares held in a trust which are accounted for as treasury shares of the Company.

The calculation of diluted loss per share for the six months ended June 30, 2021 and 2020 has not considered share options awarded under the employee stock option plan (note 18(a)) and the unvested restricted share units (note 18(b)) as their inclusion would be anti-dilutive.

9. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the current interim period, the Group had additions to property, plant and equipment of approximately RMB655,000 (six months ended June 30, 2020: RMB93,000), in order to construct the facilities in Suzhou for the preparation of commercialization and upgrade its research and development capabilities. The Group entered into a new lease agreement for an office building for 3 years. The Group is required to make fixed monthly payments during the contract period. On lease commencement, the Group recognized RMB3,013,000 (six months ended June 30, 2020: RMB357,000) of right-of-use assets and lease liabilities of RMB3,013,000 (six months ended June 30, 2020: RMB357,000).

10. TRADE RECEIVABLES

The Group allows an average credit period of 60 days to its trade customers.

The following is an analysis of trade receivables by age, presented based on the invoice date at the end of the reporting period.

	June 30, 2021 ***RMB'000*** **(Unaudited)**	December 31, 2020 *RMB'000* (Audited)
Less than 60 days	**50,422**	–

11. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	June 30, 2021 ***RMB'000*** **(Unaudited)**	December 31, 2020 *RMB'000* (Audited)
Rental deposits	**4,466**	4,250
Prepayments	**13,481**	63,617
Receivables from a director and key management personnel of the Company *(note)*	**76,248**	105,288
Value-added tax recoverable	**53,360**	78,744
Others	**30,089**	8,128
	177,644	260,027
Analyzed as:		
– Non-current	**57,826**	81,987
– Current	**119,818**	178,040
	177,644	260,027

Note: As at June 30, 2021, the balances mainly represent the amounts due from several key management personnels in respect of withholding tax for employee individual income tax associated with vested restricted share units. The balances as at December 31, 2020 also include the amounts due from Dr. Jiang Frank Ningjun ("Dr. Jiang"), a director of the Company, of RMB3,504,000, which are fully settled by Dr. Jiang during the six months ended June 30, 2021.

12. OTHER INVESTMENTS CLASSIFIED AS FINANCIAL ASSETS MEASURED AT FVTPL

	June 30, 2021 *RMB'000* (Unaudited)	December 31, 2020 *RMB'000* (Audited)
Other investments classified as financial assets measured at FVTPL		
– Wealth management plans *(note)*	**10,288**	10,125

Note: The Group entered into contracts in respect of wealth management plans managed by financial institutions. The principal is unguaranteed by the relevant financial institutions with expected return as stated in the contracts at 3.6% per annum as at June 30, 2021 (December 31, 2020: 3.6% per annum). All investments have maturity dates within one year and are classified as other investments classified as financial assets measured at FVTPL.

13. TIME DEPOSITS AND CASH AND CASH EQUIVALENTS

Time deposits

	June 30, 2021 *RMB'000* (Unaudited)	December 31, 2020 *RMB'000* (Audited)
Time deposits	**–**	358,870

The time deposits are placed with a bank in the PRC with a term of 1 year upon placement.

During the six months ended June 30, 2021, all the original time deposits as at December 31, 2020 have been withdrawn.

Cash and cash equivalents

	June 30, 2021 *RMB'000* (Unaudited)	December 31, 2020 *RMB'000* (Audited)
Cash at banks	**1,493,127**	2,084,307
Cash on hand	**90**	–
Cash equivalents *(note)*		
– Money market funds	**200,066**	204,885
– Time deposits	**753,894**	735,356
	2,447,177	3,024,548

Note: Cash equivalents represent (1) investments in a public debt constant net asset value money market fund, and low volatility net asset value money market fund; and (2) time deposits with maturity date within three months on the initial placement date.

14. TRADE AND OTHER PAYABLES AND ACCRUED EXPENSES

	June 30, 2021 *RMB'000* (Unaudited)	December 31, 2020 *RMB'000* (Audited)
Trade payables	**11,519**	28,030
Accrued expenses		
– Research and development *(note a)*	**338,420**	460,384
– Selling, marketing and royalties expenses	**27,471**	–
– Legal and professional fees	**1,185**	4,815
– Others	**11,799**	26,194
	378,875	491,393
Other payables	**9,481**	26,368
Other tax payable *(note b)*	**6,297**	102,938
Accrued bonus	**38,889**	59,796
	445,061	708,525

The credit period on trade purchase is 0 to 90 days. Aging analysis of the Group's trade payables based on the invoice dates at the end of the reporting period is as follows:

	June 30, 2021 *RMB'000* (Unaudited)	December 31, 2020 *RMB'000* (Audited)
Less than 30 days	**11,519**	28,030

Notes:

(a) Amounts mainly included accrued service fees to outsourced service providers including contract research organizations and clinical trial sites.

(b) Included in the balances as at December 31, 2020 are withholding tax payable for employee's individual income tax associated with vested restricted share units, which are fully settled during the six months period ended June 30, 2021.

15. DEFERRED INCOME

	June 30, 2021 *RMB'000* (Unaudited)	December 31, 2020 *RMB'000* (Audited)
Subsidies related to property, plant and equipment *(note a)*	**1,923**	2,148
Other subsidies *(note b)*	**13,760**	13,760
	15,683	15,908
Analyzed as:		
Non-current	**8,473**	8,698
Current	**7,210**	7,210
	15,683	15,908

Notes:

(a) The Group received government subsidies for capital expenditure incurred for the plant, machineries and spare parts. The amounts are deferred and amortized over the estimated useful lives of the respective assets.

(b) The Group received government subsidies towards research and development projects to compensate the research and development expenses incurred by the Group. Certain conditions have to be fulfilled until these subsidies can be regarded as fully granted. As at June 30, 2021 and December 31, 2020, the relevant conditions have not been fully fulfilled and therefore, the government subsidies were deferred.

16. BORROWINGS

	June 30, 2021 *RMB'000* (Unaudited)	December 31, 2020 *RMB'000* (Audited)
Unsecured and unguaranteed	**17,398**	17,680
Secured and unguaranteed	**55,269**	39,322
	72,667	57,002
The carrying amounts of the above borrowings are repayable*:		
Within 1 year	**5,052**	2,662
Within a period of more than 1 year but not exceeding 2 years	**18,568**	1,877
Within a period of more than 2 years but not exceeding 5 years	**49,047**	52,463
	72,667	57,002
Current	**(5,052)**	(2,662)
Non-current	**67,615**	54,340

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

17. SHARE CAPITAL/TREASURY SHARES/TREASURY SHARES HELD IN THE TRUSTS

	Number of shares	Share capital *US$'000*
Ordinary shares		
Ordinary shares of US$0.0001 each		
Authorized		
At January 1, 2020, June 30, 2020, December 31, 2020 and June 30, 2021	2,000,000,000	200

	Number of shares	Amount *US$'000*	Equivalent amount of ordinary shares *RMB'000*
Issued and fully paid			
At January 1, 2020	1,028,074,790	102	687
Exercise of share options *(note a)*	2,956,470	–	2
Repurchase and cancellation of ordinary shares *(note b)*	(2,403,000)	–	(2)
At June 30, 2020 (unaudited)	1,028,628,260	102	687
Exercise of share options *(note c)*	4,476,357	1	3
Repurchase and cancellation of ordinary shares *(note d)*	(622,500)	–	–
Subscription of new shares by Pfizer Corporation Hong Kong Limited *(note e)*	115,928,803	12	79
Issuance of shares to a trust for Computershare Hong Kong Trustees Limited *(note f)*	25,650,386	3	18
At December 31, 2020 (audited)	1,174,061,306	118	787
Exercise of share options *(note g)*	6,144,343	1	4
Issuance of shares to a trust for Computershare Hong Kong Trustees Limited *(note h)*	3,018,004	–	2
At June 30, 2021 (unaudited)	1,183,223,653	119	793

17. SHARE CAPITAL/TREASURY SHARES/TREASURY SHARES HELD IN THE TRUSTS (continued)

Treasury shares:

	Number of treasury shares	Amount *US$'000*	Equivalent amount of treasury shares *RMB'000*
At January 1, 2020	–	–	–
Repurchase of ordinary shares *(note b)*	3,025,500	3,079	21,829
Cancellation of ordinary shares *(note b)*	(2,403,000)	(2,362)	(16,718)
At June 30, 2020 (unaudited)	622,500	717	5,111
Cancellation of ordinary shares *(note d)*	(622,500)	(717)	(5,111)
At December 31, 2020 (audited)	–	–	–
At June 30, 2021 (unaudited)	–	–	–

Treasury shares held in the trusts:

	Number of treasury shares	US$ *US$'000*	Equivalent amount of treasury shares *RMB'000*
Treasury shares held in trust at January 1, 2020	43,542,018	4	30
Restricted stock units exercised under the trust *(note i)*	(20,518,253)	(2)	(14)
Treasury shares held in trust at June 30, 2020 (unaudited)	23,023,765	2	16
Issuance of shares to a trust for Computershare Hong Kong Trustees Limited *(note f)*	25,650,386	3	18
Restricted stock units exercised under the trust *(note j)*	(21,969,863)	(2)	(15)
Treasury shares held in trust at December 31, 2020 (audited)	26,704,288	3	19
Issuance of shares to a trust for Computershare Hong Kong Trustees Limited *(note h)*	3,018,004	–	2
Restricted stock units exercised under the trust *(note k)*	(7,051,332)	(1)	(5)
At June 30, 2021 (unaudited)	22,670,960	2	16

17. SHARE CAPITAL/TREASURY SHARES/TREASURY SHARES HELD IN THE TRUSTS (continued)

Treasury shares held in the trusts: (continued)

Notes:

(a) During the six months ended June 30, 2020, share option holders exercised their rights to subscribe for 2,956,470 ordinary shares in the Company at an average price of HK$1.01 per share. The shares allotted and issued rank pari passu in all respects with the then existing issued shares of the Company.

(b) During the six months ended June 30, 2020, 3,025,500 ordinary shares of the Company were repurchased at prices ranging from HK$7.05 to HK$9.00 per share. As at June 30, 2020, 2,403,000 shares repurchased were cancelled.

(c) In the second half year of 2020, share option holders exercised their rights to subscribe for 1,671,021, 1,614,899, 1,107,101 and 83,336 ordinary shares in the Company at HK$0.2, HK$0.39, HK$1.12 and HK$4.65 per share, respectively. The shares allotted and issued rank pari passu in all respects with the then existing issued shares of the Company.

(d) In the second half year of 2020, the remaining 622,500 shares repurchased during the six months ended June 30, 2020 were cancelled.

(e) On October 9, 2020, the Company entered into a share subscription agreement with Pfizer Corporation Hong Kong Limited, pursuant to which Pfizer Corporation Hong Kong Limited has subscribed for 115,928,803 ordinary shares of the Company with US$0.0001 par share at the subscription price of HK$13.37 per share.

(f) On July 11, 2019, the Company and Computershare Hong Kong Trustees Limited (the "Computershare Trustee"), an independent third party, set up the 2019 CStone share incentivization trust for non-connected persons which entered into a trust deed pursuant to which the Computershare Trustee has agreed to act as the trustee to administer the Pre-IPO Incentivization Plan (as defined in note 18(a)) and to hold the ordinary shares under the Pre-IPO Incentivization Plan through the Computershare Trustee. 14,238,552 ordinary shares was issued to the Computershare Trustee to set aside a pool of ordinary shares to satisfy the pre-IPO restricted share units granted under the Pre-IPO Share Incentivization Plan. The Shares held in the trust are accounted for as treasury shares of the Company. On July 23, 2020 and August 19, 2020, the Company issued 16,542,291 and 9,108,095 ordinary shares to the Computershare Trustees to satisfy the share awards granted under the Pre-IPO Share Incentivization Plan.

(g) During the six months ended June 30, 2021, share option holders exercised their rights to subscribe for 6,144,343 ordinary shares in the Company at an average exercise price of HK$2.1 per share, respectively. The shares allotted and issued rank pari passu in all respects with the then existing issued shares of the Company.

(h) On April 29, 2021, the Company issued 3,018,004 ordinary shares to the Computershare Trustees to satisfy the share awards granted under the Pre-IPO Share Incentivization Plan.

(i) During the six months ended June 30, 2020, 20,518,253 restricted stock units granted to several employees were exercised.

(j) In the second half year of 2020, 21,969,863 restricted stock units granted to several employees were exercised.

(k) During the six months ended June 30, 2021, 7,051,332 restricted stock units granted to several employees were exercised.

18. SHARE-BASED PAYMENT TRANSACTIONS

(a) Employee stock option plan ("ESOP")

The Pre-IPO ESOP

The Group granted share options under its employee stock option plan (the "Pre-IPO ESOP") which was adopted and approved on July 7, 2017 and amended on August 3, 2018 (the "Pre-IPO Incentivization Plan") for the purpose of incentivizing, retaining and rewarding certain employees and board members of the Company or its subsidiaries for their contributions to the Group's business, and to align their interests with those of the Group.

The following table discloses movements of the Company's share options held by grantees during the period:

	Number of Pre-IPO ESOP share options	
	Dr. Jiang	**Employees**
Outstanding at January 1, 2021	8,633,336	15,958,989
Forfeited during the period	–	(398,080)
Exercised during the period	(40,000)	(5,102,719)
Outstanding at June 30, 2021	8,593,336	10,458,190

As at June 30, 2021, 4,954,908 outstanding Pre-IPO ESOP share options (December 31, 2020: 4,144,610) were exercisable.

The following table discloses the weighted average exercise price of the Company's Pre-IPO ESOP share options held by grantees exercised during the period:

	Weighted average exercise price	
	Dr. Jiang ***US$*** **(Unaudited)**	**Employees** ***US$*** **(Unaudited)**
Forfeited	–	0.11
Exercised	0.04	0.11

Fair value of share options granted

Back-solve method was used to determine the underlying equity fair value of the Company and Binomial Option Pricing Model ("OPM model") was used to determine the fair value of the share options granted. Key assumptions, such as risk-free interest rate and volatility, are required to be determined by the directors of the Company with best estimate.

18. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(a) Employee stock option plan ("ESOP") (continued)

The Pre-IPO ESOP *(continued)*

Fair value of share options granted (continued)

The total expenses recognized in the condensed consolidated statement of profit or loss and other comprehensive income for share options granted to a director of the Company and employees of the Group are approximately RMB6,574,000 for the six months ended June 30, 2021 (six months ended June 30, 2020: RMB7,033,000).

The Post-IPO ESOP

Pursuant to a resolution passed on January 30, 2019, the directors of the Company further adopted an employee equity plan (the "Post-IPO ESOP") to grant option awards to any employee, officer, director, contractor, advisor or consultant of the Group by reason of his or her contribution to the Group.

The table below discloses movements of the Post-IPO ESOP share options held by grantees:

	Number of Post-IPO ESOP	
	Dr. Jiang	**Employees**
At January 1, 2021	36,432,379	23,262,412
Granted during the period	–	11,653,800
Forfeited during the period	–	(4,785,915)
Exercised during the period	–	(1,001,624)
Outstanding at June 30, 2021	36,432,379	29,128,673

As at June 30, 2021, 1,096,524 outstanding Post-IPO ESOP share options (December 31, 2020: 3,133,667) were exercisable and the weighted average exercise price is HK$9.91 per share.

Fair value of share options granted

OPM model was used to determine the fair value of the Post-IPO ESOP share options granted. Key assumptions, such as risk-free interest rate and volatility, are required to be determined by the directors of the Company with best estimate.

18. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(a) Employee stock option plan ("ESOP") (continued)

The Post-IPO ESOP *(continued)*

Fair value of share options granted (continued)

The key inputs into the model were as follows:

	For the six months ended June 30, 2021
Grant date option fair value per share	HK$5.26 – HK$6.32
Exercise price	HK$9.85
Expected volatility	69.12%
Expected life	10 Years
Risk-free rate	1.45%
Expected dividend yield	0%

During the current interim period, the Group has granted 11,653,800 Post-IPO ESOP share options to employees in April 2021.

The weighted average fair value of the Post-IPO ESOP options granted during the current interim period is HK$5.93 per share.

The directors of the Company estimated the risk-free interest rate based on the yield of the Hong Kong Bonds with a maturity life close to the option life of the Post-IPO ESOP share option. Volatility was estimated at grant date based on average of historical volatilities of the comparable companies with length commensurable to the time to maturity of the share options. Dividend yield is based on management estimation at the grant date. For the six months ended June 30, 2021, the total expenses recognized in the condensed consolidated statements of profit or loss and other comprehensive income for the Post-IPO ESOP share options granted to a director of the Company and employees are RMB71,518,000 (six months ended June 30, 2020: RMB27,121,000).

18. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(b) Restricted share units ("RSU")

The Pre-IPO RSU Plan

On August 3, 2018, December 6, 2018 and January 16, 2019, 8,467,541, 1,500,000 and 8,112,124 RSUs of the Company respectively (without taking into account the effect of a written resolution of the shareholders of the Company passed on January 30, 2019 with respect to the capitalization issue) were granted at nil consideration to the grantees by the directors of the Company in accordance with Pre-IPO Incentivization Plan respectively.

The total expense recognized in the consolidated statement of profit or loss and other comprehensive income for RSUs granted to a director of the Company and employees are approximately RMB26,177,000 for the six months ended June 30, 2021 (six months ended June 30, 2020: RMB64,793,000).

Fair value of the Pre-IPO RSUs granted

The following table summarized the Group's Pre-IPO RSUs movement during the current interim period:

	Number of Pre-IPO RSUs	
	Dr. Jiang	**Employees**
At January 1, 2021	10,855,168	15,943,053
Forfeited during the period	–	(7,120,489)
Exercised during the period	–	(4,970,619)
At June 30, 2021	10,855,168	3,851,945

As at June 30, 2021, 2,605,244 Pre-IPO RSUs (December 31, 2020: 2,103,504 Pre-IPO RSUs) have been vested but not yet registered, and 12,101,869 Pre-IPO RSUs (December 31, 2020: 24,694,717 Pre-IPO RSUs) remained unvested.

Back-solve method was used to determine the underlying equity fair values of the Company. Key assumptions, such as years to liquidation event, risk-free interest rate and volatility, are required to be determined by the directors of the Company with best estimate.

18. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(b) Restricted share units ("RSU") (continued)

The Post-IPO RSU Plan

A restricted share award scheme (the "Post-IPO RSU Plan") was approved and adopted on March 22, 2019 and amended on January 31, 2020 pursuant to one resolution passed by then. The directors of the Company may, from time to time, at its absolute discretion grant RSUs to an eligible person in accordance with the Post-IPO RSU Plan.

The total expense recognized in the condensed statement of profit or loss and other comprehensive income for the six months ended June 30, 2021 for the Post-IPO RSU granted are approximately RMB37,094,000 (six months ended June 30, 2020: RMB63,825,000).

The following table summarized the Group's Post-IPO RSUs and movement during the period:

	Number of Post-IPO RSUs	
	Dr. Jiang	**Employees**
At January 1, 2021	8,912,360	13,168,354
Granted during the period	–	3,841,200
Forfeited during the period	–	(3,204,177)
Exercised during the period	(672,022)	(1,408,691)
At June 30, 2021	8,240,338	12,396,686

As at June 30, 2021, 1,332,947 Post-IPO RSUs (December 31, 2020: 1,641,214 Post-IPO RSUs) have been vested but not yet registered, and 19,304,077 (December 31, 2020: 20,439,500) Post-IPO RSUs remained unvested.

The fair value of the Post-IPO RSUs granted during the period was HK$9.85 per share which was determined by the market price at grant date.

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

This note provides information about how the Group determines fair values to various financial assets and financial liabilities.

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categories (Levels 1 to 2) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis (continued)

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key input(s)
	June 30, 2021 ***RMB'000*** **(Unaudited)**	December 31, 2020 *RMB'000* (Audited)		
(1) Wealth management plan	**10,288**	10,125	Level 2	Income approach – In this approach, the discounted cash flow method was used to estimate the return from underlying assets.
(2) Money market funds classified as cash equivalents measured at FVTPL	**200,066**	204,885	Level 2	Based on the net asset values of the fund, which is determined with reference to observable and quoted prices of underlying investment portfolio and adjustments of related expenses

There were no transfer between Level 1 and 2 for both reporting periods.

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The directors of the Company consider that the carrying amount of the Group's financial assets and financial liabilities recorded at amortized cost in the condensed consolidated financial statements approximate their fair values.

20. COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of directors of the Company and other members of key management was as follows:

	For the six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Short term benefits	**14,971**	17,903
Retirement benefit scheme contribution	**119**	94
Share-based payments	**112,663**	135,181
	127,753	153,178

The remuneration of key management personnel is determined by the directors of the Company having regard to the performance of individuals and market trends.

21. CAPITAL COMMITMENTS

	June 30, 2021	December 31, 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Contracted for but not provided:		
Property, plant and equipment	**74,195**	81,941
Intangible asset	**–**	328
	74,195	82,269

Definitions

In this report, unless the context otherwise requires, the following terms have the following meanings. These terms and their definitions may not correspond to any industry standard definitions, and may not be directly comparable to similarly titled terms adopted by other companies operating in the same industries as our Company.

"Audit Committee"	the audit committee of the Board
"Blueprint"	Blueprint Medicines Corporation, a corporation incorporated on October 14, 2008 and existing under the laws of the State of Delaware, U.S., whose shares are listed on NASDAQ (ticker symbol: BPMC)
"Board", "our Board" or "Board of Directors"	the board of directors of our Company
"CAGR"	compound annual growth rate
"CDE"	Center for Drug Evaluation
"CG Code"	The Corporate Governance Code sets out in Appendix 14 to the Listing Rules
"Chairman"	the chairman of the Board
"China" or "PRC"	the People's Republic of China, for the purposes of this report only, excluding Hong Kong, Macau Special Administrative Region and Taiwan
"Company", "CStone", "our Company", or "the Company"	CStone Pharmaceuticals, (stock code: 2616) an exempted company with limited liability incorporated under the laws of the Cayman Islands on December 2, 2015, the Shares of which are listed on the Main Board of the Stock Exchange
"Compensation Committee"	the compensation committee of our Board
"Condensed Consolidated Financial Statements"	the condensed consolidated financial statements of the Group
"CRO(s)"	contract research organization, a company that provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research services outsourced on a contract basis
"CTA"	clinical trial agreement
"Director(s)"	the director(s) of our Company
"FDA"	the Food and Drug Administration
"GIST"	gastrointestinal stromal tumor, a type of tumor that occurs in the gastrointestinal tract, most commonly in the stomach or small intestine

"Global Offering"	the Hong Kong public offering and the international offering of the Shares
"Group", "our Group", "the Group", "we", "us", or "our"	the Company and its subsidiaries from time to time
"HCC"	hepatocellular carcinoma, a type of cancer arising from hepatocytes in predominantly cirrhotic liver
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"HKD" or "HK$" or "HK dollars"	Hong Kong Dollars, the lawful currency of Hong Kong
"IFRS"	International Financial Reporting Standards
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China or clinical trial notification in Australia
"INED(s)"	the independent non-executive Director(s)
"IPO"	the initial public offering of our Shares on the Stock Exchange
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	February 26, 2019, being the date on which the Shares were listed on the Stock Exchange
"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
"Memorandum" or "Memorandum of Association"	the fourth amended and restated memorandum of association of our Company adopted on January 30, 2019 with effect from Listing, as amended, supplemented or otherwise modified from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"NDA"	new drug application
"NKTL"	Natural killer/T cell lymphoma, part of T cell and NK-cell neoplasms and an aggressive lymphoma
"NMPA"	National Medical Products Administration (國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局)
"Nomination Committee"	the nomination committee of the Board

Definitions

"Post-IPO ESOP"	our Company's post-IPO employee share option plan
"Post-IPO RSU Scheme"	our Company's post-IPO restricted share award scheme
"Pre-IPO Incentivization Plan"	our Company's pre-IPO employee equity plan
"Prospectus"	the prospectus of our Company, dated February 14, 2019, in relation to the Global Offering
"Reporting Period"	the six-month period from January 1, 2021 to June 30, 2021
"RET"	rearranged during transfection
"RMB" or "Renminbi"	Renminbi Yuan, the lawful currency of China
"RSU(s)"	restricted share unit(s)
"Securities Transactions Code"	the code of conduct of our Company regarding Directors' securities transactions, namely the Policy on Management of Securities Transactions by Directors
"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) of US$0.0001 each in the issued share capital of our Company
"Shareholder(s)"	holder(s) of our Shares
"Share Incentivization Schemes"	the Pre-IPO Incentivization Plan, Post-IPO ESOP and Post-IPO RSU Scheme
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategy Committee"	the strategy committee of the Board
"U.S."	United States of America
"USD" or "US$" or "US dollars"	United States Dollars, the lawful currency of the U.S.
"Zhengze Yuanshi"	Suzhou Industrial Park Zhengze Yuanshi Venture Capital L.P. (蘇州工業園區正則原石創業投資企業(有限合夥))
"%"	per cent.

In this report, unless otherwise indicated, the terms "associate", "associated corporation", "connected person", "controlling shareholder", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules.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