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**

2024
Interim Report
中期報告

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Director

Dr. Jianxin Yang *(Chief Executive Officer)*

Non-executive Directors

Dr. Wei Li *(Chairman)*
Mr. Kenneth Walton Hitchner III
Mr. Xianghong Lin
Mr. Edward Hu

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

STRATEGY COMMITTEE

Dr. Jianxin Yang *(Chairman)*
Mr. Edward Hu
Dr. Paul Herbert Chew

INVESTMENT COMMITTEE

Mr. Edward Hu *(Chairman)*
Mr. Kenneth Walton Hitchner III
Mr. Hongbin Sun

AUTHORIZED REPRESENTATIVES

Dr. Jianxin Yang
Ms. Yin Kwan Ho *(resigned on June 18, 2024)*
Ms. Mei Yee Yung *(appointed on June 18, 2024)*

JOINT COMPANY SECRETARIES

Ms. Weicong Ni
Ms. Yin Kwan Ho *(resigned on June 18, 2024)*
Ms. Mei Yee Yung *(appointed on June 18, 2024)*

COMPANY WEBSITE

www.cstonepharma.com

REGISTERED OFFICE

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Cayman Islands

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218 Xinghu Str.
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China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR

Walkers Corporate Limited
Cayman Corporate Centre
27 Hospital Road
George Town
Grand Cayman KY1-9008
Cayman Islands

HONG KONG SHARE REGISTRAR

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Wanchai
Hong Kong

HONG KONG LEGAL ADVISER

Fangda Partners
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8 Connaught Place
Central
Hong Kong

COMPLIANCE ADVISOR

Rainbow Capital (HK) Limited
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71 Des Voeux Road Central
Hong Kong

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** was RMB254.2 million for the six months ended June 30, 2024, composed of RMB118.3 million in sales of pharmaceutical products (avapritinib and pralsetinib), RMB122.6 million in license fee income and RMB13.3 million in royalty income of sugemalimab, representing an increase of RMB122.6 million in license fee income which largely offset a decrease of RMB128.6 million in revenue from sales of pharmaceutical products, such that total revenue decreased by RMB7.3 million, or 2.8%, period-on-period.

- **Research and development expenses** were RMB66.2 million for the six months ended June 30, 2024, representing a decrease of RMB120.6 million from RMB186.8 million for the six months ended June 30, 2023, primarily due to a decrease in milestone fee and third party contracting costs and a decrease in employee costs.

- **Administrative expenses** were RMB46.7 million for the six months ended June 30, 2024, representing a decrease of RMB42.5 million from RMB89.2 million for the six months ended June 30, 2023, primarily due to a decrease in employee costs.

- **Selling and marketing expenses** were RMB62.8 million for the six months ended June 30, 2024, representing a decrease of RMB68.6 million from RMB131.4 million for the six months ended June 30, 2023, primarily attributable to a decrease in employee costs.

- **Profit for the period** was RMB15.7 million for the six months ended June 30, 2024, representing a turnaround from a loss of RMB209.2 million for the six months ended June 30, 2023, primarily attributable to a substantial decrease in operating expenses and an increase in gross profit.

Non-International Financial Reporting Standards ("Non-IFRS") Measures:

- **Research and development expenses** excluding the share-based payment expenses were RMB71.0 million for the six months ended June 30, 2024, representing a decrease of RMB127.1 million from RMB198.1 million for the six months ended June 30, 2023, primarily due to a decrease in milestone fee and third party contracting costs and a decrease in employee costs.

- **Administrative and selling and marketing expenses** excluding the share-based payment expenses were RMB109.6 million for the six months ended June 30, 2024, representing a decrease of RMB73.5 million from RMB183.1 million for the six months ended June 30, 2023, primarily attributable to a decrease in employee costs.

- **Profit for the period** excluding the share-based payment expenses was RMB10.8 million for the six months ended June 30, 2024, representing a turnaround from the loss of RMB183.0 million for the six months ended June 30, 2023, primarily attributable to a substantial decrease in operating expenses and an increase in gross profit.

Business Highlights

For the six months ended June 30, 2024 and as of the date of this report, tremendous progress has been made with respect to our product pipeline and business operations. Key achievements over this period include:

Key Pipeline Highlights:

Immunotherapy

- ***Sugemalimab (anti-PD-L1 antibody)***

  - **EU Approval:** In July 2024, the European Commission ("**EC**") approved sugemalimab (Brand name: CEJEMLY®) in combination with platinum-based chemotherapy for the first-line treatment of adults with metastatic non-small cell lung cancer ("**NSCLC**") with no sensitizing epidermal growth factor receptor ("**EGFR**") mutations, or anaplastic lymphoma kinase ("**ALK**"), c-ros oncogene 1 ("**ROS1**") or rearranged during transfection ("**RET**") genomic tumor aberrations. This marks the first successful international approval of a China domestic anti-PD-L1 monoclonal antibody. Sugemalimab's marketing authorization application ("**MAA**") for first-line Stage IV NSCLC is currently under review by the Medicines and Healthcare Products Regulatory Agency ("**MHRA**") in the United Kingdom ("**U.K.**").

  - **Strategic Partnership:** In May 2024, we entered into a strategic collaboration with Ewopharma AG ("**Ewopharma**") to commercialize sugemalimab in Switzerland and 18 Central and Eastern European ("**CEE**") countries. CStone will receive up to US$51.3 million consisting of an upfront payment and additional payables upon regulatory and sales milestones.

  - **Fifth Indication Approved in China:** In March 2024, sugemalimab was approved in China for its fifth indication – sugemalimab in combination with fluoropyrimidine – and platinum-containing chemotherapy as a first-line treatment for unresectable locally advanced or metastatic gastric adenocarcinoma or gastroesophageal junction adenocarcinoma ("**GC/GEJC**") with a Programmed death-ligand 1 ("**PD-L1**") expression (Combined Positive Score ("**CPS**") ≥5).

  - **Publication in *Nature Medicine*:** In February 2024, the progression-free survival ("**PFS**") final analysis and overall survival ("**OS**") interim analysis of the GEMSTONE-304 study (first-line ESCC) were published in a top-tier medical journal – *Nature Medicine*.

  - **Long-Term OS Data at ESMO:** In July 2024, the long-term OS analysis of the GEMSTONE-302 study (first-line Stage IV NSCLC) was accepted for poster presentation at the 2024 Congress of the European Society for Medical Oncology ("**ESMO**").

  - **Guideline Inclusion:** In 2024, CEJEMLY® (sugemalimab) is recommended as a Tier-1 treatment based on Class-1A evidence in multiple Chinese clinical guidelines, including the 2024 CSCO guideline for gastric cancer, the 2024 CSCO guideline for esophageal cancer and the 2024 CSCO Immune Checkpoint Inhibitor Clinical Practice Guidelines, and further including the 2024 Chinese Expert Consensus on Immunotherapy for Lymphoma.

- ***Nofazinlimab (PD-1)***

  - **Global Phase III Study:** In March 2024, we completed a prespecified interim analysis for the global phase III trial of nofazinlimab in combination with LENVIMA® (lenvatinib) for the first-line treatment of patients with unresectable or metastatic hepatocellular carcinoma ("**HCC**"). No new or unexpected safety signals were observed, and the independent Data Monitoring Committee ("**iDMC**") recommended continuing the trial without protocol modifications until the final OS analysis.

Pipeline 2.0 Highlights

- ***CS5001, a receptor tyrosine kinase-like orphan receptor 1 (ROR1) antibody-drug conjugate ("ADC")***

  - **First-in-Human Study:** The global first-in-human ("**FIH**") trial is ongoing in the U.S., Australia and China. As of the date of this report, the dose has been escalated to the 10th level without observing any dose-limiting toxicities ("**DLTs**") or reaching the maximum tolerated dose ("**MTD**").

  - **Promising Antitumor Activity:** CS5001 has been well tolerated and safe and has exhibited encouraging anti-tumor activities in various solid tumors and hematologic malignancies. CS5001 is so far the first ROR1 ADC known to demonstrate clinical anti-tumor activity in both solid tumors and lymphomas.

  - **ASCO 2024 Presentation:** On June 1, 2024, we presented the latest FIH data at a poster session of the 2024 American Society of Clinical Oncology ("**ASCO**") Annual Meeting. We also plan to disclose more lymphoma data at the 2024 annual meeting of the American Society of Hematology ("**ASH**").

  - **Phase 1b with Registrational Potential:** We plan to initiate phase Ib dose-expansion studies with registrational potential in multiple indications for dose optimization by the end of 2024.

  - **ROR1 Antibody Development:** We have identified a promising candidate ROR1 antibody clone for immunohistochemistry ("**IHC**") and plan to evaluate the relationship between ROR1 expression and efficacy in phase 1b.

- ***CS2009 (PD-1, CTLA4 and VEGFa Tri-specific Antibody)***

  - **Potential FIC/BIC:** CS2009 is a potentially first-in-class ("**FIC**")/best-in-class ("**BIC**") next-generation I/O backbone that targets three critical immune suppressive pathways in the tumor microenvironment and has the potential to enhance the efficacy of PD-(L)1 therapies in high-prevalence cancers, including NSCLC and HCC.

  - **IND Submission:** Currently under investigational new drug application ("**IND**")-enabling process; IND submission expected in 2024 or 2025.

- ***FIC/BIC ADCs and Antibody***

  - **CS5006 (Novel Target) & CS5005 (SSTR2):** Two FIC ADC programs are advancing toward preclinical candidate ("**PCC**") nomination. CS5006, targeting high-prevalence tumors with a novel tumor-associated antigen identified using an in-house machine-learning bioinformatic algorithm, is expected to submit IND in 2025. CS5005 (SSTR2 ADC) has demonstrated encouraging *in vitro* and *in vivo* efficacy with its conjugated lead molecules; IND submission expected in 2025.

  - **CS5007 (EGFRxHER3 Bispecific ADC) & CS2011 (EGFRxHER3 Bispecific Antibody)** are progressing towards PCC nomination. CS5007 (CS2011) targets EGFR and human epidermal growth factor receptor 3 ("**HER3**"), and both are well-validated targets with proven syngeneic antitumor activity. IND submissions expected in 2025.

- ***Autoimmune Multi-specific Antibody***

  - **CS2013**, which is a bispecific molecule targeting two key pathways critical for B-cell development, is in discovery stage, with selection of lead molecule expected by the end of 2024.

  - CS2013 is designed to address unmet needs in treating systemic lupus erythematosus ("**SLE**"), IgA nephropathy ("**IgAN**"), and other B-cell mediated autoimmune diseases.

Precision Medicine Highlights

- ***GAVRETO® (pralsetinib)***

  - **Manufacturing Localization in Process:** In April 2024, the application of manufacturing localization for GAVRETO® has been accepted by the Center for Drug Evaluation ("**CDE**") of the NMPA in China and is currently under review.

  - **Commercial Transition:** Following the exclusive commercialization agreement for GAVRETO® in November 2023, we transitioned commercial activities to Allist in the first half of 2024 and are in close collaboration.

- ***AYVAKIT® (avapritinib)***

  - **Manufacturing Localization Approved:** The manufacturing localization applications of AYVAKIT® (300mg and 100mg) were approved by the NMPA in June and August 2024.

  - **Partnership with Hengrui:** In July 2024, we entered into an exclusive partnership with Jiangsu Hengrui Pharmaceuticals Co., Ltd. ("**Hengrui**") to commercialize AYVAKIT® in mainland China. CStone received an upfront payment of RMB35 million and will continue to book sales revenue from AYVAKIT® in mainland China in our financial reports, with service fees payable to Hengrui.

  - **Inclusion in National Reimbursement Drug List:** AYVAKIT® was included in the National Reimbursement Drug List for National Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance (2023) (the "**NRDL**") in China for the treatment of adults with unresectable or metastatic gastrointestinal stromal tumor ("**GIST**") harboring the PDGFRA exon 18 mutation, including PDGFRA D842V mutations. The updated NRDL has been implemented from January 1, 2024.

- **Guideline Inclusions:** GAVRETO® and AYVAKIT® were included in 15 national guidelines in China, covering multiple therapeutic areas such as NSCLC, thyroid cancer ("**TC**"), GIST, systemic mastocytosis ("**SM**"), etc.

FUTURE AND OUTLOOK

Looking forward, we remain committed to advancing our innovative pipeline and maximizing commercial value of our marketed products. Anticipated near-term catalysts include

- **Sugemalimab:** MAA approval for the first-line treatment of Stage IV NSCLC in the U.K. expected in the second half of 2024, and more global partnerships expected in 2024, and expect to launch in global markets in early 2025.

- **CS5001:** Presentation of the latest clinical safety and efficacy data at international academic conferences (e.g. ASH in the second half of 2024), initiation of phase 1b trial with registrational potential in 2024, and global business development ("**BD**") partnerships expected in 2024 or 2025.

- **CS2009:** IND submissions expected in 2024 or 2025.

- **CS5006:** IND submission expected in 2025.

- **CS5005:** IND submission expected in 2025.

- **CS2011/CS5007:** IND submission expected in 2025.

- **GAVRETO® (pralsetinib):** Approval for manufacturing localization expected in the first half of 2025.

- **Nofazinlimab:** Final OS analysis expected in the first half of 2025; seeking ex-China partnership opportunities.

OUR VISION

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

OVERVIEW

CStone (HKEX: 2616), established in late 2015, is an innovation-driven biopharmaceutical company focused on the research and development of anti-cancer therapies. Dedicated to addressing patients' unmet medical needs in China and globally, the Company has made significant strides since its inception. To date, the Company has successfully launched 4 innovative drugs and secured approvals for 15 NDAs covering 9 indications. The company's pipeline is balanced by 16 promising candidates, featuring potentially first-in-class or best-in-class ADCs, multi-specific antibodies, immunotherapies and precision medicines. CStone also prides itself on a management team with comprehensive experiences and capabilities that span the entire drug development spectrum, from preclinical and translational research to clinical development, drug manufacturing, business development, and commercialization. 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

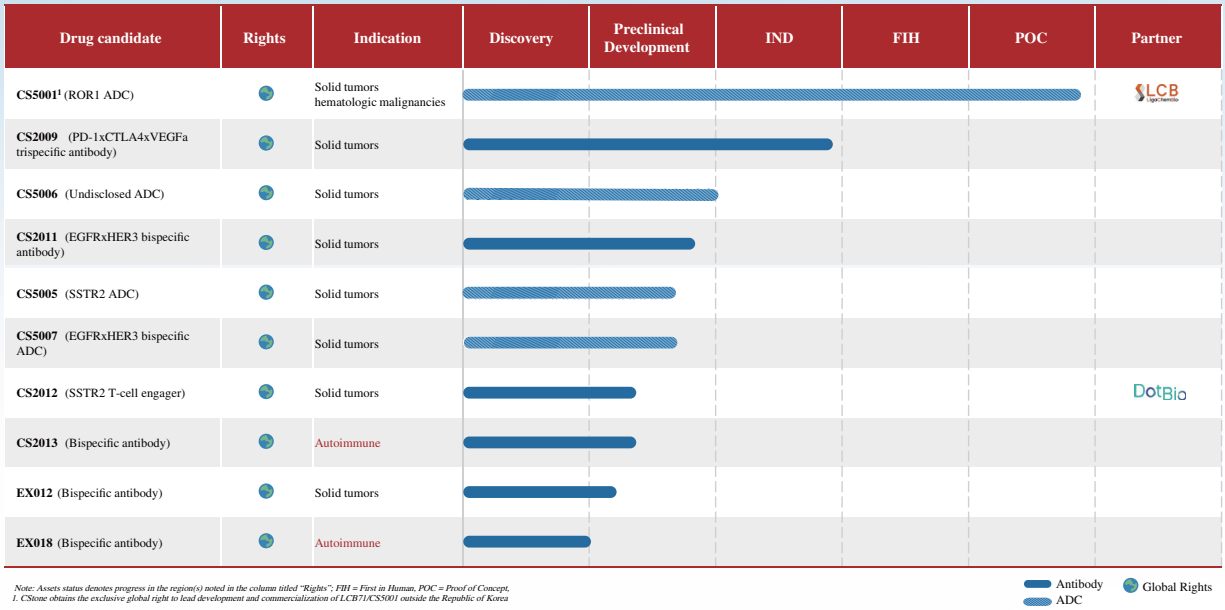
Drug candidate	Rights	Indication	POC	Pivotal	NDA	Marketed	Approval					Partner
							CN	TW	HK	US	EU	
Pralsetinib (RET)		2L NSCLC					✓	✓	✓	✓		blueprint
		1L NSCLC					✓	✓	✓	✓		
		1L MTC / TC					✓	✓ (TC)		✓ (TC)		
		Multiple tumors										
Avapritinib (KIT/PDGFRA)		PDGFRA exon 18 GIST					✓	✓	✓	✓		blueprint
		SM[1]								✓		
Sugemalimab (PD-L1)		1L Stage IV NSCLC					✓					Pfizer Mainland China
		1L Stage IV NSCLC									✓	
		Stage III NSCLC					✓					
		1L GC/GEJ					✓					
		1L ESCC					✓					
		R/R ENKTL					✓					
		R/R ENKTL										
Lorlatinib (ROS1) --- Pfizer asset		ROS1+ advanced NSCLC										Pfizer[2]
CS1003 (PD-1)		1L HCC										三生制药 Mainland China
CS1002 (CTLA-4)		Solid tumors										Greater China

Under regulatory review in UK

Note: Assets status denotes progress in the region(s) noted in the column titled "Rights"; CN = Mainland China, TW = Taiwan, China, HK = Hong Kong SAR, China, US = United States, POC = Proof of Concept, NSCLC = Non-small Cell Lung Cancer, MTC = Medullary Thyroid Cancer, TC = Thyroid Cancer, GIST = Gastrointestinal Stromal Tumor, SM = Systemic Mastocytosis, GC/GEJ = gastric adenocarcinoma/gastroesophageal junction adenocarcinoma, ESCC = Esophageal Squamous Cell Carcinoma, R/R = Relapsed or Refractory, NKTL = Natural KILLER/T Cell Lymphoma, HCC = Hepatocellular Carcinoma

1. POC was conducted in the U.S. and no clinical trials have been conducted in China; 2. Co-development in Greater China

Greater China Global Rights Expedited registration



Drug candidate	Rights	Indication	Discovery	Preclinical Development	IND	FIH	POC	Partner
CS5001[1] (ROR1 ADC)		Solid tumors hematologic malignancies						LCB
CS2009 (PD-1xCTLA4xVEGFa trispecific antibody)		Solid tumors						
CS5006 (Undisclosed ADC)		Solid tumors						
CS2011 (EGFRxHER3 bispecific antibody)		Solid tumors						
CS5005 (SSTR2 ADC)		Solid tumors						
CS5007 (EGFRxHER3 bispecific ADC)		Solid tumors						
CS2012 (SSTR2 T-cell engager)		Solid tumors						DotBio
CS2013 (Bispecific antibody)		Autoimmune						
EX012 (Bispecific antibody)		Solid tumors						
EX018 (Bispecific antibody)		Autoimmune						

Note: Assets status denotes progress in the region(s) noted in the column titled "Rights"; FIH = First in Human, POC = Proof of Concept,
1. CStone obtains the exclusive global right to lead development and commercialization of LCB71/CS5001 outside the Republic of Korea

Antibody
ADC
Global Rights

BUSINESS REVIEW

Commercial Operations

Marching into the fourth year since we launched our first product, we are committed to establishing leadership in precision medicine and to benefiting more patients.

Our partnerships with pharmaceutical and biotech companies 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 clinical development capabilities, and our attractiveness to multinational players who may potentially partner with us. In order to further improve the commercialization efficiency, we have established commercial collaborations with multiple companies during the Reporting Period to leverage their strengths while enabling us to strategically focus on research and development going forward.

Details on our commercial activities are set out below:

- ***GAVRETO® (pralsetinib)***

  – GAVRETO® (pralsetinib), a FIC RET inhibitor in China, has been approved by the NMPA for the first-line treatment of adults with locally advanced or metastatic RET fusion-positive NSCLC, the treatment of adults with locally advanced or metastatic RET fusion-positive NSCLC previously treated with platinum-based chemotherapy; and the treatment of patients with advanced or metastatic RET-mutant MTC and RET fusion-positive TC. In addition, this medicine has been approved by the Department of Health of the Government of Hong Kong ("**HK DoH**") for the treatment of patients with RET fusion-positive locally advanced or metastatic NSCLC and it has been approved by the Taiwan Food and Drug Administration ("**TFDA**") for the treatment of adult patients with locally advanced or metastatic RET fusion-positive NSCLC and advanced or metastatic RET fusion-positive TC.

- In 2024, we continue to integrate GAVRETO® (pralsetinib) into Allist's highly synergistic lung cancer franchise, enabling GAVRETO® (pralsetinib) to benefit from Allist's more mature commercial team and significantly broader market coverage, while concurrently allowing us to reduce operating costs associated with GAVRETO® (pralsetinib) commercialization, thereby improving overall profitability.

- GAVRETO® (pralsetinib) was included in 11 of China's national guidelines for testing and treatment in multiple therapeutic areas, such as NSCLC and TC. In 2023, GAVRETO® (pralsetinib) was recommended by the 2023 CSCO NSCLC guidelines, which recommended RET mutation gene testing and GAVRETO® (pralsetinib) in the treatment of RET positive NSCLC patients. In 2024, GAVRETO® (pralsetinib) as a treatment of stage IV RET fusion-positive NSCLC has been upgraded to a Category 1 recommendation in the 2024 CSCO NSCLC guideline.

• ***AYVAKIT® (avapritinib)***

- AYVAKIT® (avapritinib), a first-in-class KIT/PDGFRA inhibitor, has been approved by the NMPA for the treatment of adults with unresectable or metastatic GIST harboring a PDGFRA exon 18 mutation, including PDGFRA D842V mutations. AYVAKIT® (avapritinib) has also been approved by the TFDA and the HK DoH for the treatment of patients with unresectable or metastatic PDGFRA D842V mutant GIST.

- In July 2024, we entered into a commercial partnership with Hengrui to grant the exclusive promotion rights of precision therapy AYVAKIT® (avapritinib) in mainland China to Hengrui. Except for promotion, CStone retains all rights to AYVAKIT® (avapritinib) in mainland China under its exclusive license agreement with Blueprint Medicines, including rights to development, registration, manufacturing and distribution, etc. This deal integrates AYVAKIT® (avapritinib) into Hengrui's extensive and robust commercial infrastructure with 97% geographic coverage, covering all 32 provinces and over 20,000 hospitals.

- We continued to improve the accessibility and affordability of AYVAKIT® (avapritinib). In 2023, AYVAKIT® (avapritinib) has been added to the 2023 NRDL in China, for the treatment of adults with unresectable or metastatic GIST harboring the PDGFRA exon 18 mutation, including PDGFRA D842V mutations. The updated NRDL has been implemented from January 1, 2024.

- AYVAKIT® (avapritinib) is recommended by several authoritative guidelines. AYVAKIT® (avapritinib) was recommended by the updated 2022 CSCO GIST guideline and the 2022 Chinese Guideline for Diagnosis and Treatment of Systemic Mastocytosis in Adults.

- ***CEJEMLY® (sugemalimab)***

  – In May 2024, we successfully entered into a strategic commercial collaboration with Ewopharma. Under the terms of the licensing and commercialization agreement, Ewopharma will gain the commercial rights for sugemalimab in Switzerland and 18 CEE countries. CStone will receive up to US$51.3 million consisting of an upfront payment and additional consideration payable upon the achievement of certain regulatory and sales milestones. In addition, CStone will book revenues from sales of drug supply to Ewopharma and its affiliates. Ewopharma will be in charge of pricing, reimbursement, sales & marketing, and distribution, whilst CStone will be responsible for product supply and providing necessary training and support for the brand.

  – A new indication was successfully launched in mainland China in combination with chemotherapy for the first-line treatment of patients with locally advanced or metastatic GC/GEJC in 2024.

  – We continue to work closely with Pfizer to support the commercialization of CEJEMLY® (sugemalimab) in mainland China.

  – In 2024, CEJEMLY® (sugemalimab) as a treatment of HER2-negative advanced gastric cancer (CPS ≥5) has been included in the 2024 CSCO guideline for gastric cancer as a Category 1 (1A evidence) recommendation, as a treatment of advanced ESCC in the 2024 CSCO guideline for esophageal cancer as a Category 1 (1A evidence) recommendation and as a treatment of HER2-negative esophageal adenocarcinoma in the 2024 CSCO guideline for esophageal cancer as a Category 1 (1A evidence) recommendation in China. In addition, CEJEMLY® (sugemalimab) as a treatment of R/R ENKTL has been included in the 2024 CSCO Immune Checkpoint Inhibitor Clinical Practice Guidelines as a Category 1 (1A evidence) recommendation and the 2024 Chinese Expert Consensus on Immunotherapy of Lymphoma in China.

Clinical Development

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

CS5001 *(LCB71, ROR1 ADC)*

- The phase 1a dose escalation in the global FIH study of this potential BIC ROR1 ADC has been ongoing in the U.S., Australia and China, with in-parallel patient backfilling at tentative RP2Ds.

- On June 1, 2024, we presented the latest FIH data at the ASCO annual meeting in a poster session:

  – As of the data cut-off date in our poster, DLT evaluation for the first nine dose levels (7 to 156 μg/kg) in Phase 1a has been completed. No DLTs were observed, and the MTD was not reached.

  – Most treatment-related adverse events observed were Grade 1 or 2 (per NCI-CTCAE v5.0), indicating that CS5001 was well tolerated by heavily pretreated patients with advanced solid tumors and lymphomas.

  – PK data suggested dose-proportional exposure of CS5001, with similar exposure for ADC and total antibody, demonstrating excellent stability of CS5001 ADC in circulation.

  - Encouraging anti-tumor activity has been observed in various solid tumors (per RECIST v1.1) and hematologic malignancies (per Lugano 2014):

    - Hodgkin Lymphoma: Objective responses were observed from dose level 5 (50 μg/kg) and above, including 1 CR and 4 PR among 9 evaluable patients at dose levels 5-9, achieving an ORR of 55.6%.

    - DLBCL: Objective responses were observed from dose level 7 (100 μg/kg) and above, including 1 CR and 2 PRs among 6 evaluable patients at dose levels 7-9, achieving an ORR of 50.0%.

    - In solid tumors, multiple PRs and SDs with reduced tumor burden were emerging from dose level 7 (100 μg/kg) and above, notably in NSCLC (1 PR and 3 SDs), pancreatic cancer (1 PR), TNBC (1 SD), and ovarian cancer (1 SD). Based on the efficacy trends observed, more potent anti-tumor activity is expected in solid tumors as the dose increases.

- CS5001 is so far the first ROR1 ADC known to demonstrate clinical anti-tumor activity in both solid tumors and lymphomas.

- As of the date of this report, we have escalated to dose level 10; no DLT was observed; and the MTD has not been reached. We expect to determine the tentative RP2Ds of CS5001 in the second half of 2024 and plan to initiate phase Ib dose-expansion studies in multiple indications for dose optimization by the end of 2024, followed by initiation of registrational trials in 2025. We also plan to present more data from lymphoma patients accumulated during phase 1a at the 2024 ASH conference.

- CS5001 has many distinctive features, including proprietary site-specific conjugation, tumor-cleavable linker, and prodrug technology. CS5001 demonstrated a BIC potential in MCL and TNBC xenograft models compared to a benchmark ROR1 ADC with MMAE payload. In addition, CS5001 demonstrated a bystander effect in *in vitro* co-culture systems, suggesting that solid tumors with heterogeneous/low expression of ROR1 may also benefit.

- In addition, we have identified a promising candidate ROR1 antibody clone for IHC to enable biomarker-driven patient selection based on tumor ROR1 expression, and we plan to evaluate the relationship between ROR1 expression and efficacy in phase 1b dose expansion.

Sugemalimab *(CS1001, PD-L1 antibody)*

- Sugemalimab is a monoclonal antibody directed against PD-L1 that has been approved by the NMPA in China for stage IV NSCLC, stage III NSCLC, R/R ENKTL, ESCC and GC/GEJC indications. 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.

- *Stage IV NSCLC:*

  - The MAAs for sugemalimab in combination with chemotherapy as the first-line treatment for patients with metastatic NSCLC were accepted by the EMA in the E.U. and the MHRA in the U.K., respectively, before 2024.

  - For the E.U., we completed GCP inspections from the EMA at two study centers and at a CRO in February 2024. In May 2024, the CHMP of the EMA issued a positive opinion recommending approval of sugemalimab in combination with chemotherapy as a first-line treatment for metastatic NSCLC. The official approval was granted by the EC in July 2024.

  - For the U.K., the MAA for sugemalimab in combination with chemotherapy as first-line treatment of patients with metastatic NSCLC is under review by the MHRA.

  - In July 2024, the results of the long-term OS analysis in the GEMSTONE-302 study were accepted as a poster and will be showcased at the 2024 ESMO Congress.

- *GC/GEJC:*

  - In March 2024, we received the NDA approval from the NMPA for the first-line treatment of patients with locally advanced or metastatic GC/GEJC (CPS≥5).

- *ESCC:*

  - In February 2024, the results of the PFS final analysis and the OS interim analysis in the registrational GEMSTONE-304 study were published in a top-tier medical journal – *Nature Medicine*.

CAUTIONARY STATEMENT REQUIRED BY RULE 18A.08(3) OF THE LISTING RULES: WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET SUGEMALIMAB, OR ANY OF OUR PIPELINE PRODUCTS, SUCCESSFULLY.

Nofazinlimab *(CS1003, PD-1 antibody)*

- In March 2024, we completed a prespecified interim analysis for the global phase III trial of nofazinlimab in combination with LENVIMA® (lenvatinib) for the first-line treatment of patients with unresectable or metastatic HCC; no new or unexpected safety signals were observed; and the iDMC recommended a continued follow-up, without protocol modification, until the final assessment of OS.

Lorlatinib *(ALK/ROS-1 inhibitor)*

- In February 2024, the pivotal study in patients with ROS1-positive advanced NSCLC who have been previously treated with crizotinib and platinum-based chemotherapy met the primary endpoint, and CStone and Pfizer are in discussion with the CDE regarding the pre-NDA/NDA in mainland China for ROS1-positive advanced NSCLC in 2024.

- In June 2024, the results of the pivotal study in patients with ROS1-positive advanced NSCLC who have been previously treated with crizotinib and platinum-based chemotherapy were accepted as an oral presentation and will be showcased at the 2024 WCLC conference.

Pralsetinib *(CS3009, RET inhibitor)*

- In February 2024, we published the results from the phase I/II ARROW trial in Chinese patients with RET-mutant MTC in *Endocrine-Related Cancer*. Pralsetinib demonstrated broad, deep, and durable efficacy, as well as a manageable safety profile in Chinese patients with advanced RET-mutant MTC.

Ivosidenib *(CS3010, IDH1 inhibitor)*

- In June 2024, we completed GCP inspection from the NMPA for regular approval of ivosidenib as a treatment for R/R AML.

- In June 2024, we published the results from the registrational phase I trial in Chinese patients with IDH1-mutated R/R AML in *Blood Science*. Ivosidenib demonstrated sustained efficacy and a manageable safety profile in Chinese patients with IDH1-mutated R/R AML.

Research

ADCs which deliver cytotoxic agents to tumors with precision, and multi-specific biologics which can create new biology and combinations represent two near-term modalities for early development.

We have made significant progress in the first half of 2024 with several initiatives:

- **I/O multi-specifics:** CS2009, which is a tri-specific molecule against PD-1, CTLA4 and VEGFa, is under IND enabling process, and IND submissions expected in 2024 or 2025. This is potentially FIC/BIC next-generation I/O backbone that targets three critical immune-suppressive pathways in the tumor microenvironment and may deepen response of a PD-(L)1 based therapy in large tumor types including NSCLC and HCC.

- **FIC/BIC ADCs:** Two FIC ADC programs are progressing toward PCC nomination. The first ADC project, CS5006, which targets a novel tumor-associated antigen expressed in multiple large tumor indications and identified using an in-house machine-learning bioinformatic algorithm, is expected to file IND in 2025. In addition, the lead antibodies of the other FIC SSTR2 ADC, CS5005, have been selected. The conjugated lead molecules have demonstrated encouraging *in vitro* and *in vivo* efficacy. The IND is expected to be filed in 2025. Moreover, CS5007, which is expected to be the BIC bispecific ADC together with its corresponding bispecific antibody CS2011, is progressing towards PCC nomination. CS5007 (CS2011) is targeting EGFR and HER3, both are well validated targets with proven syngeneic effectiveness. The INDs are expected to be filed in 2025.

- **Autoimmune multi-specifics:** CS2013, which is a bispecific molecule targeting two targets critical to B cell development, is under discovery, and we currently expect to identify the lead molecule by the end of 2024. This is a molecule designed to tackle the Achilles heel of the current treatments for SLE, IgAN and B-cell mediated autoimmune diseases.

Business Development and Strategic Partnerships

Our business development team plays a vital strategic role in the growth of our business. They will pursue partnerships to expand commercialization of our in-market and late-stage drugs, bolster our early-stage pipeline of potential FIC/BIC molecules, and access technologies that complement our research and development efforts. In addition, they are supporting the development of our existing strategic partnerships including Pfizer, Hengrui, 3SBio, Allist and Ewopharma.

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

- ***Ewopharma***

  – In May 2024, we successfully entered into a strategic commercial collaboration with Ewopharma. Under the terms of the licensing and commercialization agreement, Ewopharma will gain the commercial rights for sugemalimab in Switzerland and 18 CEE countries, including EU member countries Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, and Slovenia, as well as non-EU countries Albania, Bosnia & Herzegovina, Kosovo, North Macedonia, Moldova, Montenegro, and Serbia. CStone will receive up to US$51.3 million consisting of an upfront payment and additional consideration payable upon the achievement of certain regulatory and sales milestones. In addition, CStone will book revenues from sales of drug supply to Ewopharma and its affiliates. Ewopharma will be in charge of pricing, reimbursement, sales & marketing, and distribution, whilst CStone will be responsible for product supply and providing necessary training and support for the brand.

- ***Hengrui***

  – In July 2024, we established a strategic partnership with Hengrui to grant the exclusive promotion rights of avapritinib in mainland China to Hengrui. Except for promotion, CStone retains all rights to avapritinib in mainland China under its exclusive license agreement with Blueprint Medicines, including rights to development, registration, manufacturing and distribution, etc. Under the terms of the agreement, CStone will receive an upfront payment of RMB35 million and will continue to book sales revenue from avapritinib in mainland China in its financial reports, and Hengrui will charge CStone a service fee.

  – In November 2021, we established a strategic partnership with Hengrui by signing an exclusive licensing agreement on the Greater China rights to the anti-CTLA-4 mAb (CS1002). Under the terms of the agreement, CStone received an upfront payment and will be eligible for additional milestone payments up to US$200 million in addition to double-digit royalties. Hengrui obtained the exclusive rights for research, development, registration, manufacturing, and commercialization of CS1002 in Greater China. CStone retained the rights to develop and commercialize CS1002 outside of Greater China. In 2022, Hengrui received the IND clearance from NMPA for a phase Ib/II trial of CS1002 combination therapy for the treatment of advanced solid tumors and has initiated two studies in HCC and NSCLC respectively. Currently, the patient recruitment process for this trial is running smoothly. In January 2024, Hengrui received an IND approval from the NMPA for evaluating CS1002 (SHR-8068) in combination with adebrelimab and chemotherapy as the first-line treatment of patients with advanced or metastatic non-squamous NSCLC.

- ***3SBio***

  – In November 2023, we entered into a strategic partnership and exclusive licensing agreement with 3SBio for nofazinlimab in mainland China. 3SBio is a leading biopharmaceutical company in China with more than 40 products in market and also owns five production bases which are Good Manufacturing Practice ("**GMP**")-compliant. Under the terms of the agreement, CStone has received an upfront payment of RMB60 million and will be eligible to receive development and registration milestone payments reaching approximately RMB100 million, and additional payments for future sales-based milestones and tiered sales royalties. 3SBio has obtained the exclusive rights for the development, registration, manufacturing, and commercialization of nofazinlimab in mainland China. This partnership will combine the strengths of CStone and 3SBio in research and development, manufacturing, and commercialization, accelerating the CMC development and commercialization of nofazinlimab. In the first half of 2024, 3SBio reported good progress of the manufacturing technology transfer for nofazinlimab.

- ***Allist***

  – In November 2023, we entered into a commercial partnership with Allist, pursuant to which Allist has obtained the exclusive right to promote pralsetinib in mainland China, while CStone retains the rights in mainland China for research, development and registration. This deal integrates pralsetinib into Allist's highly synergistic lung cancer franchise and enables pralsetinib to benefit from Allist's more mature commercial team and a significantly broader market coverage, while concurrently allowing us to reduce overhead and operating costs associated with pralsetinib's commercialization, thereby improving overall profitability. In the first half of 2024, we transitioned our commercial activities to Allist and we are currently working with Allist on the commercialization of pralsetinib in mainland China.

- ***Servier***

  – In December 2023, through the execution of an asset purchase agreement, we transferred the Greater China and Singapore rights of ivosidenib to the global license holder Servier for up to US$50 million including US$44 million upfront (transfer of ivosidenib business). This highly accretive transaction allowed us to recoup our initial investment on this asset and monetize future potential cash flow from the business. Simultaneously under a transition plan agreement, we are working with Servier to ensure an orderly transition of the ivosidenib business. As of the date of this report, the transition of ivosidenib has been progressing smoothly and we expect to receive the transition completion milestone payment in late 2024 or early 2025.

- ***Pfizer***

  – In December 2021, we received the first approval of sugemalimab for stage IV NSCLC including both squamous and non-squamous patients in China. CStone and Pfizer have worked closely together to successfully launch and commercialize sugemalimab by leveraging Pfizer's leading commercial infrastructure and deep expertise in China. In May 2022, we received the second indication approval of sugemalimab for the treatment of patients with unresectable stage III NSCLC in China. Sugemalimab is the world's first anti-PD-1/PD-L1 monoclonal antibody successfully approved as a consolidation therapy to improve PFS in patients with stage III NSCLC, after concurrent or sequential platinum-based chemoradiotherapy. In October 2023, we received the third indication approval of sugemalimab as a monotherapy for the treatment of patients with R/R ENKTL in China. In December 2023, we received the fourth indication approval for sugemalimab as the first-line treatment of patients with unresectable locally advanced, recurrent, or metastatic ESCC in China. In March 2024, we also received the fifth indication approval for sugemalimab as the first-line treatment of patients with unresectable locally advanced or metastatic G/GEJ adenocarcinoma with a PD-L1 expression (CPS ≥5) in China.

  – In June 2021, CStone and Pfizer jointly announced that they had selected the first late-stage oncology asset for co-development under the strategic collaboration agreement formed in 2020. The two companies initiated a pivotal clinical trial of lorlatinib for ROS1-positive advanced NSCLC. In May 2022, the first patient was enrolled in the pivotal study of lorlatinib as a monotherapy for the treatment of ROS1-positive advanced NSCLC under the joint efforts of CStone and Pfizer. In June 2023, we completed the patient enrolment for this study. In February 2024, the pivotal study met the primary endpoint.

- ***Blueprint Medicines***

  – In 2022, we entered into a new partnership with Roche Pharmaceuticals Co., Ltd ("**Roche**") which became the global marketing authorization holder ("**MAH**") for pralsetinib. Through this partnership, we acquired full manufacturing technology transfer rights to pralsetinib in Greater China. Locally manufactured supply is expected to provide significant cost savings and improve CStone's overall profitability as a result. In the meantime, Roche, as the global MAH, will be responsible for the manufacturing and supply of pralsetinib for China until our successful technology transfer. In February 2023, Blueprint Medicines announced that it would regain global commercialization and development rights to pralsetinib from Roche, excluding Greater China. Rigel Pharmaceuticals, Inc. has purchased the U.S. rights to research, develop, manufacture, and commercialize pralsetinib from Blueprint Medicines. CStone is currently working with all involved parties to take necessary steps to ensure continuity of supply of pralsetinib for patients in Greater China.

- ***DotBio***

  – In 2024, we continued our productive collaboration with DotBio, a biotech company specializing in next generation antibody therapies. Several bi and tri-specific prototype molecules are under testing.

In addition to the 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.

FINANCIAL REVIEW

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended June 30, 2024 Compared to six months ended June 30, 2023

	For the six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue	**254,165**	261,474
Cost of revenue	**(82,136)**	(108,037)
Gross profit	**172,029**	153,437
Other income	**14,824**	25,843
Other gains and losses	**12,884**	24,772
Research and development expenses	**(66,248)**	(186,770)
Selling and marketing expenses	**(62,769)**	(131,445)
Administrative expenses	**(46,672)**	(89,189)
Finance costs	**(8,349)**	(5,874)
Profit (loss) for the period	**15,699**	(209,226)
Other comprehensive expense:		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(11)**	(840)
Total comprehensive income (expense) for the period	**15,688**	(210,066)
Non-IFRS measures:		
Adjusted profit (loss) for the period	**10,810**	(183,038)

Revenue. Our revenue was RMB254.2 million for the six months ended June 30, 2024, composed of RMB118.3 million in sales of pharmaceutical products (avapritinib and pralsetinib), RMB122.6 million in license fee income and RMB13.3 million in royalty income of sugemalimab, representing an increase of RMB122.6 million in license fee income which largely offset a decrease of RMB128.6 million in revenue from sales of pharmaceutical products, such that total revenue decreased by RMB7.3 million, or 2.8%, period-on-period.

Other Income. Our other income decreased by RMB11.0 million from RMB25.8 million for the six months ended June 30, 2023 to RMB14.8 million for the six months ended June 30, 2024. This was primarily due to less bank and other interest income and government grants income.

Other Gains and Losses. Our other gains and losses decreased by RMB11.9 million from gains of RMB24.8 million for the six months ended June 30, 2023 to gains of RMB12.9 million for the six months ended June 30, 2024. This decrease was primarily due to decrease in net foreign exchange gains with the relatively stable exchange rate during the six months ended June 30, 2024.

Research and Development Expenses. Our research and development expenses decreased by RMB120.6 million from RMB186.8 million for the six months ended June 30, 2023 to RMB66.2 million for the six months ended June 30, 2024. This decrease was primarily attributable to (i) a decrease of RMB106.6 million in milestone fee and third party contracting cost for different phases of our clinical trials from RMB122.0 million for the six months ended June 30, 2023 to RMB15.4 million for the six months ended June 30, 2024; and (ii) a decrease of RMB12.3 million in employee cost from RMB46.5 million for the six months ended June 30, 2023 to RMB34.2 million for the six months ended June 30, 2024.

	For the six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
Milestone fee and third party contracting cost	**15,363**	121,987
Employee cost	**34,173**	46,457
Depreciation and others	**16,712**	18,326
Total	**66,248**	186,770

Administrative Expenses. Our administrative expenses decreased by RMB42.5 million from RMB89.2 million for the six months ended June 30, 2023 to RMB46.7 million for the six months ended June 30, 2024. This decrease was primarily attributable to a decrease of RMB37.8 million in employee cost from RMB61.7 million for the six months ended June 30, 2023 to RMB23.9 million for the six months ended June 30, 2024.

	For the six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
Employee cost	**23,860**	61,654
Professional fees	**13,351**	13,482
Depreciation and amortization	**5,278**	9,511
Rental expenses	**1,500**	1,492
Others	**2,683**	3,050
Total	**46,672**	89,189

Selling and Marketing Expenses. Our selling and marketing expenses decreased by RMB68.6 million from RMB131.4 million for the six months ended June 30, 2023 to RMB62.8 million for the six months ended June 30, 2024. This decrease was primarily attributable to a decrease of RMB58.8 million in employee cost from RMB68.1 million for the six months ended June 30, 2023 to RMB9.3 million for the six months ended June 30, 2024.

	For the six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
Employee cost	**9,318**	68,083
Professional fees	**1,348**	15,331
Channel service fee	**50,338**	–
Others	**1,765**	48,031
Total	**62,769**	131,445

Finance Costs. The finance costs increased by RMB2.4 million from RMB5.9 million for the six months ended June 30, 2023 to RMB8.3 million for the six months ended June 30, 2024, primarily due to an increase in interest on bank borrowings.

Non-IFRS Measures

To supplement the Group's condensed consolidated financial statements, which are presented in accordance with the IFRS, the Company also uses adjusted profit (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 profit (loss) for the period represents the profit (loss) for the period excluding the effect of certain non-cash items and onetime events, namely the share-based payment expenses. The term adjusted profit (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 profit (loss) to adjusted profit (loss) during the periods indicated:

	For the six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit (loss) for the period	**15,699**	(209,226)
Added:		
Share-based payment expenses	**(4,889)**	26,188
Adjusted profit (loss) for the period	**10,810**	(183,038)

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,	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Research and development expenses for the period	**(66,248)**	(186,770)
Added:		
Share-based payment expenses	**(4,770)**	(11,377)
Adjusted research and development expenses for the period	**(71,018)**	(198,147)

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

	For the six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Administrative and selling and marketing expenses for the period	**(109,441)**	(220,634)
Added:		
Share-based payment expenses	**(119)**	37,565
Adjusted administrative and selling and marketing expenses for the period	**(109,560)**	(183,069)

Employees and Remuneration Policies

The following table sets forth a breakdown of our employees as of June 30, 2024 by function:

Function	Number of employees	% of total number of employees
Research and Development	88	53.66
Sales, General and Administrative	76	46.34
Total	164	100.0

As of June 30, 2024, we had 104 employees in Shanghai, 19 employees in Beijing, 20 employees in Suzhou and 21 employees in other regions of the PRC and overseas. Our employees' remuneration comprises salaries, bonuses, employee provident fund, 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. Meanwhile, for the purpose of providing incentives and rewards to eligible participants who have contributed to the success of the Group's operations, the Company has adopted the Pre-IPO Incentivization Plan, the Post-IPO ESOP and the Post-IPO RSU Scheme. Details of such schemes are set out in the section headed "Share Incentivization Schemes" in this report.

Liquidity and Financial Resources

The Group has always adopted a prudent treasury management policy. The Group has taken a multi-source approach to fund our operations and meet development demands for capital, including service and milestone and upfront payments from our collaboration partners, bank borrowings, investments from other third parties and proceeds from our listing on the Stock Exchange.

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$146,294.76 representing the par value, were credited to the Company's share capital. The remaining proceeds of RMB2,090.16 million (before deduction of the expenses relating to the Company's IPO) were credited to the share premium account. The translation from US$ 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.

On September 30, 2020 (before trading hours), the Company entered into the share subscription agreement with Pfizer, pursuant to which Pfizer has conditionally agreed to subscribe for an aggregate of 115,928,803 subscription shares at the subscription price of 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 RMB1,355.9 million).

On February 15, 2023, the Company completed the placing of 84,800,000 placing shares by a placing agent to not less than six placees at the placing price of HK$4.633 per placing share, representing 6.61% of the issued share capital of the Company as enlarged by the allotment and issue of the placing shares immediately upon completion of the placing. The Company received net proceeds from the placing, after deducting the placing commission and other related expenses and professional fees, of approximately HK$389.07 million (equivalent to approximately RMB338.12 million).

As of June 30, 2024, our cash and cash equivalents and time deposits with original maturity over three months were RMB813.9 million, as compared to RMB1,026.7 million as of December 31, 2023. The decrease was mainly due to the payment of inventory purchase and research and development expenses. The cash and cash equivalents were mainly denominated in RMB and USD.

Gearing Ratio

Gearing ratio is calculated using total liabilities divided by total assets and multiplied by 100%. As of June 30, 2024, our gearing ratio was 69.5% (December 31, 2023: 72.5%).

Charge on Assets

As of June 30, 2024, the amount of assets pledged by the Group to bank to secure bank loan facilities granted to the Group was RMB63,321,000 (December 31, 2023: RMB101,936,000).

OTHER FINANCIAL INFORMATION

Significant Investments, Material Acquisitions and Disposals

As of June 30, 2024, we did not hold any significant investments and there had been no material acquisitions and disposals of subsidiaries, associates and joint ventures by the Group.

Future Plans for Material Investments or Capital Assets

As of the date of this report, we have no specific future plans for material investments or capital assets.

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, financial assets measured at FVTPL 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 of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Bank Loans and Other Borrowings

As of June 30, 2024, we had an aggregate of RMB306,422,000 bank borrowings with variable interest rate (also being the effective interest rate) Loan Prime Rate ("LPR") less 45 basis points per annum, all bank borrowings denominated in RMB.

Contingent Liabilities

As of June 30, 2024, the Group did not have any material contingent liabilities (as of December 31, 2023: Nil).

DIRECTORS

Executive Director

Dr. Jianxin Yang (楊建新), M.D., Ph.D., aged 60, is our Chief Executive Officer, executive Director, president of research and development, chairman of the Strategy Committee and an authorised representative of the Company and was re-elected as an executive Director on June 21, 2023. Dr. Yang was our senior vice president and Chief Medical Officer from December 2016 to August 2022. Currently, he is responsible for the overall operation strategic planning and business operation of our Group. Dr. Yang also acts as a director in certain of our subsidiaries.

Dr. Yang has over 25 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, the Star Market of SHSE: 688235) from July 2014 to December 2016. He led BeiGene, Ltd.'s clinical team in clinical development of its oncology pipeline, and led the development and management of over ten clinical trials worldwide, including the first anti-PD-1 mAb originated in China, BTK inhibitors and PARP inhibitors.

Prior to joining BeiGene, Ltd., Dr. Yang served as a Medical Director at Covance Inc. from September 2011 to July 2014. He served as Senior Chief Scientist for tumor biomarkers in Pfizer Inc., and served as a Research Scientist in the 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 60 publications and the inventor of twelve patents.

Dr. Yang received a bachelor's degree in medicine from Xianning Branch of Hubei Medical College (湖北醫學院咸寧分院), (currently known as Hubei Institute of Science and Technology (湖北科技學院)) 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 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 United States from 1995 to 1998.

Non-executive Directors

Dr. Wei Li (李偉), Ph.D. aged 52, is our Chairman of Board. He has been our Director since December 2015 and was re-designated as a non-executive Director on October 29, 2018, and was re-elected as a non-executive Director on June 21, 2023. Dr. Li took up the role of Chairman and the chairman of the Nomination Committee on May 31, 2022. Dr. Wei Li is also a member of the Compensation Committee. Dr. Li also acts as a director in certain of our subsidiaries.

Dr. Li has over 20 years of experience in the biotech industry. He has served 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 and re-designated as a non-executive director since July 2021.

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 master's degree in business administration ("**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. Kenneth Walton Hitchner III, aged 64, was appointed as our non-executive Director with effect from December 10, 2021 and was re-elected as a non-executive Director on June 18, 2024. Mr. Hitchner is a member of the Investment Committee.

Mr. Hitchner has more than 30 years of experience in corporate finance. He had served as the Chairman and Chief Executive Officer of The Goldman Sachs Group, Inc. in Asia Pacific Ex-Japan before his retirement in 2019. He was also a member of Goldman Sachs' Management Committee and co-chaired its Asia Pacific Management Committee.

Mr. Hitchner had served as an independent non-executive director of Provident Acquisition Corp., a company listed on NASDAQ (stock code: PAQC), from January 2021 to October 2022. He ceased to serve as a senior advisor to a leading global life sciences investor Valiance Asset Management in December 2022. During the period from 2013 to 2017, Mr. Hitchner had served as President of Goldman Sachs in Asia Pacific Ex-Japan. Prior to relocating to Hong Kong, he was global head of Goldman Sachs' Healthcare Banking Group and global co-head of its Technology, Media and Telecom Group. He was named managing director in 2000 and partner in 2002. He became head of the global medical device banking practice in 1998 and head of the global pharmaceutical banking practice in 2001. He began his career with Goldman Sachs' Corporate Finance Department in 1991.

Mr. Hitchner had been serving as an independent non-executive director of WuXi Biologics (Cayman) Inc., a company listed on the Main Board of the Stock Exchange (stock code: 2269), since June 2020. Mr. Hitchner has been serving as a director of the alternative investment management firm Elements Advisors SPV since May 2020. He has joined Global Advisory Board of the global early-stage venture capitalist Antler since January 2021. He has also been serving as a senior advisor of WuXi AppTec Co., Ltd.* (無錫藥明康德新藥開發股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603259) and the Main Board of the Stock Exchange (stock code: 2359) ("**WuXi AppTec**"), since February 2020. Mr. Hitchner has also been serving as the chairman of the board of HH&L Acquisition Co., a company listed on the New York Stock Exchange (stock code: HHLA), since February 11, 2021. Mr. Hitchner has also been serving as the chairman of the board of two UK private healthcare companies, Cydar Medical and Sphere Fluidics, since February 2023 and May 2023, respectively.

Mr. Hitchner obtained a bachelor's degree in arts from the University of Colorado in 1982 and a master's degree in MBA as a merit fellow from Columbia University Business School in 1992.

Mr. Xianghong Lin (林向紅), aged 54, was appointed as our non-executive Director with effect from November 30, 2020, and was re-elected as a non-executive Director on June 21, 2023.

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 was a non-executive director of Lepu Biopharm Co., Ltd., a company listed on the Stock Exchange (stock code: 2157) from April 2020 to January 2024. 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 61, was appointed as our non-executive Director on July 9, 2021 and was re-elected as a non-executive Director on June 18, 2024. He is a member of the Strategic Committee and the chairman of the Investment Committee.

Mr. Hu is the vice chairman, the global chief investment officer and an executive director of WuXi AppTec. 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. He was appointed as a non-executive director by CANbridge Pharmaceuticals Inc., a company listed on the Main Board of the Stock Exchange (stock code: 1228) on July 5, 2022.

- From July 2022 to February 2023, he served as a director of Ambrx Biopharma Inc., a company listed on NASDAQ (stock code: AMAM).

- 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).

- 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.

Independent Non-executive Directors

Dr. Paul Herbert Chew, M.D., aged 72, has been an INED since February 14, 2019, and was re-elected as an INED on June 21, 2023. Dr. Chew is a member of the Audit Committee, the Compensation Committee, the Nomination Committee and the Strategy Committee.

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 70, has been an INED since February 14, 2019, and was re-elected as an INED on June 18, 2024. Mr. Wu is the chairman of the Compensation Committee and a member of the Audit Committee and the Nomination Committee.

Mr. Wu has been appointed as an independent non-executive director of Hui Xian Real Estate Investment Trust (匯賢產業信託) (stock code: 87001) since November 2022. Since March 2019, Mr. Wu has been the chairman and a non-executive director of Clarity Medical Group Holding Limited (清晰醫療集團控股有限公司), a company listed on the Stock Exchange (stock code: 1406) on February 18, 2022. Mr. Wu has been an independent non-executive director of Sing Tao News Corporation Limited (星島新聞集團有限公司), a company listed on the Stock Exchange (stock code: 1105) since June 2021. He has been an independent non-executive director 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 and chairman of the board of directors from August 2018 to April 2021. 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 and chairman of the board 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 July 2019 and December 2023, respectively. He has been an independent non-executive director 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: 1288), and Guangdong Investment Ltd. (粵海投資有限公司), a company listed on the Stock Exchange (stock code: 0270), from January 2009 to June 2015 and from August 2012 to June 2022, respectively. 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 49, has been an INED since February 14, 2019, and was re-elected as an INED on June 21, 2023. Mr. Sun is the chairman of the Audit Committee and a member of the Nomination Committee and the Investment Committee.

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 has been 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 an independent non-executive director of Abbisko Cayman Limited (和譽開曼有限責任公司), a company listed on the Stock Exchange (stock code: 2256), since September 2021. 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. Mr. Sun was appointed as a director of Shanghai MicroPort MedBot (Group) Co., Ltd. (上海微創醫療機器人(集團)股份有限公司), a company listed on the Stock Exchange (stock code: 2252, "**MedBot**") in April 2020, and re-designated as a non-executive director from June 2021. He has also served as chairman of the board of MedBot. 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. Jianxin Yang (楊建新), M.D., Ph.D., aged 60, has been our CEO and president of research and development since August 25, 2022 and March 27, 2024, respectively. For further details, please refer to "Directors – Executive Director" in this section.

Mr. Michael J. Choi, MBA, aged 50, joined our Company in May 2021 and he has been our Chief Business and Strategy Officer since September 2022. In this role, he is responsible for business development, alliance management and corporate strategy.

Mr. Choi is an accomplished business executive with over 25 years of experience in the life science industry. Prior to joining us, Mr. Choi was VP, Head of Business Development at Sun Pharma Advanced Research Corporation (SPARC) from September 2019 to April 2021. In this role, he led business development, commercial strategy and investor relations and oversaw the strategy and operations of SPARC as a member of the Executive Leadership Team. From March 2011 to July 2019, Mr. Choi served at Pfizer, Inc. in various business development roles including most recently as Business Alliance Lead for China, Japan, Asia-Pacific, Latin-America and Canada at Pfizer Essential Health. While at Pfizer, Mr. Choi completed over 40 transactions across 6 continents. From April 2009 to March 2011, Mr. Choi served as the Strategy Leader for the Molecular and Cell Biology business unit at Life Technologies (now Thermo Fisher). Mr. Choi started his career as a Research Associate at the Columbia University College of Physicians and Surgeons before starting his business career as a strategy focused Management Consultant at various firms such as PricewaterhouseCoopers – Management Consulting Services, Envision Consulting Group (now IQVIA), and Frankel Group (now Oliver Wyman).

Mr. Choi obtained his MBA in Finance and Economics from Columbia Business School in New York City in May 2004 and Bachelor of Arts in History with a pre-medical concentration from Columbia College in New York City in May 1996.

Dr. Qingmei Shi (史青梅), M.D., Ph.D., aged 48, joined our company in May 2019, and currently is our senior vice president and Chief Medical Officer. In her current role, Dr. Shi oversees the clinical development of our assets from IND until NDA approval. Additionally, she leads the medical/science, pharmacovigilance, regulatory affairs, quality assurance and biometrics functions to support progression of clinical development. Prior to this role, Dr. Shi was our head of clinical development and mainly responsible for the clinical development of our late-stage assets. Dr. Shi also acts as a director in one of our subsidiaries.

With over 20 years of experience in clinic and the pharmaceutical industry, Dr. Shi brings extensive expertise in oncology and haematology therapeutic areas. Prior to joining our company, she served as a senior medical director at Covance Pharmaceutical Research and Development (Shanghai) Co., Ltd from 2018 to 2019, where she was the lead physician in charge of multiple global and regional oncology and haematology studies.

From January 2007 to January 2018, Dr. Shi worked as a medical director at the Singapore and China offices of PAREXEL International China Pte. Ltd., where she led the Asia Pacific medical and pharmacovigilance functions and supported drug development for both global and China-pharmaceutical companies.

Dr. Shi obtained a Ph.D. in microbiology from the National University of Singapore in 2006. She obtained her medical doctor degree and a master of science in otolaryngology from Shan Dong Medical University in 1998 and 2001, respectively.

Dr. Yujuan La (喇玉娟), **Ph.D.**, aged 46, joined us in May 2021 and is our senior vice president of Product Development. In her role, she has overall responsibilities for supervising IND applications, overseeing technology transfer and business collaborations, leading chemistry, manufacturing, and controls (CMC) development projects covering the entire life cycle of product development, including upstream and downstream process development, analytical method development and validation, manufacturing scaling-up, clinical sample production and quality assurance management.

Dr. La has 18 years of extensive experience in the biopharmaceutical field, specializing in the research and development, production, quality management, and project management of therapeutic antibody drugs. She successfully advanced multiple IND applications, technology transfers and business collaborations and led various CMC development projects. Prior to joining us, Dr. La worked at Startup Biotech Co., Ltd. as an executive director of preclinical development from September 2020 to April 2021, where she was mainly responsible for handling bispecific antibody drug related research and development, CMC project management and formulating portfolio strategy. Dr. La worked at CRO/CDMO Biopharm Co., Ltd. from October 2018 to August 2020 and her last position held was the vice president and senior director. She was mainly responsible for leading CMC projects (including maintaining service delivery), providing business development and sales support, and planning on marketing and resources strategies. From June 2008 to October 2018, Dr. La worked at Biopharmaceutical Co., Ltd. and she served successively as the Senior Director of Process Development and Quality Assurance Management. She was responsible for (i) establishing the process development team and platform, including product process development and manufacturing, process optimization and scale-up; (ii) building the quality system; and (iii) establishing a continuous improvement quality assurance system to ensure that the quality of drugs from research and development to clinical trials meets the corresponding quality specification. From June 2006 to May 2008, Dr. La was a research associate at the Bio-X Centre of the Shanghai Jiaotong University, where she was responsible for research and teaching.

Dr. La obtained a Ph.D. in biochemistry and molecular biology from the Shanghai Jiao Tong University in 2006. She obtained her bachelor's degree in biology from the Inner Mongolia University in 2000.

Ms. Weicong Ni (倪維聰), aged 33, joined us in August 2018 and currently serves as Chief Financial Officer and one of our joint company secretaries. In her role, she has overall responsibilities for financial management and control, corporate finance, investor relations and board related matters. Prior to her current roles, Ms. Ni served various roles within the company including head of capital markets and chief of staff to CEO, reporting directly to our chief executive officer. Ms Ni also acts as a director in one of our subsidiaries.

Ms. Ni has more than 10 years of experience in capital markets and corporate financial management with exposure in both sell side and buy side in public and private markets. Prior to joining us, from July 2013 to May 2016, Ms. Ni worked at Deutsche Bank Hong Kong branch as an investment banker advising public and private companies in Asia on equity and debt financing, investments, and merger and acquisition, across a few industries from healthcare to internet and technology. Ms. Ni also gained experience as a public market investor in the United States in 2017.

Ms. Ni received her bachelor's degree in finance and economics from Hong Kong University of Science and Technology in 2013 and her MBA degree from Harvard Business School in 2018. Ms. Ni is a Chartered Financial Analyst.

Ms. Yinghua Zhang (張英華), aged 45, joined us in August 2016. She currently is our senior vice president and head of operations. In her role, she oversees the development and implementation of our talent management and strategic workforce planning. She also provides oversight for legal & compliance, government and administration affairs, and the project management office. Upon joining CStone, she worked as the role of HR and Administration Lead, establishing this department from the ground up and progressively extending her management responsibilities to encompass more enabling functions. Ms Zhang also acts as a director in certain of our subsidiaries.

Ms. Zhang has more than 20 years' working experience in the life science industry. Prior to joining us, Ms. Zhang was the HR lead at Simcere-MSD (Shanghai) Pharmaceuticals Co., Ltd. She was actively involved in the initial planning and establishment of a joint venture company, and she was responsible for orchestrating the foundational organizational framework and overseeing personnel recruitment during the nascent stages of the company's inception. From December 2002 to August 2011, Ms. Zhang worked at the various subsidiaries of Simcere Pharmaceutical (a company listed on the Stock Exchange (stock code: 2096) and her last position was the HR head of the Shanghai subsidiary. From July 2000 to November 2002, she was the administration assistant at Jiangsu Scottwilson Engineering Consulting Co., Ltd.

Ms. Zhang obtained her master's degree in applied psychology from Nankai University and bachelor's degree in business management from Inner Mongolia University of Finance and Economics.

Other than 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.

CHANGES IN INFORMATION OF DIRECTORS

So far as the Directors are aware and save as disclosed in this report, there has been no other change of information of Directors during the Reporting Period pursuant to Rule 13.51B(1) of the Listing Rules.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is committed to achieving high corporate governance standards.

The Company has adopted and applied the principles and code provisions as set out in Part 2 of the CG code contained in Appendix C1 to the Listing Rules as the basis of the Company's corporate governance practices.

Pursuant to code provision C.6.2 of the CG Code, a board meeting should be held to discuss the appointment of the company secretary and the matter should be dealt with by a physical board meeting rather than a written resolution. The appointment of the new joint company secretary was dealt with by a written resolution of the Board. Prior to the execution of the written resolution, all Directors were well informed of the new joint company secretary's educational background and working experiences and were satisfied that she possesses the required qualifications and expertise of the position without any dissenting opinion, and as such it was considered that a physical board meeting was not necessary for approving the said appointment. Save for the deviation stated herein, the Board is of the view that during the Reporting Period, the Company has complied with all the applicable principles and code provisions as set out in Part 2 of the CG Code.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

We have also adopted our own code of conduct, the Securities Transactions Code, which applies to all Directors on terms not less exacting than the required standard indicated by the Model Code as set out in Appendix C3 to the Listing Rules.

Specific enquiries have been made to all the Directors and they have confirmed that they have complied with the Securities Transactions Code during the Reporting Period. The Company's employees, who are likely to be in possession of our unpublished inside information of the Group, are subject to the Model Code. No incident of non-compliance of the Model Code by the Company's employees was noted by the Company as of the date of this report.

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 (including any sale of treasury Shares) during the Reporting Period. As of June 30, 2024, the Company did not hold any treasury Shares.

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the Reporting Period. The Directors are also not aware of any material litigation or claims that were pending or threatened against the Group during the Reporting Period.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report and as of the date of this report, there were no material events after the Reporting Period.

USE OF NET PROCEEDS

On September 30, 2020 (before trading hours), the Company entered into the share subscription agreement with Pfizer, pursuant to which Pfizer has conditionally agreed to subscribe for an aggregate of 115,928,803 subscription shares at the subscription price of approximately HK$13.37 per Share (the closing price of the Company as quoted on the Stock Exchange on September 30, 2020 was HK$9.84 per Share) (the "**Share Subscription**"). Pfizer applies science and its global resources to improve health and well-being at every stage of life, and was a third party independent of the Company or any of its connected person at the time of the Share Subscription. The gross proceeds from the allotment and issue of the subscription shares were approximately US$200.0 million (equivalent to approximately RMB1,355.9 million), which will be used for the funding of the development activities under the collaboration agreement dated September 30, 2020 (the "**Collaboration Agreement**"). The Company entered into the Share Subscription and the Collaboration Agreement to advance the Company's strategic, commercial and financial objectives as it transitions into a fully integrated biopharma company. 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.

The table below sets out the planned applications of the proceeds and actual usage up to June 30, 2024:

	% of use of proceeds	Proceeds from the subscription *(RMB million)*	Unutilized net proceeds as of December 31, 2023 *(RMB million)*	Actual usage during the Reporting Period *(RMB million)*	Unutilized net proceeds as of June 30, 2024 *(RMB million)*
Fund the development activities under the collaboration agreement	100%	1,355.9	409.3	–	409.3

Note: The unutilized net proceeds are planned to be put into use by December 31, 2025. Please refer to the 2023 annual report of the Company for details.

On February 8, 2023 (before trading hours), the Company entered into a placing agreement with Morgan Stanley Asia Limited (the "**Placing Agent**"), pursuant to which the Company agreed to place, through the Placing Agent, an aggregate of 84,800,000 placing shares to not less than six placees at a price of HK$4.633 per placing share (the closing price of the Company as quoted on the Stock Exchange on February 8, 2023 was HK$4.68 per Share). The placees are professional, institutional, or other investors, and together with their ultimate beneficial owners, are third parties independent of the Company and any of its connected persons. The placing would enlarge the Shareholder base and the capital base of the Company, and strengthen the Group's financial position for its future development. The net proceeds from the placing, after deducting the placing commission and other related expenses and professional fees, were approximately HK$389.07 million (equivalent to approximately RMB338.12 million). The Company intends to use the net proceeds for purposes as stated below. All the conditions of the placing were fulfilled and the closing of the placing took place on February 15, 2023. 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, 2024:

	% of use of proceeds	Proceeds from the placing *(RMB million)*	Unutilized net proceeds as of December 31, 2023 *(RMB million)*	Actual usage during the Reporting Period *(RMB million)*	Unutilized net proceeds as of June 30, 2024 *(RMB million)*
Commercialization and indication expansion of marketed products such as pralsetinib, avapritinib, and ivosidenib, as well as technology transfer to reduce drug supply cost and improve profitability	20%	67.62	–	–	–
Development of pipeline products including but not limited to CS5001 (a potentially best-in-class ROR1 ADC)	50%	169.06	53.47	22.14	31.33
Business development activities to enrich the Company's pipeline and fully utilize the Company's proven clinical capabilities	20%	67.62	52.31	6.18	46.13
General corporate purposes	10%	33.82	19.11	4.48	14.63
Total	100%	338.12	124.89	32.80	92.09

Note: The unutilized net proceeds are planned to be put into use by December 31, 2024.

REVIEW BY 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.

The Audit Committee has considered and reviewed the accounting principles and practices adopted by the Company and discussed matters in relation to internal control and financial reporting with the management. The Audit Committee has reviewed and considered that the interim results for the six months ended June 30, 2024 are in compliance with the relevant accounting standards, rules and regulations, and appropriate disclosures have been duly made.

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 International Standard on Review Engagement 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the International Auditing and Assurance Standards Board. 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, 2024) of the Group.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended June 30, 2024 (for the six months ended June 30, 2023: nil) to the Shareholders.

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, 2024, 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 (within the meaning of Part XV of the SFO) of our Company, 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) to be entered in the register referred to therein pursuant to section 352 of the SFO; 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. Jianxin Yang, CEO and executive Director	Beneficial Owner	68,937,256 Shares[2]	5.37%
Mr. Kenneth Walton Hitchner III, non-executive Director	Beneficial Owner	2,613,481 Shares[3]	0.20%
Dr. Wei Li, Chairman of Board and non-executive Director	Beneficial Owner	2,000,000 Shares[4]	0.16%
Mr. Edward Hu, non-executive Director	Beneficial Owner	2,000,000 Shares[5]	0.16%

Notes:

(1) The calculation is based on the total number of 1,284,191,212 Shares in issue as of June 30, 2024.

(2) Includes (i) 15,542,256 Shares beneficially held by Dr. Jianxin Yang; (ii) Dr. Yang's entitlement to subscribe for up to 3,000,000 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; (iii) share options to subscribe for 48,230,000 Shares granted to him under the Post-IPO ESOP, subject to the vesting and other conditions of those options; and (iv) Dr. Yang's entitlement to restricted share units equivalent to 2,165,000 Shares granted to him under the Post-IPO RSU Scheme, subject to vesting conditions.

(3) Includes (i) 2,581,490 Shares beneficially held by Mr. Kenneth Walton Hitchner III; and (ii) Mr. Kenneth Walton Hitchner III's entitlement to restricted share units equivalent to 31,991 Shares granted to him under the Post-IPO RSU Scheme, subject to vesting conditions.

(4) Includes (i) share options to subscribe for 1,000,000 Shares granted to Dr. Wei Li under the Post-IPO ESOP, subject to the vesting and other conditions of those options; and (ii) Dr. Wei Li's entitlement to restricted share units equivalent to 1,000,000 Shares granted to him under the Post-IPO RSU Scheme, subject to vesting conditions.

(5) Includes (i) share options to subscribe for 1,000,000 Shares granted to Mr. Edward Hu under the Post-IPO ESOP, subject to the vesting and other conditions of those options; and (ii) Mr Edward Hu's entitlement to restricted share units equivalent to 1,000,000 Shares granted to him under the Post-IPO RSU Scheme, subject to vesting conditions.

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, 2024.

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, 2024, 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, 2024[1]
WuXi Healthcare Ventures II, L.P.[2]	Beneficial interest	293,381,444	22.85%
WuXi Healthcare Management, LLC [2]	Interest in controlled corporation	293,381,444	22.85%
Graceful Beauty Limited [3]	Beneficial interest	142,560,448	11.10%
Boyu Capital Fund II, L.P. [3]	Interest in controlled corporation	142,560,448	11.10%
Boyu Capital General Partner II L.P. [3]	Interest in controlled corporation	142,560,448	11.10%
Boyu Capital General Partner II Ltd. [3]	Interest in controlled corporation	142,560,448	11.10%
Boyu Capital Holdings Limited [3]	Interest in controlled corporation	142,560,448	11.10%
Pfizer Corporation Hong Kong Limited [4]	Beneficial interest	115,928,803	9.03%
Pfizer Inc. [4]	Interest in controlled corporation	115,928,803	9.03%
Zhengze Yuanshi [5]	Beneficial interest	75,553,730	5.88%
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	75,553,730	5.88%
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	75,553,730	5.88%
Suzhou Oriza Holdings Co., Ltd. (蘇州元禾控股股份有限公司)[5]	Interest in controlled corporation	75,553,730	5.88%
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	75,553,730	5.88%
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	75,553,730	5.88%
Suzhou Industrial Park Administrative Committee (蘇州工業園區管委會)[5]	Interest in controlled corporation	75,553,730	5.88%
Fei Jianjiang (費建江)[5]	Interest in controlled corporation	75,553,730	5.88%

Notes:

(1) The calculation is based on the total number of 1,284,191,212 Shares in issue as of June 30, 2024.

(2) As of June 30, 2024, 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, 2024, Graceful Beauty Limited, an exempted company with limited liability incorporated under the laws of Cayman Islands, directly held 142,560,448 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, 2024, 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, 2024, Zhengze Yuanshi directly held 75,553,730 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 59.98% 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 40.71% 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.

Save as disclosed above and to the best knowledge of the Directors, as of June 30, 2024, 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 of 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 options and RSUs will be granted under the Pre-IPO Incentivization Plan after completion of the Listing.

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

Name of Participant or Category of Participant	Date of grant	Number of outstanding options held at January 1, 2024	Number of options granted	Number of options lapsed	Number of options cancelled	Number of options exercised	Number of outstanding options held at June 30, 2024	Exercise Price	Exercise Period[1]	Vesting Period[2]	Weighted average closing price of the shares immediately before the dates on which the options were exercised	Fair value of options at the date of grant
Directors												
Dr. Jianxin Yang, CEO and executive Director	2016-12-07	3,000,000	–	–	–	–	3,000,000	HK$0.2-HK$0.39	10 years	4 years	–	US$0.33–US$0.35
Other employee participants	2016-7-11-2019-2-25	1,989,538	–	12,156	–	27,213	1,950,169	HK$0.20-HK$4.65	10 years	4 years	HK$1.13	US$0.24–US$1.39
Other related entity participants						N/A						
Other service providers						N/A						
Total		4,989,538	–	12,156	–	27,213	4,950,169					

Notes:

(1) The exercise period of all options shall be 10 years from the date of grant.

(2) The vesting schedule of all options in the table above shall be 25% of the options shall vest on the first anniversary of the vesting commencement date, and the remaining options shall vest in equal monthly installments over the following thirty-six months.

(3) The closing price of the Shares immediately before the dates on which the options were granted was not applicable as the Company was not yet listed on the dates of grant.

(4) For details of the basis of measurement for the fair value of options granted, please refer to note 18 to the Condensed Consolidated Financial Statements.

During the Reporting Period, pursuant to the Pre-IPO Incentivization Plan, no options or RSUs were granted to Directors, other related entity participants, other service providers or other employee participants of the Group. As of June 30, 2024, no further options or RSUs were available for grant under the Pre-IPO Incentivization Plan. All options granted to Directors and other employee participants of the Group under the Pre-IPO Incentivization Plan will continue to remain valid and exercisable in accordance with the terms of the Pre-IPO Incentivization Plan. All RSUs granted to Directors and other employee participants of the Group under the Pre-IPO Incentivization Plan had been fully vested.

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, and as amended and restated on March 7, 2023.

The total number of options available for grant under the Post-IPO ESOP as of January 1, 2024 and June 30, 2024 was 128,247,234 and 78,456,898, respectively. The total number of options available for grant under the Service Provider Sublimit of the Post-IPO ESOP as of January 1, 2024 and June 30, 2024 was 12,763,640 and 12,663,640, respectively.

The grant of options under the Post-IPO ESOP to Dr. Jianxin Yang, Dr. Wei Li and Mr. Edward Hu (the "**Directors Options Grantees**") on March 28, 2024 are not subject to performance targets. Having considered that (i) the grant of options could bring about an immediate incentivization effect for the Directors Options Grantees, which was considered a more attractive motivation to the Directors Options Grantees for continuing to serve in such roles; (ii) the grant of options to the Directors Options Grantees was a recognition for their past contributions to the Group; and (iii) the grant of options without performance target was consistent with the Company's customary practice on previous grants of share incentives to the Directors, employees of the Company (including members of senior management) and service providers, the Compensation Committee considered that without performance targets, the grant of options to the Directors Options Grantees could align the interests of the Directors Options Grantees with incentive to the Directors Options Grantees to work towards the continued success of the Group, and reinforce their commitment to provide long-term services to the Group, which is in line with the purpose of the Post-IPO ESOP.

Details of options granted under the Post-IPO ESOP during the Reporting Period are as follows:

Name of Participant or Category of Participant	Date of grant	Closing price of shares immediately before the date on which the options were granted	Number of outstanding options held at January 1, 2024	Number of options granted	Number of options lapsed	Number of options cancelled	Number of options exercised	Number of outstanding options held at June 30, 2024	Exercise Price	Exercise Period[1]	Vesting Period	Weighted average closing price of the shares immediately before the dates on which the options were exercised	Fair value of options at the date of grant
Directors													
Dr. Jianxin Yang, CEO and executive Director	2022-08-30	HK$4.77	28,000,000	–	–	–	–	28,000,000	HK$4.660	10 years	4 years[4]	–	HK$1.49 – HK$3.12
	2023-01-06	HK$4.92	4,340,000	–	–	–	–	4,340,000	HK$4.900	10 years	4 years[5]	–	HK$3.26
	2023-11-08	HK$2.28	14,000,000	–	–	–	–	14,000,000	HK$2.350	10 years	4 years[6]	–	HK$1.11 – HK$1.16
	2024-03-28	HK$0.96	–	1,890,000	–	–	–	1,890,000	HK$0.944	10 years	4 years[9]	–	HK$0.67
Dr. Wei Li, Chairman and non-executive Director	2024-03-28	HK$0.96	–	1,000,000	–	–	–	1,000,000	HK$0.944	10 years	4 years[9]	–	HK$0.58
Mr. Edward Hu, non-executive Director	2024-03-28	HK$0.96	–	1,000,000	–	–	–	1,000,000	HK$0.944	10 years	4 years[9]	–	HK$0.58
Other employee participants	2019-04-01	HK$15.88	7,511	–	–	–	–	7,511	HK$15.860	10 years	4 years[3]	–	HK$7.19
	2019-10-11	HK$12.04	8,000	–	–	–	–	8,000	HK$12.200	10 years	4 years[3]	–	HK$6.90 – HK$7.02
	2020-04-01	HK$8.70	721,815	–	103,125	–	–	618,690	HK$8.850	10 years	4 years[3]	–	HK$4.58 – HK$4.68
	2020-11-30	HK$9.99	81,618	–	35,000	–	–	46,618	HK$9.960	10 years	4 years[3]	–	HK$4.83 – HK$5.02
	2021-04-01	HK$9.25	1,516,353	–	150,907	–	–	1,365,446	HK$9.850	10 years	4 years[3]	–	HK$5.26 – HK$6.32
	2021-12-10	HK$9.75	72,504	–	40,004	–	–	32,500	HK$9.588	10 years	4 years[3]	–	HK$4.77 – HK$5.15
	2022-06-06	HK$5.10	4,614,750	–	848,695	–	–	3,766,055	HK$5.274	10 years	4 years[3]	–	HK$2.63 – HK$2.93

Name of Participant or Category of Participant	Date of grant	Closing price of shares immediately before the date on which the options were granted	Number of outstanding options held at January 1, 2024	Number of options granted	Number of options lapsed	Number of options cancelled	Number of options exercised	Number of outstanding options held at June 30, 2024	Exercise Price	Exercise Period[1]	Vesting Period	Weighted average closing price of the shares immediately before the dates on which the options were exercised	Fair value of options at the date of grant
	2022-07-21	HK$4.90	3,267,246	–	691,195	–	–	2,576,051	HK$5.002	10 years	4 years[3]	–	HK$2.30 – HK$2.39
	2023-01-06	HK$4.92	5,814,642	–	1,055,984	–	–	4,758,658	HK$4.900	10 years	4 years[3]	–	HK$2.63 – HK$2.83
	2023-3-23	HK$3.67	10,643,215	–	2,304,683	–	–	8,338,532	HK$3.768	10 years	4 years[8]	–	HK$0.75 – HK$2.01
	2024-3-28	HK$0.96	–	7,262,900	234,500	–	–	7,028,400	HK$0.944	10 years	4 years[9]	–	HK$0.45 – HK$0.48
Other related entity participants							N/A						
Other service providers[7]	2023-3-23	HK$3.67	59,840	–	–	–	–	59,840	HK$3.768	10 years	4 years[8]	–	HK$1.86
	2024-3-28	HK$0.96	–	50,000	–	–	–	50,000	HK$0.944	10 years	4 years[9]	–	HK$0.55
Total			73,147,494	11,202,900	5,464,093	–	–	78,886,301					

Notes:

(1) The exercise period of all options shall be 10 years from date of grant.

(2) All options granted are subject to any of the individual performance result and other requirements as set out in the grant letters to be entered into between each of the grantees and the Company.

(3) The vesting schedules of the grant of options shall vest in accordance with either of the followings:

- 25% shall vest on the first anniversary of the date of grant and the remaining options shall vest with equal monthly installments over the thirty-six months immediately following the first anniversary of the date of grant;
- 25% shall vest on each of the first to fourth anniversary of the date of grant; or
- 25% shall vest on each of the first to fourth anniversary of the date of satisfaction of the respective performance target milestone.

(4) The vesting schedules of the grant of 28,000,000 options to Dr. Jianxin Yang shall be as follows:

- 14,000,000 options granted to Dr. Yang shall vest as follows:

  25% shall vest on the first anniversary of August 25, 2022 (rounding to the nearest whole option);

  25% shall vest on the second anniversary of August 25, 2022 (rounding to the nearest whole option);

  25% shall vest on the third anniversary of August 25, 2022 (rounding to the nearest whole option); and

  25% shall vest on the fourth anniversary of August 25, 2022 (rounding to the nearest whole option).

- The remaining 14,000,000 options granted to Dr. Yang are divided into various batches of options. Upon satisfaction of the performance target milestone specified for each batch of options, the respective batch of options shall vest as follows:

  25% shall vest on the first anniversary of the date of satisfaction of the respective performance target milestone (rounding to the nearest whole option);

  25% shall vest on the second anniversary of the date of satisfaction of the respective performance target milestone (rounding to the nearest whole option);

  25% shall vest on the third anniversary of the date of satisfaction of the respective performance target milestone (rounding to the nearest whole option); and

  25% shall vest on the fourth anniversary of the date of satisfaction of the respective performance target milestone (rounding to the nearest whole option).

(5) The vesting schedules of the 4,340,000 share options granted to Dr. Jianxin Yang shall vest as follows:

25% shall vest on the first anniversary of the date of grant (rounding to the nearest whole option); and

75% shall vest monthly in equal installments over the 36 months (rounding to the nearest whole option) immediately following the first anniversary of the date of grant.

(6) The vesting schedules of the grant of 14,000,000 options to Dr. Jianxin Yang shall be as follows:

Upon satisfaction of the performance target milestone specified for each batch of options, the respective batch of options shall vest as follows:

25% of options corresponding to the relevant performance target milestone shall vest on the first anniversary of the respective date of satisfaction of the respective performance target milestone; and

the remaining 75% of options corresponding to the relevant performance target milestone shall vest monthly in equal installments over the 36 months immediately following the first anniversary of the date of satisfaction of the respective performance target milestone.

(7) According to the relevant scheme rules, service providers means any persons (nature person or corporate entity) who provide services to the Group on a continuing and recurring basis in the ordinary course of business of the Group which are in the interests of the long term growth of the Group, including independent contractor, consultant and/or advisors for the research & development, product commercialization, marketing, innovation upgrading, strategic/commercial planning on corporate image and investor relations in investment environment of the Company (excluding any placing agents or financial advisers providing advisory services for fundraising, mergers or acquisition, and service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity).

(8) The vesting commencement date of the 12,721,120 options out of the total of 14,321,120 options granted to other employee participants and other service providers on March 23, 2023 (the "March 2023 Grant") was April 1, 2023 (the "Vesting Commencement Date"). No performance targets were attached to the 12,721,120 options granted. The 12,721,120 options shall commence vesting as follows:

480,000 options granted under the March 2023 Grant shall vest as follows:

- 25% shall vest on the first anniversary of the Vesting Commencement Date (rounding to the nearest whole option);
- 25% shall vest on the second anniversary of the Vesting Commencement Date (rounding to the nearest whole option);
- 25% shall vest on the third anniversary of the Vesting Commencement Date (rounding to the nearest whole option); and
- 25% shall vest on the fourth anniversary of the Vesting Commencement Date (rounding to the nearest whole option).

12,241,120 options granted under the March 2023 Grant shall vest as follows:

- 25% shall vest on the first anniversary of the Vesting Commencement Date (rounding to the nearest whole option); and
- 75% shall vest monthly in equal installments over the 36 months (rounding to the nearest whole option) immediately following the first anniversary of the Vesting Commencement Date.

The remaining 1,600,000 options out of the March 2023 Grant shall commence vesting upon satisfaction of the performance target milestone (including individual performance based on periodic performance assessment and annual review results by the Company) as follows:

- 25% shall vest on the first anniversary of the date of satisfaction of the respective performance target milestone (rounding to the nearest whole option);
- 25% shall vest on the second anniversary of the date of satisfaction of the respective performance target milestone (rounding to the nearest whole option);
- 25% shall vest on the third anniversary of the date of satisfaction of the respective performance target milestone (rounding to the nearest whole option); and
- 25% shall vest on the fourth anniversary of the date of satisfaction of the respective performance target milestone (rounding to the nearest whole option).

(9) The vesting commencement date of the total of 11,202,900 options granted to Directors, other employee participants and other service providers on March 28, 2024 was April 1, 2024 (the "Vesting Commencement Date"). The grant of such options is not subject to performance targets and shall vest as follows:

- 25% shall vest on the first anniversary the Vesting Commencement Date (rounding to the nearest whole option);
- 75% shall vest monthly in equal installments over the 36 months (rounding to the nearest whole option) immediately following the first anniversary of the Vesting Commencement Date.

(10) The number of Shares that may be issued in respect of options granted under the Post-IPO ESOP during the Reporting Period divided by the weighted average number of Shares in issue for the period was 0.88%.

(11) For details of the basis of measurement for the fair value of options granted, please refer to note 18 to the Condensed Consolidated Financial Statements.

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, January 7, 2020 and March 7, 2023, as amended from time to time.

The total number of RSUs available for grant under the Post-IPO RSU Scheme as of January 1, 2024 and June 30, 2024 was 128,247,234 and 78,456,898, respectively. The total number of RSUs available for grant under the Service Provider Sublimit of the Post-IPO RSU Scheme as of January 1, 2024 and June 30, 2024 was 12,763,640 and 12,663,640, respectively.

The grant of RSUs under the Post-IPO RSU Scheme to Dr. Jianxin Yang, Dr. Wei Li and Mr. Edward Hu (the "**Directors RSUs Grantees**") on March 28, 2024 are not subject to performance targets. Having considered that (i) the grant of RSUs could bring about an immediate incentivization effect for the Directors RSUs Grantees, which was considered a more attractive motivation to the Directors RSUs Grantees for continuing to serve in such roles; (ii) the grant of RSUs to the Directors RSUs Grantees was a recognition for their past contributions to the Group; and (iii) the grant of RSUs without performance target was consistent with the Company's customary practice on previous grants of share incentives to the Directors, employees of the Company (including members of senior management) and service providers, the Compensation Committee considered that without performance targets, the grant of RSUs to the Directors RSUs Grantees could align the interests of the Directors RSUs Grantees with incentive to the Directors RSUs Grantees to work towards the continued success of the Group, and reinforce their commitment to provide long-term services to the Group, which is in line with the purpose of the Post-IPO RSU Scheme.

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

Name of Participant or Category of Participant	Date of grant	Closing price of shares immediately before the date on which the RSUs were granted	Number of outstanding RSUs held at January 1, 2024	Number of RSUs granted	Number of RSUs lapsed	Number of RSUs cancelled	Number of RSUs vested	Number of outstanding RSUs held at June 30, 2024	Vesting Period	Exercise Period[8]	Purchase Price[7]	Weighted average closing price of the shares immediately before the dates on which the RSUs were vested	Fair value of RSUs at the date of grant
Directors													
Dr. Jianxin Yang, CEO and executive Director	2021-04-01	HK$9.25	400,000	–	–	–	150,000	250,000	4 years[1]	N/A	Nil	HK$1.09	HK$9.85
	2024-03-28	HK$0.96	–	1,890,000	–	–	–	1,890,000	4 years[2]	N/A	Nil	–	HK$0.94
Dr. Wei Li, Chairman and non-executive Director	2024-03-28	HK$0.96	–	1,000,000	–	–	–	1,000,000	4 years[2]	N/A	Nil	–	HK$0.94
Mr. Edward Hu, non-executive Director	2024-03-28	HK$0.96	–	1,000,000	–	–	–	1,000,000	4 years[2]	N/A	Nil	–	HK$0.94
Mr. Kenneth Walton Hitchner III, non-executive Director	2021-12-10	HK$9.75	31,991	–	–	–	–	31,991	4 years[1]	N/A	Nil	–	HK$9.33
Other employee participants	2019-10-11	HK$12.04	1,151	–	–	–	–	1,151	4 years[1]	N/A	Nil	–	HK$12.20
	2020-04-01	HK$8.70	5,500	–	–	–	5,500	–	4 years[1]	N/A	Nil	HK$0.91	HK$8.60
	2020-07-13	HK$11.10	30,000	–	30,000	–	–	–	4 years[1]	N/A	Nil	–	HK$10.78
	2020-11-30	HK$9.99	156,000	–	140,500	–	–	15,500	4 years[1]	N/A	Nil	–	HK$9.53
	2021-04-01	HK$9.25	390,450	–	53,700	–	181,750	155,000	4 years[1]	N/A	Nil	HK$1.00	HK$9.85
	2021-07-02	HK$17.10	508,000	–	3,000	–	232,500	272,500	4 years[1]	N/A	Nil	HK$1.10	HK$16.20
	2021-12-10	HK$9.75	302,456	–	60,344	–	–	242,112	4 years[1]	N/A	Nil	–	HK$9.33
	2022-06-06	HK$5.10	251,250	–	170,000	–	78,750	2,500	4 years[1]	N/A	Nil	HK$1.01	HK$5.09
	2023-03-23	HK$3.67	2,495,020	–	563,125	–	460,619	1,471,276	4 years[4][5]	N/A	Nil	HK$1.13	HK$3.57
	2024-03-28	HK$0.96	–	7,257,900	232,500	–	–	7,025,400	4 years[2]	N/A	Nil	–	HK$0.94
Other related entity participants							N/A						
Other service providers[3][6]	2023-03-23	HK$3.67	14,960	–	–	–	3,740	11,220	4 years[4][5]	N/A	Nil	HK$1.42	HK$3.57
	2024-03-28	HK$0.96	–	50,000	–	–	–	50,000	4 years[2]	N/A	Nil	–	HK$0.94
Total			4,586,778	11,197,900	1,253,169	–	1,112,859	13,418,650					

Notes:

(1) The vesting schedules of the RSUs shall vest in accordance with either of the followings:

- 25% shall vest on the first anniversary of the date of grant and the remaining RSUs shall vest with equal monthly installments over the thirty-six months immediately following the first anniversary of the date of grant; or
- 25% shall vest on each of the first to fourth anniversary of the date of grant;
- 25% shall vest on each of the first to fourth anniversary of the date of satisfaction of the respective performance target milestone.

(2) The vesting commencement date of the 1,890,000 RSUs granted to Dr. Jianxin Yang, 1,000,000 RSUs granted to Dr. Wei Li and 1,000,000 RSUs granted to Mr. Edward Hu, 7,257,900 RSUs granted to other employee participants and 50,000 RSUs granted to other service providers on March 28, 2024 (the "March 2024 RSU Grant") was April 1, 2024 (the "Vesting Commencement Date"). No performance targets were attached to the March 2024 RSU Grant. The total of 11,197,900 RSUs granted to Directors, other employee participants and other service providers shall vest as follows:

925,500 RSUs out of the 11,197,900 RSUs granted under the March 2024 RSU Grant shall vest as follows:

- 25% shall vest on the first anniversary of the RSU Vesting Commencement Date (rounding to the nearest whole RSU);
- 25% shall vest on the second anniversary of the RSU Vesting Commencement Date (rounding to the nearest whole RSU);
- 25% shall vest on the third anniversary of the RSU Vesting Commencement Date (rounding to the nearest whole RSU); and
- 25% shall vest on the fourth anniversary of the RSU Vesting Commencement Date (rounding to the nearest whole RSU).

10,272,400 RSUs out of the 11,197,900 RSUs granted under the March 2024 RSU Grant shall vest as follows:

- 25% shall vest on the first anniversary of the RSU Vesting Commencement Date (rounding to the nearest whole RSU); and
- 75% shall vest monthly in equal instalments over the 36 months (rounding to the nearest whole RSU) immediately following the first anniversary of the RSU Vesting Commencement Date.

(3) According to the relevant scheme rules, service providers means any persons (nature person or corporate entity) who provide services to the Group on a continuing and recurring basis in the ordinary course of business of the Group which are in the interests of the long term growth of the Group, including independent contractor, consultant and/or advisors for the research & development, product commercialization, marketing, innovation upgrading, strategic/commercial planning on corporate image and investor relations in investment environment of the Company (excluding any placing agents or financial advisers providing advisory services for fundraising, mergers or acquisition, and service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity).

(4) The vesting commencement date of the 2,979,180 RSUs out of the total of 3,379,180 RSUs granted to other employee participants and other service providers on March 23, 2023 (the "March 2023 RSU Grant") was April 1, 2023 (the "Vesting Commencement Date"). No performance targets were attached to the 2,979,180 RSUs granted.

The remaining 400,000 RSUs granted under the March 2023 RSU Grant to one employee amongst the other employee participants shall commence vesting upon certain performance target (including individual performance based on periodic performance assessment and annual review results by the Company) and other requirements as set out in the grant letter entered into between the employee and the Company have been met.

(5) 1,059,180 RSUs granted under the March 2023 RSU Grant shall vest as follows:

- 25% shall vest on the first anniversary of the Vesting Commencement Date (rounding to the nearest whole RSU);
- 25% shall vest on the second anniversary of the Vesting Commencement Date (rounding to the nearest whole RSU);
- 25% shall vest on the third anniversary of the Vesting Commencement Date (rounding to the nearest whole RSU); and
- 25% shall vest on the fourth anniversary of the Vesting Commencement Date (rounding to the nearest whole RSU).

1,920,000 RSUs granted under the March 2023 RSU Grant shall vest as follows:

- 25% shall vest on the first anniversary of the Vesting Commencement Date (rounding to the nearest whole RSU); and
- 75% shall vest monthly in equal installments over the 36 months (rounding to the nearest whole RSU) immediately following the first anniversary of the Vesting Commencement Date.

400,000 RSUs granted under the March 2023 RSU Grant shall vest as follows:

- 25% shall vest on the first anniversary of the date of satisfaction of the respective performance target milestone (rounding to the nearest whole RSU);
- 25% shall vest on the second anniversary of the date of satisfaction of the respective performance target milestone (rounding to the nearest whole RSU);
- 25% shall vest on the third anniversary of the date of satisfaction of the respective performance target milestone (rounding to the nearest whole RSU); and
- 25% shall vest on the fourth anniversary of the date of satisfaction of the respective performance target milestone (rounding to the nearest whole RSU).

(6) The resolution of adoption of the Service Provider Sublimit was approved by shareholders of the Company at the extraordinary general meeting of the Company held on March 7, 2023 and the Company adopted the Service Provider Sublimit on the same day.

(7) The RSUs under the Post-IPO RSU Scheme were granted to the grantees at nil consideration and were or will be transferred to the grantees upon vesting at nil consideration.

(8) Exercise period is not applicable to RSUs.

(9) The number of Shares that may be issued in respect of RSUs granted under the Post-IPO RSU Scheme during the Reporting Period divided by the weighted average number of Shares in issue for the period was 0.88%.

(10) For details of the basis of measurement for the fair value of RSUs granted, 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. In the amended rules of the Post-IPO ESOP as adopted on the Amendment Date, eligible participants include (i) employee participant: any employee (whether full-time or part-time), a director (including executive directors, non-executive directors and independent non-executive directors) of any member of the Group, and any persons who are granted awards under this plan as an inducement to enter into employment contracts with any member of the Group, in each case until such employee shall cease to be an employee with effect from (and including) the date of termination of his or her employment; and (ii) service provider: any persons (nature person or corporate entity) who provide services to the Group on a continuing and recurring basis in the ordinary course of business of the Group which are in the interests of the long term growth of the Group, including independent contractor, consultant and/or advisors for the R&D, product commercialization, marketing, innovation upgrading, strategic/commercial planning on corporate image and investor relations in investment environment of the Company (excluding any placing agents or financial advisers providing advisory services for fundraising, mergers or acquisition, and service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity).	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. In the amended rules of the Post-IPO RSU Scheme as adopted on the Amendment Date, eligible participants include (i) employee participant: any employee (whether full-time or part-time), a director (including executive directors, non-executive directors and independent non-executive directors) of any member of the Group, and any persons who are granted awards under this scheme as an inducement to enter into employment contracts with any member of the Group, in each case until such employee shall cease to be an employee with effect from (and including) the date of termination of his or her employment; and (ii) service provider: any persons (nature person or corporate entity) who provide services to the Group on a continuing and recurring basis in the ordinary course of business of the Group which are in the interests of the long term growth of the Group, including independent contractor, consultant and/or advisors for the R&D, product commercialization, marketing, innovation upgrading, strategic/commercial planning on corporate image and investor relations in investment environment of the Company (excluding any placing agents or financial advisers providing advisory services for fundraising, mergers or acquisition, and service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity).

Details	Pre-IPO Incentivization Plan	Post-IPO ESOP	Post-IPO RSU Scheme
3. Maximum number of shares that can be awarded	The maximum number of Shares in respect of which awards may be granted under the plan shall not, subject to any reorganisation 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 reorganisation 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. In the amended rules of the Post-IPO ESOP as adopted on the Amendment Date, the Company shall not make any further grant of options which will result in the aggregate number of Shares underlying all grants of (i) new Shares or restricted share units or restricted shares of the Company; or (ii) options over new Shares made pursuant to this Plan and other share schemes adopted by the Company from time to time to exceed 128,384,401 Shares, representing 10% of the total number of issued Shares as of the Amendment Date without Shareholders' approval (the "**Scheme Mandate Limit**"). Within the Scheme Mandate Limit, the total number of Awards which may be granted under this plan and grants made under other share schemes of the Company to service providers shall not exceed 12,838,440 Shares representing 1% of the total number of Shares in issue on the Amendment Date (the "**Service Provider Sublimit**").	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 2.96% of the issued share capital of the Company as of June 30, 2024) pursuant to a board meeting dated July 15, 2019. In the amended rules of the Post-IPO RSU Scheme as adopted on the Amendment Date, the Company shall not make any further grant of restricted new share award which will result in the aggregate number of Shares underlying all grants of (i) new Shares of the Company; or (ii) options over new Shares made pursuant to this scheme and other share schemes adopted by the Company to exceed the Scheme Mandate Limit. Within the Scheme Mandate Limit, the total number of restricted new shares which may be granted under this scheme and grants made under other share schemes of the Company to service providers shall not exceed the Service Provider Sublimit. The maximum number of grant of restricted existing shares under this scheme is 5% of the total issued Shares of the Company as at the Amendment Date (excluding any restricted existing shares lapsed in accordance with term of this scheme).

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. In the amended rules of the Post-IPO ESOP as adopted on the Amendment Date, for any 12-month period up to and including the grant date, the aggregate number of Shares issued and to be issued in respect of all options granted to any eligible participant under this plan and any grants made under any other share scheme(s) of the Company (excluding any options or awards lapsed under any share scheme of the Company) shall not exceed 1% of the total number of the Shares in issue as at the grant date without Shareholders' approval.	In the amended rules of the Post-IPO RSU Scheme as adopted on the Amendment Date, for any 12-month period up to and including the grate date, the aggregate number of Shares issued and to be issued in respect of all restricted new shares granted to any selected participant and all grants made under any other share scheme(s) of the Company (excluding any options and/or awards lapsed in accordance with the share schemes of the Company) shall not exceed 1% of the total number of the Shares in issue as at the grate date without Shareholders' approval. Where any grant of awards to a substantial shareholder of the Company or an independent non-executive Director, or their respective associates, would result in the total number of Shares issued and to be issued in respect of all awards or options granted and to be granted to such person in the 12-month period up to and including the date of such grant (excluding any awards or options lapsed in accordance with the terms of the share schemes of the Company), representing in aggregate over 0.1% of the total number of Shares in issue, such further grant of awards must be approved by the Shareholders in general meeting.
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. In the amended rules of the Post-IPO ESOP as adopted on the Amendment Date, the option must be held by the grantee for at least 12 months before the option can be vested save for the exceptional circumstances prescribed in the plan.	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. Save for the circumstances prescribed in the scheme, the vesting period of the restricted new shares granted shall not be less than 12 months.

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. There is no amount payable solely for application or acceptance of the option or awards.		
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 the Listing Date 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 determined in accordance with the Fair Market Value of the Shares subject to the award, determined as of the date of grant. "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, or if Shares are not so quoted or traded, the fair market value of a Share as determined by the Compensation Committee.	–

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 remaining life of the plan is approximately two years and eleven months as of the date of this report.	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 remaining life of the plan is approximately four years and six months as of the date of this report.	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. The remaining life of the plan is approximately four years and seven months as of the date of this report.

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 55 to 76, which comprise the condensed consolidated statement of financial position at June 30, 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. 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 International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the International Auditing and Assurance Standards Board. 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 International 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 23, 2024

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Six Months ended June 30, 2024

	NOTES	For the six months ended June 30, 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	3	**254,165**	261,474
Cost of revenue		**(82,136)**	(108,037)
Gross profit		**172,029**	153,437
Other income	4	**14,824**	25,843
Other gains and losses	4	**12,884**	24,772
Research and development expenses		**(66,248)**	(186,770)
Selling and marketing expenses		**(62,769)**	(131,445)
Administrative expenses		**(46,672)**	(89,189)
Finance costs		**(8,349)**	(5,874)
Profit (loss) for the period	6	**15,699**	(209,226)
Other comprehensive expense:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(11)**	(840)
Total comprehensive income (expense) for the period		**15,688**	(210,066)
Earning (Loss) per share	8		
– Basic (RMB)		**0.01**	(0.17)
– Diluted (RMB)		**0.01**	(0.17)

Condensed Consolidated Statement of Financial Position

At June 30, 2024

	NOTES	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	9	**100,428**	105,664
Right-of-use assets		**30,579**	47,704
Intangible assets		**167,206**	173,045
Financial assets measured at fair value through profit or loss ("FVTPL")	12	**12,673**	3,541
Other receivables	11	**2,939**	2,258
		313,825	332,212
Current assets			
Account receivables	10	**179,094**	172,438
Deposits, prepayments and other receivables	11	**43,794**	21,850
Inventories		**181,530**	108,828
Time deposits with original maturity over three months	13	**135,000**	30,000
Cash and cash equivalents	13	**678,856**	996,671
		1,218,274	1,329,787
Current liabilities			
Account and other payables and accrued expenses	14	**604,466**	681,442
Refund liabilities		**3,522**	22,698
Bank borrowings	16	**78,122**	105,986
Contract liabilities	15	**6,885**	6,885
Lease liabilities		**20,202**	33,327
		713,197	850,338
Net current assets		**505,077**	479,449
Total assets less current liabilities		**818,902**	811,661

Condensed Consolidated Statement of Financial Position

At June 30, 2024

	NOTES	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Non-current liabilities			
Account payables	14	**56,377**	68,729
Bank borrowings	16	**228,300**	213,000
Contract liabilities	15	**58,525**	61,967
Lease liabilities		**8,044**	11,135
		351,246	354,831
Net assets		**467,656**	456,830
Capital and reserves			
Share capital	17	**860**	860
Treasury shares held in the trust	17	**(7)**	(8)
Reserves		**466,803**	455,978
Total equity		**467,656**	456,830

Condensed Consolidated Statement of Changes in Equity

For the Six Months ended June 30, 2024

	Share capital *RMB'000*	Share Premium *RMB'000*	Other reserves *RMB'000*	Treasury shares held in the trust *RMB'000*	Share-based payment reserve *RMB'000*	Foreign currency translation reserve *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
At January 1, 2024 (Audited)	**860**	**8,992,459**	**(92,732)**	**(8)**	**579,020**	**(3,042)**	**(9,019,727)**	**456,830**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**15,699**	**15,699**
Other comprehensive expense for the period	**–**	**–**	**–**	**–**	**–**	**(11)**	**–**	**(11)**
Total comprehensive (expense) income for the period	**–**	**–**	**–**	**–**	**–**	**(11)**	**15,699**	**15,688**
Restricted stock units exercised under trust (note 17)	**–**	**7,731**	**(1)**	**1**	**(7,731)**	**–**	**–**	**–**
Recognition of equity-settled share-based payment (note 18)	**–**	**–**	**–**	**–**	**(4,889)**	**–**	**–**	**(4,889)**
Exercise of share options (note 18)	**–**	**201**	**–**	**–**	**(174)**	**–**	**–**	**27**
At June 30, 2024 (Unaudited)	**860**	**9,000,391**	**(92,733)**	**(7)**	**566,226**	**(3,053)**	**(9,004,028)**	**467,656**
At January 1, 2023 (Audited)	802	8,627,932	(92,738)	(2)	568,097	(2,272)	(8,652,493)	449,326
Loss for the period	–	–	–	–	–	–	(209,226)	(209,226)
Other comprehensive expense for the period	–	–	–	–	–	(840)	–	(840)
Total comprehensive expense for the period	–	–	–	–	–	(840)	(209,226)	(210,066)
Restricted stock units exercised under trust (note 17)	–	15,374	7	(7)	(15,374)	–	–	–
Recognition of equity-settled share-based payment (note 18)	–	–	–	–	26,188	–	–	26,188
Exercise of share options (note 18)	–	1,120	–	–	(974)	–	–	146
Issue of ordinary shares (note 17)	58	338,063	–	–	–	–	–	338,121
At June 30, 2023 (Unaudited)	860	8,982,489	(92,731)	(9)	577,937	(3,112)	(8,861,719)	603,715

Condensed Consolidated Statement of Cash Flows

For the Six Months ended June 30, 2024

	For the six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Profit (loss) for the period	**15,699**	(209,226)
Adjustments for non-cash or non-operating items	**8,539**	26,926
Operating cash flows before movements in working capital	**24,238**	(182,300)
Interest received	**736**	–
Increase in account receivables	**(6,656)**	(108,734)
(Increase) decrease in deposits, prepayments and other receivables	**(22,625)**	78,873
(Increase) decrease in inventories	**(69,239)**	821
Decrease in account and other payables and accrued expenses	**(90,968)**	(134,570)
(Decrease) increase in refund liabilities	**(19,176)**	5,083
Decrease in contract liabilities	**(3,442)**	–
NET CASH USED IN OPERATING ACTIVITIES	**(187,132)**	(340,827)
INVESTING ACTIVITIES		
Interest received	**6,703**	15,387
Receipt of return from money market funds	**196**	84
Proceeds on disposal of property, plant and equipment	**372**	–
Placement of time deposits with maturity over three months	**(105,000)**	(64,215)
Withdrawal of time deposits with maturity over three months	**–**	446,680
NET CASH (USED IN) FROM INVESTING ACTIVITIES	**(97,729)**	397,936
FINANCING ACTIVITIES		
Interest paid	**(6,720)**	(5,874)
Repayments of bank borrowings	**(190,564)**	(154,283)
New bank borrowings raised	**178,000**	100,000
Repayment of lease liabilities	**(16,216)**	(12,436)
Exercise of share options	**27**	146
Proceeds on issue of ordinary shares	**–**	341,430
Transaction costs attributable to issue of shares	**–**	(3,309)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(35,473)**	265,674
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(320,334)**	322,783
Effect of foreign exchange rate changes	**2,519**	24,757
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**996,671**	558,684
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**678,856**	906,224

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 D2 to the Rules Governing the Listing of Securities on The Stock Exchange.

The directors of the Company have, at the time of approving the condensed consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements.

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 amendments to International Financial Reporting Standards ("IFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2024 are the same as those presented in the Group's annual consolidated financial statements for the year ended December 31, 2023.

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 Group's annual period beginning on January 1, 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of all these amendments to IFRSs in the current interim period has had no material impact on the Group's financial positions 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

Disaggregation of revenue from contracts with customers

	For the six months ended June 30	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Types of goods or services		
Sales of pharmaceutical products	**118,279**	246,855
License fee income	**122,567**	–
Royalty income	**13,319**	14,619
	254,165	261,474
Timing of revenue recognition		
A point in time	**254,165**	261,474

Segment Information

The Group has been operating in one reportable segment, being the research and development of highly complex biopharmaceutical products, sale of pharmaceutical products, and provide license of its intellectual property or commercialisation license to customers.

The Group's chief operating decision maker ("CODM") has been identified as the chief executive officer of the Group. For the purpose of resource allocation and performance assessment, the CODM reviews the overall results and financial position of the Group prepared based on the Group's accounting policies.

Geographical

Substantially, majority of the Group's operation and non-current assets are located in the People's Republic of China (the "PRC"). The geographical information of Group's revenue, determined based on the geographical locations of the registered offices of the customers, during the Reporting Period is as follows:

	For the six months ended June 30	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
The PRC (excluding Hong Kong and Taiwan)	**232,106**	258,145
Switzerland	**16,036**	–
Others	**6,023**	3,329
	254,165	261,474

4. OTHER INCOME AND OTHER GAINS AND LOSSES

Other income

	For the six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Bank and other interest income	**7,439**	15,387
Government grants income *(note a)*	**525**	5,825
Amortisation of payments received for exclusive promotion rights granted *(note b)*	**3,443**	–
Income from sales of scrap materials	**2,723**	4,574
Others	**694**	57
	14,824	25,843

Notes:

a. Government grants include subsidies from the PRC government 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 recognised in profit or loss in the period in which they become receivable.

b. The amount represents the amortisation of advance payments received to grant the promotion rights to an independent third party on the pharmaceutical products over the agreed exclusive promotion period as detailed in note 15.

Other gains and losses

	For the six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net gain on fair value of money market funds	**196**	84
Net gain on fair value changes of financial assets measured at FVTPL	**9,132**	–
Net foreign exchange gains	**3,235**	24,613
Gain on disposal of property, plant and equipment	**340**	–
Others	**(19)**	75
	12,884	24,772

5. INCOME TAX EXPENSE

No income tax expense for the six months ended June 30, 2024 and 2023 as the Group had no assessable profits derived from the operating entities of the Group.

6. PROFIT (LOSS) FOR THE PERIOD

	For the six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit (loss) for the period has been arrived at after charging (crediting):		
Depreciation of		
Property, plant and equipment	**1,043**	2,450
Right-of-use assets	**17,125**	18,922
Amortisation of intangible assets	**5,839**	7,257
Total depreciation and amortisation	**24,007**	28,629
Directors' emoluments	**15,423**	40,803
Other staff costs:		
Salaries and other allowances	**52,501**	110,453
Performance related bonus	**3,986**	12,097
Retirement benefit scheme contributions	**12,370**	23,878
Share-based payment expenses	**(16,927)**	(11,037)
	51,930	135,391
	67,353	176,194
Impairment losses recognised on construction in progress (included in research and development expenses)	**4,161**	5,775
(Reversal) write-down of inventories (included in cost of revenue)	**(2,710)**	1,791
Cost of inventories recognised as cost of revenue	**43,529**	55,169

7. DIVIDENDS

No dividends were paid, declared or proposed during the interim period.

The directors of the Company have determined that no dividend will be paid in respect of the interim period.

8. EARNING (LOSS) PER SHARE

The calculation of the basic and diluted earning (loss) per share for the period is as follows:

	For the six months ended June 30,	
	2024 (Unaudited)	2023 (Unaudited)
Earning (loss) (RMB'000)		
Earning (loss) for the period attributable to owners of the Company for the purpose of basic and diluted earning (loss) per share	**15,699**	(209,226)
Number of shares ('000)		
Weighted average number of ordinary shares for the purpose of basic and diluted earning (loss) per share	**1,275,512**	1,251,793

The calculation of basic and diluted earning (loss) per share for both periods has excluded the treasury shares held in trust of the Company.

Diluted earning (loss) per share for both periods did not assume the exercise of share options awarded under the employee stock option and the vesting of unvested RSUs (note 18) as their inclusion would be anti-dilutive.

9. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group disposed of property, plant and equipment of RMB32,000 (six months ended June 30, 2023: addition RMB15,000).

During the current interim period, in view that CStone Suzhou Factory (the "Facilities") remained temporary suspension of the operation, the directors of the Company have performed an impairment assessment of the Facilities and consequently determined an impairment of the related construction in progress amounting to RMB4,161,000 (six months ended June 30, 2023: RMB5,775,000). The impairment loss has been included in profit or loss in the research and development expenses line item.

10. ACCOUNT RECEIVABLES

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

The following is an aged analysis of account receivables presented based on invoice dates at the end of the reporting period.

	June 30, 2024 ***RMB'000*** **(Unaudited)**	December 31, 2023 *RMB'000* (Audited)
0 – 60 days	**108,685**	28,447
61 – 90 days	**1,922**	20
Over 90 days	**68,487**	143,971
	179,094	172,438

11. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	June 30, 2024 ***RMB'000*** **(Unaudited)**	December 31, 2023 *RMB'000* (Audited)
Rental deposits	**9,542**	9,542
Prepayments	**2,027**	3,751
Value-added tax recoverable	**2,096**	457
Interest receivables	**7,898**	5,536
Reimbursement from a licensor *(note)*	**21,591**	–
Others	**3,579**	4,822
	46,733	24,108
Analysed as:		
Non-current	**2,939**	2,258
Current	**43,794**	21,850
	46,733	24,108

Note: The Group entered in an agreement with the licensor and its authorised manufacturer. Amounts represented the balance in which the Group is entitled to receive from the licensor pursuant to which the licensor will reimburse to the Group for part of the Group's cost of purchase from manufacturer. Such amounts are expected to be settled within 1 year.

12. FINANCIAL ASSETS MEASURED AT FVTPL

	June 30, 2024 *RMB'000* (Unaudited)	December 31, 2023 *RMB'000* (Audited)
Unlisted equity investment	**12,673**	3,541

Note: During the year ended December 31, 2023, the convertible note was executed and automatically converted due to Qualified Financing of the entity. The management of the Group assessed its fair value change of such unlisted equity investments is insignificant as at December 31, 2023 and June 30, 2024. Further to the convertible note, at December 31, 2023 and June 30, 2024, the Group held 1,000,000 class X units of a private equity resulting from the redemption of the fund linked note as detailed in Note 19 of the Group's 2023 annual report. The management of the Group assessed its fair value is nil and RMB7,847,000 at December 31, 2023 and June 30, 2024, respectively, after considering the expected return of the underlying investments.

13. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

Time deposits with original maturity over three months

As June 30, 2024, the Group held time deposits RMB135,000,000 (December 31, 2023: RMB30,000,000) with original maturity of more than three months which carried effective interest rates ranging from 2.35% to 3.10% (December 31, 2023: 3.10%) per annum.

Cash and cash equivalents

	June 30, 2024 *RMB'000* (Unaudited)	December 31, 2023 *RMB'000* (Audited)
Cash at banks	**477,462**	683,771
Cash on hand	**71**	71
Cash equivalents		
– Money market funds *(note)*	**6,156**	5,960
– Time deposits with original maturity less than three months	**195,167**	306,869
	678,856	996,671

Note: Amount represents investments in a public debt constant net asset value money market fund and low volatility net asset value money market fund.

14. ACCOUNT AND OTHER PAYABLES AND ACCRUED EXPENSES

	June 30, 2024 *RMB'000* (Unaudited)	December 31, 2023 *RMB'000* (Audited)
Account payables	**301,419**	315,106
Accrued expenses		
– Research and development *(note a)*	**204,890**	271,653
– Royalty fees	**26,054**	3,818
– Selling and marketing	**24,917**	21,475
– Legal and professional fees	**9,267**	2,108
– Others	**10,728**	8,457
Staff payroll payables	**36,301**	64,768
Other tax payables	**7,898**	17,660
Other payables	**39,369**	45,126
	359,424	435,065
	660,843	750,171
Analysed as:		
Non-current *(note b)*	**56,377**	68,729
Current	**604,466**	681,442
	660,843	750,171

Notes:

(a) Amounts mainly included accrued service fees to outsourced the service providers including contract research organisations, contract manufactory organisations and clinical trial centres.

(b) In 2023, the Group entered into a supplemental agreement with the vendors, pursuant to which both parties agreed to defer the settlement of RMB24,987,000 and US$7,945,000 (equivalent to RMB57,419,000). Such amounts are carried at a fixed interest rate of 4% per annum. Pursuant the supplemental agreement, the repayment schedule is US$1,000,000 (equivalent to RMB7,127,000) to be settled in the first quarter of 2024, US$3,000,000 (equivalent to RMB21,380,000) in total will be settled in the third quarter of 2024 and the first quarter of 2025 and the remaining principal and interest will be settled in the third quarter of 2025.

14. ACCOUNT AND OTHER PAYABLES AND ACCRUED EXPENSES (continued)

The credit period on account payables is 0 to 90 days. The following is an aged analysis of account payables presented based on invoice dates at the end of the reporting period.

	June 30, 2024 *RMB'000* (Unaudited)	December 31, 2023 *RMB'000* (Audited)
0 – 30 days	**27,330**	171,216
31 – 60 days	**148,265**	24,520
61 – 90 days	**7,760**	39,850
Over 90 days	**118,064**	79,520
	301,419	315,106

15. CONTRACT LIABILITIES

	June 30, 2024 *RMB'000* (Unaudited)	December 31, 2023 *RMB'000* (Audited)
Advance from customers for exclusive promotion rights	**65,410**	68,852
Analysed as:		
Non-current	**58,525**	61,967
Current	**6,885**	6,885
	65,410	68,852

During the year ended December 31, 2023, the Group entered into an exclusive promotion service agreement with an independent third party under which the Group granted the exclusive promotion rights on a pharmaceutical product. Pursuant to the agreement, the Group is entitled to an upfront payment and additional milestone payments, while the counterparty receives the exclusive rights to commercialise the product in China and will receive tiered service fee based on the net sales. In 2023, the Group received the non-refundable upfront payment, amounting to RMB74,200,000. The VAT-excluded amount was recognised in contract liabilities amounted to RMB70,000,000 and amortised within the agreed exclusive promotion period.

16. BANK BORROWINGS

During the current interim period, the Group obtained new bank loans of RMB178,000,000 (six months ended June 30, 2023: RMB100,000,000). The loan was unsecured, unguaranteed and carried at variable interest rate (also being the effective interest rate) Loan Prime Rate ("LPR") less 45 basis points per annum, for the purpose of working capital. During the current interim period, the Group repaid bank loans of RMB190,564,000 (six months ended June 30, 2023: RMB154,283,000).

17. SHARE CAPITAL/TREASURY SHARES HELD IN THE TRUST

	Number of shares	Share capital *US$'000*
Ordinary shares		
Ordinary shares of US$0.0001 each		
Authorised		
At January 1, 2023 (Audited), June 30, 2023 (Unaudited), January 1, 2024 (Audited) and June 30, 2024 (Unaudited)	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, 2023 (Audited)	1,198,744,012	120	802
Exercise of share options	343,004	–*	–*
Issuance of ordinary shares	84,800,000	8	58
At June 30, 2023 (Unaudited)	1,283,887,016	128	860
At January 1, 2024 (Audited)	1,284,163,999	129	860
Exercise of share options	27,213	–*	–*
At June 30, 2024 (Unaudited)	1,284,191,212	129	860

* Amount less than US$1,000 or RMB1,000.

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

Treasury shares held in the trust:

	Number of treasury shares	Amount *US$'000*	Equivalent amount of treasury shares *RMB'000*
At January 1, 2023 (Audited)	665,070	–*	2
RSUs exercised under the trust	(1,800,812)	(1)	(1)
Recycled to the trust	11,243,300	1	8
At June 30, 2023 (Unaudited)	10,107,558	–*	9
At January 1, 2024 (Audited)	8,847,286	1	8
RSUs exercised under the trust	(1,112,859)	–*	(1)
At June 30, 2024 (Unaudited)	7,734,427	1	7

* Amount less than US$1,000.

In July 2019, the Company and Computershare Hong Kong Trustees Limited (the "Computershare Trustees"), an independent third party, set up the 2019 CStone Share Incentivisation Trust for Non-Connected Persons which entered into a trust deed pursuant to which the Computershare Trustees has agreed to act as the trustee to administer the Pre-IPO Incentivisation Plan (as defined in Note 18) to hold the ordinary shares under the Pre-IPO Incentivisation Plan through the Computershare Trustees. Since the Company has control over the trust, the shares held in the trust are accounted for as treasury shares of the Company.

18. SHARE-BASED PAYMENT TRANSACTIONS

(i) 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 Incentivisation Plan") for the purpose of incentivising, 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.

18. SHARE-BASED PAYMENT TRANSACTIONS (continued)

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

The Pre-IPO ESOP (continued)

The following table discloses movements of the Company's Pre-IPO ESOP held by grantees during the period:

Option type	Outstanding at 1/1/2024 (Audited)	Forfeited	Exercised	Outstanding at 30/6/2024 (Unaudited)
Pre-IPO ESOP	**4,989,538**	**(12,156)**	**(27,213)**	**4,950,169**
Weighted average exercise price		**USD0.14**	**USD0.04**	

Option type	Outstanding at 1/1/2023 (Audited)	Forfeited	Exercised	Outstanding at 30/6/2023 (Unaudited)
Pre-IPO ESOP	5,685,139	(16,672)	(343,004)	5,325,463
Weighted average exercise price		USD0.14	USD0.06	

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.

During the six months ended June 30, 2023, the Group cancelled 6,200,000 and 9,964,460 share options of Dr. Yang and employees, respectively, pursuant to the terms of the Post-IPO ESOP and re-granted 4,340,000 and 7,116,419 new share options, to Dr. Yang and employees ("Existing Grantees"), respectively. In March 2023, the shareholders of the Company approved the proposed cancellation and re-grant of options under the Post-IPO ESOP in the Company's extraordinary general meeting.

The following table discloses movements of the Company's Post-IPO ESOP held by grantees during the period:

Option type	Outstanding at 1/1/2024 (Audited)	Granted	Forfeited	Outstanding at 30/6/2024 (Unaudited)
Post-IPO ESOP	**73,147,494**	**11,202,900**	**(5,464,093)**	**78,886,301**
Weighted average exercise price		**HK$1.73**	**HK$4.60**	

18. SHARE-BASED PAYMENT TRANSACTIONS (continued)

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

The Post-IPO ESOP (continued)

Option type	Outstanding at 1/1/2023 (Audited)	Granted	Canceled	Forfeited	Outstanding at 30/6/2023 (Unaudited)
Post-IPO ESOP	86,236,090	25,777,539	(16,164,460)	(29,605,724)	66,243,445
Weighted average exercise price		HK$4.27	HK$11.30	HK$9.04	

During the six months ended June 30, 2024, the fair values of the Post-IPO ESOP granted determined at the dates of grant ranged from HK$0.45 to HK$1.16 per share.

The fair value of the options granted in the current period was estimated using Option Pricing Model. The key assumptions, used in computing the fair value of the options granted are required to be determined by the directors of the Company with best estimate. Changes in variables and assumptions may result in changes in the fair value of the options.

The following assumptions were used to calculate the fair value of the Post-IPO ESOP granted during the current interim period:

	For the six months ended June 30, 2024
Exercise price	**HK$0.94 -HK$2.35**
Expected life	**10 years**
Expected volatility	**56.8%-60.0%**
Expected dividend yield	**0%**
Risk-free interest rate	**3.46%-3.76%**

(ii) RSUs

The Pre-IPO RSUs Plan

Prior to the listing, the Group granted in total 18,079,665 RSUs of the Company at no consideration to the grantees in accordance with Pre-IPO Incentivisation Plan.

18. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(ii) RSUs (continued)

The Pre-IPO RSUs Plan (continued)

The following table discloses the movement of the Company's Pre-IPO RSUs during the period:

	Number of RSUs
At January 1, 2023 (Audited)	**192,470**
Vested during the period	**(192,470)**
At June 30, 2023 (Unaudited)	**–**

The Post-IPO RSUs Plan

A restricted share award scheme (the "Post-IPO RSUs Plan") was approved and adopted pursuant to a resolution passed on March 22, 2019. 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 following table discloses the movement of the Company's Post-IPO RSUs during the period:

	Number of RSUs
At January 1, 2024 (Audited)	**4,586,778**
Granted during the period	**11,197,900**
Forfeited during the period	**(1,253,169)**
Vested during the period	**(1,112,859)**
At June 30, 2024 (Unaudited)	**13,418,650**

	Number of RSUs
At January 1, 2023 (Audited)	6,480,851
Granted during the period	3,379,180
Forfeited during the period	(925,975)
Vested during the period	(1,608,342)
At June 30, 2023 (Unaudited)	7,325,714

The fair value of the Post-IPO RSUs granted during the current interim period was HK$0.94 per Post-IPO RSU which was determined by the observable market price at grant date.

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value measurements and valuation processes

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Chief Financial Officer of the Group establishes the appropriate valuation techniques and inputs to the model and reports any findings to the directors of the Company.

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 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on 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)

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

Financial assets	Fair value at		Fair value hierarchy	Valuation techniques and key input(s)
	June 30, 2024 *RMB'000* (Unaudited)	December 31, 2023 *RMB'000* (Audited)		
Money market funds	**6,156**	5,960	Level 2	Based on the net asset values of the funds, which are determined with reference to observable and quoted prices of underlying investment portfolio and adjustments of related expenses
Unlisted equity investment	**4,826**	3,541	Level 2	Recent transaction price
	7,847	–	Level 3	Black-Scholes Model Key inputs are: (1) Discounts for Lack of Marketability: 36% (2) Restricted shares price: USD4.3 (3) Probability of Conversion ordinary shares
Financial asset at fair value through other comprehensive income	**135,000**	30,000	Level 2	Discounted Cash flows Key inputs are: (1) Expected yields of debt instruments invested by bank (2) A discount rate that reflects the credit risk of the bank

Fair value of financial assets and liabilities that are not measured at fair value on a recurring basis

There were no transfers between Level 1 and 2 during the period.

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

20. RELATED PARTY TRANSACTIONS

The Group entered into the following transactions during the period with certain related parties.

Compensation of key management personnel

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

	For the six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Short term benefits	**11,450**	15,324
Retirement benefits scheme contributions	**546**	580
Total cash compensation	**11,996**	15,904
Share-based payment expense	**16,342**	58,464
	28,338	74,368

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

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.

"Amendment Date"	March 7, 2023, being the date on which the amendments of the Post-IPO ESOP and the Post-IPO RSU Scheme are conditionally approved by resolutions of the Company in its general meeting
"Articles" or "Articles of Association"	the sixth amended and restated articles of association of the Company adopted on June 18, 2024, as amended, supplemented or otherwise modified from time to time
"Audit Committee"	the audit committee of the Board
"Board", "our Board" or "Board of Directors"	the board of directors of our Company
"CEO"	chief executive officer of the Company
"CG Code"	The Corporate Governance Code sets out in Appendix C1 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
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"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

Definitions

"CStone Suzhou"	CStone Pharmaceuticals (Suzhou) Co., Ltd. (基石藥業(蘇州)有限公司), a company established under the laws of the PRC on April 21, 2016 and one of the Company's subsidiaries
"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
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China or clinical trial notification in Australia
"Independent Auditor" or "Deloitte"	Deloitte Touche Tohmatsu
"INED(s)"	the independent non-executive Director(s)
"Investment Committee"	the investment committee of the Board
"IO"	immuno-oncology
"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
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange, which is independent from and operated in parallel with the GEM of the Stock Exchange. For the avoidance of doubt, the Main Board excludes the GEM
"Memorandum" or "Memorandum of Association"	the sixth amended and restated memorandum of association of our Company adopted on June 18, 2024, 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 C3 to the Listing Rules
"NDA"	new drug application
"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
"Pfizer"	Pfizer Inc., a company incorporated in Delaware and listed on the New York Stock Exchange (NYSE: PFE)
"Pfizer Corporation"	Pfizer Corporation Hong Kong Limited, a company incorporated in Hong Kong with limited liability, an indirectly wholly-owned subsidiary of Pfizer
"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
"Preferred Share(s)"	preferred share(s) in the share capital of the Company prior to the Listing
"Pre-IPO Incentivization Plan"	our Company's pre-IPO employee equity plan
"Prospectus"	the prospectus of the Company, dated February 14, 2019, in relation to the Global Offering
"Reporting Period"	the six-month period from January 1, 2024 to June 30, 2024
"RMB" or "Renminbi"	Renminbi Yuan, the lawful currency of China
"RSU(s)"	restricted share unit(s)

Definitions

"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
"Share Subscription Agreement"	the Share Subscription Agreement dated September 30, 2020 entered into between the Company and Pfizer Corporation in respect of the Subscription
"SM"	systemic mastocytosis, a form of mastocytosis, in which mast cells accumulate in internal tissues and organs such as the liver, spleen, bone marrow, and small intestines
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategy Committee"	the strategy committee of the Board
"Subscription"	the subscription of the Subscription Shares under the Share Subscription Agreement
"Subscription Price"	US$1.725 per Share (equivalent to approximately HK$13.37 per Share) as set out in the Share Subscription Agreement
"Subscription Shares"	a total of 115,928,803 new Shares to be allotted and issued by the Company to Pfizer Corporation under the Share Subscription Agreement
"treasury share(s)"	has the meaning ascribed to it under the Listing Rules
"U.S."	United States of America
"USD" or "US$" 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", "connected person", "controlling shareholder", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules.


基石药业
CSTONE
PHARMACEUTICALS