CANbridge
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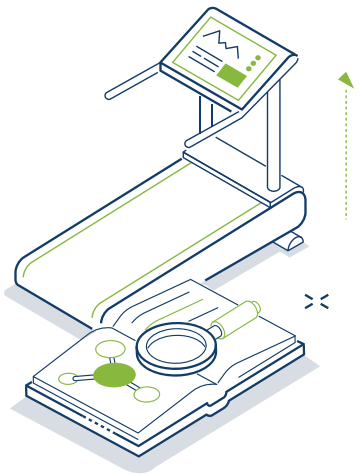
CANbridge Pharmaceuticals Inc.
北海康成製藥有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1228

Contents



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 definition, and may not be directly comparable to similarly titled terms adopted by other companies operating in the same industries as the Company.

"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of directors of our Company
"CANbridge", "Group", "our Group", "our", "we" or "us"	the Company, its subsidiaries and consolidated affiliated entities from time to time or, where the context so requires, in respect of the period prior to the Company becoming the holding company of its present subsidiaries and consolidated affiliated entities, such subsidiaries and consolidated affiliated entities as if they were subsidiaries and consolidated affiliated entities of our Company at the relevant time
"CANbridge Life Sciences"	CANbridge Life Sciences Ltd. (北海康成(北京)醫藥科技限公司), a limited liability company established under the laws of the PRC on 12 June 2012 and one of our Company's subsidiaries
"CEO" or "Chief Executive Officer"	chief executive officer of our Company
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"China" or "PRC"	People's Republic of China, but for the purpose of this report and for geographical reference only and except where the context requires otherwise, references in this report to "China" and the "PRC" do not apply to Hong Kong, Macau and Taiwan
"Company" or "Our Company"	CANbridge Pharmaceuticals Inc.(北海康成製藥有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 30 January 2018
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Core Product"	has the meaning ascribed thereto under Chapter 18A of the Listing Rules
"Director(s)"	the directors of the Company
"Dr. Xue"	Dr. James Qun Xue, the founder, Chairman of the Board, executive Director and Chief Executive Officer of our Company

Definitions

"FDA"	the United States Food and Drug Administration, a federal agency of the Department of Health and Human Services
"Global Offering"	the Hong Kong public offering and the international offering of the Shares
"HKD" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	The Hong Kong Special Administrative Region of the People's Republic of China
"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"Listing"	the listing of the shares on the Main Board of the Stock Exchange
"Listing Date"	10 December 2021
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
"NMPA"	the National Medical Products Administration of China(國家藥品監督管理局)
"Nomination and Corporate Governance Committee"	the nomination and corporate governance committee of the Board
"Post-IPO RSU Scheme"	the RSU scheme adopted by our Company on 18 November 2021
"Post-IPO Share Option Scheme"	the share option scheme adopted by our Company on 18 November 2021
"Pre-IPO Equity Incentive Plan" or "2019 Equity Incentive Plan"	the 2019 equity incentive plan adopted by our Company on 25 July 2019, as amended on 11 June 2021
"Prospectus"	the prospectus of the Company dated 30 November 2021
"Remuneration Committee"	the remuneration committee of the Board

Definitions

"Reporting Period"	the six months ended 30 June 2023
"RMB"	Renminbi, the lawful currency of China
"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 shares in the share capital of our Company with a nominal value of US$0.00001 each
"Shareholder(s)"	holder(s) of our Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"TFDA"	Taiwan Food and Drug Administration
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"USD" or "US$"	United States dollars, the lawful currency of the United States
"%"	per cent

Corporate Information

BOARD OF DIRECTORS

Executive Director

Dr. James Qun Xue
(Chairman and Chief Executive Officer)

Non-executive Directors

Dr. Kan Chen
Dr. Derek Paul Di Rocco
Mr. Edward Hu

Independent Non-executive Directors

Dr. Richard James Gregory
Mr. James Arthur Geraghty
Mr. Peng Kuan Chan
Dr. Lan Hu

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Unit 18, 6th Floor, Building 21
No.388 Xinping Street
Suzhou Industrial Park
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China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit A131, 16/F, Tower 5
The Gateway, Harbour City
15 Canton Road, Tsim Sha Tsui
Hong Kong

LEGAL ADVISER

As to Hong Kong law:
Davis Polk & Wardwell
10/F, The Hong Kong Club Building
3A Chater Road
Hong Kong

REGISTERED OFFICE

89 Nexus Way
Camana Bay
Grand Cayman
KY1-9009
Cayman Islands

PRINCIPAL SHARE REGISTRAR

Ogier Global (Cayman) Limited
89 Nexus Way
Camana Bay
Grand Cayman
KY1-9009
Cayman Islands

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKS

In Hong Kong:
CMB Wing Lung Bank Limited

In the PRC:
China Merchants Bank Shanghai Branch

JOINT COMPANY SECRETARIES

Ms. Qian Ma
Mr. Wai Chiu Wong

AUTHORIZED REPRESENTATIVES

Dr. James Qun Xue
Mr. Wai Chiu Wong

Corporate Information

AUDIT COMMITTEE

Mr. Peng Kuan Chan *(Chairperson)*
Mr. James Arthur Geraghty
Dr. Kan Chen

REMUNERATION COMMITTEE

Dr. Richard James Gregory *(Chairperson)*
Dr. Lan Hu
Mr. Edward Hu

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

Dr. James Qun Xue *(Chairperson)*
Dr. Derek Paul Di Rocco
Mr. James Arthur Geraghty
Dr. Richard James Gregory
Mr. Peng Kuan Chan

STOCK CODE

1228

AUDITOR

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

COMPANY WEBSITE

www.canbridgepharma.com

Business Highlights

***Hunterase® (CAN101)**, an enzyme replacement therapy (ERT) for the treatment of Mucopolysaccharidosis type II (MPS II), also known as Hunter syndrome. MPS II has been included in the "First National List of Rare Diseases" in China since May 2018.*

- Launched in May 2021 in mainland China as the first and only ERT for MPS II. Identification of new patients accelerates, with 739 identified as of 30 June 2023.

- Expanded commercial insurance programs (Huiminbao) to 109 cities, covering a population of 586 million in China.

***Livmarli® (CAN108 maralixibat oral solution)**, an oral, minimally absorbed reversible inhibitor of the ileal bile acid transporter (IBAT) that is under development to treat rare cholestatic liver diseases. CANbridge has the exclusive rights to develop, commercialize, and under certain conditions, manufacture Livmarli in Greater China.*

- On 29 May 2023, the NMPA granted marketing approval of Livmarli, making Livmarli the first and only approved product in China to be marketed for the treatment of cholestatic pruritus in patients with Alagille syndrome (ALGS) 1 year of age and older.

- CANbridge plans to launch Livmarli nationwide in China in January 2024 and is planing to negotiate with the *China National Reimbursement Drug List (NRDL)* in the second half of 2023.

- Completed enrollment of the Phase 2 study of Livmarli in biliary atresia (BA) in China. This clinical trial in BA is being conducted by Mirum Pharmaceuticals, Inc. ("**Mirum**") and supported by CANbridge under the license agreement with Mirum. Topline data from this trial is expected in the second half of 2023.

- Anticipate new drug application (NDA) approval for Livmarli's use in ALGS patients aged 1 year and older in Taiwan and Hong Kong by the end of 2023.

- We plan to submit NDA for Livmarli's use in Progressive familial intrahepatic cholestasis (PFIC) patients in the second half of 2023.

***CAN106**, a novel, long-acting monoclonal antibody for the treatment of complement-mediated diseases, including paroxysmal nocturnal hemoglobinuria (PNH), myasthenia gravis (MG) and various other complement-mediated diseases that are targeted by anti-C5 antibodies. PNH has been included in the "First National List of Rare Diseases" in China since May 2018.*

- Reported positive preliminary top-line data from the ongoing Phase 1b study of CAN106 being conducted in PNH patients in China. Results suggest complete blockade of complement function at safe and well-tolerated doses. The data also show a dose-dependent reduction of lactate dehydrogenase (LDH) and increased hemoglobin levels, demonstrating clinically meaningful hemolysis inhibition.

- Based on the positive results from the Phase 1b study, CANbridge will begin enrolling a registrational clinical trial in PNH in China that will commence in the second half of 2023 with potential data in the second half of 2024.

Business Highlights

***CAN008**, a glycosylated CD95-Fc fusion protein being developed for the treatment of glioblastoma multiforme (GBM).*

- An independent data monitoring committee completed an interim analysis and review of the ongoing Phase 2 study of CAN008 being conducted in China in patients with newly diagnosed GBM and recommended the study continue without any changes to the current trial design.

***CAN103**, an ERT for the treatment of Gaucher Disease (GD). GD has been included in the "First National List of Rare Diseases" in China since May 2018.*

- Completed Part A of the ongoing Phase 1/2 clinical trial in China and initiated Part B in the first quarter of 2023, which will serve as a potential registrational trial.

- CAN103 is the first clinical stage ERT being developed for GD in China.

***Gene Therapy**, an CANbridge gene therapy platform, focusing on adeno-associated virus (AAV) as a gene delivery vehicle, with potential as a one-time durable therapy for many genetic diseases. Fabry disease and spinal muscular atrophy (SMA) have been included in the "First National List of Rare Diseases" since May 2018.*

- Announced the appointment of Jason West, Ph.D., to the position of Vice President, Head of Gene Therapy Research. Dr. West possesses expertise in areas such as gene therapy development, platform innovation, and clinical candidate development.

- Presented preclinical data at the 2023 American Society of Gene and Cell Therapy (ASGCT) Annual Meeting. Data shared at ASGCT highlights the potential of this novel, second-generation scAAV that expresses a codon optimized co-hSMN1 from an endogenous hSMN1 promoter, to treat SMA. The data demonstrated that low-dose intracerebroventricular delivery of the gene therapy was able to achieve superior potency, efficacy and safety in mice with SMA, compared to the benchmark vector, scAAV-CMVen/CB-hSMN1, which is similar to the FDA-approved gene therapy vector for SMA.

Financial Highlights

- Our revenue increased by RMB8.4 million or 24.2%, from RMB34.7 million for the six months ended 30 June 2022 to RMB43.1 million for the six months ended 30 June 2023, which was mainly attributable to the increase of sales from Hunterase® and Livmarli®.

- Our research and development ("**R&D**") expenses decreased by approximately RMB15.3 million or 9.7%, from RMB158.3 million for the six months ended 30 June 2022 to RMB143.0 million for the six months ended 30 June 2023, which was primarily attributable to the decrease in upfront and milestone payments made to our licensing partners, the decrease in technical service fees and partially offset by the increase in depreciation and amortization costs.

- Loss for the Reporting Period decreased by approximately RMB30.8 million or 12.4%, from RMB249.0 million for the six months ended 30 June 2022 to RMB218.2 million for the six months ended 30 June 2023, which was primarily attributable to the increase of our revenue and the decreases of selling and distribution expenses, R&D expenses and administrative expenses.

- The adjusted loss for the period decreased by RMB24.5 million or 10.7%, from RMB228.9 million for the six months ended 30 June 2022, to RMB204.4 million for the six months ended 30 June 2023. The adjusted loss for the period is arrived at by adjusting the IFRS loss for the Reporting Period of RMB218.2 million (for the six months ended 30 June 2022: RMB249.0 million) through excluding the effect of share-based payment expenses. Please refer to the section headed "Non-IFRS Measures" in the Management Discussion and Analysis of this report for details.

Management Discussion and Analysis

OVERVIEW

Founded in 2012, we are a global biopharmaceutical company, with a foundation in China, committed to the research, development and commercialization of transformative therapies to treat rare diseases and oncology. As of 30 June 2023, we have a comprehensive pipeline of 14 drug assets targeting prevalent rare disease and rare oncology indications that have unmet needs and significant market potential. These include four marketed products, three drug candidates at clinical stage, one at IND-enabling stage, two at preclinical stage and four gene therapy programs at lead-identification stage. Given the challenging macro environment, including volatile capital markets and limited biotech funding, CANbridge has further prioritized and optimized the development of key products that have significant development and regulatory milestones in the coming year.

We are led by a management team with significant industry experience in rare diseases, spanning R&D, clinical development, regulatory affairs, business development and commercialization. We are supported by a talent pool of 118 employees of which 17 have a Ph.D. and/or M.D. degree, and more than 80% of our employees have prior experience working at multinational biopharmaceutical companies as of 30 June 2023. Our management team has a track record of successfully achieving approval and commercializing of rare disease therapies across the key markets, including China, the U.S., Europe, Latin America and Southeast Asia. We leverage this expertise to play an active role in advancing the rare disease industry and shaping the rare disease ecosystem in China. For example, our founder, Dr. Xue, Ph.D., is currently serving as the Deputy Director General of China's Alliance for Rare Disease (CHARD).

Since our inception in 2012, we have built a comprehensive portfolio of therapeutics, consisting of biologics, small molecules and gene therapies that target diseases with validated mechanisms of action. We will continue to enrich our pipeline through business partnerships and collaborations with academic institutions, as well as with in-house R&D.

In the rare disease area, we have seven biologics and small molecule products and product candidates for multiple indications. These include MPS II (Hunter syndrome) and other lysosomal storage disorders (LSDs), complement mediated disorders, hemophilia A, metabolic disorders and rare cholestatic liver diseases including, ALGS, PFIC and BA. We received marketing approval for Hunterase® (CAN101) for MPS II in mainland China in September 2020. We obtained the IND approval from the NMPA for a CAN106 study in PNH in July 2021; a positive top-line CAN106 Phase 1 data for the single ascending dose study in Singapore was reported in February 2022; and a positive preliminary CAN106 Phase 1b data for multiple dose ascending trial in PNH patients in China was reported in June 2023. Results showed promising efficacy and safety and dose-dependent reduction of LDH and increased hemoglobin levels that demonstrate clinically meaningful hemolysis inhibition and anemia improvement. In addition, the NDA of Livmarli® for ALGS was accepted and granted priority review by NMPA in January 2022 and received marketing approval in China in May 2023. The first patient was dosed in Livmarli Phase 2 trial in BA in China in July 2022 and the clinical trial completed enrolment in May 2023. Furthermore, the first patient was dosed in CAN103 Phase 1 trial for the treatment of Gaucher disease in China in July 2022 and the first patient was dosed in Phase 2 trial for the treatment of Gaucher disease in China in January 2023.

In the rare oncology area, we are developing CAN008 for the treatment of GBM. In 2018, we completed a Phase 1 clinical trial for CAN008 in Taiwan in newly diagnosed patients. We received IND approval from the NMPA to commence first-line Phase 2 clinical trial of CAN008, dosed the first patient in a Phase 2 clinical trial of CAN008 for the first-line treatment of GBM patients in mainland China in October 2021, and completed Phase 2 clinical trial patient enrolment in March 2023.

In addition to biologics and small molecules, we are investing in next-generation technology for gene therapies. Gene therapies provide a potentially one-time durable treatment for rare genetic diseases that have limited treatment options. As of 30 June 2023, we are using an AAV sL65 capsid vector for the development of treatments for Fabry disease and Pompe disease, which we licensed from LogicBio Therapeutics. The license is for the development of two gene therapy products. In January 2023, we announced that we have exercised our option to secure the exclusive global rights to develop, manufacture and commercialize a novel second-generation gene therapy to treat SMA from UMass Chan Medical School. In addition, we are internally developing an AAV delivery platform targeting different tissues, such as the central nervous system (CNS) and muscle.

Market opportunities in the rare disease industry

The global rare disease industry focuses on developing medicines for diseases affecting a small number of people. Rare diseases have unique characteristics that create an efficient market for therapeutic development. Most rare diseases are caused by genetic mutations, increasing the chances of success in R&D. Sales efforts for rare disease drugs can be more targeted due to limited specialized hospitals treating these patients. Favorable regulatory environments, like the Orphan Drug Act in the United States, help to accelerate the development and commercialization of rare disease drugs.

The global rare disease drug market has grown rapidly since the enactment of the Orphan Drug Act in the United States in 1983. From USD109.0 billion in 2016, it reached USD135.1 billion in 2020 (CAGR of 5.5%). It is projected to reach USD383.3 billion by 2030, growing at a CAGR of 11.0% from 2020 to 2030. Rising awareness and healthcare expenditure have increased the demand for special treatments, positively impacting the market growth. The U.S. and Europe are the largest rare disease markets globally.

The rare disease markets in developing countries are relatively underpenetrated, due to limited access to rare disease diagnosis and treatments.

The market size of rare disease drugs in China was USD1.3 billion in 2020, lower than the U.S. and Europe. However, with a high prevalence of rare diseases, the patient pool in China is potentially over four times greater than in the U.S. According to Frost & Sullivan, the rare disease drug market in China is expected to reach USD25.9 billion by 2030, at a CAGR of 34.5%, offering great opportunities for pharmaceutical companies. Leading companies like Sanofi, AstraZeneca, and Roche have already launched products in China and other developing countries, recognizing the market potential. CANbridge is uniquely positioned to address the medical needs of global rare disease patients efficiently.

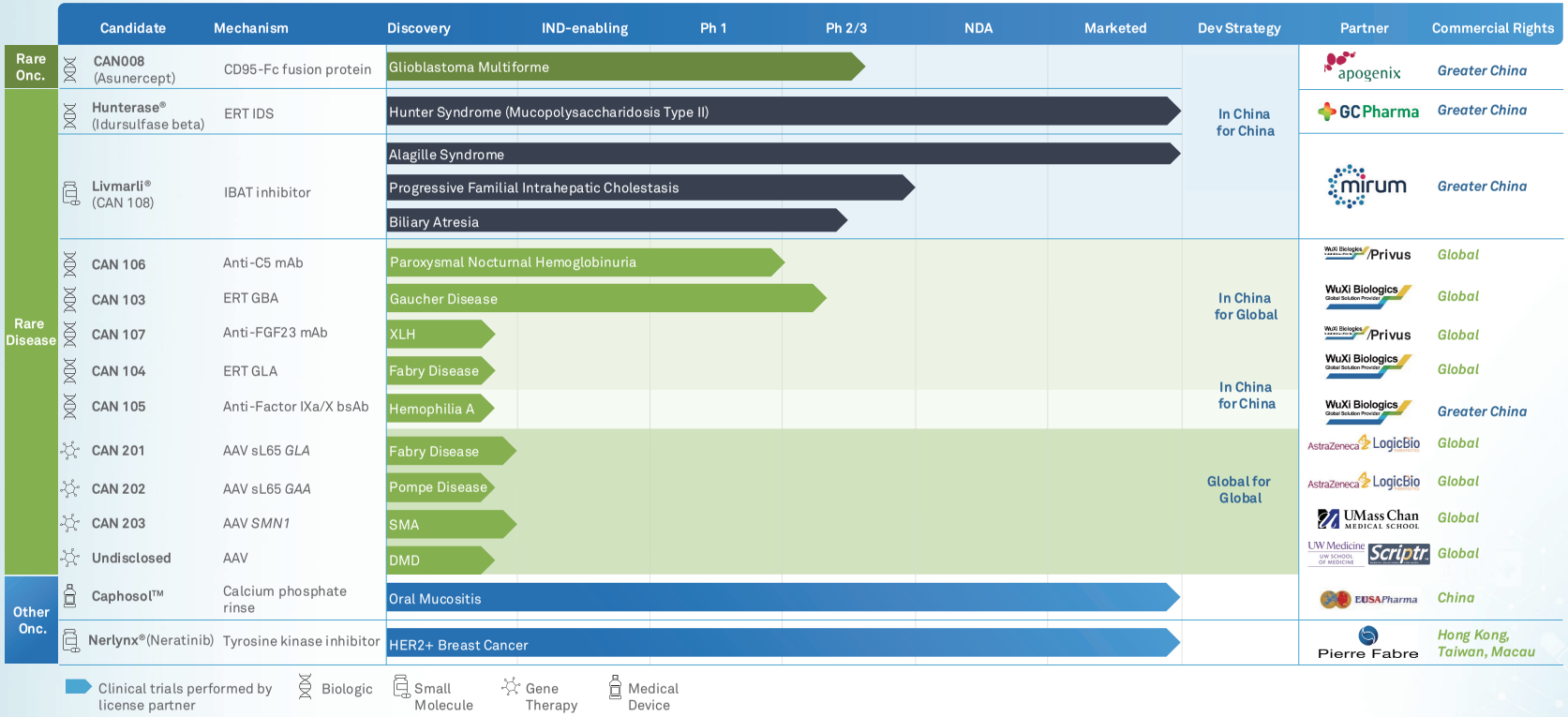
The rare disease industry in China is expected to benefit from various regulatory initiatives. China has simplified the rare disease treatment application process, streamlined the regulatory environment, including allowing for the submission of clinical data from global trials, and is moving towards a more favorable reimbursement policy. In 2018, China published the National List of Rare Diseases, which included 121 rare conditions. Presently, China is working on a second edition of the list to encompass more rare diseases.

Gene therapies are emerging as a promising solution for rare diseases, with approximately 80% of rare diseases being genetic disorders, according to Frost & Sullivan. These therapies can address the root cause of the diseases and offer curative potential. Recent advancements in genetic engineering and viral vector development have led to approved gene therapy products, such as Zolgensma® for SMA developed by Novartis, validating their potential for rare diseases.

On 9 May 2022, the NMPA issued the "Regulations for the Implementation of the Drug Administration Law of the People's Republic of China (Revised Draft for Comment)." The draft proposes a market exclusivity period of up to 12 months for the first new pediatric drugs and a market exclusivity period of up to seven years for new drugs addressing rare diseases, which provides the drug marketing license holders with continuous supply during this period.

Our Comprehensive and Diversified Pipeline

As of 30 June 2023, CANbridge holds global rights to 8 out of 14 assets, spanning biologics, small molecules, and gene therapy. These target most prevalent rare diseases and oncology indications, with proven mechanisms and market potential.



Management Discussion And Analysis

BUSINESS REVIEW

The Company was listed on the Stock Exchange on 10 December 2021. Since then and up to 30 June 2023, the Company has made significant progress with respect to its drug pipeline and business operations, including the following milestones and achievements.

HUNTERASE® (CAN101)

- Hunterase® is the first ERT approved for the treatment of Hunter syndrome (MPS II) in China. Given that ERT is the standard of care for Hunter syndrome, and that there is currently no other drug treatment available in China, we believe there is a significant market opportunity for Hunterase® (CAN101).

- CANbridge received the marketing approval from the NMPA for Hunterase® (CAN101) in September 2020 as the first and the only treatment for MPS II. Hunterase® (CAN101) is currently marketed in over 10 countries worldwide by GC Pharma. In a head-to-head Phase 1 study, Hunterase® (CAN101) demonstrated favorable efficacy as compared to Elaprase®, a drug commonly used to treat Hunter syndrome globally.

- CANbridge commercially launched Hunterase® (CAN101) in China in May 2021 in a non-reimbursed market. Patient identification has accelerated since launch, with 739 patients identified as of 30 June 2023. We have expanded Huiminbao to 109 cities, covering a population of 586 million in China.

- The Company continues to strengthen its dedicated, in-house commercialization team and expects to assemble a full-fledged rare disease commercialization team in China with the ability to commercial multiple rare disease products.

CAN108 (MARALIXIBAT ORAL SOLUTION/Livmarli®)

- Livmarli is an oral, minimally absorbed reversible inhibitor of the IBAT and is under development to treat rare cholestatic liver diseases, including ALGS (approved by FDA), PFIC and BA. Livmarli possesses an extensive safety dataset, having been evaluated in more than 1,700 human subjects. Livmarli has been studied in a number of completed and ongoing clinical trials in ALGS and PFIC with over 200 children treated and some on study for over seven years. A Phase 2b placebo-controlled randomized withdrawal period clinical trial with open-label extension in children (aged 1-18 years) conducted for ALGS by Mirum, our collaboration partner in the U.S., shows that patients receiving Livmarli experienced significant reductions in serum bile acids and pruritus compared to placebo, improvements in quality of life and xanthomas and accelerated long-term growth. In addition, Mirum has completed PFIC Phase 3 study of Livmarli, which is the largest randomized, placebo-controlled study with 93 patients across a range of genetic PFIC subtypes, including PFIC1, PFIC2, PFIC3, PFIC4, PFIC6 and unidentified mutational status. The results of this Phase 3 study have demonstrated that Livmarli-treated patients had statistically significant improvements in pruritus, serum bile acids, bilirubin and growth as measured by weight z-score in the cohort evaluating combined genetic subtypes. Mirum has submitted a sNDA (Supplemental New Drug Application) for Livmarli for the treatment of cholestatic pruritus in patients two months of age and older with PFIC. Mirum received FDA approval for Livmarli for ALGS in September 2021 and EU marketing approval in December 2022.

- CANbridge and Mirum have an exclusive license agreement for the development, commercialization and manufacture, under certain conditions, of Livmarli in Greater China. Under the terms of the agreement, CANbridge has the right of Livmarli for three indications: ALGS, PFIC and BA in Greater China.

- On 29 May 2023, the NMPA approved Livmarli making Livmarli the first and only approved product in China to be marketed for the treatment of cholestatic pruritus in patients with ALGS 1 year of age and older. Prior to the formal approval by the NMPA, Livmarli had been approved for the treatment for ALGS under the Early and Pilot Implementation Policy in Boao Lecheng International Medical Tourism Pilot Zone which allows Livmarli to be imported and used as an urgently needed drug in the region. CANbridge plans to launch Livmarli nationwide in China in January 2024 and is planing to negotiate with the NRDL in the second half of 2023.

- In addition to treating ALGS, Livmarli is also being developed for the treatment of other cholestatic liver diseases, including PFIC and BA, and has been granted Orphan Drug designation by the FDA. Under the license agreement with CANbridge, Mirum, in May 2023, announced that the China region of the global Phase 2 EMBARK[1] study of Livmarli in BA has been fully enrolled, with nearly twice the expected number of patients. There are currently no pharmacological agents approved for the treatment of patients with biliary atresia. Topline data from the EMBARK trial is expected in the second half of 2023.

- We anticipate to receive NDA approval for Livmarli's use in ALGS patients aged 1 year and older in Taiwan and Hong Kong by the end of 2023.

- Mirum's net product sales of Livmarli for the first half of 2023 amounted to USD61.6 million, while its net product sales of Livmarli in 2022 totalled USD75.1 million.

1: EMBARK is a Mirum Pharmaceuticalssponsored global Phase 2 study to evaluate the efficacy and safety of maralixibat in the treatment of patients with BA after Kasai surgery (NCT04524390). The 26-week randomized controlled trial, to be followed by a 78-week open label extension study, is being conducted at multiple sites in North America, Europe, and Asia, including China.

CAN106

- CAN106 is a novel long-acting monoclonal antibody directed against C5 complement being developed for the treatment of complement-mediated diseases, including PNH, other complement mediated diseases that are targeted by approved anti-C5 antibodies and other new potential indications. Based on pre-clinical data, CAN106 has demonstrated a favorable PK/PD profile, safety and tolerability, indicating that CAN106 has the potential to effectively inhibit C5 in patients with PNH and potentially with reduced dosing frequency versus the current standard of care.

- CANbridge obtained global rights to develop, manufacture and commercialize CAN106 in PNH, as well as for other complement-mediated diseases that involve activation of the C5 protein, from WuXi Biologics Ireland Limited, and Privus Biologics, LLC ("**Privus**") in 2019 and 2020, respectively.

- In June 2023, CANbridge announced positive preliminary results from the ongoing Phase 1b study of CAN106 being conducted in China for PNH. The trial is being conducted under the direction of principal investigator, Bing Han, MD, PhD, Chief Physician and Professor in the Department of Hematology at Peking Union Medical College Hospital in Beijing, China. CAN106 showed dose-proportional exposure with free C5 levels rapidly reduced within 24 hours in a dose-dependent manner, with all subjects in Cohort 3 maintaining values below 0.5 ug/mL, a threshold for complete C5 inhibition. CAN106 was safe and well-tolerated at all doses and all drug-related adverse events were mild or moderate and transient, and none led to discontinuation from the study. There were no drug-related serious adverse events, and no cases of anaphylaxis or meningococcal infection. CANbridge plans to advance CAN106 to a pivotal trial in PNH in China, where there are no approved long-acting PNH treatments. Based on the positive results from the Phase 1 study, CANbridge will begin enrolling a registrational clinical trial in PNH in China that will commence in the second half of 2023 with potential data in the second half of 2024.

- The Company presented Phase 1a trial data at the 17th National Conference on Hematology held in Shanghai, and at the 6th Annual Complement Based Drug Development Summit 2022 held in Boston, MA, at the European Hematology Association 2022 Congress in Vienna and at the 14th International Conference on Complement Therapeutics during June 17 to 22 in Rhodes, Greece. Presentations highlighted positive top-line Phase 1a data from the trial conducted in Singapore, which was first reported in February 2022. Results suggest complete blockade of complement function at safe and well-tolerated doses.

- CAN106 has received Orphan Drug Designation from the FDA for the treatment of MG, an autoimmune neuromuscular disease that causes weakness in skeletal muscles. CAN106 is eligible to receive the benefits provided under the Orphan Drug Act, including 50% tax credit for qualifying clinical trials, waivers for regulatory submission fees, eligibility to receive federal research grants, and upon marketing authorization for MG, 7 years of market exclusivity.

CAN008 (asunercept)

- CAN008 is a recombinant, antibody-like, fully-human CD95-Fc fusion protein that is being developed as a first line treatment for patients with newly diagnosed GBM. Acting as a soluble receptor, CAN008 binds to the endogenous CD95L on tumor cells and blocks its interaction with the endogenous CD95 receptor, thereby preventing tumor cell growth and metastasis. CAN008 also blocks the interaction of CD95L and CD95 on T cells, thereby preventing apoptosis and restoring immune function.

- As our core product, CAN008 has demonstrated promising efficacy and a favorable safety profile in completed and ongoing clinical trials, providing a new potential first-line treatment option for GBM. We completed a Phase 1 dose comparison (200 vs 400 mg) trial in patients with newly diagnosed GBM in Taiwan, and the results showed that CAN008 was generally safe and well tolerated. No dose-limiting toxicity was observed, and no treatment-related serious adverse events were reported. The 400 mg dose was associated with 57% (4/7) progression-free survival at 12 months and was selected as the Phase 2 dose. A Phase 2 pivotal trial conducted by Apogenix showed statistically significant and clinically meaningful improvements of more than 50% in 4-month to 6-month progression-free survival and quality of life as well as a positive trend in overall survival in patients with relapsed GBM.

- In June 2023, CANbridge announced an independent data monitoring committee completed an interim analysis and review of the ongoing Phase 2 study of CAN008 being conducted in China in patients with newly diagnosed GBM. Based on the review, the committee has recommended the study to continue without any changes to the current trial design. The Phase 2 double-blinded study enrolled 119 subjects who were randomized 2:1 to receive intravenous CAN008 400 mg or placebo, in addition to standard-of-care chemoradiotherapy. All subjects underwent surgical excision of the GBM tumor prior to study treatment. The primary endpoint is progression-free survival (PFS), and the secondary endpoint is overall survival (OS). CANbridge plans to report data from the Phase 2 clinical trial in the first half of 2024.

- CAN008 has been granted FDA Orphan Drug Designation and Orphan Medicinal Product Designation by the European Medicines Agency (EMA) for GBM. It has also been accepted into the EMA's PRIME (Priority Medicines) program, which provides support to medicines that could address unmet medical needs. In China, CAN008 has been classified as a Class 1 New Drug by the National Medical Products Administration. CANbridge holds the rights to develop and commercialize CAN008 for any indication in Greater China and is currently conducting a CAN008 Phase 2 trial in GBM in China.

- Based on the data and NMPA approval, we anticipate commercializing CAN008 within the next 3 years.

Management Discussion And Analysis

CAN103

- CAN103, a recombinant, human glucocerebrosidase (acid β-glucosidase), an ERT for the treatment of GD. CANbridge maintains global proprietary rights to develop and commercialize the product.

- The first patient was dosed in the CAN103 Phase 1/2 trial, which is being developed for the treatment of patients with GD Types I and III in China. Bing Han MD, Ph.D., Chief Physician and Professor in the Department of Hematology at Peking Union Medical College Hospital in Beijing, China, is the principal investigator for the trial. GD, a lysosomal storage disorder, is caused by a genetic enzyme deficiency leading to an accumulation of a cellular sphingolipid called glucocerebroside in macrophages residing in liver, spleen, and bone marrow, resulting in hepatosplenomegaly, anemia, thrombocytopenia, skeletal disease (infarction, osteoporosis, and pain), and death. CAN103 is an ERT under development by CANbridge, as part of its rare disease partnership with WuXi Biologics (Cayman) Inc. (stock code: 2269. HK), for the long-term treatment of adults and children with Gaucher disease Types I and III. Many GD patients in China do not have access to approved treatments due to cost barriers.

- The multi-center Phase 1/2 clinical trial consists of four parts: The Company has almost completed Part A and already initiated dosing in Part B in the first quarter of 2023.

- CAN103 is the first ERT for Gaucher disease in the clinical development stage trial in China.

GENE THERAPY

- In May 2023, CANbridge announced the appointment of Jason West, Ph.D., to the position of Vice President, Head of Gene Therapy Research. Dr. West possesses expertise in areas such as gene therapy development, platform innovation, and clinical candidate development. Most recently, he was at Fractyl Health, Inc., as Senior Director and, previously, Gene Therapy Research Director, were he led in-vivo gene therapy research programs, helped to establish a gene therapy technology platform and pipeline and identify novel AAV capsid delivery procedures. Before then, Dr. West was Senior Scientist and group leader in the Hematology/Advanced Editing Research Department at CRISPR Therapeutics AG, where he applied CRISPR technologies for DNA repair. At CRISPR, Dr. West also identified and established academic and industry partnerships and supported pre-clinical gene editing studies.

- The Company, in collaboration with the Horae Gene Therapy Center at the UMass Chan Medical School, presented preclinical data at the 2023 ASGCT Annual Meeting. These data support continued development of this second-generation vector as a potential best-in-class gene therapy for SMA. This next-generation gene therapy leverages advances in the gene therapy field that have occurred since the first gene therapy for SMA was developed over a decade ago. Data shared at ASGCT highlights the potential of this novel, second-generation scAAV vector that expresses a codon optimized co-hSMN1 from an endogenous hSMN1 promoter, to treat SMA. The data demonstrated that low-dose intracerebroventricular delivery of the gene therapy was able to achieve superior potency, efficacy and safety in mice with SMA, compared to the benchmark vector, scAAV-CMVen/CB-hSMN1, which is identical in design to the FDA-approved gene therapy vector for SMA.

- The Company announced a license from the UMass Chan Medical School for the global development and commercialization rights to a novel second-generation scAAV gene therapy, expressing co-hSMN1 from an endogenous hSMN1 promoter, for the treatment of SMA.

- In the second half of 2022, the Company amended its previous agreement with LogicBio® Therapeutics (now a wholly-owned subsidiary of Alexion, AstraZeneca Rare Disease) and completed the full technology transfer of two gene therapy products under development for the treatment of Fabry and Pompe diseases, and the proprietary manufacturing process.

- CANbridge has also built a fully operational in-house gene therapy R&D laboratory at their Burlington, MA U.S. site.

WE MAY NOT BE ABLE TO SUCCESSFULLY DEVELOP AND/OR MARKET OUR CORE PRODUCT CANDIDATE, OR ANY OF OUR PIPELINE PRODUCTS.

Manufacturing

We have secured manufacturing capacity for selected in-licensed programs, including from third party collaboration partners such as WuXi Biologics, GC Pharma and Mirum. We aim to balance cost-efficiency and quality control of our drug products and/or candidates. In an effort to advance our gene therapy pipelines, we are enhancing our in-house process development platform and anticipate entering into a CDMO partnership to enable the further development of our gene therapy products.

Commercialization

With our late-stage drug candidates entering the commercialization stage, we have established our key operation hubs in both Beijing and Shanghai, with offices in other locations in Greater China. We have set up a commercialization team dedicated to our late-stage drug candidates, that can be quickly expanded in line with our business growth, comprising four major functions, including marketing and sales, medical affairs and patient advocacy assistance and market access, with the mission to execute medical engagement plan for key opinion leader (KOL) development, promote community awareness and explore industry insights for better drug development and marketing strategy.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, as of the date of this report, the Company has no subsequent events affecting the Group which occurred since the end of the Reporting Period.

Management Discussion And Analysis

FINANCIAL REVIEW

Overview

The following discussion is based on, and should be read in conjunction with, the financial information and notes included elsewhere in this report.

Revenue

Our revenue increased by RMB8.4 million from RMB34.7 million for the six months ended 30 June 2022 to RMB43.1 million for the six months ended 30 June 2023, which was primarily attributable to the increase of sales from Hunterase® and Livmarli®.

Cost of Sales

Our cost of sales increased by RMB3.8 million from RMB12.6 million for the six months ended 30 June 2022 to RMB16.4 million for the six months ended 30 June 2023, which was primarily attributable to the increase in costs incurred as a result of the increased sales of commercialized products.

Gross Profit and Gross Profit Margin

Our gross profit increased by RMB4.5 million from RMB22.2 million for the six months ended 30 June 2022 to RMB26.7 million for the six months ended 30 June 2023. Our gross profit margin for the six months ended 30 June 2023 was 62.0% (for the six months ended 30 June 2022: 63.8%).

Other Income and Gains

Our other income and gains increased by RMB2.1 million from RMB6.4 million for the six months ended 30 June 2022 to RMB8.5 million for the six months ended 30 June 2023, which was primarily attributable to the increase of the bank interest income which was partially offset by the decrease of subsidies received from local government for the six months ended 30 June 2023.

Selling and Distribution Expenses

Our selling and distribution expenses decreased by RMB4.3 million from RMB42.6 million for the six months ended 30 June 2022 to RMB38.3 million for the six months ended 30 June 2023, which was primarily due to the decrease in employee costs as a result of the increased effectiveness in sales activities during the six months ended 30 June 2023.

Administrative Expenses

Our administrative expenses decreased by RMB7.4 million from RMB55.6 million for the six months ended 30 June 2022 to RMB48.2 million for the six months ended 30 June 2023. Such decrease was primarily attributable to the decrease in the administrative employee costs, office expenses and professional service fees, partially offset by the increase in depreciation and amortization costs.

Research and Development Expenses

Our research and development expenses decreased by RMB15.3 million from RMB158.3 million for the six months ended 30 June 2022 to RMB143.0 million for the six months ended 30 June 2023. Such decrease was primarily attributable to the decrease in upfront and milestone payments made to our licensing partners, the decrease in technical service fees and partially offset by the increase in depreciation and amortization costs.

	Six months ended 30 June	
	2023	2022
Research and development expenses	**RMB'000**	RMB'000
Staff costs	**30,248**	30,567
Testing and clinical trial expenses	**100,042**	100,493
License fees	**–**	12,981
Depreciation and amortization	**6,750**	1,200
Other expenses	**5,935**	13,019
Total	**142,975**	158,260

Finance Costs

Our finance costs increased from RMB2.5 million for the six months ended 30 June 2022 to RMB4.5 million for the six months ended 30 June 2023. Such increase was primarily due to the increase in interest on lease liabilities.

Non-IFRS Measures

In addition to the Group's consolidated financial statements, which are presented in accordance with IFRSs, the Company also uses adjusted loss for the period as an additional financial measure, which is not required by, or presented in accordance with IFRSs. We present this financial measure because it is used by our management to evaluate our financial performance by eliminating the impacts of items that we do not consider indicative of our performance results. The Company believes that these adjusted measures provide additional information to investors and others, helping them to understand and evaluate our consolidated results of operations in the same manner as our management, and thus, facilitate comparisons of operating performance from period to period and company to company to the extent applicable.

We define adjusted loss for the period as loss for the period excluding the effect of share-based payment expenses. The term adjusted loss for the period is not defined under the IFRSs. 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 IFRSs.

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

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Loss for the period	**(218,161)**	(249,012)
Add:		
Share-based payment expenses	**13,721**	20,078
Adjusted loss for the period	**(204,440)**	(228,934)

Capital Management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the Company's Shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to Shareholders, return capital to Shareholders or issue new shares. There is no material seasonality of borrowing requirements for the Group.

Liquidity and Financial Resources

Our cash and bank balances as of 30 June 2023 were RMB283.6 million, of which RMB49.9 million, RMB220.7 million, RMB5.3 million and RMB7.7 million, were denominated in RMB, USD, HKD and TWD, respectively. As compared to RMB463.1 million as of 31 December 2022, the decrease of cash and bank balances was primarily attributable to the net cash outflows used in operations. Our primary uses of cash are to fund our R&D activities, milestone payments and working capital and for other general corporate purposes.

Funding and Treasury Policy

The Group adopts a prudent funding and treasury policy, aiming to maintain an optimal financial position and minimal financial risks. The Group regularly reviews its funding requirements to maintain adequate financial resources in order to support its business operations as well as its R&D, business operation and expansion plans. For the six months ended 30 June 2023, we funded our operations primarily through revenue generated from sales of commercialized products, net proceeds raised from the Global Offering as set out in the Prospectus and debt financing. With the continuing expansion of our business and development of new drug candidates, we may require further funding through public or private equity offerings, debt financing and other sources.

Bank Loans and Other Borrowings

Our bank loans and other borrowings as of 30 June 2023 were RMB34.7 million (31 December 2022: RMB37.6 million), of which RMB14.4 million and RMB20.3 million, were denominated in RMB and USD, respectively and carried fixed nominal interest rates ranging from 4.0% to 4.2% per annum. Among all, approximately RMB26.8 million will be due within one year and approximately RMB7.9 million will be due in more than one year.

Current Ratio

Current ratio (calculated by current assets divided by current liabilities) of the Group as at 30 June 2023 was 103.6% (31 December 2022: 181.6%). The decrease in current ratio was primarily due to the decrease in cash and bank balances, and the increase in trade payables as of 30 June 2023.

Gearing Ratio

The gearing ratio (calculated by total interest-bearing borrowings divided by total assets) of the Group as at 30 June 2023 was 6.1% (31 December 2022: 5.4%).

Foreign Currency Risk

We have transactional currency risk exposures. Certain of our cash and bank balances, trade receivables and other receivables and trade and other payables are denominated in non-functional currencies and exposed to foreign currency risk.

We currently do not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Contingent Liabilities

As of 30 June 2023, we did not have any material contingent liabilities.

Capital Expenditure and Commitments

The Group's capital expenditures during the six months ended 30 June 2023 were primarily related to the purchase of property, plant and equipment and intangible assets. During the six months ended 30 June 2023, the Group incurred RMB3.0 million in relation to capital expenditures as compared to RMB27.0 million during the six months ended 30 June 2022. The decrease in capital expenditures was primarily due to the acquisition of land use rights within the six months ended 30 June 2022, but there were no such acquisition during the Reporting Period.

Charges on Group Assets

As of 30 June 2023, CANbridge Biomed Limited and CANbridge Care Pharma HongKong Limited, two subsidiaries of the Company, have charged all of their assets in favour of a commercial bank incorporated in the PRC (the "**Bank**") by way of first fixed charge and floating charge as security for the payment of the bank borrowings from the Bank. As of 30 June 2023, the Group pledged deposits of RMB12.4 million in commercial banks held as collateral for issuance of letters of credit for lease.

Saved as disclosed above, as of 30 June 2023, the Group did not have other charges over its assets.

Significant Investment Held

As of 30 June 2023, the Group did not hold any significant investments.

Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the Reporting Period. Save as otherwise disclosed in the Prospectus and the below paragraph headed "Contractual Arrangements" of this section, the Group does not have any specific future plans on material investments or capital assets as of the date of this report.

Contractual Arrangements

On 10 June 2022, the Company's wholly-owned subsidiary CANbridge (Suzhou) Bio-Pharma Co., Ltd (北海康成(蘇州)生物製藥有限公司) (the "**WFOE**") entered into contractual arrangements (the "**Contractual Arrangements**") with CANbridge Care Pharma (Suzhou) Biotechnology Co., Ltd (康成諾愛(蘇州)生物科技有限公司) (the "**VIE**"), a company incorporated in the PRC, to gain the economic benefit and control of the VIE. The VIE will engage in businesses which involve research, development and commercialization of gene therapy and related products. Foreign investment activities in the PRC are mainly governed by the Foreign Investment Law《外商投資法》, the Provisions for Guiding the Foreign Investment Direction《指導外商投資方向規定》, the Industry Guidelines on Encouraged Foreign Investment (2022)《鼓勵外商投資產業目錄(2022年版)》and the Special Administrative Measures (Negative List) for the Access of Foreign Investments (2021)《外商投資准入特別管理措施(負面清單)(2021年版)》(the "**Negative List**") (collectively, the "**Relevant PRC Regulations**"), pursuant to which the industries listed therein are divided into four categories in terms of foreign investment, namely, "encouraged", "permitted", "restricted" and "prohibited". Foreign investors shall not invest in any industry forbidden by the Negative List for access of foreign investment. The development and application of gene therapeutic technologies and products falls under the "prohibited" category of the Negative List in the PRC according to the Relevant PRC Regulations. As such, foreign investment is prohibited in the development and application of human stem cells and genes diagnosis and treatment technologies. Details of the Contractual Arrangements are disclosed in the announcement of the Company dated 8 July 2022.

Through the Contractual Arrangements, the WFOE has effective control over the finance and operation of the VIE, and can enjoy the economic interests and benefits generated by the VIE. Upon the entering into of the Contractual Arrangements, the financial results of the VIE are consolidated into the consolidated financial statements of the Group and the VIE is treated as a subsidiary of the Company.

As of the date of this report, the Group has not commenced the business of gene therapy solutions in the PRC. During the Reporting Period and up to the date of this report, there has been no update on the Foreign Investment Law and the Company is not aware of any non-compliance of the Contractual Arrangements with the relevant PRC laws, rules and regulations (including but not limited to the Foreign Investment Law). The Company will continue to monitor the developments of the relevant laws, decision, regulations, rules and administration measures in this regard, and will make further announcements in respect thereof in accordance with the Listing Rules as and when necessary.

Use of Proceeds from the Global Offering

The Shares were listed on the Stock Exchange on 10 December 2021 and the Company obtained net proceeds of HKD604.0 million (after deducting the underwriting fees, commissions and estimated expenses payable by the Company in connection with the Global Offering). According to the plan on use of proceeds as set out in the Prospectus, the net proceeds were used and are proposed to be used in accordance with the same matter and proportion as set out below:

- Approximately 45.4% will be allocated to fund the ongoing and future R&D (including planned clinical trials, preparation of registration filings and milestone fees), and CMC development and manufacturing of our Core Product candidate CAN008;
- Approximately 24.0% will be allocated to fund our major products and product candidates in our pipeline;
    - Approximately 4.3% is expected to fund the ongoing commercialization, post-approval study and milestone fees of Hunterase® (CAN101);
    - Approximately 12.6% is expected to fund the ongoing and future R&D (including ongoing and planned clinical trials in Singapore and China, preparation of registration filings and milestone fees) of CAN106, targeting paroxysmal nocturnal hemoglobinuria (PNH) and various other complement mediated diseases that are targeted by approved anti-C5 antibodies;
    - Approximately 3.6% is expected to fund the ongoing and future R&D (including ongoing and planned clinical trials, preparation of registration filings and milestone fees) of CAN103; and
    - Approximately 3.5% is expected to fund the ongoing and future R&D (including ongoing and planned clinical trials, preparation of registration filings and milestone fees) and future commercial launches (including sales and marketing) of CAN108;
- Approximately 1.8% will be allocated to fund ongoing and future R&D (including ongoing and planned clinical trials, preparation of registration filings and milestone fees) of other non-gene therapy products and product candidates in our pipeline;
- Approximately 12.0% is expected to fund the ongoing and future R&D (including ongoing and planned clinical trials, preparation of registration filings and milestone fees) of CAN201, CAN202 and our other gene therapy programs;

- The remaining 16.8% of the net proceeds will be allocated to fund the R&D and other general business purposes;
    - Approximately 7.2% will be allocated to develop our R&D and manufacturing facilities in both China and the U.S. for all our products and drug candidates, and potential office and site expansion and upgrade in China and the U.S. The proceeds allocated to the R&D and manufacturing facilities in China under this item refers to the costs associated with the facilities under construction in Suzhou that will be used to develop and manufacture our products and drug candidates other than CAN008. There is no overlap of the use of proceeds for R&D and manufacturing facilities under this item and CMC development and manufacturing of CAN008;
    - Approximately 1.3% will be allocated to our other R&D activities including employment costs in both China and the U.S.;
    - Approximately 3.0% will be allocated for potential strategic acquisitions, investments, in-licensing or collaborations. We do not have any concrete acquisition target but plan to explore drug candidates in the rare disease and gene therapy area which may be complimentary to our current drug portfolio;
    - Approximately 1.0% will be used for our commercialization activities, including expanding our sales and marketing team; and
    - Approximately 4.3% will be used for our working capital and general corporate purposes.

The table below sets forth a detailed breakdown and description of the use of net proceeds raised from the Global Offering during the Reporting Period.

Purpose	Percentage of total amount of net proceeds	Total amount of the net proceeds HKD in million	Amount of net proceeds unutilized as at 1 January 2023 HKD in million	Amount of net proceeds utilized during the Reporting Period HKD in million	Amount of net proceeds unutilized as at 30 June 2023 HKD in million
Fund ongoing and future R&D (including planned clinical trials, preparation of registration filings and milestone fees), and CMC development and manufacturing of our Core Product candidate CAN008	45.4%	274.2	166.6	47.4	119.2
Fund our major products and product candidates in our pipeline	24.0%	144.9	45.0	23.6	21.4
Fund ongoing and future R&D (including ongoing and planned clinical trials, preparation of registration filings and milestone fees) of other non-gene therapy products and product candidates in our pipeline	1.8%	10.9	8.1	2.2	5.9
Fund the ongoing and future R&D (including ongoing and planned clinical trials, preparation of registration filings and milestone fees) of CAN201, CAN202 and our other gene therapy programs	12.0%	72.5	25.8	17.6	8.2
Fund the R&D and other general business purposes	16.8%	101.5	40.9	33.8	7.1
Total	100%	604.0	286.4	124.6	161.8

Note:

It is expected that the Company will fully utilize the net proceeds raised from the Global Offering by the end of 2024.

Other Information

INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

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

As at 30 June 2023, interests or short positions of Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code, were as follows:

Long Positions in the Shares

Name of Director	Nature of Interest	Number of Shares	Approximate percentage of shareholding in the total Shares in issue of the Company*
Dr. Xue	Interest in controlled corporation[(1)]	26,042,380	6.14%
	Founder of a discretionary trust[(2)]	15,000,000	3.53%
	Beneficial interest[(3)]	12,214,470	2.88%
James Arthur Geraghty	Beneficial interest[(4)]	1,950,000	0.46%
Richard James Gregory	Beneficial interest[(5)]	300,000	0.07%
Peng Kuan Chan	Beneficial interest[(6)]	250,000	0.06%

Notes:

* The calculation is based on the total number of 424,392,920 Shares issued as at 30 June 2023.

(1) CTX Pharma Holdings Limited directly holds 26,042,380 Shares and is wholly-owned by Dr. Xue.

(2) 15,000,000 Shares are held by JQX 2021 Gift Trust (a trust set up by Dr. Xue as settlor, the spouse of Dr. Xue as trustee and Dr. Xue's family members as the beneficiaries, the "**Family Trust**"). Under the terms of the Family Trust, Dr. Xue has the power to exercise all the voting rights attached to the Shares. Accordingly, Dr. Xue is deemed interested in the Shares held by the Family Trust.

(3) Dr. Xue beneficially holds 733,050 Shares under his own name. Pursuant to the Pre-IPO Equity Incentive Plan, Dr. Xue was granted with Share Options that represent 9,481,420 Shares. On 11 November 2022, the Company granted 1,000,000 share options under Post-IPO Share Option Scheme and 1,000,000 restricted share units ("**RSUs**") to Dr. Xue under Post-IPO RSU Scheme.

(4) Mr. James Arthur Geraghty beneficially holds 700,000 Shares under his own name. Pursuant to the Pre-IPO Equity Incentive Plan, Mr. James Arthur Geraghty holds outstanding Shares Options that represent 1,250,000 Shares.

(5) Pursuant to the Pre-IPO Equity Incentive Plan, Dr. Richard James Gregory holds outstanding Shares Options that represent 300,000 Shares.

(6) Pursuant to the Pre-IPO Equity Incentive Plan, Mr. Peng Kuan Chan holds outstanding Shares Options that represent 250,000 Shares.

Save as disclosed above, as at 30 June 2023, none of our Directors or chief executives had interest and/or short position in the Shares, underlying Shares and debentures of the Company or our associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

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

So far as the Directors or chief executive of the Company are aware, as at 30 June 2023, the following persons (other than the Directors and chief executive of the Company) had interests and/or short positions in the Shares or underlying Shares which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO, or had interests or short positions in 5% or more of the relevant class of Shares which were required to be entered in the register kept by the Company under section 336 of the SFO:

Long Position in the Shares

Name of Shareholder	Nature of Interest	Number of Shares	Approximate percentage of shareholding in the total Shares in issue of the Company*
CTX Pharma Holdings Limited[1]	Beneficial interest	26,042,380	6.14%
WuXi AppTech Co., Ltd. (無錫藥明康德新藥開發股份有限公司) ("**Wuxi AppTech**")[2]	Interest in controlled corporation	40,346,960	9.51%
RA Capital Management, L.P.[3]	Interest in controlled corporation	60,235,590	14.19%
Peter Kolchinsky[3]	Beneficiary of a trust (other than a discretionary interest)	60,235,590	14.19%
Anna Inge Leonore Haas Kolchinsky[3]	Interest of spouse	60,235,590	14.19%
Qiming Corporate GP IV, Ltd.[4]	Interest in controlled corporation	32,829,330	7.74%
Qiming Venture Partners IV, L.P.[4]	Beneficial interest	31,824,490	7.50%

Notes:

* The calculation is based on the total number of 424,392,920 Shares issued as at the 30 June 2023.

(1) CTX Pharma Holdings Limited is an exempted company with limited liability incorporated in the British Virgin Islands and holds 26,042,380 Shares. CTX Pharma Holdings Limited is wholly-owned by Dr. Xue.

(2) WuXi AppTec (HongKong) Limited, company incorporated in Hong Kong on 26 March 2012 holding 20,554,860 Shares, is a wholly-owned subsidiary of WuXi AppTec. Moreover, WuXi PharmaTech Healthcare Fund I L.P. is an exempted limited partnership established in the Cayman Islands directly holding 19,792,100 Shares. All limited partnership interests of WuXi PharmaTech Healthcare Fund I L.P. are held by Wuxi AppTec and the general partner of WuXi PharmaTech Healthcare Fund I L.P. is a wholly-owned subsidiary of WuXi AppTec. Accordingly, Wuxi AppTec is deemed interested in the Shares held by each of WuXi AppTec (HongKong) Limited and WuXi PharmaTech Healthcare Fund I L.P..

(3) RA Capital Management, L.P., a limited partnership formed in Delaware, United States, serves as investment manager of RA Capital Healthcare Fund, L.P., an exempted limited partnership established in Delaware, United States, directly holding 47,185,140 Shares, RA Capital Nexus Fund, L.P., an exempted limited partnership established in the Delaware, United States, directly holding 9,137,400 Shares, and Blackwell Partners LLC – Series A, a series limited liability company incorporated in Delaware, United States, holds 3,913,050 Shares. The general partner of RA Capital Healthcare Fund, LP is RA Capital Healthcare Fund GP, LLC and the general partner of RA Capital Nexus Fund, LP is RA Capital Nexus Fund GP, LLC. Each of RA Capital Healthcare Fund, L.P. and RA Capital Nexus Fund, L.P. is an affiliate of RA Capital Management, L.P.. Accordingly, RA Capital Management, L.P. is deemed interested in the Shares held by each of RA Capital Healthcare Fund, L.P., RA Capital Nexus Fund, L.P. and Blackwell Partners LLC. Based on the disclosure of interests forms submitted by the Shareholders, Mr. Peter Kolchinsky has a controlling interest in RA Capital Management, L.P. Ms. Anna Inge Leonore Kolchinsky is Mr. Peter Kolchinsky's spouse.

(4) Qiming Venture Partners IV, L.P. and Qiming Managing Directors Fund IV, L.P. are venture capital funds operated under Qiming Venture Partners and registered as exempted limited partnerships in the Cayman Islands. Qiming GP IV, L.P. is the general partner of Qiming Venture Partners IV, L.P., and Qiming Corporate GP IV, Ltd. is the general partner of Qiming GP IV, L.P. Accordingly, each of Qiming GP IV, L.P. and Qiming Corporate GP IV, Ltd. is deemed to be interested in the Shares held by Qiming Venture Partners IV, L.P. Moreover, Qiming Managing Directors Fund IV, L.P. holds 1,004,840 Shares. Qiming Corporate GP IV, Ltd. is the general partner of Qiming Managing Directors Fund IV, L.P. and is deemed to be interested in the Shares held by Qiming Managing Directors Fund IV, L.P..

Except as disclosed in this section, as far as the Directors are aware, as at 30 June 2023, no person who had interests and short positions in the Shares and underlying Shares which are required to disclose to the Company in accordance with Divisions 2 and 3 of Part XV of the SFO, or interests or short positions in 5% or above of relevant class of Shares which were required to be entered in the register according to section 336 of the SFO.

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

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

PRE-IPO EQUITY INCENTIVE PLAN

In April 2016, the board of directors of CANbridge Life Sciences approved an equity incentive plan, under which 1,250,000 shares of CANbridge Life Sciences were reserved for granting options to its employees (the "**CANbridge Beijing Equity Incentive Plan**").

Pursuant to a resolution passed by the Board on 25 July 2019, the 2019 equity incentive plan (the "**Pre-IPO Equity Incentive Plan**") was adopted to inherit and replace the CANbridge Beijing Equity Incentive Plan and Shares were granted under the Pre-IPO Equity Incentive Plan to replace the Shares of CANbridge Life Sciences previously granted.

Other Information

(a) Summary of principal terms of the Pre-IPO Equity Incentive Plan

Purpose. The purpose of the Pre-IPO Equity Incentive Plan is to provide incentives to Directors and employees of the Company or any other third party that the Board considers as contributed or will contribute to the Company. The Pre-IPO Equity Incentive Plan allow our Company to provide such persons with opportunities to (i) acquire Shares of the Company pursuant to options granted, (ii) receive restricted share units and (iii) purchase restricted shares (collectively, the "**Awards**").

Eligible Participants. Any Director and employee of the Company, or any advisor, consultant, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner, service provider or other third parties who the Board considers, in its sole discretion, has contributed or will contribute to the Company are eligible to participate in the Pre-IPO Equity Incentive Plan. Reference factors for the selection of participants include: (i) the Company's long-term development strategy; (ii) the status of the Company's business development; (iii) the Company's human resources strategy; (iv) the functional characteristics of the participant's position; (v) the length of service of the participant; and (vi) the job performance of the participant.

Duration. Unless terminated sooner in accordance with the terms of the Pre-IPO Equity Incentive Plan, the Pre-IPO Equity Incentive Plan will continue in effect, with regard to the making of Awards, for a term of ten years from its effective date on 25 July 2019, with a remaining life of approximately 5 years and 11 months as of the date of this report. Awards granted during the term of the Pre-IPO Equity Incentive Plan may continue to be valid and exercisable in accordance with their terms of grant.

Maximum Number of Shares. As at the Listing Date, the maximum number of Shares that may be subject to the Awards granted and sold under the 2019 Equity Incentive Plan is 54,549,230 Shares and Share Options (including those have subsequently forfeited or been fully exercised) to subscribe for 55,708,000 Shares thereof had been granted. No Share Options were granted for the Reporting Period and no grant was made under the Pre-IPO Equity Incentive Plan which requires review by the Remuneration Committee for the Reporting Period. During the six month ended 30 June 2023, Share Options corresponding to 101,000 Shares were exercised and Share Options corresponding to 422,000 Shares had forfeited. As of 30 June 2023, (i) Share Options to subscribe for 8,640,164 Shares had forfeited following the resignation of certain grantees; (ii) no Share Options had been cancelled; (iii) Share Options corresponding to 7,061,050 Shares had been exercised; and (iv) Share Options corresponding to the remaining 40,006,786 Shares were outstanding. No Shares or Award remain available for grant under the Pre-IPO Equity Incentive Plan as of 30 June 2023. At all times during the term of the Pre-IPO Equity Incentive Plan and while any Awards are outstanding, the Company will retain as authorized and unissued Shares at least the number of Shares from time to time required to satisfy the terms of the Pre-IPO Equity Incentive Plan and such Awards, or otherwise assure itself of its ability to perform its obligations thereunder.

As of the date of this report, 39,337,839 Shares underlying outstanding Awards granted under the Pre-IPO Equity Incentive Plan are available for issue. This represented approximately 9.27% of the total number of Shares in issue as at the date of this report.

The Pre-IPO Equity incentive Plan has no maximum entitlement of each individual participant nor service provider sublimit under Chapter 17 of the Listing Rules.

Administration. The Pre-IPO Equity Incentive Plan will be administered by the Board. The Board will be responsible for the approval, amendment to and termination of the Pre-IPO Equity Incentive Plan, as well as other major decisions such as determining the types of Awards to be granted, determining the number of Shares or restricted share units to be covered by each Award granted, approving the forms of Award agreements, determining the performance review targets for the eligible participants and determining the terms and conditions of any Award. A committee will be appointed by the Board to be responsible for the actual implementation of the Pre-IPO Equity Incentive Plan.

Awards. Grant of Awards shall be made in accordance with the Pre-IPO Equity Incentive Plan and in compliance with applicable laws and regulations. Each recipient of an Award shall enter into an Award agreement and any other agreements as determined by the Board. The date of grant of an Award shall be determined by the Company and the recipient at the execution of the Award agreement. The term of each option, restricted share unit or other Award will be stated in the Award agreement.

(i) Options. Subject to terms stating otherwise in the relevant Award agreement or as otherwise determined by the Board, the exercise price for Shares to be issued upon exercise of an option granted under the Pre-IPO Equity Incentive Plan is as below:

For the pool of 1,250,000 Shares reserved under the 2019 Equity Incentive Plan to substitute the shares of CANbridge Life Sciences previously granted under the CANbridge Beijing Equity Incentive Plan

Time of Grant	Exercise Price
Within 2014	RMB1 or fair market value or otherwise determined by the Board
Within 2015	RMB1.5 or fair market value or otherwise determined by the Board
Within 2016	No less than the corresponding portion of the Company's net asset by the end of 2015 or fair market value or otherwise determined by the Board
Within 2017	No less than the corresponding portion of the Company's net asset by the end of 2016 or fair market value or otherwise determined by the Board
Within 2018	No less than the corresponding portion of the Company's net asset by the end of 2017 or fair market value or otherwise determined by the Board
Within 2019 or onwards	No less than the corresponding portion of the Company's net asset by the end of 2018 or fair market value or otherwise determined by the Board

For the remaining pool of 4,204,923 Shares under the 2019 Equity Incentive Plan

Time of Grant	Exercise Price
Within 2019 or onwards	No less than 50% of the last round financing of the Company or fair market value or otherwise determined by the Board

(ii) Restricted share units and restricted shares. Under the 2019 Equity Incentive Plan, unless otherwise determined by the Board, for awards or restricted share units and restricted shares made within 2019 or onwards, the price to be paid for the granting of restricted share units and the purchase price of restricted shares will be no less than 50% of the last round financing of the Company or fair market value or otherwise determined by the Board.

The consideration to be paid for Shares to be issued upon exercise of an option granted, the granting of a restricted share unit, or the purchase of restricted shares, including the method of payment, will be determined by the Board.

Vesting. Options granted will become vested and exercisable, any restricted share units granted will vest and be settled, and any restricted shares issued pursuant to the Pre-IPO Equity Incentive Plan will be released and no longer be subject to forfeiture or a right of repurchase by the Company, according to the terms set out in the Pre-IPO Equity Incentive Plan, and under such conditions as determined by the Board and set forth in an Award agreement.

(b) Outstanding Share Options granted under the Pre-IPO Equity Incentive Plan

As at the Listing Date, our Company had granted Share Options under the Pre-IPO Equity Incentive Plan to 172 grantees to subscribe for an aggregate of 55,708,000 Shares (including grantees whose Shares Options have subsequently forfeited or been exercised). No Share Options were granted for the Reporting Period. During the Reporting Period, Share Options corresponding to 101,000 Shares were exercised and Share Options corresponding to 422,000 Shares had forfeited. As of 30 June 2023, Share Options to subscribe for 8,640,164 Shares had forfeited following the resignation of certain grantees and Share Options corresponding to 7,061,050 Shares had been exercised. No Share Options had been cancelled as of 30 June 2023. Accordingly, as of 30 June 2023, Share Options to acquire an aggregate of 40,006,786 Shares, representing approximately 9.43% of the total issued share of the Company, were outstanding under the Pre-IPO Equity Incentive Plan.

Other Information

As of 30 June 2023, the grantees of outstanding Share Options under the Pre-IPO Equity Incentive Plan include Dr. Xue being our Chairman of the Board, executive Director and Chief Executive Officer and 3 independent non-executive Directors, 8 consultants and 135 other employees of our Group. Below is a list of grantees of outstanding Share Options (excluding lapsed and exercised Share Options) under the Pre-IPO Equity Incentive Plan. During the Reporting Period, no Share Option under the Pre-IPO Equity Incentive Plan has been granted to other connected persons of the Company and no consideration was paid for the Share Options granted.

Name of grantee	Position held within our Group	Exercise price (per Share)	Date of grant[Note 3]	Vesting period[Note 4]	Exercise period	Number of Shares underlying the outstanding Share Options as of 1 January 2023	Number of Share Options exercised from 1 January 2023 to 30 June 2023	Number of Share Options cancelled from 1 January 2023 to 30 June 2023	Number of Share Options lapsed/ forfeited from 1 January 2023 to 30 June 2023	Number of Shares underlying the outstanding Share Options as of 30 June 2023
DIRECTORS										
Dr. Xue	Chairman of the Board, executive Director and Chief Executive Officer	USD0.185	17 October 2018	*(Note 1)*	1 January 2023 to 31 December 2023	620,280	-	-	-	620,280
		USD0.52	17 October 2018	*(Note 1)*	*(Note 5)*	3,861,140	-	-	-	3,861,140
		USD1.179	11 June 2021	*(Note 1)*	*(Note 5)*	5,000,000	-	-	-	5,000,000
James Arthur Geraghty	Independent non-executive Director	USD0.589	25 July 2019	*(Note 1)*	*(Note 5)*	1,000,000	-	-	-	1,000,000
		USD1.179	11 June 2021	*(Note 1)*	*(Note 5)*	250,000	-	-	-	250,000
Richard James Gregory	Independent non-executive Director	USD0.706	7 April 2020	*(Note 2)*	*(Note 5)*	300,000	-	-	-	300,000
Peng Kuan Chan	Independent non-executive Director	USD0.753	11 June 2021	*(Note 1)*	*(Note 5)*	250,000	-	-	-	250,000
8 consultants										
		0 ~ USD1.179	1 May 2013 - 8 November 2021	*(Note 1)*	*(Note 5)*	3,213,553	-	-	-	3,213,553
135 other employees										
		RMB0.1 ~ USD1.179	7 August 2013 ~ 8 November 2021	Six months from date of grant to five years from date of grant	Within 7 or 10 years from the relevant vesting date	26,034,813	101,000[Note 6]	-	422,000	25,511,813
Total:						40,529,786	101,000	-	422,000	40,006,786

Notes:

1. The vesting schedule for these Share Options is: (i) 25% to be vested one year from the date of grant and (ii) 75% to be vested in equal monthly installments over the subsequent 36 months thereafter.

2. The vesting schedule for these Share Options is: 100% to be vested in equal monthly installments over the 36 months from the date of grant.

3. The closing price of the Shares immediately before the date of grant of the Share Options are not applicable as the Share Options were granted before the Listing Date.

4. The vesting period refers to the period that the Share Options are vested.

5. The exercise period for these Share Options is within 10 years from the relevant vesting date.

6. The exercise price of the Shares of 20,000 Share Options exercised is HK$0.18 per Share and the exercise price of the Shares of 81,000 Share Options exercised is HK$0.65 per Share. The weighted average closing price of the Shares immediately before the dates on which the Share Options were exercised during the Reporting Period is HK$1.59.

(c) Restricted share units and restricted shares

As at 30 June 2023, no restricted share units or restricted shares have been granted under the Pre-IPO Equity Incentive Plan.

Further details of the Pre-IPO Equity Incentive Plan are set out in the Prospectus.

Other Information

POST-IPO RSU SCHEME

The Company has conditionally adopted the Post-IPO RSU Scheme by Shareholders' resolutions dated November 18, 2021. The Company may appoint a trustee (the "**RSU Trustee**") to administer the Post-IPO RSU Scheme with respect to the grant of any Award (as defined below), by way of restricted share unit(s) ("**RSU(s)**"), which may vest in the form of Shares (the "**Award Shares**") or the actual selling price of the Award Shares in cash in accordance with the Post-IPO RSU Scheme.

A summary of the principal terms of the Post-IPO RSU Scheme is set out as follows.

1. Eligible Persons to the Post-IPO RSU Scheme

Any individual, being an employee, director (including executive Directors, non-executive Directors and independent non-executive Directors) or officer, consultant or advisor of any member of the Group or any affiliate (including nominees and/or trustees of any employee benefit trust established for them) (an "**Eligible Person**" and, collectively "**Eligible Persons**") who the Board considers, in its sole discretion, to have contributed or will contribute to the Group or any affiliate is eligible to receive an award granted by the Board (an "**Award**"), by way of RSUs, which may vest in the form of Award Shares or the actual selling price of the Award Shares of RSUs in cash in accordance with the Post-IPO RSU Scheme.

2. Purpose of the Post-IPO RSU Scheme

The purpose of the Post-IPO RSU Scheme is to align the interests of Eligible Persons' with those of our Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares, and to encourage and retain Eligible Persons to make contributions to the long-term growth and profits of our Group.

3. Awards

An Award gives a selected participant a conditional right, when the RSU vests, to obtain the Award Share or, if in the absolute discretion of the Board, it is not practicable for the selected participant to receive the Award in Shares, the cash equivalent from the sale of the Award Shares. For the avoidance of doubt, the Board at its discretion may from time to time determine that any dividends declared and paid by our Company in relation to the Award Shares be paid to the selected participant even though the Award Shares have not yet vested.

No consideration is payable for the application or acceptance of an Award.

4. Maximum Number of Shares to be Granted

The aggregate number of Shares underlying all grants made pursuant to the Post-IPO RSU Scheme (excluding Award which have been forfeited in accordance with the Post-IPO RSU Scheme) will not exceed 5% of the issued share capital of the Company as of the date of approval of the Post-IPO RSU Scheme (i.e. 18,397,046) without Shareholders' approval (the "**Post-IPO RSU Scheme Limit**"), further subject to an annual limit of 5% of the total number of issued share capital of the Company at the relevant time.

Save as prescribed in the Post-IPO RSU Scheme or as otherwise restricted by the Listing Rules, for any 12-month period, the aggregate number of Shares granted to any Eligible Person shall not exceed 1% of the total number of the issued Shares at the relevant time, without Shareholders' approval.

The number of RSUs available for grant under the Post-IPO RSU Scheme as of 1 January 2023 and 30 June 2023 was 12,747,046 and 12,827,046, representing approximately 3.00% and approximately 3.02% of the total number of Shares in issue as of 1 January 2023 and 30 June 2023, respectively.

As at the date of this report, 18,397,046 Shares are available for issue under the Post-IPO RSU Scheme (i.e. Shares underlying (i) RSUs available for grant and (ii) outstanding RSUs granted under the Post-IPO RSU Scheme), representing approximately 4.33% of the total number of Shares in issue as at the date of this report.

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

5. Vesting of Awards

The Board may from time to time while the Post-IPO RSU Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the Award to be vested. If the vesting date is not a business day, the vesting date shall, subject to any trading halt or suspension in the Shares, be the business day immediately thereafter. No other purchase price is payable by the Eligible Person for the Shares awarded under the RSUs.

6. Termination

The Post-IPO RSU Scheme shall be valid and effective for the period of ten years commencing on the date when the Post-IPO RSU Scheme becomes unconditional (i.e. 10 December 2021) (subject to any early termination below) with a remaining life of approximately 8 years and 3 months as of the date of this report. The Post-IPO RSU Scheme shall terminate on the earlier of:

(i) the end of the period of ten years commencing on the date on which this scheme is adopted except in respect of any non-vested RSUs granted hereunder prior to the expiration of the Post-IPO RSU Scheme, for the purpose of giving effect to the vesting in the form of Award Shares of such RSUs or otherwise as may be required in accordance with the provisions of the Post-IPO RSU Scheme; and

(ii) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any selected participant under the rules of the Post-IPO RSU Scheme, provided further that for the avoidance of doubt, the change in the subsisting rights of a selected participant in this paragraph refers solely to any change in the rights in respect of the RSUs already granted to a selected participant.

7. Administration of the Post-IPO RSU Scheme

The Post-IPO RSU Scheme shall be subject to the administration of the Board in accordance with the Post-IPO RSU Scheme and, where applicable, the Trust Deed. The authority to administer the scheme may be delegated by the Board to a committee of the Board or any person(s) as deemed appropriate at the sole discretion of the Board. The Remuneration Committee is responsible for reviewing and approving matters relating to share schemes under Chapter 17 of the Listing Rules, including but not limited to the Post-IPO RSU Scheme.

As of 1 January 2023 (i.e. the beginning of the Reporting Period), there was 5,650,000 outstanding RSUs granted under the Post-IPO RSU Scheme. During the Reporting Period, the Company had not granted any RSUs under the Post-IPO RSU Scheme.

The details of the movement in the RSUs under the Post-IPO RSU Scheme during the Reporting Period are set out below:

			Number of shares underlying RSUs								
Name of Participant or Category of Participant	Date of grant	Closing price of shares immediately before the date on which the RSUs were granted	outstanding as of 1 January 2023	granted during the Reporting Period (Note 3)	vested during the Reporting Period	lapsed during the Reporting Period	cancelled during the Reporting Period	exercised during the Reporting Period	outstanding as of 30 June 2023	Vesting period	Performance targets
Directors or chief executive and their associates											
Dr. Xue	11 November 2022	HK$2.68	1,000,000	-	-	-	-	-	1,000,000	4 years	*Notes 1 and 2*
Other employee participants											
	11 November 2022	HK$2.68	3,188,000	-	-	80,000	-	-	3,108,000	4 years	*Note 1*
	11 November 2022	HK$2.68	1,462,000	-	-	-	-	-	1,462,000	4 years	*Note 2*
Total:			5,650,000	-	-	80,000	-	-	5,570,000		

Notes:

1. The vesting of the RSUs granted are subject to the individual performance review as set out in the respective grant documents.

2. The vesting of the RSUs granted are subject to certain milestones or performance targets relating to the Group, such as the Company's signing of an out-license agreement or other collaboration arrangements of a similar nature in connection with certain pipeline or technology of the Group.

3. Given that no RSU was granted during the Reporting Period, the disclosure requirement under Rule 17.07(1)(c) of the Listing Rules is not applicable.

Other Information

POST-IPO SHARE OPTION SCHEME

The Company has conditionally approved and adopted the Post-IPO Share Option Scheme in compliance with Chapter 17 of the Listing Rules by resolutions of our Shareholders dated 18 November 2021.

A summary of the principal terms of the Post-IPO Share Option Scheme is set out as follows.

1. Purpose

The purpose of the Post-IPO Share Option Scheme is to align the interests of Eligible Persons with those of our Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares, and to encourage and retain Eligible Persons to make contributions to the long-term growth and profits of our Group.

2. Selected participants

Any individual, being an employee, director, officer, consultant or advisor of any member of our Group or any affiliate (including nominees and/or trustees of any employee benefit trust established for them) ("**Eligible Person**") who the Board may in its absolute discretion select to grant an Option (the "**Option(s)**") to subscribe for such number of Shares as the Board may determine at the Subscription Price (as defined below).

3. Maximum number of Shares

The maximum number of Shares in respect of which Options may be granted under the Post-IPO Share Option Scheme when aggregated with the maximum number of Shares in respect of which Options may be granted under any other option scheme over Shares shall not exceed 10% of the issued share capital of the Company as of the date of approval of the Post-IPO Share Option Scheme (or of the refreshing of the 10% limit) by the Shareholders (i.e. 36,794,092 Shares). Options lapsed or forfeited in accordance with the terms of the Post-IPO Share Option Scheme shall not be counted for the purpose of calculating the 10% limit. Within the aforesaid 10% limit (or alternatively subject to the approval of the Shareholders in general meeting), the maximum number of Shares to be issued upon exercise of all outstanding Options under this Post-IPO Share Option Scheme may be increased by increments as determined by the Board, provided that the total number of Shares to be issued upon exercise of all outstanding Options under the Post-IPO Share Option Scheme and all other schemes of the Company granted and yet to be exercised does not exceed 30% of all the Shares of the same class in issue from time to time. No Option may be granted under the Post-IPO Share Option Scheme if this will result in the limit being exceeded.

The maximum number of Shares shall be adjusted, in such manner as the auditor of the Company shall certify in writing to the Board to be fair and reasonable, in the event of any alteration in the capital structure of the Company whether by way of capitalization of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of the Company provided that no such adjustment shall be made in the event of an issue of Shares as consideration in respect of a transaction to which the Company is a party.

As of the date of this report, the number of Shares available to be issued underlying the outstanding Options granted under the Post-IPO Share Option Scheme is 10,560,000 Shares, representing approximately 2.49% of the total number of Shares in issue as at the date of this report. As at the date of this report, 36,794,092 Shares are available for issue under the Post-IPO Share Option Scheme (i.e. Shares underlying (i) Options available for grant and (ii) outstanding Options granted under the Post-IPO Share Option Scheme), representing approximately 8.67% of the total number of Shares in issue as at the date of this report.

The number of Options available for grant under the Post-IPO Share Option Scheme as of 1 January 2023 and 30 June 2023 was 25,854,092 and 25,984,092, representing approximately 6.09% and approximately 6.12% of the total number of Shares in issue as of 1 January 2023 and 30 June 2023, respectively.

The Post-IPO Share Option Scheme has no service provider sublimit under Chapter 17 of the Listing Rules.

4. Maximum entitlement of a grantee

Except with the approval of Shareholders in general meeting with the prospective Grantee and his associates abstaining from voting, no Option may be granted to any one person 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. The Company shall send a circular to its shareholders containing the information required under the Listing Rules. The number and terms of the Options to be granted to such prospective Grantee shall be fixed before the Shareholders' approval of the grant of such Options and the date of Board meeting for proposing such further grant should be taken as the Offer Date for the purpose of calculating the Subscription Price.

5. Vesting of options

Subject to the Scheme, the Listing Rules and any applicable law and regulations, any options will become vested and exercisable and no longer be subject to forfeiture or repurchase right of the Company, according to the terms of the Post-IPO Share Option Scheme at such times and under such conditions as determined by the Board and set forth in the letter containing the offer or grant of the relevant option. For the avoidance of doubt, any non-statutory long leave of absence, as the Board may determine, shall be deducted from period of service for the purpose of counting vesting period.

6. Subscription Price

No consideration is payable on application or acceptance of the Option granted under the Post-IPO Share Option Scheme. The amount payable for each Share to be subscribed for under an option ("**Subscription Price**") in the event of the option being exercised shall be determined by the Board at its absolute discretion, but shall be not less than the highest of:

(i) the closing price of a Share as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant which must be a business day;

(ii) the average closing price of our Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and

(iii) the nominal value of a Share on the date of grant.

provided that, for the purpose of determining the Subscription Price where the Shares have been listed on the Stock Exchange for less than five business days, the issue price of the Shares in the Company's Global Offering of the Shares shall be used as the closing price of the Shares for any business day falling within the period before the listing of the Shares on the Stock Exchange.

7. Time of exercise of an Option

Subject as provided in the Post-IPO Share Option Scheme and any conditions specified by the Board, an Option may, subject to the terms and conditions upon which such option is granted, be exercised in whole or in part by the grantee giving notice in writing to our Company in such form as the Board may from time to time determine stating that the option is thereby exercised and the number of Shares in respect of which it is exercised.

8. Lapse of Option

Any Option shall elapse automatically and not be exercisable on the earliest of:

(a) the expiry of the Option Period or other applicable exercisable periods under the Post-IPO Share Option Scheme;

(b) the date of the commencement of the winding-up of the Company;

(c) the date on which the Grantee ceases to be an Eligible Person of the Company by reason of the summary termination of his employment or office or service on any one or more of the grounds that he has been guilty of gross misconduct, or has been convicted of any criminal offense involving his integrity or honesty that seriously impair the interests or benefits of the relevant company in the Group or (if so determined by the Board in its absolute discretion) on any other ground on which the relevant company in the Group would be entitled to terminate his employment or office summarily at common law or pursuant to any applicable laws or under the Grantee's service contract with relevant company in the Group;

(d) where the Grantee is an Eligible Person of a subsidiary or a consolidated affiliated entity of the Company, the date on which such subsidiary or consolidated affiliated entity of the Company ceases to be a member of the Group;

(e) the date on which the Option is cancelled by the Board;

(f) the date on which the Grantee commits a breach of relevant clauses that rights are personal to the Grantees; or

(g) the occurrence or non-occurrence of any event, expiry of any period, or nonsatisfaction of any condition, as specified in the letter containing the offer or grant of the relevant Option.

9. Duration

The Post-IPO Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date when the Post-IPO Share Option Scheme becomes unconditional (i.e. 10 December 2021), after which period no further Options will be granted by the provisions of the Post-IPO Share Option Scheme, but the provisions of this Post-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of the Post-IPO Share Option Scheme. The Post-IPO Share Option Scheme has a remaining life of approximately 8 years and 3 months as of the date of this report.

10. Termination

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

11. Value of Option

Our Directors consider it inappropriate to disclose the value of options which may be granted under the Post-IPO Share Option Scheme as if they had been granted as of the 30 June 2023. Any such valuation will have to be made on the basis of a certain option pricing model or other method that depends on various assumptions including the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of options. Our Directors believe that any calculation of the value of options granted as of 30 June 2023 would be based on a number of speculative assumptions that are not meaningful and would be misleading to investors.

12. Administration of the Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme shall be subject to the administration of the Board who may delegate all or part of such administration to a committee or any other authorised agent(s) as deemed appropriate at the sole discretion of the Board. The Remuneration Committee is responsible for reviewing and approving matters relating to share schemes under Chapter 17 of the Listing Rules, including but not limited to the Post-IPO Share Option Scheme.

Other Information

As of 1 January 2023 (i.e. the beginning of the Reporting Period), there was 10,940,000 outstanding Options granted under the Post-IPO Share Option Scheme. During the Reporting Period, the Company had not granted any Options under the Post-IPO Share Option Scheme.

The details of the movement in the Options under the Post-IPO Share Option Scheme during the Reporting Period are set out below:

			Number of shares underlying Options										
Name of Participant or Category of Participant	Date of grant	Closing price of shares immediately before the date on which the Options were granted	outstanding as of 1 January 2023	granted during the Reporting Period (Note 4)	vested during the Reporting Period	lapsed during the Reporting Period	cancelled during the Reporting Period	exercised during the Reporting Period	outstanding as of 30 June 2023	Exercise price	Vesting period	Performance targets	Exercise period
Directors or chief executive and their associates													
Dr. Xue	11 November 2022	HK$2.68	1,000,000	-	-	-	-	-	1,000,000	HK$2.68	4 years	Notes 1 and 2	Note 3
Other employee participants													
	27 June 2022	HK$3.81	3,735,000	-	-	-	-	-	3,735,000	HK$3.90	4 years	Note 1	Note 3
	11 November 2022	HK$2.68	4,945,000	-	-	130,000	-		4,815,000	HK$2.68	4 years	Note 1	Note 3
	11 November 2022	HK$2.68	1,260,000	-	-	-	-	-	1,260,000	HK$2.68	4 years	Note 2	Note 3
Total:			10,940,000	-	-	130,000	-		10,810,000				

Notes:

1. The vesting of the Options granted are subject to the individual performance review as set out in the respective grant documents.

2. The vesting of the Options granted are subject to certain milestones or performance targets relating to the Group, such as the Company's signing of an out-license agreement or other collaboration arrangements of a similar nature in connection with certain pipeline or technology of the Group.

3. The grantees may exercise the Options in whole or in part since the Options become vested and exercisable until the tenth anniversary of the date of grant so long as the grantee remains an eligible grantee.

4. Given that no Option was granted during the Reporting Period, the disclosure requirement under Rule 17.07(1)(c) of the Listing Rules is not applicable.

Others

Save as disclosed above, as of 30 June 2023, no outstanding awards, RSUs or share options was granted under the Pre-IPO Equity Incentive Scheme, the Post-IPO RSU Scheme and the Post-IPO Share Option Scheme to (i) the Directors, chief executive or substantial Shareholders of the Company, or their respective associates; (ii) participant with options and awards granted and to be granted in excess of the 1% individual limit; or (iii) related entity participant or service provider with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the issued Shares.

During the six months ended 30 June 2023, the Company did not grant any awards, RSUs or share options under the Pre-IPO Equity Incentive Scheme, the Post-IPO RSU Scheme and the Post-IPO Share Option Scheme. As such, no Share may be issued in respect of any awards, RSUs or share options granted during the six months ended 30 June 2023 under all the share schemes of the Company (including the Pre-IPO Equity Incentive Scheme, the Post-IPO RSU Scheme and the Post-IPO Share Option Scheme). Hence, the disclosure requirement under Rule 17.07(3) of the Listing Rules is not applicable.

Other Information

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standard of corporate governance to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability. The Company has adopted the code provisions of the CG Code as set out in Appendix 14 to the Listing Rules as its own code of corporate governance.

The Board is of the view that the Company has complied with all applicable code provisions of the CG Code during the Reporting Period, save for the deviation from the then code provision C.2.1 as disclosed below.

We have not separated the roles of the Chairman of the Board and the Chief Executive Officer. Dr. Xue has served as chairman of the board and general manager of CANbridge Life Sciences Ltd. since June 2012 and as Chairman of the Board, Director and Chief Executive Officer since the inception of our Company in January 2018. Dr. Xue is the founder of the Group and has extensive experience in the business operations and management of our Group. Our Board believes that, in view of his experience, personal profile and his roles in our Company, Dr. Xue is the Director best suited to identify strategic opportunities and focus of the Board due to his extensive understanding of our business as our Chief Executive Officer. Our Board also believes that the combined role of Chairman of the Board and Chief Executive Officer can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board. Our Directors consider that the balance of power and authority will not be impaired due to this arrangement. In addition, all major decisions are made in consultation with members of the Board, including the relevant Board committees, and four independent non-executive Directors.

The Board reviews the corporate governance structure and practices from time to time and shall make necessary arrangements when the Board considers appropriate.

COMPLIANCE WITH MODEL CODE

The Company has devised its own code of conduct for the trading of securities by its Directors and the relevant employees of the Group (who are likely to possess inside information about the securities of the Company due to their offices or employments in the Company or its subsidiaries) on terms that no less exacting than the required standard set out in the Model Code.

Having made specific enquiry by the Company, all Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the Reporting Period. No incident of non-compliance of the Model Code by the relevant employees was noted by the Company for the Reporting Period.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The Audit Committee has three members comprising Mr. Peng Kuan Chan (chairperson), Mr. James Arthur Geraghty and Dr. Kan Chen, with its terms of reference in compliance with the Listing Rules.

The Audit Committee has considered and reviewed the unaudited interim results (including this report) of the Group for the six months ended 30 June 2023 and the accounting principles and practices adopted by the Group, and has discussed with management on issues in relation to, among others, financial reporting. The Audit Committee is of the opinion that the unaudited interim results of the Group for the six months ended 30 June 2023 are in compliance with the relevant accounting standards, laws and regulations.

The consolidated financial statements of the Group for the Reporting Period have not been reviewed or audited by the Company's auditors.

Other Information

LEGAL PROCEEDINGS

During the Reporting Period, as far as the Company is aware, the Company and its subsidiaries were not involved in any material litigation or arbitration and no material litigation or claim of material importance was pending or threatened against or by the Company.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

CHANGE IN INFORMATION OF DIRECTORS

As of the date of this report, there was no information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2023, the Group had 118 employees (31 December 2022: 117 employees). The Group's employees' remuneration consists of salaries, bonuses, share-based incentive plans, an employees' provident fund, and social security contributions and other welfare payments. In accordance with applicable laws in China and other relevant jurisdictions, we have made contributions to social security insurance funds and housing funds for the employees of the Group.

We conduct new staff training regularly to guide new employees and help them adapt to the new working environment. In addition, we provide on-line and in-person formal and comprehensive company-level and department-level training to our employees in addition to on-the-job training. We also encourage our employees to attend external seminars and workshops to enrich their technical knowledge and develop competencies and skills.

During the Reporting Period, the total staff costs (including Director's emoluments) were approximately RMB78.4 million (2022: RMB91.1 million). Such decrease was primarily due to the decrease in share-based payment expenses and the decrease of our employee headcounts.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Except as disclosed above, as of the date of this report, the Company is not aware of any material subsequent events after the end of the Reporting Period which requires disclosure in this report.

By order of the Board
CANbridge Pharmaceuticals Inc.
北海康成製藥有限公司
Dr. James Qun Xue
Chairman

Hong Kong, 30 August 2023

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2023

	Notes	Six months ended 30 June 2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Revenue	4	**43,051**	34,728
Cost of sales		**(16,374)**	(12,561)
Gross profit		**26,677**	22,167
Other income and gains		**8,529**	6,445
Selling and distribution expenses		**(38,334)**	(42,626)
Administrative expenses		**(48,187)**	(55,625)
Research and development expenses		**(142,975)**	(158,260)
Other expenses		**(19,412)**	(18,631)
Finance costs		**(4,459)**	(2,482)
LOSS BEFORE TAX	5	**(218,161)**	(249,012)
Income tax expense	6	**–**	–
LOSS FOR THE PERIOD		**(218,161)**	(249,012)
Attributable to:			
Owners of the parent		**(218,161)**	(249,012)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT(EXPRESSED IN RMB PER SHARE)			
– Basic and diluted	8	**(0.51)**	(0.59)

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
LOSS FOR THE PERIOD	**(218,161)**	(249,012)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(60,656)**	(61,002)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**(60,656)**	(61,002)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company	**79,932**	103,350
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**79,932**	103,350
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**19,276**	42,348
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**(198,885)**	(206,664)
Attributable to:		
Owners of the parent	**(198,885)**	(206,664)

Interim Condensed Consolidated Statement of Financial Position

30 June 2023

	Notes	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	**14,447**	15,003
Right-of-use assets		**127,232**	129,714
Intangible assets		**83,385**	49,011
Other non-current assets		**1,730**	3,157
Total non-current assets		**226,794**	196,885
CURRENT ASSETS			
Inventories		**19,883**	9,824
Trade receivables	10	**26,387**	19,054
Prepayments, other receivables and other assets		**12,425**	13,175
Cash and bank balances	11	**283,558**	463,107
Total current assets		**342,253**	505,160
CURRENT LIABILITIES			
Trade payables	12	**172,234**	107,540
Other payables and accruals		**121,557**	130,670
Interest-bearing bank and other borrowings		**26,873**	26,867
Lease liabilities		**9,811**	13,028
Total current liabilities		**330,475**	278,105
NET CURRENT ASSETS		**11,778**	227,055
TOTAL ASSETS LESS CURRENT LIABILITIES		**238,572**	423,940
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**7,875**	10,779
Lease liabilities		**107,256**	104,606
Total non-current liabilities		**115,131**	115,385
Net assets		**123,441**	308,555

Interim Condensed Consolidated Statement of Financial Position

30 June 2023

	Notes	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
EQUITY			
Equity attributable to owners of the parent			
Share capital	13	**28**	28
Reserves		**123,413**	308,527
Total equity		**123,441**	308,555

Executive Director: Dr. James Qun Xue

Interim Condensed Consolidated Statement of Changes In Equity

For the six months ended 30 June 2023

	Attributable to owners of the parent						
	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000	Share-based payment reserve RMB'000	Accumulated losses RMB'000	Exchange fluctuation reserve RMB'000	Total equity RMB'000
At 1 January 2023 (audited)	28	3,461,675	9,581	85,545	(3,410,605)	162,331	308,555
Loss for the period	–	–	–	–	(218,161)	–	(218,161)
Exchange realignment	–	–	–	–	–	19,276	19,276
Total comprehensive income for the period	–	–	–	–	(218,161)	19,276	(198,885)
Issue of shares from exercise of share options	–	1,963	–	(1,913)	–	–	50
Share-based payments	–	–	–	13,721	–	–	13,721
At 30 June 2023 (unaudited)	28	3,463,638*	9,581*	97,353*	(3,628,766)*	181,607*	123,441

	Attributable to owners of the parent						
	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000	Share-based payment reserve RMB'000	Accumulated losses RMB'000	Exchange fluctuation reserve RMB'000	Total equity RMB'000
At 1 January 2022 (audited)	28	3,461,026	9,581	59,338	(2,927,130)	90,548	693,391
Loss for the period	–	–	–	–	(249,012)	–	(249,012)
Exchange realignment	–	–	–	–	–	42,348	42,348
Total comprehensive income for the period	–	–	–	–	(249,012)	42,348	(206,664)
Share-based payments	–	–	–	20,078	–	–	20,078
At 30 June 2022 (unaudited)	28	3,461,026	9,581	79,416	(3,176,142)	132,896	506,805

* These reserve accounts comprise the consolidated reserves of RMB123,413,000 in the interim condensed consolidated statements of financial position as at 30 June 2023.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Notes	Six months ended 30 June 2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(218,161)**	(249,012)
Adjustments for:			
Finance costs		**4,459**	2,482
Foreign exchange differences, net	5	**16,772**	16,915
Interest income		**(7,065)**	(1,214)
Gain on disposal of right-of-use assets		**(238)**	(377)
Loss on disposal of items of property, plant and equipment		**2,054**	1,612
Depreciation of property, plant and equipment		**1,704**	1,085
Amortisation of intangible assets		**3,529**	3,335
Depreciation of right-of-use assets		**8,451**	4,686
Share-based payment expenses	14	**13,721**	20,078
		(174,774)	(200,410)
(Increase)/decrease in inventories		**(10,059)**	3,846
Increase in trade receivables		**(7,333)**	(5,412)
Decrease in prepayments, other receivables and other assets		**750**	15,996
Increase in trade payables		**64,694**	64,700
Decrease in other payables and accruals		**(50,345)**	(26,640)
Interest received		**7,065**	707
Net cash flows used in operating activities		**(170,002)**	(147,213)

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Notes	Six months ended 30 June 2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of right-of-use assets		**–**	(18,880)
Purchases of items of property, plant and equipment		**(3,290)**	(8,270)
Additions to intangible assets		**(101)**	–
Net cash flows used in investing activities		**(3,391)**	(27,150)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of options		**50**	–
Proceeds from bank and other borrowings		**9,800**	33,349
Repayment of bank and other borrowings		**(13,367)**	(15,437)
Payment of listing expenses		**–**	(2,172)
Interest paid on bank loans		**(733)**	(1,125)
Payment of lease liabilities		**(10,680)**	(4,605)
Increase in deposits pledged for lease		**–**	(11,515)
Net cash flows used in financing activities		**(14,930)**	(1,505)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(188,323)**	(175,868)
Cash and cash equivalents at beginning of period		**451,157**	745,815
Effect of foreign exchange rate changes, net		**8,326**	23,154
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**271,160**	593,101
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**283,558**	604,616
Cash and bank balances as stated in the interim condensed consolidated statement of financial position	11	**283,558**	604,616
Pledged deposits	11	**(12,398)**	(11,515)
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows		**271,160**	593,101

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 30 January 2018. The registered office address of the Company is 89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands.

The Company is an investment holding company. During the period, the Group was principally engaged in the research and development and commercialisation of medical products.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") effective from 10 December 2021.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with IAS34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

The interim condensed consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern, which assumes that the Group will be able to meet its obligations and continue its operations for the coming twelve months notwithstanding that as at 30 June 2023, the Group had accumulated losses of RMB3,628,766,000 and net assets of RMB123,441,000. In the opinion of the directors of the Company, the Group will have the necessary liquid fund to finance its working capital and capital expenditure requirements for the next twelve months after 30 June 2023. This is due to the following considerations:

(a) The Group had cash and bank balances of RMB283,558,000 and net current assets of RMB11,778,000 as at 30 June 2023; and

(b) The Group has performed a cash flow forecast for the next twelve months and will have sufficient liquid funds to finance its operations and can operate as a going concern in the foreseeable future.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

The nature and impact of the new and revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022, with any cumulative effect recognised as an adjustment to the balance of retained profits or other component of equity as appropriate at that date. In addition, the Group has applied the amendments prospectively to transactions other than leases that occurred on or after 1 January 2022, if any.

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets as at 1 January 2022.

The adoption of amendments to IAS 12 did not have any impact on the interim condensed consolidated financial statements.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

The nature and impact of the new and revised IFRSs that are applicable to the Group are described below: (continued)

(d) Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

3. OPERATING SEGMENT INFORMATION

For management purpose, the Group has only one reportable operating segment, which is the development, production, marketing and sale of medical products.

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Mainland China	**19,659**	11,690
Other countries/regions	**23,392**	23,038
	43,051	34,728

(b) Non-current assets

	30 June 2023	31 December 2022
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Mainland China	**28,616**	31,710
Other countries/regions	**198,178**	165,175
	226,794	196,885

The non-current asset information above is based on the locations of the assets.

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**43,051**	34,728
Disaggregated revenue information for revenue from contracts with customers		
Types of goods or services		
Sale of medical products	**43,051**	34,728
Timing of revenue recognition		
Goods transferred at a point in time	**43,051**	34,728

5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	**16,374**	12,561
Research and development costs (excluding related employee benefit expenses, depreciation and amortisation)	**105,977**	124,755
Depreciation of property, plant and equipment	**1,704**	1,085
Depreciation of right-of-use assets	**8,451**	4,686
Amortisation of intangible assets	**3,529**	3,335
Lease payments not included in the measurement of lease liabilities	**352**	354
Auditor's remuneration	**1,500**	2,000
Employee benefit expenses (including directors' and chief executive's remuneration):		
Wages, salaries and welfare	**59,670**	62,715
Pension scheme contributions	**2,491**	4,423
Staff welfare expenses	**2,747**	4,812
Share-based payment expenses	**13,525**	19,111
	78,433	91,061
Foreign exchange difference, net	**16,772**	16,915

6. INCOME TAX EXPENSE

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

Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax is imposed.

Hong Kong

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Taiwan

The subsidiary incorporated in Taiwan is subject to income tax at a rate of 20% on the estimated assessable profits arising in Taiwan during the period.

Mainland China

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "CIT Law"), the subsidiaries which operate in Mainland China are subject to CIT at a rate of 25% on the taxable income.

United States of America

The subsidiary incorporated in Delaware, the United States was subject to statutory United States federal corporate income tax at a rate of 21% during the period.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement became effective on 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors.

7. DIVIDENDS

No dividends have been declared and paid by the Company for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 424,306,307 in issue during the six months ended 30 June 2023 (six months ended 30 June 2022: 424,191,920).

The calculation of the diluted loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (CONTINUED)

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil) as the impact of the share options and share awards outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

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

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation:	**(218,161)**	(249,012)

	Number of shares For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	**424,306,307**	424,191,920

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired assets at a cost of RMB2,874,000 (six months ended 30 June 2022: RMB1,287,000).

Assets with a net book value of RMB2,054,000 were disposed of by the Group during the six months ended 30 June 2023 (six months ended 30 June 2022: RMB2,015,000), resulting in a net loss on disposal of RMB2,054,000 (six months ended 30 June 2022: RMB1,612,000).

10. TRADE RECEIVABLES

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

	30 June 2023	31 December 2022
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within 3 months	**26,387**	19,054

10. TRADE RECEIVABLES (CONTINUED)

The Group has applied the simplified approach to provide for expected credit losses ("ECLs") prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the ageing. Because there was no history of default of trade receivables, the Company assessed that the expected loss rate of trade receivables of the Group was very low. The Company also assessed that there was no significant change in the ECL rates during the period, mainly because there was no change of historical default rates of trade receivables and there were no significant changes in the economic conditions and performance and behaviour of the customers, based on which the ECL rates were determined. The directors of the Company are of the opinion that the ECL in respect of the balances of trade receivables is minimal.

No loss allowance for impairment of trade receivables is provided as at 30 June 2023 (31 December 2022: Nil).

11. CASH AND BANK BALANCES

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Cash and bank balances	**283,558**	463,107
Less:		
Pledged deposits*	**(12,398)**	(11,950)
Cash and cash equivalents	**271,160**	451,157

* This represented pledged deposits in commercial banks held as collateral for issuance of letters of credit. None of these deposits are either past due or impaired.

12. TRADE PAYABLES

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

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Within 6 months	**112,647**	63,645
Over 6 months	**59,587**	43,895
	172,234	107,540

13. SHARE CAPITAL

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Issued and fully paid:		
424,392,920 (31 December 2022:424,291,920) ordinary shares	**28**	28

14. SHARE-BASED PAYMENT SCHEMES

The Company operates share-based payment schemes (the "Scheme(s)") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Schemes include the Company's directors, the Group's employees and non-employee consultants.

The 2016 Plan

A share incentive plan (the "2016 Plan") became effective in April 2016 when the board of directors of CANbridge Beijing approved the 2016 Plan. The maximum aggregate number of shares that may be issued under this plan is 1,250,000 ordinary shares of CANbridge Beijing. The 2016 Plan permits the awards of share options through a limited liability partnership (the "LLP"). The participants will indirectly hold share options of CANbridge Beijing through direct holding of the LLP's interest. As part of the red-chip restructuring of the Company and its subsidiaries, the New Plan (see definition below) was adopted to replace the 2016 Plan and the shares were granted to replace the shares of CANbridge Beijing previously granted.

The New Plan

A new share incentive plan (the "New Plan") became effective on 25 July 2019 when the board of directors and the shareholders of the Company approved the New Plan. The New Plan will continue in effect for a term of ten years unless sooner terminated. The maximum number of shares that may be subject to the awards granted and sold under this New Plan is 2,855,650 shares, which comprises 1,250,000 shares reserved under the New Plan to substitute the shares of CANbridge Beijing previously granted under the 2016 Plan and 1,605,650 additional shares.

In July 2021, as approved by the board of directors, the Company amended the New Plan to increase the maximum number of shares that may be subject to the awards to 5,454,923.

The share options have vesting terms in schedule from the grant date over 4 to 5 years on the condition that the directors and employees remain in service and fulfil certain performance conditions of individuals.

Post-IPO Share Option Plan and Post-IPO RSU Plan

The Company adopted the post-IPO share option scheme (the "Post-IPO Share Option Plan") and post-IPO share award scheme (the "Post-IPO RSU Plan"), as approved by resolutions of shareholders on 18 November 2021 for the purpose of aligning the interests of eligible persons to make contributions to the long-term growth and profits of the Group. Eligible persons may include any individual, being an employee, director, officer, consultant or advisor of any member of the Group or any affiliate (including nominees and/or trustees of any employee benefit trust established for them). The Post-IPO Share Option Plan and Post-IPO RSU Plan will continue in effect for a term of ten years.

The maximum number of shares may be granted under the Post-IPO Share Option Plan, when aggregated with the maximum number of shares in respect of which options may be granted under any other option scheme shall not exceed 10% of the issued share capital of the Company as of the date of approval of the Post-IPO Share Option Plan. The maximum number of shares underlying all grants made pursuant to the Post-IPO RSU Plan shall not exceed 5% of the issued share capital of the Company as of the date of approval of the Post-IPO RSU Plan.

14. SHARE-BASED PAYMENT SCHEMES (CONTINUED)

Post-IPO Share Option Plan and Post-IPO RSU Plan (Continued)

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of offer by the grantee. The exercise period of the share options granted is determinable by the directors and commences after a vesting period of one to four years and ends on a date which is not later than ten years from the date of offer of the share options or the expiry date of the Schemes, if earlier.

The exercise price of share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of an ordinary share on the date of grant.

For those awards, evaluations are made as of each reporting period to assess the likelihood of performance criteria being met. Share-based payment expenses are then adjusted to reflect the revision of original estimates.

Share options

During the six months ended 30 June 2022, the Company granted a total of 4,465,000 options under the Post-IPO Share Option Plan to 30 employees. The vesting schedule of the options granted would be subject to a service-based vesting condition, which would be satisfied over a four-year term. The options granted to employees are accounted for as equity awards and measured at their granted date fair values.

During the six months ended 30 June 2023, there were no share options granted.

The following share options were outstanding under the New Plan and the Post-IPO Share Option Plan during the reporting period:

	Number of share options	Weighted average exercise price per share option RMB
At 1 January 2023 (audited)	**51,469,786**	**4.44**
Forfeited during the period	**(552,000)**	**4.26**
Exercised during the period	**(101,000)**	**0.49**
At 30 June 2023 (unaudited)	**50,816,786**	**4.58**

14. SHARE-BASED PAYMENT SCHEMES (CONTINUED)

Share options (Continued)

	Number of share options	Weighted average exercise price per share option RMB
At 1 January 2022 (audited)	46,345,180	4.81
Granted during the period	4,465,000	3.34
Forfeited during the period	(3,335,077)	4.98
At 30 June 2022 (unaudited)	47,475,103	4.79

The exercise prices and exercise periods of the share options outstanding as at 30 June 2023 are as follows:

Six months ended 30 June 2023

Number of options	Exercise price	Exercise period
350,000	RMB0.10	2016-2025
280,000	RMB0.15	2017-2026
714,500	RMB0.54	2017-2029
250,000	RMB0.54	2020-2033
10,000	RMB0.62	2017-2027
500,000	RMB1.27	2019-2030
1,020,280	US$0.19	2019-2032
9,902,419	US$0.52	2019-2030
2,963,553	US$0.59	2020-2033
300,000	US$0.71	2020-2034
14,011,860	US$0.75	2021-2035
9,704,174	US$1.18	2022-2036
3,685,000	HKD$3.90	2023-2026
7,125,000	HKD$2.68	2023-2026
50,816,786		

Fair value of share options

The fair value of equity-settled share options granted was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted.

The Group recognised share-based payment expenses of RMB12,028,000 in relation to share options for the six months ended 30 June 2023 (six months ended 30 June 2022: RMB20,078,000).

As at 30 June 2023, the Company had 50,816,786 share options outstanding under the New Plan and the Post-IPO Share Option Plan. The exercise in full of the outstanding share options would, under the present capital structure of the company, result in the issue of 50,816,786 additional ordinary shares of the Company and additional share capital of RMB4,000.

14. SHARE-BASED PAYMENT SCHEMES (CONTINUED)

Fair value of share options (Continued)

Restricted share units

During the year ended 31 December 2022, the Company granted a total of 5,800,000 RSUs under the Post-IPO RSU Plan to 31 employees. The RSUs granted to employees are accounted for as equity awards and measured at their granted date fair values.

The vesting schedule of the RSUs granted would be subject to both the service-based conditions and the performance-based conditions. The time-based conditions would be satisfied over four years from the date of grant. The performance-based RSUs shall vest in the grantee conditional upon the achievement or attainment of the performance targets by the Company within four years from the date of grant.

During the six months ended 30 June 2023, there were no RSUs granted.

The Group recognized share-based payments expenses of RMB1,693,000 in relation to RSUs for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

The following RSUs were outstanding under the Post-IPO RSU Plan during the reporting period::

	Number of RSUs
At 1 January 2023 (audited)	**5,650,000**
Forfeited during the period	**(80,000)**
At 30 June 2023 (unaudited)	**5,570,000**

15. RELATED PARTY TRANSACTIONS

(a) Name and relationship

The directors of the Group are of the view that the following companies are related parties that had transactions or balances with the Group during the reporting period:

Name of related parties	Relationship with the Group
Shanghai Medkey Med-Tech Development Co.,Ltd	An entity controlled by one of the Company's major shareholders
WuXi AppTec (Suzhou) Co., Ltd.	An entity controlled by one of the Company's major shareholders
WuXi AppTec (Nantong) Co., Ltd.	An entity controlled by one of the Company's major shareholders
Wuxi AppTec (Shanghai) Co., Ltd.	An entity controlled by one of the Company's major shareholders

15. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) The Group had the following transactions with related parties during the period:

	Notes	For the six months ended 30 June 2023 RMB'000	2022 RMB'000
Purchase of services:			
WuXi AppTec (Suzhou) Co., Ltd.	(i)	**30**	1,396
Shanghai Medkey Med-Tech Development Co., Ltd.	(i)	**362**	236
Wuxi AppTec (Shanghai) Co., Ltd.	(i)	**512**	–

Notes:

(i) WuXi AppTec (Suzhou) Co., Ltd., Shanghai Medkey Med-Tech Development Co.,Ltd, and Wuxi AppTec (Shanghai) Co., Ltd. provided Contract Research Organization ("CRO") services to the Group.

The transactions were carried out in accordance with mutually agreed terms and conditions.

(c) Outstanding balances with related parties

	30 June 2023 RMB'000	31 December 2022 RMB'000
Amounts due to related parties:		
WuXi AppTec (Suzhou) Co., Ltd.	**–**	1,396
Shanghai Medkey Med-Tech Development Co., Ltd	**–**	669
Wuxi AppTec (Shanghai) Co., Ltd.	**1,662**	1,150
WuXi AppTec (Nantong) Co., Ltd.	**200**	200

This balance is unsecured, interest-free and has no fixed terms of repayment.

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

	For the six months ended 30 June 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Short term employee benefits	**3,185**	2,028
Post-employment benefits	**107**	99
Share-based payments	**2,347**	4,922
Total	**5,639**	7,049

16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amounts		Fair values	
	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)	**30 June 2023 RMB'000 (Unaudited)**	31 December 2022 RMB'000 (Audited)
Financial liabilities				
Non-current portion of Interest-bearing bank borrowings	**7,875**	10,779	**8,397**	11,531

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

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

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

Fair value hierarchy

The Group did not have any financial assets or financial liabilities measured at fair value as at 30 June 2023 (31 December 2022: Nil).

The Group did not have any financial assets disclosed at fair value as at 30 June 2023 (31 December 2022: Nil).

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

Fair value hierarchy (Continued)

Liabilities for which fair values are disclosed:

As at 30 June 2023 (unaudited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Interest-bearing bank borrowings	**–**	**8,397**	**–**	**8,397**

As at 31 December 2022 (audited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Interest-bearing bank borrowings	–	11,531	–	11,531

17. EVENTS AFTER THE REPORTING PERIOD

There are no significant subsequent events after the end of reporting period.

18. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

The unaudited interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 30 August 2023.