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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1228)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2024

The board (the "**Board**") of directors (the "**Director(s)**") of CANbridge Pharmaceuticals Inc. (the "**Company**") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "**Group**", "**we**", "**our**" or "**us**") for the six months ended June 30, 2024 (the "**Reporting Period**"), together with comparative figures for the six months ended June 30, 2023 as follows.

In this announcement, "CANbridge", "we", "us" and "our" refer to the Company and where the context otherwise requires, the Group. Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any table, chart or elsewhere between totals and sums of amounts listed therein are due to rounding.

BUSINESS HIGHLIGHTS

The Group has made significant progress with respect to its drug pipeline and business operations, including the following milestones and achievements:

Hunterase® (idursulfase beta, formerly known as CAN101), an enzyme replacement therapy (ERT) for the treatment of Mucopolysaccharidosis type II (MPS II), also known as Hunter syndrome. MPS II is number 73 in the "First National List of Rare Diseases" in China published in May 2018.

- CANbridge commercially launched Hunterase® in China in May 2021 in a non-reimbursed market. Patient identification has accelerated since launch, with 822 (757 as of March 31, 2024) patients identified as of June 30, 2024. As of June 30, 2024, we have implemented commercial insurance programs (Huiminbao) in 113 (103 as of March 31, 2024) cities, covering a population of 526 million (500 million as of March 31, 2024) in China.

Livmarli® (maralixibat oral solution, formerly known as CAN108), an oral, minimally absorbed, reversible inhibitor of the ileal bile acid transporter (IBAT) that is under development to treat rare cholestatic liver diseases including Alagille syndrome (ALGS) and progressive familial intrahepatic cholestasis (PFIC). CANbridge has the exclusive rights to develop, commercialize, and under certain conditions, manufacture Livmarli® in Greater China. ALGS is number 5 in the "Second National List of Rare Diseases" in China published in September 2023.

- CANbridge commercially launched Livmarli® in China in January 2024 in a non-reimbursed market. Patient identification has accelerated since launch, with 766 patients identified as of June 30, 2024. As of June 30, 2024, we have implemented commercial insurance programs (Huiminbao) in 15 cities, covering a population of 149 million in China.

- In May 2024, granted an expanded label by the National Medical Products Administration of China ("**NMPA**"). This approval extends the use of Livmarli® for the treatment of cholestatic pruritus in patients with ALGS to include those aged three months and older.

CAN103, an ERT for the treatment of Gaucher Disease (GD). GD is number 31 in the "First National List of Rare Diseases" in China published in May 2018.

- In July 2024, we announced that the last patient in CAN103 Phase 2 trial, in treatment-naïve patients aged 12 or above with GD Types I and III, has completed the last visit.

- In August 2024, we report positive topline data from CAN103 pivotal trial for GD in China.

- We expect to submit NDA in the fourth quarter of 2024.

Gene Therapy, a CANbridge-developed area of excellence, is a therapeutic modality that includes adeno-associated virus (AAV) as a gene delivery vehicle due to its potential to be a one-time, durable treatment for many genetic diseases. Fabry disease, Duchenne Muscular Dystrophy (DMD, the most common form of progressive muscular dystrophy), and spinal muscular atrophy (SMA) are number 27, 98 and 110, respectively, in the "First National List of Rare Diseases" in China published in May 2018.

- As of June 30, 2024, we have licensed a dual vector technology called "StitchR" from ScriptR Global for its application towards DMD. The StitchR technology enables delivery of larger gene payloads via two independent AAVs and is the basis for our DMD gene therapy program, which is currently in the research discovery stage. As of June 30, 2024, we have internally generated the proof-of-concept data for DMD pre-clinical studies.

FINANCIAL HIGHLIGHTS

- Our revenue increased by RMB1.7 million or 4.0%, from RMB43.1 million for the six months ended June 30, 2023 to RMB44.8 million for the six months ended June 30, 2024, which was primarily due to the ending of the transitional arrangement of Nerlynx® distribution in Hong Kong in the second half of 2023, as originally planned by the Company in 2021 for strategically focusing on rare disease. Excluding the Nerlynx® sales in Hong Kong, our revenue increased by RMB8.8 million, or 24.4% as compared with the same period in 2023, which was mainly attributable to the increase from sales of Livmarli®.

- Our research and development expenses increased by approximately RMB30.3 million or 21.2%, from RMB143.0 million for the six months ended June 30, 2023 to RMB173.3 million for the six months ended June 30, 2024. Such costs were mainly attributable to the ongoing potential registrational trial for CAN103.

- Our administrative expenses decreased by RMB12.5 million or 26.0%, from RMB48.2 million for the six months ended June 30, 2023 to RMB35.7 million for the six months ended June 30, 2024. Such decrease was primarily attributable to our efforts on the containment of employee costs and other administrative costs during the Reporting Period.

- Loss for the Reporting Period increased by approximately RMB29.1 million or 13.3%, from RMB218.2 million for the six months ended June 30, 2023 to RMB247.3 million for the six months ended June 30, 2024, which was primarily attributable to the increase of research and development expenses.

- The adjusted loss for the period increased by RMB38.1 million or 18.6%, from RMB204.4 million for the six months ended June 30, 2023, to RMB242.5 million for the six months ended June 30, 2024. The adjusted loss for the period was arrived at by adjusting the IFRS loss for the Reporting Period of RMB247.3 million (for the six months ended June 30, 2023: RMB218.2 million) through excluding the effect of share-based payment expenses. Please refer to the section headed "Non-IFRS Measures" of this announcement for details.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended June 30, 2024

	Notes	Six months ended June 30, 2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Revenue	*4*	**44,794**	43,051
Cost of sales		**(15,357)**	(16,374)
Gross profit		**29,437**	26,677
Other income and gains		**7,186**	8,529
Selling and distribution expenses		**(39,780)**	(38,334)
Administrative expenses		**(35,661)**	(48,187)
Research and development expenses		**(173,256)**	(142,975)
Other expenses		**(30,626)**	(19,412)
Finance costs		**(4,569)**	(4,459)
LOSS BEFORE TAX	*5*	**(247,269)**	(218,161)
Income tax expense	*6*	**–**	–
LOSS FOR THE PERIOD		**(247,269)**	(218,161)
Attributable to:			
Owners of the parent		**(247,269)**	(218,161)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT(EXPRESSED IN RMB PER SHARE)			
– Basic and diluted	*8*	**(0.58)**	(0.51)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2024

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
LOSS FOR THE PERIOD	**(247,269)**	(218,161)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(11,465)**	(60,656)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**(11,465)**	(60,656)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company	**13,490**	79,932
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**13,490**	79,932
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**2,025**	19,276
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**(245,244)**	(198,885)
Attributable to:		
Owners of the parent	**(245,244)**	(198,885)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2024

	Notes	**June 30, 2024 (Unaudited) *RMB'000***	December 31, 2023 (Audited) *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**7,525**	9,180
Right-of-use assets		**67,598**	99,827
Intangible assets		**71,616**	76,491
Total non-current assets		**146,739**	185,498
CURRENT ASSETS			
Inventories		**12,673**	8,783
Trade receivables	*9*	**28,464**	31,228
Prepayments, other receivables and other assets		**11,973**	10,847
Cash and bank balances	*10*	**49,098**	137,491
		102,208	188,349
Non-current assets classified as held for sale		**–**	21,515
Total current assets		**102,208**	209,864
CURRENT LIABILITIES			
Trade payables	*11*	**307,237**	198,054
Other payables and accruals		**68,451**	81,162
Interest-bearing bank and other borrowings		**30,307**	23,690
Lease liabilities		**11,193**	11,034
		417,188	313,940
Advances received for disposal of non-current assets classified as held for sale		**–**	14,005
Total current liabilities		**417,188**	327,945
NET CURRENT (LIABILITIES)		**(314,980)**	(118,081)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(168,241)**	67,417

	Notes	**June 30, 2024 (Unaudited) *RMB'000***	December 31, 2023 (Audited) *RMB'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**15,500**	6,625
Lease liabilities		**96,497**	100,580
Total non-current liabilities		**111,997**	107,205
Net (liabilities)		**(280,238)**	(39,788)
EQUITY			
Equity attributable to owners of the parent			
Share capital	*12*	**28**	28
Treasury shares		**–**	–
Reserves		**(280,266)**	(39,816)
Total (deficit)		**(280,238)**	(39,788)

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 2024 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 2023.

As at 30 June 2024, the Group had net liabilities of RMB280,238,000 and incurred a net loss of RMB247,269,000 during the six months ended 30 June 2024. Such liquidity position and financial performance indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

Certain measures have been and will continue to be taken by the Company to mitigate the liquidity pressure and to improve the Group's liquidity position and financial performance which include, but not limited to, the following:

(i) the Group is actively, with the support of professional financial advisors, seeking for and negotiating with potential investors to obtain new sources of financing or explore the opportunities of strategic investment. As at the date of this announcement, discussions are on-going but no binding agreements have been entered into;

(ii) the Group is actively negotiating with certain third parties on the out-licensing, co-development of the Group's pipeline assets such as gene therapy assets, to abate its development cost, streamline its operations further and improve liquidity position. As at the date of this announcement, discussions are in early stages and no binding agreements have been entered into;

(iii) the Group has taken active measures to control selling and administrative costs and research and development costs, such as further reprioritisation of pipelines, containment and reduction of employee costs, lessening rental space to reduce rental costs, shutting US research and development center, etc. The Group will continue these ongoing efforts to strictly control the operating costs;

(iv) the Group obtained certain new credit facilities from two banks in China in the total amount of RMB30 million during the period of six months ended 30 June 2024. The Group has been and will continue actively negotiating with banks for renewal and extension of existing bank borrowings that will become due during the 12-month period following 30 June 2024, and explore new borrowings both onshore and offshore. Discussions regarding the new borrowings from banks onshore and offshore are on-going but no binding agreements have been entered into. The Group will also continue to actively negotiate with the suppliers to extend the credit terms based on amicable relationships with the suppliers; and

(v) the Group will further improve the profitability with two commercialized products, namely Hunterase® and Livmarli®, to generate cash inflow for the Group.

Assuming that the above-mentioned plans and measures will succeed and having reviewed the Group's cash flow projections prepared by management, which cover a period of twelve months from 30 June 2024, the board of directors of the Company are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 30 June 2024. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

However, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above and continue to operate as a going concern. Whether the Group will be able to continue as a going concern would depend upon the following:

(i) the successful obtaining of financing or strategic capital investments in the Group;

(ii) the successful signing of binding agreement with third parties to license out certain of its products or pipelines;

(iii) the successful and timely implementation of the plans to control costs and reduce expenditures;

(iv) the successful obtaining of continuous support from the banks for provision of new bank loans under the approved back-up facilities and renewal and extension of existing bank borrowings;

(v) the successful negotiation with the suppliers to extend the credit terms of payables; and

(vi) the successful increase of profitability of commercialized products.

Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to these consolidated financial statements to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised International Financial Reporting Standards ("**IFRSs**") for the first time for the current period's financial information.

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

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

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

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

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

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

3. 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	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Mainland China	**23,905**	19,659
Other countries/regions	**20,889**	23,392
	44,794	43,051

(b) Non-current assets

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Mainland China	**5,088**	6,726
Other countries/regions	**141,651**	178,772
	146,739	185,498

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	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**44,794**	43,051
Disaggregated revenue information for revenue from contracts with customers		
Types of goods or services		
Sale of medical products	**44,794**	43,051
Timing of revenue recognition		
Goods transferred at a point in time	**44,794**	43,051

5. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**15,357**	16,374
Research and development costs (excluding related employee benefit expenses, depreciation and amortisation)	**150,104**	105,977
Depreciation of property, plant and equipment	**1,056**	1,704
Depreciation of right-of-use assets	**7,415**	8,451
Amortisation of intangible assets	**5,244**	3,529
Lease payments not included in the measurement of lease liabilities	**1**	352
Auditor's remuneration	**2,000**	1,500
Employee benefit expenses (including directors' and chief executive's remuneration):		
Wages, salaries and welfare	**44,447**	59,670
Pension scheme contributions	**2,233**	2,491
Staff welfare expenses	**2,659**	2,747
Share-based payment expenses	**4,718**	13,525
	54,057	78,433
Foreign exchange difference, net	**3,588**	16,772
Impairment of right-of-use assets	**26,270**	–
Impairment of inventories	**57**	–

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.

Chinese Mainland

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "**CIT Law**"), the subsidiaries which operate in Chinese Mainland 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 Chinese Mainland. 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 2024 (six months ended 30 June 2023: 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 424,824,445 in issue during the six months ended 30 June 2024 (six months ended 30 June 2023: 424,306,307).

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2024 (six months ended 30 June 2023: 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	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation:	**(247,269)**	(218,161)

	Number of shares For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	**424,824,445**	424,306,307

9. 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 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**28,464**	31,228

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 2024 (31 December 2023: Nil).

10. CASH AND BANK BALANCES

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Cash and bank balances	**49,098**	137,491
Less:		
Pledged deposits*	**(6,185)**	(12,590)
Cash and cash equivalents	**42,913**	124,901

* 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.

11. 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 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 6 months	**165,816**	80,753
Over 6 months	**141,421**	117,301
	307,237	198,054

12. SHARE CAPITAL

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Issued and fully paid:		
424,838,320 (31 December 2023: 424,562,120) ordinary shares	**28**	28

OVERVIEW

Founded in 2012, CANbridge is a global biopharmaceutical company, with a foundation in China, committed to the research, development and commercialization of transformative therapies to treat rare diseases. As of June 30, 2024, we have a comprehensive pipeline of 12 active drug assets targeting prevalent rare diseases indications that have high unmet needs and significant market potential. The robust pipelines include four marketed products and three drug candidates at the late clinical stage. Given the continuously challenging reimbursement environment in mainland China, volatile capital markets, and limited biotech funding, CANbridge has further prioritized the key programs with significant development and regulatory milestones occurring 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. As of June 30, 2024, we have streamlined the workforce to 93 full-time employees, of which 11 have a Ph.D. and/or M.D. degree, and more than 70% of our employees have prior experience working at multinational biopharmaceutical companies. As of mid-August 2024, we have further streamlined our workforce to 79 full-time employees to reduce operational costs. Our management team has a track record of successfully achieving approval and commercializing of rare disease therapies across the key markets, including China, the United States (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. James Qun Xue ("**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 prioritize and optimize our pipeline through out-licensing, partnerships and collaborations with academic institutions, as well as with in-house R&D.

In the rare disease area, we have seven biologic and small molecule product candidates. 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 and PFIC. We received marketing approval for Hunterase® (CAN101) for the treatment of MPS II in mainland China in September 2020. We received marketing approval for Livmarli® for the treatment of ALGS from the NMPA in May 2023, from the Pharmacy & Poisons Board of Hong Kong in September 2023, and from Taiwan's TFDA in October 2023. We obtained the Investigational New Drug (IND) approval from the NMPA for a CAN106 study in PNH in July 2021; 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 a multiple ascending dose study in PNH patients in China was reported in June 2023. Results showed promising efficacy and safety with a dose-dependent reduction of LDH levels and an increase in hemoglobin levels that demonstrate clinically meaningful hemolysis inhibition and improvement in transfusion-dependent anemia. Furthermore, the first patient was dosed in a Phase 1 trial of CAN103 in GD in China in July 2022, and the first patient was dosed in a Phase 2 trial of GD in China in January 2023. Positive topline data from CAN103 pivotal trial for GD in China was reported in August 2024.

In addition to biologics and small molecules, we are investing in next-generation technology for gene therapy. Gene therapy provides a potentially one-time, durable treatment for rare genetic diseases with limited treatment options. As of June 30, 2024, we are using an AAV sL65 capsid vector for the development of treatments for Fabry disease and Pompe disease, which we licensed for these two indications from LogicBio Therapeutics. In January 2023, we announced that we 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 have licensed a dual vector technology called "StitchR" from ScriptR Global for its application towards DMD. The StitchR technology enables delivery of larger gene payloads via two independent AAVs and is the basis for our DMD gene therapy program, which is currently in the research discovery stage. As of June 30, 2024, we have internally generated the proof-of-concept data for DMD pre-clinical studies.

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 that lead to a better understanding of the disease, increasing the chance of successful R&D. Sales efforts for rare disease drugs are more targeted due to the limited number of specialists and tertiary care hospitals treating these patients. A favorable regulatory environment, like the Orphan Drug Act and expedited approval pathways in the United States, helps 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 (at a 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 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 approximately USD1.3 billion in 2020, significantly lower than in the U.S. and Europe. However, with a similar prevalence rate 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 attractive commercial opportunities for pharmaceutical companies. Leading companies like Sanofi, AstraZeneca, and Roche have already launched products in China and other developing countries, recognizing their 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 approval pathway by allowing the submission of clinical data from global trials, and is moving towards a more favorable reimbursement policy. In 2018, China released the First National List of Rare Diseases, encompassing 121 rare conditions. In 2023, the second edition of the list was unveiled, incorporating 86 additional rare diseases. With this latest update, China's rare disease catalog now encompasses a total of 207 rare conditions across both editions.

Gene therapy is emerging as a promising therapeutic approach 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 disease and offer curative potential. Recent advancements in genetic engineering and viral vector development have led to several approved gene therapy products, such as Zolgensma® for SMA developed by Novartis and Elevidys® for DMD developed by Sarepta Therapeutics, Inc., validating their potential as a durable treatment for rare diseases.

On May 9, 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 a first new pediatric drug 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.

Based on the two batches of national rare disease catalogs and the 2023 National Medical Insurance Drug Catalog, China has launched 165 rare disease drugs for 92 rare diseases, with 112 of them included in medical insurance, involving 64 rare diseases. From 2018 to 2022, 27 rare disease drugs (excluding new indications) were launched domestically, of which only 4 drugs were introduced or replicated by domestic companies. In 2023, a total of 45 rare disease drugs were approved for marketing domestically (excluding type 4 rare disease drugs for chemical drugs), of which 18 products were developed by Chinese companies, involving 13 rare diseases.[1]

The "Guiding Catalog for Industrial Structure Adjustment (2024 Edition)" released by the National Development and Reform Commission (NDRC) officially came into effect on February 1, 2024. Rare disease drugs, biocatalysts, and gene therapy drugs are included in the encouraged category of industries.

In March 2024, Premier Li Qiang, on behalf of the State Council, delivered the "Government Work Report" at the Second Session of the Fourteenth National People's Congress. Article ten of the report proposes "strengthening research, diagnosis, treatment services, and medication guarantee for rare diseases."

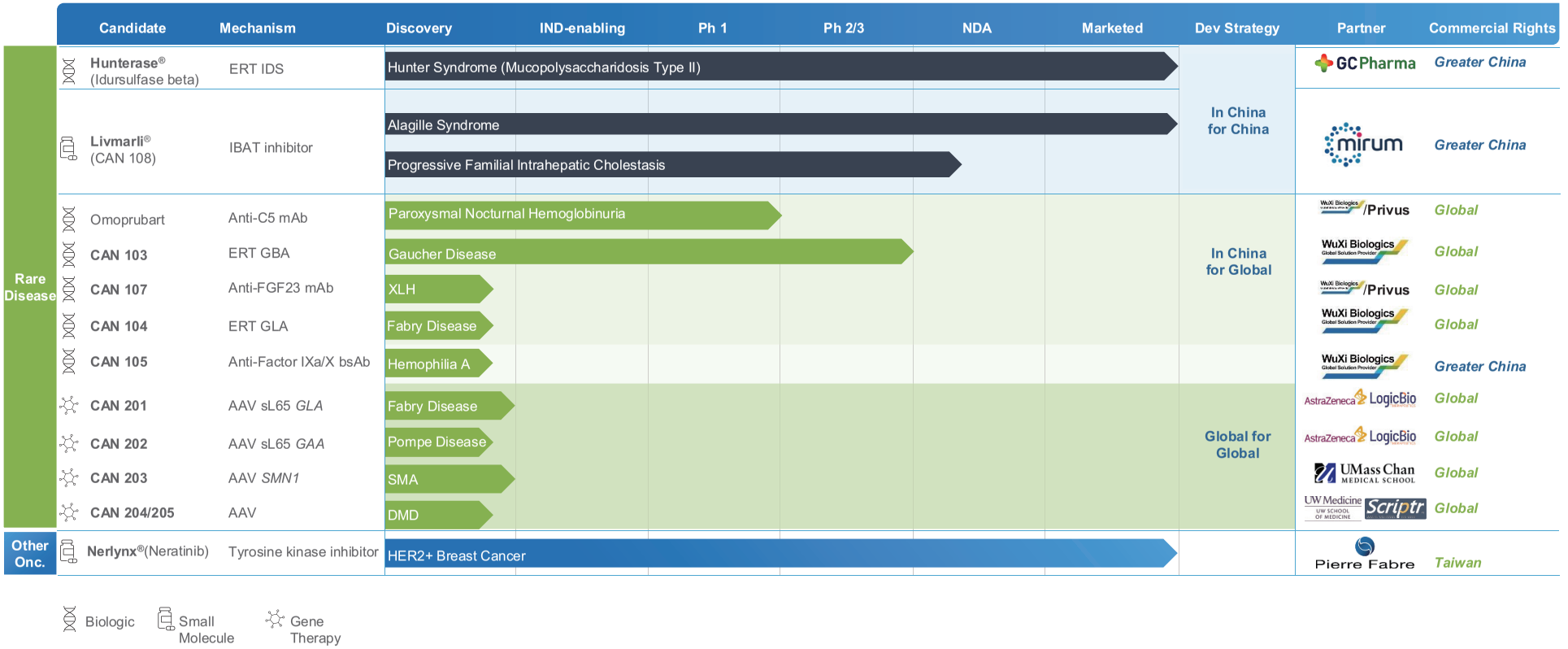
On January 22, 2024, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council issued the "Implementation Plan for the Comprehensive Reform Pilot Program in Pudong New Area (2023-2027)" ("**Pudong Plan**"). The Pudong Plan proposes to "allow new biopharmaceutical products to be priced in reference to similar international drugs in accordance with relevant regulations, supporting the development of the innovative drug and medical device industries."

1: Beijing Disease Challenge Public Welfare Foundation and Frost & Sullivan jointly released "2024 China Rare Disease Industry Trends Observation Report".

PIPELINE

Our Comprehensive and Diversified Pipeline

CANbridge holds global rights to 8 out of 12 assets, spanning biologics, small molecules, and gene therapy, targeting most prevalent rare diseases and oncology indications, with proven mechanisms and significant market potential.



* The Company decided to discontinue the development and further trials of CAN008 in the field of GBM in April 2024. For details, please refer to the company's announcement

BUSINESS REVIEW

The Company was listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on December 10, 2021. Since then, the Company has made significant progress with respect to its drug pipeline and business operations, including the following milestones and achievements.

HUNTERASE® *(IDURSULFASE BETA, FORMERLY KNOWN AS 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®.

- CANbridge received the marketing approval from the NMPA for Hunterase® in September 2020 as the first and the only treatment for MPS II in China. Hunterase® is currently marketed in over 10 countries worldwide by GC Pharma. In a head-to-head Phase 1/2 study, Hunterase® demonstrated favorable efficacy as compared to Elaprase®, a drug commonly used to treat Hunter syndrome globally. In a Phase 3 clinical trial in Chinese MPS II patients, Hunterase® demonstrated favorable efficacy compared to placebo over a period of up to two years with no specific safety concerns.

- CANbridge commercially launched Hunterase® in China in May 2021 in a non-reimbursed market. Patient identification has accelerated since launch, with 822 (757 as of March 31, 2024) patients identified as of June 30, 2024. As of June 30, 2024, we have implemented commercial insurance programs (Huiminbao) in 113 (103 as of March 31, 2024) cities, covering a population of 526 million (500 million as of March 31, 2024) in China.

- The Company continues to strengthen integrated commercialization team and with the ability to commercialize multiple rare disease products.

LIVMARLI® *(MARALIXIBAT ORAL SOLUTION, FORMERLY KNOWN AS CAN108)*

- Livmarli® is an oral, minimally-absorbed, reversible IBAT inhibitor and is under development to treat rare cholestatic liver diseases, including ALGS (approved by FDA) and PFIC. 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 an open-label extension in children (aged 1-18 years) conducted for ALGS by Mirum Pharmaceuticals, Inc. ("**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 a Phase 3 study of Livmarli® in PFIC, 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 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 the combined genetic subtypes.

- CANbridge and Mirum have an exclusive license agreement for the development, commercialization and manufacturing, under certain conditions, of Livmarli® in Greater China.

- In 2023, CANbridge received multiple marketing approvals for Livmarli® in mainland China, Hong Kong, and Taiwan. The broad marketing approvals make Livmarli® the first and only approved product marketed for the treatment of cholestatic pruritus in patients with ALGS in these regions.

- CANbridge commercially launched Livmarli® in China in January 2024 in a non-reimbursed market. Patient identification has accelerated since launch, with 766 patients identified as of June 30, 2024. As of June 30, 2024, we have implemented commercial insurance programs (Huiminbao) in 15 cities, covering a population of 149 million in China.

- In May 2024, granted an expanded label by the NMPA. This approval extends the use of Livmarli® for the treatment of cholestatic pruritus in patients with ALGS to include those aged three months and older.

CAN106 *(OMOPRUBART)*

- CAN106 is a novel, long-acting, monoclonal antibody directed against C5 complement that is being developed for the treatment of complement-mediated diseases, including PNH and MG among other approved and new potential indications. Based on 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 with a convenient four-week dosing frequency.

- 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 in 2019 and 2020, respectively.

- CAN106 has received Orphan Drug Designation from the FDA for the treatment of MG, an autoimmune neuromuscular disease that causes muscle weakness. 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.

- 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, Dr. 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 and rapid, dose-dependent reductions in free C5 levels within 24 hours, with all subjects in Cohort 3 maintaining values below 0.5 ug/mL, a historical 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. Currently, CAN106 is the only domestically-developed treatment for PNH that is actively being developed.

- Complement-mediated diseases amenable to treatment with an anti-C5 antibody remain an area of broad interest, demonstrating potential for CAN106 in multiple indications beyond PNH.

CAN103

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

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

- 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. Dr. 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 the accumulation of a cellular sphingolipid called glucocerebroside in macrophages residing in liver, spleen, and bone marrow, resulting in hepatosplenomegaly, anemia, thrombocytopenia, and skeletal disease (infarction, osteoporosis, and pain). In GD Type III, glucocerebroside also accumulates in the central nervous system, causing chronic neurodegeneration and premature 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 GD Types I and III. Many GD patients in China do not have access to approved treatments due to cost barriers.

- In October 2023, the Company announced that the core part of the ongoing CAN103 Phase 2 trial, in treatment-naïve patients aged 12 or above with GD Types I and III, completed enrollment. The randomized, double-blind, dose comparison Phase 2 study is designed to evaluate the efficacy, safety and pharmacokinetics of CAN103 in newly treated GD patients over 9 months, followed by a long-term extension period. This trial will serve as a potential registrational trial for CAN103.

- In July 2024, we announced that the last patient in CAN103 Phase 2 trial, in treatment-naïve patients aged 12 or above with GD Types I and III, has completed the last visit.

- In August 2024, we reports positive topline data from CAN103 pivotal trial for Gaucher disease in China.

- We expect to submit NDA in the fourth quarter of 2024.

GENE THERAPY

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

- 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 hSMN1 under the control of an endogenous hSMN1 promoter, for the treatment of SMA.

- The Company, in collaboration with the Horae Gene Therapy Center at the UMass Chan Medical School, presented preclinical data in May 2023 on CAN203 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 vector that expresses a codon-optimized hSMN1 transgene under the control of 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, which is similar in design to the FDA-approved gene therapy vector for SMA.

- Presented preclinical data in October 2023 on CAN201, a potential gene therapy for the treatment of patients with Fabry disease, at the European Society of Gene & Cell Therapy (ESGCT) 30th Annual Congress. CAN201 utilizes a liver-targeting AAV capsid sL65 to produce in the liver the key enzyme, α-GAL, that is deficient in patients with Fabry disease. In preclinical studies involving Fabry mice and a PXB mouse model containing a humanized liver, CAN201 showed a dose-dependent increase in α-GAL enzyme levels across various tissues with a corresponding reduction in disease-causing Gb3 lipid levels. The gene therapy was well tolerated with no significant adverse effects observed in Fabry mice.

- In February 2024, our pioneering work, in collaboration with the Horae Gene Therapy Center at the UMass Chan Medical School, on developing a novel AAV-based gene therapy for SMA was published in the prestigious EMBO Molecular Medicine journal, accompanied by a commentary highlighting its scientific significance. Compared to the benchmark vector with an identical design to the vector used in the FDA-approved gene therapy for treating SMA that drove high, ubiquitous tissue expression of SMN, this second-generation vector restored SMN expression close to physiological levels in the central nervous system and major systemic organs of a severe SMA mouse model. Remarkably, it demonstrated superior safety without liver toxicity seen with the benchmark vector and markedly improved therapeutic efficacy over the benchmark vector. Compared to the benchmark vector, it prolonged longer survival, more efficiently rescued motor function and neuromuscular junction integrity, more effectively rescued heart and respiratory function and reduced peripheral tissue disease manifestations. This body of work is the basis of our CAN203 gene therapy program.

- In addition, we have licensed a dual vector technology called "StitchR" from ScriptR Global for its application towards DMD. The StitchR technology enables delivery of larger gene payloads via two independent AAVs and is the basis for our DMD gene therapy program, which is currently in the research discovery stage. As of June 30, 2024, we have internally generated the proof-of-concept data for DMD pre-clinical studies.

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 exploring manufacturing strategy for gene therapy that can help us to achieve high quality and capital efficiency anticipate to use CDMO to enable the further development of our gene therapy products.

Commercialization

With multiple products currently approved for marketing in multiple geographies, 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 approved products and late-stage drug candidates that can be quickly expanded in line with our business growth, comprising three major functions, including marketing and sales, medical affairs and patient advocacy assistance and market access, with the mission to execute medical engagement plans for key opinion leader (KOL) development, promote community awareness and explore industry insights for better drug development and marketing strategy.

The management continues to monitor the market to develop the most cost-effective strategy for commercializing these upcoming pipeline products.

KEY EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, the Company has no key events after the Reporting Period that need to be brought to the attention of the shareholders of the Company (the "**Shareholders**").

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 announcement.

Revenue

Our revenue increased by RMB1.7 million from RMB43.1 million for the six months ended June 30, 2023 to RMB44.8 million for the six months ended June 30, 2024, which was primarily due to the ending of the transitional arrangement of Nerlynx® distribution in Hong Kong in the second half of 2023, as originally planned by the Company in 2021 for strategically focusing on rare disease. Excluding the Nerlynx® sales in Hong Kong, our revenue increased by RMB8.8 million, or 24.4% as compared with the same period in 2023, which was mainly attributable to the increase from sales of Livmarli®.

Cost of Sales

Our cost of sales decreased by RMB1.0 million from RMB16.4 million for the six months ended June 30, 2023 to RMB15.4 million for the six months ended June 30, 2024, which was primarily attributable to the change in product mix of our commercialized products during the Reporting Period.

Gross Profit and Gross Profit Margin

Our gross profit increased by RMB2.7 million from RMB26.7 million for the six months ended June 30, 2023 to RMB29.4 million for the six months ended June 30, 2024. Our gross profit margin for the six months ended June 30, 2024 was 65.7% (for the six months ended June 30, 2023: 62.0%).

Other Income and Gains

Our other income and gains decreased by RMB1.3 million from RMB8.5 million for the six months ended June 30, 2023 to RMB7.2 million for the six months ended June 30, 2024, which was primarily attributable to the decrease of interest income and partially offset by the increase of the gain on disposal of the assets classified as held for sale.

Selling and Distribution Expenses

Our selling and distribution expenses increased by RMB1.5 million from RMB38.3 million for the six months ended June 30, 2023 to RMB39.8 million for the six months ended June 30, 2024, which was primarily due to the increase of marketing and promotion expenses and partially offset by the decrease in employee costs.

Administrative Expenses

Our administrative expenses decreased by RMB12.5 million from RMB48.2 million for the six months ended June 30, 2023 to RMB35.7 million for the six months ended June 30, 2024. Such decrease was primarily attributable to our efforts on the containment of employee costs and other administrative costs during the Reporting Period.

Research and Development Expenses

Our research and development expenses increased by RMB30.3 million from RMB143.0 million for the six months ended June 30, 2023 to RMB173.3 million for the six months ended June 30, 2024. Such costs were mainly attributable to the ongoing potential registrational trial for CAN103.

	Six months ended June 30,	
	2024	2023
Research and development expenses	***RMB'000***	*RMB'000*
Staff costs	**16,764**	30,248
Testing and clinical trial expenses	**141,799**	100,042
License fees	**2,305**	–
Depreciation and amortization	**6,388**	6,750
Other expenses	**6,000**	5,935
Total	**173,256**	142,975

Other expenses

Our other expenses increased from RMB19.4 million for the six months ended June 30, 2023 to RMB30.6 million for the six months ended June 30, 2024, which was primarily due to the impairment loss of RMB26.3 million arising from right-of-use assets, and partially offset by the decrease of foreign exchange loss.

Finance Costs

Our finance costs increased from RMB4.5 million for the six months ended June 30, 2023 to RMB4.6 million for the six months ended June 30, 2024. Such increase was primarily due to the increase of bank loan interest expenses and partially offset by the decrease of 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 June 30,	
	2024	2023
	RMB'000	*RMB'000*
Loss for the period	**(247,269)**	(218,161)
Add:		
Share-based payment expenses	**4,755**	13,721
Adjusted loss for the period	**(242,514)**	(204,440)

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 maximize 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 June 30, 2024 were RMB49.1 million, of which RMB26.7 million, RMB18.3 million and RMB4.1 million, were denominated in RMB, USD and TWD, respectively. As compared to RMB137.5 million as of December 31, 2023, 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 research and development efforts, 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 research and development, business operation and expansion plans. For the six months ended June 30, 2024, we funded our operations primarily through revenue generated from sales of commercialized products, net proceeds raised from the global offering (the "**Global Offering**") as set out in the prospectus of the Company dated November 30, 2021 (the "**Prospectus**") and debt financing.

We closely monitor the uses of cash and cash equivalents to ensure that our financial resources have been used in the most cost-effective and efficient way. During the Reporting Period, given, among others, the halt in the development and further trials of CAN008 in the field of GBM and the expansion of high-value-added potential business opportunities, the Board resolved to reallocate the unutilized net proceeds received from the Global Offering (after deducting the underwriting commissions and estimated expenses payable by the Company in relation to the Global Offering). For details of the change in use of proceeds, please refer to the Company's announcement titled "Change in Use of Proceeds from the Global Offering" dated May 6, 2024. We also consider and will endeavor to seek various funding sources depending on the Group's funding needs.

Bank Loans and Other Borrowings

Our bank loans and other borrowings as of June 30, 2024 were RMB45.8 million (December 31, 2023: RMB30.3 million). All of our bank loans and other borrowings as of June 30, 2024 were denominated in RMB and carried fixed nominal interest rates ranging from 3.35% to 4.00% per annum.

Current Ratio

Current ratio (calculated by current assets divided by current liabilities) of the Group as of June 30, 2024 was 24.5% (December 31, 2023: 64.0%). The decrease in current ratio was primarily due to the decrease in cash and bank balances, and the increase in trade payables as of June 30, 2024.

Gearing Ratio

The gearing ratio (calculated by total interest-bearing borrowings divided by total assets) of the Group as of June 30, 2024 was 18.4% (December 31, 2023: 7.7%).

Foreign Currency Risk

We have transactional currency 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 June 30, 2024, we did not have any material contingent liabilities.

Capital Expenditure and Commitments

The Group's capital expenditures during the six months ended June 30, 2024 were primarily related to the purchase of property, plant and equipment. During the six months ended June 30, 2024, the Group incurred RMB14,000 in relation to capital expenditures.

Charges on Group Assets

As of June 30, 2024, the Group pledged deposits of RMB6.2 million in commercial banks held as collateral for issuance of letters of credit for lease. Saved as disclosed above, as of June 30, 2024, the Group did not have other charges over its assets.

Significant Investment Held

As of June 30, 2024, the Group did not have 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, the Group does not have any specific future plans on material investments or capital assets as of the date of this announcement.

Share Schemes

Pre-IPO Equity Incentive Plan

The Company adopted the 2019 equity incentive plan (the "**Pre-IPO Equity Incentive Plan**") on July 25, 2019, which was amended on June 11, 2021.

The maximum number of the ordinary shares in the share capital of the Company (the "**Shares**") that may be subject to the awards granted and sold under the Pre-IPO Equity Incentive Plan is 54,549,230 Shares and share options (including those have subsequently lapse or been fully exercised) to subscribe for 55,708,000 Shares thereof had been granted. No share options were granted under the Pre-IPO Equity Incentive Plan after the Company's listing.

During the Reporting Period, 276,200 options were exercised, and 6,057,849 options were forfeited. As of June 30, 2024, the Company had 32,652,806 options outstanding.

Post-IPO RSU Scheme

The Company has conditionally adopted the post-IPO RSU scheme by the Shareholders' resolution dated November 18, 2021 and amended on June 27, 2024 (the "**Post-IPO RSU Scheme**").

The maximum number of Shares which may be allotted and issued in respect of all restricted share units ("**RSUs**") that may be granted under the Post-IPO RSU Scheme, when aggregated with the maximum number of Shares in respect of which options or awards may be granted under any other share scheme over Shares, shall not exceed 10 per cent of the issued capital of the same class of the Company as of June 27, 2024 (or of the date on which the refreshing of the 10 per cent limit is approved by the Shareholders). Awards lapsed in accordance with the terms of the Post-IPO RSU Scheme shall not be counted for the purpose of calculating such limit.

During the Reporting Period, 6,336,000 RSUs were granted by the Company under the Post-IPO RSU Scheme, subject to acceptance of the relevant grantees.

During the Reporting Period, 199,250 RSUs were exercised, and 750,875 RSUs were forfeited. As of June 30, 2024, the Company had 9,998,625 RSUs outstanding.

Post-IPO Share Option Scheme

The Company has conditionally adopted the post-IPO share option scheme by the Shareholders' resolution dated November 18, 2021 and amended on June 27, 2024 (the "**Post-IPO Share Option Scheme**").

The maximum number of the Shares which may be allotted and issued in respect of all options that may be granted under the Post-IPO Share Option Scheme, when aggregated with the maximum number of Shares in respect of which options or awards may be granted under any other share scheme over Shares, shall not exceed 10% of the issued capital of the same class of the Company as of June 27,2024 (or of the date on which the refreshing of the 10 per cent limit is approved by the Shareholders).

During the Reporting Period, 12,815,000 share options were granted by the Company under the Post-IPO Share Option Scheme, subject to acceptance of the relevant grantees.

During the Reporting Period, 0 share options were exercised, and 1,460,875 share options were forfeited. As of June 30, 2024, the Company had 20,976,125 share options outstanding.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code ("CG 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 complied and adopted the principles and the code provisions of the CG Code as set out in Appendix C1 to the Listing Rules as its own code of corporate governance.

The Board is of the view that the Company has complied with the principles and all applicable code provisions of the CG Code during the Reporting Period, save for the deviation from C.2.1 of the CG Code 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 will review 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 adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the "**Model Code**"). Specific enquiries have been made to all the Directors and they have confirmed that they have complied with the Model Code during the Reporting Period.

Purchase, Sale or Redemption of 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 (including sale of treasury shares).

Employee and Remuneration Policy

As of June 30, 2024, the Group had 93 employees (December 31, 2023: 100 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 (including pension plans, unemployment insurance, work-related injury insurance, medical insurance and maternity insurance) 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 periodically 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 RMB54.1 million (for the six months ended June 30, 2023: RMB78.4 million).

INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended June 30, 2024 (six months ended June 30, 2023: nil).

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The audit committee of the Board (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 of the Group for the six months ended June 30, 2024 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 June 30, 2024 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.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the Company's website (www.canbridgepharma.com) and the website of the Stock Exchange (www.hkexnews.hk).

The 2024 interim report of the Company containing all relevant information required under the Listing Rules will be published on the aforementioned websites in September 2024.

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, August 29, 2024

As of the date of this announcement, the Board comprises Dr. James Qun Xue as Chairman and executive Director, Dr. Kan Chen and Mr. Edward Hu as non-executive Directors, and Dr. Richard James Gregory, Mr. James Arthur Geraghty, Mr. Peng Kuan Chan and Dr. Lan Hu as independent non-executive Directors.