



Ocumension Therapeutics 歐康維視生物

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)

Stock code 股份代號 : 1477



Virtus et Lumen 勇氣和光明



INTERIM REPORT
中期報告

2024

Contents

Corporate Information	2
Financial Summary	4
Corporate Profile	5
Management Discussion and Analysis	6
BUSINESS REVIEW	6
FINANCIAL REVIEW	10
Other Information	19
Report on Review of Condensed Consolidated Financial Statements	36
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	37
Condensed Consolidated Statement of Financial Position	38
Condensed Consolidated Statement of Changes in Equity	39
Condensed Consolidated Statement of Cash Flows	40
Notes to the Condensed Consolidated Financial Statements	42
Definitions and Acronyms	64

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Ye LIU (*Chief Executive Officer*)

Dr. Zhaopeng HU

Non-executive Directors

Dr. Lian Yong CHEN (*Chairman of the Board*)

Dr. Wei LI

Mr. Yanling CAO

Ms. Yumeng WANG

Independent Non-executive Directors

Mr. Ting Yuk Anthony WU

Mr. Yiran HUANG

Mr. Zhenyu ZHANG

AUTHORIZED REPRESENTATIVES

Mr. Ye LIU

Mr. Tim RUAN

AUDIT COMMITTEE

Mr. Ting Yuk Anthony WU (*Chairman*)

Mr. Yiran HUANG

Mr. Zhenyu ZHANG

REMUNERATION COMMITTEE

Mr. Zhenyu ZHANG (*Chairman*)

Mr. Ting Yuk Anthony WU

Mr. Yiran HUANG

NOMINATION COMMITTEE

Dr. Lian Yong CHEN (*Chairman*)

Mr. Yiran HUANG

Mr. Zhenyu ZHANG

JOINT COMPANY SECRETARIES

Mr. Tim RUAN

Ms. Tingchan CHEN (*HKACG, ACG*)

HONG KONG LEGAL ADVISER

Kirkland & Ellis

26th Floor, Gloucester Tower

The Landmark

15 Queen's Road Central

Hong Kong

AUDITOR

Deloitte Touche Tohmatsu

Certified Public Accountants

Registered Public Interest Entity Auditor

35/F One Pacific Place

88 Queensway, Admiralty

Hong Kong

REGISTERED OFFICE

The offices of Vistra (Cayman) Limited

P.O. Box 31119 Grand Pavilion

Hibiscus Way

802 West Bay Road

Grand Cayman KY1-1205

Cayman Islands

CORPORATE HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 1858 Yinzhongnan Road

Guoxiang Subdistrict

Wuzhong District

Suzhou

Jiangsu Province

PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 417, 4th Floor

Lippo Centre Tower Two

No. 89 Queensway

Admiralty

Hong Kong



PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Tricor Services (Cayman Islands) Limited
Second Floor, Century Yard
Cricket Square, P.O. Box 902
Grand Cayman, KY1-1103
Cayman Islands

HONG KONG SHARE REGISTRAR

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

STOCK CODE

1477

COMPANY WEBSITE

www.ocumension.com

Financial Summary

Six months ended June 30,

	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	167,623	103,696
Gross profit	99,202	62,710
Loss for the period	(151,341)	(208,402)
Non-IFRS adjusted net loss for the period ⁽¹⁾	(100,769)	(125,893)

Note:

(1) Non-IFRS Measure

Adjusted net loss for the period is defined as loss for the period adjusted by adding back share-based payments. The following table reconciles our non-IFRS adjusted net loss for the period with our loss for the period, which is the most directly comparable financial measure calculated with IFRS financial results:

Six months ended June 30,

	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Loss for the period	(151,341)	(208,402)
Add:		
Share-based payments	50,572	82,509
Non-IFRS adjusted net loss for the period	(100,769)	(125,893)

We are a China-based ophthalmic pharmaceutical platform company dedicated to identifying, developing and commercializing first- or best-in-class ophthalmic therapies. Our vision is to provide a world-class pharmaceutical total solution to address significant unmet ophthalmic medical needs in China. We believe our ophthalmic pharmaceutical platform, which enjoys a clear first-mover advantage, will enable us to obtain and maintain our leadership position in the field of ophthalmology in China.

The Company has established a complete ophthalmic drug pipeline with 25 front- and back-of-the-eye drug assets, covering all major front- and back-of-the-eye diseases, among which three products are at phase III clinical trial stage and three innovative drugs have reached the registration stage. The following table summarizes our product portfolio and the status of each drug asset as of June 30, 2024:

Program	Mechanism of Action	Indication	Commercial Rights	BD Partners	Pre-IND	Phase I / II	Phase III	NDA / BLA
OT-401 (Youshiying®) (優施瑩®)	Fluocinolone intravitreal implant	Chronic NID-PS	Greater China, Korea and 11 countries in Southeast Asia	EYEPOINT				Commercialized US approved (EyePoint)
OT-1004 (Emadine®) (埃美丁®)	Emedastine difumarate	Allergic conjunctivitis	Mainland China	NOVARTIS				Commercialized
OT-305 (Betoptic® S) (貝特舒®)	Betaxolol hydrochloride	Glaucoma and ocular hypertension	Mainland China	NOVARTIS				Commercialized
OT-306 (Xalatan®) (適利達®)	Latanoprost	Glaucoma and ocular hypertension	Mainland China	VIATRIS				Commercialized
OT-307 (Xalacom®) (適利加®)	Latanoprost and timolol maleate	Glaucoma and ocular hypertension	Mainland China	VIATRIS				Commercialized
OT-1005 (Azep®) (愛賽平®)	Azelastine hydrochloride	Allergic conjunctivitis	Mainland China	VIATRIS				Commercialized
OT-204 (Ou Qin®) (歐沁®)	Sodium hyaluronate	Dry eye	Mainland China	汇恩兰德 HUONLAND				Commercialized
OT-303 ²	Brimonidine tartrate	Glaucoma and ocular hypertension	Mainland China	汇恩兰德 HUONLAND				Commercialized
OT-402 (Visudyne®) (維達達爾®)	Verteporfin	Choroidal neovascularization	Mainland China	CHEPLAPHARM				Commercial Rights
OT-601 (Kangwenjuan®) (康文涓®)	Moxifloxacin	Bacterial conjunctivitis	Global					Commercialized CN NDA Accepted US Approved (Nicox)
OT-1001 (ZERVIATE®)	Cetirizine hydrochloride	Allergic conjunctivitis	Greater China and 11 countries in Southeast Asia	nicox				Commercialized US Approved (Nicox)
OT-101	Low-concentration atropine	Myopia	Global			Global		
OT-101-5	Dual-chamber Low-concentration atropine	Myopia	Global			China IND Accepted		
OT-301 (NCX 470®)	Nitric oxide-donating prostaglandin analog	Glaucoma and ocular hypertension	Greater China, Korea and 12 countries in Southeast Asia	nicox		Global		
OT-702	Anti-VEGF	wAMD	China's mainland	Boon Biotech 博安生物		China		
OT-703	Fluocinolone intravitreal implant	DME	Greater China, Korea and 11 countries in Southeast Asia	Alimera		China		US Approved (Alimera)
OT-502 (DEXYCU®)	Dexamethasone	Postoperative inflammation	Greater China, Korea and 11 countries in Southeast Asia	EYEPOINT		China		US Approved (EyePoint)
OT-202	Tyrosine kinase inhibitor	Dry eye	Global			China		
OT-601-C	Moxifloxacin-dexamethasone sodium phosphate	Postoperative inflammation	Global			China		
OT-701 ³	Anti-VEGF	wAMD	Greater China	SENJU 信譽		China		Japan Approved (Senju and GTS)
OT-503 ⁴ (NCX 4251®)	Fluticasone propionate nanocrystals	Blepharitis	Greater China	nicox		China		Phase II USA completed (Nicox)
OT-302	Acetazolamide	Acute glaucoma	Global			China		
OT-1301 ¹	Cyclosporine implant	Cornea graft rejection	Global			China		
OT-1601 ¹	Stem cells	Retinitis pigmentosa and dry AMD	Greater China	SanBio		China		
OT-1602 ¹	Stem cells	Optic neuritis	Greater China	SanBio		China		

1. We acquired Ou Qin® from Huonland and are entitled to all drug registration certificates and data related to Ou Qin. We have registered ourselves as the marketing authorization holder of Ou Qin®.
 2. We are the exclusive sales agent of Brimonidine Tartrate Eye Drops in Mainland China. Huonland is the drug registrant and registered manufacturer of Brimonidine Tartrate Eye Drops.
 3. May not require phase I and phase II clinical trials prior to beginning phase III clinical trial.
 4. May not require phase I clinical trial prior to beginning phase II clinical trial.

Management Discussion and Analysis

BUSINESS REVIEW

Overall Financial Performance

During the Reporting Period, the Company recorded revenue of RMB167.6 million, representing a 61.6% increase as compared to the corresponding period in 2023, with a comprehensive gross profit margin of approximately 59.2%. The sales volume of Youshiying® (優施瑩®) (fluocinolone intravitreal implant), our Core Product, increased rapidly after its inclusion in the updated NRDL, driving the steady growth of over ten other products of our Company, such as Ou Qin® (歐沁®) (sodium hyaluronate eye drop), Emadine® (埃美丁®) (emedastine eye drop) and Xalatan® (適利達®) (latanoprost eye drop), and resulting in achieving a more significant market share. Our R&D expenses were RMB58.7 million for the six months ended June 30, 2024, representing a decrease of 19.7% as compared to the corresponding period in 2023, which were utilized to steadily advance the R&D of our pipeline candidates. The Company recorded adjusted net loss of RMB100.8 million (non-IFRS adjustment), representing a decrease of 20.0% as compared to the corresponding period in 2023, primarily attributed to the smooth progress of commercialization, enhanced operating efficiency, and better cost control within the Group.

Research and Development Performance

During the Reporting Period, we managed to achieve a series of key milestones in clinical R&D projects. A number of our products completed phased clinical trials with excellent data, demonstrating the Company's strong clinical R&D capabilities. Our OT-1001 (cetirizine hydrochloride) is expected to be approved for marketing in the near future. The first MRCT patient enrolled in the phase III clinical trial of OT-101 (0.01% atropine sulfate eye drop) in the world has completed three years of dosage. The Company has completed the phase III clinical trial for OT-702 (aflibercept intravitreal injection, EYLEA® biosimilar) in China with positive results during the Reporting Period, and the biologic license application (BLA) of OT-702 was accepted by the CDE in July 2024. In addition, OT-502 (dexamethasone implant) has also successfully achieved the expected primary efficacy endpoints of its phase III clinical trial and the Company expected to submit its NDA in the near future. Moreover, OT-202 (tyrosine kinase inhibitor), a first-in-class new drug self-developed by the Company for the treatment of dry eye, has successfully achieved the primary clinical endpoint of phase II clinical trial. To date, our Company has three products in the phase III clinical trial stage and three products in the registration stage for commercialization, covering all major front- and back-of-the-eye diseases comprehensively with a complete product layout and balanced portfolio. Our robust product portfolio continues positioning us as a leading innovative ophthalmic pharmaceutical company with one of the largest numbers of ophthalmic drugs in phase III clinical trials and registration stages in China.

Progress of Our Key Drug Candidates

- **OT-202 (tyrosine kinase inhibitor)**

In March 2024, OT-202, a first-in-class new drug self-developed by the Company for the treatment of dry eye, has successfully completed the unblinding with all related data collected, which marks the achievement of primary clinical endpoint of phase II clinical trial (i.e., the group that received the treatment with the drug exhibited greater improvement in corneal staining scores from baseline compared to the placebo group by day 56). The drug has also demonstrated positive results in safety and efficacy.

We expect to launch the phase III clinical trial of OT-202 in the second half of the year.

- **OT-702 (aflibercept intravitreal injection, EYLEA® biosimilar)**

In April 2024, the phase III clinical trial (clinical efficacy and safety comparison trial) of OT-702, an anti-VEGF drug, was successfully completed in China. The results of the phase III clinical trial demonstrated clinically significant improvement in the eye's best corrected visual acuity (BCVA) under study at weeks 4, 8, 12, 16, 20 and 24 compared with the baseline (by using the early treatment of diabetic retinopathy study (ETDRS) visual acuity chart) for the patients in both trial group and original reference drug group. The therapeutic effectiveness of OT-702 and the original reference drug is highly comparable, where the onset of action of both is rapid and lasting, signifying the fulfillment of all clinical trial endpoints.

In July 2024, the biological license application (BLA) of OT-702 was accepted by the CDE.

OT-702 is expected to be approved for commercialization next year.

- **OT-502 (DEXYCU®, dexamethasone implant)**

In April 2024, OT-502, a new drug for the treatment of postoperative inflammation indication, successfully achieved the expected primary efficacy endpoints of its phase III clinical trial. The phase III clinical trial of OT-502 is designed to be a randomized, double-masked, placebo-controlled, parallel-group, multi-center clinical and pharmacokinetic study to evaluate the efficacy and safety of 9% dexamethasone implant in the treatment of post-cataract surgery inflammation, and the expected primary efficacy endpoints of the phase III clinical trial of OT-502 showed that the treatment group receiving the dexamethasone implant exhibited a notably higher proportion of subjects with anterior chamber cells clearing (ACC grade 0) compared to the placebo group by day 8, demonstrating the safety and efficacy of the product in managing post-cataract inflammation.

We expect to submit the NDA for OT-502 this year.

Management Discussion and Analysis

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND/OR MARKET OUR CORE PRODUCT AND/OR DRUG CANDIDATES SUCCESSFULLY.

Commercialization Performance

During the Reporting Period, the Company actively expanded hospital coverage, accelerated product admission into hospitals, further explored the commercial potential of its mature products, and carried out academic promotion activities for its new products to achieve rapid revenue growth. The Company recorded a total revenue of RMB167.6 million from the commercialized products, representing an increase of 61.6% as compared to the corresponding period in 2023. The Company has expanded its reach to 10,970 hospitals nationwide, 1,652 among which are Grade III hospitals. With the number of commercial team members exceeding 250, the Company achieved a broad coverage of the national business network.

In December 2023, Youshiying® (fluocinolone intravitreal implant), a new drug of the Company for the treatment of uveitis, has been included in the updated NRDL issued by the National Healthcare Security Administration (國家醫療保障局) for the treatment of chronic NIU-PS. The updated NRDL officially took effect on January 1, 2024. During the Reporting Period, the admission of Youshiying® into the updated NRDL significantly reduced the financial burden on patients with uveitis, resulting in a surge in demand and benefiting a large number of patients. In the first half of 2024, nearly 2,000 injections of Youshiying® have been administered.

Manufacturing Performance

In July 2024, the first commercial batch of sodium hyaluronate 0.3% (0.4ml: 1.2mg) was officially put into production at the Company's Suzhou manufacturing site. Leveraging advanced manufacturing techniques, efficient supply chain management and control, and a commitment to striving for perfection constantly, the initial batch of sodium hyaluronate made by Ocumension will be produced promptly, providing relief to patients with dry eye.

Sodium hyaluronate eye drop 0.3% (0.4ml: 1.2mg) is weighed under a negative pressure weighing hood using a calibrated scale in accordance with batch production instructions. The weighed material undergoes solution preparation and production using the PCS7+Batch solution preparation system following the established formula. The prepared medicinal solution is filled and processed using the internationally advanced blowing-filling-sealing (BFS) integrated machine. Once the semi-finished products are completed, they undergo light inspection, labeling, boxing, weighing, wrapping, packing and coding as per packaging process requirements. After final packing, the products are transported via an elevator and conveyer belt directly to the automatic storage and retrieval system (AS/RS) warehouse area.

FUTURE DEVELOPMENT AND OUTLOOK

With steady development in the first half of 2024, Ocumension made remarkable achievements in the ophthalmic pharmaceutical industry. We not only successfully marketed our Core Product Youshiying®, but also broadened our product pipeline, built a high-quality production base and achieved remarkable results in product promotion. Looking forward to the second half of 2024, guided by the slogan of “*Virtus et Lumen*”, we will commit to the following goals:

- ***Speeding up the R&D and commercialization of new products***

In terms of R&D of new products, we will continue increasing inputs to ensure that at least two new products will enter the next clinical stage and/or registration stage, upholding our trend of continuously launching new products. Our goal is to regularly diversify our product portfolio to better address the patient and market needs.

- ***Optimizing production and supply chain management***

In the second half of 2024, we will focus on commercialized mass production at our Suzhou manufacturing site to ensure the stability of our supply and the quality of our products. We will also improve production efficiency and reduce costs by optimizing production processes and supply chain management.

- ***Promoting our Core Product Youshiying®***

We are proud of our successful marketing of Youshiying®. In the second half of 2024, we will intensify our promotional efforts to expand its reach, benefit more patients, and enhance market penetration, thereby reinforcing our leadership in the field of ophthalmic treatment.

- ***Strengthening the marketing and promotion of other drugs***

We will enhance our efforts in the marketing and promotion of other drugs, including Xalatan®, Xalacom® (適利加®), Betoptic® S (貝特舒®), Emadine® and Azep® (愛賽平®), to strengthen our leading position in the treatment of uveitis, anti-allergy and glaucoma market segments and drive the continued growth in our sales revenue.

- ***Further nurturing and advancing our corporate culture***

Corporate culture is the cornerstone supporting the Company’s development. In the second half of 2024, we will continue nurturing and advancing our corporate culture, fostering an environment that exemplifies the specific merits of Ocumension to ensure the sustainable development and growth of the Company as we move into the next phase.

Management Discussion and Analysis



- **Expanding our international horizons**

With the implementation of our globalization strategy, we will actively expand in the international market and explore cooperation opportunities with overseas partners so that we may bring our quality products to patients around the world.

- **Continuous innovation and leading technology**

Innovation plays a key role in the Company's developmental momentum. We will continue to invest in R&D to sustain our technological lead, and continue to explore new treatments and therapeutic approaches with the aim of providing patients with more effective and safer treatment regimes.

Going forward, Ocumension will continue to strive for excellence. Through a patient-centered and innovation-driven approach, we endeavor to become a leader in the field of ophthalmology. We believe that through our constant efforts, we can provide more comprehensive solutions to ophthalmic patients, improve the quality of their lives, and create sustainable growth in value for our Shareholders and investors.

FINANCIAL REVIEW

Revenue

The revenue of our Group increased from RMB103.7 million for the six months ended June 30, 2023 to RMB167.6 million for the six months ended June 30, 2024, mainly attributed to (i) a significant increase in the revenue generated from the sales of our ophthalmic products, including Youshiying®, Xalatan® and Xalacom®; and (ii) a significant increase in the contract development and manufacturing services, largely driven by a growing number of orders from business partners seeking CDMO (as defined below) services on ophthalmic products; partially offset by a decrease in the revenue generated from the pharmaceutical products promotion services due to change in revenue recognition, resulting from a shift in the business model of Xalatan® and Xalacom® during the Reporting Period. The following table sets forth the components of the revenue for the periods indicated:

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Sales of ophthalmic products	150,013	84,216
Pharmaceutical products promotion services	11,859	18,185
Sales-based royalty income	2,291	1,035
Contract development and manufacturing ("CDMO") services	3,460	260
Total Revenue	167,623	103,696

The increase in our revenue was primarily attributable to (i) a significant increase of 78.1% in the sales of ophthalmic pharmaceutical products from RMB84.2 million for the six months ended June 30, 2023 to RMB150.0 million for the six months ended June 30, 2024; and (ii) an increase of RMB3.2 million in the revenue generated from contract development and manufacturing services from RMB0.3 million for the six months ended June 30, 2023 to RMB3.5 million for the six months ended June 30, 2024. The revenue generated from the pharmaceutical products promotion services decreased from RMB18.2 million for the six months ended June 30, 2023 to RMB11.9 million for the six months ended June 30, 2024 because the relevant revenue was recorded as revenue from sales of ophthalmic products instead of revenue from pharmaceutical products promotion services during the Reporting Period. Such change in revenue recognition was due to the change of business model of Xalatan® and Xalacom® during the Reporting Period.

For the sale of ophthalmic products, revenue is recognized when control of the goods is transferred, being when the goods have been delivered to the customer's specific location, i.e., when the products are delivered and titles are passed to customers upon receipt by customers. For pharmaceutical products promotion services, revenue is recognized at a point in time when we satisfy the obligation to arrange for sales and/or delivery of pharmaceutical products pursuant to the service contracts. The sales-based royalty income is based on the profit margin of each sale and is recognized at a point of time upon the customer completes its sales. The CDMO service revenue is recognized at the point in time when the products are delivered to our customers.

Cost of Sales

Our cost of sales consists of purchase price of goods and amortization of license rights. The cost of sales of our Group increased from RMB41.0 million for the six months ended June 30, 2023 to RMB68.4 million for the six months ended June 30, 2024. The increase was mainly due to (i) the increased cost in relation to our sales of ophthalmic products and amortization of license rights, which was generally in line with the growth of our revenue; and (ii) the change of business model of Xalatan® and Xalacom® from providing promotion services to direct sales.

Gross Profit

The gross profit of our Group increased by 58.2% from RMB62.7 million for the six months ended June 30, 2023 to RMB99.2 million for the six months ended June 30, 2024. The increase in the gross profit was largely in line with the growth of our revenue.

Other Income

Our other income mainly consists of bank interest income arising from our bank deposit and government grant income. For the six months ended June 30, 2024, our other income was RMB15.4 million, representing an increase of approximately RMB1.0 million from RMB14.4 million for the six months ended June 30, 2023, primarily due to a slight increase in bank interest income.

Management Discussion and Analysis



Other Gains and Losses

We incurred other losses of RMB0.3 million for the six months ended June 30, 2024, as compared to the other gains of RMB3.7 million recorded for the six months ended June 30, 2023, primarily due to (i) a decrease in the net foreign exchange gains because the appreciation of the USD against RMB narrowed during the Reporting Period as compared to the same period last year; (ii) no short-term cash management product purchased for the six months ended June 30, 2024 as compared to the gains of RMB1.2 million from changes in fair value of other financial assets for the six months ended June 30, 2023; and (iii) loss of RMB0.6 million from the subscription of shares of Nicox.

Selling and Marketing Expenses

Our selling and marketing expenses mainly consist of (i) salary and benefits expenses for our commercialization team; (ii) share-based payments for our commercialization team; and (iii) marketing and promotion expenses. For the six months ended June 30, 2024, our selling and marketing expenses were RMB109.9 million, representing a decrease of RMB4.7 million from RMB114.7 million for the six months ended June 30, 2023, which was primarily due to (i) a decrease in share-based payments for sales and marketing staff during the Reporting Period as compared to the same period last year; and (ii) reduced expenses in marketing and promotion activities due to optimized budget control, partially offset by an increase in salary and benefits expenses resulting from the expansion of our commercialization team.

The following table sets forth the components of our selling and marketing expenses for the periods indicated:

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Salary and benefits	52,360	43,615
Share-based payments	18,347	30,957
Marketing and promotion	22,528	26,750
Others	16,678	13,338
Total selling and marketing expenses	109,913	114,660

Management Discussion and Analysis

R&D Expenses

During the Reporting Period, we recorded R&D expenses of RMB58.7 million, representing a decrease of 19.7% from RMB73.1 million for the six months ended June 30, 2023. Such decrease was primarily due to (i) a decrease in third-party contracting costs, as we successfully completed the phase II clinical trial of a drug candidate and several in-house R&D projects during the Reporting Period; and (ii) a decrease in share-based payments for R&D staff during the Reporting Period as compared to the same period last year.

The following table sets forth the components of our R&D expenses for the periods indicated:

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Third-party contracting costs	19,656	28,781
Staff costs	27,709	35,423
Depreciation and amortization	5,423	4,448
Others	5,917	4,439
Total R&D expenses	58,705	73,091

Administrative Expenses

Our administrative expenses consist of (i) salaries and other expenses such as benefits, travel and share-based payments; (ii) professional service fee; (iii) depreciation and amortization of the property for the purpose of administrative use and right-of-use assets; and (iv) rental and related expenses.

For the six months ended June 30, 2024, our administrative expenses were RMB91.1 million, representing a slight decrease of RMB8.5 million from RMB99.6 million for the six months ended June 30, 2023, which was primarily due to a decrease in expenses related to share-based payments for administrative staff, partially offset by an increase in depreciation and amortization expenses of the property for the purpose of validation batch production during the Reporting Period.

Management Discussion and Analysis

Income Tax Expenses

Our income tax expense mainly represents the profit tax in relation to the revenue incurred in markets inside and outside the PRC. Our income tax expense for the six months ended June 30, 2024 was RMB0.3 million, representing an increase from RMB0.1 million for the six months ended June 30, 2023, mainly due to higher profits from a wholly-owned subsidiary of our Company.

Loss for the Period

As a result of the above factors, for the six months ended June 30, 2024, our loss was RMB151.3 million, representing a decrease of RMB57.1 million from RMB208.4 million for the six months ended June 30, 2023, mainly attributable to (i) an increase of RMB36.5 million in gross profits; and (ii) decreases in selling and marketing expenses, R&D expenses and administrative expenses as compared to the same period last year.

Non-IFRS Measures

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use adjusted net loss for the period, a non-IFRS measure to present our operating performance. Adjusted net loss for the period, as an additional financial measure, is not required by, or presented in accordance with IFRS. We believe that such non-IFRS measure facilitates comparisons of our operating performance from period to period by eliminating impacts of non-cash items that our management considers to be not indicative of our operating performance and provides useful information to Shareholders and investors to evaluate our operating results in the same manner as our management does. However, our presentation of the adjusted net loss for the period may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation, or as substitute for analysis of, our results of operations or financial position as reported under IFRS. We define adjusted net loss for the period as loss for the period adjusted by adding back share-based payments. The following table reconciles our non-IFRS adjusted net loss for the period with our loss for the period:

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Loss for the period	(151,341)	(208,402)
<i>Add:</i>		
Share-based payments	50,572	82,509
Non-IFRS adjusted net loss for the period	(100,769)	(125,893)

Management Discussion and Analysis

Selected Data from Condensed Consolidated Statement of Financial Position

	As of June 30, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)
Total current assets	1,203,107	1,205,634
Total non-current assets	1,823,038	2,065,365
Total assets	3,026,145	3,270,999
Total current liabilities	224,941	315,284
Total non-current liabilities	32,742	35,747
Total liabilities	257,683	351,031
Net assets	2,768,462	2,919,968

Trade Receivables

We allow an average credit period of 30 to 90 days to our trade customers, and the credit terms of certain trade customers are based on the timing of their actual sales.

A majority of the trade receivables aged less than one year.

The increase in our trade receivables as of June 30, 2024 is generally in line with the growth of our revenue.

Trade Payables

A majority of the trade payables aged less than one year.

Management Discussion and Analysis



Working Capital and Source of Capital

Our primary uses of cash related to (i) expenses and costs for our daily operation and sales and marketing activities; (ii) R&D expenses in relation to the clinical trials for our drugs and/or drug candidates; and (iii) payments in relation to the construction project and production equipment at our Suzhou manufacturing site, as well as operational costs and fees incurred for the on-site trial production. During the Reporting Period, we primarily funded our working capital needs through equity financing and cash generated from (i) the sales of Youshiying®, Ou Qin®, brimonidine tartrate eye drop, Emadine®, Xalatan®, Xalacom® and Kangwenjuan®; (ii) the pharmaceutical products promotion services; and (iii) the CDMO service. We monitor and maintain a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. As of June 30, 2024, our cash and cash equivalents amounted to RMB862.9 million (December 31, 2023: RMB842.8 million). Currently, we follow a set of funding and treasury policies to manage our capital resources and mitigate potential risks involved.

Borrowings

As of June 30, 2024, we did not have any borrowings (December 31, 2023: RMB120.0 million). In December 2023, we entered into short-term loan agreements with two banks, obtaining loans of RMB70.0 million and RMB50.0 million, respectively, at fixed interest rate of 3.0% and 3.1%, respectively. As of December 31, 2023, we have drawn down a total of RMB120.0 million, which has been paid off as of June 30, 2024.

Capital Commitment

As of June 30, 2024, we have a capital commitment of RMB2.9 million for the contracts in relation to acquisition of property, plant and equipment (December 31, 2023: RMB6.4 million).

Contingent Liabilities

As of June 30, 2024, we did not have any material contingent liabilities, guarantees or any litigation against us (December 31, 2023: nil).

Pledge of Assets

As of June 30, 2024, we did not have any deposits to a bank to secure the letter of credit granted to the Group (December 31, 2023: RMB4.3 million).

Gearing Ratio

Gearing ratio is calculated using interest-bearing borrowings less cash and cash equivalents and term deposits with initial term of over three months, divided by total equity and multiplied by 100%. As of June 30, 2024, we were in a net cash position and thus, gearing ratio is not applicable.

Material Investments, Acquisitions and Disposals

During the Reporting Period, the Group disposed of a total of 1,910,500 EyePoint Shares by way of block trade, at an aggregate consideration of approximately US\$37,159,000 (equivalent to approximately HK\$290,583,000) (exclusive of transaction costs), which was determined with reference to the then market price of EyePoint Shares based on arm's length negotiations between the parties and has been fully settled in cash. For details of the aforesaid disposal, please refer to the Company's announcement dated January 17, 2024. Upon completion of the aforesaid disposal, we directly hold 100,221 EyePoint Shares, representing approximately 0.21% of the total issued and outstanding EyePoint Shares based on publicly available information as of the date of the aforesaid announcement.

As of June 30, 2024, the carrying amount of our investment in EyePoint as equity instruments at FVTOCI was approximately RMB6.2 million (December 31, 2023: RMB329.1 million). Accordingly, the fair value of such investment compared to our total assets as of June 30, 2024 was approximately 0.21%. For the six months ended June 30, 2024, we have not received any dividend from such investment.

Save as disclosed above, the Company did not have any other material investments, acquisitions or disposals of subsidiaries, associates and joint ventures during the six months ended June 30, 2024.

Future Plans for Material Investments or Capital Assets

As of the date of this interim report, we planned to continue to invest in the construction of our Suzhou manufacturing site to enhance the manufacturing capacity to satisfy our long-term development strategies.

Saved as disclosed above, we did not have any concrete future plans for material capital expenditure, investments or capital assets as of the date of this interim report. We will make further announcements in accordance with the Listing Rules, where applicable, if any investments and acquisition opportunities materialize.

Foreign Exchange

Foreign currency risk refers to the risk of loss resulting from changes in foreign currency exchange rates. Certain of our bank balances and cash, trade and other receivables and trade and other payables are denominated in foreign currencies and are exposed to foreign currency risk. Our Group currently implements foreign currency hedging measures under our funding and treasury policies. In addition, we will continue to manage the foreign exchange risk by closely monitoring our foreign exchange exposure and will consider implementing more detailed measures as needed to hedge significant foreign currency exposure thus to prevent significant net foreign exchange losses in the future.

Management Discussion and Analysis



Employees and Remuneration

As of June 30, 2024, we had a total of 477 employees (June 30, 2023: 417). For the six months ended June 30, 2024, the total remuneration cost incurred, including the share-based payments, was RMB149.9 million (June 30, 2023: RMB170.6 million). The following table sets forth a breakdown of our employees by function as of June 30, 2024:

Function	Number	% of total
Commercial	259	54.3%
R&D	59	12.4%
Manufacturing	123	25.8%
Management and administrative	36	7.5%
Total	477	100%

We provide formal and comprehensive company-level and department-level training to our new employees, followed by on-the-job training. We also provide training and development programs to our employees from time to time to ensure their awareness and compliance with our various policies and procedures. Some of the training is conducted jointly by departments serving different functions but working with or supporting each other in our day-to-day operations.

The remuneration of the employees of our Group comprises salaries, bonuses, employees' provident fund, share-based payments, social security contributions and other welfare payments which is determined by their responsibilities, qualifications, positions and seniority. We regularly review and determine the remuneration and compensation package of the employees by reference to, among other things, their performance, qualifications, respective responsibilities and market levels of salaries paid by comparable companies. In accordance with applicable laws and regulations, we made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for our employees.

We have also adopted the ESOP, the RSU Scheme, the 2021 Share Option Scheme, the 2021 Share Award Scheme and the 2024 Share Award Scheme to provide incentives for our employees. Further details in respect of the ESOP, the RSU Scheme, the 2021 Share Option Scheme and the 2021 Share Award Scheme are set out in the Company's circular dated May 24, 2024 and 2023 annual report. Further details in respect of the 2024 Share Award Scheme are set out in the section headed "Other Information" in this interim report.

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

As of June 30, 2024, the interests and short positions of the Directors or chief executive of our Company in any of the Shares, underlying Shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO), which have been notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of SFO (including any interest or short positions which they are taken or deemed to have under such provisions of the SFO) or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long positions in the Shares or underlying Shares of the Company

Name of Director	Nature of interest	Number of Shares/ underlying Shares	Approximate percentage in shareholding ⁽³⁾
Mr. Ye LIU	Beneficial owner	76,112,990 ⁽¹⁾	10.97%
Dr. Zhaopeng HU	Beneficial owner	4,184,015 ⁽²⁾	0.60%

Notes:

- (1) Including (i) a total of 30,384,480 Shares directly held by him; (ii) 16,714,710 options that have been granted yet unexercised under the ESOP; (iii) RSUs representing 11,150,050 Shares upon vesting that have been granted yet unsettled under the RSU Scheme; (iv) 10,828,000 options that have been granted yet unexercised under the 2021 Share Option Scheme; and (v) 7,035,750 awards that have been granted yet unvested under the 2021 Share Award Scheme.
- (2) Including (i) a total of 3,716,165 Shares directly held by him; (ii) 287,000 options that have been granted yet unexercised under the 2021 Share Option Scheme; and (iii) 180,850 awards that have been granted yet unvested under the 2021 Share Award Scheme.
- (3) The calculation is based on the total number of 693,654,850 Shares in issue (excluding treasury Shares) as of June 30, 2024.

Save as disclosed above, as of June 30, 2024, so far as it was known to the Directors or chief executive of the Company, none of the Directors or chief executive of the Company had interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations as recorded in the register required to be kept, pursuant to Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Other Information

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

As of June 30, 2024, so far as the Directors are aware, the following persons (other than the Directors or chief executive of the Company) had or were deemed or taken to have interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in the Shares or underlying Shares of the Company

Name of shareholder	Nature of interest	Total number of Shares/ underlying shares	Approximate percentage in shareholding ⁽⁷⁾
6 Dimensions Capital (Note 1)	Beneficial interest	119,890,000	17.28%
6 Dimensions Affiliates (Note 1)	Beneficial interest	6,310,000	0.91%
6 Dimensions Capital GP, LLC (Note 1)	Interest in controlled corporation	126,200,000	18.19%
Suzhou Frontline II (Note 2)	Beneficial interest	88,340,000	12.74%
Suzhou Fuyan Venture Capital Management Partnership (Limited Partnership) (蘇州富沿創業投資管理合夥企業 (有限合夥)) (Note 2)	Interest in controlled corporation	88,340,000	12.74%
Suzhou 6 Dimensions (Note 2)	Beneficial interest	37,860,000	5.46%
Suzhou Tongyu Investment Management Partnership (Limited Partnership) (蘇州通毓投資管理合夥企業 (有限合夥)) (Note 2)	Interest in controlled corporation	37,860,000	5.46%
Suzhou Yunchang Investment Consulting Co., Ltd. (蘇州蘊長投資諮詢有限公司) (Note 2)	Interest in controlled corporation	126,200,000	18.19%
Ziqing CHEN (陳梓卿) (Note 2)	Interest in controlled corporation	126,200,000	18.19%
Summer Iris Limited (Note 3)	Beneficial interest	78,214,230	11.28%
Boyu Capital Fund IV, L. P. (Note 3)	Interest in controlled corporation	78,214,230	11.28%
Boyu Capital General Partner IV, Ltd. (Note 3)	Interest in controlled corporation	78,214,230	11.28%
Boyu Capital Group Holdings Ltd. (Note 3) (Note 4)	Interest in controlled corporation	82,979,730	11.96%
TLS Beta Pte. Ltd. (Note 5)	Beneficial interest	41,916,400	6.04%
Temasek Life Sciences Private Limited (Note 5)	Interest in controlled corporation	41,916,400	6.04%
Fullerton Management Pte Ltd (Note 5)	Interest in controlled corporation	41,916,400	6.04%
Temasek Holdings (Private) Limited (Note 5) (Note 6)	Interest in controlled corporation	47,193,400	6.80%

Notes:

- (1) For the purpose of the SFO, 6 Dimensions Capital GP, LLC, as the general partner of each of 6 Dimensions Capital and 6 Dimensions Affiliates, is deemed to have an interest in the Shares held by each of 6 Dimensions Capital and 6 Dimensions Affiliates.
- (2) Suzhou Fuyan Venture Capital Management Partnership (Limited Partnership) (蘇州富沿創業投資管理合夥企業(有限合夥)) is the general partner of Suzhou Frontline II. Suzhou Tongyu Investment Management Partnership (Limited Partnership) (蘇州通毓投資管理合夥企業(有限合夥)) is the general partner of Suzhou 6 Dimensions. Suzhou Yunchang Investment Consulting Co., Ltd. (蘇州蘊長投資諮詢有限公司) is the general partner of each of Suzhou Fuyan Venture Capital Management Partnership (Limited Partnership) (蘇州富沿創業投資管理合夥企業(有限合夥)) and Suzhou Tongyu Investment Management Partnership (Limited Partnership) (蘇州通毓投資管理合夥企業(有限合夥)), and is wholly held by Ziqing CHEN (陳梓卿). Ziqing CHEN (陳梓卿) is the father-in-law of Dr. Lian Yong CHEN, the Chairman and non-executive Director of our Company.

For the purpose of the SFO, (i) Suzhou Fuyan Venture Capital Management Partnership (Limited Partnership) (蘇州富沿創業投資管理合夥企業(有限合夥)) is deemed to have an interest in the Shares held by Suzhou Frontline II; (ii) Suzhou Tongyu Investment Management Partnership (Limited Partnership) (蘇州通毓投資管理合夥企業(有限合夥)) is deemed to have an interest in the Shares held by Suzhou 6 Dimensions; and (iii) Ziqing CHEN (陳梓卿) and Suzhou Yunchang Investment Consulting Co., Ltd. (蘇州蘊長投資諮詢有限公司) are deemed to have an interest in the Shares held by each of Suzhou Frontline II and Suzhou 6 Dimensions.

- (3) For the purpose of the SFO, each of Boyu Capital Fund IV, L.P. (as the sole shareholder of Summer Iris Limited), Boyu Capital General Partner IV, Ltd. (as the general partner of Boyu Capital Fund IV, L.P.) and Boyu Capital Group Holdings Ltd. (as the sole shareholder of Boyu Capital General Partner IV, Ltd.) is deemed to have an interest in the 78,214,230 Shares held by Summer Iris Limited.
- (4) For the purpose of the SFO, Boyu Capital Group Holdings Ltd. is deemed to have an interest in the 4,765,500 Shares held by Boyu Capital Opportunities Master Fund, as Boyu Capital Opportunities Master Fund is managed by Boyu Capital Investment Management Limited, which in turn is ultimately controlled by Boyu Capital Group Holdings Ltd.
- (5) TLS Beta Pte. Ltd. is a wholly-owned subsidiary of Temasek Life Sciences Private Limited, which is in turn a wholly-owned subsidiary of Fullerton Management Pte Ltd, which is in turn a wholly-owned subsidiary of Temasek Holdings (Private) Limited. Under the SFO, Temasek Life Sciences Private Limited, Fullerton Management Pte Ltd and Temasek Holdings (Private) Limited are deemed to be interested in the 41,916,400 Shares held by TLS Beta Pte. Ltd.
- (6) For the purpose of the SFO, Temasek Holdings (Private) Limited is deemed to have an interest in the 5,277,000 Shares held by Aranda Investments Pte. Ltd., which in turn is ultimately controlled by Temasek Holdings (Private) Limited.
- (7) The calculation is based on the total number of 693,654,850 Shares in issue (excluding treasury Shares) as of June 30, 2024.

Save as disclosed above, as of June 30, 2024, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company (excluding treasury Shares), other than the Directors and chief executive of the Company, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE SCHEMES

During the six months ended June 30, 2024 and up to the date of this interim report, we have five share schemes in effect which were required to be disclosed under the requirements of Chapter 17 of the Listing Rules.

Employee Stock Option Plan

The ESOP was adopted by the Company on May 23, 2018 and amended from time to time. Subject to the terms of the ESOP, the Board may at its discretion specify any conditions which must be satisfied before the option(s) under the ESOP may be exercised. Further details of the ESOP are set out in the Prospectus and the 2023 annual report.

Other Information

Movements in the Options under the ESOP

Details of the options granted under the ESOP and their movements during the six months ended June 30, 2024 are as follows:

Category and name of grantee	Date of grant	Vesting Period	Exercise Period	Exercise price (US\$ per Share)	Number of Shares underlying options as of January 1, 2024	Number of options exercised during the Reporting Period	Number of options canceled/ forfeited/ lapsed during the Reporting Period	Number of Shares underlying options as of June 30, 2024
Directors								
Mr. Ye LIU	Between August 28, 2018 to January 22, 2020	(Note 1)	Until May 23, 2028	Between 0.001 to 0.188	21,425,710	4,711,000 ⁽²⁾	0	16,714,710
Other grantees in aggregate ⁽⁵⁾	Between January 22, 2019 to January 22, 2020	(Note 3)	(Note 3)	Between 0.001 to 0.201	101,606	0	0	101,606
Total					21,527,316	4,711,000	0⁽⁴⁾	16,816,316

Notes:

- (1) All the options granted to Mr. Liu under the ESOP have been vested to him. The options vested to Mr. Liu are exercisable before May 23, 2028.
- (2) During the Reporting Period, Mr. Liu exercised 4,711,000 options under the ESOP for the subscription of 4,711,000 Shares, among which nil Share was subsequently sold. The weighted average closing price of such Shares immediately before the dates on which these options were exercised during the Reporting Period was HK\$6.25 per Share.
- (3) The vesting schedule shall be a 60-month vesting schedule consisting of a cliff vesting of twenty percent (20%) after twelve (12) months from the vesting commencement date and, thereafter, quarterly vesting of equal instalments over the remaining sixteen (16) quarters. In case of a listing, the vesting schedule of the unvested option shall be accelerated by 50%. The options are exercisable until the later of (i) second anniversary of the Listing Date; or (ii) three months following the options are fully-vested in accordance with the vesting schedule.
- (4) During the Reporting Period, nil option had been forfeited, subsequently lapsed or canceled. Since the Listing and as of June 30, 2024, a total of 633,844 options under the ESOP had been forfeited.
- (5) Other grantees are all employees of the Company (other than the Directors) who entered into valid employment contracts with the Company.

Save as disclosed above, no option was granted or agreed to be granted, exercised, canceled or lapsed under the ESOP throughout the six months ended June 30, 2024.

RSU Scheme

The RSU Scheme was approved by the Shareholders on April 28, 2020. Subject to the terms of the RSU Scheme, the Board may at its discretion specify any terms and conditions of the grant of RSUs to eligible participants. Further details of the RSU Scheme are set out in the Prospectus and the 2023 annual report. The Company has not made any further grant under the RSU Scheme since the date on which the Board resolved to amend the 2021 Share Option Scheme and the 2021 Share Award Scheme on March 21, 2024, and will not make any further grant under the RSU Scheme in the future. The RSU Scheme will be further terminated upon the Board's approval in due course, and any outstanding RSU granted thereunder prior to the termination will remain in full force and effective pursuant to the terms of the RSU Scheme as if the RSU Scheme has not been terminated.

Movements in the RSUs under the RSU Scheme

Details of the RSUs granted under the RSU Scheme and their movements during the six months ended June 30, 2024 are as follows:

Category and name of grantee	Date of grant	Vesting Period	Purchase price (US\$ per Share)	Number of Shares underlying unvested RSUs as of January 1, 2024	Number of Shares underlying RSUs granted during the Reporting Period	Number of Shares underlying RSUs vested during the Reporting Period	Number of RSUs canceled/ forfeited during the Reporting Period	Number of Shares underlying unvested RSUs as of June 30, 2024
Directors								
Mr. Ye LIU	April 30, 2020	(Note 1)	0.188	11,150,050	0	0	0	11,150,050
Dr. Zhaopeng HU	April 30, 2020	(Note 1)	0.188	67,685	0	67,685 ⁽³⁾	0	0
External consultant of the Group	September 9, 2022	(Note 2)	0.188	300,000	0	0	0	300,000
Other grantees in aggregate⁽⁶⁾	April 30, 2020 and June 15, 2020	(Note 1)	Between 0.188 to 0.201	764,673	0	402,875 ⁽⁴⁾	0	361,798
Total				12,282,408	0	470,560	0⁽⁵⁾	11,811,848

Notes:

- (1) The vesting schedule is a 60-month vesting schedule consisting of a cliff vesting of 20 percent after 12 months from the vesting commencement date and, thereafter, quarterly vesting of equal instalments over the remaining 16 quarters.
- (2) The vesting schedule is a 60-month vesting schedule consisting of a cliff vesting of 20 percent after 12 months from the vesting commencement date and, thereafter, quarterly vesting of equal instalments over the remaining 16 quarters, subject generally to the grantee continuing to be a consultant of the Group through each such date.
- (3) The weighted average closing price of the Shares immediately before the date on which the RSUs were vested to Dr. Zhaopeng HU during the Reporting Period was HK\$6.25 per Share.
- (4) The weighted average closing price of the Shares immediately before the date on which the RSUs were vested to other grantees in aggregate during the Reporting Period was HK\$6.45 per Share.
- (5) During the Reporting Period, nil RSU under the RSU Scheme had been forfeited and subsequently lapsed due to resignation of the relevant employee and nil RSU had been canceled. The Company had granted RSUs representing 23,166,920 Shares upon vesting under the RSU Scheme, among which RSUs representing 1,178,494 Shares upon vesting have been forfeited as of June 30, 2024.
- (6) Other grantees are all employees of the Company (other than the Directors) who entered into valid employment contracts with the Company.

Save as disclosed in this interim report, no Share was granted under the RSU Scheme throughout the six months ended June 30, 2024.

Other Information

2021 Share Option Scheme

The 2021 Share Option Scheme was adopted by the Company on August 31, 2021 and amended from time to time, the latest amendments of which were effective on the date of the annual general meeting of the Company (i.e., June 20, 2024). Subject to the terms of the 2021 Share Option Scheme, the Board may at its discretion specify any conditions which must be satisfied before the option(s) under the 2021 Share Option Scheme may be exercised. Further details of the 2021 Share Option Scheme are set out in the circular of the Company dated August 11, 2021, the 2023 annual report and the circular of the Company dated May 23, 2024.

Movements in Options under the 2021 Share Option Scheme

Details of the options granted under the 2021 Share Option Scheme and their movements during the six months ended June 30, 2024 are as follows:

Name of grantee	Date of grant	Vesting period	Exercise period	Exercise price (HK\$ per Share)	Number of Shares underlying outstanding options as of January 1, 2024	Number of options granted during the Reporting Period	Number of options exercised during the Reporting Period	Number of options canceled/ forfeited/ lapsed during the Reporting Period	Number of Shares underlying outstanding options as of June 30, 2024
Directors									
Mr. Ye LIU	July 2, 2021 and September 9, 2022	(Note 1)	(Note 1)	HK\$27.43 and HK\$11.41	10,828,000	0	0	0	10,828,000
Dr. Zhaopeng HU	September 30, 2021 and September 9, 2022	(Note 2)	(Note 2)	HK\$19.07 and HK\$11.41	287,000	0	0	0	287,000
Other grantees in Aggregate⁽⁴⁾	September 30, 2021 and September 9, 2022	(Note 3)	(Note 3)	HK\$19.07 and HK\$11.41	13,783,952	0	0	213,941 ⁽⁵⁾	13,570,011
Total					24,898,952	0	0	213,941⁽⁵⁾	24,685,011

Notes:

(1) The options granted to Mr. Liu on July 2, 2021 shall vest in him as follows: (a) 25% of the options shall vest on the first anniversary of the date of grant; (b) 25% of the options shall vest in four equal installments (with each installment vesting at the end of each quarter) during the period from the first anniversary of the date of grant to the second anniversary of the date of grant; (c) 25% of the options shall vest in four equal installments (with each installment vesting at the end of each quarter) during the period from the second anniversary of the date of grant to the third anniversary of the date of grant; and (d) 25% of the options shall vest in four equal installments (with each installment vesting at the end of each quarter) during the period from the third anniversary of the date of grant to the fourth anniversary of the date of grant. The exercise of the option to be granted is not subject to any performance targets.

The options granted to Mr. Liu on September 9, 2022 shall vest in him as follows: (a) 25% of the options shall vest immediately on the date of grant; (b) 25% of the options shall vest on the first anniversary of the date of grant, conditional upon the achievement of certain performance targets relating to the overall performance of the Company as set out in the grant letter entered into between Mr. Liu and the Company, including R&D and registration progress of drug candidates, marketing and sales of commercialized products, daily operation and management of the Group. Partial achievement of the performance targets will result in proportionate vesting at the Board's discretion; (c) 25% of the options shall vest on the second anniversary of the date of grant, conditional upon the performance targets to be achieved by the Company and/or Mr. Liu, which shall be determined by the Board in due course; and (d) 25% of the options shall vest on the third anniversary of the date of grant, conditional upon the performance targets to be achieved by the Company and/or Mr. Liu, which shall be determined by the Board in due course.

Subject to the above, an option may be exercised by Mr. Liu (or his personal representatives) at any time during the option period, which is in any event not later than the last day of the 10-year period after the date of grant of the option.

- (2) The options granted to Dr. Hu on September 30, 2021 and September 9, 2022 shall vest in him as follows: (a) 10% of the options shall vest on the first anniversary of the date of grant; (b) 20% of the options shall vest in four equal installments (with each installment vesting at the end of each quarter) during the period from the first anniversary of the date of grant to the second anniversary of the date of grant; (c) 30% of the options shall vest in four equal installments (with each installment vesting at the end of each quarter) during the period from the second anniversary of the date of grant to the third anniversary of the date of grant; and (d) 40% of the options shall vest in four equal installments (with each installment vesting at the end of each quarter) during the period from the third anniversary of the date of grant to the fourth anniversary of the date of grant.

For the grant of options on September 30, 2021, the vesting of the options is conditional upon the completion of the performance targets as set out in the grant letters entered into between Dr. Hu and the Company.

For the grant of options on September 9, 2022, the vesting of the options granted to Dr. Hu is conditional upon the achievement of the performance targets by Dr. Hu set out in his/her grant letter entered into between Dr. Hu and the Company, partial achievement of which will result in proportionate vesting.

Subject to the above, an option may be exercised by Dr. Hu (or his personal representatives) at any time during the option period, which is in any event not later than the last day of the 10-year period after the date of grant of the option.

- (3) The vesting period and exercise period for other grantees under the 2021 Share Option Scheme is the same as those of Dr. Hu's as set out in note (2) above.

For the grant of options on September 30, 2021, the vesting of the options is conditional upon the completion of the performance targets as set out in the grant letters entered into between the grantees and the Company.

For the grant of options on September 9, 2022, the vesting of the options granted to other grantees is conditional upon the achievement of the performance targets by relevant grantee set out in his/her grant letter entered into between such grantee and the Company, partial achievement of which will result in proportionate vesting.

Subject to the above, an option may be exercised by the grantee (or his or her personal representatives) at any time during the option period, which is in any event not later than the last day of the 10-year period after the date of grant of the option.

- (4) Other grantees are all employees of the Company (other than the Directors) who entered into valid employment contracts with the Company.
- (5) During the Reporting Period, 213,941 options under the 2021 Share Option Scheme had been forfeited and subsequently lapsed due to resignation of the relevant employees and nil option had been canceled.

Save as disclosed in this interim report, no option was granted or agreed to be granted, canceled or lapsed under the 2021 Share Option Scheme throughout the six months ended June 30, 2024.

2021 SHARE AWARD SCHEME

The 2021 Share Award Scheme was approved by the Company on July 2, 2021 and amended from time to time, the latest amendments of which were effective on the date of the annual general meeting of the Company (i.e., June 20, 2024). Subject to the terms of the 2021 Share Award Scheme, the Board may at its discretion specify any conditions which must be satisfied before the award(s) under the 2021 Share Award Scheme may be exercised. Further details of the 2021 Share Award Scheme are set out in the circular of the Company dated August 11, 2021, the 2023 annual report, and the circular of the Company dated May 23, 2024.

Other Information

Movements in the awards under the 2021 Share Award Scheme

Details of the awards granted under the 2021 Share Award Scheme and their movements during the six months ended June 30, 2024 are as follows:

Name of grantee	Date of grant	Vesting period	Purchase price (HK\$ per Share)	Number of Share underlying awards as of January 1, 2024	Number of Share underlying awards granted during the Reporting Period	Number of Share underlying awards vested during the Reporting Period ⁽⁹⁾	Number of awards canceled/ forfeited/ lapsed during the Reporting Period	Number of Share underlying awards as of June 30, 2024
Directors								
Mr. Ye LIU	July 2, 2021 and September 9, 2022	(Note 1)	0	7,848,375	0	1,625,250 ⁽⁴⁾	0	6,223,125
Dr. Zhaopeng HU	July 2, 2021 and September 9, 2022	(Note 2)	0	210,200	0	36,200 ⁽⁵⁾	0	174,000
Other grantees in Aggregate⁽⁷⁾	September 30, 2021 and September 9, 2022	(Note 3)	0	10,738,994	0	1,562,689 ⁽⁶⁾	143,075 ⁽⁸⁾	9,033,230
Total			0	18,797,569	0	3,224,139	143,075⁽⁸⁾	15,430,355

Notes:

- The 13,002,000 award Shares granted to Mr. Liu on July 2, 2021 shall vest in him as follows: (a) 25% of the awards shall vest on the first anniversary of the date of grant; (b) 25% of the awards shall vest in four equal installments during the period from the first anniversary of the date of grant to the second anniversary of the date of grant; (c) 25% of the awards shall vest in four equal installments during the period from the second anniversary of the date of grant to the third anniversary of the date of grant; and (d) 25% of the awards shall vest in four equal installments during the period from the third anniversary of the date of grant to the fourth anniversary of the date of grant. The 4,320,000 award Shares granted to Mr. Liu on September 9, 2022 shall vest in him as follows: (a) 25% of the awards shall vest immediately on the date of grant; (b) 25% of the awards shall vest on the first anniversary of the date of grant, conditional upon the achievement of certain performance targets relating to the overall performance of the Company as set out in the grant letter entered into between Mr. Liu and the Company, including R&D and registration progress of drug candidates, marketing and sales of commercialized products, daily operation and management of the Group; (c) 25% of the awards shall vest on the second anniversary of the date of grant, conditional upon the performance targets to be achieved by the Company and/or Mr. Liu, which shall be determined by the Board in due course; and (d) 25% of the awards shall vest on the third anniversary of the date of grant, conditional upon the performance targets to be achieved by the Company and/or Mr. Liu, which shall be determined by the Board in due course.
- The 150,000 award Shares granted to Dr. Hu on September 30, 2021 shall vest in him as follows: (a) 10% of the awards shall vest on the first anniversary of the date of grant; (b) 20% of the awards shall vest in four equal installments during the period from the first anniversary of the date of grant to the second anniversary of the date of grant; (c) 30% of the awards shall vest in four equal installments during the period from the second anniversary of the date of grant to the third anniversary of the date of grant; and (d) 40% of the awards shall vest in four equal installments during the period from the third anniversary of the date of grant to the fourth anniversary of the date of grant. The vesting of the awards is conditional upon the completion of the performance targets as set out in the grant letters entered into between the Dr. Hu and the Company. The 137,000 award Shares granted to Dr. Hu on September 9, 2022 shall vest in him as follows: (a) 10% of the awards shall vest on the first anniversary of the date of grant; (b) 20% of the awards shall vest in four equal installments (with each installment vesting at the end of each quarter) during the period from the first anniversary of the date of grant to the second anniversary of the date of grant; (c) 30% of the awards shall vest in four equal installments (with each installment vesting at the end of each quarter) during the period from the second anniversary of the date of grant to the third anniversary of the date of grant; and (d) 40% of the awards shall vest in four equal installments (with each installment vesting at the end of each quarter) during the period from the third anniversary of the date of grant to the fourth anniversary of the date of grant. The vesting of the awards to be granted to Dr. Hu is conditional upon the achievement of the performance targets by Dr. Hu set out in his grant letter entered into between him and the Company, which include targets relating to R&D and registration progress of in-licensed and in-house developed drug candidates, chemistry, manufacturing and controls (CMC) management and regulatory affairs management.

- (3) The vesting schedule for other grantees to whom are granted award Shares on September 30, 2021 and September 9, 2022 under the 2021 Share Award Scheme is the same as those of Dr. Hu's as set out in note (2) above.

For the grant of awards on September 30, 2021, the vesting of the awards is conditional upon the completion of the performance targets as set out in the grant letters entered into between the grantees and the Company.

For the grant of awards on September 9, 2022, the vesting of the awards granted to the grantees is conditional upon the achievement of the performance targets by the grantees set out in his/her grant letter entered into between such grantees and the Company, partial achievement of which will result in proportionate vesting.

- (4) The weighted average closing price of the Shares immediately before the dates on which the awards were vested to Mr. Liu during the Reporting Period was HK\$6.23 per Share.
- (5) The weighted average closing price of the Shares immediately before the dates on which the awards were vested to Dr. Hu during the Reporting Period was HK\$6.13 per Share.
- (6) The weighted average closing price of the Shares immediately before the date on which the awards were vested to other grantees during the Reporting Period was HK\$6.12 per Share.
- (7) Other grantees are all employees of the Company (other than the Directors) who entered into valid employment contracts.
- (8) During the Reporting Period, 143,075 awards under the 2021 Share Awards Scheme had been forfeited due to resignation of the relevant employees and nil award had been canceled.
- (9) The numbers of awards vested are calculated in accordance with the respective vesting schedules of the grants under the 2021 Share Award Scheme. There might be discrepancies between the awards vested during the Reporting Period and those actually settled as the settlement process could take several days, particularly when the vesting date fell on a non-business day.

Save as disclosed in this interim report, no award was granted or agreed to be granted, vested, canceled or lapsed under the 2021 Share Award Scheme throughout the six months ended June 30, 2024.

Share Incentives Available for Grant and Shares May Be Issued Underlying All Share Incentive Granted

The total number of options and awards available for grant under the Scheme Mandate Limit was 42,973,288 as of January 1, 2024 and 40,951,850* as of June 30, 2024, respectively. The total number of options and awards available for grant under the Service Provider Sublimit at the beginning and the end of Reporting Period remained the same, being 5,342,000.

For the purpose of Rule 17.07(3) of the Listing Rules, no Share may be issued in respect of all options and awards granted under all schemes of the Company during the Reporting Period.

Note:

- * Such number does not take into account the numbers of options and awards granted before the grant of options and awards on September 9, 2022 and the refreshment of the Scheme Mandate Limit on November 25, 2022 while lapsed thereafter. Such numbers of lapsed options and awards are not regarded as being eligible to be utilized for the purpose of calculating the Scheme Mandate Limit (and the Service Provider Sublimit).

2024 Share Award Scheme

On March 21, 2024, the Board resolved to adopt the 2024 Share Award Scheme, which is funded by the existing Shares primarily from on-market purchase by the trustee.

Other Information

Principal Terms of the 2024 Share Award Scheme

Below is a summary of the terms of the 2024 Share Award Scheme:

Purposes and Objectives

The purposes of the 2024 Share Award Scheme are: (i) to recognize the contributions by certain eligible participants and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

Duration

Subject to any early termination as may be determined by the Board pursuant to the 2024 Share Award Scheme, the Scheme shall be valid and effective for a term of ten (10) years commencing on the adoption date of the 2024 Share Award Scheme, after which no further awards will be granted.

Administration

The 2024 Share Award Scheme is subject to the administration by the Board and the trustee in accordance with the scheme rules of the 2024 Share Award Scheme and the terms of the trust deed. The authority to administer the 2024 Share Award Scheme may be delegated by the Board to an administrator as deemed appropriate at the absolute discretion of the Board.

Operation of the Scheme

The Board may from time to time cause to be paid an amount from the Company's resources to the trustee to be held on the trust established by the trustee(s) appointed by the Company and constituted by the trust deed (the "**Trust**"), for the purchase of award Shares to be awarded to the selected participants and other purposes set out in the scheme rules of the 2024 Share Award Scheme and the trust deed.

The Board shall determine the number of Shares to be purchased and, cause to be paid to the trustee an amount sufficient for the completion of the purchase of the Scheme Shares.

Subject to the scheme rules of the 2024 Share Award Scheme, the Board may, from time to time, at its absolute discretion select any eligible participant (other than any excluded participant) for participation in the 2024 Share Award Scheme as a selected participant, and grant an award to any selected participant subject to such terms and conditions as the Board may in its absolute discretion determine. The Board will issue a grant letter ("**Award Letter**") to such selected participant. The Award Letter will set out, among other things, the number of the awarded Shares, the vesting date and the vesting conditions.

The Company shall notify the trustee in writing upon the grant of an award and the acceptance of such award by the selected participant. Upon receipt of the instruction from the Company, the trustee shall make relevant arrangement to convert the scheme shares to the awarded Shares for the relevant selected participant.

Vesting and Lapse

Subject to the scheme rules of the 2024 Share Award Scheme and the fulfillment of all vesting conditions applicable to the vesting of the awarded Shares and the related income on such selected participant, the trustee shall transfer and release the relevant awarded Shares to the relevant selected participant in the manner as determined by the Board or sell the relevant awarded Shares within stipulated time period and pay the actual selling price to the selected participant within a reasonable time period, in satisfaction of the award.

Upon vesting of the awards, the selected participants shall be entitled to the awarded Shares and the related income to the full extent permitted under the scheme rules of the 2024 Share Award Scheme, Listing Rules and all other applicable laws. Any award granted and the awarded Shares thereunder shall be personal to the selected participant to whom it is made and shall not be assignable.

Unless the Board determines otherwise at its absolute discretion, awards shall lapse automatically and the awarded Shares thereunder shall become returned shares upon the earliest of: (i) the date of commencement of the winding-up of the Company (except for a voluntary winding-up); and (ii) the date on which the awards of a selected participant are forfeited due to a selected participant: (a) is found to have engaged in any misconduct as determined in good faith by the Board for the administration of the 2024 Share Award Scheme; (b) is convicted of any criminal offense involving his/her integrity or honesty or any wrongdoing involving the Group's financial statements; (c) breaches any covenant in respective Award Letter; (d) ceases to be an eligible participant; (e) sell, transfer, charge, mortgage, encumber or create any interest in favor of any other person over or in relation to the awards granted to him; or (f) ceases to be an eligible participant for any reason other than those set up above.

Scheme Limit

The Board shall not make any further award of awarded Shares which will result in the number of awarded Shares granted by the Board under the 2024 Share Award Scheme exceeding ten (10) per cent of the issued Shares of the Company as of the adoption date of the 2024 Share Award Scheme, i.e., 69,561,485.

Limit for Each Eligible Participant

The maximum number of Shares which may be granted to a single selected participant under the 2024 Share Award Scheme shall not exceed one (1) per cent of the issued share capital of the Company from time to time in any 12-month period, save and except approved by the Shareholders in a general meeting.

The aforesaid limits shall always be subject to the compliance with the Listing Rules that are in force from time to time, including the requirement on maintaining a minimum public float.

Other Information

Voting Rights

No instructions shall be given by a selected participant to the trustee in respect of the awarded Shares that have not vested or such other properties of the trust fund managed by the trustee.

Neither the selected participants nor the trustee shall exercise the voting rights in respect of any Shares held on trust (if any) (including but not limited to the awarded Shares, the returned Shares, any bonus Shares and scrip Shares derived therefrom).

Alteration of the 2024 Share Award Schemes

The 2024 Share Award Scheme may be altered in any respect by an ordinary resolution of the Board. In respect of any proposed alterations to the advantage of the selected participants and where the Board considers necessary, such proposed alterations shall be approved by the Board by an ordinary resolution.

Any alteration to the terms and conditions of an award that have been granted to a selected participant shall be approved by the Board with an ordinary resolution, provided that no such alteration shall operate to affect adversely any subsisting rights of any selected participant hereunder unless the written consent of the relevant selected participants is obtained.

Extension or Termination

The term of the Scheme may be extended by resolution of the Board within three (3) months of its expiration, provided that any such extension shall not be longer than a period of ten (10) years.

Unless the term of the 2024 Share Award Scheme has been extended, it shall terminate on the earlier of: (i) the tenth (10th) anniversary date of the adoption date except in respect of any non-vested award granted prior to the expiration of the 2024 Share Award 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 2024 Share Award Scheme; provided further that the change in the subsisting rights of a selected participant hereunder refers solely to any change in the rights in respect of the awards already granted to a selected participant.

Movements in the awards under the 2024 Share Award Scheme

From adoption date of the 2024 Share Award Scheme (i.e., March 21, 2024) to June 30, 2024, nil award has been granted to any eligible participants.



EVENTS AFTER THE REPORTING PERIOD

There was no event which has occurred after June 30, 2024 and immediately before the date of this interim report that would have a material impact on the Group.

On the date of this interim report, the Group and Alcon Inc., a global leader in eye care with complementary businesses in surgical and vision care, agreed to enter into the transactions consisting of acquisition of certain assets, in-licensing, proposed allotment and issue of consideration Shares and purchase arrangements, marking a long-term strategic relationship that encompasses the commercialization, manufacture and R&D of ophthalmic drugs in China. For details, please refer to the Company's announcement dated August 12, 2024.

Save as mentioned above, there are no events that might have a material impact on the Group which has occurred after June 30, 2024 and as of the date of this interim report.

INTERIM DIVIDEND

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group 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 its own code of corporate governance. The CG Code has been applicable to the Company with effect from July 10, 2020, the date of Listing.

The Board is of the view that the Company has complied with all applicable code provisions of the CG Code during the six months ended June 30, 2024. 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 THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Written Guidelines on no less exacting terms than the Model Code as its own code of conduct regarding securities transactions by the Directors and relevant employees. All Directors and relevant employees have confirmed, following specific inquiry by the Company, that they have complied with the Model Code during the six months ended June 30, 2024.

Other Information

USE OF PROCEEDS FROM LISTING AND PLACING

Use of Proceeds from the Listing

The Company was listed on the Main Board of the Stock Exchange on July 10, 2020. The total net proceeds raised from the issue of new Shares by the Company in its Listing and the full exercise of over-allotment option (after deducting the underwriting fees and related Listing expenses) amounted to approximately HK\$1,646.41 million. The intended use of the net proceeds and the change in the intended use of the net proceeds were set out in our prospectus dated June 29, 2020 and announcement dated September 11, 2020, respectively. As of June 30, 2024, such net proceeds from Listing were utilized as follows in accordance with the intended uses:

Use of proceeds from Listing	Amount of net proceeds for planned applications (HK\$ million)	Percentage of total net proceeds (%)	Unutilized net proceeds as of December 31, 2023 (HK\$ million)	Utilized net proceeds during the Reporting Period (HK\$ million)	Utilized net proceeds as of June 30, 2024 (HK\$ million)	Unutilized net proceeds as of June 30, 2024 (HK\$ million)	Expected time frame for unutilized amount
For the Core Product							
1. Fund the costs and expenses in connection with R&D personnel as well as the continuing R&D activities of OT-401	197.57	12.00%	106.22	4.23	95.58	101.99	by the end of 2025
2. For milestone payments of OT-401	49.39	3.00%	15.49	-	33.90	15.49	by the end of 2024
3. For the commercialization of OT-401	246.96	15.00%	49.95	49.95	246.96	-	by the end of 2024
For other drug candidates, including OT-101, OT-301, OT-1001, OT-502, OT-202, OT-503 and OT-701							
1. The continuing R&D activities of other drug candidates, including OT-101, OT-301, OT-1001, OT-502, OT-202, OT-503 and OT-701	562.42	34.16%	-	-	562.42	-	-
2. For milestone payments of our other in-licensed drug candidates	96.15	5.84%	22.47	-	73.68	22.47	by the end of 2024
3. For the further expansion of our sales and marketing team	164.64	10.00%	-	-	164.64	-	-
For the acquisition of 100% equity interest in Suzhou Xiaxiang	164.64	10.00%	-	-	164.64	-	-
For our working capital and other general corporate purposes	164.64	10.00%	-	-	164.64	-	-
Total	1,646.41	100.00%	194.13	54.18	1,506.46	139.95	

Note: the sum of the data may not add up to the total due to rounding

As of June 30, 2024, all the unused net proceeds from Listing were held by the Company in short-term deposits with licensed banks or authorized financial institutions.

Use of Proceeds from the Placing

In January 2021, an aggregate of 28,000,000 Shares have been successfully placed to no less than six placees, who were professional investors and third parties independent of the Company. For details of the placing and subscription, please refer to the Company's announcements dated January 13, 2021 and January 22, 2021, respectively.

The net proceeds arising from the placing and subscription amounted to approximately HK\$781.7 million, of which the intended uses were set out in the announcement of the Company dated January 22, 2021. As of June 30, 2024, the net proceeds from placing and subscription were utilized as follows in accordance with the intended uses:

Use of proceeds from placing and subscription	Amount of net proceeds for planned applications (HK\$ million)	Percentage of total net proceeds (%)	Unutilized net proceeds as of December 31, 2023 (HK\$ million)	Utilized net proceeds during the Reporting Period (HK\$ million)	Utilized net proceeds as of June 30, 2024 (HK\$ million)	Unutilized net proceeds as of June 30, 2024 (HK\$ million)	Expected time frame for unutilized amount
Expansion of the Company's commercial team in view of the proposed launch of its new therapies	234.51	30.00%	234.51	29.29	29.29	205.22	by the end of 2025
Funding of international multi-center clinical trials of the Company's therapies	273.60	35.00%	25.23	2.99	251.36	22.24	by the end of 2024
OT-702 (Eylea biosimilar)	99.66	12.75%	-	-	99.66	-	-
OT-301 (NCX-470)	50.03	6.40%	-	-	50.03	-	-
OT-101 (low-concentration atropine)	43.78	5.60%	-	-	43.78	-	-
OT-1001 (ZERVIAE®)	30.10	3.85%	22.40	0.16	7.86	22.24	by the end of 2024
OT-202 (TKI)	50.03	6.40%	2.83	2.83	50.03	-	by the end of 2024
Building and development of new manufacturing facilities and equipment of Suzhou manufacturing site and active pharmaceutical ingredients manufacturing facilities	195.43	25%	-	-	195.43	-	-
Other general corporate purposes	78.17	10%	-	-	78.17	-	-
Total	781.71	100%	259.74	32.28	554.25	227.46	

Note: the sum of the data may not add up to the total due to rounding

As of June 30, 2024, all the unused net proceeds from placing and subscription were deposited into the bank accounts maintained by our Group.

Other Information

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

During the Reporting Period, the Company repurchased a total of 1,721,000 Shares on the Stock Exchange for an aggregate consideration of HK\$10,227,016 before expenses. The Company canceled a total of 1,960,000 repurchased Shares (including 239,000 Shares repurchased in 2023) on May 21, 2024. Details of the Shares repurchased during the Reporting Period are as follows:

Month of purchases in 2024	Share repurchased	No. of Shares purchased	Purchase consideration per Share		Aggregate consideration paid (HK\$)
			Highest price paid (HK\$)	Lowest price paid (HK\$)	
January 2024		1,721,000	6.61	5.51	10,227,016
Total		1,721,000			10,227,016

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the six months ended June 30, 2024. As of June 30, 2024, the Company did not hold any treasury Shares.

CHANGES IN THE INFORMATION OF DIRECTORS OR CHIEF EXECUTIVE OF THE COMPANY

The changes in the information of Directors or chief executive of the Company since the date of the Company's 2023 annual report are set out below:

1. Mr. Ye LIU, our chief executive officer and executive director, ceased to be director of EyePoint on June 20, 2024 (U.S. Eastern Time) due to the expiry of the term of his service contract.

Save as disclosed above, during the Reporting Period and up to the date of this interim report, there was no change in information of the Directors or chief executive of the Company which shall be disclosed pursuant to Rule 13.51 B(1) of the Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this interim report, none of the Directors or any of their respective associates were granted by the Company or its subsidiaries any right to acquire shares in, or debentures of, the Company or its subsidiary, or had exercised any such right during the six months ended June 30, 2024.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

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

REVIEW OF THE UNAUDITED INTERIM RESULTS AND INTERIM REPORT

The unaudited condensed consolidated interim financial statements of the Group for the six months ended June 30, 2024 have been reviewed by the Group's independent auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Hong Kong Institute of Certified Public Accountants.

The Audit Committee comprises three independent non-executive Directors, namely, Mr. Ting Yuk Anthony WU, Mr. Yiran HUANG and Mr. Zhenyu ZHANG. The chairman of the Audit Committee is Mr. Ting Yuk Anthony WU. The Audit Committee has jointly reviewed the interim report with the management and the independent auditor of the Company the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters of the Group. The Audit Committee considered the unaudited interim results of the Group for the six months ended June 30, 2024 are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

APPRECIATION

We wish to express our sincere gratitude to our Shareholders and business partners for their continued support, and to our employees for their dedication and hard work.

By order of the Board

Ocumension Therapeutics

Dr. Lian Yong CHEN

Chairman and non-executive Director

Shanghai, the PRC, August 12, 2024

Report on Review of Condensed Consolidated Financial Statements



Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF OCUMENSION THERAPEUTICS
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Ocumension Therapeutics (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 37 to 63, which comprise the condensed consolidated statement of financial position as of June 30, 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and certain notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
August 12, 2024

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For The Six Months Ended June 30, 2024

		Six months ended June 30,	
	NOTES	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Revenue	3	167,623	103,696
Cost of sales		(68,421)	(40,986)
Gross profit		99,202	62,710
Other income	4	15,443	14,402
Other gains and losses	4	(267)	3,708
Impairment losses under expected credit loss ("ECL") model, net of reversal		(194)	(268)
Selling and marketing expenses		(109,913)	(114,660)
Research and development ("R&D") expenses		(58,705)	(73,091)
Administrative expenses		(91,087)	(99,561)
Other expenses		(3,728)	(864)
Finance costs		(1,827)	(639)
Loss before tax		(151,076)	(208,263)
Income tax expense	5	(265)	(139)
Loss for the period	6	(151,341)	(208,402)
Other comprehensive (expense) income:			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value (loss) gain on investments in equity instruments at fair value through other comprehensive income ("FVTOCI")		(48,321)	118,425
		(48,321)	118,425
Total comprehensive expense for the period		(199,662)	(89,977)
Loss per share			
– Basic and diluted (RMB)	8	(0.23)	(0.32)

Condensed Consolidated Statement of Financial Position

At June 30, 2024

	NOTES	At June 30, 2024 RMB'000 (unaudited)	At December 31, 2023 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	9	449,218	444,365
Right-of-use assets	9	21,807	23,286
Intangible assets	10	1,199,753	1,140,181
Equity instruments at FVTOCI	11	56,504	364,148
Deposits and prepayments	12	95,522	93,385
Financial assets at fair value through profit or loss ("FVTPL")		234	–
		1,823,038	2,065,365
Current assets			
Inventories		78,814	32,473
Trade and other receivables	12	151,386	110,961
Contract assets		–	8,399
Bank balances and cash	13	972,907	1,053,801
		1,203,107	1,205,634
Current liabilities			
Trade and other payables	14	211,837	182,619
Borrowings		–	120,000
Lease liabilities – current		12,686	12,326
Income tax payables		418	339
		224,941	315,284
Net current assets		978,166	890,350
Total assets less current liabilities		2,801,204	2,955,715
Non-current liabilities			
Contract liabilities		30,090	30,090
Lease liabilities – non-current		2,652	5,657
		32,742	35,747
Net assets		2,768,462	2,919,968
Capital and reserves			
Share capital	15	48	48
Reserves		2,768,414	2,919,920
Total equity		2,768,462	2,919,968

Condensed Consolidated Statement of Changes in Equity

For the Six Months Ended June 30, 2024

	Attributable to owners of the Company							
	Share capital RMB'000 (note 15)	Share premium RMB'000	Other reserves RMB'000	FVTOCI revaluation reserve RMB'000	Treasury share RMB'000	Share-based payment reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At January 1, 2023 (audited)	48	7,511,103	(581,779)	(177,706)	(3)	443,690	(4,446,714)	2,748,639
Loss for the period	-	-	-	-	-	-	(208,402)	(208,402)
Other comprehensive income for the period	-	-	-	118,425	-	-	-	118,425
Total comprehensive income (expense) for the period	-	-	-	118,425	-	-	(208,402)	(89,977)
Vest of share awards (note 17)	-	39,841	-	-	*	(39,841)	-	-
Exercise of share options granted (note 17)	*	13,508	-	-	-	(11,164)	-	2,344
Exercise of restricted share units ("RSUs") (note 17)	-	7,899	-	-	*	(5,651)	-	2,248
Recognition of equity-settled share-based payments (note 17)	-	-	-	-	-	82,509	-	82,509
Forfeited equity-settled share-based payments	-	-	-	-	-	(67)	67	-
At June 30, 2023 (unaudited)	48	7,572,351	(581,779)	(59,281)	(3)	469,476	(4,655,049)	2,745,763
At January 1, 2024 (audited)	48	7,625,549	(581,779)	154,753	(3)	442,978	(4,721,578)	2,919,968
Loss for the period	-	-	-	-	-	-	(151,341)	(151,341)
Other comprehensive expense for the period	-	-	-	(48,321)	-	-	-	(48,321)
Total comprehensive expense for the period	-	-	-	(48,321)	-	-	(151,341)	(199,662)
Disposal of investments in equity instruments at FVTOCI	-	-	-	(143,186)	-	-	143,186	-
Vest of share awards (note 17)	-	44,940	-	-	*	(44,940)	-	-
Exercise of share options granted (note 17)	*	35,756	-	-	-	(29,447)	-	6,309
Exercise of RSUs (note 17)	-	3,670	-	-	*	(3,103)	-	567
Recognition of equity-settled share-based payments (note 17)	-	-	-	-	-	50,572	-	50,572
Repurchase of shares (note 15)	-	(9,292)	-	-	*	-	-	(9,292)
Cancellation of treasury shares (note 15)	*	-	-	-	*	-	-	-
Forfeited equity-settled share-based payments	-	-	-	-	-	(2,537)	2,537	-
At June 30, 2024 (unaudited)	48	7,700,623	(581,779)	(36,754)	(3)	413,523	(4,727,196)	2,768,462

* The relevant amount is less than RMB1,000.

Condensed Consolidated Statement of Cash Flows

For the Six Months Ended June 30, 2024

	NOTES	Six months ended June 30,	
		2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
OPERATING ACTIVITIES			
Loss before tax		(151,076)	(208,263)
Adjustments for:			
Finance costs		1,827	639
Bank interest income		(14,285)	(12,722)
Depreciation of property, plant and equipment		15,208	11,022
Depreciation of right-of-use assets		5,748	5,499
Amortization of intangible assets		14,489	12,405
Impairment losses under ECL model, net of reversal		194	268
Share-based payments		50,572	82,509
Gain from changes in fair value of other financial assets		–	(1,155)
Loss from changes in fair value of financial assets at FVTPL		213	–
Loss from early termination of leases		432	–
Net unrealized foreign exchange gains		(1,971)	(7,643)
Other losses related to Nicox SA	4	612	–
Others		(80)	(63)
Operating cash flows before movements in working capital		(78,117)	(117,504)
Increase in inventories		(46,341)	(9,703)
(Increase) decrease in trade and other receivables		(31,942)	23,779
Decrease (increase) in contract assets		8,418	(4,695)
Increase (decrease) in trade and other payables		33,785	(12,019)
Decrease in other asset		–	2,491
Cash used in operations		(114,197)	(117,651)
Income tax (paid) refunded		(186)	32
NET CASH USED IN OPERATING ACTIVITIES		(114,383)	(117,619)



Condensed Consolidated Statement of Cash Flows

For the Six Months Ended June 30, 2024



		Six months ended June 30,	
		2024	2023
		RMB'000	RMB'000
		(unaudited)	(unaudited)
NOTES			
INVESTING ACTIVITIES			
	Interest received from banks	12,419	14,882
	Proceeds from disposal of		
	– equity instruments at FVTOCI	264,141	–
11	Payment for investment in Nicox SA	(5,877)	–
	Placement of pledged bank deposit	–	(800)
	Release of pledged bank deposit	4,300	2,900
	Placement of term deposits	(110,000)	(478,903)
	Release of term deposits	207,014	118,398
	Payment for rental deposits	(314)	(57)
	Refund of rental deposits	59	210
	Receipt of asset-related government grants	2,004	4,194
	Payment for property, plant and equipment	(18,143)	(24,941)
	Payment of intangible assets	(91,478)	(154,620)
	Redemption of other financial assets	–	151,155
	Placement of other financial assets	–	(150,000)
	Loan to employees	–	(1,537)
	Collection of loan to employees	296	–
	Net cash inflow on acquisition of assets	–	4
NET CASH FROM (USED IN) INVESTING ACTIVITIES		264,421	(519,115)
FINANCING ACTIVITIES			
	Proceeds from exercise of share options granted	6,309	2,344
	Proceeds from exercise of RSUs	567	2,248
	Payment on repurchase of shares	(9,292)	–
	Payments of lease liabilities	(7,346)	(6,057)
	New bank loans raised	30,000	–
	Repayment of borrowings	(150,000)	(1,810)
	Interest paid	(1,827)	(639)
NET CASH USED IN FINANCING ACTIVITIES		(131,589)	(3,914)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		18,449	(640,648)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		842,839	1,170,049
	Effects of exchange rate changes	1,619	7,643
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		862,907	537,044
13			

Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended June 30, 2024



1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board (“IASB”) as well as the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional change in accounting policies resulting from the application of the amendments to International Financial Reporting Standards (IFRSs), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2024 are the same as those presented in the annual consolidated financial statements of Ocumension Therapeutics (the “Company”) and its subsidiaries (collectively referred to as the “Group”) for the year ended December 31, 2023.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the Group’s annual period beginning on January 1, 2024 for the preparation of the Group’s condensed consolidated financial statements:

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

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



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended June 30, 2024



2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Accounting policy

Financial instruments

Financial assets

Classification and subsequent measurement of financial assets

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

3. REVENUE AND SEGMENT INFORMATION

The following is an analysis of the Group's revenue:

	Six months ended June 30,	
	2024 <i>RMB'000</i> (unaudited)	2023 <i>RMB'000</i> (unaudited)
Types of goods or service		
<i>At a point in time</i>		
Sales of ophthalmic products	150,013	84,216
Pharmaceutical products promotion services	11,859	18,185
Sales-based royalty income	2,291	1,035
Contract development and manufacturing ("CDMO") services	3,460	260
	167,623	103,696

Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended June 30, 2024



3. REVENUE AND SEGMENT INFORMATION (Continued)

Sales of ophthalmic products

For the sale of ophthalmic products, revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the customer's specific location, i.e. when the products are delivered and titles have passed to customers upon receipt by customer. Following delivery, the customer has the primary responsibility when selling the goods and bears the risk of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to customers as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. The normal credit term is 30 to 90 days upon delivery. Under the Group's standard contract terms, customers can only return or request refund if the goods delivered do not meet required quality standards. Therefore, the probability of significant reversal in revenue in relation to sales return in the future is remote.

Pharmaceutical products promotion services

For pharmaceutical products promotion services, the Group is an agent under the pharmaceutical products promotion services contracts as its performance obligation is mainly to arrange for sales and delivery of pharmaceutical products supplied by another parties. In this regard, the Group does not control the products provided by another parties before those goods sold and delivered to the end customers. The contracts of pharmaceutical products promotion services may contain variable consideration on sales basis. Accordingly, revenue is recognised at a point in time when the Group satisfies its obligation to arrange for sales and/or delivery of pharmaceutical products pursuant to the service contracts. The normal credit term is 30 to 45 days. Payment for services is not due from the products suppliers until the Group's products suppliers have received settlements for their sales or accepted the compliance report for promotion activities, as appropriate, and therefore a contract asset is recognised at the point of time in which the services are performed. No further obligation is borne by the Group after the promotion services have been completed.

Sales-based royalty income

The contracts in relation to royalty income contain variable consideration. The Group grants its license right to a customer for product sales in exchange for sales-based royalty income. The income is based on the profit margin of each sale and is recognised at a point of time upon the customer completes its sales. Such income is settled by month with the normal credit period of 60 days.

Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended June 30, 2024

3. REVENUE AND SEGMENT INFORMATION (Continued)

CDMO services

The Group earns revenues by providing CDMO services to its customer through fee-for-service (“FFS”) contracts. Under FFS method, the contracts usually have multiple deliverable units, which are generally in the form of samples and/or products, each with individual selling price specified within the contract. The Group identifies each deliverable unit as a separate performance obligation and recognises FFS revenue of contractual elements at the point in time upon the units delivered.

Transaction price allocated to the remaining performance obligation for contracts with customers

All the Group’s remaining performance obligations for contracts with customers are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Segment information

The Group’s chief operating decision maker (“CODM”), being the executive directors of the Company, regularly reviews revenue by products; however, no other discrete information was provided. In addition, the CODM reviewed the consolidated results when making decisions about allocating resources and assessing performance as a whole. Hence, no further segment information other than entity wide information was presented.

No analysis of the Group’s assets and liabilities by operating segments is disclosed as it is not regularly provided to the CODM for review.

All revenue from external customers is attributed to the Group and RMB165,456,000 (six months ended June 30, 2023: RMB102,401,000) of revenue was derived from the PRC. All non-current assets of the Group are located in the PRC.

Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended June 30, 2024



4. OTHER INCOME AND OTHER GAINS AND LOSSES

	Six months ended June 30,	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Other income		
Bank interest income	14,285	12,722
Government grant income (note i)	574	1,098
Others	584	582
	15,443	14,402
Other gains and losses		
Net foreign exchange gains	725	2,553
Other loss related to Nicox SA (note ii)	(612)	–
Fair value change in financial assets at FVTPL	(213)	–
Gain from changes in fair value of other financial assets	–	1,155
Others	(167)	–
	(267)	3,708

Notes:

- (i) Government grants include unconditional subsidies from the PRC government which are specifically for research and development activities, employment support and training, innovation and development support during the interim period.
- (ii) During the six months ended June 30, 2024, the Company recognised loss of RMB612,000 in other gains and loss resulting from the acquisition on the shares of Nicox SA (“Nicox”) (Euronext Growth Paris: Alcox), which is the difference between the acquisition date market quoted prices and the agreed subscription prices of shares. Details of subscription of shares and warrants of Nicox are set out in Note 11.

5. INCOME TAX EXPENSE

	Six months ended June 30,	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Current tax – Hong Kong (note)	108	171
Current tax – the PRC	245	–
Over provision in prior years	(88)	(32)
	265	139

Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended June 30, 2024

5. INCOME TAX EXPENSE (Continued)

The current tax of Hong Kong represents tax related to the sale-based royalty income generated by Ocumension (Hong Kong) Limited (“Ocumension Hong Kong”). Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

6. LOSS FOR THE PERIOD

	Six months ended June 30,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging:		
Directors' emoluments	23,651	45,838
Other staff costs excluding directors' emoluments	126,275	124,767
Total staff costs	149,926	170,605
Depreciation of property, plant and equipment	15,208	11,022
Depreciation of right-of-use assets	5,748	5,499
Amortization of intangible asset	14,489	12,405
Cost of inventory recognised as expenses	55,229	27,414
Lease payments in respect of short-term and low values assets	1,148	2,215

7. DIVIDENDS

No dividends were paid, declared or proposed during the six months ended June 30, 2024 and 2023. The directors of the Company have determined that no dividend will be paid in respect of the six months ended June 30, 2024.

Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended June 30, 2024



8. LOSS PER SHARE

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

	Six months ended June 30,	
	2024 (unaudited)	2023 (unaudited)
Loss		
Loss for the period attributable to the owners of the Company for the purposes of basic and diluted loss per share (RMB'000)	(151,341)	(208,402)
Number of shares		
Weighted average number of ordinary shares of basic and diluted loss per share calculation	659,201,733	646,269,582

The computation of basic and diluted loss per share for the reporting period excluded the shares held by Coral Incentivization Limited for unexercised RSUs and the shares held by Computershare Hong Kong Trustees Limited for unvested share awards.

The computation of diluted loss per share for the six months ended June 30, 2024 and 2023 did not assume the exercise of share options and RSUs, the vesting of share awards and the exercise of warrants since their assumed exercise or vesting would result in a decrease in loss per share.

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

During the current interim period, the Group incurred RMB20,076,000 (six months ended June 30, 2023: RMB13,170,000) on property, plant and equipment after deducting RMB2,004,000 (six months ended June 30, 2023: RMB4,194,000) of government grants related to assets.

During the current interim period, the Group entered into several new lease agreements with lease terms of 1 to 3 years. On lease commencement, the Group recognised right-of-use assets of RMB4,701,000 (six months ended June 30, 2023: RMB935,000) and lease liabilities of RMB4,701,000 (six months ended June 30, 2023: RMB954,000).

As at the end of the current interim period, the Group was committed to acquire property, plant and equipment for its operation of RMB2,887,000 (December 31, 2023: RMB6,397,000).

10. INTANGIBLE ASSETS

During the current interim period, the Group had addition of intangible assets of RMB74,141,000 (six months ended June 30, 2023: RMB120,846,000), which consists of capitalized development costs of RMB73,785,000 (six months ended June 30, 2023: RMB115,268,000), acquisition of computer software of RMB356,000 (six months ended June 30, 2023: RMB3,972,000) and acquisition of in-progress research and development of nil (six months ended June 30, 2023: RMB1,606,000).

Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended June 30, 2024

11. EQUITY INSTRUMENTS AT FVTOCI

	At June 30, 2024 RMB'000 (unaudited)	At December 31, 2023 RMB'000 (audited)
Listed equity securities in the United States of America ("US")	51,582	364,148
Listed equity securities in France	4,922	–
Total listed equity securities	56,504	364,148

The above listed equity investments represent ordinary shares of listed equities in the US and France, EyePoint Pharmaceuticals, Inc. ("EyePoint") (NASDAQ: EYPT), Alimera Sciences Inc. ("Alimera") (NASDAQ: ALIM) and Nicox (Euronext Growth Paris: ALCOX). These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

Included in listed equity investment above is the Group's investment in EyePoint, Alimera and Nicox with a carrying amount of RMB6,214,000, RMB45,368,000 and RMB4,922,000 as at June 30, 2024 respectively (December 31, 2023: RMB329,116,000, RMB35,032,000 and nil respectively).

During the six months ended June 30, 2024, the Group disposed of a total of 1,910,500 EyePoint Shares by way of block trade at an aggregate consideration of approximately RMB264,141,000 (equivalent to approximately US\$37,159,000), which was determined with reference to the market price of the EyePoint Shares of certain agreed date and has been fully settled in cash and received by the Company. For details of disposal in EyePoint, please refer to the Company's announcement on January 17, 2024. The disposals would allow the Group to strengthen its cash position and thus would be able to utilize the net proceeds as working capital for general corporate purposes. The company transferred RMB143,186,000 cumulative gain previously accumulated in the FVTOCI revaluation reserve to accumulated losses.

In June 2024, the Company subscribed 3,059,046 new shares issued by Nicox, an international ophthalmology company listed in Euronext Growth Paris, at a subscription price of EUR0.25 per share, each with a warrant attached. Each new share comes with a warrant, which shall be immediately detached upon issue. 5 warrants gives the rights to 2 new shares at an exercise price of EUR0.275. Warrants are exercisable before June 20, 2026. Both the share and warrant issued by Nicox are listed on Euronext Growth Paris on June 21, 2024. Immediately after the subscription, the Company holds 4.82% of the shares outstanding of Nicox. The Company classified the investments in shares as equity instruments at FVTOCI and warrants as financial assets at FVTPL.

For the six months ended June 30, 2024, the fair value loss on investment in equity instruments at FVTOCI were recognised in other comprehensive (expense) income amounted to approximately RMB48,321,000 (six months ended June 30, 2023: fair value gain of approximately RMB118,425,000), which consisted of the fair value loss on EyePoint of approximately RMB58,762,000 (six months ended June 30, 2023: the fair value gain of approximately RMB115,877,000) and fair value gain on Alimera of approximately RMB10,336,000 (six months ended June 30, 2023: fair value gain of approximately RMB2,548,000) and fair value gain on Nicox of approximately RMB105,000 (six months ended June 30, 2023: nil).

Details of fair value measurement are set out in Note 18.

Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended June 30, 2024



12. TRADE AND OTHER RECEIVABLES

Details of trade and other receivables are as follows:

	At June 30, 2024 RMB'000 (unaudited)	At December 31, 2023 RMB'000 (audited)
Trade receivables	107,039	89,348
Less: Allowance for credit loss	(1,027)	(830)
	106,012	88,518
Prepayments for		
– R&D expenses for projects (note a)	84,634	68,315
– acquisition of property, plant and equipment	1,903	6,971
– selling and marketing expenses	3,755	983
– inventories	13,180	4,635
Value added tax recoverable	15,274	13,970
Utility and rental deposits	5,933	4,897
Interest receivable	4,740	2,874
Others (note b)	11,676	13,366
Less: Allowance for credit loss	(199)	(183)
	140,896	115,828
	246,908	204,346
Analysis as:		
Current	151,386	110,961
Non-current (note c)	95,522	93,385
	246,908	204,346

Notes:

- a) The Company made prepayments for its R&D expenses for projects carried out by collaborators or contracted research organizations. Certain of the payments will be recognised as intangible assets in the future periods as the relevant pipelines have met the capitalization criteria in accordance with IAS 38 *Intangible Assets* as at the reporting period ended and classified as non-current assets.
- b) The amount mainly includes the receivable for loan to employees.
- c) The non-current portion mainly includes the prepayments for capitalized development costs, acquisition of property, plant and equipment, loan to employees and certain amount of value added tax recoverable expected to realize beyond twelve months at the end of the reporting period.

Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended June 30, 2024

12. TRADE AND OTHER RECEIVABLES (Continued)

The Group allows an average credit period of 30 to 90 days to its trade customers. The following is an aged analysis of trade receivables presented based on the invoice dates of goods sold and service rendered.

	At June 30, 2024 RMB'000 (unaudited)	At December 31, 2023 RMB'000 (audited)
0 – 90 days	106,907	80,142
91 – 180 days	132	–
Over 180 days	–	9,206
	107,039	89,348

13. BANK BALANCES AND CASH

	At June 30, 2024 RMB'000 (unaudited)	At December 31, 2023 RMB'000 (audited)
Cash at bank	296,342	547,139
Term deposits	676,565	506,662
	972,907	1,053,801
Analysed as:		
Cash and cash equivalents	862,907	842,839
Term deposit with maturity date between three months to one year	110,000	206,662
Pledged bank deposits (note)	–	4,300
	972,907	1,053,801

Note: Pledged bank deposits represented deposits pledged to a bank to secure the letter of credit granted to the Group and were classified as current assets.

Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended June 30, 2024



14. TRADE AND OTHER PAYABLES

	At June 30, 2024 RMB'000 (unaudited)	At December 31, 2023 RMB'000 (audited)
Trade payables	59,278	25,192
Payables and accruals for		
– R&D expenses for projects (note a)	71,393	72,259
– construction payables (note b)	41,496	42,626
– selling and marketing expenses	8,979	8,633
– legal and professional fee	5,480	3,257
– government grants received on behalf of the employees	3,093	9,049
– others	7,049	5,398
Payroll payables	13,242	14,273
Other tax payables	1,827	1,932
	211,837	182,619

Notes:

- a) Amount included service fees payable to outsourced service providers including contract research organisations and clinical trial sites.
- b) The construction payables mainly relate to the construction for manufacture site in Suzhou, the PRC.

The average credit period on purchases of goods/services of the Group is within 60 days. Ageing analysis of the Group's trade payables based on the invoice dates as at the end of the reporting period is as follows:

	At June 30, 2024 RMB'000 (unaudited)	At December 31, 2023 RMB'000 (audited)
0 – 30 days	10,952	24,285
31 – 60 days	47,821	755
More than 60 days	505	152
	59,278	25,192

Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended June 30, 2024

15. SHARE CAPITAL

	Number of shares	Share capital USD'000	
Ordinary shares			
Ordinary shares of US\$0.00001 each			
Authorised			
At December 31, 2023 and January 1, 2024 (audited) and June 30, 2024 (unaudited)	5,000,000,000	50	
	Number of Shares	Amount USD'000	Equivalent amount of ordinary shares RMB'000
Issued and fully paid			
At January 1, 2023 (audited)	688,736,795	7	48
Exercise of share options granted	1,974,485	–*	–*
At June 30, 2023 and July 1, 2023 (unaudited)	690,711,280	7	48
Exercise of share options granted	192,570	–*	–*
At December 31, 2023 and January 1, 2024 (audited)	690,903,850	7	48
Exercise of share options granted	4,711,000	–*	–*
Repurchase of shares (note i)	–	–	–
Cancellation of shares (note ii)	(1,960,000)	–*	–*
At June 30, 2024 (unaudited)	693,654,850	7	48

* The relevant amount is less than US\$1,000 or RMB1,000.

Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended June 30, 2024



15. SHARE CAPITAL (Continued)

Notes:

- (i) During six months ended June 30, 2024, the Company repurchased 1,721,000 shares from the open market.

	No. of ordinary shares	Price per share		Aggregate consideration paid RMB'000
		Highest HK\$	Lowest HK\$	
January 2024	1,721,000	6.61	5.51	9,292

- (ii) During six months ended June 30, 2024, the Company cancelled a total of 1,960,000 treasury shares of the Company. These treasury shares were repurchased from open market during the period from December 2023 to January 2024.

16. WARRANTS

On April 14, 2021, the Company entered into an agreement with Alimera for the issuance of 1,000,000 non-transferable warrants which would entitle Alimera to subscribe for up to 1,000,000 fully paid ordinary shares of the Company at the exercise price of HK\$23.88 per share. The warrants were issued in conjunction with the acquisition of a license right from Alimera. The warrants were granted on April 14, 2021, and the issuance was subsequently completed on August 13, 2021 with the expiry date on August 12, 2025. Such warrant reserve is included in other reserves until they are being exercised. For further details of the warrants issue, please refer to the Company's announcements dated April 14, 2021 and August 13, 2021, respectively. There was no exercise of warrants during the six months ended June 30, 2024 and 2023.

17. SHARE-BASED PAYMENT TRANSACTIONS

(a) Share option scheme of the Company

The Company's share option scheme (the "Option Scheme") was adopted pursuant to a resolution passed on May 23, 2018 for the primary purpose of providing incentives to directors and eligible employees who render services to the Group. Under the Option Scheme, the Company may grant options to eligible employees, including the directors of the Company, to subscribe for shares in the Company.

The directors of the Company approved up to 23,964,800 shares of the Company, in which options may be granted under the Option Scheme. On January 22, 2020, a resolution was passed by the board of directors of the Company to increase the capacity of the Option Scheme to at a maximum of 60,328,890 shares.

The options granted to one director and certain employees of the Group in 2020 under the Option Scheme generally vest over 60-months with a cliff vesting of 20% on the first trading date after the expiry of one year after the commencement date of the director and staff employment and a vesting of 5 percent (5%) of each quarter for the following sixteen quarters and the vesting schedule shall be accelerated upon completion of initial public offering of the Company ("IPO").

Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended June 30, 2024

17. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Share option scheme of the Company (Continued)

The following table discloses movements of the outstanding options granted under the Option Scheme during the periods:

	Number of share option held by		Weighted average exercise price
	Directors of the Company	Employees	
At January 1, 2023 (audited)	21,643,710	2,050,734	US\$0.19
Exercised	(218,000)	(1,756,485)	US\$0.17
Forfeited	–	(73)	US\$0.19
At June 30, 2023 (unaudited)	21,425,710	294,176	US\$0.19
At January 1, 2024 (audited)	21,425,710	101,606	US\$0.19
Exercised	(4,711,000)	–	US\$0.19
At June 30, 2024 (unaudited)	16,714,710	101,606	US\$0.19

In respect of share options exercised during current interim period, the weighted average share price at the date of exercise was HK\$6.12 (six months ended June 30, 2023: HK\$8.26).

As at June 30, 2024, total of 16,816,316 share options were outstanding (December 31, 2023: 21,527,316), with the weighted average exercise price of US\$0.19 (December 31, 2023: US\$0.19). Among them total of 16,816,316 share options were exercisable (December 31, 2023: 21,527,316), with the weighted average exercise price of US\$0.19 (December 31, 2023: US\$0.19).

The expenses in relation to the share option granted by the Company has been fully recognised in previous years.

Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended June 30, 2024



17. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(b) Restricted share unit scheme ("RSU Scheme") of the Company

On April 28, 2020, the Company adopted RSU Scheme, under which, at the maximum of 24,000,000 can be issued by the Company under the RSU Scheme. For all granted RSUs, 20% of the shares are to be vested on the first anniversary the vesting commencement date, and the remaining shares are to be vested with equal quarterly installments over the following sixteen quarters.

The following table discloses movements of the Company's RSUs held by grantees during the periods:

	Number of RSU held by			Weighted average exercise price
	Directors of the Company	Employees	Consultant	
At January 1, 2023	11,420,788	2,461,811	300,000	US\$0.19
Exercised	(135,369)	(706,268)	–	US\$0.19
Forfeited	–	(424,020)	–	US\$0.19
At June 30, 2023	11,285,419	1,331,523	300,000	US\$0.19
At January 1, 2024	11,217,735	764,673	300,000	US\$0.19
Exercised	(67,685)	(402,875)	–	US\$0.19
At June 30, 2024	11,150,050	361,798	300,000	US\$0.19

In respect of the RSUs exercised during the six months ended June 30, 2024, the weighted average share price at the dates of exercise was HK\$6.26 (six months ended June 30, 2023: HK\$7.98).

During the six months ended June 30, 2024, 470,560 (six months ended June 30, 2023: 841,637) RSUs were exercised and settled by transferring treasury shares held in the trust to the directors and the employees. As at June 30, 2024, total of 10,763,700 (December 31, 2023: 11,917,262) RSUs are vested but unexercised.

The Group recognised the total expense of RMB571,000 in relation to the RSUs granted by the Company for the six months ended June 30, 2024 (six months ended June 30, 2023: RMB1,346,000).



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended June 30, 2024



17. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(c) 2021 share option scheme ("2021 Share Option Scheme") of the Company

On July 2, 2021, the board proposed the adoption of the 2021 Share Option Scheme for the purpose of providing incentive or reward to eligible persons for their contribution to, and continuing efforts to promote the interests of, the Group, and incentivizing them to remain with the Group. The maximum number of shares may be issued by the Company shall not exceed 10% of the total number of shares in issue at the date of adoption. The exercise period of the share options is ten years after the date of grant. The adoption of 2021 Share Option Scheme was approved by the Shareholders on August 31, 2021.

For the share options granted to a director of the Company during the year ended December 31, 2021, 25% of the options shall vest on the first anniversary of the grant date, and 75% of the options shall vest in twelve equal instalments in the following three years. For the share options granted to a director of the Company during the year ended December 31, 2022, the share options shall vest as follows.

- (a) 25% shall vest immediately on the date of grant;
- (b) 25% shall vest on the first anniversary of the date of grant, conditional upon the achievement of certain performance targets relating to the overall performance of the Company as set out in the grant letter, including research and development and registration progress of drug candidates, marketing and sales of commercialized products, daily operation and management of the Group. Partial achievement of the performance targets will result in proportionate vesting at the board's discretion;
- (c) 25% shall vest on the second anniversary of the date of grant, conditional upon the performance targets to be achieved by the Company and/or the director, which shall be determined by the board in due course; and
- (d) 25% shall vest on the third anniversary of the date of grant, conditional upon the performance targets to be achieved by the Company and/or the director, which shall be determined by the board in due course.

For the share options granted to another director of the Company and employees, the share options shall vest as follows.

- (a) 10% shall vest on the first anniversary of the grant date;
- (b) 20% shall vest in four equal installments during the period from the first anniversary of the grant date to the second anniversary of the grant date;
- (c) 30% shall vest in four equal installments during the period from the second anniversary of the grant date to the third anniversary of the grant date; and
- (d) 40% shall vest in four equal installments during the period from the third anniversary of the grant date to the fourth anniversary of the grant date.

Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended June 30, 2024



17. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(c) 2021 share option scheme (“2021 Share Option Scheme”) of the Company (Continued)

The following table discloses movements of the outstanding options granted under the 2021 Share Option Scheme during the periods:

	Number of share option held by		Weighted average exercise price
	Directors of the Company	Employees	
At January 1, 2023	11,115,000	15,450,450	HK\$18.07
Forfeited	–	(699,499)	HK\$13.79
At June 30, 2023	11,115,000	14,750,951	HK\$18.19
At January 1, 2024	11,115,000	13,783,952	HK\$18.34
Forfeited	–	(213,941)	HK\$12.49
At June 30, 2024	11,115,000	13,570,011	HK\$18.39

As at June 30, 2024, 11,888,852 share options are exercisable (December 31, 2023: 9,206,463).

The Group recognised the total expense of RMB15,578,000 for the six months ended June 30, 2024 in relation to share options granted by the Company (six months ended June 30, 2023: RMB24,871,000).

(d) 2021 share award scheme (“2021 Share Award Scheme”) of the Company

On July 2, 2021, the board resolved the adoption of the 2021 Share Awards Scheme to recognise the contributions of the eligible persons in order to incentivize them to remain with the Group, and to motivate them to strive for the future development and expansion of the Group. The 2021 Share Award Scheme is valid and effective for a period of ten (10) years. The maximum number of shares may be issued by the Company under the 2021 Share Award Scheme shall be 5% of the number of shares in issue from time to time during such period. Computershare was appointed by the Company as trustee for the administration of the 2021 Share Award Scheme. The trustee shall purchase the Company’s shares from the market out of cash contributed by the Company and shall hold such shares in trust until they are vested to the participants in accordance to the rules of the 2021 Share Award Scheme. No shares (six months ended June 30, 2023: nil) have been purchased from the open market during the six months ended June 30, 2024.

Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended June 30, 2024

17. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(d) 2021 share award scheme ("2021 Share Award Scheme") of the Company (Continued)

For the share awards granted to certain director of the Company during the year ended December 31, 2021, 25% of the share awards shall vest on the first anniversary of the grant date, and 75% of the share awards shall vest in twelve equal instalments in the following three years. For the share awards granted to a director of the Company during the year ended December 31, 2022, the share awards shall vest as follows.

- (a) 25% shall vest immediately on the date of grant;
- (b) 25% shall vest on the first anniversary of the date of grant, conditional upon the achievement of certain performance targets relating to the overall performance of the Company as set out in the grant letter, including research and development and registration progress of drug candidates, marketing and sales of commercialized products, daily operation and management of the Group;
- (c) 25% shall vest on the second anniversary of the date of grant, conditional upon the performance targets to be achieved by the Company and/or the director, which shall be determined by the board in due course; and
- (d) 25% shall vest on the third anniversary of the date of grant, conditional upon the performance targets to be achieved by the Company and/or a director, which shall be determined by the board in due course.

For the share awards granted to another director of the Company and employees, the share awards shall vest as follows.

- (a) 10% shall vest on the first anniversary of the grant date;
- (b) 20% shall vest in four equal installments during the period from the first anniversary of the grant date to the second anniversary of the grant date;
- (c) 30% shall vest in four equal installments during the period from the second anniversary of the grant date to the third anniversary of the grant date; and
- (d) 40% shall vest in four equal installments during the period from the third anniversary of the grant date to the fourth anniversary of the grant date.

Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended June 30, 2024



17. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(d) 2021 share award scheme (“2021 Share Award Scheme”) of the Company (Continued)

The following table discloses movements of the outstanding awards granted under the 2021 Share Award Scheme during the periods:

	Number of share award held by	
	Directors of the Company	Employees
At January 1, 2023	12,443,375	14,730,072
Vested	(1,640,250)	(463,716)
Forfeited	–	(691,124)
At June 30, 2023	10,803,125	13,575,232
At January 1, 2024	8,058,575	10,738,994
Vested	(1,661,450)	(1,562,689)
Forfeited	–	(143,075)
At June 30, 2024	6,397,125	9,033,230

In respect of the awards vested during the six months ended June 30, 2024, the weighted average share price at the dates of vest was HK\$6.14 (six months ended June 30, 2023: HK\$9.31).

Total of 3,224,139 share awards are vested as of June 30, 2024 (six months ended June 30, 2023: 2,103,966).

The Group recognised the total expense of RMB34,423,000 for the current period in relation to share awards granted by the Company for the six months ended June 30, 2024 (six months ended June 30, 2023: RMB56,292,000).

(e) 2024 share award scheme (“2024 Share Award Scheme”) of the Company

On March 21, 2024, the board resolved the adoption of the 2024 Share Awards Scheme for the purpose (i) to recognise the contributions of certain eligible participants and to provide them with incentives in order to retain them for the continual operation and development of the Group, and (ii) to attract suitable personnel for further development of the Group. The 2024 Share Award Scheme is valid and effective for a period of ten (10) years. The board shall not make any further award of the awarded Share which will result in the number of awarded shares granted by the board under the 2024 Share Award Scheme exceeding 10% of the issued shares of the Company as of the adoption date of the 2024 Share Award Scheme (e.g. 69,561,485).

From the adoption date of the 2024 Share Award Scheme to June 30, 2024, no award has been granted to any directors of the Company or employees.

Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended June 30, 2024

18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value measurements and valuation processes

In estimating the fair value, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The finance department of the Company works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

The fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

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

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

Financial assets			Fair value hierarchy	Valuation technique and key input
	June 30, 2024 RMB'000 (unaudited)	December 31, 2023 RMB'000 (audited)		
Financial assets at FVTPL	234	–	Level 1	Quoted bid prices in an active market
Equity instruments at FVTOCI	56,504	364,148	Level 1	Quoted bid prices in an active market

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

The fair values of listed equity securities are determined with reference to quoted market bid prices from relevant stock exchange.

Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended June 30, 2024



18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Reconciliation of Level 3 fair value measurements

The following table presents the reconciliation of Level 3 measurements of other financial assets during last period:

	Other financial assets RMB'000
At January 1, 2023 (audited)	–
Purchase of other financial assets	150,000
Redemption of other financial assets	(151,155)
Net gain on other financial assets	1,155
At June 30, 2023 (unaudited)	–

The fair value gains or losses on financial assets are included in “other gains and losses”.

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

The directors of the Company consider that the carrying amount of the Group’s financial assets and financial liabilities recorded at amortized cost in the condensed consolidated financial statements approximate their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

19. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

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

	Six months ended June 30,	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Short term benefits	6,353	6,170
Post-employment benefits	98	98
Discretionary bonus	1,706	1,763
Share-based payments	21,623	41,753
	29,780	49,784

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



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended June 30, 2024



20. EVENTS AFTER THE REPORTING PERIOD

On August 12, 2024, the Group agreed to enter into the transaction with Alcon Inc. (“Alcon”), consisting of the acquisition and in-licensing of several Alcon’s products, proposed allotment and issue of consideration shares of the Company and the purchase arrangements for certain products. Further details of this transaction are set out in the Company’s announcement dated August 12, 2024.

Definitions and Acronyms



“2021 Share Award Scheme”	the share award scheme adopted by the Company in accordance with the scheme rules thereof on July 2, 2021, the details of which are set out in the circular of the Company dated August 11, 2021
“2021 Share Option Scheme”	the share option scheme adopted by the Board in accordance with the rules thereof on July 2, 2021 and approved by the Shareholders on the extraordinary general meeting of the Company held on August 31, 2021, the details of which are set out in the circular of the Company dated August 11, 2021
“2024 Share Award Scheme”	the share award scheme adopted by the Company on March 21, 2024 involving its existing Shares in accordance with the scheme rules thereof, as amended from time to time
“6 Dimensions Affiliates”	6 Dimensions Affiliates Fund, L.P., a limited partnership established under the laws of Cayman Islands on October 25, 2017 and one of our controlling shareholders
“6 Dimensions Capital”	6 Dimensions Capital, L.P., a limited partnership established under the laws of Cayman Islands on August 16, 2017 and one of our controlling shareholders
“Alimera”	Alimera Sciences, Inc., a biopharmaceutical company organized and existing under the laws of the State of Delaware of the United States, whose shares of common stock are traded on the NASDAQ (ticker symbol: ALIM)
“AMD”	age-related macular degeneration, a disease that causes damage to the macula and leads to progressive loss of central vision
“Audit Committee”	the audit committee of the Board
“Board”	the board of directors of the Company
“CDE”	the Center for Drug Evaluation of NMPA (國家藥品監督管理局藥品審評中心), a division of the NMPA mainly responsible for review and approval of IND and NDA
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“China” or “the PRC”	the People’s Republic of China, but for the purpose of this interim report and for geographical reference only and except where the context requires, references in this interim report to “China” and the “PRC” do not include Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“chronic NIU-PS”	chronic non-infectious uveitis affecting the posterior segment of the eye
“Company”	Ocumension Therapeutics (歐康維視生物), a company incorporated under the laws of the Cayman Islands with limited liability on February 27, 2018, the shares of which were listed on the Main Board of the Stock Exchange on July 10, 2020
“Coral Incentivization”	Coral Incentivization Limited, a business company incorporated in the British Virgin Islands with limited liability on March 31, 2020
“Core Product”	has the meaning ascribed to it in Chapter 18A of the Listing Rules; for purposes of this interim report, our Core Product refers to OT-401 (YUTIQ®, fluocinolone intravitreal implant, trade name: Youshiying® (優施瑩®))
“Director(s)”	the director(s) of our Company, including all executive directors, non-executive directors and independent non-executive directors
“DME”	diabetic macular edema
“ESOP”	the employee stock option plan adopted by our Company on May 23, 2018, as amended from time to time, the details of which are set out in the Prospectus
“EyePoint”	EyePoint Pharmaceuticals, Inc., a company whose shares of common stock are listed on the NASDAQ (ticker symbol: EYPT) and a biopharmaceutical company committed to developing and commercializing innovative ophthalmic products for the treatment of eye diseases
“EyePoint Share(s)”	shares(s) of common stock of a par value of US\$0.001 per share of EyePoint
“FVTOCI”	fair value through other comprehensive income
“FVTPL”	fair value through profit or loss
“Greater China”	the PRC, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Group” or “Ocumension”	the Company and its subsidiaries
“Grade III hospitals”	a top-level hospital in China, as hospitals in China are divided into three classes by National Health Commission of the PRC (中華人民共和國國家衛生健康委員會), among which, Class III hospitals are at the highest level, typically having more than 500 beds, providing high-level specialist medical and healthcare services to several regions and performing advanced teaching and research tasks
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

Definitions and Acronyms



“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huonland”	Beijing Huonland Pharmaceutical Co., Ltd. (北京匯恩蘭德製藥有限公司), a limited liability company established under the laws of the PRC on August 3, 2012 and one of our licensing partners. Huonland primarily engages in development, production and sales of ophthalmology products
“IFRS”	International Financial Reporting Standards
“IND”	investigational new drug, the application for which is the first step in the drug review process by regulatory authorities to decide whether to permit clinical trials. Also known as clinical trial application in China
“Listing”	the listing of our Shares on the Main Board of the Stock Exchange
“Listing Date”	July 10, 2020, being the date on which dealings in our Shares first commenced on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“MRCT”	multi-regional clinical trial, a clinical trial that is conducted in different regions under a common trial design for simultaneous global new drug development
“NDA”	new drug application, an application through which the drug sponsor formally proposes that the relevant regulatory authority approve a new drug for sales and marketing
“Nicox”	Nicox S.A., a corporation incorporated under the laws of France on February 15, 1996, one of our licensing partners whose shares are listed on the Euronext (ticker symbol: COX)
“NMPA”	National Medical Products Administration (國家藥品監督管理局), formerly the China Food and Drug Administration (國家食品藥品監督管理局), or CFDA
“Nomination Committee”	the nomination committee of the Board
“NRDL”	National Reimbursement Drug List for Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance《國家基本醫療保險、工傷保險和生育保險藥品目錄》
“pre-IND”	the stage before IND application

“Prospectus”	the prospectus issued by the Company dated June 29, 2020
“RMB”	Renminbi Yuan, the lawful currency of China
“Remuneration Committee”	the remuneration committee of the Board
“Reporting Period”	the period from January 1, 2024 to June 30, 2024
“RSU(s)”	the restricted share unit(s)
“RSU Scheme”	the restricted share unit scheme adopted by the Company on April 28, 2020, the details of which are set out in the Prospectus
“R&D”	research and development
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Scheme Mandate Limit”	being 53,424,000 Shares, which account for approximately 7.95% of the total Shares in issue as of November 25, 2022, the date of approval by the Shareholders rounded down to nearest whole board lot of 500 Shares and is applicable to all share schemes of the Company
“Service Provider(s)”	person(s) who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are material to the long-term growth of the Group as determined by the Remuneration Committee, including advisers, consultants, distributors, contractors, suppliers, agents, business partners, joint venture partners, promoters, service providers of any member of the Group, but excluding placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions, or consultants providing professional services to the Group
“Service Provider Sublimit”	a sublimit under the Scheme Mandate Limit, being 5,342,000 Shares, which account for approximately 0.795% of the total Shares in issue as of the date of approval by the Shareholders rounded down to nearest whole board lot of 500 Shares and is applicable to all share schemes of the Company
“Share(s)”	ordinary shares in the share capital of our Company of US\$0.00001 each
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Suzhou 6 Dimensions”	Suzhou 6 Dimensions Venture Capital Partnership L.P. (蘇州通和毓承投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on August 4, 2017 and one of our controlling shareholders

Definitions and Acronyms



“Suzhou Frontline II”	Suzhou Frontline BioVentures Venture Capital Fund II L.P. (蘇州通和二期創業投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on March 8, 2016 and one of our controlling shareholders
“Suzhou Xiaxiang”	Suzhou Xiaxiang Biomedicine Co., Ltd. (蘇州夏翔生物醫藥有限公司), a limited liability company established in the PRC on October 18, 2019 and a wholly-owned subsidiary of the Company
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$”	United States dollars, the lawful currency of the United States
“wAMD”	wet age-related macular degeneration
“Written Guidelines”	the Guidelines for Securities Transactions by Directors adopted by the Company
“%”	per cent

In this interim report, the terms “associate”, “connected person”, “controlling shareholder” and “subsidiary” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.



OcuMension

欧康维视