Transcenta Holding Limited
創勝集團醫藥有限公司

(registered by way of continuation in the Cayman Islands with limited liability)

(Stock Code: 6628)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2022

The board (the "**Board**") of directors (the "**Directors**") of Transcenta Holding Limited (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended June 30, 2022 (the "**Reporting Period**") and comparison with the operating results for the corresponding period in 2021. These results were based on the unaudited consolidated interim financial statements for the Reporting Period, which were prepared in accordance with International Financial Reporting Standards ("**IFRSs**") and reviewed by the audit committee of the Company (the "**Audit Committee**") and the Company's auditor, Deloitte Touche Tohmatsu.

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

FINANCIAL HIGHLIGHTS

International Financial Reporting Standards ("IFRS") Measures:

- **Revenue** decreased from RMB26.7 million for the six months ended June 30, 2021 to RMB21.8 million for the six months ended June 30, 2022, primarily attributable to the decrease in CDMO revenue and offset by greater revenue from contract R&D services.

- **Other income** increased by RMB12.7 million from RMB11.2 million for the six months ended June 30, 2021 to RMB23.9 million for the six months ended June 30, 2022, primarily attributable to an increase of government grants we recognized during the six months ended June 30, 2022.

- **Other gains and losses** increased by RMB772.7 million from a loss of RMB762.5 million for the six months ended June 30, 2021 to a gain of RMB10.2 million for the six months ended June 30, 2022, primarily attributable to the losses of financial liabilities at fair value through profit or loss from the preferred shares issued by the Company in 2021.

- **Research and development expenses** increased by RMB3.4 million from RMB166.9 million for the six months ended June 30, 2021 to RMB170.3 million for the six months ended June 30, 2022, primarily attributable to our pipeline advancement. This change is in line with where we want to be as our pipeline assets progress through various clinical milestones.

- **Administrative and selling expenses** increased by RMB16.7 million from RMB42.2 million for the six months ended June 30, 2021 to RMB58.9 million for the six months ended June 30, 2022, primarily attributable to the increase in personnel cost and professional services.

- As a result of the above factors, **loss and total comprehensive expenses for the period** decreased by RMB784.2 million from RMB994.3 million for the six months ended June 30, 2021 to RMB210.1 million for the six months ended June 30, 2022, primarily attributable to the losses of financial liabilities at fair value through profit or loss from the preferred shares in 2021.

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

- **Revenue** decreased from RMB26.7 million for the six months ended June 30, 2021 to RMB21.8 million for the six months ended June 30, 2022, primarily attributable to the decrease in CDMO revenue and offset by greater revenue from contract R&D services.

- **Research and development expenses** excluding the share-based payment expenses increased by RMB0.4 million from RMB165.4 million for the six months ended June 30, 2021 to RMB165.8 million for the six months ended June 30, 2022, primarily attributable to our pipeline advancement.

- **Administrative and selling expenses** excluding the share-based payment expenses increased by RMB19.7 million from RMB37.7 million for the six months ended June 30, 2021 to RMB57.4 million for the six months ended June 30, 2022, primarily attributable to the increase in personnel cost and professional services.

- **Adjusted loss and total comprehensive expenses for the period** excluding the effect of the fair value changes of financial liabilities at fair value through profit or loss from the preferred shares and share-based payment expenses decreased by RMB12.5 million from RMB216.6 million for the six months ended June 30, 2021 to RMB204.1 million for the six months ended June 30, 2022, primarily due to the decrease in listing expenses and increase in government subsidies received.

BUSINESS HIGHLIGHTS

In the first half of 2022, the Company has accelerated progress across our business, starting with advances in several of our key programs that can give us a competitive foothold with global rights to drugs in a broad range of indications such as gastric cancer, prostate cancer, kidney disease, and osteoporosis.

Our lead asset, the Claudin18.2-targeting antibody TST001, is now poised for a global pivotal trial, pending health authorities review of the favorable data on its efficacy, safety, and tolerability, both as monotherapy in gastric and pancreatic cancer and in a combination with chemotherapy for first-line unresectable locally advanced or metastatic gastric cancer or gastroesophageal junction cancer (G/GEJ) cancer. Also, we achieved regulatory approval in the U.S. and China for our proposed method of production for clinical trials of this drug. A proprietary Claudin18.2 companion diagnostic assay has also been developed to support the patient screening for pivotal trial. We have also established a global clinical collaboration with Bristol Myers Squibb ("**BMS**") to evaluate the combination of TST001 with Opdivo® (nivolumab), BMS's anti-PD-1 therapy, for the treatment of patients with Claudin18.2 expressing unresectable locally advanced or metastatic G/GEJ cancer.

We accelerated the Phase I clinical trials of PD-L1/TGF-β bi-functional candidate TST005 and our osteoporosis candidate TST002, leveraging our multi-regional clinical development strategy. We completed the first two cohorts of the dose escalation part of TST005's U.S./China Phase I study and successfully dosed the first patient in China Phase I Study of TST002. We have also completed the Phase I study for MSB0254 (VEGFR2) for solid tumors, providing a partner molecule for combination with TST001, TST003 and TST005.

In the pre-clinical pipeline, we completed IND enabling programs for our potential first-in-class and best-in-class projects, TST003 (Gremlin1) and TST004 (MASP2). We added two new molecules to our early-stage pipeline, TST008 (MAPS2 bispecific) and TST010, both discovered with our proprietary antibody discovery platform. The latter has the potential for synergistic mechanisms for action with our other assets in the Claudin18.2 franchise.

Among the manufacturing milestones we achieved, our proposed process change from fed-batch to intensified perfusion has received approval from regulators in the U.S. and China. This perfusion process allows us to increase productivity by more than eight-fold at commercial production scale.

As of the date of this announcement, a shortlist of our achievements includes the following:

Clinical Programs Achievements

TST001 (A Humanized Claudin18.2 mAb for Solid Tumors)

- In January 2022, we presented TST001 U.S. Phase I Trial as a Trial in Progress poster at the 2022 American Society of Clinical Oncology Gastrointestinal Cancers Symposium from January 20 to January 22, 2022 in San Francisco, CA.

- In February 2022, the first patient was successfully dosed in China Phase IIa Study of TST001 combined with Cisplatin and Gemcitabine for the first line treatment of locally advanced or metastatic biliary tract cancer (BTC) patients. Globally we are the first company to explore the potential of Claudin18.2 targeting agent in biliary tract cancer.

- In March 2022, we presented the safety/tolerability and preliminary anti-tumor activity data in gastric and pancreatic cancers of TST001 China phase I clinical trial in a poster at the 2022 International Gastric Cancer Congress (IGCC).

- In March 2022, we also established a global clinical collaboration with BMS to evaluate the combination of TST001 with Opdivo® (nivolumab), BMS's anti-PD-1 therapy, for the treatment of patients with Claudin18.2 expressing unresectable locally advanced or metastatic gastric or gastroesophageal junction cancer (G/GEJ). Opdivo is approved globally in the first line treatment of patients with unresectable locally advanced or metastatic G/GEJ, and is becoming the new standard of care for these patients.

- In April 2022, one of our wholly-owned subsidiaries successfully passed audit of European Union qualified person, and an QP Declaration was issued.

- In June 2022, clinical data from our lead asset TST001 was presented at the ASCO annual meeting in Chicago. The clinical data for the dose-escalation part of the Phase I study of TST001 in combination with CAPOX as the first line treatment of advanced or metastatic G/GEJ cancer were presented, and tolerability and encouraging preliminary anti-tumor activities have been observed. Of the nine evaluable patients dosed, five achieved partial response, and three others achieved stable disease.

TST002 (Blosozumab) (A Humanized Sclerostin mAb for Osteoporosis)

- In April 2022, the first patient with low bone mineral density was successfully dosed in China Phase I Study of TST002 for the treatment of osteoporosis, leveraging the phase II data generated by our partner, Eli Lilly.

MSB0254 (A Humanized VEGFR2 mAb Candidate for Solid Tumors)

- In June 2022, we have completed the Phase I study and determined RP2D dose for MSB0254. The clinical data from MSB0254 Phase I study was presented at the ASCO annual meeting in Chicago.

Research/Early Development Update

TST005 (A PD-L1/TGF-β Bi-functional Antibody Candidate for Solid Tumors)

- In April 2022, we presented TST005, a bifunctional fusion protein of PD-L1/TGF-β, with potent anti-tumor activities and good safety profile as a poster presentation at the AACR annual meeting 2022.

- In June 2022, we completed the enrollment of first two cohorts and initiated enrollment for third cohort for ongoing global Phase I dose-escalation study.

TST003 (A First in Class Humanized Antibody Candidate)

- In May 2022, in collaboration with researchers at Renji Hospital, Shanghai Jiao Tong University School of Medicine, we published in Nature Cancer (https://www.nature.com/articles/s43018-022-00380-3) the results of preclinical studies of TST003 for the treatment of androgen receptor low/negative castration resistant prostate cancer resistant/refractory to existing therapy.

- In June 2022, we completed IND enabling studies for TST003.

TST004 (A Humanized MASP-2 mAb Candidate for Kidney Diseases including IgA nephropathy)

- In June 2022, we presented a poster: TST004, a Humanized IgG4 Anti-MASP2 Antibody, Demonstrates Potent In Vitro/In Vivo Inhibitory Activities on MASP2 Complement Pathway and Excellent Safety Profiles in Non-Human Primate at the International Society of Nephrology (ISN) Frontiers Meetings 2022 in Italy.

- In June 2022, we completed IND enabling studies for TST004.

TST008 (A Tri-functional Antibody Combining a MASP2 Antibody)

- In June 2022, we identified lead molecules for TST008.

TST010 (T regulatory cell depleting mAb to target immune checkpoint inhibitor resistance)

- In June 2022, we selected the final lead molecule for IND enabling study.

Business Development Achievements

TST001 (A Humanized Claudin18.2 mAb for Solid Tumors)

- On March 22, 2022, we had entered a global clinical collaboration with BMS to evaluate the safety, tolerability and efficacy of the combination of TST001 with Opdivo® (nivolumab) for the treatment of patients with Claudin18.2 expressing unresectable locally advanced or metastatic gastric or gastroesophageal junction cancer (G/GEJ).

TST004 (A Humanized MASP-2 mAb Candidate for Kidney Diseases including IgA nephropathy)

- As of June 30, 2022, we had completed the IND enabling studies for China IND filing which is partnered with Alebund in Great China.

CMC&CDMO Update

- In May 2022, one of our subsidiary companies, HJB, successfully passed audit by the European Union Qualified Person (QP). This demonstrates the robustness and maturity of the Company's Quality Management System (QMS) to ensure compliance of GMP requirements and the company is qualified to provide clinical supply materials for clinical studies to be conducted in EU.

- In May and June 2022, HJB received permission to proceed from NMPA and FDA, respectively, for TST001 process change from fed-batch to intensified perfusion process which increased productivity by over eight folds at commercial production scale.

- In June 2022, we completed IND enabling CMC data package and dossier for TST003 and TST004.

- In the first half of 2022, our CDMO business unit added over 15 new clients and expanded new service categories in analytical tastings and DP fills.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

We are a clinical stage biopharmaceutical company with fully integrated capacities in discovery, research, development, and manufacturing of differentiated antibody therapies for cancer, bone disorders and nephrology.

We adopt a multi-regional development strategy to maximize operational efficiency and address requirements of multiple regulatory authorities, which will help forge a global commercial pathway for our products. We have an experienced and fully functional team with extensive global clinical research and development capabilities located both in China and the U.S. This has also given us a first-mover advantage for several of our development programs. In particular, we are one of the leading players in the emerging Claudin18.2 targeting therapeutic field, a target that is shown to be overexpressed in various types of cancer. We leverage on the complementary advantages of clinical development both in the U.S. and China to implement international clinical studies and generate data to support global development of our molecules.

Our proprietary antibody discovery platform, the Immune Tolerance Breaking ("**IMTB**") technology platform, innovates on the hybridoma approach with proprietary methods for antigen modification and immunization. It enables us to generate antibodies that are challenging to discover by using conventional platforms, and also allows us to select candidate molecules with enhanced druggability attributes for which we hold global intellectual property rights. With our leading platform and experienced teams, we have built a diversified and risk-balanced pipeline of antibodies with best-in-class or first-in-class potential in therapeutic areas with high unmet medical needs, including oncology, nephrology and bone diseases.

All our molecules currently in development have a comprehensive translational research strategy to realize their full clinical and commercial potential. By elevating the role of translational science, we are able to progress molecules from IND filing into development for a broader range of clinical applications and with greater potential for successful development into valuable and marketable therapies. With a better understanding of biomarker profiles, we can also maximize potential trial success by enrolling patients with high probability of responses to treatment in selected indications.

We have established fully integrated CMC capabilities to support both IND and Biologics License Application (BLA) filing. We continued to strengthen our Integrated Continuous Biomanufacturing platform and maintain world-top production productivity. With world technology reputation, we are also providing high quality CDMO services and generate revenue to sustain our operations.

In addition, we have made significant progress in partnerships for some of our products, and will continue to expand our strategic partnerships with global and local biopharmaceutical companies as well as academic research institutions.

Our Product Pipeline

We have established a diversified and differentiated pipeline of ten molecules in oncology, bone disorders and nephrology. Nine out of the ten antibody candidates were generated in-house by our antibody development platform covering validated, partially validated, and novel biological pathways, whereas one pipeline candidate was acquired through in-licensing. The following chart summarizes drug candidates that are currently under development in China and worldwide across various therapeutic areas as of the date of this announcement:

Source: Company

Abbreviations: PD-L1=Programmed death-ligand 1; VEGFR2=Vascular endothelial growth factor receptor 2; TGFβ=Transforming growth factor beta; MASP2=Mannan-binding lectin serine protease 2; IND=Investigational new drug; FIC=First in class; HPV=Epstein-Barr Virus; BMP Antagonist=Bone morphogenetic protein Antagonist; TACI=transmembrane activator and CAML interactor; CAML=calcium-modulator and cyclophilin ligand; NSCLC=Non-small cell lung cancer; SLE=Systemic lupus erythematosus; TMA=Thrombotic microangiopathy; IgA nephropathy=Immunoglobulin A nephropathy; Combo=Combination; Chemo=Chemotherapy; VEGFRi=Vascular endothelial growth factor receptor 2 inhibitor

(1) Solid tumors in the "Indications" column include all the tumor types other than hematologic malignancies. The particular tumor types as indications for each product depends on the mechanism of action of the corresponding drug candidate and emerging or established pre-clinical/clinical evidence. See the subsections headed "Clinical Development Plan" for each of our drug candidates in "Business" section of the Prospectus for the specific tumor types targeted for clinical development.

(2) Global in the "Clinical trial region" column represents Asia (including China), United States, European Union and Oceania.

BUSINESS REVIEW

We are committed to our global strategy and vision, which gives us a first-mover advantage in global drug development amidst the changing regulatory landscape. We simultaneously leverage the efficient regulatory approval pathway in the United States to accelerate IND applications and early-phase clinical trials while also taking advantage of the large patient population in China to expedite clinical trials in indications with significant unmet medical needs. We design the trials that allow clinical data from each trial to be used for pooled analysis and for the use of supporting registration, including in China, the United States and other countries in Asia and Europe. In addition, clinical data from multi-regional clinical trials will enable future indication expansion for the drug(s) investigated. We keep the core clinical development functions in-house, including clinical trial design, planning and management, while utilizing contract research organizations (CROs) for trial execution. Our global clinical development and regulatory teams, based in Princeton, New Jersey, Beijing, and Shanghai, have extensive knowledge and experience in designing and executing global clinical trials at all stages in indications with high unmet medical needs.

During the first half of 2022, we have made significant progress with our pipeline assets in both oncology and non-oncology therapeutic areas and achieved multiple clinical and preclinical milestones that are listed as follows:

Oncology Program

Our oncology pipeline includes multiple innovative and differentiated biologic molecules targeting major cancer pathways. Several drug candidates (TST001, MSB0254, TST003, TST005, and TST010) are designed to target checkpoint-resistant or refractory tumors and have potential synergistic mechanisms of actions (MOA) for tumor indications with high unmet medical needs. Our key oncology candidates includes:

- TST001, our lead asset, is a potential best-in-class humanized antibody targeting Claudin18.2, a well validated tumor associated antigen both clinically and commercially. TST001 is currently being tested globally in multiple phase II trials.

- MSB0254 is a high affinity humanized antibody against VEGFR2, with an anti-tumor mechanism of action by inhibiting/normalizing tumor angiogenesis. Phase I study of MSB0254 has been completed and RP2D dose has been determined.

- TST005 is a bifunctional humanized antibody targeting both PD-1/PD-L1 and TGF-β pathways, the latter being a key MOA for PD-1 resistance. TST005 is currently being tested in a global Phase I study.

- TST003 is a global first-in-class humanized antibody currently in IND-enabling stage, targeting cancer associated stromal cells, which are key source of immunosuppressive factors.

- TST010 is a newly nominated preclinical antibody candidate entering IND-enabling stage, targeting regulatory T cells to enhance T cell mediated tumor killing.

Our programs (TST005, MSB0254, TST003 and TST010) are also highly synergistic with TST001 for Claudin18.2 expressing cancers and are designed to enhance Claudin18.2 franchise through combination with TST001.

TST001 (A Humanized Claudin18.2 mAb for Solid Tumors)

TST001, our lead asset, is a potential best-in-class and high-affinity humanized antibody specifically targeting Claudin18.2, which is overexpressed in multiple tumor type cancers, including gastric/gastroesophageal junction cancer, pancreatic cancer, biliary tract cancer and other types of solid tumors. TST001 is currently ranked among the top two most advanced clinical programs for Claudin18.2 globally, and the first in China.

TST001 is in development concurrently in global markets, including in China, the United States, Europe, and other countries of Asia. It is currently in Phase II development and is expected to enter Phase III clinical trials in the first half 2023 pending health authority consultation.

We have made significant progress in the first half of 2022 in advancing the clinical development for TST001, which includes:

Recent Product Developments and Milestones

- In January 2022, we presented TST001 U.S. Phase I Trial as a Trial in Progress poster presentation at the 2022 American Society of Clinical Oncology Gastrointestinal Cancers Symposium from January 20 to January 22, 2022 in San Francisco, CA.

- In February 2022, the first patient successfully dosed in China Phase IIa Study of TST001 combined with Cisplatin and Gemcitabine for the first line treatment of systemic treatment-naïve locally advanced or metastatic biliary tract cancer patients. Globally we are the first company exploring the potential of Claudin18.2 targeting agent in biliary tract cancer.

- In March 2022, we presented the safety/tolerability and preliminary anti-tumor activity data in gastric and pancreatic cancers of TST001 China phase I clinical trial as a poster presentation at the 2022 International Gastric Cancer Congress (IGCC).

- In March 2022, we also established a global clinical collaboration with BMS to evaluate the combination of TST001 with Opdivo® (nivolumab), BMS's anti-PD-1 therapy, for the treatment of patients with Claudin18.2 expressing unresectable locally advanced or metastatic gastric or gastroesophageal junction cancer (G/GEJ). Opdivo is approved globally in the first line treatment of patients with unresectable locally advanced or metastatic G/GEJ cancer, and is becoming the new standard of care for these patients.

- In April 2022, one of our wholly-owned subsidiaries successfully passed audit of European Union qualified person, and an QP Declaration was issued. The audit is part of the preparation for a global phase III clinical trial application of TST001, which will include EU region, and subsequently for the commercialization of TST001 globally.

- In June 2022, clinical data for the dose-escalation part of the Phase I study of TST001 in combination with CAPOX as the first line treatment of advanced and metastatic G/GEJ cancer was presented at 2022 ASCO meeting. The data showed that TST001 in combination with CAPOX as the first line treatment of patients with advanced and metastatic G/GEJ cancer is well tolerated and encouraging preliminary anti-tumor activities have been observed.

TST005 (A PD-L1/TGF-β Bi-functional Antibody Candidate for Solid Tumors)

TST005, one of our key oncology product, is a bi-functional antibody designed to simultaneously target two immunosuppressive pathways, transforming growth factor-β (TGF-β) and programmed cell death ligand-1 (PD-L1), that are commonly used by cancer cells to evade the immune system. TST005 entered clinical development in 2021.

Recent Product Developments and Milestones

- In April 2022, we presented the preclinical data for TST005, a bifunctional fusion protein of PD-L1/TGF-β as a poster presentation at the AACR annual meeting 2022, and demonstrated potent antitumor activities in xenograft models with good safety profiles in GLP toxicology studies.

- We completed the first two cohorts of the dose escalation part of the global Phase I study.

TST003 (A First in Class Humanized Antibody Candidate for Solid Tumors)

TST003 is a high affinity humanized monoclonal antibody targeting a regulatory protein that is highly expressed by stromal cells in diverse human carcinomas, especially in esophageal cancer, pancreatic cancer, gastric cancer, colon cancer, lung cancer, breast cancer and prostate cancer.

Recent Product Developments and Milestones

- In May 2022, in collaboration with researchers at Renji Hospital, Shanghai Jiao Tong University School of Medicine, we published in Nature Cancer (https://www.nature.com/articles/s43018-022-00380-3) the results of preclinical studies of TST003 for the treatment of androgen receptor low/negative castration resistant prostate cancer resistant/refractory to existing therapy.

- In June, we completed IND enabling studies for U.S. filing. TST003 has demonstrated significant anti-tumor activities both in vitro and in vivo in preclinical studies, and has the potential to become a first-in-class novel cancer treatment, either as monotherapy or in combination with immune checkpoint inhibitor and/or other anti-tumor agents.

MSB0254 (A Humanized VEGFR2 mAb Candidate for Solid Tumors)

MSB0254 is a high affinity humanized antibody against VEGFR2, with an anti-tumor mechanism of action by inhibiting tumor angiogenesis. MSB0254 has been generated using the Company's in-house antibody discovery platform. VEGFR-2 is overexpressed in neovascular tumor endothelial cells in many tumors in comparison to normal endothelial cells. VEGFR-2 pathway controls vascular permeability, survival and migration of the vascular endothelial cells. VEGFR-2 inhibitors have been shown to be able to inhibit tumor-induced angiogenesis and effectively block tumor growth, and thus may have a potential therapeutic role in multiple tumor types. VEGFR2 inhibitor will be tested in combination with the checkpoint inhibitor and targeted therapies such as TST005 and TST001 to achieve better antitumor activities.

Recent Product Developments and Milestones

- In June 2022, the abstract of MSB0254 Phase I trial data were presented as a poster presentation at the 2022 annual meeting of American Society of Clinical Oncology.

- In June 2022, the Phase I dose escalation study of MSB0254 monotherapy in advanced tumor patients has been completed.

MSB2311 (A Humanized PD-L1 mAb Candidate for Solid Tumors)

MSB2311, is a second-generation PD-L1 inhibitor with unique pH dependent PD-L1 binding property, an important differentiation from other PD-(L)1 antibodies.

Recent Product Developments and Milestones

- In January 2022, the Phase I dose escalation and expansion study of MSB2311 in advanced tumor patients has been completed.

TST010 (T regulatory cell depleting mAb to target immune checkpoint inhibitor resistance)

TST010 is an ADCC enhanced monoclonal antibody designed for depleting Tumor-infiltrating regulatory T cells (Tregs). Tregs' presence was reported to correlate with tumor progression and a worsening prognosis in many cancers.

Recent Product Developments and Milestones

- In June 2022, we selected final lead molecule for initiating IND enabling study. We demonstrated TST010 displayed potent and selective Treg depleting activity and can liberate T effectors in tumor microenvironment to induce immune mediated killing of cancer cells in preclinical tumor models.

TST006

TST006 is a bi-specific antibody targeting Claudin18.2 and PD-L1, which has the potential for the treatment of Claudin18.2-expressing cancer patients who are resistant to or refractory from Claudin18.2 mAb or PD-1/PD-L1 mAb therapies, such as late-line gastric cancer patients, pancreatic cancer patients and others. As at the date of this announcement, it remains at preclinical stage.

Non-oncology Program

Our highly differentiated non-oncology pipelines target bone and kidney diseases (TST002, TST004, and TST008) that have large patient population and high unmet medical needs. This strategy allows us to be an important player in the field facing less competition with few effective treatment options.

Within our non-oncology pipeline, we have focused on indication expansion to maximize market potentials and forming partnerships to accelerate product development. In addition to developing TST002 and TST004 in fast-to-market indications, we are also expanding these two candidates in additional indications with blockbuster potentials and to form partnerships to accelerate the product development. To further expand our current pipeline in IgA nephropathy, we are also developing preclinical candidate with first-in-class tri-functional antibody targeting systemic lupus erythematosus (SLE), a disease with a large patient population yet very limited treatment options.

TST002 (Blosozumab) (A Humanized Sclerostin mAb for Osteoporosis)

TST002, one of our key products, is a humanized monoclonal antibody with neutralizing activity against sclerostin for which we in-licensed the Great China rights from Eli Lilly. TST002 (Blosozumab) has completed phase II trials by Eli Lilly in postmenopausal women in the United States and Japan, and has shown an ability to induce statistically significant dose-dependent increases in spine, femoral neck, and total hip bone mineral density (BMD) as compared with placebo. In the highest dose group, TST002 treatment increased BMD by 17.7% at the spine, and 6.2% at the total hip from baseline within 12 months.

Recent Product Developments and Milestones

- In April 2022, the first patient was successfully dosed in China Phase I Study of TST002 for the treatment of osteoporosis. We planned to leverage Eli Lilly's global phase I and phase II clinical data along with our own clinical data to support and accelerate TST002's development in China.

TST004 (A Humanized MASP-2 mAb Candidate for Kidney Diseases)

TST004, one of our key products, is a humanized mAb targeting mannan-binding lectin serine protease 2 (MASP2) designed to prevent inflammation and tissue damage mediated by lectin pathway complement activation. It can be potentially applied to multiple MASP2-dependent complement mediated diseases, including IgAN, a highly prevalent chronic kidney disease globally.

Recent Product Developments and Milestones

- In June 2022, we completed IND enabling studies for IND filing in both the U.S. and China. One key differentiation from first generation molecule is that TST004 can be delivered as a subcutaneous injection which will provide significant competitive advantage.

- In June 2022, our poster, TST004, a Humanized IgG4 Anti-MASP2 Antibody, Demonstrates Potent In Vitro/In Vivo Inhibitory Activities on MASP2 Complement Pathway and Excellent Safety Profiles in Non-Human Primate, and the preclinical data of TST004 were selected to present at the 2022 ISN Frontiers Meetings of Complement-Related Kidney Diseases in Bergamo, Italy.

TST008 (A Tri-functional Antibody Combining a MASP2 Antibody)

TST008 is a first-in-class tri-functional antibody combining MASP2 antibody with another molecule blocking B-cell activation and/or differentiation.

Recent Product Developments and Milestones

- In June 2022, we identified lead molecules for TST008. We demonstrated TST008 simultaneously targets both innate and adaptive immune pathways for a potentially better efficacy for the treatment of Systemic lupus erythematosus (SLE), a complex auto-antibody mediated autoimmune disease with limited treatment option. Current targeted biological therapies for SLE only address the adaptive immune by targeting B-cell pathway.

Cautionary Statement required by Rule 18A.08(3) of the Listing Rules: The Company cannot guarantee that it will be able to develop, or ultimately market, any of the above drug candidates successfully. Shareholders and potential investors of the Company are advised to exercise due care when dealing in the shares of the Company.

Research and Early Development Efforts

We are dedicated to the discovery and development of differentiated and competitive biologics. Our proprietary antibody discovery platform, Immune Tolerance Breaking (IMTB) technology platform, enables us to yield candidate antibodies with superior druggability profiles and high commercial potential, and which are more challenging to discover using conventional platforms. With the platform, we have a greater probability of producing mAbs, including those that cannot be generated by conventional platforms. We are expanding our discovery pipeline with two new IND-stage programs, which are ready for entering early clinical development by 2022. Our Research and CMC teams have also established and optimized several bispecific antibody platforms with plug-and-play potentials to provide solutions to target disease biology complexity and address unmet patient needs. In addition, we initiated two early-stage programs with intention to develop as antibody drug conjugates (ADC), which provide potential options for GI tract cancer but also could be applied to other tumor types.

We take a risk-balanced approach in our R&D efforts, aiming to shape an innovative and risk-balanced drug pipeline covering both oncology and non-oncology disease areas, and such efforts bore fruits in the past years. For first-in-class candidates with unproven pathways, we mitigate potential development risks by elevating the role of translational science to better understand the biology of the targets. By utilizing cutting-edge technologies and platforms to explore the target-disease linkage, we have developed a better understanding of disease biology and better selection of the right patient population, thereby increasing the probability of development success.

Strategic Partnership to Advance Pipeline

Partnerships and collaborations play an important role in maximizing the clinical and commercial potential of our assets. Thanks to our proprietary discovery platform and strengths in translational research, we have developed a panel of antibody drug candidates which are either differentiated characteristics molecule for validated targets, or first-in-class for novel targets, which are key interest of global biopharmaceutical companies.

Our existing partnerships include a global clinical collaboration with BMS for TST001, a co-development and commercialization agreement with Eli Lilly for TST002 in Greater China, a joint-venture with Alebund Pharmaceuticals for TST004. In addition, we have established multiple research collaborations with prominent academic institutions around the world. Furthermore, we have a technology collaboration with Merck KGaA to increase operational efficiency and productivity of our downstream process.

Details of our existing partnerships are shown below.

TST001

On March 22, 2022, we established a global clinical collaboration with BMS to evaluate the combination of TST001 with Opdivo® (nivolumab), BMS's anti-PD-1 therapy, for the treatment of patients with unresectable locally advanced or metastatic Claudin18.2 expressing gastric or gastroesophageal junction cancer (G/GEJ). Opdivo is approved globally in the first line treatment of patients with unresectable locally advanced or metastatic G/GEJ. Through TST001 combination with Opdivo, The Company aims to develop TST001 as the cornerstone of the future new treatment paradigm in Claudin18.2 expressing gastric or gastroesophageal junction cancer.

This collaboration includes two global phase I/II open-label, multi-center studies, one to be held in the U.S. and one to be held in China, to evaluate the safety, tolerability, and anti-tumor efficacy of TST001 in combination with Opdivo in patients with unresectable locally advanced or metastatic Claudin18.2 expressing gastric/gastroesophageal junction cancer with or without previous treatment.

Under the terms of the agreement, we will be the sponsor of the trials and BMS will supply Opdivo to us for use in its combination therapy studies with TST001.

TST002

In March 2019, we entered into an exclusive and royalty bearing license agreement with Eli Lilly for LY-254 1546 (Blosozumab), LY-3108653 and LY-2950913 (each a "**Licensed Compound**"). We gained exclusive rights to develop, use or commercialize and manufacture the Licensed Compound in Greater China regions including the PRC, Hong Kong, Macau and Taiwan.

We successfully completed technology transfer, established manufacturing process for Blosozumab (internal project code TST002) in our own manufacturing facility, and completed GMP production for clinical use and all the additional preclinical studies as required by the CDE for TST002 IND application in China. We received IND Clearance from NMPA on September 22, 2021.

On April 28, 2022, the first patient was successfully dosed in China Phase I Study of TST002 for the treatment of osteoporosis. This Phase I clinical trial is a randomized and double-blind, placebo-controlled, single-ascending-dose, multi-center study designed to evaluate the safety, tolerability, and pharmacokinetics profile of TST002 as a treatment in patients with osteoporosis. We will use data from this phase I clinical trial and leverage phase II data from the studies completed by Eli Lilly in ex-China regions to support the pivotal study IND application in China.

TST004

We entered into a collaboration and licensing agreement with Shanghai Alebund Pharmaceuticals Limited ("**Alebund Pharmaceuticals**"), pursuant to which we and Alebund Pharmaceuticals will establish a joint venture to carry out pre-clinical research and conduct clinical trials regarding TST004 in Greater China region in December 2020.

Currently, we have completed GMP material productions, in vitro/in vivo product characterization studies, non-GLP tox studies, GLP tox studies and pharmacology studies.

Translational Research Collaborations

We also entered multiple research collaborations with prominent academic institutions around the world, including the Dana-Farber Cancer Institute of Harvard Medical School, Beijing Cancer Hospital, Shanghai Pulmonary Hospital, Zhongshan Hospital, Zhongshan University, and Jiaotong University. The research collaborations covered TST001, TST003 and TST005.

Technology Partnership

As part of our overall strategy to develop and implement novel bioprocessing technology to increase facility output and dramatically lower cost of goods, we have developed industry's most productive perfusion technology and are partnering with Merck to develop novel continuous downstream technology to debottleneck GMP manufacturing to maximize facility output.

Presently, we are two years into this multi-year technology collaboration and in Phase I, we were focused on co-developing industry's first automated single-use polishing system. Whereas in Phase II, we are currently focusing on additional technologies needed to intensify the rest of the downstream process. In parallel, we continue to work collaboratively and closely with Merck to evaluate other new technologies we believe has the potential to further upgrade our manufacturing capability and capacity and allow us to establish global leadership position in continuous biomanufacturing platform for protein therapeutics.

Upgrade Manufacturing Technology and Expand Capacity

In the first half of 2022, we have made significant progress in developing and implementing novel bioprocessing technologies to enhance our manufacturing capability and capacity.

- ***Technology Advancement:***

  - In May 2022, one of our subsidiary companies, HJB, successfully passed audit by the European Union Qualified Person (QP). This demonstrates the robustness and maturity of the Company's Quality Management System (QMS) to ensure compliance of GMP requirements and the company is qualified to provide clinical supply materials for clinical studies of programs such as TST001 to be conducted in EU.

  - In May and June 2022, HJB also received permission to proceed from NMPA and FDA, respectively, for TST001 process change from fed-batch to intensified perfusion process which increased productivity by > 8 folds at commercial production scale.

  - In June 2022, we have completed IND enabling CMC data package and dossier for TST003 and TST004.

  - Since the arrival of the second half of automated single-use polishing technology in early 2022, we have completed numerous rigorous testings, the system is now on track to be ready for GMP operation by September 2022, well in advance of TST001 PPQ in 2023.

- In addition, as part of Phase II Merck collaboration, we have acquired Merck's Mobius Multi-Column Chromatography (MCC) system, a continuous capture technology to be launched in Q3 2022, which will integrate with perfusion bioreactor to continuously capture product. This equipment will arrive in September 2022 and is projected to be ready in Q1 2023.

- Furthermore, in anticipation of future facility production bottlenecks and in anticipation of TST001 commercialization and increase in production demand, we have taken steps to intensify media and buffer preparation.

- For media preparation, we have made significant progress in developing a media concentrate technology which will significantly increase media preparation capacity while reducing labor requirement.

- For buffer preparation, we have acquired a buffer preparation technology from Cytiva (BioProcess Inline conditioning system) that will significantly increase buffer preparation capacity while decreasing labor requirement. It is due to arrive in Q1 2023.

- Lastly, our team continues to improve and optimize our perfusion technology; most recently the team achieved another industry best productivity of 7 g/L-day.

- ***Capacity Expansion:***

  - Hangzhou facility expansion

    To further expand our manufacturing capacity, an additional 2000L single-use bioreactor will be added by year end and this bioreactor will be capable to operate in both fed-batch and perfusion modes. The new 2000L drug substance production line will further support the expansion of CDMO business especially for late phase or commercial production projects and allow us to provide commercial scale manufacturing using either fedbatch or perfusion bioprocessing.

  - Suzhou facility plan

    The project has progressed according to the plan. We are close to completing its design and in the process of evaluating the funding and construction option for the development of the new facility in Suzhou.

- ***CDMO Business***

In the first half of 2022, our CDMO business unit added a new cell line vendor to provide our clients with lower cost and more robust cell line choices. We started to provide exploratory experimental services for clients seeking Continuous Processing development in order to attract contract business by our ICB platform. During the Reporting Period, our CDMO business added over 15 new clients in China and the U.S. with expanded service in analytical testing, formulation studies, particle investigation and drug product fills.

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

COVID-19 has not resulted in material negative impacts to our business operations or financial performance for the six months ended June 30, 2022. Patient enrollment and follow-up for ongoing clinical trials experienced limited impacts in April and May, 2022 from COVID-19. To minimize the impact, we have developed and implemented a contingency plan during the pandemic in compliance with Health Authority guidelines and GCP to ensure the study continuity, data completeness and integrity of the Company. This plan includes, among others, referring patients to other hospitals to keep them enrolled and also enrolling new patients to our trials. In addition, we accelerated patient enrolment in our U.S. trials. The management of the Company is striving to keep the impact minimized and committed to execute on our business goals globally despite the continued uncertainty caused by the pandemic.

EVENTS AFTER THE REPORTING PERIOD

Clinical Development

In July 2022, our abstract with updated clinical data for the dose-escalation part of the Phase I study of TST001 in combination with CAPOX as the first line treatment of advanced and metastatic G/GEJ cancer has been accepted by the 2022 annual meeting of European Society for Medical Oncology (ESMO) for presentation. Data from the dose expansion cohort of TST001/ chemo combination in first line G/GEJ cancer patients expressing Claudin18.2 will be presented in September 2022.

In July 2022, the last patient in the third cohort was enrolled for TST005 and the third cohort evaluation will be completed by August 2022.

In August 2022, the China site for the First-in-Human, dose escalation, international Phase I study of TST005 was activated in addition to ongoing U.S. sites.

In August 2022, we have completed the IND enabling studies and have filed IND application to FDA for TST003. The first in human Phase I study in solid tumors will be initiated upon IND clearance.

Research/Translational Research

In July 2022, we submitted an abstract to Society for Immunotherapy of Cancer (SITC) 2022 annual meeting for TST001 program: Prevalence of Claudin18.2 and PD-L1 expression in gastric/ gastroesophageal junction adenocarcinoma.

In August 2022, we filed IND for TST003 first in human clinical trial in U.S.

CMC&CDMO

More DP fill contract and ICB exploratory business agreement are formed.

Save as disclosed above, the Group has had no material event since the end of the Reporting Period and up to the date of this announcement.

FUTURE OUTLOOK

We are focused on several key areas of development and potential near-term catalysts, which we describe below. First and foremost, we are taking several steps to expedite the development of our lead asset TST001, including setting it up for a global pivotal trial, which we now expect to begin in the first half of 2023. We are also in advanced discussions with several multinational partners to open up pathways for global development and commercialization of this drug.

A detailed breakdown of expected developments for the remainder of 2022 and the first half of 2023 is below.

Clinical Developments

TST001

- We plan to present the dose expansion cohort interim data from the TST001/chemo combo study in first line gastric/gastroesophageal junction cancer patients with Claudin18.2 expression at ESMO 2022 meeting in September 2022. Such data will lay the foundation for regulatory interactions with NMPA, FDA and EMA for discussions about pivotal trial design and potential regulatory permission to start the trials.

- We plan to complete the dose escalation phase of the U.S. study and initiate the dose expansion part with multiple Claudin18.2 positive tumors cohorts, including a cohort of TST001 in combination with nivolumab in advanced and metastatic G/GEJ adenocarcinoma patients (second and third-line). We also plan to initiate the combination of TST001+nivolumab+chemotherapy for first line G/GEJ adenocarcinoma patients with Claudin18.2 expression.

- We plan to initiate the China expansion cohort of TST001+Nivolumab+Chemotherapy for first line G/GEJ adenocarcinoma patients with Claudin18.2 expression and expansion cohort of TST001+Nivolumab in third-line G/GEJ adenocarcinoma patients with Claudin18.2 expression in 2022.

TST002

We anticipate completing the Phase I study in 1H, 2023.

TST005

We anticipate completing the dose escalation part of the Phase I study by Q1, 2023.

TST003

We will initiate a global clinical trial for TST003, our first-in-class humanized antibody candidate which has the potential to become a novel cancer treatment.

Potential Partnerships

We plan to continue discussions with potential partners to maximize the value of our assets and generate additional cash flow. In the near term, we will focus on establishing partnerships for TST001, TST002, TST003 and TST004, with our strategy outlined as follows:

- In the next six months, we expect that further clinical data from our lead asset TST001 will help advance our discussions with MNCs, for global co-development and co-commercialization of TST001 in Claudin18.2 expressing solid tumors including gastric/gastroesophageal junction cancer (G/GEJ). Aligned with our strategy, we also plan to explore novel combinations with our in-house key assets as well as external assets through clinical collaborations. These collaborations will lay the foundation for developing our assets as the cornerstone of the treatment in Claudin18.2 expressing solid tumors.

- We will continue partnership discussions for the China rights of clinical asset TST002. The goal is to find a partner to develop and commercialize TST002 in China to maximize the value of this asset.

- We are also in discussion with global companies to develop and commercialize our first-in-class asset TST003. The clinical data from this trial may help advance our discussions with MNCs in the foreseeable future.

- In addition to the existing joint venture with Alebund Pharmaceuticals to co-develop TST004 in China, we are seeking global partnership with companies having clinical and commercial expertise in chronic kidney diseases and/or other autoimmune diseases such as systemic lupus erythematosus (SLE). Our goal is to optimize the development and commercialization of TST004 to bring more value to patients and shareholders.

We also continue to work to identify, evaluate and build new technology platforms that can expand our existing antibody discovery capabilities through external collaboration and partnerships.

FINANCIAL REVIEW

Six months ended June 30, 2022 compared to six months ended June 30, 2021

The following table sets forth the comparative figures for six months ended June 30, 2022 and six months ended June 30, 2021:

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue	**21,758**	26,685
Cost of sales	**(18,686)**	(22,165)
Gross profits	**3,072**	4,520
Other income	**23,852**	11,209
Other gains and losses, net	**10,197**	(762,458)
Impairment losses under expected credit loss model	**–**	(2,940)
Research and development ("**R&D**") expenses	**(170,315)**	(166,901)
Administrative and selling expenses	**(58,893)**	(42,215)
Share of loss of a joint venture	**(2,553)**	(94)
Finance costs	**(9,554)**	(6,618)
Listing expenses	**–**	(29,453)
Loss before tax	**(204,194)**	(994,950)
Income tax credit	**121**	55
Loss for the period	**(204,073)**	(994,895)
Other comprehensive (expense) income for the period		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of a foreign operation	**(5,991)**	611
Loss and total comprehensive expense for the period	**(210,064)**	(994,284)
Non-IFRS measure: ***(Note)***		
Add: Adjusted for share-based compensation expenses and fair value (loss)/gain of financial liabilities at FVTPL	**5,976**	777,650
Adjusted loss and total comprehensive expenses for the period	**(204,088)**	(216,634)

Note: See section below headed "Non-IFRS Measure" for the details of the non-IFRS measure adjustments.

Selected Data from Statement of Financial Position

	At June 30, 2022 ***RMB'000*** **(Unaudited)**	At December 31, 2021 *RMB'000* (Audited)
Non-current assets	**1,106,867**	1,149,353
Current assets	**1,320,274**	1,395,602
Total assets	**2,427,141**	2,544,955
Current liabilities	**494,242**	425,810
Non-current liabilities	**171,418**	153,576
Total liabilities	**665,660**	579,386
Net current assets	**826,032**	969,792

1. Revenue

For the six months ended 30 June 2022, the Group generated revenue from contracts with customers of RMB21.8 million. The Group generates revenue from (i) provision CDMO service; and (ii) research services. The following table sets forth the components of the revenue from contracts with customers for the period presented:

Disaggregated revenue information:

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
CDMO services	**17,202**	26,685
Research and development services	**4,556**	–
	21,758	26,685

Revenue decreased from RMB26.7 million for the six months ended June 30, 2021 to RMB21.8 million for the six months ended June 30, 2022, primarily attributable to the decrease in CDMO revenue and offset by greater revenue from contract R&D services.

2. Other Income

Other income consists of bank interest income, promissory note interest income and government grants. Government grants represent 1) various subsidies granted by the PRC local government authorities to our subsidiaries as incentives for our research and development activities, which are recognized when payments were received; and 2) amortisation of subsidies received from the PRC local government authorities to subsidize the purchase of the Group's property, plant and equipment.

For the six months ended June 30, 2022, other income of our Group increased by RMB12.7 million, from RMB11.2 million for six months ended June 30, 2021. The increase was primarily due to the increase in bank interest and government grants we recognized during the six months ended June 30, 2022.

3. Other Gains and Losses, Net

Other net gains and losses changed from losses of RMB762.5 million for the six months ended 30 June 2021 to a gain of RMB10.2 million for the six months ended 30 June 2022, which is attributable to the losses in fair value of financial liabilities at fair value through profit or loss from the preferred shares in 2021 and R&D expenditures to advance our key pipelines.

4. Research and Development Expenses

Research and development expenses primarily consist of pre-clinical expenses including testing fee and pre-clinical trial expenses, staff cost for our research and development personnel, clinical expenses including testing fee and clinical trial expenses, materials consumed for research and development of our drug candidates, depreciation and amortization expenses and others. The research and development expenses increased by RMB3.4 million from RMB166.9 million for the six months ended June 30, 2021 to RMB170.3 million for the six months ended June 30, 2022, primarily due to 1) the increase in clinical expenses and the decrease in pre-clinical expenses with the progress of research and development activities of our pipelines; and 2) the increase in staff costs accompanied with the expansion of our research and development department.

The following table sets forth the components of the Group's research and development expenses for the period indicated.

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Clinical expenses	**51,202**	24,885
Pre-clinical expenses	**29,004**	73,788
Staff cost	**57,436**	42,530
Materials consumed	**8,919**	6,880
Depreciation and amortization expenses	**18,114**	13,592
Others	**5,640**	5,226
Total	**170,315**	166,901

5. Administrative and selling expenses

The administrative and selling expenses increased by RMB16.7 million from RMB42.2 million for the six months ended June 30, 2021 to RMB58.9 million for six months ended June 30, 2022, primarily attributable to the increase in personnel cost and professional services. Our selling expenses primarily consist of personnel cost, travel, depreciation and amortization and others. Our administrative expenses consist primarily of salaries and related benefits costs for our administrative personnel, professional fees for services provided by professional institutions, depreciation and amortization expenses, office expenses for our daily operation, traveling and transportation expenses, and others.

The following table sets forth the components of the Group's selling and administrative expenses for the period indicated.

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Salaries and related benefits costs	**33,863**	28,157
Professional fees	**6,251**	16
Depreciation and amortization expenses	**2,590**	8,915
Office expenses	**8,478**	1,149
Others	**7,711**	3,978
	58,893	42,215

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE EXPENSE

FOR THE SIX MONTHS ENDED JUNE 30, 2022

		Six months ended June 30,	
	NOTES	**2022**	2021
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**21,758**	26,685
Cost of sales		**(18,686)**	(22,165)
Gross profits		**3,072**	4,520
Other income	*5*	**23,852**	11,209
Other gains and losses, net	*6*	**10,197**	(762,458)
Impairment losses under expected credit loss model		**–**	(2,940)
Research and development expenses		**(170,315)**	(166,901)
Administrative and selling expenses		**(58,893)**	(42,215)
Share of loss of a joint venture		**(2,553)**	(94)
Finance costs		**(9,554)**	(6,618)
Listing expenses		**–**	(29,453)
Loss before tax	*8*	**(204,194)**	(994,950)
Income tax credit	*7*	**121**	55
Loss for the period		**(204,073)**	(994,895)
Other comprehensive (expense) income for the period			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of a foreign operation		**(5,991)**	611
Total comprehensive expense for the period		**(210,064)**	(994,284)
Loss per share			
– Basic and diluted (RMB)	*10*	**(0.47)**	(10.20)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT JUNE 30, 2022

	NOTES	**At June 30, 2022** ***RMB'000*** **(Unaudited)**	At December 31, 2021 *RMB'000* (Audited)
Non-current assets			
Property, plant and equipment		**432,356**	435,103
Right-of-use assets		**34,570**	38,057
Goodwill		**471,901**	471,901
Interests in a joint venture		**21,811**	24,364
Value-added-tax ("**VAT**") recoverable		**37,128**	64,647
Deposits paid for acquisition of property plant and equipment		**5,714**	11,719
Intangible asset		**96,087**	96,135
Other receivables	*11*	**1,180**	1,316
Restricted bank deposits		**6,120**	6,111
		1,106,867	1,149,353
Current assets			
Inventories		**20,108**	20,792
Trade and other receivables	*11*	**45,837**	43,380
Contract costs		**47,920**	33,275
Amounts due from related parties		**74,723**	76,129
Restricted bank deposits		**40,268**	–
Bank balances and cash		**1,091,418**	1,222,026
		1,320,274	1,395,602
Current liabilities			
Trade and other payables	*12*	**112,112**	101,964
Amount due to a director		**–**	268
Contract liabilities		**34,571**	35,967
Bank borrowings	*13*	**333,339**	273,339
Lease liabilities		**6,220**	6,272
Deferred income		**8,000**	8,000
		494,242	425,810
Net current assets		**826,032**	969,792
Total assets less current liabilities		**1,932,899**	2,119,145

	NOTES	At June 30, 2022 RMB'000 (Unaudited)	At December 31, 2021 RMB'000 (Audited)
Non-current liabilities			
Bank borrowings	*13*	**70,890**	77,390
Lease liabilities		**4,745**	7,710
Deferred income		**70,300**	42,868
Deferred tax liabilities		**25,483**	25,608
		171,418	153,576
Net assets		**1,761,481**	1,965,569
Capital and reserves			
Share capital		**291**	291
Treasury shares		**(7)**	(7)
Reserves		**1,761,197**	1,965,285
Total equity		**1,761,481**	1,965,569

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34") "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB") as well as with the applicable disclosure requirements of Appendix 16 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 accounting policies resulting from application of amendments to International Financial Reporting Standards ("IFRSs"), and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2022 are the same as those presented in the Group's annual financial statements for the year ended December 31, 2021.

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, 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendment to IFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRS Standards	Annual Improvements to IFRSs 2018 – 2020

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

Modification of financial assets

A modification of a financial asset occurs if the contractual cash flows are renegotiated or otherwise modified.

When the contractual terms of a financial asset are modified, the Group assesses whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset.

3. REVENUE

The Group provides contract development and manufacturing ("CDMO") services and research and development services. CDMO services stands as an integrated platform to support the development of manufacturing processes and the production of advanced intermediates and active pharmaceutical ingredients and formulation development and dosage drug product manufacturing, for preclinical, clinical trials, new drug application, and commercial supply of chemical drugs as well as wide spectrum development from early to late stage. The research and development services are mainly for investigational new drug enabling studies based on customers' needs.

The Group primarily earns revenues by providing CDMO services and research and development services to its customers through fee-for-service ("FFS") contracts. Contract duration is generally a few months to two years. Under FFS method, the contracts usually have multiple deliverable units, which are generally in the form of technical laboratory reports and/or samples, 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 finalization, delivery and acceptance of the deliverable units.

Disaggregated revenue information:

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
CDMO services	**17,202**	26,685
Research and development services	**4,556**	–
	21,758	26,685

4. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components' of the Group that are regularly reviewed by the chief operating decision maker ("CODM"), which is also identified as the chief executive officer of the Group, in order to allocate resources to segments and to assess their performance. During the current interim period, the CODM assesses the operating performance and allocated the resources of the Group as a whole as the Group is primarily engaged in the discovering, developing, manufacturing and commercializing novel drugs. Therefore, the CODM considers the Group only has one operating segment.

Geographical information

The Group's operations are located in the PRC and the United States.

All the Group's revenue from external customers is derived from the PRC. As at June 30, 2022 and December 31, 2021, non-current assets of RMB543,000 and RMB746,000 respectively, are located in the United States. The remaining non-current assets are all located in the PRC.

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group are as follows:

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Customer A	**6,474**	N/A
Customer B	**4,556**	N/A
Customer C	**2,831**	N/A
Customer D	**N/A**	16,044
Customer E	**N/A**	5,316

N/A: not disclosed as amounts less than 10% of total revenue

5. OTHER INCOME

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Bank interest income	**9,864**	842
Promissory note interest income	**129**	1,368
Government grants *(Note)*	**13,859**	8,999
	23,852	11,209

Note: The amount represents 1) various subsidies granted by the PRC local government authorities to group entities as incentives for the Group's research and development activities. The government grants were unconditional and had been approved by the PRC local government authorities, which are recognised when payments were received; and 2) amortisation of subsidies received from the PRC local government authorities to susidize the purchase of the Group's property, plant and equipment.

6. OTHER GAINS AND LOSSES, NET

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Gain on deemed disposal of interests in a joint venture	**–**	22,638
Net foreign exchange gain (losses)	**13,372**	(13,558)
Fair value loss of financial liabilities at FVTPL	**–**	(771,608)
Loss arising on revision of interest rate of promissory notes receivables	**(3,299)**	–
Others	**124**	70
	10,197	(762,458)

7. INCOME TAX CREDIT

RMB121,000 and RMB55,000 deferred income tax credit has been incurred by the Group during the six months ended June 30, 2022 and 2021, respectively.

8. LOSS FOR THE PERIOD

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after charging:		
Selling expenses (included in administrative and selling expenses)	**58**	282
Depreciation of property, plant and equipment	**24,705**	23,086
Amortization of intangible assets	**88**	459
Depreciation of right-of-use assets	**3,190**	4,165
	27,983	27,710
Capitalized in the ending balance of contract costs	**(3,645)**	(1,348)
Capitalized in the ending balance of construction in progress	**(299)**	–
	24,039	26,362
Analysed as:		
Charged in cost of sales	**3,335**	3,478
Charged in administrative and selling expenses	**2,590**	8,915
Charged in research and development expenses	**18,114**	13,969
	24,039	26,362
Auditors' remuneration	**1,650**	1,932
Directors' emoluments	**10,519**	8,830
Other staff costs:		
– salaries and other benefits	**70,165**	52,252
– retirement benefit scheme contributions	**14,278**	9,566
– share-based payments	**4,211**	1,368
	99,173	72,016
Capitalized in the ending balance of contract costs	**(6,423)**	(1,527)
	92,750	70,489
Analysed as:		
Charged in cost of sales	**2,948**	4,366
Charged in administrative and selling expenses	**32,366**	23,593
Charged in research and development expenses	**57,436**	42,530
	92,750	70,489

9. DIVIDENDS

No dividends were paid, declared or proposed during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the interim period.

10. 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,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss		
Loss for the period attributable to the owners of the Company for the purposes of calculating basic and diluted loss per share	**(204,073)**	(994,895)
Number of shares		
Weighted average number of ordinary shares of the purpose of calculating basic and diluted loss per share	**435,195,687**	97,554,035

For six months ended June 30, 2022 and 2021, the number of treasury shares were excluded from the total number of shares of the Company for the computation of basic loss per share.

Diluted loss per share is calculated by adjusting weighted average number of ordinary shares outstanding assuming conversion of all dilutive ordinary shares.

For six months ended June 30, 2021, the computation of diluted loss per share did not assume conversion of the preferred shares, the exercise of share options since their assumed conversion or exercise would result in a decrease in loss per share.

For six months ended June 30, 2022, the computation of diluted loss per share did not assume the exercise of share options and the vesting of restricted ordinary shares since their assumed exercise would result in a decrease in loss per share.

11. TRADE AND OTHER RECEIVABLES

Details of trade and other receivables are as follows:

	At June 30, 2022 ***RMB'000*** **(Unaudited)**	At December 31, 2021 *RMB'000* (Audited)
Trade receivables	**3,071**	2,565
Less: Allowance for credit losses	**–**	–
	3,071	2,565
Other receivables:		
Promissory note receivables *(Note)*	**11,358**	8,465
Interest receivable	**3,432**	–
Prepayments for:		
Research and development services	**24,637**	24,207
Legal and professional services	**–**	1,063
Purchase of raw materials	**1,805**	3,356
Refundable rental deposits	**1,180**	1,316
Others	**1,534**	3,724
	47,017	44,696
Analysis as:		
Current	**45,837**	43,380
Non-current	**1,180**	1,316
	47,017	44,696

The Group normally grants a credit period of 30 days or a particular period agreed with customers effective from the date when the services have been completed and accepted by customers.

The following is an aged analysis of trade receivable net of allowance for credit losses presented based on the date of completion of service at the end of each reporting period:

	At June 30, 2022 ***RMB'000*** **(Unaudited)**	At December 31, 2021 *RMB'000* (Audited)
Within 30 days	**2,411**	2,565
121 – 365 days	**660**	–
	3,071	2,565

Note: The promissory note receivable balance arises from the exercise of share options by certain employees of the Group. The promissory notes carry interest rate of 0.3% per annum (2021: 3.6%).

12. TRADE AND OTHER PAYABLES

	At June 30, 2022 ***RMB'000*** **(Unaudited)**	At December 31, 2021 *RMB'000* (Audited)
Trade payables	**29,325**	31,430
Accrued research and development expenses	**54,044**	36,100
Payables for		
– Purchase of property, plant and equipment	**7,075**	2,856
– Legal and professional fee	**1,650**	3,435
– Others	**3,227**	3,440
Interest payables	**1,543**	462
Other tax payables	**936**	949
Accrued staff costs and benefits	**13,283**	22,389
Other accruals	**1,029**	903
	112,112	101,964

The average credit period on purchases of goods and services of the Group is 30 days.

The following is an aged analysis of trade payables, presented based on earlier of the date of goods and services received and the invoice dates as at the end of the reporting period:

	At June 30, 2022 ***RMB'000*** **(Unaudited)**	At December 31, 2021 *RMB'000* (Audited)
0 – 30 days	**26,517**	20,531
31 – 60 days	**1,918**	2,262
61 – 90 days	**128**	8,460
91 – 120 days	**352**	–
121 – 365 days	**410**	131
Over 365 days	**–**	46
	29,325	31,430

13. BANK BORROWINGS

During the current interim period, the Group obtained new bank loans amounting to RMB223,034,000 (six months ended June 30, 2021: RMB118,954,000 (unaudited)) and repaid RMB169,534,000 (six months ended June 30, 2021: RMB36,690,000 (unaudited)). The loans carry interest in the fixed market rates range from 3.15% to 5.225% and are repayable in instalments over periods range from 1 month to 25 months. The proceeds were mainly used for working capital purposes.

Listing Expenses

Our listing expenses was nil for the six months ended June 30, 2022 and RMB29.5 million for six months ended June 30, 2021 as we have completed the initial public offering on September 29, 2021.

Other Comprehensive Income

Our other comprehensive income decreased from a gain of RMB0.6 million for the six months ended June 30, 2021 to a loss of RMB6.0 million for the six months ended June 30, 2022.

Non-IFRS Measure

To supplement the Group's consolidated financial statements, which are presented in accordance with the IFRS, the Company also uses adjusted loss and total comprehensive expenses for the period and other adjusted figures as additional financial measures, which are not required by, or presented in accordance with, the IFRS. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, the Group's results of operations or financial condition as reported under IFRS. The Company's presentation of such adjusted figure may not be comparable to a similarly titled measure presented by other companies. However, the Company believes that this and other non-IFRS measures are reflections of the Group's normal operating results by eliminating potential impacts of items that the management do not consider to be indicative of the Group's operating performance, and thus facilitate comparisons of operating performance from period to period and company to company to the extent applicable.

Adjusted loss and total comprehensive expenses for the period represents the loss and total comprehensive expenses for the period excluding the effect of certain non-cash item, namely fair value change on financial liabilities at FVTPL and share-based compensation expenses. The table below sets forth a reconciliation of the loss and total comprehensive expenses for the period to adjusted loss and total comprehensive expenses for the period during the periods indicated:

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Total comprehensive expenses for the period:	**(210,064)**	(994,284)
Share-based compensation expenses	**5,976**	6,042
Fair value (loss) gain of financial liabilities at FVTPL	**–**	771,608
Adjusted loss and total comprehensive expenses for the period	**(204,088)**	(216,634)

Employees and Remuneration Policies

The following table sets forth a breakdown of our employees as at June 30, 2022 by function.

	Number of employees	% of total number of employees
Research and Development	165	51
General and Administrative	63	20
Manufacturing	93	29
	321	100.00%

Our employees' remuneration comprises salaries, bonuses, employee provident fund and social security contributions and other welfare payments. In accordance with applicable Chinese laws, we have made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for our employees.

Liquidity and Financial Resources

As of June 30, 2022, bank balances and cash were RMB1,091.4 million, as compared to RMB1,222.0 million as of December 31, 2021. The increase was mainly due to pipeline advancement.

Gearing Ratio

The gearing ratio of the Group was calculated using interest-bearing borrowings less cash and cash equivalents divided by (deficiency of) total equity and multiplied by 100%. Since the Group maintained a net cash position as at June 30, 2022 and December 31, 2021, the gearing ratio is not applicable.

Other Financial Information

Significant Investments, Material Acquisitions and Disposals

The Group did not make any significant investments (including any investment in an investee company with a value of 5 percent or more of the Group's total assets as at June 30, 2022) during the period ended June 30, 2022. The Group did not have any material acquisitions or disposals of subsidiaries, associated companies or joint ventures for the six months ended June 30, 2022.

Foreign Exchange Risk

The functional currency of the Company is Renminbi. During the period ended 30 June, 2022, certain bank balances and cash, trade and other receivables, amounts due from related parties and trade and other payables are denominated in U.S. dollars, which are exposed to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Bank Loans and Other Borrowings

As at 30 June 2022, bank borrowings amounting to RMB50,890,000 (as at 31 December 2021: RMB105,769,000), are secured by property, plant and equipment with carrying amount of RMB115,434,000 (as at 31 December 2021: RMB124,841,000). All bank borrowings were denominated in RMB.

Contingent Liabilities

As at December 31, 2021 and June 30, 2022, we did not have any material contingent liabilities.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Company was incorporated under the laws of the British Virgin Islands on August 20, 2010 and continued in the Cayman Islands on March 26, 2021 as an exempted company with limited liability, and the Shares of the Company were listed on the Main Board of the Stock Exchange on September 29, 2021 (the "**Listing Date**").

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all Shareholders.

Compliance with the Corporate Governance Code

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of Shareholders and to enhance corporate value and accountability.

The Company has adopted and complied with the applicable code provisions of the Corporate Governance Code (the "**Previous CG Code**") as set out in Appendix 14 to the Listing Rules before the amendments to the Corporate Governance Code (the "**New CG Code**") came into effect on January 1, 2022, throughout the Reporting Period. The requirements under the New CG Code would apply to corporate governance reports for financial year commencing on or after January 1, 2022.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance and alignment with the latest measures and standards set out in the New CG Code, and maintain a high standard of corporate governance practices of the Company. The Company will report its compliance with the latest New CG Code in the corporate governance report of the Company for the year ending December 31, 2022.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own securities dealing code to regulate all dealings by Directors and relevant employees in securities of the Company and other matters covered by the Model Code.

Specific enquiry has been made of all the Directors and they have confirmed that they have complied with the Model Code during the six months ended June 30, 2022. No incident of non-compliance of the Model Code by the relevant employees has been noted by the Company during the six months ended June 30, 2022.

Audit Committee

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the New CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of our Group, review and approve connected transaction (if any) and provide advice and comments to the Board. The Audit Committee comprises three members, namely Mr. Jiasong Tang (唐稼松), Mr. Zhihua Zhang (張志華) and Dr. Yining (Jonathan) Zhao (趙奕寧), with Mr. Jiasong Tang (唐稼松) (being our independent non-executive Director with the appropriate professional qualifications) as chairperson of the Audit Committee.

The Audit Committee has reviewed the unaudited consolidated financial statements of the Group for the six months ended June 30, 2022 and has met with the independent auditor, Deloitte Touche Tohmatsu. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company, internal control and financial reporting matters with senior management members of the Group. The Audit Committee considers that this announcement is in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

Other Board Committees

In addition to the audit committee, the Company has also established a nomination committee and a remuneration committee.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange during the six months ended June 30, 2022 and up to the date of this announcement.

Material Litigation

The Company was not involved in any material litigation or arbitration during the six months ended June 30, 2022. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the six months ended June 30, 2022.

Use of Net Proceeds

With the Shares of the Company listed on the Stock Exchange on September 29, 2021 and based on the Offer Price of HK$16.00 per Offer Share, the net proceeds from the Global Offering were approximately HK$553.4 million. There was no change in the intended use of net proceeds as previously disclosed in the Prospectus and the table below sets out the planned applications of the net proceeds and amount utilized as at June 30, 2022. The Company expects to fully utilize the residual amount of the net proceeds in accordance with such intended purposes by the end of 2025.

Use of Net Proceeds	% of net proceeds (Approximately)	Net proceeds from the Global Offering *HK$ million*	Amount utilized as at June 30, 2022 *HK$ million*	Unutilized net proceeds as at June 30, 2022 *HK$ million*	Expected timeline of full utilization of the unutilized proceed from the Global Offering
1. Research and development of our pipeline product candidates, funding of ongoing and planned clinical and pre-clinical trials, preparation for registration filings and other steps or activities related to the commercialization of our four anchor products as follows:	82%	453.8	–	453.8	On or before December 31, 2025
(i) fund ongoing and planned clinical trials, preparation for registration filings and potential commercial launches (including sales and marketing) of our core product, MSB2311	30%	166.0	–	166.0	On or before December 31, 2025
(ii) fund ongoing and planned clinical trials, preparation for registration filings and potential commercial launch (including sales and marketing) of our key product, TST001	20%	110.7	–	110.7	On or before December 31, 2025
(iii) fund ongoing and planned clinical trials, preparation for registration filings and potential commercial launch (including sales and marketing) of our key product, TST005	10%	55.3	–	55.3	On or before December 31, 2025
(iv) fund ongoing and planned clinical trials, preparation for registration filings and potential commercial launch (including sales and marketing) of our key product, TST002	10%	55.3	–	55.3	On or before December 31, 2025
(v) fund ongoing and planned pre-clinical trials and preparation for registration filings of our key product and other pipeline products, including TST004, MSB0254, TST003, TST006 and TST008	12%	66.5	–	66.5	On or before December 31, 2025
2. Fund the business development for pipeline expansion and technology development, with a focus in oncology assets that have synergy with our current pipeline and promising clinical evidences, and/or technology platforms that can complement our current discovery and development platforms, such as ADC, small molecule targeted therapies, and other advanced new technologies	8%	44.3	–	44.3	On or before December 31, 2025
3. For general working capital purposes and general operation expenses	10%	55.3	–	55.3	On or before December 31, 2025
Total	100%	553.4	–	553.4	

For detailed description of the intended use of proceeds and the expected timeline, please refer to the section headed "Future plans and use of proceeds" in the Prospectus.

To the extent that the net proceeds of the Global Offering are not immediately required for the above purposes or if we are unable to put into effect any part of our development plan as intended, we will hold such funds in short-term deposits in authorized banks or financial institutions so long as it is deemed to be in the best interests of the Company. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules. The aforesaid expected timeline of full utilization of the unutilized proceed from the Global Offering is based on the Directors' best estimation barring unforeseen circumstances, and is subject to change in light of future development or any unforeseen circumstances.

As at the date of this announcement, the net proceeds from the Global Offering had not been utilized since the Listing Date.

INTERIM DIVIDEND

The Board does not recommend the distribution of an interim dividend for the six months ended June 30, 2022.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement has been published on the websites of the Stock Exchange (**www.hkexnews.hk**) and the Company (**http://www.transcenta.com/**).

The 2022 interim report of the Group for the six months ended June 30, 2022 will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched to the Company's shareholders in due course.

By order of the Board
Transcenta Holding Limited
Xueming Qian
Executive Director and Chief Executive Officer

Hong Kong, August 29, 2022

As at the date of this announcement, the board of directors of the Company comprises Dr. Xueming Qian as executive Director and chief executive officer, Mr. Xiaolu Weng as executive Director, Dr. Yining (Jonathan) Zhao as chairman and non-executive Director, and Mr. Jiasong Tang, Dr. Jun Bao and Mr. Zhihua Zhang as independent non-executive Directors.