



**Abbisko Cayman Limited**

**和譽開曼有限責任公司**

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2256

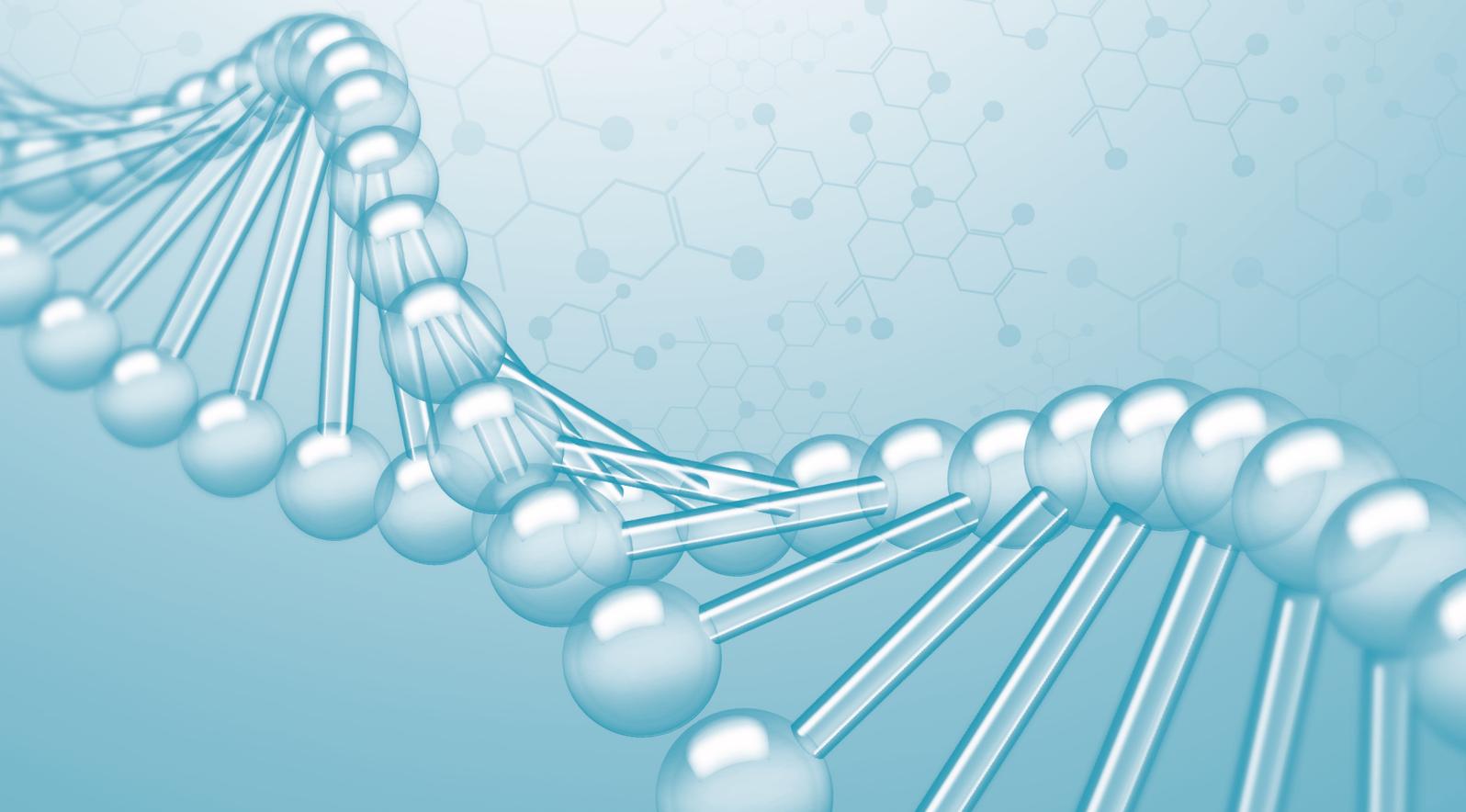


2022

INTERIM REPORT

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Dr. Xu Yao-Chang (*Chairman*)  
Dr. Yu Hongping  
Dr. Chen Zhui  
Mr. Yeh Richard (resigned as an executive Director with effect on April 28, 2022)

### Non-executive Directors

Dr. Xia Gavin Guoyao  
Ms. Tang Yanmin

### Independent Non-executive Directors

Dr. Sun Piaoyang  
Mr. Sun Hongbin  
Mr. Wang Lei

## JOINT COMPANY SECRETARIES

Ms. Tian Huimin  
Ms. Chan Yin Wah

## AUTHORIZED REPRESENTATIVES

Dr. Xu Yao-Chang\*  
Ms. Chan Yin Wah

## AUDIT COMMITTEE

Mr. Sun Hongbin (*Chairperson*)  
Dr. Sun Piaoyang  
Mr. Wang Lei

## REMUNERATION COMMITTEE

Mr. Wang Lei (*Chairperson*)  
Dr. Xu Yao-Chang\*  
Mr. Sun Hongbin

## NOMINATION COMMITTEE

Dr. Xu Yao-Chang (*Chairperson*)  
Dr. Sun Piaoyang  
Mr. Sun Hongbin

## REGISTERED OFFICE

Abbisko Cayman Limited  
P.O. Box 309  
Ugland House  
Grand Cayman  
KY1-1104  
Cayman Islands

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

Building 3, No. 898  
Halei Road, Zhangjiang Hi-Tech Park  
Pudong New Area  
Shanghai, PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre  
No. 248 Queen's Road East  
Wanchai, Hong Kong

## PRINCIPAL SHARE REGISTRAR

Maples Fund Services (Cayman) Limited  
PO Box 1093, Boundary Hall  
Cricket Square  
Grand Cayman  
KY1-1102  
Cayman Islands

## HONG KONG SHARE REGISTRAR

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

## HONG KONG LEGAL ADVISER

Davis Polk & Wardwell  
18/F, The Hong Kong Club Building  
3A Chater Road  
Hong Kong

\* appointed as an authorized representative and a member of remuneration committee with effect on April 28, 2022 upon Mr. Yeh Richard's resignation as an executive Director.

### COMPLIANCE ADVISER

Somerley Capital Limited  
20/F China Building  
29 Queen's Road Central  
Hong Kong

### PRINCIPAL BANK

Ping An Bank Co., Ltd.  
5047, Shennan East Road  
Shenzhen 518001  
PRC

### AUDITOR

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

### STOCK CODE

2256

### COMPANY'S WEBSITE

[www.abbisko.com](http://www.abbisko.com)

# BUSINESS HIGHLIGHTS

The board (the “**Board**”) of directors (the “**Directors**”) of Abbisko Cayman Limited (the “**Company**”) is pleased to present the interim report and the unaudited interim condensed consolidated financial information of the Company and its subsidiaries (the “**Group**”, “**we**”, “**our**” or “**us**”) for the six months ended June 30, 2022 (the “**Reporting Period**”).

We have made significant progresses in every aspect during 2022 year-to-date:

## ESTABLISHED A WORLDWIDE CO-DISCOVERY COLLABORATION WITH ELI LILLY

In January 2022, we entered into a worldwide co-discovery collaboration with Eli Lilly and Company (“**Lilly**”) for the discovery, development and potential commercialization of novel molecules against an undisclosed target.

- We are responsible for the discovery and development of such molecules using our proprietary research and development (the “**R&D**”) platform.
- Lilly has joined the effort by providing prior discovery information associated with this target as well as certain additional disease knowledge and expertise.
- Lilly will have the right to further develop and commercialize the compounds if the compounds meet the agreed endpoints.
- We are eligible to receive up to US\$258 million in potential payments upon achievement of prespecified preclinical, clinical development and commercial milestones, as well as tiered royalties on sales, if Lilly is responsible for further clinical development and commercialization.

## FURTHER ADVANCED OUR CLINICAL-STAGE ASSETS

### ABSK011

- We are conducting a Phase Ib monotherapy trial in second-line treatment of hepatocellular carcinoma (“**HCC**”) patients with FGF19 overexpression in mainland China. We have completed patient enrollment for the 180mg QD cohort and have started patient enrollment for another cohort at 160mg BID.
- We are also conducting a Phase II trial of ABSK011 in combination with the anti-PD-L1 antibody atezolizumab from F. Hoffmann-La Roche Ltd. and Roche China Holding Ltd. (“**Roche**”) in late stage HCC patients with FGF19 overexpression in mainland China. The first patient was dosed in January 2022. Patient enrollment is ongoing.

### ABSK091 (AZD4547)

- We are conducting a Phase II trial in mainland China for ABSK091 (AZD4547) in patients with locally advanced or metastatic urothelial carcinoma with FGFR2/3 genetic alterations. We dosed the first patient in November 2021 and patient enrollment is ongoing.
- In February 2022, we entered into partnership with BeiGene, Ltd. (“**BeiGene**”) on the combination therapy of ABSK091 (AZD4547) and tislelizumab, an anti-PD-1 antibody developed by BeiGene for the treatment of urothelial cancer with FGFR2/3 genetic alterations. In May 2022, we received the Investigational New Drug (the “**IND**”) approval from National Medical Products Administration (the “**NMPA**”). We are initiating the trial and expect to start patient enrollment soon.
- In addition to urothelial carcinoma, we also plan to conduct clinical trials for ABSK091 (AZD4547) in other solid tumors. In March 2022, we received Orphan Drug Designation granted by the U.S. Food and Drug Administration (“**U.S. FDA**”) to ABSK091 (AZD4547) in gastric cancer.

### ABSK021

- We are conducting a Phase Ib trial for ABSK021 in the U.S. and mainland China concurrently. We have completed patient enrollment for the tenosynovial giant cell tumor (“**TGCT**”) cohort at 50mg QD of the Phase Ib trial in mainland China.
- In July 2022, ABSK021 was granted the breakthrough therapy designation by NMPA for the treatment of TGCT that is not amenable to surgery. This breakthrough therapy designation approval was based on preliminary trial results from the TGCT cohort of the ongoing Phase Ib clinical trial in China for ABSK021. We expect to release the preliminary trial results in the second half of 2022.

### ABSK081

- We are conducting a Phase Ib/II clinical trial of ABSK081 (mavorixafor) in combination with toripalimab from Shanghai Junshi Biomedical Technology Co., Ltd. in triple-negative breast cancer (“**TNBC**”) patients in mainland China. Patient enrollment is ongoing.

### ABSK043

- We are conducting a Phase I trial in Australia to assess the safety, tolerability and PK/PD profile of ABSK043 in patients with solid tumors. Patient enrollment is ongoing.
- In March 2022, we received the IND approval for a Phase I trial of ABSK043 in the treatment of patients with malignant tumor in mainland China. We expect to start patient enrollment in mainland China soon.

### ABSK061

- We have received IND approval in both mainland China and the U.S. to conduct a Phase I clinical trial for ABSK061 in patients with solid tumors. In June 2022, we dosed the first patient.

## CONTINUED TO MOVE FORWARD PRE-CLINICAL CANDIDATES

Despite the lockdown in Shanghai due to COVID-19 in the first half of 2022, we have taken various measures to minimize the impact on our pre-clinical programs and expect to file INDs for the below three programs in IND-enabling stage:

- **ABSK121** – a next-generation small molecule FGFR inhibitor that targets both wild-type and mutants of FGFR1-3 including those that are resistant to the prior FGFR inhibitors;
- **ABSK051** – a small molecule CD73 inhibitor being developed for the treatment of various tumor types including lung cancer, pancreatic cancer and other cancers;
- **ABSK012** – a next-generation small molecule FGFR4 inhibitor with strong potency against both wild-type and mutant FGFR4.

We are also conducting or initiating IND-enabling studies for the following two programs:

- **ABSK112** – A next-generation EGFR-exon20 inhibitor with improved selectivity over wild-type EGFR and strong brain-penetrating ability;
- **ABSK071** – A next-generation KRAS-G12C inhibitor with improved potency and drug-like properties.

# FINANCIAL HIGHLIGHTS

## INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) MEASURES:

**Cash and bank balances.** Cash and bank balances as at June 30, 2022 were RMB2,496.6 million (approximately US\$372.0 million), a decrease by RMB48.9 million from RMB2,545.5 million for the year ended December 31, 2021, primarily attributable to spending on research and development activities as well as business operations, partially offset by impact from foreign exchange volatility.

**Other income and gains.** Other income and gains increased by RMB1.7 million from RMB10.0 million for the six months ended June 30, 2021 to RMB11.7 million for the six months ended June 30, 2022, primarily attributable to the increase in bank interest income resulting from an increase in our cash and bank balances compared to the six months ended June 30, 2021 and increase in government subsidies.

**Research and development expenses.** Our research and development expenses primarily consisted of research and development expenses in connection with exploratory research, pre-clinical research and clinical research, as well as reagent costs, employee costs, licensing fees, share-based payments and depreciation. Research and development expenses increased by RMB79.4 million from RMB79.6 million for the six months ended June 30, 2021 to RMB159.0 million for the six months ended June 30, 2022, primarily attributable to continuous expansion of functions related to research and development and advancement of our pipeline programs.

**Administrative expenses.** Administrative expenses increased by RMB15.0 million from RMB40.8 million for the six months ended June 30, 2021 to RMB55.8 million for the six months ended June 30, 2022, primarily attributable to continuous expansion of workforce in non-R&D related functions, while partially offset by the absence of IPO related expenses.

**Finance costs.** Finance costs increased by RMB1.34 million from RMB0.06 million for the six months ended June 30, 2021, to RMB1.4 million for the six months ended June 30, 2022, mainly due to the increase in the interest expenses on lease liabilities.

**Other expenses.** Other expense increased by RMB16.7 million from RMB0.4 million for the six months ended June 30, 2021 to RMB17.1 million for the six months ended June 30, 2022, primarily attributable to the fluctuation of foreign exchange differences.

**Loss for the period.** Loss for the period decreased from RMB377.2 million for six months ended June 30, 2021 to RMB221.6 million for the six months ended June 30, 2022, primarily attributable to the combination of impacts from increase in research and development expenses and elimination of fair value losses on convertible redeemable preferred shares.

### NON-INTERNATIONAL FINANCIAL REPORTING STANDARDS (“NON-IFRS”) MEASURES:

**Research and development expenses** excluding share-based compensation cost increased by RMB52.3 million from RMB72.1 million for six months ended June 30, 2021 to RMB124.4 million for the six months ended June 30, 2022, primarily attributable to the continuous expansion of functions related to research and development, as well as advancement of our pipeline programs.

**Administrative expenses** excluding share-based compensation cost decreased by RMB2.1 million from RMB35.0 million for the six months ended June 30, 2021 to RMB32.9 million for the six months ended June 30, 2022, primarily attributable to the absence of IPO related expenses, while partially offset by the expansion of workforce in non-R&D related functions.

**Loss for the period** excluding the effect of the fair value losses on convertible redeemable preferred shares and share-based compensation cost increased by RMB66.5 million from RMB97.5 million for the six months ended June 30, 2021 to RMB164.0 million for the six months ended June 30, 2022, primarily attributable to increase in R&D expenses and other expenses resulted from fluctuation of foreign exchange differences, while partially offset by decrease in administrative expenses and increase in other income and gains.

# MANAGEMENT DISCUSSION AND ANALYSIS

## I. BUSINESS REVIEW

### Our vision

Our vision is to discover and develop novel, differentiated therapies in oncology and beyond to address critical unmet medical needs for patients in China and worldwide.

### Company overview

We are a clinical-stage biopharmaceutical company primarily dedicated to the discovery and development of innovative and differentiated small molecule oncology therapies. Since our inception in 2016, we have strategically designed and developed a pipeline of 15 candidates primarily focused on oncology, including six candidates at clinical stage. Our product candidates are primarily small molecules that focus on small molecule precision oncology and small molecule immuno-oncology therapeutic areas.

### Product pipeline

We have a pipeline of 15 drug candidates ranging from pre-clinical stage to clinical stage programs. The following charts summarizes our pipeline and the development status of each candidate as of June 30, 2022.



Abbreviations: HCC = hepatocellular carcinoma; RMS = rhabdomyosarcoma; FGFRalt = FGFR altered; UC = urothelial cancer; GC = gastric cancer; NSCLC = non-small cell lung cancer; TGCT = tenosynovial giant cell tumor; cGvHD = chronic graft-versus-host disease; ALS = amyotrophic lateral sclerosis; TNBC = triple-negative breast cancer; WHIM = warts, hypogammaglobulinemia, infections and myelokathexis

Notes:

- i. Represents Phase Ib/II clinical trial
- ii. In combination with anti-PD-L1 antibody atezolizumab with Roche
- iii. In combination with anti-PD-1 antibody toripalimab with Junshi

# MANAGEMENT DISCUSSION AND ANALYSIS

## Clinical candidates

### ABSK011

ABSK011 is a potent and highly selective small molecule inhibitor of fibroblast growth factor receptor 4 (FGFR4) that we are conducting clinical trials in China. ABSK011 is being developed for the treatment of advanced HCC with hyper-activation of FGF19/FGFR4 signaling. The FGFR4 signaling pathway is a promising direction for the development of molecularly targeted therapies in HCC. The number of patients with an overexpression of FGF19/FGFR4 account for approximately 30% of total HCC patients worldwide, according to Frost & Sullivan. Currently, no FGFR4 inhibitor has been approved to the market yet.

#### *Current status*

We are conducting a Phase Ib trial for patients in second-line HCC with FGF19 overexpression. We have completed patient enrollment for the 180mg QD cohort. Given the superior safety and quality PK/PD profiles of ABSK011 from the Phase Ia trial, we have extended to 320mg QD and started patient enrollment of another cohort at 160mg BID for dose escalation. We may continue to explore additional dose levels in order to find out the optimal dosage.

We are also conducting a Phase II trial of ABSK011 in combination with the anti-PD-L1 antibody atezolizumab from Roche in late stage HCC patients with FGF19 overexpression in mainland China. The first patient was dosed in January 2022 and patient enrollment is ongoing.

#### **WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ABSK011 SUCCESSFULLY.**

### ABSK091 (AZD4547)

ABSK091, previously known as AZD4547, is a molecularly targeted candidate and a highly potent and selective inhibitor of FGFR subtypes 1, 2 and 3. According to Frost & Sullivan, the cancers most commonly affected by FGFR aberration are urothelial cancer (32%), cholangiocarcinoma (25%), breast cancer (18%), endometrial carcinoma (11%) and gastric cancer (7%). Specific FGFR aberrations have been observed in a proportion of certain cancers: for example, FGFR1 amplification in squamous cell lung cancer, FGFR2 mutations in endometrial carcinoma and FGFR3 mutations in urothelial cancer.

ABSK091 has a chemical structure different from other FGFR inhibitors with similar anti-tumor activities. Prior to the in-licensing of ABSK091, AstraZeneca started conducting clinical trials on AZD4547 in 2009. From 2009 to 2019, AstraZeneca sponsored and completed a total of four trials, including two Phase I trials and two Phase II trials. In November 2019, we entered into an exclusive license agreement with AstraZeneca and obtained the global rights for the development, manufacturing and commercialization of ABSK091.

## MANAGEMENT DISCUSSION AND ANALYSIS

Among the clinical trials conducted by AstraZeneca, the BISCAY trial, a study in patients with advanced urothelial cancer who have progressed on prior treatments, achieved 31.3% response rate in the ABSK091 monotherapy arm, which is on par with the approved pan-FGFR inhibitor Erdafitinib in treatment of locally advanced or metastatic urothelial carcinoma with FGFR2/3 alteration (ORR 32.2%).

In another trial previously conducted by AstraZeneca in patients with previously treated advanced FGFR amplified cancer, 33% of the FGFR2-amplified gastro-oesophageal patients had confirmed responses to ABSK091. This demonstrated that ABSK091 could potentially bring significant clinical benefits to the treatment of gastric cancer patients with FGFR alterations.

### *Current status*

We are conducting a Phase II trial in mainland China for ABSK091 (AZD4547) in patients with locally advanced or metastatic urothelial carcinoma with FGFR2/3 genetic alterations. We dosed the first patient in November 2021. Patient enrollment is ongoing.

In February 2022, we entered into partnership with BeiGene on the combination therapy of ABSK091 (AZD4547) and tislelizumab, an anti-PD-1 antibody developed by BeiGene for the treatment of urothelial cancer with FGFR2/3 genetic alterations. In May 2022, we received the IND approval from NMPA to initiate a Phase II trial for the combination therapy. We are initiating the trial and expect to start patient enrollment soon.

In addition to urothelial carcinoma, we also plan to conduct clinical trials for ABSK091 (AZD4547) in other solid tumors. In March 2022, we received Orphan Drug Designation granted by the U.S. FDA to ABSK091 (AZD4547) in gastric cancer.

### **WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ABSK091 SUCCESSFULLY.**

### **ABSK021**

ABSK021 is an orally bioavailable, selective, potent small molecule CSF-1R inhibitor being developed for the treatment of multiple types of oncology and non-oncology indications. The overexpression of CSF-1 is observed in many tumors and also at sites of inflammation. Indications for CSF-1R inhibitors include, the treatment of adult patients with TGCT, pancreatic cancer, colorectal cancer, chronic graft-versus-host disease (“**cGVHD**”) and ALS.

### *Current status*

We are conducting a Phase Ib trial for ABSK021 in the U.S. and mainland China concurrently. We have completed patient enrollment for the TGCT cohort at 50mg QD of the Phase Ib trial in mainland China.

In July 2022, ABSK021 was granted the breakthrough therapy designation by NMPA for the treatment of TGCT that is not amenable to surgery. This breakthrough therapy designation approval was based on preliminary trial results from the TGCT cohort of the ongoing Phase Ib clinical trial in China for ABSK021. We expect to release the preliminary trial results in the second half of 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS

### ABSK081

ABSK081 (mavorixafor), also known as X4P-001, is a novel small molecule antagonist to CXCR4 and currently the only orally bioavailable CXCR4 modulator in clinical development globally, according to Frost & Sullivan. ABSK081 is a potential treatment option for various cancers in which CXCR4 and its ligand CXCL12 contribute to the tumor microenvironment (TME) that supports immune evasion, neoangiogenesis, and tumor metastasis. In July 2019, we entered into an exclusive license agreement with X4 and obtained the rights for the development, manufacturing and commercialization of the licensed compound ABSK081 (mavorixafor) in mainland China, Taiwan, Hong Kong and Macau for any oncological indication and WHIM Syndrome in humans, excluding mozobil indications and any use for auto-HSCT treatment and allo-HSCT treatments.

#### *Current status*

In November 2021, our partner, X4, announced that it had completed patient enrollment in the Phase III clinical trial and top-line data from the trial is expected in the fourth quarter of 2022, and a regulatory filing will likely follow in 2023.

In mainland China, we are conducting a Phase Ib/II clinical trial of ABSK081 (mavorixafor) in combination with toripalimab from Shanghai Junshi Biomedical Technology Co., Ltd. in TNBC patients in China. We dosed the first patient in July 2021. Patient enrollment is ongoing.

### ABSK043

ABSK043 is an orally bioavailable, highly selective small molecule PD-L1 inhibitor being developed for the treatment of various cancers and potentially non-oncology indications. While anti-PD-1/anti-PD-L1 antibodies have revolutionized cancer treatment, the antibody-based immunotherapies carry a number of disadvantages such as high cost, lack of oral bioavailability, and immunogenicity, which could likely be improved with small molecule inhibitors. Pre-clinical data have demonstrated strong inhibition of PD-1/PD-L1 interaction by ABSK043, and rescue of PD-L1-mediated inhibition of T-cell activation. ABSK043 has also demonstrated strong anti-tumor efficacy and excellent safety profile in several pre-clinical models.

#### *Current status*

We are conducting a Phase I trial in Australia to assess the safety, tolerability and PK/PD profile of ABSK043 in patients with solid tumors. Patient enrollment is ongoing.

In March 2022, we received the IND approval for a Phase I trial of ABSK043 in the treatment of patients with malignant tumor in mainland China. We expect to start patient enrollment in mainland China soon.

## MANAGEMENT DISCUSSION AND ANALYSIS

### ABSK061

ABSK061 is a highly selective small molecule FGFR2/3 inhibitor. Pre-clinical research has shown that ABSK061 selectively inhibits FGFR2/3 over FGFR1 across various in vitro and cellular assays, with little activity against other kinases. Its high selectivity against FGFR2/3 and reduced FGFR1 activity could lead to an improved safety profile due to less off-target side effects, and potentially improved therapeutic window and efficacy as well as better opportunities for treating non-oncology indications. We believe ABSK061 has the potential to be a second generation FGFR inhibitor with its improved selectivity over currently marketed FGFR inhibitors based on our pre-clinical data.

#### *Current status*

We have received IND approval in both mainland China and the U.S. to conduct a Phase I clinical trial for ABSK061 in patients with solid tumors. In June 2022, we dosed the first patient.

### IND-enabling candidates

**ABSK121** is a highly selective, next-generation small molecule FGFR inhibitor that targets both wild-type and mutants of FGFR1-3 including those that are resistant to the currently approved or clinical FGFR inhibitors. It could potentially bring clinical benefits to patients who relapsed or progressed after initial treatment with first-generation FGFR inhibitors. In pre-clinical studies, ABSK121 has demonstrated strong potency against wild-type and various mutations of FGFR1-3, and excellent in vivo efficacy in FGFR dependent and FGFR-mutant dependent models. We are currently conducting IND-enabling studies and expect to file IND in 2022.

**ABSK051** is a small molecule CD73 inhibitor being developed for the treatment of various tumor types including lung cancer, pancreatic cancer and other cancers. It has demonstrated strong potency in inhibiting the activities of soluble and surface-expressed CD73. It has also shown strong efficacy in vivo in various animal models. We are currently conducting IND-enabling studies.

**ABSK012** is an orally bioavailable, highly selective, next-generation small molecule FGFR4 inhibitor with strong potency against both wild-type and mutant FGFR4. In pre-clinical studies, ABSK012 has demonstrated strong activities in vitro and in cells against both wild-type FGFR4 and various FGFR4 mutants that are resistant to current FGFR4 inhibitors in clinical development, and excellent in vivo efficacy in FGF19-driven and FGFR4-mutant models. We are currently conducting IND-enabling studies.

**ABSK112** is a next-generation EGFR-exon20 inhibitor with improved selectivity over wild-type EGFR and strong brain penetrating ability. EGFR-exon20 mutations occur in 3-5% of NSCLC patients, and are resistant to the currently available first, second and third generation EGFR inhibitors. Current clinical compounds targeting these mutations have limited therapeutic window due to limited selectivity against wild-type EGFR. Increased selectivity will likely lead to better target modulation and efficacy in clinical trials. ABSK112 demonstrates strong activity against EGFR-exon20 mutants and clear selectivity against wild-type EGFR in various cellular assays. It has efficacy and PD effects in mouse xenograft models bearing EGFR Exon20 mutation. We have declared ABSK112 as a PCC and are currently conducting IND-enabling studies.

## MANAGEMENT DISCUSSION AND ANALYSIS

**ABSK071** is a next-generation KRAS-G12C inhibitor with improved potency and drug-like properties. KRAS is one of the most mutated oncogenes in many cancer types, including pancreatic, colon, and lung. KRAS mutations occur in around 30% of lung cancer patients who are in dire need of effective therapies. We have declared ABSK071 as a PCC and are initiating IND-enabling studies.

### Business development activities

We have established a dedicated business development team to source and evaluate potential licensing deal opportunities as well as strategic partnerships of various forms. Through business development activities, we aim to not only maximize the commercial value of our pipeline globally and beyond oncology, but also tap into the potential of our in-house drug discovery engine.

- In January 2022, we entered into a worldwide co-discovery collaboration with Lilly for the discovery, development and commercialization of novel small molecules against an undisclosed target with critical unmet medical needs. Under the agreement, Lilly will provide prior discovery information as well as additional disease knowledge and expertise to us, and we will be responsible for the discovery and development of molecules that modulate a novel and challenging drug target using our proprietary R&D platform. Upon achievement of the agreed endpoints, Lilly will have the right to further develop and commercialize the asset, and we will be eligible to receive up to US\$258 million in potential payments based on the achievement of prespecified preclinical, clinical development and commercial milestones, as well as tiered royalties on sales.
- In February 2022, we announced a collaboration with BeiGene on the combination therapy of ABSK091 and tislelizumab, an anti-PD-1 antibody developed by BeiGene, for the treatment of urothelial cancer. In May 2022, we received the IND approval from NMPA to initiate a Phase II trial for the combination therapy. We are initiating the trial and expect to start patient enrollment soon.

### Research and development

We believe research and development are critical to our future growth and our ability to remain competitive in the Chinese biopharmaceutical market. We are dedicated to enhancing our pipeline by leveraging our leading in-house R&D capabilities, which spans from early drug discovery to clinical development.

As at June 30, 2022, our R&D team consisted of approximately 136 employees. Our R&D team members have extensive clinical development experience, with a particular focus on oncology. Among our R&D team members, over 70% have obtained at least post-graduate degrees, and approximately 25% hold Ph.D. degrees. Among our pre-clinical R&D team members, approximately 80% have obtained at least post-graduate degrees, and approximately 35% hold Ph.D. degrees.

## MANAGEMENT DISCUSSION AND ANALYSIS

### *Drug discovery and pre-clinical development*

Our drug discovery effort is led by our co-founders, Dr. Xu Yao-Chang, Dr. Yu Hongping and Dr. Chen Zhui, who collectively have made contributions to dozens of discovery programs, a number of which led to successful commercialization, such as Ameile (almonertinib), Cymbalta (duloxetine), Balversa (erdafitinib), Reyvow (lasmiditan), Fu Laimei (PEG-loxenatide), Kisqali (ribociclib), Xinfu (flumatinib) and Venclexta (venetoclax).

We use various discovery and engineering technologies to discover and select our lead compounds with suitable pharmaceutical properties and market potential. Our drug discovery team collaborates with our CMC team at an early stage to complement each team's needs and to ensure continued knowledge sharing, regulatory compliance and a streamlined transition from discovery to development. Our drug discovery team also includes a translational medicine function that conducts biomarker discovery and bioinformatics data processing and analysis to facilitate our clinical studies. We conduct translational research to assess the effectiveness of treatment, evaluate different ways to customize therapies, and improve personalized medicine guidelines using the new data generated. These insights help further guide us toward new directions in novel drug and biomarker discovery.

### *Clinical development*

Our clinical development team is led by Dr. Ji Jing, who received a M.D. degree from Fudan University and Shanghai Second Medical University, majoring in GI and liver disease. She has over 25 years of experience in early and late-stage clinical development in global pharmaceutical companies, serving as clinical development leader and head of therapy area. She has led and executed a wide range of functions, including medical, clinical operations, quality control, clinical research, clinical pharmacology and patient safety. As at June 30, 2022, our clinical development team consisted of 60 employees, including 37 holding master or doctorate degrees.

Our clinical development team manages all stages of our clinical trials, including clinical trial design, implementation, drug supply, and the collection and analysis of trial data. We have entered into agreements with hospitals and principal investigators located in China, the U.S. and other regions that can support our clinical trials of different indications at different stages. We believe our experience in executing clinical trials helps us accelerate our drug development.

With the vision to address unmet medical needs of global patients, we have always been aiming for the global markets. We believe such going-global approach will maximize the commercial value of our assets, for which we own global rights. We have received 13 IND or clinical trial approvals in four countries and regions. Trials outside mainland China include a Phase Ib trial ongoing in the U.S. for ABSK021, a Phase I trial ongoing in Australia for ABSK043, a Phase I trial ongoing in the U.S. for ABSK061, and two completed trials in Taiwan for ABSK011 Phase Ia and ABSK091 Phase I respectively.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Events after the Reporting Period

Subsequent to June 30, 2022, the significant event that took place is listed below:

- In July 2022, ABSK021 was granted the breakthrough therapy designation by NMPA for the treatment of TGCT that is not amenable to surgery. This breakthrough therapy designation approval was based on preliminary trial results from the TGCT cohort of the ongoing Phase Ib clinical trial in China for ABSK021.

## Future and Outlook

The first half of 2022 has been challenging due to continuous regional outbreak of COVID-19 pandemic and strict zero-COVID policy. Shanghai has experienced a city-wide lockdown. Despite the challenges we faced during the first half of 2022, we have taken various measures to minimize the impact of COVID-19 on business operations and R&D activities.

Under the joint efforts of all departments of our Company, we were able to progress most of our business during lockdown without disruption. For instance, we managed to successfully submit IND application for ABSK091 combo study during the lockdown, and subsequently received IND approval before lockdown is over.

Looking forward into the second half of 2022, we will continue to monitor the pandemic and the prevention and control policies, as well as relevant government policies and to timely assess the impact on our business operations and R&D activities. We will continue to advance our clinical and preclinical programs as planned and expect to release the first wave of proof-of-concept data during the second half of 2022. We also expect to submit IND applications for certain pre-clinical assets.

Looking beyond 2022, as a company focused on discovery and development of differentiated therapies in cancer and targeted to treat critical unmet needs for patients in China and globally, we will continue to strive for our various initial goals, which mainly comprise the following:

- We will continue to advance our clinical-stage compounds with quality and speed, and push forward the development of pre-clinical candidates.
- We will continue to expand our pipeline with innovative programs primarily focusing on first-in-class or best-in-class therapies, to address critical unmet medical needs for patients in China and globally, as always advocated in our mission statement.
- We will also continue to explore, evaluate and identify suitable business development opportunities so as to maximize the commercial value of our pipeline candidates.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Impact of COVID-19

During the first half of 2022, the PRC government has continuously stuck to the strict zero-COVID policy and imposed mandatory quarantine, closure of workplaces and facilities, travel restriction and other related measures to contain the spread and regional outbreak of the virus.

In particular, in response to the outbreak of COVID-19 in Shanghai, the PRC government adopted a city-wide lockdown. Disruption of hospitals in Shanghai caused minor impact on certain trials. However, given that our clinical trials are conducted in hospitals located in multiple cities across China and most of these clinical trial sites are located outside Shanghai, there was no significant impact on the progress of our clinical trials due to COVID-19 pandemic in the first half of 2022. We do not expect the pandemic to have any material impact on the overall clinical development plans in the long term.

Due to the closure of our lab in Zhangjiang area and the disruption of certain Contract Research Organisations (the “**CROs**”) during Shanghai lockdown, some delays have occurred to our pre-clinical programs. During the lockdown, we kept monitoring the latest pandemic prevention and control policy and maintained continuous communication with relevant government authorities regarding resumption of business operation. In May 2022, we were included in the white list of enterprise resuming work and production issued by Shanghai municipal government and our lab successfully resumed operation afterwards, with most of the key R&D staff back to lab in mid-May. Since early June, we have fully resumed business operations in all aspects.

Although the pandemic may continue, we believe our ability to continue our business operations and conduct R&D activities will not be significantly impacted. We will keep monitoring the pandemic situation and policies going forward and take various measures to minimize the impact on our company if any.

# MANAGEMENT DISCUSSION AND ANALYSIS

## II. FINANCIAL REVIEW

	Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Revenue	–	–
Cost of sales	–	–
Gross profit	–	–
Other income and gains	11,740	9,972
Research and development expenses	(159,007)	(79,571)
Administrative expenses	(55,848)	(40,760)
Other expenses	(17,090)	(360)
Fair value losses on convertible redeemable preferred shares	–	(266,438)
Finance costs	(1,400)	(60)
<b>LOSS BEFORE TAX</b>	<b>(221,605)</b>	<b>(377,217)</b>
Income tax expenses	–	–
<b>LOSS FOR THE PERIOD</b>	<b>(221,605)</b>	<b>(377,217)</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	1,315	59
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company	112,305	20,883
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX</b>	<b>113,620</b>	<b>20,942</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>(107,985)</b>	<b>(356,275)</b>
Loss attributable to:		
Owners of the parent	(107,985)	(356,275)
Total comprehensive loss attributable to:		
Owners of the parent	(107,985)	(356,275)
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>		
Basic and diluted		
For loss for the period	<b>RMB0.32</b>	<b>RMB3.80</b>

## MANAGEMENT DISCUSSION AND ANALYSIS

**Other income and gains.** Other income and gains increased by RMB1.7 million from RMB10.0 million for the six months ended June 30, 2021 to RMB11.7 million for the six months ended June 30, 2022, primarily attributable to: 1) an increase in bank interest income by RMB2.3 million, resulting from an increase in our cash and bank balances; 2) an increase in government subsidies by RMB5.4 million; and 3) a decrease in gain on disposal of an associate, resulting from a non-recurring gain of RMB5.9 million recognized from the disposal of a previous equity investment occurred during the six months ended June 30, 2021.

	Six months ended June 30,	
	2022 (RMB'000)	2021 (RMB'000)
Bank interest income	6,173	3,848
Government subsidies	5,567	141
Gain on disposal of an associate	–	5,900
Others	–	83
	<b>11,740</b>	9,972

**Research and development expenses.** Research and development expenses increased by RMB79.4 million from RMB79.6 million for the six months ended June 30, 2021 to RMB159.0 million for the six months ended June 30, 2022, primarily attributable to: 1) increase in employee cost by RMB47.3 million due to continuous expansion of functions related to research and development; and 2) increase in third party contracting cost by RMB28.9 million, which is in line with our increased R&D activities.

	Six months ended June 30,	
	2022 (RMB'000)	2021 (RMB'000)
Employee cost	80,202	32,909
Third party contracting cost	68,197	39,294
Other	10,608	7,368
	<b>159,007</b>	79,571

## MANAGEMENT DISCUSSION AND ANALYSIS

**Administrative expenses.** Administrative expenses increased by RMB15 million from RMB40.8 million for the six months ended 30 June, 2021 to RMB55.8 million for the six months ended 30 June, 2022, primarily attributable to: 1) an increase in employee cost by RMB28.4 million due to expansion of workforce in non-R&D related functions; and 2) a decrease in third party advisory service cost by RMB13.3 million, mainly due to the professional fees charged to administrative expenses of RMB16.7 million in relation to IPO for the six months ended June 30, 2021.

	Six months ended June 30,	
	2022 (RMB'000)	2021 (RMB'000)
Employee cost	43,726	15,365
Third party advisory service cost	9,430	22,700
Others	2,692	2,695
	55,848	40,760

**Finance costs.** Finance costs increased by RMB1.34 million from RMB0.06 million for the six months ended 30 June, 2021 to RMB1.4 million for the six months ended 30 June, 2022. The nature of the finance cost is the interest expense incurred on lease liabilities. Increase in finance cost for the six months ended 30 June, 2022 is mainly due to the addition of new office and laboratory during the second half of 2021.

**Other expenses.** Other expenses increased by RMB16.7 million from RMB0.4 million for the six months ended 30 June, 2021 to RMB17.1 million for the six months ended 30 June, 2022, primarily due to the fluctuation of foreign exchange differences.

**Fair value losses on convertible redeemable preferred shares.** Fair value losses on convertible redeemable preferred shares decreased by RMB266.4 million from RMB266.4 million for the six months ended 30 June, 2021 to nil for the six months ended 30 June, 2022. The convertible redeemable preferred shares had been converted into ordinary shares upon the listing of the Company's shares, and will not affect our financial performance in the subsequent financial years.

### 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 for the period and other adjusted figures as additional financial measures, which are not required by, or presented in accordance with, the IFRS. The Company believes that these adjusted measures provide useful information to shareholders and potential investors in understanding and evaluating the Group's consolidated results of operations.

## MANAGEMENT DISCUSSION AND ANALYSIS

Adjusted loss for the period represents the loss for the period excluding the effect of certain non-cash items and onetime events, namely the loss on fair value changes of the convertible redeemable preferred shares and share-based compensation cost. The term adjusted loss for the period is not defined under the IFRS. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, the Group's results of operations or financial condition as reported under IFRS. The Company's presentation of such adjusted figure may not be comparable to a similarly titled measure presented by other companies. However, the Company believes that this and other non-IFRS measures are reflections of the Group's normal operating results by eliminating potential impacts of items that the management do not consider to be indicative of the Group's operating performance, and thus facilitate comparisons of operating performance from period to period and company to company to the extent applicable.

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

	<b>Six months ended June 30,</b>	
	<b>2022</b>	2021
	<b>(RMB'000)</b>	(RMB'000)
<b>Loss for the period</b>	<b>(221,605)</b>	(377,217)
Added:		
Fair value losses on convertible redeemable preferred shares	–	266,438
Share-based compensation cost	<b>57,566</b>	13,273
<b>Adjusted loss for the period</b>	<b>(164,039)</b>	(97,506)

The table below sets forth a reconciliation of the research and development expenses to adjusted research and development expenses during the periods indicated:

	<b>Six months ended June 30,</b>	
	<b>2022</b>	2021
	<b>(RMB'000)</b>	(RMB'000)
<b>Research and development expenses for the period</b>	<b>(159,007)</b>	(79,571)
Added:		
Share-based compensation cost	<b>34,601</b>	7,487
<b>Adjusted research and development expenses for the period</b>	<b>(124,406)</b>	(72,084)

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

	<b>Six months ended June 30,</b>	
	<b>2022</b>	2021
	<b>(RMB'000)</b>	(RMB'000)
<b>Administrative expenses for the period</b>	<b>(55,848)</b>	(40,760)
Added:		
Share-based compensation cost	<b>22,965</b>	5,786
<b>Adjusted administrative expenses for the period</b>	<b>(32,883)</b>	(34,974)

# MANAGEMENT DISCUSSION AND ANALYSIS

## Employee and Remuneration Policy

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

Functions	Numbers	Percentage of total %
Research	58	30.2%
Pre-clinical Development	18	9.4%
Clinical Development	60	31.3%
Scientific Strategy and Operations	18	9.4%
Others	38	19.8%
<b>Total</b>	<b>192</b>	<b>100%</b>

As at June 30, 2022, the Group had 192 employees, where their salaries and allowances were determined based on their performance, experience and the then prevailing market rates. We have also invested in continuing education and training programs, including internal and external training, for our management staff and other employees to upgrade their skills and knowledge. We also provide competitive salaries, project and share incentive plans to our employees especially key employees.

## Liquidity and Financial Resources

The Group's cash and bank balances as June 30, 2022 were RMB2,496.6 million (approximately US\$372.0 million), representing a decrease of RMB48.9 million compared to RMB2,545.5 million for the year ended December 31, 2021, primarily attributable to spending on research and development activities as well as business operations, partially offset by impact from foreign exchange volatility.

As at June 30, 2022, the current assets of the Group were RMB2,526.9 million, including cash and bank balances of RMB2,496.6 million and other current assets of RMB30.3 million. As at June 30, 2022, the current liabilities of the Group were RMB78.1 million, including other payables and accruals of RMB66.7 million and other current liabilities of RMB11.4 million.

## Gearing ratio

Gearing ratio is calculated using total liabilities divided by total assets and multiplied by 100%. As at June 30, 2022, our gearing ratio was 4.56% (as at December 31, 2021: 4.46%).

## SIGNIFICANT INVESTMENT HELD

During the Reporting Period, the Group did not hold any significant investments.

## MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Reporting Period, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

## MANAGEMENT DISCUSSION AND ANALYSIS

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

In February 2022, the Company repurchased in total 804,000 shares on the Stock Exchange for an aggregate consideration of approximately HK\$4.7 million before expenses. The highest price per share paid and the lowest price per share paid was HK\$5.9 and HK\$5.69 respectively. All of the repurchased shares were subsequently cancelled on March 14, 2022.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended June 30, 2022.

### INTERIM DIVIDEND

The Board has resolved not to recommend the payment of an interim dividend for the six months ended June 30, 2022.

### AUDIT COMMITTEE REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has considered and reviewed the unaudited interim results and this interim report of the Group for the six months ended June 30, 2022 and the accounting principles and practices adopted by the Group, and has discussed with management on issues in relation to internal control, risk management and financial reporting. The Audit Committee is of the opinion that the unaudited interim results of the Group for the six months ended June 30, 2022 are in compliance with the relevant accounting standards, laws and regulations.

### FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this report, we do not have any future plans for material investments or capital assets as at June 30, 2022.

### FOREIGN EXCHANGE RISK

Our financial statements are expressed in RMB, but certain of our financial assets measured at fair value through profit or loss and other payables are denominated in foreign currencies, and are exposed to foreign currency risk. We currently do not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

### BANK LOANS AND OTHER BORROWINGS

As at June 30, 2022, we did not have any bank loans or other forms of borrowings.

### CONTINGENT LIABILITIES

As at June 30, 2022, we had no material contingent liability.

### CHARGES ON ASSETS

As of June 30, 2022, we did not have any charges on our assets.

# OTHER INFORMATION

## UPDATES ON INFORMATION OF DIRECTORS

There was no change in the Board and the information of Directors subsequent to the date of the last published annual report of the Company which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintain high standards of corporate governance to safeguard the interests of the shareholders and to enhance corporate value and accountability. The Company has applied the principles and code provisions as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”). During the Reporting Period, the Board is of the opinion that the Company has complied with all the code provisions apart from the deviation below.

Code provision C.2.1 of the CG Code provides that the roles of the chairman of the Board (the “Chairman”) and chief executive officer (the “CEO”) should be separated and should not be performed by the same individual. As at the date of this report, the roles of the Chairman and the CEO of the Company are held by Dr. Xu Yao-Chang (“**Dr. Xu**”).

The Board believes that, in view of Dr. Xu’s experience, personal profile and his roles in our Company as mentioned above, Dr. Xu is the Director best suited to identify strategic opportunities and focus of the Board due to his extensive understanding of our business as our chief executive officer. The Board also believes that the combined role of chairperson and chief executive officer can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board.

Further, the decisions to be made by the Board require approval by at least a majority of our Directors and that the Board comprises two non-executive Directors and three independent non-executive Directors, which the Company believes that there are sufficient checks and balances in the Board. Dr. Xu and other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that they shall act for the benefit and in the best interest of the Company and will make decisions for the Group accordingly.

The Board will continue to review and consider splitting the roles of the Chairman and the CEO at the time when it is appropriate by taking into account the circumstances of the Group as a whole. Further information concerning the corporate governance practices of the Company will be set out in the corporate governance report in the annual report of the Company for the year ending December 31, 2022. The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices of the Company.

The Board will examine and review, from time to time, the Company’s corporate governance practices and operations in order to meet the relevant provisions under the Listing Rules.

## OTHER INFORMATION

### COMPLIANCE WITH MODEL CODE

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code"). Specific enquiries have been made to all the Directors and they have confirmed that they have complied with the Model Code during the Reporting Period.

### USE OF PROCEEDS FROM THE GLOBAL OFFERING

The shares of the Company were listed on the Stock Exchange on October 13, 2021 (the "Listing Date") and the Company obtained net proceeds of approximately HK\$1,674 million (after deducting the underwriting commissions and other estimated expenses in connection with the exercise of the global offering and the over-allotment option).

During the Reporting Period, the Company has not utilized any of the net proceeds raised from the global offering. The Company intends to use the net proceeds in the same matter and proportion as set out in the prospectus of the Company dated September 30, 2021 under the section headed "Future Plans and Use of Proceeds". The Company intends to utilize the net proceeds in accordance with such intended purpose based on actual business needs.

Planned usage	% of use of proceeds (Approximately)	Net proceeds from the IPO and unutilized	Actual usage up to June 30, 2022 (HK\$ million)	Unutilized net proceeds as of June 30, 2022 (HK\$ million)	Expected timeline for application of the Unutilized Proceeds
		as of December 31, 2021 (HK\$ million)			
Fund the ongoing and future R&D including planned clinical trials, preparation of registration filings, and future commercialization of our Core Product Candidate ABSK011	19.7%	329.78	0	329.78	Expected to be fully utilized by 31 December 2024
Fund the ongoing and future R&D including planned clinical trials, preparation of registration filings and future commercialization of our Core Product candidate ABSK091 (AZD4547)	32.6%	545.72	0	545.72	Expected to be fully utilized by 31 December 2024
Fund our other clinical stage products and product candidates in our pipeline	28.0%	468.72	0	468.72	Expected to be fully utilized by 31 December 2024
Fund our pre-clinical research and studies, including continued development of our R&D platform and research and development of new pre-clinical candidates	8.4%	140.62	0	140.62	Expected to be fully utilized by 31 December 2024
Fund the construction of manufacturing facility in Shanghai	6.3%	105.46	0	105.46	Expected to be fully utilized by 31 December 2024
Working capital and general corporate purposes	5.0%	83.70	0	83.70	Expected to be fully utilized by 31 December 2024
<b>Total</b>	<b>100%</b>	<b>1,674</b>	<b>0</b>	<b>1,674</b>	

Note:

(1) Net IPO proceeds were received in Hong Kong dollars and translated to Renminbi for application planning

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

### Interests and Short Positions of Our Directors in the Share Capital of our Company

As far as the Company is aware, as at June 30, 2022, the interests and short positions of our Directors and chief executives in the shares, underlying shares or debentures of the Company or any of our associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code, were as follows:

Name of Director or chief executive officer	Nature of Interest	Total number of shares/underlying shares	Approximate Percentage of Shareholding Interest <sup>(2)</sup>
Dr. Xu Yao-Chang <sup>(3)</sup>	Founder of discretionary trust; interest in controlled corporation; interests held jointly with another person; interest of a party to an agreement regarding interest in our Company	164,581,300 (L) <sup>(1)</sup>	23.45%
Dr. Chen Zhui <sup>(3)</sup>	Founder of discretionary trust; interest in controlled corporation; interests held jointly with another person; interest of a party to an agreement regarding interest in our Company	164,581,300 (L) <sup>(1)</sup>	23.45%
Dr. Yu Hongping <sup>(3)</sup>	Interest in controlled corporation; interests held jointly with another person; interest of a party to an agreement regarding interest in our Company	164,581,300 (L) <sup>(1)</sup>	23.45%

Notes:

(1) "L" means holding a long position in Shares.

(2) Refers to the percentage of the number of relevant Shares involved divided by the total number of Shares in issue of the Company as at June 30, 2022, being 701,774,350 Shares.

## OTHER INFORMATION

- (3) Dr. Xu is the settlor of a discretionary trust, the Xu Family Trust, of which Trident Trust Company (HK) Limited acts as its trustee and the beneficiaries of which are Dr. Xu's family members. Yaochang Family Holding Limited is wholly owned by Hery International Development Limited, which is in turn wholly owned by Trident Trust Company (HK) Limited as the trustee of the Xu Family Trust. Each of Dr. Xu (as settlor of the Xu Family Trust), Trident Trust Company (HK) Limited and Hery International Development Limited are deemed to be interested in the 70,290,520 Shares in the Company held by Yaochang Family Holding Limited. Dr. Chen is the settlor of a discretionary trust, the Zabuye Trust, of which Trident Trust Company (HK) Limited acts as its trustee and the beneficiaries of which are Dr. Chen's family members. Chogir Limited is wholly owned by Zabuye Limited, which in turn is wholly owned by Trident Trust Company (HK) Limited as the trustee of the Zabuye Trust. Jamdrok Limited is wholly owned by Dr. Chen. Each of Dr. Chen (as the settlor of the Zabuye Trust), Trident Trust Company (HK) Limited and Zabuye Limited are deemed to be interested in the 4,948,690 Shares in the Company held by Chogir Limited. Dr. Chen is also deemed to be interested in the 4,948,680 Shares in the Company held by Jamdrok Limited. Dr. Yu through his interest in controlled corporation, Panorama HY Investment Limited, held 9,897,370 Shares. Dr. Xu, Dr. Yu and Dr. Chen entered into an acting-in-concert agreement on May 26, 2021, pursuant to which they acknowledged and confirmed that (i) since 2016, each of Dr. Xu, Dr. Yu, Dr. Chen and their controlled entities has been acting in concert at the shareholders' meetings of Abbisko Therapeutics Co., Ltd. and the Company; (ii) they will continue to act in concert at the shareholders' meeting of the Company; and (iii) in the event that the parties are unable to reach consensus on matters of the Company, each of the parties shall exercise their respective voting rights in accordance with the instructions of Dr. Xu. As such, each of Dr. Xu, Dr. Chen and Dr. Yu (i.e. the "Concert Parties") are deemed to be interested in the Shares each other is interested in. Computershare Hong Kong Trustees Limited, the trustee of Abbisko Cayman Limited Trust, held 37,054,800 Shares. Futu Trustee Limited, the trustee of Abbisko Galaxy Myth Trust and Abbisko Glorious Ode Trust, held 37,441,240 Shares through its wholly owned corporations Abbisko Galaxy Myth Limited and Abbisko Glorious Ode Limited. Pursuant to trust deeds dated September 10, 2021 and August 25, 2021, Computershare Hong Kong Trustees Limited and Futu Trustee Limited will exercise their voting rights in accordance with the instructions of Dr. Xu. As such, each of the Concert Parties are deemed to be interested in the Shares held by Computershare Hong Kong Trustees Limited and Futu Trustee Limited.

Save as disclosed above, as at June 30, 2022, none of the Directors or chief executives of the Company had or was deemed to have any interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of the Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or which were required to be recorded in the register to be kept by the Company pursuant to Section 352 of the SFO; or which were required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at June 30, 2022, to the best of the knowledge of the Company and the Directors, the following are the persons, other than the Directors or chief executives of the Company, who had interests or short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO.

Name of Shareholder	Nature of Interest	Total number of shares/underlying shares	Approximate Percentage of Shareholding Interest <sup>(2)</sup>
LAV GP III, L.P. <sup>(3)</sup>	Interest in controlled corporation	51,454,060 (L) <sup>(1)</sup>	7.33%
LAV Corporate GP, Ltd. <sup>(3)</sup>	Interest in controlled corporation	51,454,060 (L) <sup>(1)</sup>	7.33%
Yi Shi <sup>(3)</sup>	Interest in controlled corporation	75,143,790 (L) <sup>(1)</sup>	10.71%
Qiming Venture Partners VI, L.P. <sup>(4)</sup>	Beneficial owner	47,323,020 (L) <sup>(1)</sup>	6.74%
Qiming Corporate GP VI, Ltd <sup>(4)</sup>	Interest in controlled corporation	48,596,400 (L) <sup>(1)</sup>	6.92%
Elbrus Investments Pte. Ltd. <sup>(5)</sup>	Beneficial owner	46,508,460 (L) <sup>(1)</sup>	6.63%
Temasek Holdings (Private) Limited <sup>(5)</sup>	Interest in controlled corporation	52,734,460 (L) <sup>(1)</sup>	7.51%
Trident Trust Company (HK) Limited <sup>(6)</sup>	Trustee	75,239,210 (L) <sup>(1)</sup>	10.72%
Futu Trustee Limited <sup>(6)</sup>	Trustee	37,441,240 (L) <sup>(1)</sup>	5.34%
Computershare Hong Kong Trustees Limited <sup>(6)</sup>	Trustee	37,054,800 (L) <sup>(1)</sup>	5.28%
Morgan Stanley <sup>(7)</sup>	Interest in controlled corporation	52,486,000 (L) <sup>(1)</sup> 21,108,000 (S) <sup>(1)</sup>	7.48% 3.01%

Notes:

(1) "L" means holding a long position in Shares, while "S" means holding a short position in Shares.

(2) Refers to the percentage of the number of relevant Shares involved divided by the total number of Shares in issue of the Company as at June 30, 2022, being 701,774,350 Shares.

## OTHER INFORMATION

- (3) Absolute Investment Limited, Sky Infinity Investment Limited and LAV Biosciences Fund V, L.P. directly owns 34,302,700 Shares, 17,151,360 Shares and 11,235,730 Shares respectively. Absolute Investment Limited is wholly-owned by LAV Biosciences Fund III, L.P.. Sky Infinity Investment Limited is wholly-owned by Lilly Asia Ventures Fund III, L.P.. The general partner of both LAV Biosciences Fund III, L.P. and Lilly Asia Ventures Fund III, L.P. is LAV GP III, L.P., whose general partner is LAV Corporate GP, Ltd., a company owned by Yi Shi. LAV Biosciences Fund V, L.P. is a Cayman exempted limited partnership fund. The general partner of LAV Biosciences Fund V, L.P. is LAV GP V, L.P., whose general partner is LAV Corporate V GP, Ltd., a company owned by Yi Shi. Each of LAV Star Limited, LAV Star Opportunities Limited and LAV Amber Limited directly owns 4,982,000 Shares, 4,982,000 Shares and 2,490,000 Shares. LAV Star Limited is wholly-owned by LAV Fund VI, L.P. and LAV Star Opportunities Limited is wholly-owned by LAV Fund VI Opportunities, L.P. The ultimate beneficial owner of LAV Star Limited and LAV Star Opportunities Limited is Yi Shi. LAV Amber Limited is wholly owned by LAV Biosciences Fund V, L.P.. Based on the above, under the SFO, LAV Biosciences Fund III, L.P. is deemed to be interested in the 34,302,700 Shares held by Absolute Investment Limited. Each of LAV GP III, L.P. and LAV Corporate GP, Ltd. (through its interests in controlled corporations) is interested in the 34,302,700 Shares held by Absolute Investment Limited and the 17,151,360 Shares held by Sky Infinity Investment Limited. LAV Biosciences Fund V, L.P. is deemed to be interested in the 2,490,000 Shares held by LAV Amber Limited. Yi Shi (through his interests in controlled corporations) is deemed to be interested in the 34,302,700 Shares held by Absolute Investment Limited, the 17,151,360 Shares held by Sky Infinity Investment Limited and the 11,235,730 Shares LAV Biosciences Fund V, L.P. is interested in.
- (4) Qiming Venture and Qiming Managing directly owns 47,323,020 Shares and 1,273,380 Shares respectively. Each of Qiming Venture and Qiming Managing is an exempted limited partnership managed and controlled by its ultimate general partner Qiming Corporate GP VI, Ltd.. Based on the above, under the SFO, Qiming Corporate GP VI, Ltd. is deemed to be interested in (through its interests in controlled corporations) the 47,323,020 Shares and 1,273,380 Shares held by Qiming Venture and Qiming Managing respectively.
- (5) Elbrus Investments directly owns 46,508,460 Shares. Elbrus Investments is a company incorporated in Singapore, being 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, each of Temasek Life Sciences Private Limited, Fullerton Management Pte Ltd and Temasek Holdings (Private) Limited is deemed to be interested in (through their interests in controlled corporations) the 46,508,460 Shares held by Elbrus Investments. In addition, taking into account 6,226,000 Shares directly owned by Aranda Investments Pte. Ltd., an indirect wholly-owned subsidiary of Temasek Holdings (Private) Limited, Temasek Holdings (Private) Limited is deemed to be interested in the 6,226,000 Shares held by Aranda Investments Pte. Ltd.
- (6) Please refer to note 3 to the table under the section headed "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES" as disclosed in this report.
- (7) Morgan Stanley & Co. International plc directly holds 52,486,000 and 21,108,000 in long position and short position in Shares respectively. Morgan Stanley & Co. International plc is directly wholly owned by Morgan Stanley Investments (UK), which is in turn wholly owned by Morgan Stanley International Limited, which is in turn wholly owned by Morgan Stanley International Holdings Inc., which is in turn wholly owned by Morgan Stanley. Therefore, Morgan Stanley is deemed to be interested in the 52,486,000 long position in Shares and 21,108,000 short position in Shares held by Morgan Stanley & Co. International plc.

Save as disclosed above, as at June 30, 2022, the Directors and the chief executives of the Company were not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register required to be kept by the Company pursuant to Section 336 of the SFO.

## EQUITY INCENTIVE PLANS

### 2019 Share Incentive Plan

The 2019 Share Incentive Plan was adopted and approved by resolutions in writing by the Board and the Shareholders on July 4, 2019 and further amended on June 10, 2021. The purpose of the 2019 Plan is to attract and retain the best available personnel and to provide additional incentives to employees, directors and consultants of the Company and to promote the success of the Company's business.

## 1. Summary of terms

### (a) Duration

The 2019 Plan shall be valid and effective for the period of ten years commencing from the adoption date after which period no further options, share appreciation right, dividend equivalent right, restricted shares and restricted share units ("Award") will be granted, unless terminated sooner.

### (b) Administration

The 2019 Plan shall be subject to the administration of (i) the Board; (ii) one of the officers or directors or a committee designated by the Board (the "Administrator"); and (iii) the shareholders. The Board shall have the authority to (i) approve the 2019 Plan and the separate programs under the 2019 Plan; (ii) select the core management team and Directors to which Awards may be granted from time to time; (iii) to determine whether and to what extent the Awards are granted for the core management team and Directors; (iv) to determine the type or the number of Awards to be granted for the core management team and Directors and the number of shares to be covered by each Award granted; (v) to determine the terms and conditions of any Award granted for the core management team and Directors; (vi) amend the terms of any outstanding Award granted for the core management team and Directors under the 2019 Plan; (vii) amend, suspend or terminate the 2019 Plan at any time provided, however, that no such amendment shall be made without the approval of the shareholders to the extent that such approval is required by the applicable laws; (viii) terminate the grant of Award during any suspension of the 2019 Plan or after termination of the 2019 Plan; and (ix) to take such other major action, not inconsistent with the terms of the 2019 Plan and the applicable laws, as the Board deems appropriate, such as the early exercise of the Awards and the loan plan and the amount of consideration to be covered by each Award granted. The shareholders shall have the power to approve and determine the maximum aggregate number of ordinary shares which may be issued pursuant to all Awards under the 2019 Plan. The Administrator shall have the authority to (i) propose amendments to the 2019 Plan and separate programs under the 2019 Plan and report the propose amendments of the 2019 Plan to the Board for approval; (ii) to select employees (not including the core management team and consultants) whom Awards may be granted from time to time; (iii) to determine whether and to what extent Awards are granted for the employees (not including the core management team and consultants); (iv) to determine the type or the number of Awards to be granted for the employees (not including the core management team and consultants), the number of ordinary shares to be covered by each Award; (v) to approve forms of Award agreements for use under the 2019 Plan and the separate programs and to amend the terms of the Award agreements; (vi) to determine the terms and conditions of any Award granted for the employees (not including the core management team and consultants); (vii) to amend the terms any outstanding Award granted for the employees (not including the core management team) and consultants under the 2019 Plan; (viii) to construe and interpret the terms of the 2019 Plan and Awards; and (ix) to take such other action, not inconsistent with the terms of the 2019 Plan and the applicable laws, as the Administrator deems appropriate.

## OTHER INFORMATION

### *(c) Award Agreement*

Each Award granted under the 2019 Plan shall be evidenced by an award agreement between the Company and the eligible participant, approved by the Administrator and the Board.

### *(d) Type of Award*

The 2019 Plan provides for awards of options, share appreciation right, dividend equivalent right, restricted share and restricted share units (“RSUs”).

- (i) **Options.** Subject to the 2019 Plan, the Administrator or the Board (as the case may be) shall be entitled to make an offer to any eligible participant to take up options in respect of such number of Shares as the Administrator may determine and at the exercise price determined by the Administrator or the Board (as the case may be) in its sole discretion and disclosed in the notices of stock option award and the award agreement. An option shall be deemed exercised when the Company receives (i) notice in writing from the eligible participant to the Company in the specified form under the award agreement; and (ii) full payment for the Shares with respect to which the option is exercised.
- (ii) **Share Appreciation right and dividend equivalent right.** Subject to the 2019 Plan, the Administrator or the Board (as the case may be) shall be entitled to make an offer to any eligible participant to take up share appreciation right or dividend equivalent right in respect of such number of Shares as the Administrator may determine and at the exercise or purchase price determined by the Administrator or the Board (as the case may be) in its sole discretion and disclosed in the award agreement.
- (iii) **Restricted Share.** Subject to the 2019 Plan, a restricted share may be issued to the eligible participant for such consideration, if any, and subject to such restrictions on transfer, rights of first refusal, repurchase provisions, forfeiture provisions, and other terms and conditions established by the Administrator or the Board (as the case may be).
- (iv) **Restricted Share Units.** A restricted share unit may be earned in whole or in part upon the passage of time or the attainment of performance criteria established by the Administrator or the Board (as the case may be) and may be settled for cash, Shares or other securities or a combination of cash, Shares or other securities as established by the Administrator or the Board (as the case may be).

### *(e) Payment*

The consideration to be paid for the Shares to be issued upon exercise or purchase of an Award including the method of payment, shall be determined by the Board according to the specific circumstances and subject to the applicable laws. The tax withholding to be paid for the Shares shall be determined according to the provisions in the 2019 Plan and the applicable laws.

(f) *Non-transferability of Awards*

Subject to the applicable laws, the Awards shall not be transferrable unless otherwise approved by the Administrator. Upon the Administrator's approval, the eligible participant may designate one or more beneficiaries of the eligible participant's award in the event of the participant's death on a beneficiary designation form provided by the Administrator.

(g) *Maximum Number of ordinary shares*

Subject to the terms of the 2019 Plan, the maximum aggregate number of ordinary shares which may be issued pursuant to all Awards was 8,360,280 Shares (which was subsequently adjusted to 83,602,800 Shares upon completion of the Share Subdivision), or any other share as approved by the Board or the shareholders' meeting according to the shareholders' agreement and the Articles of Association of the Company. As at June 30, 2022, (i) the aggregate number of underlying ordinary shares pursuant to the outstanding options and RSUs granted under the 2019 Plan was 67,075,503 Shares; and (ii) the aggregate number of underlying ordinary shares pursuant to the outstanding RSUs to be granted under the 2019 Plan was 16,527,297 Shares.

On December 16, 2019, 910,676 ordinary shares were issued to Affluent Bay Limited, which was owned and managed by The Core Trust Company Limited (匯聚信託有限公司), the trustee of Affluent Bay Trust. On September 18, 2021, 3,705,480 ordinary shares were issued to Computershare Hong Kong Trustees Limited, the trustee of Abbisko Cayman Limited Trust. On September 18, 2021, 1,909,023 ordinary shares were issued to Abbisko Galaxy Myth Limited and on September 18, 2021, 1,835,101 ordinary shares were issued to Abbisko Glorious Ode Limited, both of which were owned and managed by Futu Trustee Limited, the trustee of Abbisko Galaxy Myth Trust and Abbisko Glorious Ode Trust. The Affluent Bay Trust, Abbisko Cayman Limited Trust, Abbisko Galaxy Myth Trust and Abbisko Glorious Ode Trust are all trusts set up by the Company to facilitate the administration of the ordinary shares Incentive Plan. Pursuant to trust deeds dated September 10, 2021 and August 25, 2021, Computershare Hong Kong Trustees Limited and Futu Trustee Limited will exercise their voting rights in accordance with the instructions of Dr. Xu.

(h) *Change in Control*

In the event of a Corporate Transaction, each Award can be assumed or replaced immediately prior to the specified effective date of such Corporate Transaction. For the portion of each Award that is neither assumed or substituted, such portion of the Award shall automatically become fully vested and exercisable and be released from any repurchase or forfeiture rights for all of the ordinary shares at the time represented by such portion of the Award, immediately prior to the specified effective date of such Corporate Transaction, provided that the eligible participant's continuous service has not terminated prior to such date. All outstanding Awards under the 2019 Plan shall terminate effective upon the consummation of a Corporate Transaction, provided however that all such Awards shall not terminate to the extent that they are assumed or replaced in connection with the Corporate Transaction.

## OTHER INFORMATION

For the above purpose, a “Corporate Transaction” means the following events as determined by the Board: (i) a merger, amalgamation, consolidation or other business combination of the Company with or into any person, in which the Company is not the surviving entity, as a result of which the shareholders of the company immediately prior to such transaction will cease to own a majority of the voting power of the surviving entity immediately after consummation of such transaction; (ii) the sale, transfer, exclusive license or other disposition of all or substantially all of the assets of the Company and its Subsidiaries and Affiliates; (iii) the complete liquidation or dissolution of the Company; (iv) any reverse merger or series of related transactions culminating in a reverse merger in which the Company is the surviving entity but the ordinary shares outstanding immediately prior to such merger are converted or exchanged by virtue of the merger into other property, whether in the form of securities, cash or otherwise, or in which securities possessing more than fifty percent (50%) of the total combined voting power of the Company’s outstanding securities are transferred to a person different from those who held such securities immediately prior to such merger or the initial transaction culminating in such merger but excluding any such transaction or series of related transactions that the Board determines shall not be a corporate transaction; or (v) acquisition in a single or series of related transactions by any person or related group of persons (other than the Company or by a Company-sponsored employee benefit plan) of beneficial ownership of securities possessing more than fifty percent (50%) of the total combined voting power of the Company’s outstanding securities, but excluding any such transaction or series of related transactions that the Board determines shall not be a corporate transaction.

As at June 30, 2022, the aggregate number of underlying ordinary shares pursuant to the outstanding options granted was 29,072,780 Shares, representing approximately 4.14% of the total issued Shares. The exercise price of all the options granted under the 2019 Plan is between RMB0.10 and RMB2.38 per share. No options under the 2019 Plan have been or could be granted after the Listing Date. Therefore, the 2019 Plan is not subject to provisions of Chapter 17 of the Listing Rules.

As at June 30, 2022, the aggregate number of underlying ordinary shares pursuant to the outstanding RSUs granted under the 2019 Plan is 38,002,723 Shares, representing approximately 5.42% of the total issued Shares.

As at June 30, 2022, no shares appreciation right or dividend equivalent right had been granted pursuant to the 2019 Plan.

### Post-IPO RSU Scheme

The Company has conditionally adopted the Post-IPO RSU Scheme by Shareholders’ resolutions dated September 16, 2021. The Post-IPO RSU Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as the Post-IPO RSU Scheme does not involve the grant of options by our Company. The Company may appoint a trustee (the “**RSU Trustee**”) to administer the Post-IPO RSU Scheme with respect to the grant of any Award (as defined below), by way of restricted share unit(s) (“**RSU(s)**”), which may vest in the form of Shares (the “**Award Shares**”) or the actual selling price of the Award Shares in cash in accordance with the Post-IPO RSU Scheme

### 1. *Eligible Persons to the Post-IPO RSU Scheme*

Any individual, being an employee, Director (including executive Directors, non-executive Directors and independent non-executive Directors) or Consultant of any member of the Group or any affiliate (an “**Eligible Person**” and, collectively “**Eligible Persons**”) who the Board or its delegate(s) considers, in its sole discretion, to have contributed or will contribute to the Group is eligible to receive an award granted by the Board (an “**Award**”), by way of RSUs, which may vest in the form of Award Shares or the actual selling price of the Award Shares of RSUs in cash in accordance with the Post-IPO RSU Scheme. However, no individual who is resident in a place where the grant, acceptance or vesting of an Award pursuant to the Post-IPO RSU Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or its delegate(s), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the Post-IPO RSU Scheme.

### 2. *Purpose of the Post-IPO RSU Scheme*

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

### 3. *Awards*

An Award gives a selected participant a conditional right, when the RSU vests, to obtain the Award Share or, if in the absolute discretion of the Board or its delegate(s), it is not practicable for the selected participant to receive the Award in Shares, the cash equivalent from the sale of the Award Shares. An Award includes all cash income from dividends in respect of those Shares from the date the Award is granted (the “Grant Date”) to the date the Award vests (the “**Vesting Date**”). For the avoidance of doubt, the Board at its discretion may from time to time determine that any dividends declared and paid by our Company in relation to the Award Shares be paid to the selected participant even though the Award Shares have not yet vested.

### 4. *Grant of Award*

#### *(i) Making the Grant*

The Board or the committee of the Board or person(s) to which the Board has delegated its authority may, from time to time, at their absolute discretion, grant an Award to a selected participant by way of an award letter (“**Award Letter**”). The Award Letter will specify the Grant Date, the number of Award Shares underlying the Award, the vesting criteria and conditions, the Vesting Date and such other details as the Board or its delegate(s) may consider necessary.

Each grant of an Award to any Director, chief executive or substantial shareholder of our Company shall be subject to the prior approval of the independent non-executive Directors of our Company (excluding any independent non-executive Director who is a proposed recipient of an Award). Our Company will comply with the relevant requirements under Chapter 14A of the Listing Rules for any grant of Shares to connected persons of our Company.

## OTHER INFORMATION

### *(ii) Restrictions on Grants and Timing of Grants*

The Board and its delegate(s) may not grant any Award to any selected participant in any of the following circumstances:

- (A) where any requisite approval from any applicable regulatory authorities has not been granted;
- (B) where any member of our Group will be required under applicable securities laws, rules or regulations to issue a prospectus or other offer documents in respect of such Award or the Post-IPO RSU Scheme, unless the Board determines otherwise;
- (C) where such Award would result in a breach by any member of our Group or its directors of any applicable securities laws, rules or regulations in any jurisdiction;
- (D) where such grant of Award would result in a breach of the Post-IPO RSU Limit (as defined below) or the minimum public float requirement as required under the Listing Rules, or would otherwise cause our Company to issue Shares in excess of the permitted amount in the mandate approved by the Shareholders;
- (E) where an Award is to be satisfied by way of issue of new Shares to the RSU Trustee, in any circumstances that cause the total Shares issued or allotted to connected persons to be in excess of the amount permitted in the mandate approved by the Shareholders;
- (F) where any Director of our Company is in possession of unpublished inside information in relation to our Company or where dealings by Directors of our Company are prohibited under any code or requirement of the Listing Rules and all applicable laws, rules or regulations, from time to time;
- (G) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results, unless the circumstances are exceptional, for example, where a pressing financial commitment has to be met, in accordance with the Listing Rules;
- (H) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and the half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results, unless the circumstances are exceptional, for example, where a pressing financial commitment has to be met, in accordance with the Listing Rules; and
- (I) during any period of delay in the publication of a results announcement.

#### 5. *Maximum Number of Shares to be Granted*

The aggregate number of Shares underlying all grants made pursuant to the Post-IPO RSU Scheme (excluding Award which have been forfeited in accordance with the Post-IPO RSU Scheme) will not exceed 10% of the issued share capital of the Company as of the date of approval of the Post-IPO RSU Scheme without Shareholders' approval (the "**Post-IPO RSU Scheme Limit**"), being 4,872,343 ordinary shares, which was subsequently adjusted to 48,723,430 Shares following the Share Subdivision.

#### 6. *Rights attached to the Award*

Save that the Board at its discretion may from time to time determine that any dividends declared and paid by our Company in relation to the Award Shares be paid to the selected participants even though the RSUs have not yet vested in the form of Award Shares, the selected participant only has a contingent interest in the Award Shares underlying an Award unless and until such Award Shares are actually transferred to the selected participant, nor does he/she have any rights to any related income until the RSUs vest in the form of Award Shares.

The RSU Trustee shall not exercise the voting rights in respect of any Award Shares which are held under the Trust that have not yet vested.

#### 7. *Issue of Shares and/or transfer of funds to the RSU Trustee*

Our Company shall, as soon as reasonably practicable and no later than 30 business days from the Grant Date, (i) issue and allot Shares to the RSU Trustee and/or (ii) transfer to the RSU Trustee the necessary funds and instruct the RSU Trustee to acquire Shares through on-market transactions at the prevailing market price, so as to satisfy the Awards.

Our Company shall not issue or allot Award Shares nor instruct the RSU Trustee to acquire Shares through on-market transactions at the prevailing market price, where such action (as applicable) is prohibited under the Listing Rules, the Securities and Futures Ordinance or other applicable laws from time to time. Where such a prohibition causes the prescribed timing imposed by the Post-IPO RSU Scheme Rules or the trust deed to be missed, such prescribed timing shall be treated as extended until as soon as reasonably practicable after the first Business Day on which the prohibition no longer prevents the relevant action.

#### 8. *Assignment of Awards*

Unless express written consent is obtained from the Board or the committee of the Board or person(s) to which the Board has delegated its authorities, any Award granted under the Post-IPO RSU Scheme but not yet vested are personal to the selected participants to whom they are granted and cannot be assigned or transferred. A selected participant shall not in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any other person over or in relation to any Award, or enter into any agreement to do so.

## OTHER INFORMATION

### 9. *Vesting of Awards*

The Board or its delegate(s) may from time to time while the Post-IPO RSU Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the Award to be vested.

Within a reasonable time period as agreed between the RSU Trustee and the Board from time to time prior to any Vesting Date, the Board or its delegate(s) will send a vesting notice to the relevant selected participant and instruct the RSU Trustee the extent to which the Award Shares held in the trust shall be transferred and released from the trust to the selected participant. Subject to the receipt of the vesting notice and notification from the Board or its delegate(s), the RSU Trustee will transfer and release the relevant Award in the manner as determined by the Board or its delegate(s).

If, in the absolute discretion of the Board or its delegate(s), it is not practicable for the selected participant to receive the Award in Shares, solely due to legal or regulatory restrictions with respect to the selected participant's ability to receive the Award in Shares or the RSU Trustee's ability to give effect to any such transfer to the selected participant, the Board or its delegate(s) will direct and procure the RSU Trustee to sell, on-market at the prevailing market price, the number of RSUs so vested in the form of Award Shares in respect of the selected participant and pay the selected participant the proceeds arising from such sale based on the actual selling price of the Award Shares following vesting of such RSUs in cash as set out in the vesting notice.

If there is an event of change in control of our Company by way of a merger, a privatization of our Company by way of a scheme or by way of an offer, the Board or the committee of the Board or person(s) to which the Board has delegated its authority shall at their sole discretion determine whether the Vesting Dates of any Awards will be accelerated to an earlier date.

### 10. *Consolidation, subdivision, bonus issue and other distribution*

In the event our Company undertakes a subdivision or consolidation of the Shares, corresponding changes will be made to the number of outstanding RSUs that have been granted provided that the adjustments shall be made in such manner as the Board determines to be fair and reasonable in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Post-IPO RSU Scheme for the selected participants. All fractional shares (if any) arising out of such consolidation or subdivision in respect of the Award Shares of a selected participant shall be deemed as returned shares and shall not be transferred to the relevant selected participant on the relevant Vesting Date. The RSU Trustee shall hold returned shares to be applied towards future Awards in accordance with the provisions of the Post-IPO RSU Scheme rules for the purpose of the Post-IPO RSU Scheme.

In the event of an issue of Shares by our Company credited as fully paid to the holders of the Shares by way of capitalization of profits or reserves (including share premium account), the Shares attributable to any Award Shares held by the RSU Trustee shall be deemed to be an accretion to such Award Shares and shall be held by the RSU Trustee as if they were Award Shares purchased by the RSU Trustee hereunder and all the provisions hereof in relation to the original Award Shares shall apply to such additional Shares.

In the event of any non-cash distribution or other events not referred to above by reason of which the Board considers an adjustment to an outstanding Award to be fair and reasonable, an adjustment shall be made to the number of outstanding RSUs of each selected participant as the Board shall consider as fair and reasonable, in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Post-IPO RSU Scheme for the selected participants. Our Company shall provide such funds, or such directions on application of the returned shares or returned trust funds, as may be required to enable the RSU Trustee to purchase Shares on-market at the prevailing market price to satisfy the additional Award.

In the event of other non-cash and non-scrip distributions made by our Company not otherwise referred to in the Post-IPO RSU Scheme rules in respect of the Shares held upon trust, the RSU Trustee shall sell such distribution and the net sale proceeds thereof shall be deemed as related income of the Post-IPO RSU Scheme or returned trust funds of the returned Shares held upon trust as the case may be.

### *11. Cessation of employment and other events*

Except as otherwise determined by the Board or the committee of the Board or person(s) to which the Board has delegated its authority, upon termination of employment, office or service with our Company during the applicable restriction period, Awards that are at that time unvested shall be forfeited or repurchased in accordance with the terms and provisions of the grant letter and/or award agreement to be entered into by such selected participant; provided, however, that the Board or the committee of the Board or person(s) to which the Board has delegated its authority may (a) provide in any grant letter and/or award agreement that restrictions or forfeiture and repurchase conditions relating to the Awards will be waived in whole or in part in the event of terminations resulting from specified causes; and (b) in other cases waive in whole or in part restrictions or forfeiture and repurchase conditions relating to the Awards.

If a selected participant ceases to be an Eligible Person for reasons other than those stated in this paragraph, any outstanding RSUs and related income not yet vested in the form of Award Shares shall be immediately forfeited, unless the Board or its delegate(s) determines otherwise at their absolute discretion.

### *12. Alteration of the Post-IPO RSU Scheme*

The Post-IPO RSU Scheme may be altered in any respect (save for the Post-IPO RSU Scheme Limit) by a resolution of the Board provided that no such alteration shall operate to affect adversely any subsisting rights of any selected participant unless otherwise provided for in the rules of the Post-IPO RSU Scheme, except:

- (i) with the consent in writing of selected participants amounting to three-fourths in nominal value of all RSUs held by the RSU Trustee on that date; or
- (ii) with the sanction of a special resolution that is passed at a meeting of the selected participants amounting to three-fourths in nominal value of all RSUs held by the RSU Trustee on that date.

## OTHER INFORMATION

### 13. Termination

The Post-IPO RSU Scheme shall terminate on the earlier of:

- (i) the end of the period of ten years commencing on the Listing Date except in respect of any non-vested RSUs granted hereunder prior to the expiration of the Post-IPO RSU Scheme, for the purpose of giving effect to the vesting in the form of Award Shares of such RSUs or otherwise as may be required in accordance with the provisions of the Post-IPO RSU Scheme; and
- (ii) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any selected participant under the rules of the Post-IPO RSU Scheme, provided further that for the avoidance of doubt, the change in the subsisting rights of a selected participant in this paragraph refers solely to any change in the rights in respect of the RSUs already granted to a selected participant.

### 14. Administration of the Post-IPO RSU Scheme

Our Company has established a committee comprising of, among others, Directors and senior management members, for the administration of the Post-IPO RSU Scheme.

### 15. General

As of June 30, 2022, no RSU had been granted or agreed to be granted under the Post-IPO RSU Scheme.

## Post-IPO Share Option Scheme

A summary of the principal terms of the Post-IPO Share Option Scheme conditionally approved and adopted in compliance with Chapter 17 of the Listing Rules by resolutions of our Shareholders on September 16, 2021 is as follows.

### 1. Purpose

The Post-IPO Share Option Scheme is established to reward employees, Directors or Consultants for their past contribution to the success of the Company, and to provide incentives to them to further contribute to the Company.

### 2. Selected participants

Any individual, being an employee, Director or Consultant of any member of our Group ("Selected Participant") who the Board may in its absolute discretion select to grant an Option to subscribe for such number of Shares as the Board may determine at the Subscription Price (as defined below).

### 3. *Maximum number of Shares*

The maximum number of Shares in respect of which Options may be granted under the Post-IPO Share Option Scheme shall not exceed 10% of the issued share capital of the Company as of the date of approval of the Post-IPO Share Option Scheme by the shareholders of the Company, being 4,872,343 ordinary shares, which was subsequently adjusted to 48,723,430 Shares following the Share Subdivision, representing approximately 6.94% of the total number of issued shares of the Company as at the date of this annual report. Options lapsed in accordance with the terms of the Post-IPO Share Option Scheme shall not be counted for the purpose of calculating the Limit of the Scheme. The total number of Shares to be issued upon exercise of all outstanding Options under the Post-IPO Share Option Scheme and all other schemes of the Company granted and yet to be exercised shall not exceed 30% of all the Shares in issue from time to time. No Option may be granted under the Post-IPO Share Option Scheme if this will result in the limit being exceeded.

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

### 4. *Maximum entitlement of a grantee*

Except with the approval of shareholders in general meeting with the prospective Grantee and his associates abstaining from voting, no Option may be granted to any one person such that the total number of Shares issued and to be issued upon exercise of Options and any other Option over the Shares (including exercised, canceled and outstanding Options) granted and to be granted to such person in any 12-month period up to the date of the latest grant exceeds 1% of the Shares in issue from time to time. The Company shall send a circular to its shareholders containing the information required under the Listing Rules. The number and terms of the Options to be granted to such prospective Grantee shall be fixed before the shareholders' approval of the grant of such Options and the date of Board meeting for proposing such further grant should be taken as the Offer Date for the purpose of calculating the Subscription Price.

### 5. *Performance target*

The Post-IPO Share Option Scheme does not set out any performance targets that must be achieved before the options may be exercised. However, subject to the provisions of the Listing Rules, the Board may in its absolute discretion specify such event, time limit or conditions (if any) as it thinks fit including, without limitation, conditions as to performance criteria to be satisfied and/or the Company and/or the Group which must be satisfied before an Option can be exercised, provided such terms and conditions shall not be inconsistent with any other terms and conditions of the Post-IPO Share Option Scheme.

## OTHER INFORMATION

### 6. *Subscription price*

The amount payable for each Share to be subscribed for under an option (“Subscription Price”) in the event of the option being exercised shall be determined by the Board at its absolute discretion, but shall be not less than the greater of:

- (i) the closing price of a Share as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant;
- (ii) the average closing price of our Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a Share on the date of grant, provided that, for the purpose of determining the Subscription Price where the Shares have been listed on the Stock Exchange for less than five business days, the issue price of the Shares in the Company’s Global Offering of the Shares shall be used as the closing price of the Shares for any business day falling within the period before the listing of the Shares on the Stock Exchange.

### 7. *Rights are personal to grantee*

An Option is personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor of any third party over or in relation to any option, except for the transmission of an option on the death of the grantee to his personal representative(s) on the terms of the Post-IPO Share Option Scheme.

### 8. *Options granted to Connected Persons*

The approval of independent non-executive Directors of the Company (excluding any independent non-executive director of the Company who is intended to be a grantee of the Option) will be required for each grant of Options to a director, chief executive, or substantial shareholder of the Company or any of their respective associates.

If a grant of Option(s) to a substantial shareholder or an independent non-executive Director of the Company or their respective associates will result in the total number of Shares issued and to be issued upon exercise of all the options granted and to be granted (including options exercised, canceled and outstanding) to such person under the Post-IPO Share Option Scheme and any other scheme in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% of the Shares in issue from time to time; and
- (ii) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet at the date of each grant, in excess of HK\$5 million, such further grant of Option(s) must be approved by the shareholders of the Company, voting by way of poll. In this case the Board shall procure that all the requirements of the Listing Rules relating to sending a circular to shareholders are complied with. All Connected Persons of the Company shall abstain from voting in favor of the resolution at such general meeting.

#### 9. *Grant offer letter and notification of grant of options*

An offer of the grant of an Option shall be made to any Grantee by letter in such form as the Board may from time to time determine specifying the number of Shares, the Subscription Price, the Option Period, the date by which the grant must be accepted being a date not more than 28 days after the Offer Date (provided such offer shall be open for acceptance after the effective period of the Post-IPO Share Option Scheme) and further requiring the employee to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the Post-IPO Share Option Scheme. The letter shall also state that the offer of an Option shall be personal to the employee concerned and shall not be transferable. The inadvertent non-compliance with the requirements of the above shall not render the grant of an Option invalid if the Board so determines and makes such remedial action, if any, as it deems appropriate in its absolute discretion.

An Option shall be deemed to have been granted and accepted and to have taken effect when the duplicate letter comprising acceptance of the offer of the grant of the Option duly signed by the Grantee together with a payment to the Company and/or any of its Subsidiaries of HK\$1 (or the equivalent of HK\$1 in the local currency of any jurisdiction where the company and/or its Subsidiaries operate, as the Board may in its absolute discretion determine) by way of consideration for the grant thereof is received by the Company within the time period specified in the offer of the grant of the Option. Such remittance shall not be refundable.

Any offer of the grant of an Option may be accepted or deemed to have been accepted in respect of any number of Shares up to the number in respect of which the Option is offered provided that it is accepted in respect of a Board Lot or an integral multiple thereof. To the extent that the offer of the grant of an Option is not accepted within 28 days after the Offer Date, it will be deemed to have been irrevocably declined and will lapse, unless the Board in its absolute discretion determines otherwise.

#### 10. *Restriction of grant of options*

No Option shall be offered or granted:

- (a) to any employee after inside information has become to the Company's knowledge until (and including) the trading day after the Company has announced the information;
- (b) to any employee during the period commencing one month immediately before the earlier of:
  - (i) the date of the Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the results of the Company for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
  - (ii) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement. No Option shall be granted during any period of delay in publishing a results announcement.

## OTHER INFORMATION

- (c) to any director of the Company (except where the Subscription Price is to be determined by the Board at the time of exercise of the Option):
  - (i) during the period of 60 days immediately preceding the publication of the annual results of the Company or, if shorter, the period from the end of the relevant financial year up to the publication of the results; or
  - (ii) during the period of 30 days immediately preceding the publication of the quarterly (if any) or half-yearly results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication of the results.

### *11. Time of exercise of an Option*

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

### *12. Lapse of Option*

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

- (a) the expiry of the Option Period;
- (b) subject to the date of the commencement of the winding-up of the Company;
- (c) the date on which the Grantee ceases to be an employee, Director or Consultant of the Company by reason of the summary termination of his employment, office or service on any one or more of the grounds that he has been guilty of misconduct, or has been convicted of any criminal offense involving his integrity or honesty or (if so determined by the Board in its absolute discretion) on any other ground on which the relevant company in the Group would be entitled to terminate his employment, office or service summarily at common law or pursuant to any applicable laws or under the Grantee's service contract with relevant company in the Group;
- (d) where the Grantee is an employee, Director or Consultant of a subsidiary of the Company, the date on which such subsidiary ceases to be a member of the Group;
- (e) the date on which the Option is canceled by the Board;
- (f) the date on which the Grantee commits a breach of Post-IPO Share Option Scheme rule; or
- (g) the occurrence or non-occurrence of any event, expiry of any period, or nonsatisfaction of any condition, as specified in the letter containing the offer or grant of the relevant Option.

### 13. *Voting and dividend rights*

No dividends shall be payable and no voting rights shall be exercisable in relation to any options or Shares that are the subject of options that have not been exercised.

### 14. *Effects of alterations in the capital structure of our Company*

In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable, whether by way of capitalization of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of the Company in accordance with applicable laws and regulatory requirements (other than an issue of Shares as consideration in respect of a transaction to which the Company is a party), such corresponding adjustments (if any) shall be made to:

- (a) the number or nominal amount of Shares, the subject matter of the Option (insofar as it is unexercised); and/or
- (b) the aggregate number of Shares subject to outstanding Options; and/or
- (c) the Subscription Price; and/or
- (d) the method of exercise of the Option, as the auditor of the Company shall certify in writing to the Board to be in their opinion fair and reasonable, provided that any adjustment shall be made on the basis that the proportion of the issued share capital of the Company to which a Grantee is entitled after such adjustment shall remain the same, or as nearly as possible the same as that to which he was entitled to subscribe had he exercised all the Options held by him immediately before such adjustment, but so that no such adjustment shall be made the effect of which would be to enable any Share to be issued at less than its nominal value, or to alter any terms of the relevant Option to the advantage of the Grantee without the approval of the shareholders of the Company.

If there has been any alteration in the capital structure of the Company as referred to in the Company shall, upon receipt of a notice from the Grantee, inform the Grantee of such alteration and shall either inform the Grantee of the adjustment to be made pursuant to the certificate of the auditor of the Company obtained by the Company for such purpose, or if no such certificate has yet been obtained, inform the Grantee of such fact and instruct the auditor of the Company to issue a certificate in that regard.

### 15. *Rights on takeover and schemes of compromise or arrangement*

If a general or partial offer (whether by way of take-over offer, share repurchase offer or otherwise in like manner other than by way of a scheme of arrangement) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or in concert with the offeror) the Company shall use its best endeavors to procure that such offer is extended to all the Grantees (on the same terms mutatis mutandis, and assuming that they will become, by the exercise in full of the Options granted to them, shareholders of the Company). If such offer becomes or is declared unconditional, the Grantee (or his legal personal representative(s)) shall be entitled to exercise his outstanding Option(s) in full at any time within 14 days after the date on which such general offer becomes or is declared unconditional.

## OTHER INFORMATION

### *16. Rights on a voluntary winding up*

In the event of an effective resolution being passed for the voluntary winding-up of the Company or an order of the court being made for the winding-up of the Company, notice thereof shall be given by the Company to Grantees with Options outstanding in full or in part at such date. If a Grantee immediately prior to such event had any outstanding Options, the Grantee (or his legal personal representative(s)) may by notice in writing to the Company within 21 days after the date of such resolution elect to be treated as if the Options had been exercised immediately before the passing of such resolution either to its full extent or to the extent specified in the notice, such notice to be accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given, whereupon the Grantee shall be duly issued and allotted with the relevant Shares (or treated as such by the Company) and entitled to receive out of the assets available in the liquidation *pari passu* with the holders of Shares such sum as would have been received in respect of the Shares that are the subject of such election.

### *17. Ranking of Shares*

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Articles of Association of the Company for the time being in force and will rank *pari passu* with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends and other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor falls before the date of allotment.

### *18. Duration*

The Post-IPO Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date when the Post-IPO Share Option Scheme becomes unconditional, after which period no further Options will be granted by the provisions of the Post-IPO Share Option Scheme, but the provisions of the Post-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of the Post-IPO Share Option Scheme. The remaining life of the Post-IPO Share Option Scheme is approximately 9.5 years.

### *19. Alteration of the Post-IPO Share Option Scheme*

The Board may subject to the rules of the Post-IPO Share Option Scheme amend any of the provisions of the Post-IPO Share Option Scheme (including without limitation amendments in order to comply with changes in legal or regulatory requirements and amendments in order to waive any restrictions, imposed by the provisions of the Post-IPO Share Option Scheme, which are not found in Chapter 17 of the Listing Rules) at any time (but not so as to affect adversely any rights which have accrued to any grantee at that date).

Those specific provisions of the Post-IPO Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of selected participants, and no changes to the authority of the administrator of the Post-IPO Share Option Scheme in relation to any alteration of the terms of the Post-IPO Share Option Scheme shall be made, without the prior approval of Shareholders in general meeting. Any alterations to the terms of the Post-IPO Share Option Scheme which are of a material nature, or any change to the terms and conditions of options granted (including those granted to a substantial shareholder or an independent non-executive Director of the Company, or any of their respective associates), must also, to be effective, be approved by our Shareholders in general meeting and the Stock Exchange, except where the alterations take effect automatically under the existing terms of the Post-IPO Share Option Scheme. The options and the Post-IPO Share Option Scheme so altered must comply with Chapter 17 of the Listing Rules. Any change to the authority of the Directors or Post-IPO Share Option Scheme administrators in relation to any alteration to the terms of the Post-IPO Share Option Scheme must be approved by Shareholders in general meeting.

Notwithstanding any provisions to the contrary in the Post-IPO Share Option Scheme, if on the relevant date of exercise there are restrictions or conditions imposed by the relevant laws and regulations to which the grantee is subject and the grantee has not obtained approval, exemption or waiver from the relevant regulatory authorities for the subscription of and dealing in our Shares, the grantee may sell the options to such transferee, subject to the approval by the Board, which shall not unreasonably withhold or delay such approval. In the event that the options are transferred to a connected person of our Company, no Shares shall be allotted and issued upon the exercise of the options by a connected person of our Company unless the Board is satisfied that the allotment and issue of Shares will not trigger any breach of the Listing Rules, the Articles of Association, the Companies Act or the Takeovers Code.

### *20. Termination*

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

### *21. Administration of the Post-IPO Share Option Scheme*

Our Company has established a committee comprising of, among others, Directors and senior management members, for the administration of the Post-IPO Share Option Scheme.

## OTHER INFORMATION

On June 1, 2022, the Company has granted 1,700,000 share options to certain employees of the Company (the “Grantees”) pursuant to the Post-IPO Share Option Scheme, subject to the acceptance by the Grantees. Details of the share options granted were as follows:

Date of grant:	June 1, 2022
Exercise price of the share options granted:	HK\$4.000 <sup>(Note)</sup>
Total number of share options granted:	1,700,000 (each entitles the Grantees to subscribe for one Share)
Closing price of the Shares on the date of grant:	HK\$4.000
Validity period of the share options:	10 years since the date of grant
Vesting dates of the share options:	25% of share options shall vest on June 1, 2023, 25% of share options shall vest on June 1, 2024, 25% of share options shall vest on June 1, 2025 and 25% of share options shall vest on June 1, 2026

Note: The exercise price of HK\$4.000 per Share represents the highest of (i) the closing price of HK\$4.000 per Share as stated in the daily quotation sheet issued by the Stock Exchange on the date of the grant; (ii) the average closing price of HK\$3.756 per Share as stated in the daily quotation sheets issued by the Stock Exchange for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Share, which is US\$0.00001.

None of the Grantees is a Director, chief executive or substantial shareholder of the Company, or an associate (as defined in the Listing Rules) of any of them.

The table below shows the details of movement of share options granted under the Post-IPO Share Option Scheme during the Reporting Period:

Name	Date of grant	Closing price of the Shares immediately before the date on which the options were granted	Vesting period	Exercise price	Number of Shares underlying options outstanding as of January 1, 2022	Number of Shares underlying options granted during the reporting period	Number of options exercised during the Reporting Period and the exercise price	Weighted average price of ordinary shares immediately before the date of exercise	Number of options lapsed during the Reporting Period	Number of options cancelled during the Reporting Period	Number of Shares underlying options outstanding as of June 30, 2022
Other Employee	June 1, 2022	3.74	4 years <sup>(1)</sup>	4.000	0	1,700,000	0	N/A	0	0	1,700,000

Notes:

- (1) 25% of share options shall vest on June 1, 2023, 25% of share options shall vest on June 1, 2024, 25% of share options shall vest on June 1, 2025 and 25% of share options shall vest on June 1, 2026.
- (2) There are no participants with options granted in excess of the individual limit and no grants to suppliers of goods and services.
- (3) For the fair value of share options granted under the Post-IPO Share Option Scheme, please refer to note 16 to interim condensed consolidated financial information.

## MATERIAL EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this interim report, no event after the Reporting Period needs to be brought to the attention of the shareholders of the Company.

# AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



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## Independent review report

### To the shareholders of Abbisko Cayman Limited

(Incorporated in the Cayman Islands with limited liability)

## INTRODUCTION

We have reviewed the interim financial information set out on pages 48 to 66, which comprises the condensed consolidated statement of financial position of Abbisko Cayman Limited (the “Company”) and its subsidiaries (the “Group”) as at 30 June 2022 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. 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 International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made 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 interim financial information 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 interim financial information is not prepared, in all material respects, in accordance with IAS 34.

## Ernst & Young

*Certified Public Accountants*

Hong Kong

22 August 2022

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Notes	June 30, 2022 (Unaudited) RMB'000	June 30, 2021 (Unaudited) RMB'000
Revenue		–	–
Cost of sales		–	–
Gross profit		–	–
Other income and gains	4	11,740	9,972
Research and development expenses		(159,007)	(79,571)
Administrative expenses		(55,848)	(40,760)
Other expenses	6	(17,090)	(360)
Fair value losses on convertible redeemable preferred shares		–	(266,438)
Finance costs	5	(1,400)	(60)
LOSS BEFORE TAX	7	(221,605)	(377,217)
Income tax expenses	8	–	–
LOSS FOR THE PERIOD		(221,605)	(377,217)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		1,315	59
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of the Company		112,305	20,883
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX		113,620	20,942
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(107,985)	(356,275)
Loss attributable to:			
Owners of the parent		(107,985)	(356,275)
Total comprehensive loss attributable to:			
Owners of the parent		(107,985)	(356,275)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
For loss for the period		RMB0.32	RMB3.80

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

	Notes	June 30, 2022 (Unaudited) RMB'000	December 31, 2021 (Audited) RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	17,877	15,209
Right-of-use assets		49,331	54,085
Intangible assets		2,980	3,051
Other non-current assets		2,977	805
<b>Total non-current assets</b>		<b>73,165</b>	73,150
<b>CURRENT ASSETS</b>			
Prepayments and other receivables	12	30,300	35,876
Cash and bank balances	13	2,496,576	2,545,513
<b>Total current assets</b>		<b>2,526,876</b>	2,581,389
<b>CURRENT LIABILITIES</b>			
Other payables and accruals	14	66,724	64,676
Lease liabilities		11,414	8,862
<b>Total current liabilities</b>		<b>78,138</b>	73,538
<b>NET CURRENT ASSETS</b>		<b>2,448,738</b>	2,507,851
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,521,903</b>	2,581,001
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		40,318	44,942
<b>Total non-current liabilities</b>		<b>40,318</b>	44,942
<b>NET ASSETS</b>		<b>2,481,585</b>	2,536,059
<b>EQUITY/(DEFICIT)</b>			
Equity attributable to owners of the parent			
Share capital	15	46	46
Treasury shares		(5)	(5)
Other reserves		2,481,544	2,536,018
<b>Total equity/(deficit)</b>		<b>2,481,585</b>	2,536,059

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the parent						
	Share capital RMB'000	Treasury shares RMB'000	Share option reserve* RMB'000	Share premium* RMB'000	Exchange fluctuation reserve* RMB'000	Accumulated losses* RMB'000	Total RMB'000
At 1 January 2022 (audited)	46	(5)	98,847	5,369,594	47,456	(2,979,879)	2,536,059
Loss for the period	-	-	-	-	-	(221,605)	(221,605)
Other comprehensive income for the period:							
Exchange differences on translation of foreign operations and the Company	-	-	-	-	113,620	-	113,620
Total comprehensive income for the period	-	-	-	-	113,620	(221,605)	(107,985)
Repurchase of shares	-	-	-	(4,055)	-	-	(4,055)
Equity-settled share option arrangements	-	-	57,566	-	-	-	57,566
At 30 June 2022 (unaudited)	46	(5)	156,413	5,365,539	161,076	(3,201,484)	2,481,585

\* These reserve accounts comprise the consolidated other reserves of RMB2,481,544,000 (2021: RMB (2,536,018,000)) in the consolidated statement of financial position.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the parent					
	Share capital RMB'000	Share option reserve RMB'000	Capital reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2021 (audited)	6	8,914	895	55,083	(1,169,886)	(1,104,988)
Loss for the period	-	-	-	-	(377,217)	(377,217)
Other comprehensive income for the period:						
Exchange differences on translation of foreign operations and the Company	-	-	-	20,942	-	20,942
Total comprehensive income for the period	-	-	-	20,942	(377,217)	(356,275)
Equity-settled share option arrangements	-	12,850	-	-	-	12,850
At 30 June 2021 (unaudited)	6	21,764	895	76,025	(1,547,103)	(1,448,413)

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Notes	June 30, 2022 (Unaudited) RMB'000	June 30, 2021 (Unaudited) RMB'000
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>			
Loss before tax		<b>(221,605)</b>	(377,217)
Adjustments for:			
Finance costs		<b>1,400</b>	60
Bank interest income		<b>(6,173)</b>	(3,848)
Fair value losses on convertible redeemable preferred shares		–	266,438
Gain or Loss on disposal of an associate		–	(5,900)
Depreciation of property, plant and equipment		<b>2,348</b>	2,540
Depreciation of right-of-use assets		<b>4,754</b>	2,935
Amortisation of intangible assets		<b>708</b>	242
Equity-settled share option expense	16	<b>57,566</b>	13,273
Share issue expenses		–	16,696
Foreign exchange differences, net		<b>17,047</b>	336
Increase/(decrease) in prepayments and other receivables		<b>5,074</b>	(14,781)
Decrease/(increase) in other payables and accruals		<b>11,235</b>	(2,636)
Net cash flows used in operating activities		<b>(127,646)</b>	(101,862)
<b>CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES</b>			
Net cash inflow from disposal of associates		–	5,900
Interest received from bank		<b>6,675</b>	12,505
Purchases of items of property, plant and equipment	11	<b>(7,196)</b>	(3,495)
Increase in time deposits with original maturity of more than three months		<b>(542,011)</b>	–
Purchases of intangible assets		<b>(637)</b>	(363)
Repayment from related parties		–	9,057
Advances to shareholders		–	(41)
Net cash flows (used in)/from investing activities		<b>(543,169)</b>	23,563

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Notes	<b>June 30, 2022 (Unaudited) RMB'000</b>	June 30, 2021 (Unaudited) RMB'000
<b>CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES</b>			
Principal portion of lease payments		<b>(2,072)</b>	(2,633)
Interest portion of lease payments		<b>(1,400)</b>	(60)
Repurchase of share options		–	(423)
Repurchase of shares		<b>(4,055)</b>	–
Share issue expenses		<b>(9,179)</b>	(3,818)
Proceeds from issue of convertible redeemable preferred shares		–	776,617
Net cash flows (used in)/from financing activities		<b>(16,706)</b>	769,683
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of the period		<b>1,063,857</b>	617,773
Effect of foreign exchange rate changes, net		<b>96,573</b>	(5,740)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>472,909</b>	1,303,417

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

## 1. GENERAL INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 28 March 2018. The registered address of the Company is P.O. Box 309, Uglund House, Grand Cayman KY1-1104, Cayman Islands.

The Company is an investment holding company. During the period, the Company's subsidiaries were involved in the research and development of pharmaceutical products.

The shares of the Company have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") effective from 13 October 2021.

In the opinion of the Company's directors (the "Directors"), the holding company and the ultimate holding company of the Company is Yao Chang Family Holding Limited, which was incorporated in the Cayman Islands on 20 April 2021. Yao Chang Family Holding Limited is ultimately controlled by Dr. XU Yao-Chang, the chairman and the chief executive officer of the Company.

## 2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended June 30, 2022 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021.

This interim condensed consolidated financial information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to IFRS Standards 2018-2020	<i>Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41</i>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

- (a) Amendments to IFRS 3 replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.
- (b) Amendments to IAS 16 prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.
- (c) Amendments to IAS 37 specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(d) *Annual Improvements to IFRSs 2018-2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are applicable to the Group are as follows:

- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.
- IFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

## 3. OPERATING SEGMENT INFORMATION

### Operating segment information

For management purposes, the Group has only one reportable operating segment, which is the development of innovative medicines. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

### Geographical information

Since nearly all of the Group's non-current assets were located in Mainland China, no geographical information in accordance with IFRS 8 *Operating Segments* is presented.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

## 4. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	Six months ended June 30,	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
<b>Other income</b>		
Bank interest income	6,173	3,848
<b>Other gains</b>		
Government grants*	5,567	141
Gain on disposal of an associate	–	5,900
Others	–	83
	5,567	6,124
	11,740	9,972

\* The government grants mainly represent subsidies received from the local governments for the purpose of supporting on research and clinical trial activities.

## 5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended June 30,	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Interest on lease liabilities	1,400	60

## 6. OTHER EXPENSES

An analysis of other expenses is as follows:

	Six months ended June 30,	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Other expenses		
Foreign exchange loss, net	17,047	336
Others	43	24
	17,090	360

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

## 7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Six months ended June 30,	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Depreciation of items of property, plant and equipment	2,348	2,540
Depreciation of right-of-use assets	4,754	2,935
Amortisation of intangible assets	708	242
Research and development expenses excluding depreciation and amortisation	152,769	75,902
Short-term lease payment	123	–
Listing expenses	–	16,696
Auditor's remuneration	500	142
Foreign exchange differences, net	17,047	336
Employee benefit expense:		
Wages and salaries	58,163	30,377
Pension scheme contributions (defined contribution scheme)	8,200	4,612
Equity-settled share option expense	57,566	13,273
	<b>123,929</b>	48,262
Fair value losses on convertible redeemable preferred shares	–	266,438

## 8. INCOME TAX

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

### Cayman Islands

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

### Hong Kong

The subsidiary incorporated in Hong Kong are subject to income tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the period.

### Mainland China

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

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

## 8. INCOME TAX (continued)

### Australia

No provision for Australia income tax has been made as the Group had no assessable profits derived from or earned in Australia during the period. The subsidiary incorporated in Australia is subject to income tax at the rate of 30% on the estimated assessable profits arising in Australia during the period.

Deferred taxation had not been recognized on the unused tax losses and deductible temporary differences since it is not probable that the taxable profits will be available against which the tax losses and deductible temporary differences can be utilized in the foreseeable future.

## 9. DIVIDENDS

No dividend was paid or declared by the Company during the six months ended June 30, 2022 (June 30, 2021: Nil).

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

The calculation of the basic loss per share amount is based on the loss for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 701,974,626 (June 30, 2021: 99,192,020) in issue during the period, as adjusted to reflect the rights issue during the period.

No adjustment has been made to the basic loss per share amounts presented for the six months ended June 30, 2022 and 2021 in respect of a dilution as the impact of the share options and redeemable convertible preferred shares outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

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

	Six months ended June 30,	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
<b>Loss</b>		
Loss attributable to ordinary equity holders of the parent, used in the basic and diluted loss per share calculation	<b>(221,605)</b>	(377,217)

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

## 10. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (continued)

	Numbers of shares	
	Six months ended June 30, 2022 (Unaudited)	2021 (Unaudited)
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation	<b>701,974,626</b>	99,192,020

## 11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired assets at a cost of RMB5,016,000 (30 June 2021: RMB2,057,000).

The Group did not dispose of any asset during the six months ended 30 June 2022 (30 June, 2021: Nil).

No impairment losses were recognised during the six months ended 30 June 2022 and 2021.

As at 30 June 2022, there were no pledged property, plant and equipment (31 December, 2021: Nil).

## 12. PREPAYMENTS AND OTHER RECEIVABLES

	June 30, 2022 (Unaudited) RMB'000	December 31, 2021 (Audited) RMB'000
Prepayments to suppliers	<b>9,410</b>	9,393
Deposits and other receivables	<b>20,890</b>	26,483
	<b>30,300</b>	35,876

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 30 June 2022 and 31 December 2021, the loss allowance was assessed to be minimal.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

## 13. CASH AND BANK BALANCES

	<b>June 30, 2022 (Unaudited) RMB'000</b>	December 31, 2021 (Audited) RMB'000
Cash and bank balances	<b>2,496,576</b>	2,545,513
Less:		
Bank deposits with original maturity of more than three months when acquired	<b>2,023,667</b>	1,481,656
Cash and cash equivalents	<b>472,909</b>	1,063,857

Cash and bank balances comprise of cash at banks and bank deposits with an original maturity of more than three months. Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and deposits are deposited with creditworthy banks with no recent history of default.

## 14. OTHER PAYABLES AND ACCRUALS

	<b>June 30, 2022 (Unaudited) RMB'000</b>	December 31, 2021 (Audited) RMB'000
Payroll payable	<b>13,558</b>	22,303
Payables of construction and purchase of equipment	<b>10</b>	18
Other tax payables	<b>1,238</b>	1,296
Share issue expenses payables	<b>127</b>	9,306
Other payables	<b>51,791</b>	31,753
	<b>66,724</b>	64,676

Other payables and accruals are unsecured, non-interest-bearing and repayable on demand. The carrying amounts of financial liabilities included in other payables and accruals as at the end of each of the reporting periods approximated to their fair values due to their short-term maturities.

## 15. SHARE CAPITAL

The Company purchased 804,000 of its shares on the Hong Kong Stock Exchange at a total consideration of HK\$4,699,053 (equivalent to approximately RMB4,055,000). The purchased shares were cancelled during the period and the total amount paid for the purchase of the shares has been charged to share capital and share premium of the Company.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

## 16. SHARE-BASED PAYMENTS

### 2019 Share Incentive Plan

In July 2019, the Company adopted the 2019 Share Incentive Plan for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group. Eligible participants of the Share Incentive Plan may include any employees and directors of the Company and its subsidiaries. The maximum aggregate number of shares that may be issued under this plan is 83,602,800 Ordinary Shares (taking into account the effect of Share Subdivision). Unless otherwise cancelled or amended, the 2019 Share Incentive Plan will remain in force for 10 years from that date.

The Board shall have the authority to approve the 2019 Plan and the separate programs under the 2019 Share Incentive Plan and the shareholders shall have the power to approve and determine the maximum aggregate number of ordinary shares which may be issued pursuant to all awards under the 2019 Share Incentive Plan.

#### (a) Share options

The exercise period of the share options granted is determinable by the directors, and commences after a vesting period of one to four years and ends on a date which is not later than ten years from the date of offer of the share options.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the 2019 Share Incentive Plan during the six months ended 30 June 2022 (taking into account the effect of Share Subdivision):

	<b>Weighted average exercise price RMB per share</b>	<b>Number of options</b>
At 1 January 2022	<b>1.26</b>	<b>30,006,990</b>
Forfeited during the period	<b>1.40</b>	<b>(934,210)</b>
At 30 June 2022 (unaudited)	<b>1.26</b>	<b>29,072,780</b>

When the share options are exercised, the amount previously recognised in share option reserve will continue to be held in share option reserve. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will continue to be held in share option reserve.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

## 16. SHARE-BASED PAYMENTS (continued)

### (a) Share options (continued)

The exercise prices and exercise periods of the share options outstanding under the 2019 Share Incentive Plan as at June 30, 2022 are as follows (taking into account the effect of Share Subdivision):

Number of options '000	Exercise price RMB per share*	Exercise period
5,859,395	0.01-0.20	1-12-19 to 1-12-29
6,098,635	1.34-2.38	1-12-21 to 1-12-29
250,000	1.45	1-12-21 to 1-12-30
15,204,750	1.45	1-6-22 to 1-6-31
1,660,000	1.45	1-9-22 to 1-9-31
<b>29,072,780</b>		

\* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

### (b) Restricted share units

The purpose of granting the restricted share units ("RSUs") under the 2019 Share Incentive Plan is to incentivise the Directors and experts for their contribution to the Group and to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group, by providing them with the opportunity to own equity interests in the Company.

Unless otherwise cancelled or amended, the exercise period of the RSUs shall commence after a vesting period of one to four years and ends on a date which is not later than ten years from the date of offer of the RSUs.

The following RSUs were outstanding under the 2019 Share Incentive Plan during the period:

	Weighted average exercised price RMB per share	Number of RSUs
At 1 January 2022	Nil	38,184,800
Granted during the period	Nil	4,840,000
Forfeited during the period	Nil	(5,022,077)
At 30 June 2022	Nil	38,002,723

No RSUs were exercised during the period.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

## 16. SHARE-BASED PAYMENTS (continued)

### (b) Restricted share units (continued)

The exercise prices and exercise periods of the RSUs outstanding under the 2019 Share Incentive Plan as at the end of the reporting period are as follows:

2022

Number of RSUs '000	Exercise price RMB per share	Exercise period
32,032,723	Nil	1-12-22 to 1-6-31
880,000	Nil	1-12-22 to 1-9-31
250,000	Nil	1-12-22 to 1-12-31
450,000	Nil	1-3-23 to 1-3-32
4,390,000	Nil	1-6-23 to 1-6-32
<b>38,002,723</b>		

The fair value of the RSUs granted under the 2019 Share Incentive Plan during the period was RMB13,282,068 (June 30, 2021: RMB195,512,000).

The fair value of the RSUs granted during the period was measured as at the date of grant using the fair value of the Company's ordinary shares.

### Post-IPO Share Option Scheme

In September 2021, the Company adopted the Post-IPO Share Option Scheme for the purpose of rewarding employees, Directors or Consultants for their past contribution to the success of the Company, and providing incentives to them to further contribute to the Company. The maximum aggregate number of shares that may be issued under this plan is 48,723,430 Ordinary Shares (taking into account the effect of Share Subdivision). Unless otherwise cancelled or amended, the Share Incentive Plan will remain in force for 10 years from that date.

The Board shall have the authority to approve the Post-IPO Share Option Scheme and the shareholders shall have the power to approve and determine the maximum aggregate number of ordinary shares which may be issued pursuant to all awards under the Post-IPO Share Option Scheme.

The Post-IPO Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date when the Post-IPO Share Option Scheme becomes unconditional, after which period no further Options will be granted by the provisions of the Post-IPO Share Option Scheme, but the provisions of the Post-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of the Post-IPO Share Option Scheme.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

## 16. SHARE-BASED PAYMENTS (continued)

### Post-IPO Share Option Scheme (continued)

The following share options were outstanding under the Post-IPO Share Option Scheme during the six months ended 30 June 2022:

	Weighted average exercise price RMB per share	Number of options
At 1 January 2022	–	–
Granted during the period	3.40	1,700,000
At 30 June 2022 (unaudited)	3.40	1,700,000

The exercise prices and exercise periods of the share options outstanding under the Post-IPO Share Option Scheme as at June 30, 2022 are as follows:

Number of options '000	Exercise price RMB per share*	Exercise period
1,700,000	3.40	1-6-23 to 1-6-32
1,700,000		

\* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

When the share options are exercised, the amount previously recognised in share option reserve will continue to be held in share option reserve. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will continue to be held in share option reserve.

The fair value of the equity-settled share options granted under the Post-IPO Share Option Scheme during the period was estimated as at the dates of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2022
Dividend yield (%)	–
Expected volatility (%)	56.14
Risk-free interest rate (%)	3.28
Exercise multiple	2.20-2.80
Closing price (HKD per share)	4.00

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other feature of the options granted was incorporated into the measurement of fair value.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

## 16. SHARE-BASED PAYMENTS (continued)

### Post-IPO Share Option Scheme (continued)

The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The fair value of the share options granted under the Post-IPO Share Option Scheme during the reporting period was RMB2,658,000 (June 30, 2021: Nil).

The Group recognised a share-based payment expense of RMB57,566,000 during the reporting period (June 30, 2021: RMB13,273,000).

## 17. COMMITMENTS

The Group had the following capital commitments as at the end of the reporting period:

	<b>June 30, 2022 (Unaudited) RMB'000</b>	December 31, 2021 (Audited) RMB'000
Contracted, but not provided for Plant and machinery	<b>2,260</b>	2,245
	<b>2,260</b>	2,245

## 18. RELATED PARTY TRANSACTIONS

### (a) Outstanding balances with related parties:

No outstanding balance with related parties occurred during the sixth months ended 30 June 2022 (31 December 2021: Nil).

### (b) Compensation of key management personnel of the Group:

	<b>June 30, 2022 (Unaudited) RMB'000</b>	June 30, 2021 (Audited) RMB'000
Salaries, bonuses, allowances, and benefits in kind	<b>8,186</b>	8,897
Pension scheme contributions	<b>328</b>	84
Equity-settled share option expenses	<b>46,672</b>	10,366
Total compensation paid to key management personnel	<b>55,186</b>	19,347

## 19. EVENTS AFTER THE REPORTING PERIOD

No audited financial information has been prepared by the Group or any of its subsidiaries in respect of any period subsequent to 30 June 2022.